



НИС а.д. Нови Сад / NIS j.s.c. Novi Sad
Народног фронта 12 / 12 Narodnog Fronta
ОДБОР ДИРЕКТОРА / BOARD OF DIRECTORS
КОМИСИЈА ЗА ИМЕНОВАЊА / APPOINTMENT AND GOVERNMENT COMMISSION
Број (No): 85-1/OD-iz/XIII-2b
Датум (Date): 22.04.2015

Pursuant to the Article 413 Paragraph 1 Item 3 of the Law on Commercial Entities (Official Gazette of the Republic of Serbia No 36/2011, 99/2011, 83/2014 – other law and 5/2015), Article 9 Item 9.12 of Articles of Association of NIS j.s.c. Novi Sad (hereinafter referred to as the Company or NIS j.s.c. Novi Sad) No 70/SA-od/VI-11a of 30.06.2014 (consolidated text) and Articles 15 and 17 of Rules of Procedure of the Board of Directors and Commissions of the Board of Directors of NIS j.s.c. Novi Sad No 85/1-3a of 25.06.2012, the Appointment the Government Commission of the Board of Directors (hereinafter referred to as the Remuneration Commission) hereby presents the following

REPORT

ON SUITABILITY OF THE COMPOSITION OF 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

Subject of the Report: *Assessment of compliance of the composition of the Board of Directors of NIS j.s.c. and the number of its participants to the requirements of NIS j.s.c. Novi Sad taking into account the provisions of Item 5.1 of Article 5 of the Corporate Governance Code of NIS j.s.c. Novi Sad.*

The sufficiency of the composition and the number of members of the Board of Directors of NIS for the company's needs was assessed based on the following criteria offered by PricewaterhouseCoopers (PWC) that were developed in course of their cooperation with numerous clients:

- Independence of each Board member;
- Board diversity (personalities, gender diversity);
- Necessary expertise, knowledge and skills (vast technical skills, experience in different organizations, including state bodies and oil companies, etc.);
- Best practice of oil companies (at least six non-executive directors on the Board, non-executive director as a chairperson).

The assessment results for 2014 were presented in the Report.

The VI Ordinary Meeting of Shareholders of NIS j.s.c. Novi Sad that was held on 30.06.2014 replaced two members of the Board, without changing its overall structure.

At the moment, same as 2014 NIS j.s.c. Novi Sad has a Unitarian Board of Directors consisting of 11 members included:

- Chairman of BoD is non-executive member of BoD;
- 1 executive member of BoD is General Director of NIS j.s.c. Novi Sad;
- 7 non-executive members of BoD;
- 2 non-executive members of BoD which the same time are independent members of BoD.

Board of Directors has established the following Commissions:

- Appointment and Government Commission;
- Remuneration Commission;
- Audit Commission.

Therefore the size of the Board of Directors of NIS is consistent with the practices of major petroleum companies of Western Europe.

Current composition of the Board of Directors of NIS possesses the knowledge of audit, finance, economics, strategic management, taxation, marketing, trading crude oil and derivatives, sales and distribution.

Members of NIS Board of Directors have international certificate ACCA, qualifications MBA, CMA.

The composition of NIS BoD is compliant with the criterion of selection and engagement of BoD members with a track record in state sector and oil and gas sector.

The Board of Directors is inclusive both of men and women.

Based on a thorough and detailed analysis and the aforementioned information, it may be concluded that the composition of NIS Board of Directors is consistent with the needs of corporate management of NIS j.s.c. Novi Sad and principles indicated in the Article 5 Item 5.1 of the Corporate governance Code of the Company.

Председник Комисије за именовања/
Chairman of Appointment the Government Commission

Горан Кнежевић/ Goran Knezevic
(потпис и печат) / (signature and stamp)