

Sustainable development in the oil and gas sector:

How can European leading companies deliver sustainability?

Little by little, the drive for a sustainability approach has started to shape entire sectors of the global economy, including energy. The signature of the Paris Agreement in December 2015 has been a true landmark for policy-makers, citizens and economic actors. This global commitment is shaping legal frameworks, influencing radical overhauls of companies' business models and the way we all consume and live. Yet, sustainable development is not an end in itself but rather a continuous process, a permanent walk on uncharted paths. Amongst all, isn't it the responsibility of the largest companies to show how to enact these commitments, and to open those pathways? And how can those big players concretely act, from adapting their operations to transparently reporting?

Sustainability as a strategic business driver

For an economic actor, sustainability is a matter of responsibility: towards citizens, employees, the environment and, ultimately, future generations. Primarily, sustainability demands the protection of nature and biodiversity, especially in sensitive sectors like energy overall and oil and gas in particular. Yet, incorporating it in a company's principles is not enough, concrete actions need to be undertaken, so it does not remain an idle word. This needs to be done through an integrated approach, entailing the whole range of activity of a business. We, at NIS, apply it in the labeling of products, the transport of goods- (especially when they are dangerous), the management of waste and used materials, emissions of pollutants, the use of water and risk mitigation. This is not an easy option, but it is an opportunity; a business grows by investing and innovating after all and addressing the challenges of energy consumption, energy efficiency and product sustainability is an essential part of future business models. NIS is the leading energy company in South Eastern Europe and sustainability is a key driving force for our business. We are pursuing biofuels as part of our portfolio and in 2016, we have also opened the Amine plant for the purification of natural gas and reducing the "greenhouse gas" effect, the first "HiPACT" plant in Europe and the only one in the world outside Japan!

Fulfilling our environmental obligations

Of course, a company based or operating in Europe has tough environmental standards that it needs to fulfill. As a leading Serbian company (Serbia being a member of the Energy Community) and operating in three EU member-states (Hungary, Bulgaria and Romania), NIS fully abides by the relevant legislation. The Clean Energy Package, currently being negotiated in the European Parliament and the Council of the EU and addressing energy efficiency, market design and renewables, directly applies to NIS's activities. Yet, we believe that it is a matter of responsibility to proactively respond to any new legislation. For instance, the completion of the project "Blending of bio components with diesel fuel in the Oil Refinery Pančevo" fulfills the requirements on diesel fuel in the transport sector, as future biofuel and bioliquids regulation enters into force in Serbia. The same principles directed how NIS addresses REACH and its pre-registration procedures. Extensive studies and activities were conducted internally to integrate those requirements, which was welcomed with a positive decision on the registration of substances from

the European Chemicals Agency (ECHA). More generally, responsibility has been our drive to systematically implement measures to protect human health and the environment against risks arising from the use of chemical products.

Social responsibility as a core principle

Genuine dedication to sustainable development also translate into our social actions. The development of the communities where we do business is one of NIS's strategic objectives. Many projects have been developed on a local scale, benefiting the countries and the communities where we have been working. Within the Public Competition Together for the Community, in 2016 NIS supported 106 best projects in the field of sports, culture, environmental protection, science and social protection, whose implementation contributes to the development of local communities, enables easier functioning of numerous institutions and improves the activities of cultural, educational and sports institutions.

This approach also applies to our employees, protecting their occupational health and safety with the highest standards, and valuing their skills and inputs. In May 2016, we have become the signatory of "CEO statements on the **Women's Empowerment Principles (WEPs)**" and a champion of the "Salary Management System" of this initiative, created together with the UN Global Compact, UN Women and leading world companies. By doing so, our company has committed to apply seven principles aiming at achieving better financial results by increasing talent visibility and labor productivity, ensuring long-term competitiveness through the strategic development of the women's staff and promoting gender equality in its own and social environment.

The list is long but not exhaustive and we do see this as an ongoing process. For the 7th year in a row, NIS has released a Sustainable Development Report, describing our initiatives, their status and our targets. Reporting is not easy; it takes a lot of commitment and conviction but we, as regional leader, believe that it is our responsibility to report, to initiate and to act as pathfinder. It is a sincere, integrated approach for sustainability, on all levels.