



НИС а.д. Нови Сад / NIS j.s.c. Novi Sad
Народног фронта 12 / Narodnog Fronta 12
ОДБОР ДИРЕКТОРА/ BOARD OF DIRECTORS
Број (No): 85-1/OD-iz/CXXX-5a
Датум (Date): 06.05.2019

Pursuant to the Article 409, Article 412 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, 5/2015, 44/2018 and 95/2018), 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 dated 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 dated 25.06.2012, NIS j.s.c. Novi Sad Board of Directors 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. Novi Sad and the number of its participants to the requirements of NIS j.s.c. Novi Sad taking into account the provisions of paragraph 5.1 of clause 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 Consulting d.o.o. Belgrade (hereinafter referred to as 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 8 non-executive directors on the Board, non-executive director as a chairperson).

The assessment results for 2018 were presented in the Report.

At the X Ordinary Meeting of Shareholders' Assembly of NIS j.s.c. Novi Sad that was held on 21.06.2018, overall BoD structure has not changed, but one position ie. seat of one member of the Board of Directors is vacant.

NIS j.s.c. Novi Sad has a Unitarian Board of Directors consisting of 11 members i.e. foreseen positions including:

- 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

The Board of Directors has formed 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 oil and gas 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. The number of women on the BoD has increased, which corresponds to the general trends in terms of changing the gender composition of the board of directors of oil and gas companies in Western Europe.

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 Paragraph 5.1 of the Corporate governance code of the Company.

Председник Одбора директора / Chairman of the Board of Directors

Вадим Јаковљев / Vadim Yakovlev
(потпис и печат) / (signature and stamp)