



**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/ CCII-3a**  
**Датум (Date): 24.05.2023**

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 COMMISSIONS OF**  
**THE BOARD OF DIRECTORS OF NIS J.S.C. NOVI SAD**  
**FOR THE PERIOD 16 APRIL 2022 – 15 APRIL 2023**

**INTRODUCTION**

Governed by internationally recognized 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 thirteenth analysis of its operation, presented herein.

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

- The role and function of the Board of Directors and its Commissions;
- The obligations of the members of the Board of Directors;
- Priorities in the operation of the Board of Directors and its Commissions;
- What combination of knowledge, skills, experiences, and personal qualities should all the members of the Board of Directors have;
- The current and valid work procedures of the Board of Directors, forms of Board of Directors' 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 operation has been developed (hereinafter referred to as: The Questionnaire), which is to be filled in by the BoD members. The Questionnaire contains two groups of key questions for the assessment of BoD 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.

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 meetings in the reporting period.

1. INDICATORS OBTAINED FROM OBJECTIVES, TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS	
<b><i>Drawing up of the Strategy and the Company Business Plan</i></b>	<p>All BoD members take part in the discussion on the key business issues when reviewing the Business plan of the Company for the forthcoming years 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 and assumptions for the long-term development 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>In the reporting period, the BoD members also actively 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>Members of the Board of Directors reviewed and adopted NIS j.s.c. Novi Sad Business Plan for 2023.</p>
<b><i>Monitoring of the Adopted Business Plan</i></b>	<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.</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 2022 showed that key performance indicators in 2022 were fully 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><b>Business Activity Control</b></p> <p>In the observed reporting period, the BoD members controlled Company business</p>

<p><b>Business Activity Control, Internal Control and Risk Management</b></p>	<p>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"> <li>• Business activities, revenues, and the financial situation of the Company, (financial and economic business indicators),</li> <li>• Profitability of Company business activities,</li> <li>• Market trends in the countries of the region,</li> <li>• Key business operations and events which are significant for business activities and liquidity of the Company,</li> <li>• Company development project implementation status, and</li> <li>• Other important issues regarding the existing and future Company business activities.</li> </ul> <p><b>Internal control and Risk management:</b></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"> <li>• Audit Commission of the Board Directors,</li> <li>• Activities of the Internal Audit,</li> <li>• Monitoring activities of the risk management system.</li> </ul> <p><u>Audit Commission of the Board of Directors</u></p> <p>The Audit Commission of the Board of Directors, amongst other issues, reviewed and adopted the following during the reporting period from 16 April 2022 to 15 April 2023:</p> <ul style="list-style-type: none"> <li>• 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 2021, and for 3 and 6 months of 2022;</li> <li>• Plan for implementation of the Audit procedure and identification of key issues to be audited for 2022;</li> <li>• The Report on the management of Key Risks in NIS j.s.c. Novi Sad for 3, 6 and 9 months 2022 and forecast until the end of 2022;</li> <li>• The Audit findings and the key audit matters of NIS j.s.c. Novi Sad audit for 2022;</li> <li>• NIS j.s.c. Novi Sad Internal Audit and Risk Management Function Development Strategy 2023-2025;</li> <li>• 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 2021, as of 31.08.2022.</li> </ul> <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 Commission of the Board of Directors. The Person responsible for the internal audit of business operations regularly reports on conducted audit of business operations to the Audit Commission of the Board of Directors, which in turn oversees the operation of internal audit at the Company.</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 person responsible for internal audit is obligated to regularly report on the audit performed to the Audit Commission of the Board of Directors in accordance with the adopted Activity Plan of the body. The aforementioned person meets the statutory requirements for the position of internal auditor. As Internal Audit, risk management and internal control is established as an organizational unit of the Company, which unit is</p>
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	<p>concerned with issues in internal audit (internal control), the issues from Article 452 of the Law on Commercial Entities are largely regulated by the following documents:</p> <ul style="list-style-type: none"> <li>• Internal Audit Charter of NIS j.s.c. Novi Sad (PO-13.01.02), version 5.0;</li> <li>• Corporate Standard – Internal Audit Management (SD-13.01.03), version 3.0;</li> <li>• Instructions on the Operation of Internal Audit.</li> </ul> <p>Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. It helps the organization to achieve its goals by introducing a systematic, disciplined approach to assessing and improving the effectiveness of risks management, internal control and corporate governance. Internal Audit acts in accordance with the mandatory guidelines 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.</p> <p><u>Activities of the Monitoring of Risk Management System</u></p> <p>The Company has established an integrated 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:</p> <ul style="list-style-type: none"> <li>• Risk and Internal Controls Management Policy at NIS j.s.c. Novi Sad (PO-13.00.02), version 1.0;</li> <li>• Corporate Standard – Risk Management (SD-13.02.01), version 6.0;</li> <li>• Instructions Methodological Guidelines for Risk Management (UP-13.02.01-001), version 2.0;</li> <li>• Instructions Key Risk Indicators (UP-13.02.01-003), version 1.0.</li> </ul> <p>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 final ranked list of key risks for 2023 was established. The Strategy for Development of Internal Audit and Risk Management Function of NIS j.s.c. Novi Sad for 2023-2025 was approved. Review of risks and monitoring of risk management measures was performed regularly on a quarterly basis.</p> <p>After the end of 2022 the effect of risks to the Company goals was analysed. Reports were submitted on a regular basis: to the Advisory Board of the General Director on a quarterly basis, to the Audit Commission of the Board of Directors and to the Board of Directors on an annual basis.</p>
<p><b>Operation of the BoD and Reporting to the BoD Non-Executive Members</b></p>	<p>The responses of the surveyed BoD members show that the BoD members are generally well prepared for the meetings, and that the BoD basically efficiently manages its operation. The operation of the BoD focuses on key issues which are discussed actively before the BoD takes its decision, which contributes to making constructive decisions on the part of BoD. 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 also periodically review, through work sessions, possible external constraints on 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 business activities, the financial situation, and potential risks in the Company business activities, through the</p>

	<p>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.). In addition to the stated reporting forms, additional requirements were again set upon the Company management by NIS BoD members during the reporting period regarding operational presentation of relevant information on the current and planned business operations of the Company, specially with regards to realization of the key investment projects, periodical assessment of results of activities of the Company as well as to the key risks to NIS operations under the volatile market conditions and external constraints.</p> <p>Also, the BoD members held work meetings – consultations during the reporting period in order to elaborate and specify the open issues for consideration at NIS BoD meetings.</p>
<p><b><i>Division of Competences and Control of the Work of the General Director and Company Management</i></b></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 and 109/2021) 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 necessary 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>In the reporting period, members of the NIS BoD have also discussed the issues related to communication and co-operation of General Director and the Company management, quantity and dynamics of presentation of required information, as well as adequacy of the measures taken to provide stability of business of NIS under the circumstances of constraining measures applied to one of the major shareholders.</p> <p>If the necessity arises, the NIS Board of Directors plans to consider options for mitigating key risks of NIS operations, 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.</p>
<p><b><i>Ensuring Meetings of the Shareholders</i></b></p>	<p>In the previous period, the XIV Ordinary Company Shareholders Assembly Meeting (on 29 June 2022) was held and all the conditions required for the meeting 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</p>

<b>Assembly</b>	<p>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 (<a href="http://www.nis.rs">www.nis.rs</a>).</p> <p>The invitation for shareholders to attend the XIV Ordinary Meeting of the Shareholders Assembly was published on 27 May 2022 on the Company webpage (<a href="http://www.nis.rs">www.nis.rs</a>), and also on the webpage of the Belgrade Stock Exchange (<a href="http://www.belex.rs">www.belex.rs</a>), webpage of the Central securities depository and clearing house (<a href="http://www.crhov.rs">www.crhov.rs</a>), the webpage of the Register of Companies (<a href="http://www.apr.gov.rs">www.apr.gov.rs</a>) and with the Official registry of information of the Securities Commission of the Republic of Serbia.</p> <p>All the decisions taken at the XIV Ordinary Meeting of the Shareholders Assembly, as well as other relevant documents (the Reports of the Voting Commission on the voting results and the Minutes) were published by the Company on the Company webpage (<a href="http://www.nis.rs">www.nis.rs</a>), within the deadline stipulated by the law after the above meeting of the Company Shareholders Assembly was held.</p> <p>All the 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 (<a href="http://www.nis.rs">www.nis.rs</a>).</p>
<b>Activities of the Board and Major Decisions</b>	<p>In the reporting period, the Board of Directors held 4 meetings personally attended by the BoD members, as well as 15 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 and annual NIS reports, the financial statements and consolidated financial statements of the Company for 2022, the following major decisions were taken:</p> <ul style="list-style-type: none"> <li>• Decision on Determining the Draft Decision of the Shareholders' Assembly of NIS j.s.c. Novi Sad on the Re-election and Remuneration of the Auditor of Financial Statements and Consolidated Financial Statements of NIS j.s.c. Novi Sad for 2022;</li> <li>• 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 Commissions of the Board of Directors of NIS j.s.c. Novi Sad for the Period 16 April 2021 – 15 April 2022;</li> <li>• Decision on determining the Draft Decision of the Shareholders Assembly of NIS j.s.c. Novi Sad on Amendment to the Articles of Association of NIS j.s.c. Novi Sad;</li> <li>• Decision on Convocation of the XIV Ordinary Meeting of the Shareholders' Assembly of NIS j.s.c. Novi Sad;</li> <li>• Decision on adoption of the Report on the Annual Inventory of Assets and Liabilities of NIS j.s.c. Novi Sad, for 2022;</li> <li>• Decision on reviewing of QPR-1 (Quarterly performance review for 3 Months 2022 and Forecast until the end of 2022);</li> </ul>

	<ul style="list-style-type: none"> <li>• Decision on reviewing of QPR-2 (Quarterly performance review for 6 Months 2022 and Forecast until the end of 2022);</li> <li>• Decision on reviewing of QPR-3 (Quarterly performance review for 9 Months 2022 and Forecast until the end of 2022);</li> <li>• Decision on reviewing of NIS j.s.c. Novi Sad Business plan for 2023;</li> <li>• Decision on reviewing information of current activity NIS j.s.c. Novi Sad under the terms of sanctions;</li> <li>• Decision on reviewing Information about the activities of Upstream - NIS PETROL S.R.L. Romania;</li> <li>• Decision on reviewing of „Teremia North Project“ within the frames of activities of Upstream NIS PETROL S.R.L. Romania;</li> <li>• Decision on co-optation of Member of NIS j.s.c. Novi Sad Board of Directors;</li> <li>• Decisions on appointment of the members of Commissions of the Board Directors of NIS j.s.c. Novi Sad;</li> <li>• Decision on the changes in the composition of NIS j.s.c. Novi Sad Committee for Procurement/Sale of Crude Oil;</li> <li>• 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 2022;</li> <li>• Decision on reviewing of the Proposal for approval of the candidacy to the position of the member of the Auditors committee of NIS Petrol S.R.L. Romania;</li> <li>• Decision on approval of withdrawal of NIS j.s.c. Novi Sad from participation in Join stock company Cultural sport center Pinki-Zemun Belgrade by initiating of liquidation procedure;</li> <li>• Decision on approval of the withdrawal of NIS j.s.c. Novi Sad from participation in company NICCO AGRAR DOO BANATSKI BRESTOVAC by the sale of share;</li> <li>• Decision on reviewing of the Annual Report on the analysis of NIS j.s.c. Novi Sad performance for 2022;</li> <li>• Decision on reviewing the Report on the implementation of Decisions and Orders of NIS j.s.c. Novi Sad Board of Directors, as at 31.12.2021.</li> </ul> <p>During the reporting period, the BoD took 53 decisions.</p>
<b>Observing the Principles of Corporate Governance</b>	<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 2022.</p> <p>The Annual Report of the Company for 2022 is available on the Company webpage (<a href="http://www.nis.rs">www.nis.rs</a>), as well as on the webpage of the Belgrade Stock Exchange and within the Public Company Register of the Securities Commission of the Republic of Serbia.</p>
<b>The Influence of</b>	<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</p>

<p><b><i>the Board of Directors on Improving the Corporate Image</i></b></p>	<p>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 Offices for Minority Shareholders Relations in Novi Sad and Belgrade, a separate call-centre, an e-mail service 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 and in 2022 the Company took part in investor conferences organized by the Erste Group. Quarterly performance presentations are regularly attended by representatives of the the highest level of management of the Company. Both the results of the previous period and future plans and strategies of the Company are discussed and these presentations provide detailed analysis of the achieved business results of the Company, in direct communication with representatives of the investment public.</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 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.</p> <p>Additionally, for the purposes of information, on the NIS website (<a href="http://www.nis.rs">www.nis.rs</a>) under the section "Press Room" all interested parties can obtain the most important information on the Company's activities, information for investors, data on the most important development projects, career development opportunities in NIS, as well as information on current tenders and procurement procedures. The materials include electronic versions of annual reports and reports on sustainable development, while on the "Magazine" platform visitors can get to know NIS from a different angle and learn about topics in the field of culture, education, environmental protection, sustainable development and HR.</p> <p>In 2022, NIS published the 12th consecutive, verified Report on sustainable development, in line with the standards of the world's leading sustainability organisation, the Global Reporting Initiative (GRI).</p> <p>In 2022 NIS continued with strong support to community development, by investing socially responsible projects and support to professional sport.</p> <p>Two campaigns, „May new hopes be born“ and the ten-year anniversary of the „Energy of Knowledge“ programme, marked the past year.</p> <p>By implementing the „Common Cause Community“ social responsibility programme, NIS has been supporting the development and progress of partner cities and municipalities for 14 years</p>
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	<p>Environmental protection and environmental projects remained one of the priorities in the context of Company activities, and in the following period it is planned to continue investing in projects that will lead to the reduction of negative environmental impact in the areas of air, water, soil and waste management.</p> <p>Under the slogan "Future at work" NIS remains one of the leading social investors into numerous education, social, cultural and sports projects and institutions. In 2022, NIS has been declared the most desirable employer in Serbia according to the results of the TalentX study, conducted by the Poslovi.Infostud group of employment websites. The Selectio consulting company presented NIS with the Employer Partner certificate, which is awarded to organizations that reach the highest quality standards in the field of human resources management.</p> <p>NIS won first place at the "OSH National Awards Contest" in the category "28 April" Charter, organized by the Occupational Safety and Health Directorate of the Ministry of Labour, Employment, Veteran and Social Affairs.</p> <p>At the International Agricultural Fair in Novi Sad, NIS received two awards: the award "Leader of Socially Responsible Behaviour in Relation with Communities" in the category of business entities and the "Good Design" award for design presented within the fair display.</p> <p>The Association for Market Communications of Serbia (UEPS) awarded NIS with two awards: silver award in the Creative Use of Media category for the corporate values promotion campaign, and the bronze one in the Best Site category for the Jazak water website.</p> <p>NIS received special recognition for the exceptional quality of business digital communications, as a part of the Top 50 selection of the best online sites, presented by the magazine PC Press. At the Integrated Communications Festival Kaktus 2022, NIS won an award in the field of internal communications for the campaign for corporate values "We keep our word", implemented in cooperation with the creative agency Communis.</p> <p>The Sports Association of Persons with Disabilities in Belgrade presented the company NIS with an award for its contribution to the development of sports for people with disabilities.</p>
<p><b>Remuneration of Members of the Board of Directors and its Commissions</b></p>	<p>The applicable Remuneration Policy for members of the Board of Directors and members of the Commissions of the Board of Directors of the Company (Remuneration Policy) was adopted by the Shareholders Assembly in accordance with the recommendation of the Remuneration Commission on 28.06.2016, when its previous version dated 18.06.2013 ceased to be effective. The Remuneration Policy is publicly available on the Company's website (<a href="http://www.nis.rs">www.nis.rs</a>).</p> <p>The structure of remunerations – The Remuneration Policy stipulates that a remuneration shall consist of the following:</p> <ul style="list-style-type: none"> <li>• The fixed (standing) portion</li> <li>• Cost reimbursement, and</li> <li>• Liability insurance for the members of the Board of Directors and members of the Commissions of the Board of Directors.</li> </ul> <p>The Policy stipulates that remuneration should be attractive and competitive to attract and retain persons acting as members of BOD and BOD Commission who meet the professional and other criteria required by the Company, and at the same time not significantly different from remunerations paid to the members of the Board of Directors and the Commissions of the Board of Directors in other companies of the same or similar activities, size and volume of business.</p>

	<p>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 Commissions, as defined on the basis of a number of criteria determined under the Remuneration Policy, including the previously mentioned criteria. This form of remuneration 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, attend and actively participate in the meetings of the Board of Directors.</p> <p>The fixed 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.</p> <p>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. Said directors do not receive remuneration for membership in the Board of Directors and the Commissions 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 commissions.</p> <p>In line with its powers, the BoD Remuneration Commission 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 XIV Ordinary Meeting of the Shareholders Assembly of the Company held on 29 June 2022.</p> <p>An analysis of the reference group, i.e. the entire sample for all defined companies shows that the amount of the annual fixed remuneration of the non-executive members of the NIS BoD is at the level of the cumulative remuneration received by the non-executive members of the boards of companies which according to their structure, remunerations and business correspond to the NIS j.s.c. Novi Sad, and that the structure of monetary premiums for independent members of the NIS j.s.c. Novi Sad Board of Directors are also compliant with the current market practices.</p> <p>It has been additionally stated that the amount and structure of remunerations for members of the NIS j.s.c. Novi Sad Board of Directors corresponds with principles, frameworks, and criteria set forth in the applicable Remuneration Policy for members of the Board of Directors and members of Commissions of the Board of Directors in NIS j.s.c. Novi Sad.</p> <p>The BoD Remuneration Commission will prepare its next Report on remunerations of members of the BOD for the next meeting of the Company Shareholders Assembly, planned for June 2023.</p> <p>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, the Remuneration Commission makes recommendations or presents its opinion to the Board of Directors on the Remuneration Policy as well as on the amount of remuneration for members of the Board of Directors. During the reporting period, a new Remuneration Policy is being drafted in order to align its content with the requirements of the new provisions of the Company Law of the Republic of Serbia and subsequently submitted to the Shareholders Assembly of the Company.</p>
<b>2. INDICATORS RELATED TO THE COMPOSITION AND PROCEDURES OF THE BOARD OF DIRECTORS</b>	
<b><i>Number of Members and Structure of the</i></b>	<p><u>BoD Size</u></p> <p>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>

## **Board of Directors**

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.

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. Out of the 11 members of the Board of Directors, 8 are Russian citizens and 3 are citizens of the Republic of Serbia.

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.

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.

### Separation of the General Director and the BoD Chairman roles

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.

### Skills and experience within the BoD

The relevant skills and experience represented within the BoD are as follows, inter alia:

- Strategic management;
- Economy;
- Finance;
- Audit;
- Tax system;
- Marketing;
- Trade in Oil and Petrochemicals;
- Sales and Distribution;
- 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

In May 2022, Dmitry Shepelsky's membership on the Board of Directors was terminated as a result of his resignation and Vsevolod Vorobyev was elected to the Board the same month by co-optation.

At the XIV Ordinary Meeting of the Shareholders Assembly of NIS held on 29 June 2022, the following members of the Board of Directors were appointed:

	<ol style="list-style-type: none"> <li>1. Vadim Vladislavovich Yakovlev (Chairman – Non-Executive Director)</li> <li>2. Kirill Vladimirovich Tyurdenev (Executive Director)</li> <li>3. Pavel Valeryevich Oderov (Non-Executive Director)</li> <li>4. Vsevolod Stanislavovich Vorobyev (Non-Executive Director)</li> <li>5. Alexey Viktorovich Yankevich (Non-Executive Director)</li> <li>6. Anatoly Moyseyevich Cherner (Non-Executive Director)</li> <li>7. Dejan Radenković (Non-Executive Director)</li> <li>8. Danica Draskovic (Non-Executive Director)</li> <li>9. Dragutin Matanović (Non-Executive Director)</li> <li>10. Olga Stepanovna Vysotskaia (Independent Director)</li> <li>11. Alexander Vasilevich Chepurin (Independent Director).</li> </ol> <p>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 members contains analogous provisions (Form of the Agreement was approved at the IV Ordinary Meeting of the Shareholders Assembly of NIS j.s.c. Novi Sad and is available on the Company's website (<a href="http://www.nis.rs">www.nis.rs</a>)).</p> <p>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 XIV Ordinary Meeting of the Shareholders Assembly of NIS held on 29 June 2022.</p> <p>In the aforesaid Report, drawn up based on the use of experience of Ernst&amp;Young Valuation and Advisory Services LLC, 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> <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 Appointment and Government Commission will preparefor the next meeting of the Company Shareholders Assembly, planned for June 2023.</p>
<b><i>Obligation to Report Transactions Involving Personal Interest and Non-Competition</i></b>	<p>Upon entering into the Agreement regulating mutual rights and obligations with the Company, 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.</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</p>

	<p>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><b><i>Role of the BoD Chairman and Relation with Other BoD Members</i></b></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 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 continuously undertakes all the necessary measures for the purpose of: building a trust-based relationship between the BoD members, encouraging 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 and constructive discussions. 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><b><i>Meetings and Administrative Matters</i></b></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 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.</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. This makes it possible for</p>

	<p>members of the Board of Directors to decide beforehand on the matters which require personal attendance of members of the Board of Directors and thus ensure the efficiency of BoD meetings.</p> <p>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>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, available to all BoD members via Internet.</p> <p>Based on the survey results of the BoD members, it was agreed 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 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, no negative impacts have been detected so far when it comes to the discussions in the Meetings of the Board of Directors. 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>
<b>Activity Plan of the Board of Directors</b>	<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. Novi Sad, Version 4.3, dated 29.09.2016.</p>
<b>Induction into Business, Training for the BoD</b>	<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</p>

<b>Members</b>	<p>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>
<b>BoD Commissions</b>	<p>Upon adoption of the Rules of Procedure applying to the BoD and the BoD Commissions No. 85/1-3a dated 25.06.2012, the following Commissions were constituted by the Board of Directors:</p> <ul style="list-style-type: none"> <li>• Audit Commission;</li> <li>• Appointment and Government Commission;</li> <li>• Remuneration Commission.</li> </ul> <p>In accordance with the legal requirements for the composition of the Commissions, the rule that one member of a Commission should be an independent director of the Company and that the majority of members should be non-executive directors is followed when Commission members are appointed.</p> <p>In this process, the BoD also ensures that the Commissions are properly constituted and composed of highly qualified professionals with the required knowledge and experience in the scope of work assigned to the Commissions, and that the Commissions are headed by the persons who ensure their effectiveness.</p> <p><u>Audit Commission</u></p> <p>Pursuant to Article 409 of the Law on Commercial Entities, the BoD appointed the members of the Audit Commission. In accordance with the provision set forth under Article 410, Paragraph 5 of the Law on Commercial Entities, the Chairman of the Audit Commission 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 Commission as well.</p> <p>Key matters falling within the competence of the Audit Commission are:</p> <ul style="list-style-type: none"> <li>• Preparing, proposing and testing the implementation of accounting policies and risk management policies;</li> <li>• 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;</li> <li>• Assessment of the accounting standard application in the preparation of financial statements and evaluation and review of the content of financial statements;</li> <li>• 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.</li> </ul> <p><u>Members of the Audit Commission:</u></p> <ul style="list-style-type: none"> <li>- Olga Vysotskaia, Chairperson of the Audit Commission,</li> <li>- Dejan Radenković, Member of the Audit Commission and</li> <li>- Alexey Urusov, Member of the Audit Commission.</li> </ul> <p>The Chairperson and the members of the Audit Commission were appointed upon the Decision of the Board of Directors dated 15 July 2022. The three members also held the stated positions within the Audit Commission in the previous term of office.</p>

The Audit Commission held 6 correspondence and 3 meetings in presentia within the reporting period. The key issues discussed within the Audit Commission 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 and third quarter of 2022. In addition, the Audit Commission discussed the Report on the Annual Inventory of Assets and Liabilities of NIS j.s.c. Novi Sad for 2022, proposal on the Re-election of the Auditor of Financial Statements and Consolidated Financial Statements of NIS j.s.c. Novi Sad for 2022 and gave an opinion on the qualifications and independence of FinExpertiza d.o.o. Belgrade relating to the Company, as well as approval to the Contract of the Auditor. The Audit Commission also accepted the Plan for implementation of audit procedure and key issues to be audited for NIS j.s.c. Novi Sad for 2022, discussed the Auditor's findings and significant matters of the audit for 2022 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 2021 as for 31.08.2022, The Audit Commission reviewed Reports of the Internal Audit and Risk Management with the results of the Internal Audit operations in NIS j.s.c. Novi Sad for 2021 as well as for 3 and 6 months of 2022, Reports on key risk management of NIS j.s.c. Novi Sad for 3, 6 and 9 months of 2022 and forecast by the end of 2022 and approved the Strategy for Development of Internal Audit and Risk Management Function of NIS j.s.c. Novi Sad 2023-2025.

#### Appointment and Government Commission

Scope of work of the Appointment and Government Commission:

- 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 Appointment and Government Commission:

- Dragutin Matanović, Chairman of the Remuneration Commission;
- Alexander Chepurin, Member of the Remuneration Commission;
- Kirill Tyurdenev, Member of the Remuneration Commission.

The Chairman and the members of the Appointment and Government Commission were appointed upon the Decision of the Board of Directors dated 15 July 2022. The three members also held the stated positions within the Appointment and Government Commission in the previous term of office.

Within the reporting period, the Appointment and Government Commission held 2 correspondence meetings and 1 meeting in presentia and reviewed, among the other, Proposals for approval of the candidacy to the position: of member of the Auditor Committee of NIS Petrol SRL Romania, and the positions of the chairman and members of the Supervisory board of „HIP Petrohemija“ Ilc Pančevo, and it also prepared Report on the activities as well as Report 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 Commission:

Duties falling under the competence of the Remuneration Commission imply the



	<p>following:</p> <ul style="list-style-type: none"> <li>• Preparing Draft Decisions on Remuneration Policy applying to the Executive Directors of the Board of Directors;</li> <li>• Proposing compensation amounts and structures for each executive director of the Board of Directors separately, along with forwarding the remuneration proposal to the Auditor;</li> <li>• 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</li> <li>• 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.</li> </ul> <p><u>Members of the Remuneration Commission:</u></p> <ul style="list-style-type: none"> <li>• Alexey Yankevich, Chairman of the Remuneration Commission;</li> <li>• Olga Vysotskaia, Member of the Remuneration Commission;</li> <li>• Zoran Grujičić, Member of the Remuneration Commission.</li> </ul> <p>The Chairman and the members of the Remuneration Commission were appointed upon the Decision of the Board of Directors dated 15 July 2022, and all three members were members of the Remuneration Commission in the previous term of office.</p> <p>Within the reporting period, the Remuneration Commission held 2 correspondence meetings and 1 meeting in presentia, determined the proposal of the amount of fee for the new auditor of Financial and Consolidated Financial Statements of NIS j.s.c. Novi Sad for 2022, as well as Report on the activities and Report on evaluation of the amount and structure of remuneration of members of the Board of Directors of NIS j.s.c. Novi Sad. Additionally, the Remuneration Commission determined 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 2022.</p> <p>In addition to the Commissions required by law, the Board of Directors may establish, under a separate decision, other standing or ad hoc Commissions 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 Commissions 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 Commissions.</p>
<b>CONCLUSION</b>	
<p>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 Commissions, Members, levels of information etc.</p> <p>Based on the results of the Analysis of responses/scores obtained from the members of the BoD, it has been determined that within the reporting period observed, the Board of Directors once again adequately performed its role of the central governing body of the Company. In accordance with its competence and responsibilities, the BoD discussed all issues important for the Company, including the questions of strategic, investment, and budget planning, determining business results, as well as the issues of senior Company management incentives.</p> <p>In a challenging year of 2022, both in the energy sector and in many other business areas, which were</p>	

influenced by developments in the global political and economic arena, NIS kept its priorities aligned and kept its focus on maintaining a stable equilibrium in the oil products market and on maintaining stability of the Serbian petroleum market and social protection of our employees as the most valuable resource of the NIS Group, continued to develop important projects. Last year, NIS put TE-TO Pančevo into operation, started producing energy from renewable sources by installing solar panels at selected pilot petrol stations, and the larger share NIS now has in Serbia's fuel market is not only an advantage, but also an additional responsibility towards consumers in the country. NIS will continue to expand the retail network and implement digital services for clients.

The Board of Directors has constantly monitored and continues to monitor both the key risks of NIS' operations and the ongoing and implemented projects of importance for the Company's development, in particular the project within the third stage of modernisation of the Refinery - projects for reconstruction of the Fluid catalytic cracking unit (FCC) and construction of a new unit for production of high octane petroleum component (EBDE), as well as projects that will have an impact on reducing the negative impact on the environment.

Taking into consideration high-speed of changes of the business operation environment and requirements related to rapid decision making under conditions of external challenges, the Board of Directors intends to consider, when assessing its own performance and methods of operation, the additional synergy of mutual cooperation and support for management in the processes of identifying optimal management decisions and their effective implementation in the Company.

Also, the BoD intends to continue to monitor political and economy conditions and also to assess the potential consequences for the Company so that NIS can take appropriate actions to mitigate potential risks and limitations dictated by external factors in order to ensure the continuity of the Company's business and implementation of the long-term programs of the Company and making profits on the long-term basis, and therefore protect the interests of the shareholders of the Company, its investors, the staff, 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