MANAGEMENT BUSINESS REPORT

CORPORATE GOVERNANCE

STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE CODE

CORPORATE GOVERNANCE REPORT

In accordance with Article 368 of the Company Law (hereinafter “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’s website (https://ir.nis.rs/en/corporate-governance/code-of-corporate-governance/). 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 (hereinafter “the Articles”), which are to be complied with by the persons responsible for the corporate governance of the Company. The 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.

COMPANY’S CORPORATE GOVERNANCE INSTRUMENTS

In addition to regulatory provisions, the corporate governance framework is specified within the following Company instruments:

- Statute of NIS j.s.c. Novi Sad
- Founding Act of NIS j.s.c. Novi Sad
- Code of Corporate Governance of NIS j.s.c. Novi Sad
- Rules of Procedure of the Shareholders’ Meeting of NIS j.s.c. Novi Sad
- Rules of Procedure of the Board of Directors and Committees of the Board of Directors of NIS j.s.c. Novi Sad
- Dividend Policy of NIS j.s.c. Novi Sad

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' RIGHTS

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 business 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 public and available to all shareholders.

Notice about the Board of Directors' decision to call a meeting of the Shareholders' Assembly, with the proposed agenda is 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). An invitation to a meeting of the Shareholders' Assembly is deemed sent by publication on the Company's website (www.nis.rs). The invitation is also published on the Company Register's website (www.apr.gov.rs), the website of the Central Securities Depository and Clearing House (www.crhov.rs), the regulated market's website (www.belex.rs) and in the Official Register of Information of the Securities Commission of the Republic of Serbia. 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 materials for the 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, an invitation for a meeting of the Shareholders' Assembly also includes information on how shareholders may access the materials for the meeting, explanation of the shareholders' rights, manner and deadlines to the exercise those rights, as well as information on the Shareholders' Day. Furthermore, proxy forms and absentee ballots (also available at the company headquarters) and electronic ballots are also published along with the invitation.

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.

Invitations 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 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% stake 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 share capital. The chairman and one Board member of the Shareholders Assembly are appointed upon the proposal of the Republic of Serbia.

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 "Voting majority and amendments to the Articles of Association".

Right to participate in the operation of the Shareholder's 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 (more than 2 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 appoint a proxy online and to vote online prior to the meeting, wherein the proxy, or the voting 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 Shareholder's Assembly shall have the right to vote on any matter voted on at the session of the Shareholder's Assembly 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 Shareholders' Assembly meeting.

Proposing Amendments to the Agenda

Pursuant to the Law, one or more shareholders of the Company, who own at least 5% of shares with voting rights, may send a proposal to the Board of Directors containing additional items for the agenda of the meeting of the Shareholders' Assembly which they propose to consider or which they propose the Shareholders' Assembly to decide upon, as well as proposals for different decisions according to the existing items of the agenda, on the condition that they justify their proposal and submit the text of the proposed decisions (if it is proposed to adopt a decision of the Shareholders' Assembly).

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 amendments 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 do not require a higher number of votes for specific issues.

Notwithstanding the above, as long as the Republic of Serbia has at least a 10% share in the Company's share capital, the Shareholders' Assembly requires an affirmative vote from the Republic of Serbia to decide on any of the following issues: adoption of financial statements and auditor's reports, changes to the Articles of Association, increases and decreases in share capital, changes to the Articles of Association, 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.

A decision on amendments to the Articles of Association shall be adopted at the Shareholders' Assembly by a simple majority vote of all voting shareholders, with an 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.

Activities of the Shareholders' Assembly in 2025

In 2025, the 17th ordinary meeting of the Shareholders' Assembly took place on 20 June 2025 in Belgrade, in the NIS Business Centre building, 1 Milentija Popovića Street. No extraordinary meetings were held.

At the 17th ordinary meeting, the Shareholders' Assembly adopted the Company's financial and consolidated financial statements for 2024, together with the auditor's opinion. The annual report of the Company for 2024, with the independent auditor's report, was also adopted, along with the Report on the analysis of the work of the Board of Directors and its committees, the annual report of the Board of Directors on accounting practice, financial reporting practice, and compliance of operations with the law and other regulations, as well as the report on the work of the general meeting committees. The Shareholders' Assembly also adopted the remuneration policy for members of the Board of Directors and committees of the Board of Directors of NIS j.s.c. Novi Sad and the rulebook on the long-term incentive programme for non-executive directors and members of management bodies of NIS j.s.c. Novi Sad, version 5.0, as well as the report on remuneration of Board of Directors members for 2024, together with the independent auditor's report, and the report on the adequacy of the composition of the Board of Directors and the number of its members in relation to the Company's needs.

In addition to the above, the Shareholders' Assembly also adopted a decision on the distribution of profit for 2024, the payment of dividends and the determination of the total amount of the Company's undistributed profit. According to the decision, 25% of the profit generated in 2024 would be allocated for the payment of dividends, which means the total of 4.6 billion dinars would be paid to the Company's shareholders.

The Shareholders' Assembly also appointed the members of the Board of Directors, as well as the Chairman and members of the Committee of the Shareholders' Meeting for Supervision of Operations and the Procedure for Reporting to Shareholders for the current mandate period.

Shareholder relations and information provision

For more information on Investor relations, see page 60

In addition to the reports that NIS, as a public joint-stock company, publishes in accordance with legal regulations and which are publicly available to all interested parties, including reports on business results that are presented to shareholders at the meeting of the Shareholders' Assembly, the Company also has a developed two-way communication with shareholders and investors, which have the additional opportunity to receive all the necessary information about the Company's operations and their rights during the year through the Offices for Minority Shareholders Affairs in Belgrade, a special call centre, and an email service (servis.akcionara@nis.rs) through which every shareholder may ask questions and receive answers electronically, as well as through Investor Relations Services.

The Company also takes part in meetings with representatives of the investment community. Representatives of the Company's top management regularly hold 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.

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. NIS is constantly working on content of the website in order to further facilitate access to all substantial information of importance to shareholders and investors and is committed to constantly improving relations with investors and shareholders through this method of communication. 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 three-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.

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 Shareholders' Assembly, appointing and dismissing the Chief Executive Officer and Chairman of the Board of Directors, and making decisions on the establishment or liquidation of Company where the Company has a share in capital (decisions regarding the increase of capital, purchase and sale of shares or stakes in these Companies).

Board of Directors shall also issue the price of convertible bonds and warrants, if the Shareholders' Assembly 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 share buyback 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 Shareholders' Assembly 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 Shareholders' Assembly by a simple majority vote of the present voting shareholders. At the 17th ordinary meeting Shareholders' Assembly held on 20 June 2025, 11 members of the NIS Board of Directors were appointed. The members elect the Chairman of the Board of Directors, while the responsibilities of the Board of Directors' Chairman 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 hold 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.

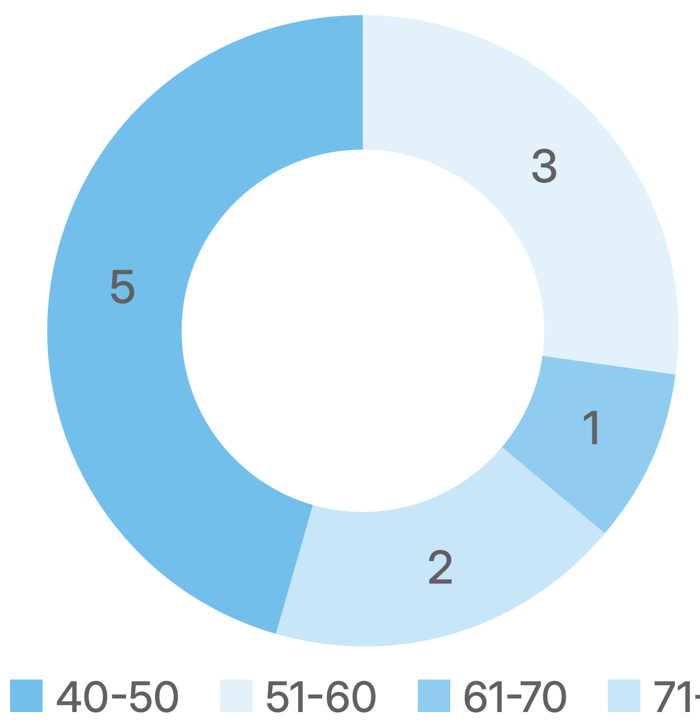
The Board of Directors has a significant number of foreign members who bring international experience and who have an understanding of challenges faced by the Company. Seven out of eleven members of the Board of Directors are Russian citizens, while four members of the Board of Directors are citizens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

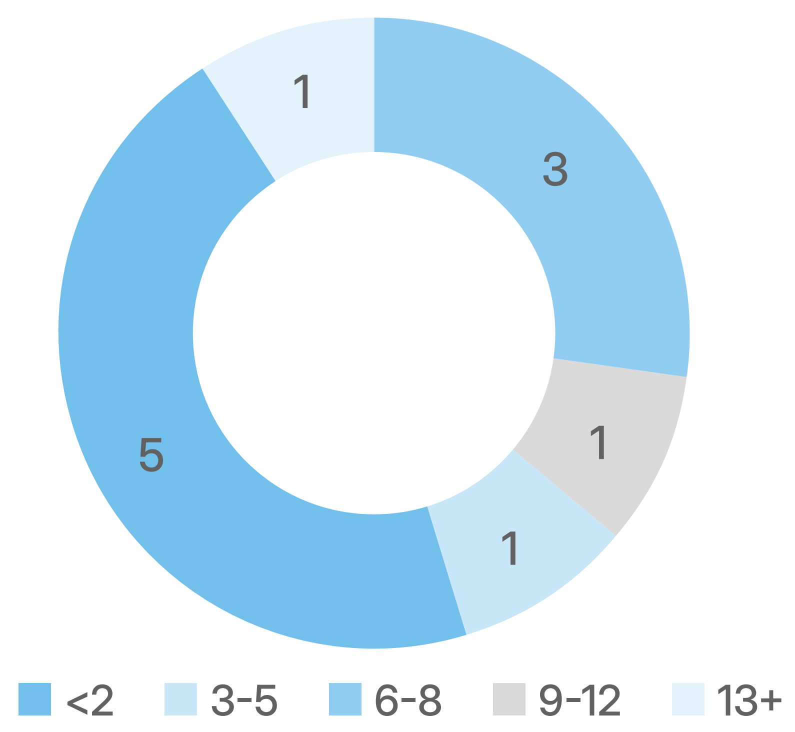
The term of office of the members of the Board of Directors is terminated at the first subsequent ordinary meeting of the Shareholders' Assembly, except in the case of co-optation, when the term of office of co-opted members of the Board of Directors lasts until the next meeting of the Shareholders' 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 Shareholders' Assembly 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.

Report of the Appointments Committee – In accordance with the Law, and taking into account the principles set out in Article 5, item 5.1 of the Code, the Appointments Committee shall, at least once a year, prepare a report for the Shareholders' Assebmly meeting of the Company on the adequacy of the composition of the Board of Directors and make recommendations regarding this issue. Thus, in 2025, at the 17th ordinary meeting, the Appointments Committee submitted to the Shareholders' Assembly the Report on the Suitability 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 according to the needs of NIS j.s.c. Novi Sad. Based on the performed analysis, it was determined that the size of the composition of the Board of Directors of the Company corresponded to the practice of large companies in the oil and gas sector of Europe and that the existing composition of the Board of Directors was knowledgeable in the field of auditing, finance, economy, strategic management, tax system, marketing, trade in oil and petroleum products, as well as sales and distribution, and the composition of the Board of Directors included both men and women. It was established that the members of the Board of Directors have international certificates ACCA and MBA and CMA qualifications. The report concluded that the composition of the Board of Directors corresponded to the needs of the Company's corporate governance and the principles set out in Article 5, item 5.1 of the Code. The report in question is publicly available on the Company's website.

Number of members of the Board of Directors by age category



Number of members of the Board of Directors by length of term in years



More information on the application of the Diversity Policy applied in relation to the governing authorities is available in the section of this report on page 88.

Changes in the composition of the Board of Directors in 2025

At the 17th ordinary meeting of the Shareholders' Assembly held on 20 June 2025, the following persons were appointed as the members of the Board of Directors: Vadim Yakovlev, Kirill Tyurdenev, Irena Vujović, Alexey Yankevich, Ignat Dirks, Vsevolod Vorobev, Dejan Radenković, Dragutin Matanović, Milan Đurić, Anatoliy Cherner and Olga Vysotskaia, while the membership of Danica Drašković and Goran Knežević in the Board of Directors of NIS j.s.c. Novi Sad was terminated on the day of the above-mentioned meeting of the Shareholder's Assembly.

In July of 2025, NIS j.s.c. Novi Sad Board of Directors appointed Alexey Urusov and Viktoria Nenadyshina to the vacancies within the Board of Directors, after Vadim Yakovlev and Alexey Yankevich resigned as non-executive members. Alexey Urusov was appointed chairman of the Board of Directors.

Board of directors' members as of 31 December 2025

Alexey Urusov	**Chairman of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
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*
Irena Vujović	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director** *Member of Nomination Commission*
Viktoria Nenadyshina	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Ignat Dirks	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Vsevolod Vorobev	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
Dragutin Matanović	**Deputy Chairman of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director** *Chairman of Nomination Commission*
Dejan Radenković	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director** *Member of the Audit Commission*
Milan Đurić	**Independent Member of NIS j.s.c.Novi Sad Board of Directors** **Non-executive director**
Anatoly Cherner	**Member of NIS j.s.c. Novi Sad Board of Directors** **Non-executive director**
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*

Board of Directors' Activities in 2025

The Board of Directors held seven meetings in presentia and 18 correspondence meetings. Attendance of Board members at all meetings was practically at the maximum level.

In addition to regular activities related to the consideration of the Annual Report of NIS j.s.c. Novi Sad, the Company's financial statements and consolidated financial statements for 2024, the adoption of periodic (quarterly) reports of the Company in 2025, the convening of the of the ordinary meeting of Shareholders' Assembly, the adoption of the Company's Business Plan, and the determination of the date and procedure for dividend payments to certain categories of the Company's shareholders, the agenda of the Board of Directors also included the approval of the conclusion of an Addendum to the Subordinated Loan Agreement between NIS j.s.c. Novi Sad and NIS PETROL d.o.o. Banja Luka, as well as amendments to the Intercompany Loan Agreement between NIS j.s.c. Novi Sad and HIP-Petrohemija d.o.o. Pančevo. The Board of Directors also approved proposals for the appointment of candidates to the position of Director of Jadran-Naftagas d.o.o. Banja Luka and NIS PETROL EOOD Bulgaria, the position of Sole Director of NIS PETROL S.R.L. Romania and accepted the offer for the purchase and sale of 100% of the share capital of NIS PETROL EOOD Bulgaria. Furthermore, the Board of Directors appointed members of the Board committees for audit, remuneration, and nominations for the current term of office, co-opted three members of the Board of Directors during two terms of office, and subsequently elected the Chairman and Deputy Chairman of the Board of Directors of NIS.

For the purposes of achieving the Company's planned goals, reviewing the Company's performance and the quality of corporate management, the Board of Directors, through quarterly reports, discussed the business analysis in the reporting period, with the assessments of the business activity of NIS j.s.c. Novi Sad until the end of 2025. Also, the Board of Directors considered the key business risks and information on the Company management's activities in the context of the entry into force of sanctions, as well as plans to ensure the Company's operational continuity under such conditions.

The Board of Directors also analysed its own work and submitted the corresponding Report at the 17th ordinary meeting of the Shareholders' Assembly. Besides, the Board discussed the results of the fulfilment of key business indicators for 2024, as well as the evaluation system for key business indicators for 2025. The Board of Directors determined the proposal of the Remuneration Policy for members of the Board of Directors and the Board committees of the Company, as well as the Rulebook on the Long-Term Incentive Programme for non-executive directors and members of the governing bodies of the Company, version 5.0, and adopted the Standard on the Company's Long-Term Motivation Programme, version 2.0.

During 2025, the Board of Directors adopted 64 decisions, and the enforcement of these decisions is monitored through periodic reports on the enforcement of Board of Directors decisions and orders.

Issues deliberated by the Board of Directors in 2025 (by areas)	
Financial and business activity, investment activity	35
Corporate governance	16
Strategic development	1
HR policies	4
Audit	3
Administrative decisions / Other	5
Total	**64**

Board of Directors' Rules of Procedure and Meetings

The Rules of Procedure of NIS' Board of Directors and Commissions of the Board of Directors (hereinafter "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 business year, the Board of Directors adopts an work activity 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 2025, the Shareholders' Assembly adopted the current Remuneration Policy for the Members of the Board of Directors and of the Board of Directors' Committees.

The objective of the Remuneration Policy is to ensure the transparency of the remuneration system and to keep the shareholders and potential investors informed, as well as to connect the interests of the members of the Board of Directors and Board of Directors' committees with the long-term interests of the Company and shareholders, and the successful implementation of business plans and strategies, which contributes to the long-term sustainability of the Company.

To this end, when defining remunerations, the Company assumes that fees and remunerations should be the compensation for engagement, but also a motivating factor, so that the Company is able to attract and retain as members of the Board of Directors and Board of Directors committees persons who possess professional and other competencies necessary for the Company, at the same time without significantly deviating from the fees paid to members of the Board of Directors and Board of Directors' committees in other companies of the same or similar size and business scope, engaging in the same or similar activity, i.e, peer companies.

When determining the type and amount of remuneration, the Company takes into account the following criteria:

- Tasks, i.e., obligations and responsibilities of a member of the Board of Directors and committees;
- Financial standing of the Company;
- Economic environment in which the Company is located;
- Assessment of the previous work of the Board of Directors in general;
- Link between the results achieved by members of the Board of Directors and the committees, and their remuneration;
- Principles of best practices of corporate governance and
- Level of fees and remuneration in peer companies.

Remunerations for executive members of the Board of Directors – In line with the remuneration policy, the remuneration for executive directors is specified under employment contracts or fixed-term contracts, whereby 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 for executive members of the Board of Directors consists of:

- Fixed portion,
- Variable part (which includes short-term and long-term motivation),
- Other benefits.

Remuneration for non-executive members of the Board of Directors and members of committees of the Board of Directors - The total remuneration paid to non-executive members of the Board of Directors and members of committees of the Board of Directors consists of:

- Fixed (permanent) part,
- Variable part (bonus),
- Other benefits.

Fixed (permanent) portion of the remuneration to the members may 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. The annual fixed part of the remuneration for membership in the Board of Directors is the remuneration for the time and effort of a member of the Board of Directors and is related to the preparation and active participation in sessions and meetings of the Board of Directors, which requires the members to study the documents in advance and participate in the meeting of the Board of Directors.

The annual fixed part of the remuneration for participation in the work of the Board of Directors committees is the remuneration paid to members for participation in the work of one or more committees of the Board of Directors, with the exception of executive directors and also members of the committees of the Board of Directors employed by the Company. This type of remuneration represents the compensation for the time and effort of members of the Board of Directors' committees for their participation in the work of the Board of Directors' committees, including the preparation of materials and proposals by the Board of Directors committee. The annual fixed part of the remuneration for participation in the work of the Board of Directors committees will be paid only for participation and active work at the sessions relevant of the Board of Directors Committee.

The entitlement to the variable part of the remuneration is acquired for participation in the three-year program cycle defined by the Rulebook on the Programme of Long-Term Stimulation of Non-Executive Directors and Members of the Governing Bodies of NIS j.s.c. Novi Sad, adopted by the Shareholders' Assembly.

This program is one of the key elements of motivation for non-executive directors and members of the company's governance bodies towards the implementation of the company's long-term strategic goals.

The long-term stimulation program is aimed at connecting the interests of its participants with the long-term interest of the company and its shareholders to facilitate long-term sustainable development and achievement of the company's strategic goals. The motivation is adequately measured to the company's resources and needs and pertains to a specific time period sufficient to establish that there was value created for the company's shareholders.

The long-term stimulation programme is comprised of successive cycles. The parameters and participants of the program are determined in corresponding regulations.

The shareholders' assembly adopted a list of key indicators that significantly contribute to the strategic development of the Company for the cycle of the Long-term Stimulation Program for non-executive directors and members of the governing bodies of NIS for the period from 2024 to 2026.

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 – Members of the Board of Directors are entitled to liability insurance (Directors & Officers Liability Insurance).

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.

Remuneration Commission Report – The Remuneration Commission prepares a report on the assessment of the amount and structure of remunerations for the Shareholders' Assembly at least once a year, as well as a clear, comprehensive and comprehensible report on all remuneration paid by the Company or an affiliated company, operating within the same group of companies, paid or allocated to be paid to each individual current and former member of the Board of Directors, in the last business year preceding the year in which the report is drawn up. Thus, for the calendar year 2024, the Remuneration Commission submitted a Report on remuneration for the members of the Board of Directors of NIS j.s.c. Novi Sad for 2024, which contained both of the aforementioned reports, and was adopted at the XVII regular session of the Shareholders' Assembly, held on 20 June 2025. The aforementioned Report on the remuneration of the members of the Board of Directors of NIS j.s.c. Novi Sad for the year 2024 was audited by the independent auditor FinExpertiza d.o.o. Belgrade, and the relevant Auditor's Report was also adopted at the XVII regular session of the Shareholders' Assembly.

Total amount paid to Board of Directors members in 2025, net RSD	
BoD Members	287,061,660 RSD

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

Documents Equality Policy, Corporate Governance Code of NIS j.s.c. Novi Sad 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 global 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, 27% of members are women (3 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

Considering 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; possess 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 Diversity Code was adopted on 28 January 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 able to perform their roles.

The Company also organises special programmes 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 three sets of key questions for evaluation of the Board of Directors' performance and its Committees. The first group contains criteria for assessing the work of the Board of Directors in terms of the goals, tasks and responsibilities of the Board of Directors, the second group contains criteria for assessing the procedures applied in the work of the Board of Directors, while the third group contains questions for assessing the structure, activities and core performance of the Board of Directors Committees.

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.

At the XVII regular session held on 20 June 2025, the Shareholders' Assembly adopted the Report on the Analysis of the Work 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. The aftermentioned report is publicly available on the Company's website.

Cooperation of Board of Directors and Company Management

The members of the Board of Directors are regularly reported by the General Director and the Company's management on issues that affect the Company's operations, financial position and potential risks in its operations, and the Board of Directors regularly monitors and assesses the implementation of the set goals, the implementation of the adopted business plan and the effectiveness of the Company's operations through appropriate forms of Company reports. The reports include quarterly and annual business reports, as well as reports on the analysis of operations in the previous period and business forecasts for the next period and reports on the implementation of decisions and orders of the Board of Directors.

The Board of Directors and management continuously discuss issues related to the set business goals and criteria for assessing the achievement of goals.

Strategic meetings

Members of the Board of Directors consider strategic goals during development of the Company's business plan for the next years at the 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 Chairman, 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 Chairman 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, Chairman of the Audit Commission,
- Dejan Radenković, Member of the Audit Commission and
- Irina Rabovil, Member of the Audit Commission.

The Chairman and the Audit Committee members were appointed by a decision of the Board of Directors dated 2 July 2025, while Alexey Urusov served as the Audit Committee member in the previous term of office (until 20 June 2025).

During 2025, the Audit Committee held four sessions in the presence of members and six sessions by correspondence. Among other matters, the Committee reviewed the content of the Quarterly Report, the Financial Report, and the Consolidated Financial Report for the first, second, and third quarter of 2025 and submitted the relevant recommendations to the Board of Directors. The Audit Committee also reviewed the Annual Report for 2024 together with the report of the independent auditor FinExpertiza d.o.o. Belgrade and gave its consent to the auditor's engagement contract for 2025. Furthermore, the Audit Committee approved the Audit Plan and the determination of key audit matters and adopted the Annual Internal Audit Plan of NIS j.s.c. Novi Sad for 2025. In addition, the Audit Committee monitored the status of implementation of the auditor's recommendations set out in the Management Letter Points for NIS j.s.c. Novi Sad for 2024, as at 31 August 2025. The Audit Committee considered the Report on the Results of Internal Audit of NIS j.s.c. Novi Sad for 2024, for six and nine months of 2024, as well as 3 and 6 months in 2025. It also reviewed the Report on Risk Monitoring and Internal Controls of NIS j.s.c. Novi Sad for 9 months of 2024 (with a forecast to the end of 2024), for 2024 and for 3 and 6 months in 2025 (with a forecast to the end of 2025). The Audit Committee approved the Annual Internal Controls Plan of NIS j.s.c. Novi Sad for 2025 and approved the Internal Audit Charter of NIS j.s.c. Novi Sad, version 8.0, as well as the Development Strategy of the Internal Audit, Risk and Internal Controls Function 2023–2025 – implementation status as at 31 December 2024.

Remuneration Commission

Members of the Remuneration Committee are:

- Alexey Yankevich, chairman of the Remuneration Committee,
- Olga Vysotskaia, member of the Remuneration Committee, and
- Zoran Grujičić, member of the Remuneration Committee.

The Chairman and members of the Remuneration Committee were elected pursuant to the decision of the Board of Directors dated 2 July 2025, and all the three members performed the above functions in the Remuneration Committee in the previous term of office as well.

During 2025, the Remuneration Committee held two sessions in presentia and four correspondence sessions. The Committee reviewed the key performance indicators achieved for 2024 and preliminary results for 2025, the system of evaluations and performance indicators for remuneration purposes for 2025, as well as the Standard on the Company's Long-Term Motivation Programme, version 2.0. In addition, the Remuneration Committee prepared the Report on Remuneration of the members of the Board of Directors of NIS j.s.c. Novi Sad for 2024, which includes the report on the assessment of the remuneration amount and structure for each member of the Board of Directors and the report on remuneration of the members of the Board of Directors for 2024. The Committee also prepared the proposal of the Remuneration Policy for members of the Board of Directors and committees of the Board of Directors of the Company and the Rulebook on the Long-Term Incentive Programme for non-executive directors and members of the Company's governing bodies, version 5.0, which were submitted for consideration at the Shareholders' Assembly meeting held on 20 June 2025.

Nomination Commission

Members of the Nomination Commission are:

- Dragutin Matanović, chairman of the Nomination Commission,
- Irena Vujović, member of the Nomination Commission, and
- Kirill Tyurdenev, member of the Nomination Commission.

The Chairman and members of the Nomination Committee were appointed pursuant to the decision of the Board of Directors dated 2 July 2025, while the function of a member of the Nomination Committee in the previous term of office was performed by Goran Knežević (until 20 June 2025).

In 2025, the Nomination Committee held two correspondence sessions. The Committee reviewed proposals for dismissal and approval of a candidacy for the position of member of the Supervisory Board of Gazprom Energoholding Serbia d.o.o., as well as proposals for approval of candidacies for the positions of Director of Jadran-Naftagas d.o.o. Banja Luka, Director of NIS PETROL EOOD Bulgaria, and Sole Director of NIS PETROL S.R.L. Romania. In addition, the Committee prepared the 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 relation to the needs of NIS j.s.c. Novi Sad, which was submitted for consideration at the Shareholders' Assembly meeting held on 20 June 2025.

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 an advisory and expert body providing assistance to the Shareholder's Assembly with respect to its activities and deliberation 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 under by the Articles of Association, the Shareholders' Assembly Board also presents its assessments of: reporting to the Shareholders' Assembly on the application 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 2025

The Board of the Shareholders' Assembly has 3 (three) members, one of whom fulfils the function of 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 term of office 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 office 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 for 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.

Activities of the Shareholders' Assembly Board in 2025

In 2025, the Board of the Shareholders' Assembly held eleven correspondence sessions. the Board of the Shareholders' Assembly reviewed the annual financial statements and consolidated financial statements of the Company for 2024, as well as the periodic (quarterly) financial statements and consolidated financial statements for the first, second, and third quarter of 2025. The Board of the Shareholders' Assembly also reviewed the reports of the independent auditor on the audit of the Company's financial statements, as well as the method of profit distribution for 2024, dividend payments and the determination of the total amount of retained profit and submitted a report on its activities to the Shareholders' Assembly of the Company. In addition to the above, the Board of the Shareholders' Assembly reviewed proposals to accept the offer for sale of 100% of the capital of NIS PETROL EOOD Bulgaria, the proposal to approve the sale of the equity interest of NIS PETROL a.d. Beograd in NIS MET Energowind d.o.o. Beograd – the Plandište Wind Farm Project, and the approval of the conclusion of the Addendum to the Subordinated Loan Agreement between NIS j.s.c. Novi Sad and NIS PETROL d.o.o. Banja Luka, and amendments to the Intercompany Loan Agreement between NIS j.s.c. Novi Sad and HIP-Petrohemija d.o.o. Pančevo. The Board of the Shareholders' Assembly appointed, by co-optation, one member of the Board of the Shareholders' Assembly. In 2025, the Board of the Shareholders' Assembly adopted 41 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 organises the Company's activities. In addition, the Chief Executive Officer 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.

CEO Advisory Board

The CEO Advisory Board is a professional body that helps the CEO in his activities and in the consideration of matters within his responsibilities. The members of the Advisory Board were appointed by the CEO's decision, and they include the Director of Directorate for Downstream Coordination, Deputy CEO – Director of the Exploration and Production Block, Directors of the Refining and the Energy Blocks, Directors of Functions, General Director of HIP-Petrohemija and Director of Naftagas–Oil Services LLC Novi Sad. In addition to the competencies related to the management of the Company's operations, the Advisory Board deals with the issues of strategy and development policy, the basis of which is set by the Shareholders' Assembly and the Board of Directors of the Company.

Activities of the Advisory Board in 2025

During 2025, there were 11 Advisory Board sessions, chaired by the CEO, where the members discussed the following matters:

- 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 Downstream;
- reports presenting operational and financial monthly results of operations;
- reports on the key issues related to the functions and Naftagas – Oil Services LLC Novi Sad;
- report on the statuses of the key open issues related to HIP Petrohemija.

In addition, the reports showing Company's quarterly performance and an important issue concerning the update of the corporate development strategy were presented to the members of the CEO Advisory Board. The Function for Internal Audit and Risk Management presented the reports on the implementation of audit recommendations 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 in the Company aimed at filling possible vacancies when it comes to the top management positions in the Company. They include the implementation of specialised training programmes, so through 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 in the Company's securities using insider information is strictly prohibited to all persons under threat of penalties provided for by the Capital Market Law. 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 persons with the access to insider information, 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 persons with access to insider information and the list of persons performing the duties of the manager and related persons are specifically regulated by the Company's internal regulations.

Pursuant to the Capital Market Law and internal documents of the Company, all persons fulfilling duties of 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 the requirements prescribed by law and the regulations of the Securities Commission are met.

In addition, all persons performing the duties of managers in the Company, as well as persons related to them (defined by the aforementioned law), are obliged to report to the Securities Commission and the Company, within three business days, each subsequent transaction involving the Company's shares (debt instruments or other related financial instruments) for their own account, after the sum of the transactions values in one calendar year exceeds the value of EUR 5,000.

During 2025, the Company was not informed of the acquisition or disposal of the Company's securities by the Company's managers or persons related to them.

INTERNAL AUDIT ACTIVITIES

The regulatory framework for internal control, i.e. internal audit in NIS j.s.c. Novi Sad is established by the Law on Business Companies, the Internal Audit Charter, the Internal Audit Management 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. The 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 the Global Internal Audit Standards of the Global Institute of Internal Auditors, which is confirmed by the 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 regulations 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 organisation and the Company's activities 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, Risk Management and Internal Controls Function (hereinafter: FIR). Organisational and functional independence of the

Internal Audit is secured by the Internal Audit Charter. Through the person responsible for internal control of business, appointed by the Board of Directors, FIR is functionally subordinated to the Audit Commission, and administratively to the CEO of the Company. As a rule, the person responsible for internal control of business performs the role of the FIR Director. 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 FIR reports to the Audit Commission on the results of its work four times a year.

The Audit Committee of the Board of Directors is, inter alia, authorised to:

- Approve the Internal Audit Charter;
- Approve the Annual Plan on Internal Auditing;
- Adopt the FIR development strategy of the Internal Audit and Risk Management Function;
- Approve changes in the FIR staffing plan and changes in the number of job positions within FIR;
- Approve the FIR financial budget ;
- Receive reports on the internal audit performance in relation to the plan and other important issues, in accordance with the reporting schedule;
- Approve changes in the staffing plan and changes in the number of job positions in FIR;
- Propose the appointment and discharge of the person responsible for internal audit of Company's business, in accordance with the Company Law, while the Board of Directors of the Company makes the Decision on the 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.

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.

The following internal regulations govern internal control in 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 on the SUFI Portal.

1. Control environment

The management creates an atmosphere characterised by understanding the importance of control procedures by employees, and also informs employees of expectations and specific 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 analysed. Organisational units identify the risks in processes and activities they perform, and which may lead to errors in financial reports.

3. Control measures

Control measures comprise procedures and activities used to manage the defined process related risks 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 provided as an internal portal accessible to all employees where all important information and adopted internal regulations are published. Additionally, information systems have been implemented to assure exchange of information, documentation and various types of reporting that allow for the generation of timely information.

5. Monitoring

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

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, in accordance with the Capital Market Law, considering that 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 2024 were adopted on 20 June 2025 at the 17th ordinary meeting of the Shareholders Assembly, which was attended by the auditor of FinExpertiza d.o.o. Beograd, which, in accordance with the Law, is obligatorily invited to the ordinary meeting of the Shareholders' Assembly. At the 15th ordinary meeting held on 29 June 2023, the Shareholders' Assembly selected the auditing company FinExpertiza d.o.o. Beograd for the audit of the financial statements and consolidated financial statements for the three-year period (2023–2025). In accordance with the law, when selecting an independent auditor, the Audit Committee received the auditor's statement confirming independence of the audit company and its licensed auditors in relation to the Company.

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 Occupational Health and Safety Management, SRPS EN ISO 50001: 2018 Energy Management and ISO 55001:2014 Asset management, as well as SRPS ISO 39001:2012 Road Traffic Safety Management, SRPS EN ISO 22000: 2018 Food Safety Management, or CAC/RCP1 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 modeling procedure. All identified BPs of the Company are classified and presented in the Company's Process Model, together, with the staffing plan integrated into the business architecture of the Company. KPIs (key performance indicators) are also determined for the defined business processes.

The manner of the implementation of business process activities is regulated by relevant normative and 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 programme 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 to eliminate and prevent recurrence of identified non-compliances and realisation 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 of a person related to him/her) in a legal transaction concluded by the Company, or in a legal action undertaken by the Company.

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

The Board of Directors submits information required for the approval of the conclusion of legal transactions and legal acts in which there is a personal interest, for which approval is required in accordance with the Law, to the Shareholders' Assembly at its first subsequent meeting.

In accordance with the Law, the Company is obliged to publish on its website the intention to conclude a legal transaction, i.e. to undertake a legal action that requires approval, including important information on transations 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 the legal transaction, i.e. undertaking the 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 governance bodies of other companies are published on the Company's website.

By concluding the Agreement on Mutual Rights and Obligations with the Company, the members of the Board of Directors are additionally familiarised 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 2025, NIS j.s.c. Novi Sad or its subsidiaries did not make a takeover bids for another company, in accordance with the Law on Takeover of Joint Stock Companies, nor was any takeover bid for the shares of NIS j.s.c. Novi Sad or any of its subsidiaries made in compliance with this Law.

RELATED-PARTY TRANSACTIONS

In 2025, the same as in the corresponding period last year, the Group entered into business transactions with its related parties. The most significant transactions with related parties in the mentioned periods related to supply/delivery of crude oil, petroleum products and electricity[90].

CODE OF BUSINESS ETHICS

Employees, are the mirror of the Company – each employee representing the Company and affecting its business atmosphere, results and reputation by their actions. They are not all the same, but they are all equal. If employee strives to act in accordance with the defined Company values and follow ethical codes and rules of conduct, all employees can jointly transform the Company's vision into reality.

The rules and norms of conduct defined in the Code are based oncorporate values of NIS j.a.c. Novi Sad and should serve to all employees, third parties and governance bodies as a general guideline when making decisions in their day-to-day activities. This enables employees to jointly create and maintain a healthy business climate, efficiently achieve results, and improve business operations.

[90]Further Information on related party transactions can be found on page 173 under note number 41 of the Consolidated Financial Statements.

SIGNIFICANT CONTRACTS OF THE COMPANY WHERE THE CHANGE OF CONTROL BY A BID FOR TAKEOVER AFFECTS THEIR EXECUTION, CHANGE OR TERMINATION, AS WELL AS THE CONSEQUENCES OF SUCH CONTRACTS

The Company's contracts where the change of control by a takeover bid affects their execution, change or termination, contain standard clauses.

CONTRACTS BETWEEN THE COMPANY AND ITS MANAGEMENT OR EMPLOYEES, WHICH PROVIDE COMPENSATION IN THE EVENT OF DISMISSAL OR DISCHARGE WITHOUT JUST CAUSE OR THE TERMINATION OF THE EMPLOYMENT CONTRACT DUE TO A TAKEOVER BID

The Company does not have this type of contract with the management, nor with the employees.