



НИС а.д. Нови Сад / NIS j.s.c Novi Sad
Народног фронта 12 / Narodnog Fronta 12
ОДБОР ДИРЕКТОРА / BOARD OF DIRECTORS
Број (№): 85/OD-iz/CCXLII-2a
Датум (Date): 20.05.2025

Pursuant to Article 9, Item 9.6, Subitem 37 of the Articles of Association of NIS j.s.c. Novi Sad (hereinafter referred to as: the Company, NIS, or NIS j.s.c Novi Sad) No. 70/SA-od/XIV-10a dated 29.06.2022 (consolidated text) and Article 14.1 of the Code of Corporate Governance of NIS j.s.c. Novi Sad No. 85/OD-od/XXVI-3a dated 27.01.2014 (hereinafter referred to as: the Code or the Code of Corporate Governance), the Board of Directors of NIS j.s.c. Novi Sad hereby submits the following:

REPORT
ON THE ANALYSIS OF THE OPERATION OF THE BOARD OF DIRECTORS AND COMMITTEES OF THE
BOARD OF DIRECTORS OF NIS J.S.C. NOVI SAD
FOR THE PERIOD 16 APRIL 2024 – 31 MARCH 2025

INTRODUCTION

Governed by international principles and the best global practices, as well as by the aspiration to establish a responsible and efficient system of corporate governance, in January 2014 the Board of Directors of NIS j.s.c Novi Sad (hereinafter: Board of Directors or BoD) adopted the applicable version of the Code of Corporate Governance which supplements the rules contained in the Law on Commercial Entities and the Articles of Association of NIS j.s.c Novi Sad (hereinafter referred to as: the Articles of Association), in accordance with which the bearers of Company corporate governance should act.

As the Board of Directors ensures the application of the principles established by the Code, in line with provisions of Article 14 Item 14.1 of the Code, the BoD of NIS has conducted the fifteenth analysis of its operation, presented herein.

The basic goal of the assessment of the BoD and BoD Committee operation is to provide encouragement for taking into consideration issues such as:

- The role and function of the Board of Directors and its Committees;
- The obligations of the members of the Board of Directors;
- Priorities in the operation of the Board of Directors and its Committees;
- Combination of knowledge, skills, experiences, and personal qualities that all the members of the Board of Directors and its Committees should have;
- The current and valid work procedures of the Board of Directors, forms of Board of Directors and its Committees meetings, inclusive of the practice of preparing and holding meetings, their regularity, and the issues of informational security of the Board of Directors' operation.

For the purposes of analysing the operation of the BoD, identifying possible operation problems, and proposing measures to improve the operation of the BoD, a Questionnaire for the assessment of the BoD and its Committees operation has been developed (hereinafter referred to as: The Questionnaire), which is to be filled in by the BoD members. The Questionnaire contains three groups of key questions for the assessment of BoD and its Committees operation. The first group of questions contains the BoD operation assessment criteria, with respect to the objectives, tasks, and responsibilities of the BoD, the second group contains the criteria for the assessment of the procedures applied in BoD operation and the third group contains questions for the assessment of structure, activities and key performances of the BoD Committees.

The BoD operation assessment found in this Report is based on the replies of BoD members obtained from filled-in Questionnaires, as well as on BoD operation analysis carried out on the basis of BoD and its Committees meetings in the reporting period.

1. INDICATORS OBTAINED FROM OBJECTIVES, TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS	
<p><i>Drawing up of the Strategy and the Company Business Plan</i></p>	<p>BoD members have been taking part in the discussion on the key business issues when reviewing the Business plan of the Company for the forthcoming years and Business reports for previous periods and they also periodically participate in executive meetings on setting up the basic business goals which provide their better insight into business activities of the Company as well as conditions to discuss and update the priority directions, business forecasts of the key performance indicators of the Company.</p> <p>Information on basic strategic objectives NIS is also stated in the NIS Annual Business Activity Report which is available to all shareholders and other interested parties.</p> <p>The BoD members have understanding of the Company's activities, its strategic goals, as well as financial and other resources required to achieve the Company's goals.</p> <p>The members of the Board of Directors participated in work and analysis of issues regarding definition of business objectives of the Company in the forthcoming period as well as assessment of results of achievement of the set goals over the past period.</p> <p>In December 2024, the BoD reviewed and adopted the NIS j.s.c. Novi Sad Business Plan for 2025, with business objectives for 2026-2027, while the BoD plans to revise and, if necessary, update the planned business indicators for the year 2025 based on the analysis of macro-parameters and market situation in 2025.</p>
<p><i>Monitoring of the Adopted Business Plan</i></p>	<p>The BoD regularly and in line with a routine schedule monitors and assesses the implementation of the set objectives, the adopted Business Plan, and the efficiency of Company business activities through the appropriate forms of Company quarterly reports (Quarterly Reports, financial statements, consolidated financial statements, reports on the implementation of BoD decisions and orders etc.), as well as Reports on the analysis of Company business activities in the previous period and the business projections for the upcoming period (by the end of the reference year), the so-called QPR Reports (Quarterly Performance Reporting).</p> <p>Major decisions of the BoD and the forms of the reviewed reports are specified in the part of the Report titled 'Activities of the Board of Directors and Major Decisions'.</p> <p>Based on the reviewed reports and the assessment of business results, the Board of Directors has also managed Company business operation by issuing appropriate orders to Company management with a view to achieving the related Company business indicators.</p> <p>BoD members have a clear picture of the Company business activities and strategic goals, as well as of the financial and other resources necessary to achieve Company objectives. They regularly review the key business indicators by actively participating in the process of drawing up and assessing the implementation of the Company Business Plan.</p> <p>The BoD and the management are actively discussing the issues related to business objectives and establishing the criteria to assess whether the objectives have been achieved. The results of the analysis of fulfilment of key performance indicators of NIS j.s.c. Novi Sad for 2024 showed that key performance indicators in 2024 were met with a relatively high overall rating.</p> <p>BoD members have a joint responsibility for achieving the results that the BoD as a governing body has towards the Company and the shareholders, and the Board of Directors as a joint body fulfils them.</p>

<p>Business Activity Control, Internal Control and Risk Management</p>	<p>Business Activity Control</p> <p>In the observed reporting period, the BoD members controlled Company business activities by reviewing Reports on the analysis of Company Quarterly performance and Forecast until the end of business year, which include, among other things, issues regarding:</p> <ul style="list-style-type: none"> • Business activities, revenues, and the financial situation of the Company, (financial and economic business indicators), • Profitability of Company business activities, • Market trends in the countries of the region, • Key business operations and events which are significant for business activities and liquidity of the Company, • Company development project implementation status, and • Other important issues regarding the existing and future Company business activities. <p>Internal control and Risk management:</p> <p>The BoD and Company management give special attention to key risks management, realization of which can considerably impact on Company business results; they also define and implement measures with a view to minimizing or removing them. The Company has established internal controls of business processes, which are integrated into the internal controls system with the aim of ensuring achievement of goals of business processes and efficient risk management. Apart from the internal control system, the Company has also established the following forms of oversight and control:</p> <ul style="list-style-type: none"> • Audit Committee of the Board Directors, • Activities of the Internal Audit, • Monitoring activities of the risk management and internal control system. <p><u>Audit Committee of the Board of Directors</u></p> <p>The Audit Committee of the Board of Directors, amongst other issues, reviewed and adopted the following during the reporting period:</p> <ul style="list-style-type: none"> • The Report of the Internal Audit and risk management with the results of the Internal Audit operations in NIS j.s.c. Novi Sad for 2023, and for 3 and 6 months of 2024; • Plan for implementation of the Audit procedure and identification of key issues to be audited for 2024; • Report on risk monitoring and internal controls for 3, 6 and 9 months of 2024 and forecast until the end of 2024; • Annual plan of internal audit of NIS j.s.c. Novi Sad for 2025; • NIS j.s.c. Novi Sad Internal Audit, Risks and Internal Control Function Development Strategy 2024-2026 – status of realisation as of 30.06.2024; • The Overview of the status of implementation of the auditor's recommendations, provided in the Management Letters ("Management Letters Points") for NIS j.s.c. Novi Sad for 2023, as of 31.08.2024. <p><u>Activities of the Internal Audit</u></p> <p>The BoD appointed the Person responsible for the internal audit of business operations at the proposal of the Audit Committee of the Board of Directors who regularly reports on conducted audit of business operations to the Audit Committee of the Board of Directors, which in turn oversees the operation of internal audit at the Company and Activity plans of the Internal Audit.</p> <p>The person responsible for the internal audit of business operations is Jelena Popara, who is also Director of the Internal Audit, risk management and internal control. The aforementioned person meets the statutory requirements for the position of internal auditor (Certificate of professional qualification of the Authorized Internal Auditor, issued on the basis of the Decision of the Board of the Chamber of Authorized Auditors</p>
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1225/16 dated 14.09.2016). As Internal Audit, risk management and internal control is established as an organizational unit of the Company, which unit is concerned with issues in internal audit (internal control), the requirements stipulated in Article 452 of the Law on Commercial Entities are largely regulated by the following documents:

- Internal Audit Charter of NIS j.s.c. Novi Sad (PO-13.01.02), version 6.0;
- Corporate Standard – Internal Audit Management (SD-13.01.03), version 5.5;
- Instructions on the Operation of Internal Audit.

Internal audit is an activity aimed at providing independent and objective guarantees and consultations aimed at improving the Company's performance. Internal audit is intended to help achieve the Company's goals in the most efficient and economically sound manner, using a systematized and consistent approach to assessing and improving the effectiveness of risk management, internal control and corporate governance.

Internal Audit acts in accordance with the mandatory part of the foundations of professional internal audit practice of the global Institute of Internal Auditors and the abovementioned internal audit normative and methodological documents, adopted at the corporate level.

Activities of the Monitoring of Risk Management and Internal Controls System

The Company has established a risk management system (IRMS), which is a set of processes, methodological framework and tools aimed at ensuring the efficiency and effectiveness of the corporate risk management process, governed by the following documents:

- Risk and Internal Controls Management Policy at NIS j.s.c. Novi Sad (PO-13.00.02), version 1.0;
- Corporate Standard – Risk Management (SD-13.02.01), version 8.0;
- Instructions Methodological Guidelines for Risk Management (TUS-FIR-77), version 4.0;
- Instructions Key Risk Indicators (UP-13.02.01-003), version 1.0.
- Instructions Methodological Guidelines for Internal Audit (TUS-FIR-1071), version 1.0

In compliance with the Risk and Internal Controls Management Policy during the reporting period the risk registers were reviewed, as well as risk management measures and a summative assessment of key risks for 2025 was established. Review of risks and monitoring of risk management measures was performed regularly on a quarterly basis. After the end of 2024 the effect of risks to the Company goals was assessed. Reports were submitted on a regular basis: to the Advisory Board of the General Director on a quarterly basis, to the Audit Committee of the Board of Directors and to the Board of Directors on an annual basis.

During 2024, the Sector for Risk monitoring and Internal control organized activities for regular, quarterly monitoring and reporting of risks at HIP-Petrohemija I.I.c. Pančevo.

Activities to monitor compliance of business with the provisions of Agreement on strategic partnership between the Republic of Serbia, HIP-Petrohemija I.I.c. Pančevo and NIS j.s.c. Novi Sad (hereinafter - SPA)

Activities of the Operation Group for Business Compliance Monitoring (hereinafter – Group for Monitoring) are carried in accordance with UP-10.01.06-002 – Activities of the Operation Group for Monitoring Business Compliance with the SPA. In order to implement the necessary measures to fulfill the contractual obligations set out in the SPA, within the Risk Monitoring and Internal Control Sector, the Business Compliance Monitoring Group continuously coordinated the process of preparing the Decision List and operational tasks.

	<p>The Monitoring Group participated in providing documentation to the Auditor FinExpertiza d.o.o. Belgrade and KPMG d.o.o. Belgrade as Representative of the Republic of Serbia (RS) for preparation of Report of the Auditor FinExpertiza d.o.o. Belgrade and KPMG d.o.o. Belgrade as Representative of the RS for the first year of privatization of HIP-Petrohemija I.I.c.. Pančevo.</p>
<p>Operation of the BoD and Reporting to the BoD Non-Executive Members</p>	<p>The responses of the surveyed BoD members mostly show that the BoD members are generally well prepared for the meetings, and that the BoD basically efficiently manages its operation, despite external challenges. The operation of the BoD focuses on key issues which are discussed actively for the purposes of making constructive decisions and issuing orders of the BoD.</p> <p>Members of the Board of Directors assess that under restricted conditions caused by the external factors, they generally have an adequate interaction with the Company management and principally receive the necessary information on all issues taken into consideration in the meetings.</p> <p>In addition to reviewing the issues presented at the meetings, the members of the NIS BoD often review, through work sessions or by receiving periodical reports on statuses, possible external constraints, analyses of the current environment and possible scenarios that may affect NIS operations that require additional supervision by the BoD and assistance to NIS management.</p> <p>The non-executive members of the BoD are regularly reported to by the Company General Director and top management on issues impacting on the current and planned business activities of the Company and its subsidiaries, the financial situation performance evaluation, implementation of key investment projects, and potential risks in the Company business activities, through the corresponding forms of management and financial reporting (quarterly and annual financial statements and consolidated financial statements, quarterly and annual Company reports, reports on the analysis of business activities and projections for business activities for the upcoming period, reports on the implementation of the decisions and orders of the Board of Directors, reports on key risks to NIS operations and mitigation measures, etc.).</p> <p>Work meetings – consultations of the BoD members have also been organized during the reporting period in order to elaborate and specify the open issues for consideration at NIS BoD meetings, and some members of the NIS BoD were included in the work of working groups to monitor the implementation of certain projects to be considered by the NIS BoD.</p> <p>Also, in the coming period, the BoD also plans to hold working meetings of its members in order to maximize the level of readiness of all members of the BoD to actively participate in the work and to achieve the necessary decisions by all members at the meetings of the BoD, and thus effectively ensure full compliance with the key principles of corporate governance.</p>
<p>Division of Competences and Control of the Work of the General Director and Company Management</p>	<p>The scope, competences, and responsibilities of the Board of Directors and the Company General Director as an executive BoD member are delimited by the NIS Articles of Association No. 70/SA-od/XIV-10a dated 29.06.2022 (consolidated text). The scope of operation of the BoD includes BoD competences prescribed by the provisions of Article 398 of the Law on Commercial Entities (The Official Gazette of the Republic of Serbia No. 36/2011, 99/2011, 83/2014 – other law, 5/2015, 44/2018, 95/2018, 91/2019, 109/2021 and 19/2025) as well as other additional competences in line with the Company business activities, which competences are distinct from operational competences of the NIS General Director.</p> <p>The BoD acts sufficiently independently from the management; the Company management takes into consideration the recommendations and makes all the efforts to meet all the demands and task orders given by BoD, and the BoD supports the management in achieving the set objectives and tasks.</p>

	<p>The NIS management provided the requested information and answers to the questions asked by NIS BoD members outside of the meetings, thus for the given reporting period, members of the NIS BoD have discussed the issues related to communication and co-operation of General Director and the Company management, quantity, dynamics and timely presentation of required information.</p> <p>In the reporting period some members of the NIS BoD stated in the Questionnaire about the opportunity to improve open and effective communication between members of the Board of Directors and management in order to elevate the relationship to a higher level of excellence.</p> <p>Given the increased external constraints, the NIS Board of Directors has increased the dynamics of consideration of the need and opportunities for mitigating key risks of NIS business, the measures taken to ensure the sustainability of NIS business in an environment of heightened volatility, as well as opportunities and plans for cooperation and communication of the Company management with key suppliers and counterparties.</p> <p>The work of the General Director and the Company management is assessed a minimum of once a year based on the defined indicators used to assess their work, as well as the results in achieving the defined Company performance indicators; these indicators are at the same time a reward system, tied to the short and long-term objectives of the Company.</p> <p>Through the Company system of management by objectives, efficient motivational mechanisms are defined which impact on the formation and retaining a highly professional team of higher-ranking managers in order to provide the continual growth, internal efficiency of business activities, and the implementation of investment programmes of the Company and also other activities of the Company management.</p>
<p>Ensuring Meetings of the Shareholders Assembly</p>	<p>In the reporting period, the XVI Ordinary Company Shareholders Assembly Meeting (on 27 June 2024) and 45th Extraordinary Shareholders Assembly (on 15 November 2024) were held and all the conditions required for the meetings had been met.</p> <p>In line with the Articles of Association of the Company, the Rules of Procedure of the Shareholders Assembly, and the Decision of the BoD, the Invitation to the Company Shareholders Assembly meeting contains all the mandatory elements and information, inclusive of the information on the date of announcement of the invitation, the time and place of the meeting, the agenda, the availability of the materials for the agenda, the Shareholders' day, accompanied by the information on the rights of shareholders to participate in the work of the Shareholders Assembly and suggest the agenda, as well as the deadlines for their use, the description of the procedures for voting through authorized representatives, voting in absentia, i.e. granting power of attorney and voting by electronic means (the power of attorney and/or the voting form must be signed by a qualified electronic signature in compliance with the law regulating electronic signature), with the appropriate forms of documents for the exercise of rights of Company shareholders.</p> <p>The content of the invitation to a Shareholders Assembly meeting is regulated by the Company Shareholders Assembly Rules of Procedure (No. 70/SA-od/XI-11a dated 27.06.2019 (consolidated text), which are available to the general public on the Company webpage (www.nis.rs).</p> <p>The invitations for shareholders to attend the XVI Ordinary and 45th Extraordinary Meeting of the Shareholders Assembly were published on 28 May 2024 and 25 October 2024 respectively, on the Company webpage (www.nis.rs), and also on the webpage of the Belgrade Stock Exchange (www.belex.rs), webpage of the Central securities depository and clearing house (www.crhov.rs), the webpage of the Register of</p>

	<p>Companies (www.apr.gov.rs) and with the Official registry of information of the Securities Committee of the Republic of Serbia.</p> <p>All the decisions taken at the XVI Ordinary and 45th Extraordinary Meeting of the Shareholders Assembly, as well as other relevant documents (the Reports of the Voting Committee on the voting results and the Minutes) were published by the Company on the Company webpage (www.nis.rs), within the deadline stipulated by the law after the above meetings of the Company Shareholders Assembly were held.</p> <p>Adopted decisions, materials, and other published documents pertaining to the operation of the Shareholders Assembly are drawn up and published in English as well, and are available on the Company webpage (www.nis.rs).</p>
Activities of the Board and Major Decisions	<p>In the reporting period, the Board of Directors held 5 meetings personally attended by the BoD members, as well as 20 correspondence BoD meetings.</p> <p>As part of the held meetings of the Board of Directors, in addition to the decisions regarding the reviewing of quarterly NIS reports, the financial statements and consolidated financial statements of the Company for 2023, the following major decisions were taken:</p> <ul style="list-style-type: none"> • Decision on Determining the Draft Decision of the Shareholders' Assembly of NIS j.s.c. Novi Sad on the Adoption of the Report on the analysis of the operation of the Board of Directors and Committees of the Board of Directors of NIS j.s.c. Novi Sad for the Period 16 April 2023 – 15 April 2024; • Decision on Convocation of the XVI Ordinary Meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad; • Decision on Convocation and determining of the Agenda of the 45th Extraordinary Meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad; • Decision on adoption of the Report on the Annual Inventory of Assets and Liabilities of NIS j.s.c. Novi Sad, for 2024; • Decision on reviewing of QPR-1 (Quarterly performance review for 3 Months 2024 and Forecast until the end of 2024); • Decision on reviewing of QPR-2 (Quarterly performance review for 6 Months 2024 and Forecast until the end of 2024); • Decision on reviewing of QPR-3 (Quarterly performance review for 9 Months 2024 and Forecast until the end of 2024); • Decision on reviewing of NIS j.s.c. Novi Sad Business plan for 2025; • Decision on analyzing the current situation in NIS j.s.c. Novi Sad and possible scenarios that may affect operations of NIS j.s.c. Novi Sad; • Decision on reviewing the Information on the status of major overhaul at the Refinery in Pančevo; • Decisions on reviewing of transaction on sale of assets / business of NIS PETROL EOOD Bulgaria; • Decision on reviewing of „Teremia North Project“ within the frames of activities of Upstream NIS PETROL S.R.L. Romania; • Decision on reviewing Information about the Status of Implementation of projects of Upstream - NIS PETROL S.R.L. Romania; • Decision on reviewing the Project “Construction of New Propylene Purification and Polypropylene Production Facility - Approval of the Planning and Preparation - FEED” and the Project “Reconstruction of Catalytic Cracking Unit and Construction of New ETBE Production Facility - Adoption of the Final Investment Decision”; • Decision on reviewing of the Project „Wind Park Plandište“; • Decisions on of the members of Committees of the Board Directors of NIS j.s.c. Novi Sad; • Decision on co-optation of a member of the Board of Directors of NIS j.s.c. Novi Sad;

	<ul style="list-style-type: none"> • Decision on reviewing the results of fulfilment of key performance indicators of the General Director, the Deputies of General Director, Director of Downstream, Directors of Blocks and Functions of NIS j.s.c. Novi Sad for 2024; • Decision on determining of the draft Decision of the Shareholders' Assembly of NIS j.s.c. Novi Sad on approval of the Policy on Remuneration of Members of the Board of Directors and Committees of the Board of Directors of NIS j.s.c. Novi Sad and the Regulation on the Long-Term Incentive Program for Non-Executive Directors and Members of NIS j.s.c. Novi Sad Management Bodies, version 5.0; • Decision on reviewing of the Standard on NIS j.s.c. Novi Sad Long-Term Incentive Program, Version No. 2.0; • Decision on re- of the Corporate Secretary of the Company; • Decision on the election of the Deputy Chairman of the Board of Directors of NIS j.s.c. Novi Sad; • Decision on reviewing of the Proposal for approval of the candidacy to the position of Managing director of NIS MTO I.I.c. Belgrade; • Decision on reviewing of the Proposal for approval of the candidacy for the position of the Sole Director of NIS PETROL S.R.L. Romania; • Decision on reviewing of the Proposal for dismissal and approval of the candidacy for the position of Director of Naftagas – Oil services I.I.c. Novi Sad; • Decision on reviewing of the Proposal for dismissal and approval of the candidacy for the position of Director of NAFTAGAS – Technical services I.I.c. Zrenjanin; • Decision on reviewing of the Proposal on dismissal and approval of candidacy for the positions of Chairmen / members of the Audit Committee / Internal Audit Committee in the companies: NAFTAGAS – Oil services I.I.c. Novi Sad, NIS MTO I.I.c. Belgrade (former NAFTAGAS – Transportation I.I.c. Novi Sad), NTC NIS-Naftagas I.I.c. Novi Sad, NAFTAGS – Technical services I.I.c. Zrenjanin, NIS PETROL I.I.c. Banja Luka, Jadran-Naftagas I.I.c. Banja Luka, NIS PETROL S.R.L. Romania, NIS PETROL EOOD Bolgaria; • Decision on establishing NIS j.s.c. Novi Sad branches; Decision on reviewing of the Annual Report on the analysis of NIS j.s.c. Novi Sad performance for 2024; • Decision on reviewing the Report on the implementation of Decisions and Orders of NIS j.s.c. Novi Sad Board of Directors, as of 31.12.2024; • Decision on reviewing of the Risk Management and Internal Control Policy of NIS j.s.c. Novi Sad, version 2.0. <p>During the reporting period, the BoD took 77 decisions.</p>
Observing the Principles of Corporate Governance	<p>The current and valid Code of Corporate Governance of the Company was adopted on 27.01.2014 by the Board of Directors.</p> <p>The Company is committed to the application of high standards in the domain of corporate governance based on internationally recognized principles and the best world practices. In this way, the necessary prerequisite for successful business operations is ensured – the stable and sustainable development of the Company and the increase of its value.</p> <p>The Board of Directors ensures the application of the principles established by the Code, monitors its implementation and the compliance of the organization and Company activities with the Code and the law.</p> <p>An overview of the most important practices of corporate governance implemented by the Company as well as a detailed explanation of the deviations from the principles defined by the Code are provided in the Statement on the application of the Code of corporate governance, which is an integral part of the Annual Report of the Company for 2024.</p> <p>The Annual Report of the Company for 2024 is available on the Company webpage</p>

	(www.nis.rs), as well as on the webpage of the Belgrade Stock Exchange and within the Public Company Register of the Securities Committee of the Republic of Serbia.
<i>The Influence of the Board of Directors on Improving the Corporate Image</i>	<p>The contribution of the BoD to the observance of a positive image of the Company is reflected, among other things, in continued efforts to improve the system of corporate governance and maintain the transparency of communication with all the interested parties.</p> <p>In addition to the reports which NIS, being a public joint stock company, publishes in compliance with legislation and which are publicly available to all interested parties, including reports on business results presented to shareholders at the Shareholders' Assembly meeting, the Company has also developed a two-way communication with shareholders and investors, who are able to obtain all the necessary information on the Company operations and their rights throughout the year through the Office for Minority Shareholders Relations, a separate call-centre, an e-mail service (servis.akcionara@nis.rs) through which each shareholder may ask questions and receive answers online, as well as through the Investor Relations Services. The Company also participates in the meetings with investment community representatives. Regularly, at the end of each quarter, NIS organizes presentations of its performance results, where the top management representatives analyze performance and the achieved results in detail, in direct communication with representatives of investors (in person, in the Company's premises, via video conference call, and combined). The Company keeps its door open for those who want to get further information at one-on-one meetings.</p> <p>NIS organizes an annual Investor Day at its premises, presenting always the important and significant projects. The special section of the corporate website dedicated to investors and shareholders is also an invaluable source of information for all stakeholders. This section of the website is regularly updated with the latest presentations on performance results, financial statements, audit reports, financial calendar, and other various presentations and material.</p> <p>The Company applies the highest standards in terms of information provision, while respecting the principles of equal treatment of all information users and ensuring that the information published is equally and easily accessible to all stakeholders in the shortest time possible, making most use of its corporate website for this purpose. A special segment of the website intended for shareholders and investors contains the most important news, decisions of the bodies, answers to the most common questions of shareholders, 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.</p> <p>The corporate website publishes comprehensive key information about NIS, electronic versions of the annual reports and the Sustainability Report. On the Energize powered by NIS platform, readers have the opportunity to get acquainted with NIS from a different perspective and get an overview of texts in the field of education, environmental protection, sustainable development and human resources.</p> <p>NIS published its 14th consecutive verified Sustainable Development Report for 2023, prepared in accordance with the standards of the leading global organization in sustainable business – the Global Reporting Initiative (GRI).</p> <p>NIS continued to implement the “Common Cause - Community” program, through which it continuously contributes to the development of public health, social protection, science, education, environmental protection, culture and sports, and on the occasion of 15 years of implementing the “Common Cause - Community” program, NIS was awarded the prestigious “Dobročinitelj” award.</p>

	<p>NIS was awarded a certificate of appreciation from the Fund for Scholarships and Encouraging the Advancement of Gifted Students and Young Scientists and Artists of the University of Novi Sad for its long-term support and scholarship of students and The Faculty of Technical Sciences in Čačak, University of Kragujevac, awarded a plaque to NIS for its support for the development and affirmation of the faculty as part of the "Common Cause - Community" program.</p> <p>NIS received a plaque for its long-term cooperation and support to the Faculty of Mechanical Engineering, University of Belgrade, as part of the "Energy of Knowledge" program and the Serbian Chemical Society awarded a certificate of appreciation to NIS as a token of recognition for its support in organizing the 2024 high school student competition. NIS was awarded a certificate of appreciation by Aleksinac high school on the occasion of 10 years of support and the existence of bilingual Serbian-Russian classes in this educational institution and the Dragan Kovačević Elementary School in Belgrade presented a certificate of appreciation to NIS for its contribution to the education and upbringing of students with developmental disabilities.</p> <p>The Partizan Basketball Club presented a certificate of appreciation to NIS for two decades of continuous partnership. Company NIS participated in the International Agricultural Fair in Novi Sad, showcasing its efforts and achievements in sustainable development.</p> <p>According to the results of the largest domestic employer brand perception survey "TalentX", conducted last year by the group of employment websites Poslovi.Infostud, the Company has once again been ranked among the three leading employers in Serbia and according to the results of the Youth Speak Voice survey conducted by the student organization AIESEC Serbia, NIS was recognized among students as a leader in business on the domestic market.</p> <p>In 2024, the Company continued to invest in environmental projects and projects with an environmental component in order to meet the most stringent requirements in the field of environmental protection and continued the positive trend of environmental performance (reduction of pollutant emissions into air and water from the Company's sites).</p>
<p>Remuneration of Members of the Board of Directors and its Committees</p>	<p>The applicable Remuneration Policy for members of the Board of Directors and members of the Committees of the Board of Directors of the Company (Remuneration Policy) was adopted by the Shareholders Assembly in accordance with the recommendation of the Remuneration Committee on 29.06.2023. The Remuneration Policy is publicly available on the Company's website (www.nis.rs).</p> <p>The structure of remunerations – The Remuneration Policy stipulates that a remuneration for executive members of the Board of Directors shall consist of the following:</p> <ul style="list-style-type: none"> • The fixed (standing) portion; • Variable portion (which includes bonuses for short-term and long-term incentives) and • Other benefits. <p>Remuneration paid to non-executive members of the Board of Directors and members of the Board Committees - total amount of remuneration paid to non-executive members of the Board of Directors and members of the Board Committees consists of:</p> <ul style="list-style-type: none"> • Fixed (standing) portion; • Variable portion (bonuses); • Reimbursement of annual income tax payable in respect of income received in the Company. <p>The Policy stipulates that remuneration should be compensation for work and as a</p>

motivating factor enabling to attract and retain persons with professional and other competences required by the Company as members of the Board of Directors and members of the Committees of the Board of Directors, and at the same time should not differ significantly from the remuneration paid to the members of the Board of Directors and members of the Committees of the Board of Directors of other companies comparable to the Company in terms of size and scope of operations, performing the same or similar activities (comparable companies).

Fixed (standing) portion of the remuneration to the members consists of the fixed annual fee for membership in the BoD and the fixed annual fee for participation in the work of the BoD Committees. The annual fixed (standing) portion of the remuneration for membership in the BoD implies remuneration for the time and effort of a member of the BoD in relation to his/her function and is associated with the preparation and active participation in the BoD meetings, requiring its members to pre-study the documents and participate in the meetings of the Board of Directors (applicable if a member of the Board of Directors is also a member of a BoD Committee).

The annual fixed (standing) portion of the remuneration for membership in the BoD Committees implies remuneration for the time and effort of a member of the BoD Committees in relation to his/her function and is associated with the preparation of materials and suggestions of the BoD Committees, requiring its members to attend and actively participate in the meetings of relevant BoD Committees.

The fixed (standing) part of the remuneration for members of the BoD is paid on a monthly basis in the amount of 1/12 of the annual remuneration.

The variable portion of the remuneration is realized based on participation in a three-year program cycle as defined by the Long-Term Incentive Program Regulations for non-executive directors and members of management bodies of NIS, approved by the Shareholders Assembly.

The Remuneration Policy stipulates that remunerations for executive directors shall be defined by the employment contract or the temporary service agreement for each of the executive directors at the Company on other grounds - said directors do not receive remuneration for membership in the Board of Directors and the Committees of the Board of Directors, except in the part related to cost reimbursement and liability insurance pertaining to membership and work in the Board of Directors and the Committees.

In line with its powers, the BoD Remuneration Committee carried out the scoring process determining the adequacy of the amount and structure of remuneration for each member of the BOD in relation to the principles, frameworks and criteria laid down under the applicable Remuneration Policy and in relation thereto drew up an appropriate report, adopted in the XVI Ordinary Meeting of the Shareholders Assembly of the Company held on 27 June 2024.

Based on the analysis of the remuneration market of the reference group companies, it can be concluded that the structure and amount of remuneration of non-executive, independent and executive members of the NIS BoD is established and paid in accordance with the Remuneration Policy.

It has been additionally stated that in 2023 the Company complied with the Remuneration Policy.

In order to maintain the BoD members remuneration at an appropriate level, it has been prescribed that the Remuneration Policy is to be subject to periodic reviews and analysis, and in this respect, in compliance with the needs, abilities and interests of the Company, and also changes of other significant criteria, the BoD Remuneration Committee shall prepare its next report on remunerations of members of the BoD for the next ordinary meeting of the Company Shareholders Assembly in 2025.

	<p>The Board of Directors determined and submitted to the NIS j.s.c. Novi Sad Shareholders' Assembly for review and adoption the new Remuneration Policy for Members of the Board of Directors and Committees of the NIS j.s.c. Novi Sad Board of Directors, and the new Regulation on the Long-Term Incentive Program for Non-Executive Directors and Members of NIS j.s.c. Novi Sad Management Bodies, Version 5.0 (hereinafter referred to as the LTI) in order to clarify the wording and conditions of the variable part of remuneration for participation in the LTI Program and to define the key indicators and their target values in the LTI Program cycle for 2024-2026.</p>
2. INDICATORS RELATED TO THE COMPOSITION AND PROCEDURES OF THE BOARD OF DIRECTORS	
<p><i>Number of Members and Structure of the Board of Directors</i></p>	<p><u>BoD Size</u> BoD consists of 11 members, which, according to the BoD members, is considered to be the optimal size taking into account the needs of the Company and the best corporate governance practices.</p> <p>The number of members and the criteria for appointment of BoD members shall be determined under the Articles of Association of the Company, taking into account the need for quick and effective decision-making, but also the requirement set forth under eligibility criteria applying to the members comprising the Board of Directors, possessing, as a whole, the necessary knowledge, skills and professional experience required for the successful performance of duties within the scope of the Board of Directors and management of the Company, making sure that size and composition of the Board of Directors fit the size and structure of the company, the nature of activities performed by the Company as well as the corporate goals and objectives the Company wants to achieve.</p> <p>In accordance with the above referenced principles, the BoD is composed of the members of different background, age, experience and skills. The BoD includes a significant number of foreign members who bring international experience tailored to suit the challenges faced by the Company and add value to the functioning of the BOD and the decision-making process.</p> <p>The Board of Directors currently consists of one executive and ten non-executive directors. Two non-executive directors act as independent members of the Board of Directors, as well.</p> <p>According to the majority of members of the Board of Directors, the BoD composition reflects the required balance between professionalism and independence of the BOD members.</p> <p><u>Separation of the General Director and the BoD Chairman roles</u> The BoD consists of a majority of non-executive directors of the BoD (including independent members of the BoD), with the roles of the General Director and the BoD Chairman completely separated.</p> <p><u>Skills and experience within the BoD</u> The relevant skills and experience represented within the BoD are as follows, inter alia:</p> <ul style="list-style-type: none"> • Strategic management; • Economy; • Finance; • Audit; • Tax system; • Marketing; • Trade in Oil and Petrochemicals;

- Sales and Distribution;
- Public administration;
- Familiarity with the core business of NIS.

On the whole, the current number of the members and the BoD composition reflect an appropriate mix of skills and experience required to ensure the successful performance of the BoD.

Changes in the composition of the Board of Directors during the reporting period

At the XVI Ordinary Meeting of the Shareholders Assembly of NIS held on 27 June 2024, the following members of the Board of Directors were reappointed:

1. Vadim Vladislavovich Yakovlev (Chairman – Non-Executive Director)
2. Kirill Vladimirovich Tyurdenev (Executive Director)
3. Pavel Valeryevich Oderov (Non-Executive Director) until 12.03.2025, Ignat Sergeevich Dirks (Non-Executive Director), as of 27.03.2025;*
4. Vsevolod Stanislavovich Vorobyev (Non-Executive Director)
5. Alexey Viktorovich Yankevich (Non-Executive Director)
6. Anatoly Moyseyevich Cherner (Non-Executive Director)
7. Dejan Radenković (Non-Executive Director)
8. Danica Draskovic (Non-Executive Director)
9. Dragutin Matanović (Non-Executive Director)
10. Olga Stepanovna Vysotskaia (Independent Director)
11. Goran Knežević (Independent Director).

* The membership of Pavel Valeryevich Oderov has ceased upon submission of his resignation from the position of the Non-Executive NIS BoD member on 12.03.2025, and Ignat Sergeevich Dirks was elected to the Board of Directors on 27.03.2025 by co-optation (Non-Executive Director).

All currently appointed members of the BoD have confirmed compliance with the requirements for appointment to the Board of Directors, filling out the Questionnaire for members of the BOD at their first appointment to the BoD, and in addition the Agreement regulating the mutual rights and obligations between the Company and the BoD/Committees members contains analogous provisions (Form of the Agreement was approved at the XV Ordinary Meeting of the Shareholders Assembly of NIS j.s.c. Novi Sad taking into consideration the requirements of art.463a of the Law of Commercial Entities).

The Board of Directors submitted to the Shareholders Assembly the Report on suitability of the composition of the BoD and number of members of the BoD to the needs of the Company and it was adopted at the XVI Ordinary Meeting of the Shareholders Assembly of NIS held on 27 June 2024.

In the aforesaid Report, drawn up based on the use of experience of B1 GROUP, acquired as the result of work with a large number of clients, a detailed analysis of suitability of the composition of the Board of Directors and 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 was performed, in terms of the composition, size and structure of Board of Directors. Based on the performed analysis, it was established that the size and composition of the Board of Directors of NIS j.s.c. Novi Sad followed the practice of large oil and gas companies in Europe, that the current composition of the Board of Directors of NIS j.s.c. Novi Sad had knowledge from all business areas of NIS j.s.c. Novi Sad, that its members held adequate ACCA international certificates, MBA and CMA qualification, that its composition included persons with professional experience with government authorities and oil and gas sector, and that it consisted of both men and women.

	<p>Based on the analysis and the relevant information, it has been concluded that the composition of the NIS Board of Directors corresponds with the necessities of the NIS j.s.c. Novi Sad corporate governance within the stated reporting period.</p> <p>The next Report on Suitability of the Composition of the BoD and Number of Members of BoD to the Needs of Company, the Nomination Committee will prepare for the next ordinary meeting of the Company Shareholders Assembly in 2025.</p>
<p><i>Obligation to Report Transactions Involving Personal Interest and Non-Competition</i></p>	<p>Upon entering into the Agreement regulating mutual rights and obligations with the Company in relation with membership in the Board of Directors / Committees of the Board of Directors, all BoD Members were additionally introduced to the obligation to report to the Company in case of any legal transactions they may enter into with the Company, their obligation not to act as a competitor to the Company and other special duties assigned to the BoD members, including conditions for the Independent BoD member.</p> <p>The methods of approving matters involving the conflict of interest and engagement of members of the Board of Directors considered as competitive is set forth under the provisions of the Law of Commercial Entities. Upon decision-making and approval process relating to the matters involving personal interests of the BoD members, as stipulated under the Law, the votes of such members of the BoD are excluded from the voting results assessment. In addition, in order to keep track of any competitors, the Company has introduced the practice of carrying out quarterly surveys of the BoD members regarding circumstances of their current engagement and their membership in managing and supervisory boards in other companies and the results obtained are published on the website of the Company accordingly.</p> <p>The relevant notification on possible approval of this type of transactions, the BoD will forward to the Company Shareholders Assembly meeting planned after the BoD meetings with approval of such transactions of the agenda in accordance with the criteria set by the Law of Commercial Entities.</p> <p>In this reporting period there were no related party transactions requiring approval according to the criteria set by the Law of Commercial Entities.</p>
<p><i>Role of the BoD Chairman and Relation with Other BoD Members</i></p>	<p>In this reporting period, the surveyed BoD Members, based on the Code criteria, have confirmed the high performance of the BoD Chairman in terms of duties assigned and efficiency demonstrated.</p> <p>The BoD Member ratings continuously point to organizational and leadership capabilities, extraordinary professional reputation of the BoD Chairman, earning thus the full confidence of the Company shareholders and other BoD members. He undertakes all the necessary measures for the purpose of: encouraging teamwork within the BoD, open discussion and constructive criticism of the proposed decision, increasing the efficiency of interaction between executive management and members of the Shareholders Assembly Board of the Company.</p> <p>Management style and communication attributed to the Chairman of the BoD, contributes to the efficiency of decision-making, constructive discussions and bringing opinions of the Independent members of the BoD to the table. The Chairman of the BoD makes sure that the rest of the BoD are up-to-date, providing all the information necessary to perform their duties, taking care of meeting schedules and the manner of convening the scheduled meetings.</p> <p>The Chairman of the BoD and the General Director of the Company have highly-effective cooperation with the mutual exchange of professional knowledge and experience.</p>
	<p>In order to keep the BoD members up to date and adequately informed before decision-making, and capable of monitoring the Company's operations, the General</p>

<p>Meetings and Administrative Matters</p>	<p>Director and the management executives shall ensure that the BoD Members are provided with accurate and complete information on the full scope of the Board's activities, advising on key Company-specific issues, as well.</p> <p>Therefore, special attention has been given to the matters of both informing of the BoD members and convening and holding meetings under the Rules of Procedure of the BoD and the BoD Meetings. BoD Meetings are prepared with the assistance of the Corporate Secretary of the Company and under the supervision of the Chairman of the BoD, so that each member of the BoD would be able to provide an appropriate contribution to the work of the Board of Directors.</p> <p>In accordance with the established regulations and procedures governing preparation of the BoD meetings, sets of materials are to be prepared by the Company for each item on the agenda which requires a presentation at the BoD Meetings, enabling each member of the BOD to express his/her opinion and take a stand on the respective issue and propose additional issues to be reviewed by the NIS BoD.</p> <p>Matters are distributed by Meetings of the Board of Directors (Meetings with BoD Member Attendance and Correspondence Meetings) within the process of the BoD Activity Plan approval between the members of the Board of Directors and the Company's management and in accordance with the current circumstances at the moment of convocation of meetings of the NIS BoD as well as requests of the BoD members regarding the meeting format. This makes it possible for members of the Board of Directors to decide on the matters which require personal attendance of members of the Board of Directors in order to ensure the efficiency of BoD meetings.</p> <p>In their answers provided in the Questionnaire, the BoD Members generally assessed that they meet with sufficient regularity, that the duration of the BoD is adequate to the nature of the issues under consideration and the allocated time is sufficient for a comprehensive review of the issues on the agenda.</p> <p>Meetings take place based on properly prepared agenda, which covers all of the Company's major issues, including matters of strategic, investment and budget planning, determination of operating results, as well as motivation of the senior management of the Company.</p> <p>Some BoD members emphasize the need for a more balanced approach and more constructive consideration of issues in the meetings in presentia, and a better overall communication culture among the BoD members.</p> <p>Discussions held at the meetings and the decisions made shall be properly documented. Each member of the BoD shall have access to and insight into the documents enacted by corporate bodies. For purposes of the BoD members, the Company has and is continually updating a special intranet portal that contains materials for the meetings and official documents of the Company, with remote access to all BoD members via Internet.</p> <p>Based on the survey results, the BoD members, it was generally recognized that the materials for the BoD Meetings are comprehensive and contain sufficient information to take a stand on any issue. With a view to preparing the materials in a timely fashion, the management of NIS prepares an appropriate Plan on the preparation and submission of material and reports on key business issues in NIS. The said Plan includes elaboration of the activities and deadlines for their implementation to ensure timely preparation and approval of the material to be presented for review at the BoD.</p> <p>According to the general evaluation of the members of the BoD, the reporting period</p>
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	<p>observed provided adequate conditions and adequate resources for the work of BoD, rating the Corporate Secretary of the Company as an effective channel for transmission of information to the Board of Directors and support the BoD Chairman and non-executive directors.</p> <p>The only difficulty seems to be arising from the fact that discussions in the meetings are held in two languages (Serbian and Russian). However, as the Company has arranged for simultaneous interpretation of the discussions, no negative impacts have been detected so far when it comes to the discussions in the Meetings of the Board of Directors.</p> <p>Additionally, the entire correspondence with members of the BoD and the documents considered in meetings of the BoD are submitted in Serbian and Russian.</p>
Activity Plan of the Board of Directors	<p>The BoD approves its Activity Plan for each business year (on an annual or semi-annual basis) and it contains a range of questions that must be discussed by the BoD in accordance with the legal requirements, the needs of the Company and reporting needs of the BoD members. This Activity Plan sets deadlines for reviewing issues presented at the BoD Meetings, whereas the procedures and deadlines for the timely preparation of relevant materials for members of the Board of Directors of the Company are regulated under special Company Standard SD - 10.02.07 - Ensuring the Activity of Bodies of NIS j.s.c..</p>
Induction into Business, connection of Members to the BoD operation	<p>Upon appointment, the BoD Members are informed about the business activities policy applied in the Company, thus enabling a better insight into the business operations, Company strategy and plans, key risks the Company is faced with, as well as their active participation in the operations of the BoD as soon as practicable. This involves, among other things, introduction to the internal documents and rules of procedure, basic information and key facts on the Company, management of the Company, persons holding managerial positions in the Company, key figures on business operations conducted, strategies, business plans, goals and objectives, and other information relevant to the duties assigned.</p> <p>In case it is deemed necessary by the members of the Board of Directors, the Company shall provide the necessary resources to organize specialized additional training programmes.</p>
BoD Committees	<p>Upon adoption of the Rules of Procedure applying to the BoD and the BoD Committees No. 85/1-3a dated 25.06.2012, the following Committees were constituted by the Board of Directors:</p> <ul style="list-style-type: none"> • Audit Committee ; • Nomination Committee ; • Remuneration Committee . <p>In accordance with the legal requirements for the composition of the Committees, the rule that one member of a Committee should be an independent director of the Company and that the majority of members should be non-executive directors is followed when Committees members are appointed.</p> <p>In this process, the BoD also ensures that the Committees are properly constituted and composed of highly qualified professionals with the required knowledge and experience in the scope of work assigned to the Committees, and that the Committees are headed by the persons who ensure their effectiveness.</p> <p><u>Audit Committee</u></p> <p>Pursuant to Article 409 of the Law on Commercial Entities, the BoD appointed the members of the Audit Committee. In accordance with the provision set forth under</p>

Article 410, Paragraph 5 of the Law on Commercial Entities, the Chairman of the Audit Committee is acting as an Independent member of the BoD with a proven track record of required knowledge and professional experience in accounting and finance. The proven track record of required knowledge and professional experience in accounting and finance, apart from the Chairman, has been demonstrated by the members of the Audit Committee as well.

Key matters falling with the competence of the Audit Committee are:

- Preparing, proposing and testing the implementation of accounting policies and risk management policies;
- Proposing appointments/dismissals to the Board of Directors relating to persons responsible for internal audit duties assigned by the Company and overseeing the performance of the internal audit of the Company;
- Assessment of the accounting standard application in the preparation of financial statements and evaluation and review of the content of financial statements;
- Conducting Auditor elections and proposing candidates for Auditors, expressing an expert opinion on their competence and independence in relation to the Company strategy, as well as supervising the audit process.

Members of the Audit Committee:

- Olga Vysotskaia, Chairperson of the Audit Committee,
- Dejan Radenković, Member of the Audit Committee and
- Alexey Urusov, Member of the Audit Committee.

The Chairperson and the members of the Audit Committee were appointed upon the Decision of the Board of Directors dated 15 July 2024. The three members also held the stated positions within the Audit Committee in the previous term of office.

The Audit Committee held 7 correspondence and 1 meetings in presentia within the reporting period. The key issues discussed within the Audit Committee within the reporting period include: review of the content of the Financial Statement, Consolidated Financial Statement and Quarterly Report of NIS for the first, second third and fourth quarter of 2024.

In addition, the Audit Committee discussed the Report on the Annual Inventory of Assets and Liabilities of NIS j.s.c. Novi Sad for 2024, and gave approval to the Contract of the Auditor. The Audit Committee also accepted the Plan for implementation of audit procedure and key issues to be audited for NIS j.s.c. Novi Sad for 2024 and monitored the status of implementation of the auditor's recommendations provided in the Management Letter ("Management Letter Points") for NIS j.s.c Novi Sad for 2023 as for 31.08.2024.

The Audit Committee reviewed Reports on the results of the Internal Audit operations in NIS j.s.c. Novi Sad for 2023 as well as for 3 and 6 months of 2024 and also NIS j.s.c. Novi Sad Reports on risk monitoring and internal controls for 3, 6 and 9 months of 2024 and forecast until the end of 2024 and approved the Strategy for Development of Internal Audit, Risks and Internal Control Function of NIS j.s.c. Novi Sad 2023-2025 – status of realization as at 30.06.2024. The Committee also approved the Annual plan of internal controls for NIS j.s.c. Novi Sad for 2025, Policy: NIS j.s.c. Novi Sad Risk and Internal control management, version 2.0 and Internal audit Charter, version 7.0 .

Nomination Committee

Scope of work of the Nomination Committee:

- Proposing candidate members of the Board of Directors, expressing opinion and recommendation on the respective appointments
- Proposing qualification criteria for candidate members of the Board of Directors and appointment procedures;

- Compiling, at least once a year, a report on adequacy of the composition of the Board of Directors and the number of BoD members and providing recommendations relating to these matters;
- Reviewing human resource policy applied in the Company, concerning managerial position appointments.

Members of the Nomination Committee:

- Dragutin Matanović, Chairman of the Nomination Committee;
- Goran Knežević, Member of the Nomination Committee;
- Kirill Tyurdenev, Member of the Nomination Committee.

The Chairman and the members of the Nomination Committee were appointed upon the Decision of the Board of Directors dated 15 July 2024 and all three members held the named positions in the Nomination Committee in the previous term of office. Within the reporting period, the Nomination Committee held 3 correspondence meetings and 2 meetings in presentia and reviewed, among the other, Proposals for approval of the candidacy to the position of Managing Director of NIS MTO I.I.c. Belgrade, NAFTAGAS – Oil services I.I.c. Novi Sad, NAFTAGAS – Technical services I.I.c. Zrenjanin and the Sole Director of NIS PETROL S.R.L. Romania, and it also prepared Reports on the activities as well as Reports on suitability of the composition of the Board of Directors and 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.

Remuneration Committee:

Duties falling under the competence of the Remuneration Committee imply the following:

- Preparing Draft Decisions on Remuneration Policy applying to the Executive Directors of the Board of Directors;
- Proposing compensation amounts and structures for each executive director of the Board of Directors separately, along with forwarding the remuneration proposal to the Auditor;
- Compiling, at least once a year, a report for the General Assembly Meeting presenting the results of the assessment of compensation amounts and structures for each executive director of the Board of Directors separately and
- Preparing proposals for reference of the executive directors of the Board of Directors on compensation amounts and structures for persons holding managerial positions in the Company.

Members of the Remuneration Committee:

- Alexey Yankevich, Chairman of the Remuneration Committee;
- Olga Vysotskaia, Member of the Remuneration Committee;
- Zoran Grujičić, Member of the Remuneration Committee.

The Chairman and the members of the Remuneration Committee were appointed upon the Decision of the Board of Directors dated 15 July 2024, and all three members were members of the Remuneration Committee in the previous term of office.

Within the reporting period, the Remuneration Committee held 3 correspondence meetings and 1 meeting in presentia, determined the proposal of the List of key indicators contributing significantly to the strategic development of the Company for the cycle of the Long-Term Incentive Program for non-executive directors and members of NIS j.s.c. Novi Sad management bodies for the period from 2024-2026 and proposal of the Company's Performance Indicators for the purposes of the Long-Term Incentive Program and bonus coefficient for the cycle 2024 – 2026, as well as Report on the activities and Report on remuneration of members of the

	<p>Board of Directors of NIS j.s.c. Novi Sad for 2023. Additionally, the Remuneration Committee adopted draft Remuneration Policy for the members of the Board of Directors and Committees of the Board of Directors NIS j.s.c. Novi Sad, as well as Draft Regulations on the Long-Term Incentive Program for Non-Executive Directors and Members of NIS j.s.c. Novi Sad Management Bodies, version 5.0, and Standard on NIS j.s.c. Novi Sad Long-Term Incentive Program, version No. 2.0.</p> <p>In addition to the Committees required by law, the Board of Directors may establish, under a separate decision, other standing or ad hoc Committees in charge of reviewing issues relevant to the work of the Board of Directors. The decision of the Board of Directors on the establishment of other Committees as well as the decision on their standing or ad hoc status shall be based on the need for better and more efficient management and resolution of complex issues within its purview. As evaluated by the BoD members, the BoD presently has the appropriate number and types of Committees.</p>
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CONCLUSION

Assessment of the Board of Directors was conducted taking into account the results of completed surveys on key issues relating to the work of the BoD, including: participation in the goal-setting process and monitoring their reach ratio, participation in BoD meeting discussions, adequacy of the form of the meetings, role, duties, powers and responsibilities of the Board of Directors, composition of the Board of Directors and its Committees, Members, levels of information.

Based on the results of the Analysis of responses/scores obtained from the members of the BoD, it has been recognized that despite the difficult geopolitical environment in which NIS operates, within the reporting period, the Board of Directors once again adequately performed its role of the central governing body of the Company.

The Board of Directors has intensively monitored the key risks of NIS' operations within the complex macroeconomic environment. The focus of the BoD in 2024 was also on the implementation of significant capital investments, and the key investment such as the major overhaul of the Pančevo Refinery, which was the largest and most complex in the history of the Refinery, while a large number of additional investment projects aimed at improving the reliability of plant operation, ensuring industrial safety and energy efficiency at the Pančevo Refinery were also implemented. Significant investments in modernization of oil services should also be stated: robotic drilling rigs were purchased, new equipment for more efficient and safe work in the fields, investments were made in modernization of the retail network and oil depots. The Board of Directors also supported the energy transition of the Company through the construction of solar photovoltaic power stations at a large number of NIS facilities, with the aim of meeting half of NIS' needs by 2030 through the production of electricity from renewable sources, as well as NIS' significant support to the Republic of Serbia in achieving energy transit goals.

In 2024, NIS continued the work on the development of HIP-Petrohemija I.I.c. Pančevo, aimed at auditing and overhauling key equipment and taking steps to prepare a project for the construction of a polypropylene plant to ensure the long-term and sustainable operation of HIP-Petrohemija.

The Board of Directors also supported efforts of the management to develop ties with the community and the social environment in which NIS operates. In 2024, NIS invested more than 481 million dinars through various socially important projects and support for professional sports to improve the quality of life of the citizens of the Republic of Serbia, and at the same time NIS invested almost RSD 1.1 billion in environmental projects, contributing to the improvement of the environmental situation in Serbia.

Despite the fact that significant investments in all business segments imply a positive impact on future operations, it is expected that in the coming period NIS will operate in a challenging environment due to the effects of external events at the global level, over which NIS has no influence. These are the very circumstances that indicate the importance of partnership work of the Board of Directors, the need for additional efforts, mutual understanding and support to the management in the process of finding innovative approaches and solutions for the continuation of stable business operations of the Company and energy security of the country, given the importance of NIS for the economy of the Republic of Serbia.

Based on the analysis of macro-parameters, market situation and current business conditions , the Board of Directors intends to revise and, if necessary, update the plans and budgets for 2025 in order to prepare for different scenarios, while maintaining focus on the main priorities, which are: stability of the domestic market of petroleum products, preservation of NIS development and social security of employees, and therefore protection of the interests of the shareholders of the Company, its investors, customers and other interested parties of the Company.

Chairman of the Board of Directors

Vadim Yakovlev
(signature and stamp)

To be served to:

1. Shareholders
2. Chairman and members of the NIS j.s.c. Novi Sad Board of Directors
3. Corporate Secretary
4. Archive