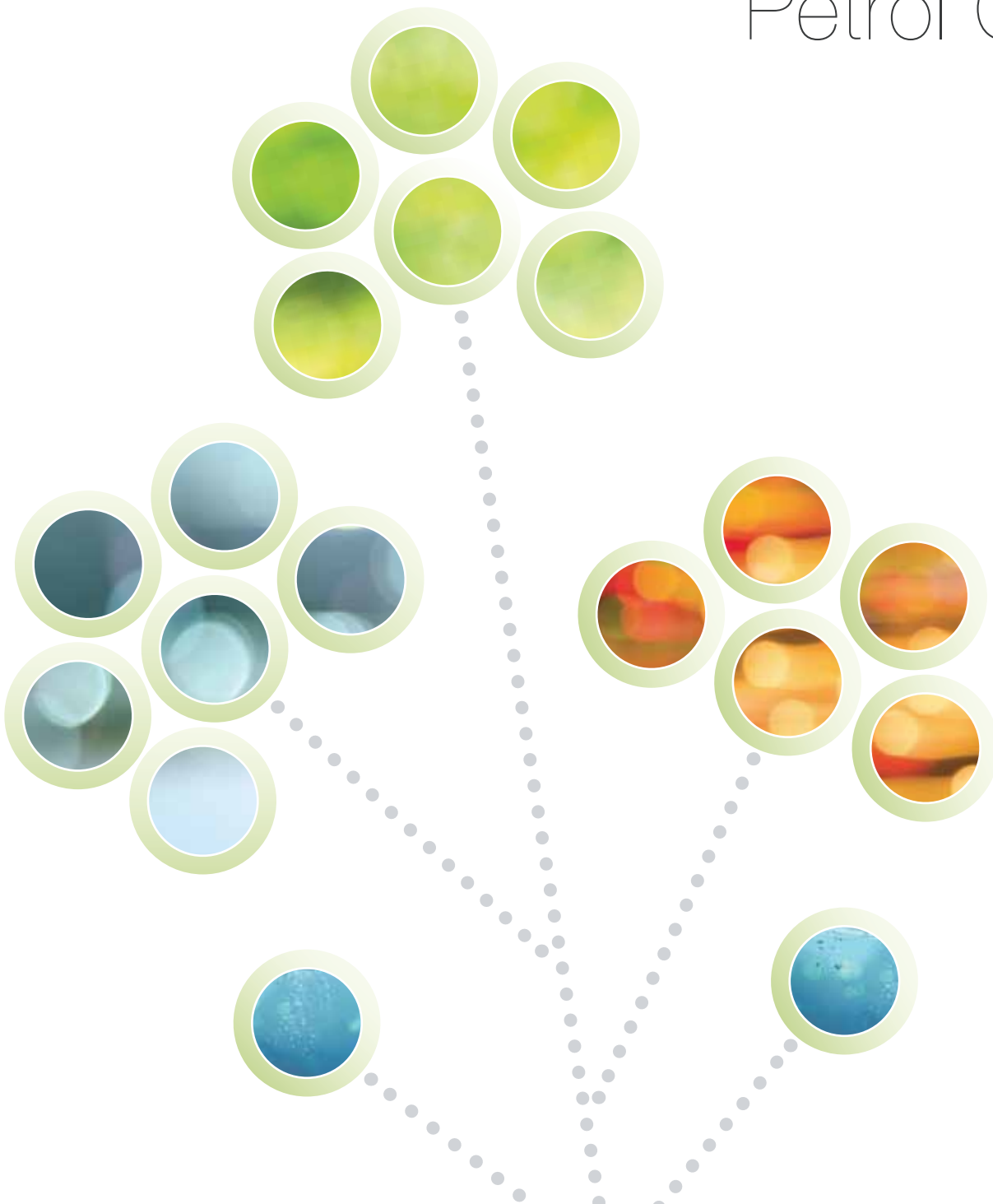


PETROL

Energy for life

sustainability report of the Petrol Group

2016



Petrol,
Slovenska energetska družba, d.d., Ljubljana
Dunajska cesta 50
1527 Ljubljana
Slovenia
Telephone: +386 1 47 14 232
www.petrol.eu

Printed on 100% recycled paper.

We saved:

174 kg of wood
3,030 litres of water
170 kWh of energy
16 kg CO₂ and greenhouse gases
158 km travel in the average
European car
107 kg of landfill



Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone® methodology. Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available. Results are obtained according to technical information and subject to modification.



Energy for life

sustainability report of the Petrol Group

2016

LOW-CARBON,
SUSTAINABLE SOCIETY

- A reliable energy supply at an affordable price
- Efficient energy use
- Renewable energy
- Renewable and alternative fuels for green mobility

CIRCULAR
ECONOMY

- Responsible resource management

SMART CITIES,
SMART HOMES

- High social welfare
- Quality and safety of people's lives
- Innovative development of all segments of society

DIGITAL
GLOBALISATION -
EXTENSIVE GLOBAL
SOCIAL AND
TECHNOLOGICAL
CHANGES

- Digitisation as promoter of prosperity and innovation

CORPORATE
SOCIAL
RESPONSIBILITY

- High social cohesion

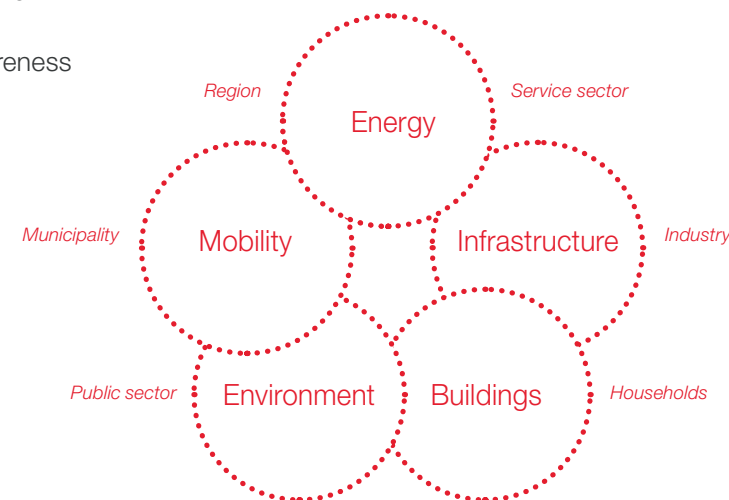
MUMESCO (Multi Utility, Mobility and Environmental Service Company)
Comprehensive range of modern energy and environmental solutions

- Providing energy savings (energy contracting)
- Energy production from renewable energy sources
- Steps to increasingly environmentally friendly energy mix
- System frame creation to flourish green mobility
- Branched infrastructure for electromobility
- Raising population awareness on green mobility

- Reduction at source
- Reuse
- Recycling

Protagonist of innovative business models for new partnerships

Concept MUMESCO
Petrol's unique business model in the wider region of the transition to a low-carbon society



- Modern technological solutions
- A broad network of traditional and digital outlets

A significant provider of smart solutions for cities, home, mobility and business

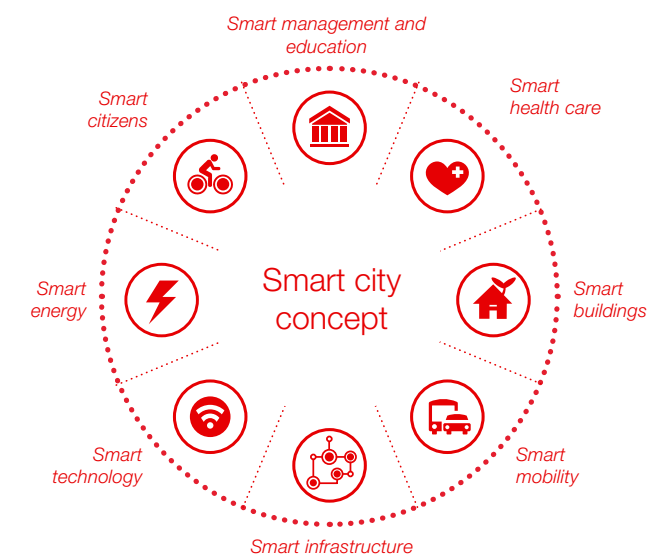
New, innovative business models
and digital platforms
Protagonist of innovative business
models for new partnerships



- Successful new business models
- New partnership
- Creating high value

Corporate integrity
Commitment to social
responsibility and
sustainable development

- Socially responsible and sustainable way of doing business at all levels

Leader in the field of corporate social responsibility and sustainable development



Structure of energy from renewable sources in electricity supplied 2015: 13% page 91	Heat production 2015: 1,132 MWh 2016: 2,924 MWh of energy savings 2015: 434 t 2016: 1,165 t CO ₂ savings page 104	Energy produced from wood biomass 2015: 24,710 MWh 2016: 25,415 MWh Electricity generated from solar energy 2015: 2.767 GWh 2016: 2.712 GWh page 78
		
Waste heat recovery 2016: 5,116 MWh of energy savings 2016: 1,033 t CO ₂ savings page 108	Renovation of boiler rooms and installation of cogeneration of heat and electricity unit 2015: 186 MWh 2016: 0 MWh of energy savings 2015: 103 t 2016: 0 t CO ₂ savings page 108	Heat generated from biowaste 2015: 13,638 MWh 2016: 15,108 MWh Electricity generated from biowaste 2015: 12,687 MWh 2016: 14,054 MWh page 78

These results were achieved by the Petrol Group in Slovenia independently, in collaboration with enterprises, local communities and end-users.

Cleaning and reuse of treated industrial water 2015: 17,844,678 m³ 2016: 19,058,776 m³ page 112	Optimization of water supply systems 2015: 258,585 m³ 2016: 0 m³ savings of water page 110	Optimization of lighting 2015: 0 MWh 2016: 470 MWh of electricity savings 2015: 0 t 2016: 218 t CO ₂ savings page 109	Integrated projects (implemented several measures) 2015: 0 MWh 2016: 604 MWh electricity savings 2015: 0 MWh 2016: 1,402 MWh heat savings 2015: 0 t 2016: 280 t CO ₂ savings page 102
			
Wastewater treatment plants 2015: 5,071,248 m³ 2016: 4,605,389 m³ treated municipal water page 111 2015: 57 2016: 54 small wastewater treatment plants at service stations page 84	Recycled and reused water in car washes 2015: 80,932 m³ 2016: 91,445 m³ stran 84	Providing energy savings to end-users 2015: 156,564 MWh 2016: 29,115 MWh of electricity savings 2015: 38,282 t 2016: 7,940 t CO ₂ savings page 100	Q Max Fuel lower consumption lower emissions of harmful gasses Reducing emissions due to biofuel use 2015: 6,987 t 2016: 3,364 t CO ₂ savings page 93



316 service stations (**84** sales points with LPG),
43 EV charging stations at service stations and **1** hydrogen filling station

Excise duties 2015: 607,970,614 EUR 2016: 657,493,730 EUR	CO₂ tax 2015: 68,509,203 EUR 2016: 73,886,110 EUR	Corporation tax 2015: 4,180,944 EUR 2016: 7,823,092 EUR
VAT, import duty and taxes 2015: 175,291,549 EUR 2016: 236,186,213 EUR	Payment of the support for efficient energy, CHP and RES 2015: 31,002,427 EUR 2016: 29,393,517 EUR	Compensation for the use of building land, water charges 2015: 1,829,757 EUR 2016: 1,971,220 EUR
<div>CONTRIBUTION FOOTPRINT OF THE PETROL GROUP IN SLOVENIA</div> <div>2015: 913,611,958 EUR 2016: 1,033,470,416 EUR</div> <div>ALL CALCULATED CONTRIBUTIONS ACCOUNT FOR APPROXIMATELY 12% OF THE NATIONAL BUDGET OF THE REPUBLIC OF SLOVENIA.</div>		
Contributions from remunerations of natural persons 2015: 8,091,457 EUR 2016: 8,360,784 EUR	Tax on financial services 2015: 264,356 EUR 2016: 233,980 EUR	Other 2015: 1,766 EUR 2016: 44,521 EUR
Environmental taxes 2015: -33,312 EUR 2016: 43,690 EUR	Membership* 2015: 16,503,198 EUR 2016: 18,033,559 EUR	

It includes the data on taxes and contributions for the companies of Petrol Group headquartered in Slovenia: Petrol d.d., Ljubljana, Petrol Energetika, Petrol Geoterm, Petrol Skladiščenje, IGES.
* Membership is a special allowance to execute commercial public service for the formation of compulsory oil reserves for crude oil and petroleum products on the basis of the Regulation laying down the rules and the method of calculating a special allowance for execution of a commercial public service for the formation of compulsory oil reserves of crude oil and petroleum products.

PETROL IS A COMPANY OF **STRATEGIC IMPORTANCE** FOR THE REPUBLIC OF SLOVENIA.

ON THE SLOVENIAN MARKET, THE PETROL GROUP HAS 316 SERVICE STATIONS, REPRESENTING A **57-PERCENT MARKET SHARE**. WE HAVE A LEADING POSITION ON THE TRANSIT ROUTES, WITH AN EMPHASIS ON MOTORWAY LOCATIONS AND KEY URBAN AND BORDER LOCATIONS.

Number of employees 2016: 2,804	Donations and sponsorships 2015: 1,586,653 EUR 2016: 1,694,914 EUR	Employees participate in projects of corporate volunteering.
--	---	---



- We are partners in research and development projects, partnerships:**
- Smart cities and communities
 - Smart buildings and homes
 - Network for circular economy
 - Mobility
 - Green technologies development
 - And others
- We cooperate with students:**
- Slovenian Case Challenge
 - Hackathon
 - Presentations of our laboratory
 - Providing working practice

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Dear business partners, shareholders and employees,

Rich harvest does not come by itself - this is the lesson of nature, the queen of all teachers. Therefore, we must plan far ahead, and we must sow, cultivate, water and, of course, insist on working in the sun and in the stormy weather. Petrol's harvest in 2016 was rich; sales revenues in the amount of 3.9 billion euros, net profit in the amount of 72.7 million euros (increased 11% from the year 2015), and EBITDA reached 143.8 million euros (the highest EBITDA level in the history of Petrol Group). Great endeavours of the entire Petrol team were not in vain, and we were reasonably satisfied with our results.

We remain optimistic despite challenging and often unpredictable conditions in the global and domestic energy markets. There are several reasons for business and development optimism.

Our gradual but strategically ambitious shift from a trader of petroleum products to a provider of comprehensive up-to-date energy and environmental solutions has become successful in the market. We timely understood the necessity of transformation into a low-carbon and sustainable society and the complexity of changes which arise from such transformation. What I have in mind is reliable energy provision at affordable prices, efficient energy use, an increased range of renewable energy sources and renewable and alternative fuels for green mobility. There are some challenges of a circular economy and digital globalisation in the centre of our forward thinking which open numerous opportunities of the so-called smart way of life, work and management.

Transferring such complex and dynamic concepts from the theory into practice - along with all vague legislation-related, political and technical issues - is quite a challenge of its kind. Petrol's response is our unique business concept of MUMESCO (Multy Utility, Mobility and Environmental Service Company). It was the result of an innovative synergistic thinking process created by Petrol's experts from various professions. The implementation of this concept in practice requires dynamic development of business and digital models to ensure a high level of safety and reliability, while also providing high connectivity and flexibility. A hierarchical company's organisational structure, which is most typical for bigger corporations like Petrol, has been transformed into a circular company capable of great fluidity and high-quality interactions. Such a fundamental change requires from each employee within Petrol

Group mind shifts which are often quite demanding. By nature people are not inclined to changes if a dynamic or even innovative way of thinking is not cultivated. Petrol Group employees do that strategically, so we are able to quickly and thoughtfully respond to challenges and opportunities, not only in the role of a follower but quite often as a leader.

In accordance with our sustainable development strategy we have taken over the leadership of gradual low carbon transition mobility. With a lot of energy, we associate with our stakeholders who help us propose strategies for alternative fuel infrastructure. In the new field of e-mobility, which poses a lot of challenges and opportunities, we have become the leading provider of comprehensive solutions in Slovenia, and ambitiously we are also expanding our e-mobility sales programme in foreign markets.

We are proud of several significant references acquired in the field of smart management by providing cutting-edge solutions for smart cities in the region. We are ambitiously responding to any opportunities in the wider region for investments in power generation from renewable energy sources, such as wind, water and the sun. We are proactive in the field of efficient energy use. Our core business starts in our own facilities where we, by using our energy management, provide for reduced energy consumption practically in all areas. I need to point out the role of our service stations which are gradually, due to their expanded sales concept, becoming a form of points of sale. In the process of constructing and renovating our service stations, we are now establishing architectural and technological trends in terms of self-efficiency and energy-efficient locations.

We share all our knowledge and rich experiences in the field of energy management in the market, and in hand with our partners we are achieving encouraging energy and environmental savings. Even more decisively we are also taking some other initiatives in line with a circular economy.

We are aware of the fact that we alone are not able to handle all such complex changes occurring in numerous fields of the contemporary society. For this reason, we are making partnerships in several social fields, and by doing so, we are co-creating new values. With new available approaches and tools in the field of digital globalisation all our partnerships and integrations will be intensified, and we will additionally enhance our sustainable growth and the wider general social prosperity.



Clear guidelines for the future have been made in the new strategic business plan of Petrol Group until 2020, which is based on sustainable development. With fresh energy we are going to strive to become the leading market player of the region in the field of energy sector and related services regarding the level of revenues. I'm convinced we are going to achieve this goal because we are motivated by our mission of active transformation into a low-carbon society to improve social welfare. In a bitter battle of achieving economic indicators, this mission is our necessary compass to show the right direction into the future.

We all in Petrol Group believe in our values, and I'm certain our footprints reflect so - in strategic, environmental and social ones. Our values are also reflected in the ethical footprint, since we influence our correct and mostly warm human relations with our high ethical stance.

Petrol Group Sustainability Report reveals our sustainable way of thinking, our code of conduct, and it shows the indicators used to manage our sustainable path. Beside optimism, the sustainability report encourages us to make new steps and considerations, meanwhile it invites legislators, experts and the wider public to co-create solutions that would allow everyone a good quality of life, in symbiosis with others and the nature. We all can do much better if we cooperate. Today and tomorrow. That's what the life is all about, isn't it?

MSc. Tomaž Berločnik,
President of the Management Board

Presentation of the Petrol Group

The Petrol Group as at 31 December 2016		Sales	Energy and environmental systems	Trading
Parent Company				
PETROL d.d., LJUBLJANA		•	•	•
Subsidiaries				
PETROL d.o.o. (100%)		•	•	•
PETROL BH OIL COMPANY d.o.o. Sarajevo	(100%)	•	•	•
PETROL d.o.o. BEOGRAD	(100%)	•		•
PETROL CRNA GORA MNE d.o.o.	(100%)	•		•
PETROL TRADE HANDELSGES.m.b.H.	(100%)	•		
PETROL PLIN d.o.o.	(100%)	•		
PETROL ENERGETIKA, d.o.o.	(99.38%)	•	•	
RODGAS AD Bačka Topola	(100%)	•	•	
PETROL GEOTERM d.o.o.	(100%)	•	•	
BEOGAS INVEST d.o.o.	(100%)	•	•	
└ BEOGAS AD	(100%)	•	•	
└ DOMINGAS d.o.o.	(100%)	•	•	
PETROL LPG d.o.o. Beograd	(51%)	•		
└ TIGAR PETROL d.o.o.	(100%)	•		
└ PETROL LPG HIB d.o.o.	(100%)	•		
ELTEC PETROL d.o.o. Beograd	(100%)		•	
INTRADE ENERGIJA d.o.o. Sarajevo	(51%)		•	
PETROL-ENERGETIKA DOOEL Skopje	(100%)			•
PETROL BUCHAREST ROM S.R.L.	(100%)			•
PETROL PRAHA CZ S.R.O.	(100%)			•
PETROL TRADE SLOVENIJA L.L.C.	(100%)			•
PETROL HIDROENERGIJA d.o.o. Teslić	(80%)		•	
VJETROELEKTRANE GLUNČA d.o.o.	(100%)		•	
IG ENERGETSKI SISTEMI d.o.o.	(100%)			•
└ GEN-EL, d.o.o.	(25%) (associate)			•
EKOPUR d.o.o.	(100%)	•	•	
└ GEOPLIN d.o.o., Ljubljana	(7.39%) (associate)	•	•	
Jointly Controlled Entities				
PETROL OTI SLOVENIJA L.L.C.	(51%)	•		
GEOENERGO d.o.o.	(50%)		•	
SOENERGETIKA d.o.o.	(25%)		•	
Associates				
GEOPLIN d.o.o. Ljubljana	(33.32%)	•	•	
AQUASYSTEMS d.o.o.	(26%)		•	

Mission

Through a comprehensive range of modern energy and environmental solutions we ensure reliable, economical and environmentally friendly supply and help build a low-carbon society in co-operation with our partners. Our broad network of traditional and digital points of sale enables us to meet the changing needs of our customers for a safe and comfortable life, journey and business. Our actions serve to demonstrate our social responsibility and commitment to sustainable development on a daily basis.

Vision

We are a leading regional player in energy and energy-related services in terms of revenue. We are recognised as a major provider of smart solutions for homes, mobility and business. Through innovation and digital solutions we have developed successful new business models and partnerships. We provide an excellent user experience and, in an omni-channel environment, increase the number of items sold per customer.

Values



Respect:
We respect fellow human beings and the environment.



Trust:
We build partnerships through fairness.



Excellence:
We want to be the best at all we do.



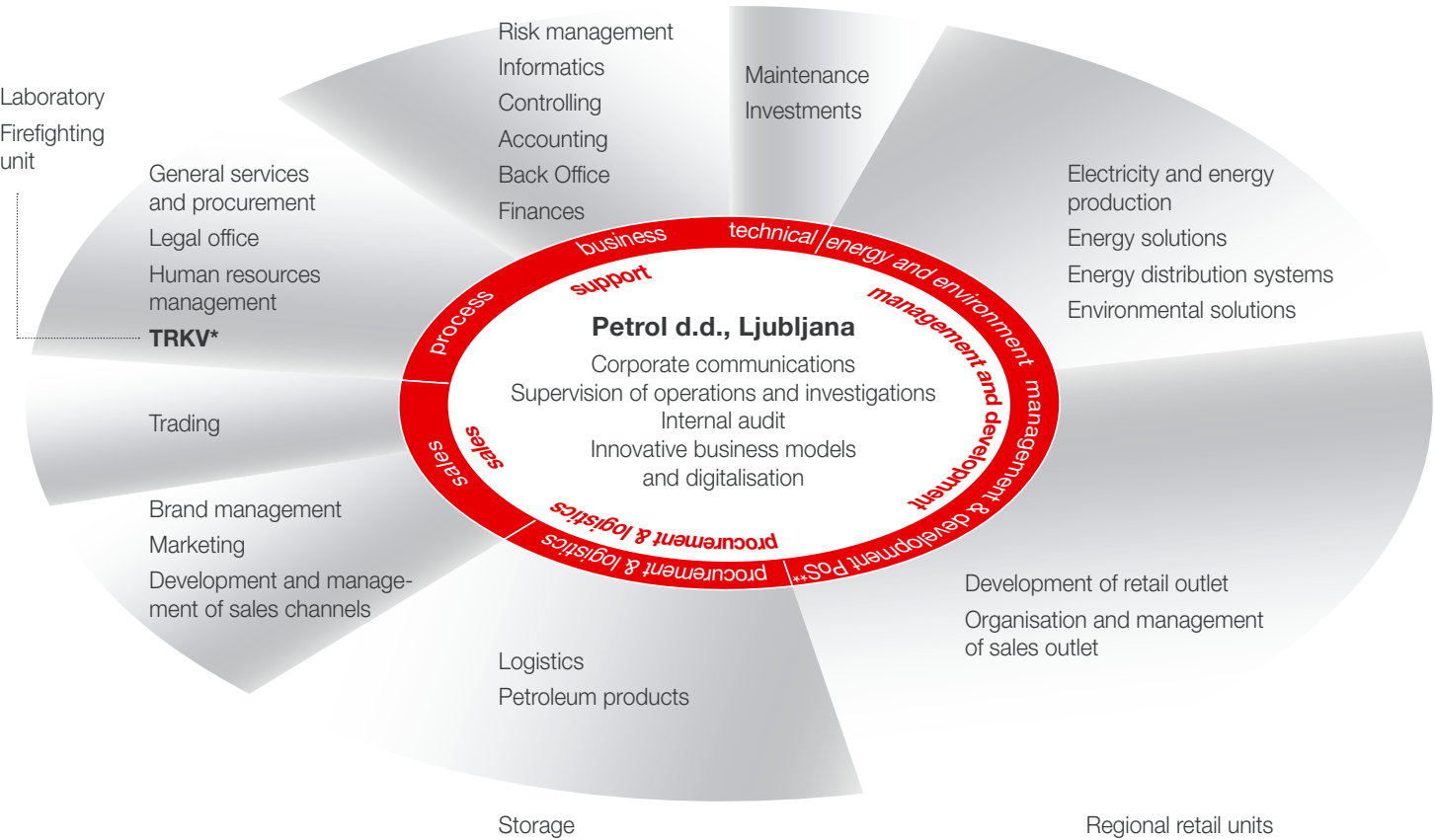
Creativity:
We use our own ideas to make progress.



Courage:
We work with enthusiasm and heart.

AT PETROL, WE FEEL A STRONG SENSE OF RESPONSIBILITY TOWARDS OUR EMPLOYEES, CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS, SHAREHOLDERS AND THE SOCIETY AS A WHOLE. WE MEET THEIR EXPECTATIONS WITH THE HELP OF MOTIVATED AND BUSINESS-ORIENTED STAFF, WE ADHERE TO THE FUNDAMENTAL LEGAL AND MORAL STANDARDS OF THE SLOVENE SOCIETY AND BROADER EUROPEAN STANDARDS, AND WE PROTECT THE ENVIRONMENT.

Organisational chart of parent company Petrol d.d., Ljubljana



* TRKV = Sustainable Development, Quality and Safety, administrator of methodology for sustainable development of the Petrol Group
** PoS = Point of Sale

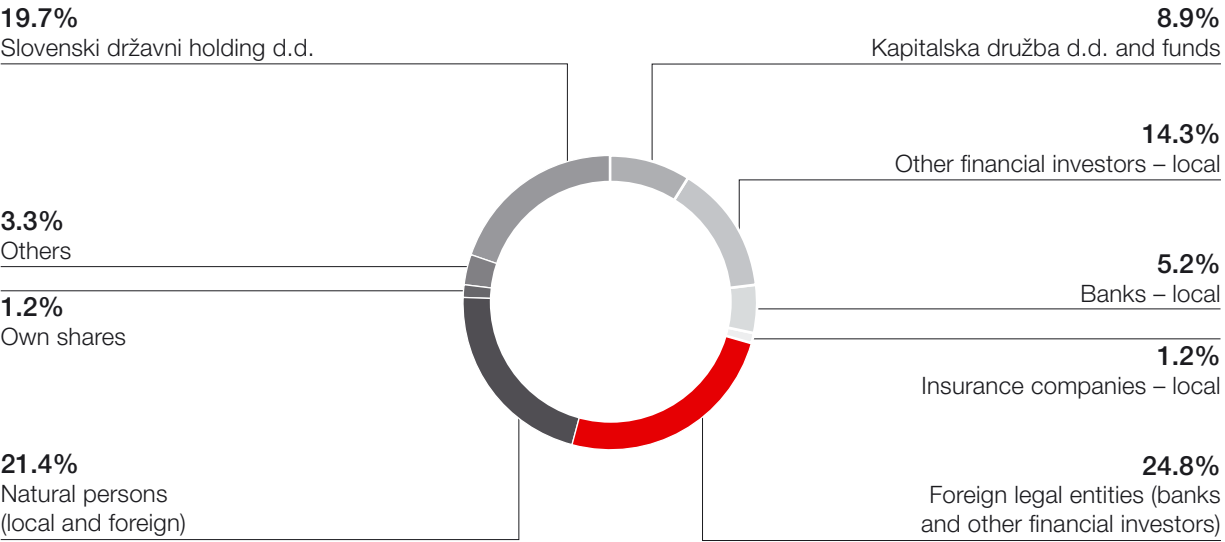
Management Board

Tomaž Berločnik,	Rok Vodnik,	Igor Stebernak,	Ika Krevzel Panić,
Management Board president	Management Board member	Management Board member	Management Board member and worker director

The members of the Supervisory Board of Petrol d.d., Ljubljana in 2016 were as follows:

Tomaž Kuntarič, shareholder representative, Supervisory Board president
Irena Prijović, shareholder representative, Supervisory Board deputy president
Igo Gruden, shareholder representative
Klemen Ferjančič, shareholder representative
Matija Blažič, shareholder representative
Mladen Kaliterna, shareholder representative
Andrej Tomplak, employee representative
Damjan Legen, employee representative
Zoran Gračner, employee representative

Chart 1: Share capital structure of Petrol d.d., Ljubljana, as at 31 December 2016



Headquarters of the Petrol Group

Petrol, Slovenska energetska družba, d.d., Ljubljana, Dunajska cesta 50, 1527 Ljubljana, Slovenia
www.petrol.eu

The locations of operation

The Petrol Group has its own companies in 10 countries: Slovenia, Croatia, Bosnia and Herze-govina, Serbia, Montenegro, Kosovo, Macedonia, Austria, Romania, Czech Republic. It operates in several other European countries as well.

Short presentation of Petrol's core business

Petrol Group ranks among the biggest business entities in Slovenia and also has a significant role in the wider region. Petrol Group is the largest supplier of petroleum products in the Slovenian market, and its presence and significance are also growing in other energy areas in Slovenia as well as in the SE European markets. In accordance with the Strategic business plan for the period 2016–2020, adopted in 2016, we redefined the business areas of Petrol Group, such as: Sales (sale of petroleum products, sale of merchandise, sale of liquefied petroleum gas (LPG), sale of natural gas and sale of electricity to end customers), Energy and Environmental Systems (natural gas distribution, district heating, environmental solutions, energy solutions and power generation), and Trade.



Corporate Governance

Corporate Governance of Petrol d.d., Ljubljana is a two-tier system. The company is run by the management board, and its business operations are controlled by the supervisory board. Corporate Governance of Petrol d.d., Ljubljana is based on statutory provisions, the articles of association as the principal legal act of the company, internal corporate acts and the established and generally accepted good business practices.

Brands

Strategically, we manage brands and symbols owned by Petrol Group. We have registered more than 20 own brands in international markets and more than 90 of them in Slovenia. New brands and symbols are labelled with our own logo.

20 OWN BRANDS REGISTERED
IN INTERNATIONAL MARKETS,
90 OF THEM IN SLOVENIA



ČAJ
NA POTI
TEA TO GO



PETROL



Associations, Committees, Organisations, etc. where Petrol Group is actively involved

We are a member of several economic and interest associations, institutes, chambers and societies. Slovenian Chamber of Commerce, Chamber of Commerce and Industry Slovenia, Association of Employers of Slovenia, Association of Supervisors of Slovenia, Slovenian Association of Quality and Excellence, SNNK (Slovenian National Oil and Gas Committee), GIZ UNP (Economic Interest Group for Liquefied Petroleum Gas), SIST (Slovenian Institute of Standardisation), American Chamber of Commerce in Slovenia, German-Slovenian Chamber of Commerce in Slovenia, UPEI, OME, etc. We actively cooperate with the above mentioned organisations, their bodies and committees, and we realise our interests and acquire new knowledge.

Petrol as Ambassador of Corporate Integrity

We are going to meet our goals by following the applicable regulations and Guidelines of Corporate Identity. High standards of business ethics will be taken into consideration, and the organisational culture will be built to encourage legal, transparent and ethical conduct and decision-making of all

employees. We are going to spread and strengthen awareness of the significance of business compliance among the employees and business partners. We are going to establish the principle of zero tolerance to illegal and unethical behaviour of employees and business partners.

Since 14 October 2014 Petrol d.d., Ljubljana has been the ambassador of the Slovenian Guidelines of Corporate Identity and it has established mechanisms to raise employee awareness, promote a balanced management of corporate values, and to also accept complaints, perform investigations and sanction inadequate behaviour. Petrol d.d., Ljubljana has appointed signatories of Corporate Integrity. Applications for such positions can also be submitted anonymously to the address kodeks@petrol.si or to the Business Control unit. In cooperation with the company Deloitte, d.o.o. an external line called 'We care' has been operating since 1.1.2017 to report frauds over the internet or over the phone number 080 13 59. Anonymity and protection are assured to all well-intended applicants. In 2016 Petrol d.d., Ljubljana conducted for the first time a survey on employee awareness of Petrol's Corporate Integrity. The survey showed good knowledge of values and Code of Conduct among the employees, in particular among the managers.

THE PETROL GROUP'S MAIN TARGETS FOR 2020 ARE AS FOLLOWS:

4.3 billion EUR
SALES REVENUE

2.9 million tons
OF PETROLEUM PRODUCTS SOLD¹

190 million EUR
EBITDA

236,000 tons
OF LIQUEFIED PETROLEUM GAS
SOLD

97 million EUR
NET PROFIT

719 million EUR
REVENUE FROM MERCHANDISE
SALES

2.2
NET DEBT TO EBITDA RATIO

350 million EUR
INVESTMENTS IN FIXED ASSETS IN
THE PERIOD 2016–2020

413 million m³
OF NATURAL GAS SOLD (SUPPLY
AND TRADING)

527
SERVICE STATIONS IN THE
RETAIL NETWORK

15 TWh
OF ELECTRICITY SOLD (SUPPLY
AND TRADING)

139,000 MWh
OF HEAT SOLD

¹ Petroleum product sales do not include liquefied petroleum gas sales, which are presented separately.

Number and Set of Legal Procedures Related to Protection of Competition

When making contractual relations and acquisitions Petrol d.d., Ljubljana carefully follows the compliance with the applicable legislation in the field of protection of competition. There are no legal proceedings initiated against Petrol on account of violating legislation in the field of protection of competition.

Petrol Group Prizes and Awards

Quality and success of implemented socially responsible and other communication projects can be shown with several domestic and mainly international awards. In 2015 we received the following awards:

- 2015 Gold Quill Award for Best Digital Tool - Petrol's ambassador, IABC International Award, San Francisco for excellence in communication (Communication campaign on gamification learning - Petrol's ambassador).
- Award for Best Sustainability Report: competition for the best annual report - Finance Academy
- Award for Innovativeness of the Annual Report as a Medium
- Finance Academy: USB-key in form of a battery.

In 2016 Petrol Group received the following awards:

- February 2016, the Green Frog Award for Best Reporting in Sustainable Development in the Business World 2013/14, Deloitte, consulting company
- 9 March 2016, 2015 Best Employer in Trade, portal Mojedelo.com

- 5 May 2016, 2016 Most Desired Employer in Bosnia and Herzegovina in Oil and Gas Sector, the company Kolektiv
- May 2016, Trusted Brand 2016, Reader's Digest magazine
- 7 June 2016, TA RAS Award for most successful cooperation between the economy and the scientific field for the project of using waste heat from metallurgical processes for district heating and preparation of sanitary hot water, IRT Industrial forum
- 17 June 2016, IPRA Golden World Awards Finalist 2016 for best practice of internal communication in 2015, for the project The 70th Anniversary of Petrol Group, International Public Relations Association
- 22 August 2016, Agra Golden Medal, Fresh branded water, Pomurski sejem, the Fair of Agriculture and Food
- 21 September 2016, GZS Bronze Award for Innovations, for the project of using waste heat from metallurgical processes for district heating and preparation of sanitary hot water, GZS Chamber of Commerce and Industry
- 16 November 2016, Best Annually Report of Sustainable Development, Finance newspaper
- 7 November 2016, Finalist Sporto Award 2016 for Best Digital Communication, the project Wave of Energy, Sporto Magazine
- 28 November 2016, the third place of FEIEA Grand Prix 2016 for Best Internal Photography, for the project Wave of Energy, European Association of Internal Communication
- 8 December 2016, the awards Stock of the Year at First Quotations and Stock at First Quotations with the Biggest Increase in Turnover, Ljubljana Stock Exchange



Strategic development vision

The strategic business plan is a fundamental corporate document defining the business future of the Petrol Group in the period 2016–2020 based on its mission, vision, values, goals and strategies.

Petrol's vision for the year 2020 commits us to become a leading regional player in energy and energy-related services in terms of revenue. We shall be recognised as a major provider of smart solutions for homes, mobility and business. Through innovation and digital solutions we will develop successful new business models and partnerships. We will provide an excellent user experience and increase the number of items sold per customer.

Our business model is built on innovativeness and cost effectiveness, and our customers are offered simple, comprehensive, modern and reliable solutions. Risk management is integrated into all aspects of our business, making it possible to create additional value for shareholders and maintain our investment-grade credit rating.

The Petrol Group operates in Central Europe, and in South Eastern Europe in particular. In addition to a number of bigger and smaller companies with innovative business models already operating there, new and even global players are now joining energy and trade activities in these markets. Globally and locally, we are faced with significant societal and technological changes which can be captured concisely by the notion of "digital globalisation". All of this increases risks while providing new opportunities at the same time.

MAIN STRATEGIC ORIENTATIONS UNDERPINNING THE PETROL GROUP'S DEVELOPMENT

Key strategic orientations to be pursued by the Petrol Group up to 2020 are as follows:

- balance between stable operations and development for addressing new challenges (the setting up of a flexible and agile organisation which provides suitable and risk-adjusted returns and takes into account sustainable development and social responsibility),
- higher sales and transition to new business models (development of existing and acquisition of new markets and customers through innovative business models; focus on a comprehensive and personal treatment as well as on excellent customer experience throughout the user journey),
- process efficiency and risk management (dynamic organisational structure management, efficiency of operations in line with the principle of good management, advance risk management systems).

DIGITAL GLOBALISATION OFFERS NEW OPPORTUNITIES.

By achieving these goals, we will strengthen long-term financial stability of the Petrol Group. Through a stable dividend policy, we will ensure a balanced dividend yield for shareholders and the use of free cash flows to finance the Petrol Group's investment plans. This will allow for longterm growth and development of the Petrol Group, maximising its value for the owners.



Miha Valentinčič,

Director of Innovative Business Models and Digitalisation, Petrol d.d., Ljubljana

Digitalisation is the epicentre of major shocks in the economy, including the energy sector. Digitalisation is among the strategic priorities in the company Petrol d.d. Ljubljana. We see its opportunities not only in the field of technology, but in all the areas as well: people, processes, business models, the management style, etc. However, the most important for us are our customer relations. We wish to build a platform for an ecosystem intended for our customers, with which we will be able to enhance our customer relationship and their trust. Petrol's portfolio of attractive and innovative digital services will be positioned by the provision of more digital channels. In this way we will co-create a new value.

Materiality matrix

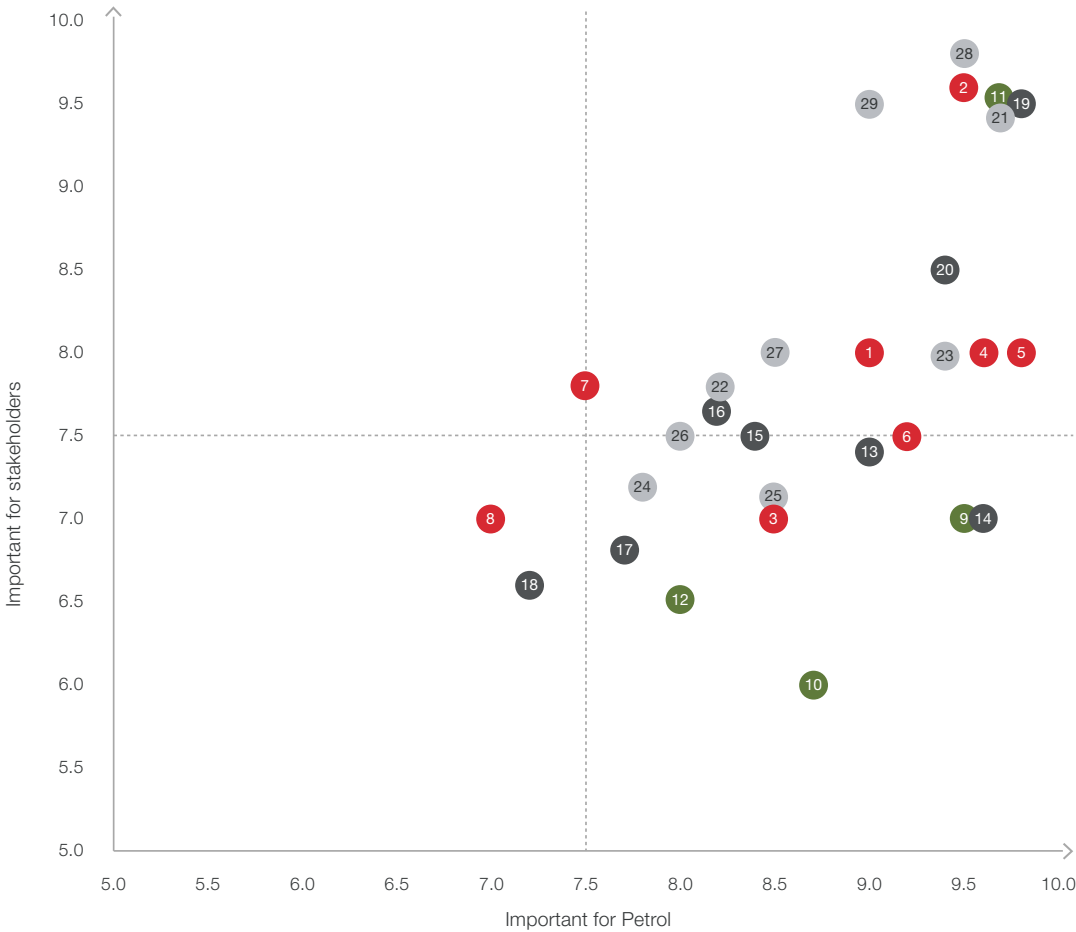
Materiality matrix is in Petrol Group considered as a tool which is used for managing our relations with strategic stakeholders. Without open two-way or multilateral relations with stakeholders there are no new values possible, i.e. actual movements in the field of social responsibility and sustainable development. We are aware that different social and economic subjects have different interests and goals. This is the reason why assessing such goals and priorities is very important for targeting our endeavours.

In relations with our strategic stakeholders we defined 4 substantive areas where the key common objectives are pursued. These areas are the following:

- Corporative management
- MUMESCO: energy, infrastructure, facilities, environment, mobility
- Business models, technologies
- Employees

All these areas and objectives were for the first time assessed in terms of relevance for Petrol Group and its key stakeholders.

Chart 2: Materiality matrix



No.	Area	Processes, objectives
A. Corporative management		
1	Business excellence	In all areas of our business, we strive for excellence.
2	Maximizing returns and shareholder value	The strategic objectives of long-term growth and development are achieved by successful business, stable dividend policy and maximizing shareholder value.
3	Corporate integrity	Our corporate motto is integrity, which is reflected in an ethical and transparent operations.
4	High reputation	With all our actions we strive for a high reputation in the eyes of the public.
5	Full compliance of operations	We consistently comply with all legal requirements and relevant regulations.
6	Risk management	Risk management is embedded in all levels of our operations, we create new value for shareholders and maintain high investment rating.
7	Commitment to sustainable development	At all levels, we operate in accordance with the principles of sustainable development and strive for a low-carbon society. We contribute to society in the form of sponsorships and donations.
8	Open stakeholder dialogue	An ongoing dialogue with all our stakeholders is our sustainability drive.
B. MUMESCO: energy, infrastructure, facilities, environment, mobility		
9	As protagonist in the energy sector, together with users we create low-carbon society	We invest in the development of decentralized energy production from renewable energy sources. We provide solutions for efficient energy use (integrated energy solutions: district heating systems, water supply systems, lighting systems).
10	We provide integrated environmental management for industry and municipalities	We manage waste, soil, water, air.
11	We provide stable supply of fossil fuels	We guarantee a reliable fuel supply. We promote the use of LPG.
12	We are protagonists of transition to low-carbon mobility	We develop infrastructure for alternative fuels.
C. Business models, technologies		
13	Smart concept	We develop smart cities, smart homes, smart operations, smart mobility.
14	Digitisation, innovative business models	By innovation and digital solutions we develop successful new business models and partnerships.
15	Cutting edge technologies	Cutting-edge technologies are implemented in all areas of our operation.
16	Development	Development and development partnerships are being enforced.
17	Quality	Quality is our guidance in all areas; we give it priority over price.
18	Development and sustainable partnerships with suppliers	Based on the principles of sustainable development and partnerships in cooperation with our suppliers new value is created.
19	Focus on customers	Customer is at the heart of our operation. With omnichannel sales approach we will be even closer.
20	High security	Security is top priority at all levels: people, property, data processes.
D. Employees		
21	Comprehensive personal development and growth of employees for optimum business success	Our employees are dedicated, we have a high organisational culture.
22		Employees have a positive attitude to change and they themselves initiate it.
23		We systematically develop leaders.
24		We create and implement a talent management strategy plan.
25		We have a comprehensive approach to acquiring personnel - supported by the digital process.
26		We provide a comprehensive program of employee's education and training.
27		We encourage intergenerational cooperation and knowledge and experience transfer.
28		We have remuneration system that encourages employees to develop their potentials and abilities.
29		We set highest standards for health and safety.

The Petrol Group's sustainable strategy

Sustainable strategy is cornerstone of Petrol's new business strategy. As one of the key energy traders in Slovenia and SE European countries the Petrol Group is striving to play its active role in increasing its energy independence, energy efficiency and the proportion of renewable energy sources (RES) in our markets. In the long term we are aiming at making an increasingly greener energy mix, also in terms of sustainable mobility.

Our transition to a circular economy is considered as an opportunity for a greater material efficiency and for providing new green workplaces. While doing so, we are also reducing the carbon footprint. With our sustainable strategy we are striving to reduce the use of primary raw materials, waste selection at source, to generate as clean fractions as possible and to increase the material process-

ing. In locations where the latter is not possible or reasonable, we are developing our waste to energy (WtE) activity.

The drive of the future development are cities, since 75% of the total global population will be living in cities by the end of 2050. At the same time citizens consume over 70% of the total energy. Not only from an energy point of view but also from the perspective of managing all natural (re)sources, cities represent the central sustainable focus of the Petrol Group. Our long-term strategy, which is also followed by our investment policy, means development of integrated infrastructure services in several aspects of city life for their transition to more sustainable cities (MUMESCO - Multy Utility, Mobility and Environmental Service Company).

THE DRIVE OF THE FUTURE DEVELOPMENT ARE CITIES, THAT IS WHY CITIES REPRESENT THE CENTRAL SUSTAINABLE FOCUS OF THE PETROL GROUP.



WE ARE RESPONDING TO SUSTAINABLE CHALLENGES WITH A RANGE OF AMBITIOUS AND DEVELOPMENT-ORIENTED PROGRAMMES.

To end-users we guarantee long-term optimal energy spending. According to our model of contractual assurance of energy savings we offer so-called "negawatts". We also offer a comprehensive energy solution in buildings, for industry and households.

Petrol is becoming an important partner in energy efficient management of cities and urban settlements. For local communities it also provides effective management of the existing systems and construction of new energy efficient systems of district heating where at least 50% of heat is generated from RES (biomass, geothermal energy) or from a combined heat and electricity production (cogeneration) with high energy efficiency. Our strategic objective by 2018 is to increase the production of heat intended for heating from RES and in combination with the cogeneration system for additional 60 GWh, i.e. to double the existing range.

Energy generated from organic waste (WtE) and water cycle management complete our comprehensive supply of managing urban settlements and cities. In this way we enable our partners to utilise their own potential and consequently to achieve a higher level of their energy independence. By 2020 the Petrol Group is planning to expand all its proven business models in the fields of waste water treatment and waste to energy to its target markets.

In the heating segment we are speeding up the transition of end users to the use of natural gas by introducing new technologies, such as condensing boilers and gas heat pumps. In this particular field it is our middle-term objective to speed up our transition with the use of natural gas as a transition energy source to a low-carbon company in the existing networks. By 2020 we are striving to distribute over 130 million m³ of natural gas, which will largely replace the use of heating oil in boiler rooms with average efficiency between 60-70%. With the introduction of modern technologies we are increasing energy efficiency by 15-20% for end users.

Petrol Group is strategically promoting gas as motor fuel, transition to hydrogen technology and e-mobility. We are aware that the network development for LPG and CNG filling stations depends on increasing the use of gas in traffic, which will additionally reduce emissions of solid particles and CO₂ in traffic. Our activities are directed at promoting the processing of cars powered by LPG instead of petrol. With development of additional filling stations we want to achieve a 5% proportion of the entire vehicle fleet in Slovenia.

Electricity is becoming an increasing ultimate energy source in all segments of consumption. For this reasons, the Petrol Group is intensively directing its business activity at electricity production. Production will strategically be based on energy potential of wind and water and will account for three quarters of the whole electricity production in the Petrol Group by 2020. The volume of our own production is projected over 250 GWh by the same year, and this will represent approximately 20% of total sales to end users.

To achieve the strategic objectives of sustainable development, the Petrol Group is going to recruit 470 professionals in the fields of energy and environment by 2020, which will be implemented by investing over 200 million euros: 55% in our own production of electricity from RES, 25% in services of efficient energy use, 8% in investments which will increase the use of LPG, 5% in developing the use of natural gas, 4% in investments of efficient heating with district heating systems and 3% in investments of environmental solutions.

WE WILL INVEST OVER **200 million euros** TO ACHIEVE THE STRATEGIC OBJECTIVES OF SUSTAINABLE DEVELOPMENT.

Developing a strategy for infrastructure of alternative fuels

Traffic is one of the most influential sectors in terms of meeting the national objective aiming at reducing greenhouse gas emissions and its related transition to a low-carbon society. While greenhouse gas emissions are rapidly diminishing in other sectors, the trend of long-term increase in greenhouse gas emissions is still present in traffic. Therefore, Slovenia should take serious actions in the field of traffic in order to reduce greenhouse gas emissions. Directive 2014/94/EU, which determines the development of infrastructure for alternative fuels in traffic, falls within the legislative framework with which the strategy of gradual low carbon transition mobility is being realised.

THE RELEVANT LEGISLATION WILL STRONGLY ALTER INDIVIDUAL AND PUBLIC MOBILITY.

In order to meet indicative targets of the operative programme of greenhouse gases (OP GHG) and the targets to reduce traffic pollutants in the air, Slovenia has used the approach to propose a strategy where a required number of vehicles shall first be determined using a specific alternative fuel.

General public should be in the future extensively and continuously informed about advantages, rel-

evance and necessity to reduce carbon footprint coming from traffic by showing evidence. So users will be able to understand and accept individual measures and the overall policy including amendments of the relevant legislation which will strongly alter individual and public mobility. With implementation and favouring the use of alternative fuels with the aim to gradually transfer to low-carbon traffic in Slovenia, the citizens will in the future experience significant changes. Petrol, as the chairman of Section of sustainable mobility in the economic interest group CER (Centre of Energy Solutions), actively cooperated in 2016 in designing a consortium of stakeholders from industry, the academic and research sphere, and it was successful in applying for the public tender issued by the Ministry of the Environment and Spatial Planning to develop a Study on necessary additional measures to increase the share of alternative fuel vehicles in Slovenia and to design a proposal for strategy development in the field of alternative fuels. The company Petrol is strongly aware of its social responsibility, thus it took a non-profit approach to dealing with its issue and it put a lot of energy into joining the stakeholders in the process of achieving the goal to set the strategy proposal.



Dr. Marta Svoljšak Jerman,

Director of Sustainable Development, Quality and Safety, Petrol d.d., Ljubljana

Methodology of sustainable development within Petrol Group includes the complexity of relations among all key stakeholders seeking balance among economic, social and environmental goals. By continuous weighing different interests we are looking for optimal ways in rapidly changing circumstances. By doing so, we must take into consideration political guidelines, technological development and possible social consensus. With its business and sustainability strategy by 2020 Petrol Group has taken an initiative in the field of sustainable mobility and transition to a low-carbon society, particularly in terms of efficiency of energy consumption, renewable energy sources and smart cities.

Sustainability Reporting

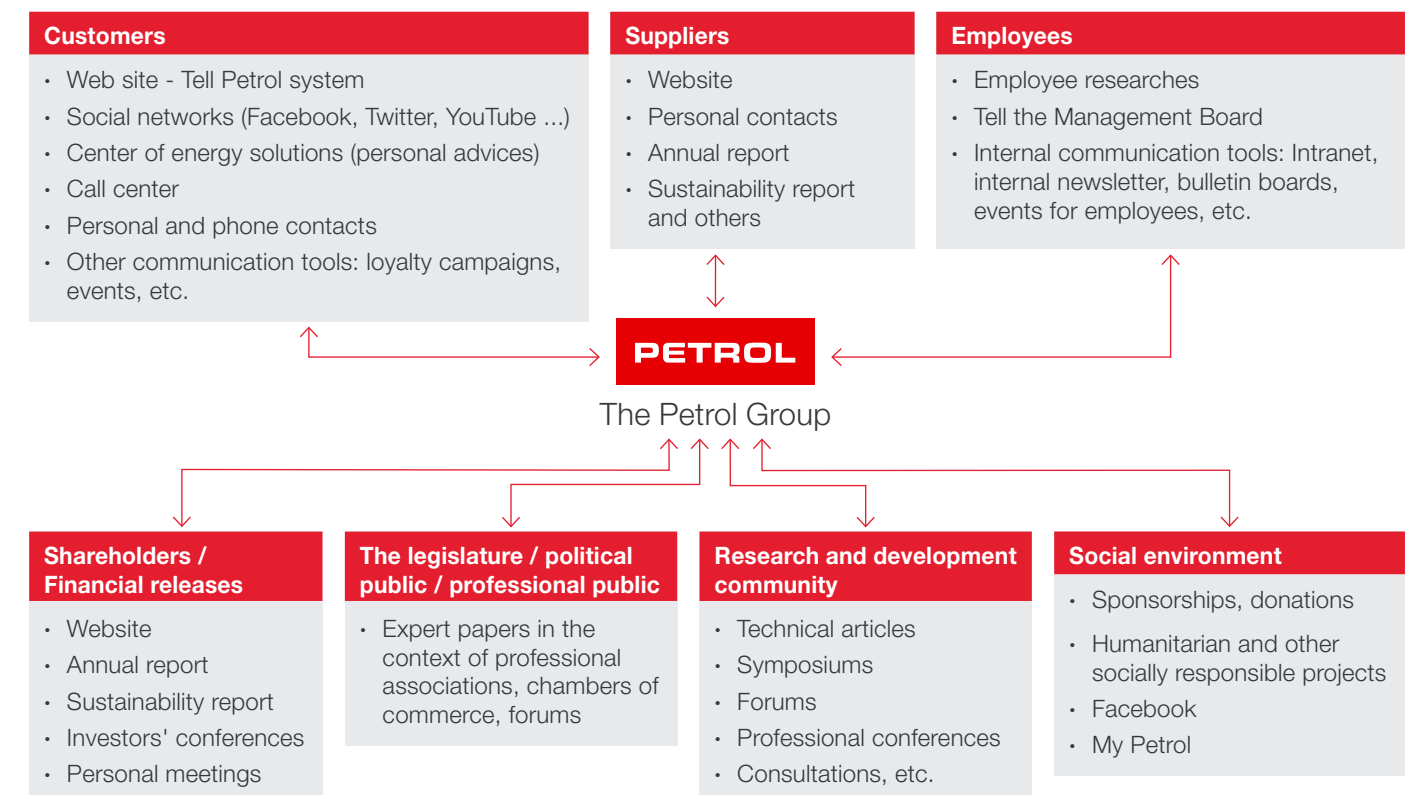
Petrol Group Sustainability Report 2016 is the third independent report in a row and is a biennial report. It is complementary to the annual report. It was produced in accordance with GRI-4 guidelines and upon consideration of all specific areas of our core business. The first independent Petrol Group Sustainability Report was issued for the year 2012, and the second one was issued for the year 2014. In accordance with the latest legislation Petrol Group Sustainability Report will be produced and issued each consecutive year.

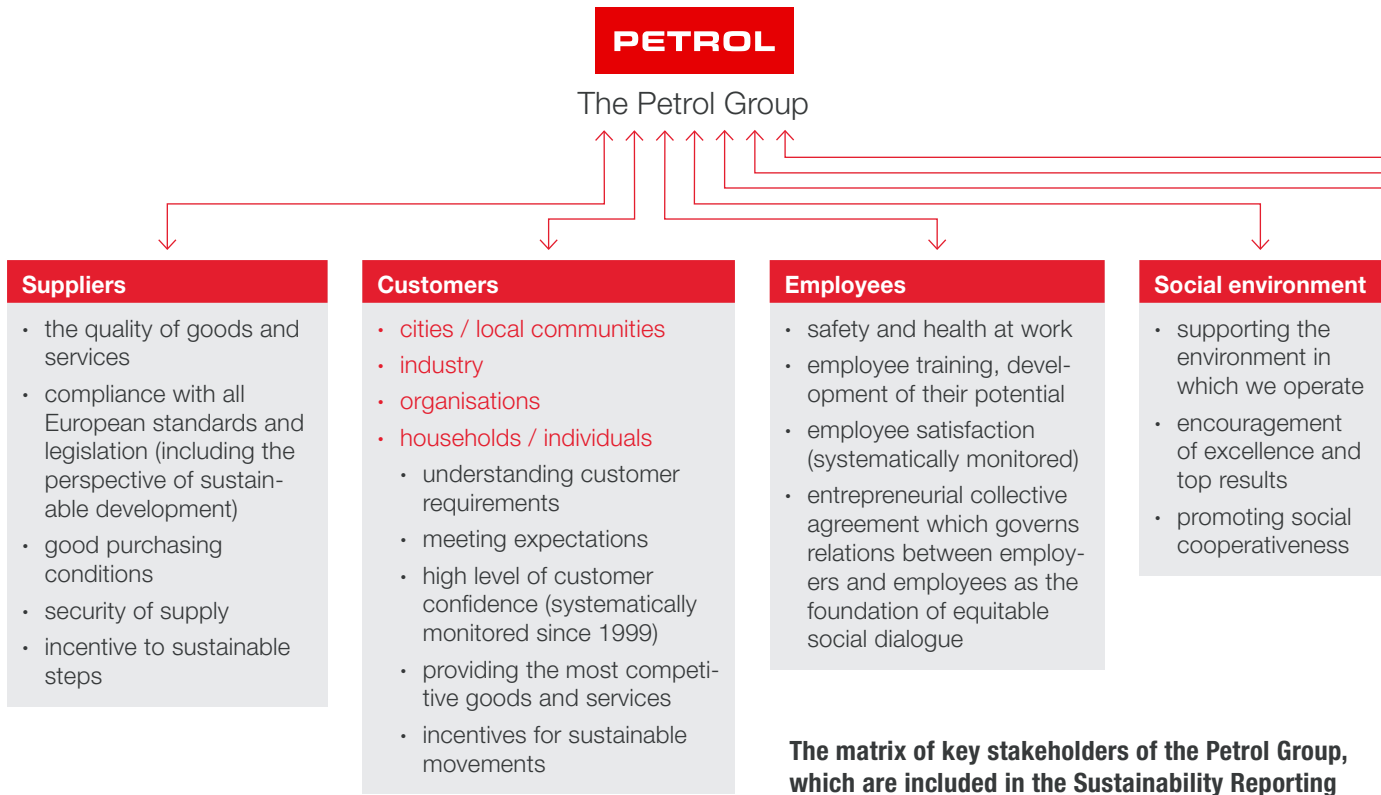
The sustainability report is made up of three major parts: economic, social and environmental. The latter is divided into two parts: environmental disclosures of Petrol's own activity (marked in red) and environmental disclosures of the entire energy supply of the market (marked in green).

The sustainable development report of Petrol Group is an integral part of sustainable activities of the company and is based on the business strategy of Petrol Group adopted until 2020. The strategy reflects sustainable awareness and values of the owners and the management board of the company and it is transferred to all employees. We all know that economic-political factors in the domestic and international environment play an important role for the stability of company's business and its development perspective. At the same time, it is crucial for our ability to co-create values in alignment with the social and natural environment.

The following strategic areas are going to be the centre of finding new answers to common global challenges: climate change or a low-carbon society, sustainable mobility, energy sustainability and

Communication tools and relationships of the Petrol Group with its key stakeholders





The matrix of key stakeholders of the Petrol Group, which are included in the Sustainability Reporting

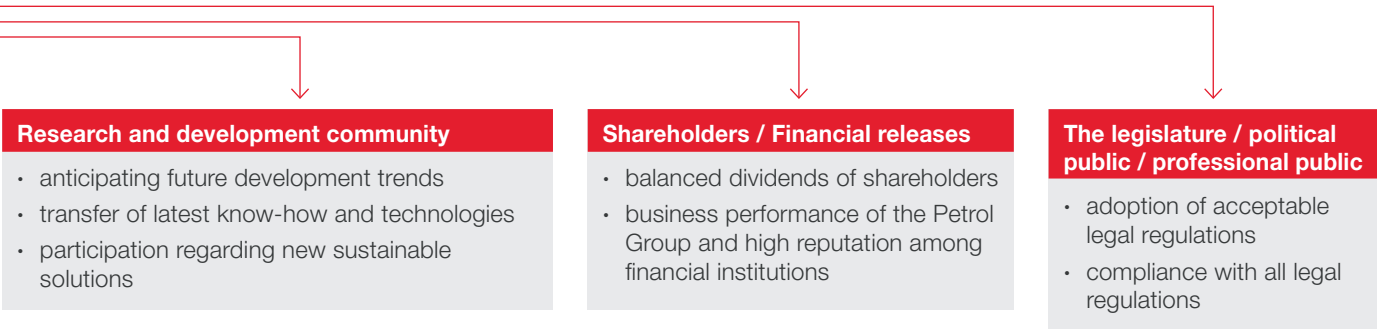
responsible management with the whole palette of natural resources or a circular economy. We are aware of quick and sudden changes caused by digitalisation at all social levels and by the socio-demographic transformation of the wider society.

Petrol Group is a highly branched organisation. Therefore, it has a rich palette of stakeholders with various interests. We can claim with responsibility to have correct relations with each key group of our stakeholders, which are realised by using mutual communication channels. We are proud of the fact that despite the size and complexity of the system within Petrol Group, the company traditionally manages to maintain the personal relations with all key stakeholders and a high level of responsiveness which is improved each year. Our sustainability report is one of the most important communication tools.

The content of the sustainability report is determined on the basis of three criteria: materiality, the integrity of key management indicators of sustainable development and the sustainability context. The criterion of materiality means that the report content shall be narrowed to only the most relevant interest areas which rely on the matrix of key stakeholders and the sustainability development strategy of Petrol Group. We have chosen those areas that could most affect our sustainable footprint. Meanwhile, we have introduced sustainability indicators which are crucial for the management of our sustainable development.

Compared to our two previous sustainability reports we have decided for this sustainability report to expand the set of indicators in order to acquire additional leverage of long-term sustainable development management for new areas, which is also our strategic goal. Since we use an integral approach to dealing with sustainable development, our key indicators also include the ones that fall within the scopes of our suppliers, customers, legislation, etc. We are going to continue spreading this trend of sustainable effect within our group of companies, since our sustainable management gradually affects the sustainable transformation of the wider society.

The sustainability report gives an analysis of the present and, where it is relevant, a comparison with past trends, while at the same time also being forward-looking. We realise that sustainable development is not a goal but merely a path, so our path to sustainable development is carefully recorded and estimated in three time dimensions. Upon delivering the content we strived to achieve balance, comparability, accuracy, clarity and reliability of the data presented in the report. The reporting is transparent and exact considering the data currently available in Petrol Group. The top management of the company is responsible for all time dimensions of the sustainable development within Petrol Group. The guardian of the sustainable development management and sustainable development reporting of Petrol Group is dr. Marta Svoljšak Jerman, Director of Sustainable Development, Quality and Safety.



MSc. Alenka Ott Šaponia,,
Project Manager, Sustainable Development, Quality, Safety, Petrol d.d., Ljubljana

Sustainability report is one of the main communication tools of sustainability path in Petrol Group. But it is much more. It is the mainspring of integrating our sustainability processes and relations, (re)defining key indicators, measurements, assessments and setting new goals. This process has in the last five years intertwined all structures of Petrol Group, which has systematically been reported. The report has again been upgraded and sharpened this year. As a true compass it indicates where we stand and it encourages us to make new steps. It also encourages wider society, since major sustainable movements also require consensus of wider society.



Economic View of Sustainable Development



Business Highlights

Petrol Group made EUR 3.9bn of sales revenues in 2016 which is up 1% from the year 2015. The adjusted gross profit added up to EUR 382m which is up 10% compared to the previous year. EBITDA amounting to EUR 143.8m, which is up 6% com-

pared to the previous year, reached the highest level in Petrol's history. The company's net profit added up to EUR 72.7m and increased 11% in comparison to the year 2015 (see Table 1).

Table 1: Business highlights of the Petrol Group in 2016 and 2015

The Petrol Group	UM	Results		Index 2016 / 2015
		2016	2015	
Sales revenue	EUR million	3,856.7	3,816.9	101
Adjusted gross profit ¹	EUR million	382.0	347.9	110
Operating profit	EUR million	99.6	90.5	110
Net profit	EUR million	72.7	65.3	111
Equity	EUR million	595.7	547.4	109
Total assets	EUR million	1,502.8	1,474.4	102
EBITDA ²	EUR million	143.8	135.4	106
EBITDA / Adjusted gross profit	%	37.7	38.9	97
Operating costs / Adjusted gross profit	%	75.2	75.4	100
Net debt / Equity ³		0.6	0.8	77
Net debt / EBITDA		2.6	3.3	79
ROE		12.2	11.9	102
Added value per employee ⁴	thousand EUR	58.8	58.1	101
Earnings per share ⁵	EUR	35.2	31.7	111
Share price as at last trading day of the year	EUR	325.0	255.8	127
Volume of petroleum products sold	million tons	3.2	2.9	112
Volume of liquefied petroleum gas sold	thousand tons	141.6	77.1	184
Volume of natural gas sold	million m ³	123.0	120.9	102
Electricity sold	TWh	17.6	14.1	125
Revenue from the sale of merchandise	EUR million	505.2	486.6	104
Number of service stations as at period end		487	487	100
Number of employees (including third-party managed service stations) as at period end		4,166	4,068	102

¹ Adjusted gross profit = Sales revenue - Cost of goods sold (this item is not defined in International Financial Reporting Standards)

² EBITDA = Operating profit + Depreciation and amortisation net of depreciation of environmental fixed assets

³ Net debt / Equity = (Non-current and current financial liabilities - Cash and cash equivalents) / Equity

⁴ Added value per employee = EBITDA + integral labour costs

⁵ Earnings per share = Net profit for the year attributable to owners of the controlling company / Weighted average number of ordinary shares issued, excluding own shares

Chart 3: Number of service stations

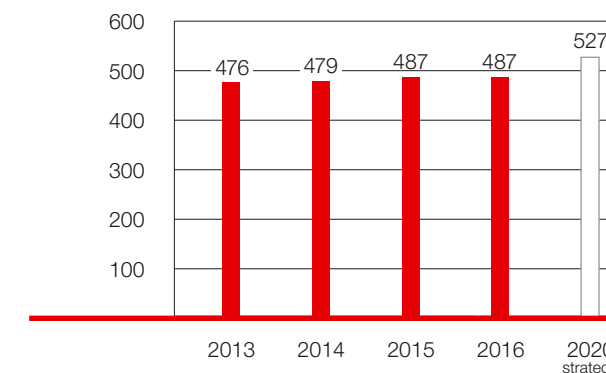


Chart 4: Volume of petroleum products sold (million tons)

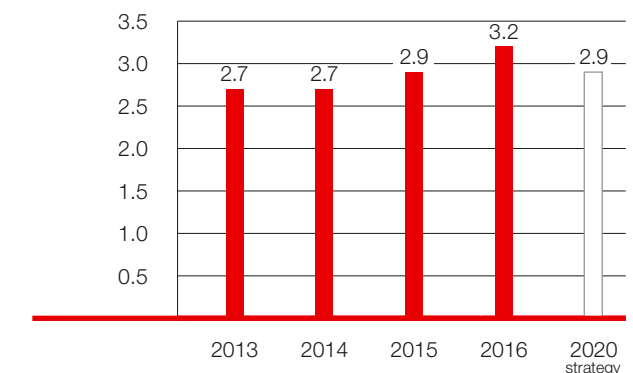


Chart 5: Revenue from merchandise sales (EUR million)

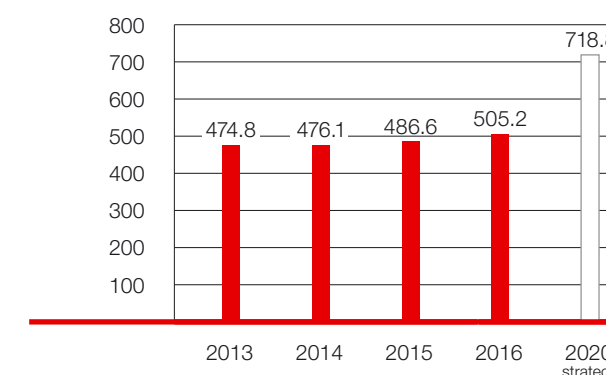


Chart 6: EBITDA (EUR million)

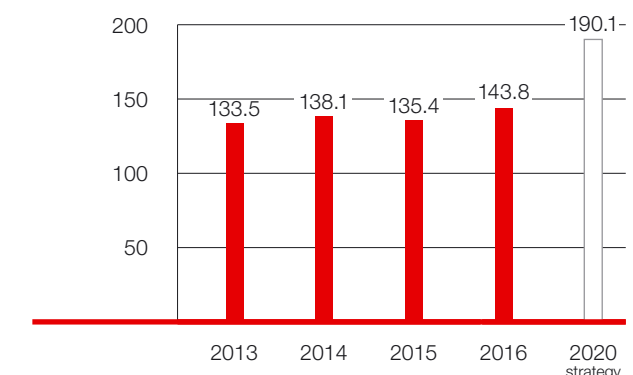


Chart 7: Net profit (EUR million)

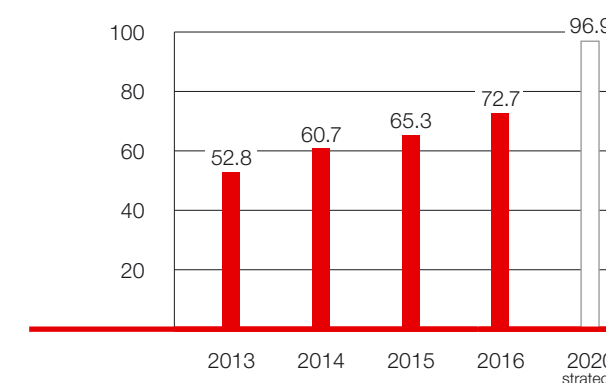
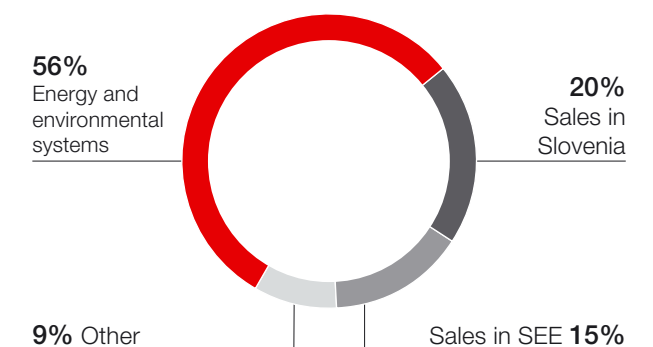


Chart 8: Breakdown of the Petrol Group's investments in 2016



The Petrol Group is the major supplier of petroleum products in Slovenia and is becoming increasingly important and visible in the wider region. In 2016 our sales activities included the sale of:

- 3.2m tons of oil, which is 12% up in comparison with the year 2015 and 22% more than planned. 49% of the sale of oil was created in Slovenia, 27% was created in the EU markets, and 24% was created in the SE Europe. The sale in the Slovenian market increased by 8% compared to the sale in 2015, the sales in the EU markets increased by 44% compared to the year 2015, and in the SE European markets it was 6% lower than in 2015. 40% of petroleum products were sold in retail and 60% in wholesale;
- 141.6 thousand tons of liquefied petroleum gas LPG, which represents sales increase of 84% compared to 2015 (particularly due to the consolidation of LPG sales of the company Petrol LPG d.o.o. Beograd at the end of 2015) and exceeded the planned sales by 17%. The sales in-

cluded 91.0 tons of sold LPG which was 174% up compared to the year 2015.

- 123,0m m³ of natural gas, which was 2% more than in the year 2015 and 10% more than planned.
- 17.6 TWh of electricity, which was 25% up in comparison with the year 2015 and 42% more than the sales plan. 15.6 TWh were realised from trading.
- 129.5 thousand MWh of heat energy, which was 4% more than in the year 2015 and exceeded the plans by 2%.

The sale of merchandise accounted for EUR 505.2m of sales revenues in 2016, which was 4% more than the sales revenues in 2015. Our 487 retail shops throughout Slovenia and in the SE European markets provide our customers with the entire set of services for motor vehicles, and also some other services. Gradually, our service stations are becoming convenient stores.

Table 2: Directly created and distributed economic value of the Petrol Group and Petrol d.d., Ljubljana (in EUR)

Directly created economic value (EUR) in 2014	The Petrol Group	Petrol d.d., Ljubljana
A Revenue		
- Sales revenue	3,856,702,626	3,167,782,578
- Financial revenue	48,542,318	42,421,199
- Gain on disposal of fixed assets	1,201,345	469,881
TOTAL	3,906,446,289	3,210,673,658
B Operating costs		
Cost of goods sold	3,474,731,916	2,891,654,757
Costs (without labour costs)	220,192,052	162,424,498
TOTAL	3,694,923,968	3,054,079,255
C Labour costs	67,210,220	45,594,793
D Pay-out to capital owner and other financial suppliers and other suppliers of financial expedients		
Dividend payments	25,976,135	25,976,135
Interest expense	18,819,303	17,728,519
TOTAL	44,795,438	43,704,654
E Income tax	16,957,619	9,222,592
F Investments in social environment		
Sponsorships and donations	1,694,914	1,535,643
Environmental charges and charges unrelated to operations	1,041,429	18,629
TOTAL	2,736,343	1,554,272

Table 3: Sales revenue considering geographic areas in which the Petrol Group operates in 2015 and 2016 (in EUR)

The Petrol Group	2016	2015
Slovenia	2,185,995,714	2,222,597,875
Croatia	509,563,848	569,309,974
Bosnia and Herzegovina	201,613,804	212,594,441
Serbia	68,166,939	67,064,750
Montenegro	36,086,071	36,170,234
Austria	184,641,614	205,153,909
Other countries	670,634,636	503,990,614
Sales revenue - total	3,856,702,626	3,816,881,797

Table 4: Sales revenue of the Petrol Group by business activities in 2015 and 2016 (in EUR)

The Petrol Group	2016	2015	Index 2016/2015
Sales*	3,801,307,827	3,763,024,249	101
Energy and environmental systems	55,394,799	53,857,550	103
Sales revenue - total	3,856,702,626	3,816,881,799	101

* Sales includes sales of petroleum products, liquefied petroleum gas, natural gas, electricity for end-users, merchandise and services and electricity trade.



Paying out the shareholders

Our capital policy is based on maximising returns of our shareholders, which is accomplished with good business operations and with the company's stable dividend policy (see Chart 9). According to the

decision made on the 26th Annual General Meeting of Petrol's shareholders dated as of 21 April 2016, the paid-out gross dividend per share added up to EUR 12.6 for the year 2015 (see also Chart 10).

12.6 EUR - GROSS DIVIDEND PER SHARE IN 2015

Chart 9: Total dividend payments 2011–2015

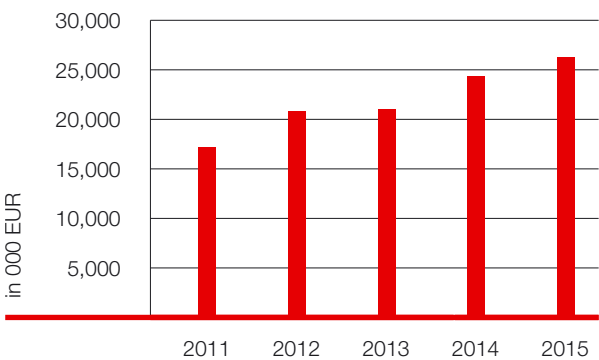
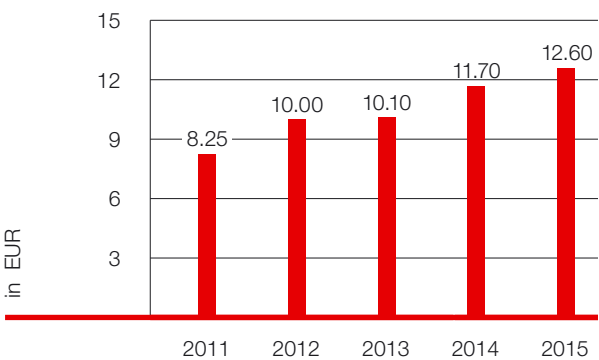


Chart 10: Gross dividend per share (in EUR)



Key risks and risk management

Risks are an integral part of performing businesses, and good knowledge and understanding of risks allow us a timely and adequate response to an increasingly dynamic economic environment. Employees of Petrol Group are aware of such risks. Therefore, we are building a smart risk management system which ensures that key risks which the company is exposed to are identified, estimated, controlled, utilised and monitored. Meanwhile, we are striving to establish a culture of risk awareness which can contribute to better understanding of different risks and better information necessary for decision making at all the levels of the company's operations.

Risk management is responsibility of each employee within Petrol Group who is daily exposed to risk when taking decisions and actions within their scope of work and competence.

Petrol's risk model is substantively linked to the module of 20 risk groups and divided into two major groups: environmental risk and the risk of operation (see Table 5). Petrol Group regularly performs risk assessment. The last risk assessment was carried out in 2015 and the next is scheduled in 2017.

In the new Petrol Group Strategy for the period 2016–2020 we thoughtfully defined the guidelines and

principles of risk management (risk appetite). The general umbrella strategic guideline refers to the provision of stable growth of company's business along with taking reasonable risks. Required returns are constantly adjusted to the expected risks. The risks which we are willing to take are the ones arising from the development strategy of Petrol Group that enables the company's stable growth and dynamic development of new business models in the future.

We are not prepared to take the following risks: environmental risks, risks related to safety and health of employees, the risk of losing a good name, the risk of fraud and corruption and the risk of losing the so-called investment grade of credit rating (arising from the business operations of Petrol Group).

In accordance with the general principle the following strategic guidelines of risk management of Petrol Group were determined:

- Petrol Group monitors all changes in the industry and in the markets, and it proactively adjusts its business operations and objectives in order to achieve its strategic objectives;
- New investments are aligned with the strategic and financial plans of the company. The anticipated investment returns are appropriate to the risks assumed;

- The personnel policy is aligned with the strategic guidelines of the company. Human resources management operates actively in the field of HR development and staff training as well as in the field of monitoring the organisational climate;
- Petrol Group promotes compliance with the applicable legislation and internal rules, and with adopted values and its Code of Conduct the company is building corporate culture that encourages legal, transparent and ethical conduct and the decision making process;
- Petrol Group is aware of its operational risks and it strives to establish a process, systematic and IT environment which allows strategic development of Petrol Group and reduces operational risks to an acceptable level;
- Petrol Group protects its margins related to the sale of energy products either by natural adjustment or by trading options and futures and other derivatives intended for hedging against possible risks and ensuring stability of cash flows;
- Petrol Group cares for a quality portfolio of its partners and aims at its adequate dispersion;
- Petrol Group strives to achieve a high level of insurances for its risky claims either by acquiring insurance instruments or by taking out insurances;
- Petrol Group cares for its long-term financial stability with a sustainable financial leverage;
- Petrol Group manages a short-term liquidity by balancing its assets and liabilities, and by maintaining sufficient level of credit lines;
- Petrol Group strives to achieve a high level of hedging against risks related to interest rate changes.

Table 5: Risk categories within the Petrol Group

I. Environment risks		
I.1. Political risks	I.3. Economic environment risks	I.5. Disaster risks
I.2. Financial environment risks	I.4. Legislation and regulation risks	
II. Performance risks		
II.1. Operational risks	II.2. Management and decision-making risks	II.5. Financial risks
II.1.1. Human resources management risks	II.2.1. Management risks	II.5.1. Price risks
II.1.2. Commercial risks	II.2.2. Business and financial decision-making risks	II.5.2. Credit risks (counterparty risks)
II.1.3. Safety and protection risks	II.2.3. Strategic decision-making risks	II.5.3. Liquidity risks
II.1.4. Risks of discontinued operations	II.3. Information risks	II.5.4. Foreign exchange risks
	II.4. Risks of fraud and other illegal actsj	II.5.5. Interest rate risks
	II.4.1. Risks of criminal offences/fraud	
	II.4.2. Corporate integrity risks	



Tadeja Štehar, Director of Risk Management, Petrol d.d., Ljubljana

The risk management system of Petrol group is built on the following principle: the right information to the right people at the right time. Risks are an integral part of any business and can also become an opportunity or a threat. For this reason, timely response is essential. Smart risk management system is being built along with the organisation, whereby managing risks is a concern of each individual employee who is, within their decisions and actions, exposed to certain risks related to their work duties and competences. This is the only way to ensure the exploitation of opportunities, flexibility and to meet ambitious objectives in the business system with more than 4 thousand employees and almost 3.9 billion euros revenues from sales, and with an extensive range of diverse activities.

Business plans for 2017

The energy sector is considered a key industry, which is characterised by rapid development towards energy efficiency on the one hand and the novel use of existing energy products and development of new energy products on the other. As technologies develop, less energy is needed for a bigger output: although there are more cars on the road they can now travel further on less fuel; thanks to energy-efficient construction and insulated

LESS ENERGY IS
NEEDED FOR A
BIGGER OUTPUT.

buildings, less energy is required for heating and cooling. Being aware of climate change, which is linked also to using fossil fuels, is an important part of this process. Global efforts are thus centred on mitigating climate change risk while at the same time solutions are sought to ensure affordable and reliable energy supply.

Besides energy trends, the Petrol Group's operations are subject to several other and often inter-dependent factors, the most important of which are price movements in the oil market, changes in the US dollar exchange rate and overall global economic conditions. In the international business envi-

ronment, the most pertinent factors influencing the Group's operations include price fluctuations in the oil market and the US dollar exchange rate, which both reflect global economic developments. Petrol's local business environment, however, is shaped by the economic situation (economic growth, the rate of inflation, increase in consumption and production) and measures taken by the Government to regulate prices and the energy market.

Moreover, the Petrol Group's operations are influenced by changes in the business environment brought about by digitisation. Development of new business models and digitisation of operations thus feature prominently in the Petrol Group's strategic business plan 2016–2020.

In 2017 Petrol's main sales markets (Slovenia and Croatia) are expected to grow although the economic situation will remain difficult.

The Petrol Group has set ambitious goals for 2017. To achieve them, the Group will pay particular attention to the streamlining of operational and supporting business processes in 2017.



THE PETROL GROUP'S MAIN BUSINESS TARGETS FOR 2017:

3.6 billion EUR
SALES REVENUE,

493
SERVICE STATIONS IN RETAIL
NETWORK,

386 million EUR
ADJUSTED GROSS PROFIT,

2.7 million tons
OF PETROLEUM PRODUCTS SOLD¹,

150.9 million EUR
EBITDA,

151,900 tons
OF LIQUEFIED PETROLEUM GAS
SOLD,

74.7 million EUR
NET PROFIT,

524.7 million EUR
REVENUE FROM MERCHANDISE
SALES,

0.6
NET DEBT TO EQUITY RATIO

12.4 TWh
OF ELECTRICITY SOLD,

2.8
NET DEBT TO EBITDA RATIO,

63.2 million EUR
INVESTMENTS IN FIXED ASSETS.

¹ Petroleum product sales do not include liquefied petroleum gas sales, which are presented separately.



Petrol and
its Social
Environment

Sustainable Relations with Employees

Successful, motivated and committed employees are the heart of Petrol Group and its future. Its far reaching vision, with which we would like to respond to several central challenges of contemporary society, and its ambitious business plans require comprehensive human resources management. It includes a well-thought recruitment policy, care for development and staff training, an effective system of employee remuneration and promotion, monitoring their satisfaction and commitment to work, and care for their safety and health. These are mere fundamental factors of staff management in Petrol Group. The staff management of Petrol Group and of all its service stations comprises 4,166 employees, 33% of which are managed abroad. Compared to the end of 2013 this number increased by 221 employees or 5.6% (see Chart 11).

The number of jobs for indefinite period of time is prevailing. In the last three years, the share of fixed-term employment contracts decreased significantly compared to the period 2009–2013. At the end of 2016 9.7 percent or 405 employees had a contract for a fixed period, which is 7–10 percentage points less than in the period between 2009 and 2013 (it was between 17.0 and 19.3 per cent).

MORE THAN 90% OF EMPLOYEES HAVE A CONTRACT FOR INDEFINITE PERIOD OF TIME.

Chart 11: Number of employees in the Petrol Group in 2013–2016

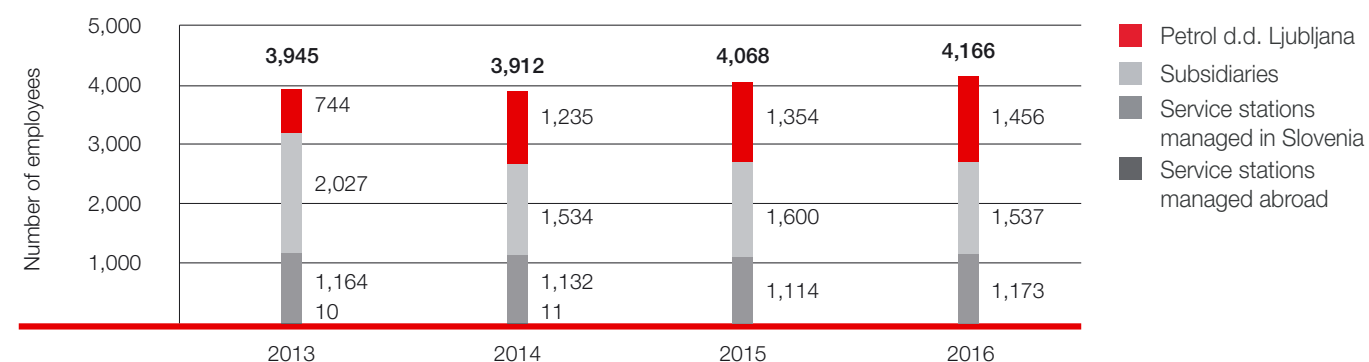
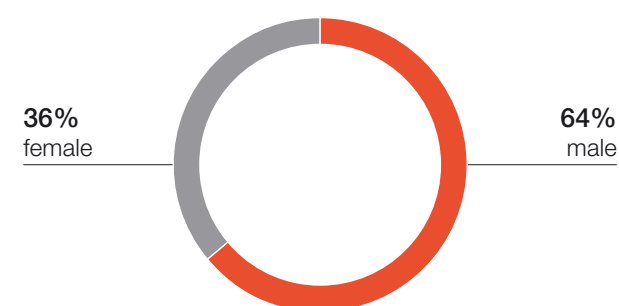


Chart 12: The ratio of employees by gender in the Petrol Group in 2016



THE YEAR 2016 IN FIGURES:

- the total number of employees 4,166
- 64% of male and 36% of female employees (in recent years the employee structure has been gradually improving in favour of women)
- average age of employees is 40
- 491 new employees
- 393 terminated employment contract
- 209 employees were relocated to new positions or companies within Petrol Group

Strategic Approach

Strategy of Human Resources Management was formed in 2015, and it supports the umbrella strategy of the company by 2019. In order to realise our strategic objectives the staffing functions and their responsibilities have been structured into categories that require more attention.

Organisational climate, attitude to changes, development of leadership, talent management, making HR analyses to back the decision-making process, staff training and intergenerational cooperation are among the central areas in the company for

which we have set specific and measurable goals in the coming years.

In 2016 our staff development system became even more visually recognisable with the use of the new logo reflecting a variety of activities designed for overall personal growth and development of employees (see Table 6).



Table 6: Subgroups of activities for overall personal growth and development of employees in Petrol Group

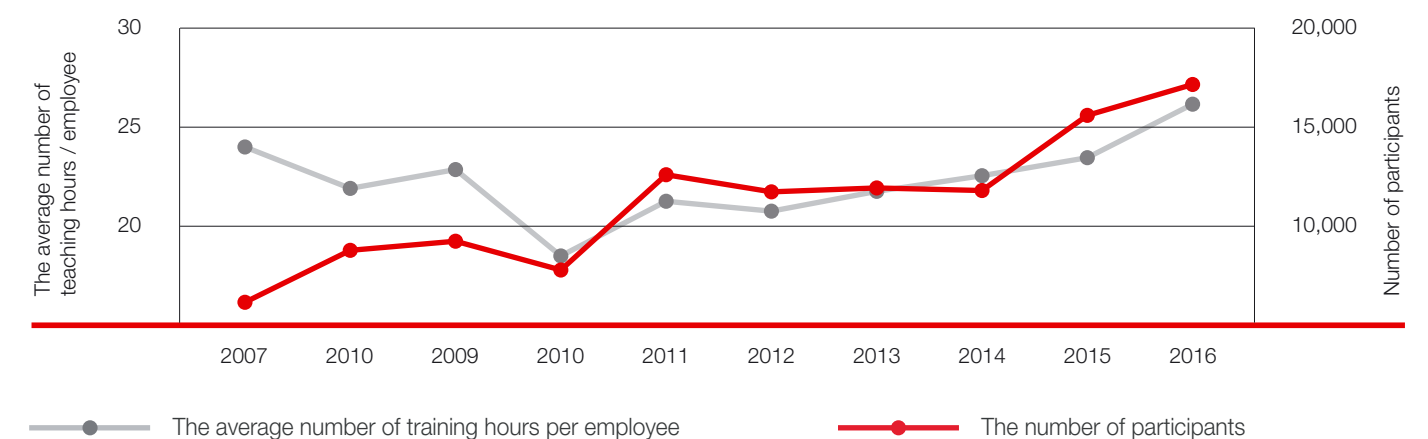
Subgroups (icons)					
1. Learning through education	2. Learning by means of co-workers	3. Learning by doing			
Academy	E-classroom	Mentoring	Coaching	Project work	Annual interview

Staff Training

17,155 employees participated in various forms of training or education in 2016. 24 of them were included in an educational process to obtain a formal level of education. 107,898 teaching hours of training were performed for our employees in 2016. Each employee attended 26 teaching hours on average (see Chart 13).

Concern for the development and education of employees is reflected in the continuous increase in the number of hours devoted to training. New forms of training increase the number of participants as with self-teaching in e-classroom or with learning campaigns JollyDeck we can capture a significantly larger number of employees than with conventional forms of education.

Chart 13: The number of participants and the average number of training hours per employee in the period 2007–2016



Process of Learning and Growth

Learning and growth are performed in the existing and already recognised forms of training and self-learning. We have also introduced new forms of employee training such as mentoring and internal coaching to empower individual employees and to care for knowledge transfer among employees. 70% of the learning process and personal growth is performed and acquired along with the job of each employee, this is an opportunity for personal potential development. Annual and quarterly interviews are the way to monitor employee job performance, feed back and guidance of employee development.

The novelty is a more systematic approach to project work offering engagements in different projects. By doing so, we are spreading knowledge around the company and we are creating effective teams with employees of different knowledge.

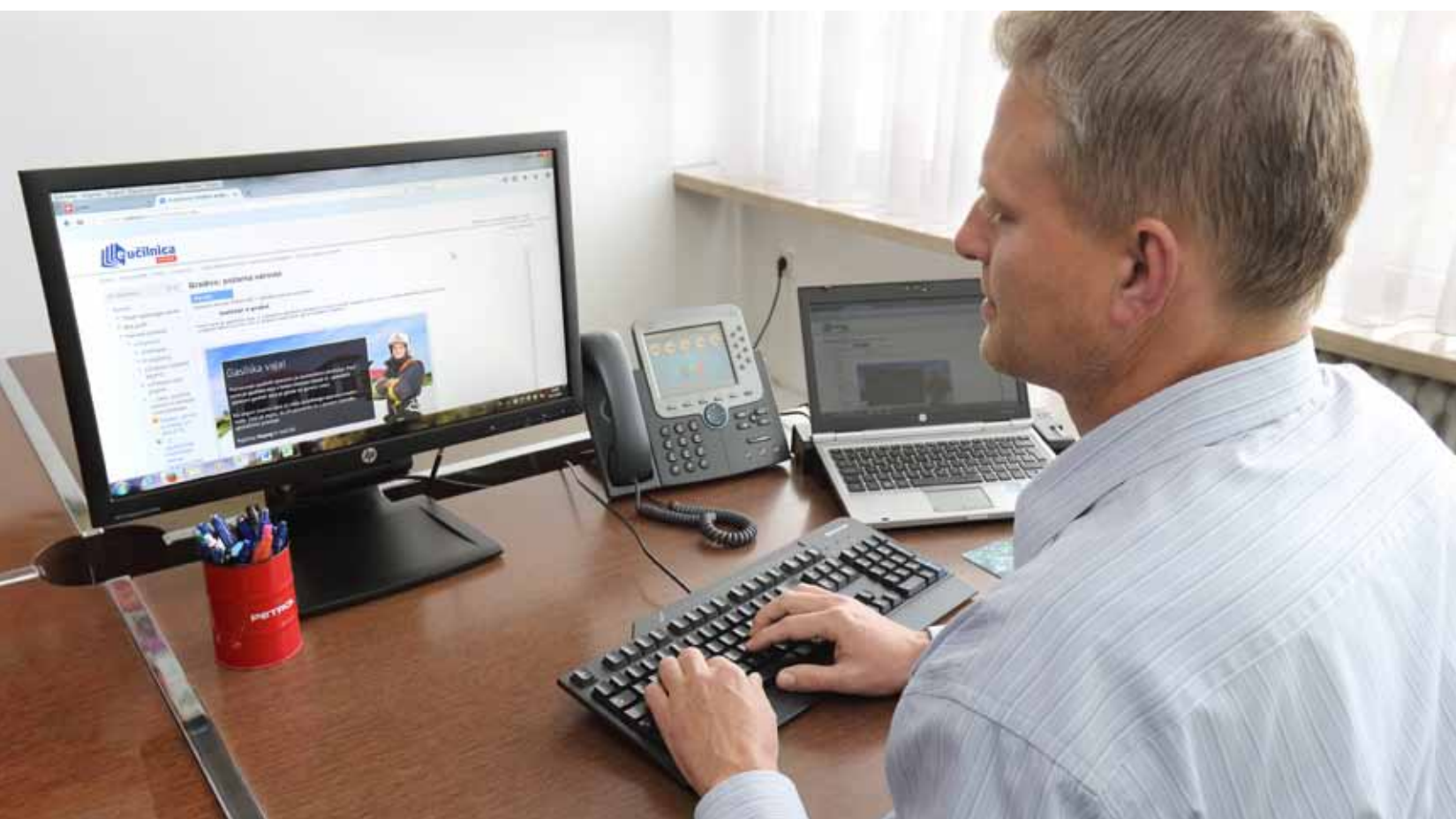
**70% OF THE
LEARNING
ACQUIRED
ALONG WITH
THE JOB**

E-learning

Petrol's e-classroom celebrated its second anniversary in 2016. In 2015 several e-courses took place in the e-classroom which were participated by totally 2,695 employees. In 2016 already 10,664 employees were involved in e-learning. Among them there were also some students working in car wash facilities. In two years we qualified 13,359 participants who were totally provided with 24,371 teaching hours or self-learning. All these employees were qualified for their jobs without any additional transport costs, which demonstrates our sustainable attitude.

Petrol's Business Academy

The second generation of Petrol's Business Academy participants finished their educational process in 2015. 26 young potentials were selected and involved in the third generation of the Business Academy in 2016.



In cooperation with some academic staff from the Faculty of Economics in Ljubljana we provide our participants with fundamental business and economic contents. In particular, the participants get acquainted with the business operations of Petrol Group represented by the management board, managers of individual organisational units and subsidiaries. A significant part of this educational programme includes also development of management skills and project work. The management board selects the best project work and the participants are rewarded with a final professional excursion. Petrol Group has already raised 75 young potentials who participated in this programme. One third of the participated employees have already been offered an opportunity to take more responsible jobs. We have also established Alumni Association for Petrol's Business Academy participants.

**122 EMPLOYEES WERE INVOLVED
IN THE MENTORING PROCESS IN
2016.**

MENTORS ARE HOLDERS
OF PETROL'S **VALUES** AND
ORGANISATIONAL CULTURE.

Mentoring

Mentoring in Petrol Group is considered as a target-oriented and systematic transfer of knowledge and experiences to younger and less-experienced work colleagues. Mentoring couples were for the first time identified in 2016, when the list of available educational programmes was prepared and the information platform to facilitate the work was offered. 122 employees were involved in the mentoring process in 2016. 55 mentors mentored 75 employees and 8 employees had both roles. This experience proved to be very positive, so we are going to offer the mentoring activity as one of several forms of employee development to more employees in Petrol Group.

In the mentoring process a mentoree acquires a new insight into their personal development and better knowledge of their potentials. Mentors are

**3,654 TEACHING HOURS FOR
DEVELOPING MANAGEMENT
SKILLS IN 2016**

holders of Petrol's values and organisational climate, so they are in position to directly encourage, guide and co-create new ideas of employees who are interested in gaining new knowledge. By doing so, mentors can raise Petrol's talents.

Development of Managers

With its less rigid organisational structure Petrol Group has opened the need for excellent managers or leaders at all levels of the company. With a systematic approach to developing management skills at all levels we are reducing the risk of company's management. By doing so, we can provide a long-term success for the company. For this reason, we have established a three-year programme specially designed for development of managers or leaders, which includes all managers up to the management level B-3.

In years 2015 and 2016 already 94 managers were included in this educational programme. 520 teaching hours were carried out in this programme in 2015, and the amount of such hours increased to 3,654 teaching hours in 2016. Individual lessons of business coaching are an integral part of the management programme up to B-2 management level, and they help transfer such skills into practice.



Project Management Academy

In 2016 we selected the candidates for project managers and prepared Project Management Academy Programme comprising 70 teaching hours. 10 future project managers were qualified in this programme, and they received certificates on their successful completion of the programme.

Butterfly Project

In 2016 we started the Butterfly project in order to establish a new concept of our staff development system in Petrol Group. The project is based on the company's strategy and its business objectives. It incorporates job segmentation and identification of competences, skills and special knowledge. Consequently, development programmes for employee development and their competences will be adjusted to this. It is expected to make better use of all employee potentials, reduce unwanted staff turnover, and to successfully and much faster employ the best staff for particular positions.

Great Idea

With the Great Idea project we would like to systematically encourage our employees to creative thinking and to function in an open area of innovations. All employees have an opportunity to contribute their ideas and suggestions to improvements, and to share their solutions that would motivate quality and intersectoral cooperation, and to additionally enhance the organisational climate of the company.

In 2016, the employees were for the eighth time invited to share their experiences, knowledge and intuitions to contribute to overall improvements within the company. We gathered more than 400 ideas that would increase the value, i.e. have impact on quality improvement of business performance and operation of processes, on reduction of operating costs, on increase in revenues, productivity, safety, ecology, work conditions and, finally, employee satisfaction.

Best Seller Competition

We are also looking for young potentials by organising the traditional Best Seller Competition. The competition includes a test of competitor's expertise and a practical test of a selling process before a panel of experts. Cooperation and good results from the competition are the basis for employee promotion; to assistant managers, managers or tenants of our shops.

Informatised Staffing

Staffing in Petrol Group is informatised, which means that every day more jobseekers enter this database. This is an indicator of desirability and reputation of the employer. Electronic procedures are faster and they save material resources.

Providing Equal Opportunities

Recruiting the right professionals for the right positions is of key importance to achieve our business objectives. In the selection process all candidates are given equal opportunities regardless their gender or any other circumstance. We have established our own database of candidates, which enables a faster and more efficient search for the right candidates. With continuous training and education we care for employee development, and at the same time a set of internal staff can be ensured. A high level of qualification allows the employees to find opportunities and challenges for new work areas inside Petrol Group just by using the published notice of internal vacancies.

One of the most respectful employers

For several years Petrol Group has been listed among top employers. In 2016 the portal Mojedelo.com awarded Petrol Group for being a reputable employer in the field of trade in Slovenia. We were also ranked among top 10 employers in Slovenia for investing in training and education of our employees. The company Petrol BH Oil Company d.o.o. received an award for being ranked among the first three most desired employers of the year in Bosnia and Herzegovina in the oil and gas sector.

Providing Scholarships

Petrol Group grants scholarships to students in such fields where specific special knowledge and skills will be required. This can thus ensure adequately educated young potentials in the long run, currently in the fields of the energy sector and mechanical engineering.

Hackathon

Hackathon is a new HR approach, an innovative business weekend where numerous youngsters have the opportunity to show their solutions to specific business issues of Petrol Group.

Petrol's Annual Interview with Employees

Petrol's annual interview with employees is an example of proven good business practice of management and corporate communication. In 2016 we continued with expansion of annual interviews to shop managers. Managers of subsidiaries were invited to choose employees doing the jobs where managers and work colleagues would benefit most from such annual interview.

Computer-aided system of annual interviews has enabled a regular real-time insight into individual phases of annual interviews, a quick analysis of educational needs, a review of individual development plans, wishes to career changes and plans for development of competences. The satisfaction survey has shown that the expectations in relation to the annual interview were entirely met for the majority of interviewed employees. In 2015 more than 754 employees and in 2016 already 943 employees were included in annual interviews.

Monitoring Job Performance and Remuneration

Performance orientation is the basis of Petrol's remuneration system. Salaries consist of a fixed and a variable part. In 2016 the system of monitoring job performance and employee remuneration was revised in corporative functions and named it Swallow. It is a system of quarterly setting individual goals where an employee and their superior discuss and agree on employee's quantitative goals

according to the system of balanced indicators. These include financial measures and also improvements of internal processes, learning and growth, and satisfaction of stakeholders. In this way we can maintain high quality standards even more directly and encourage the culture of job performance and employee commitment to work.

Commitment, Behaviour and Management of Corporate Culture

With our regular annual measurement of the organisational climate and with actions taken on the basis of the results of the organisational climate, systems of management and development, employee satisfaction and commitment we care for regular improvements of employee well-being and consequently for their productivity. Employee participation in the survey, which has been conducted since 2001, is regularly high and represented 70% of all employees in 2016. The survey comprised employees in the parent company, subsidiaries and in the service stations managed by Petrol. All measurement elements were rated high (see Table 7).

Table 7: The measurement of organisational climate, management systems and development, job satisfaction and the relationship between committed and actively not committed in the Petrol Group in the years 2014–2016

The Petrol Group	2014	2015	2016
Organisational climate (average)	3.7	3.9	3.9
Management and development systems (average)	3.6	3.8	3.8
Job satisfaction (average)	3.7	3.8	3.8
The ratio between committed and actively not committed	2.2 : 1	3.5 : 1	3.0 : 1



Voluntary Supplementary Pension Insurance

Voluntary Supplementary Pension Insurance of employees has been an integral part of Petrol's pay policy since 2002. Petrol's pay policy includes employees in the parent company, subsidiaries and in the service stations managed by Petrol in Slovenia.

Training of Subcontractors and Customers

Petrol Group pays special attention to training Petrol's subcontractors (students, transport providers, cleaners in points of sale) and customers. In 2016 we prepared various professional programmes for them, in which almost two thousand external workers were involved.

Occupational Health and Safety

All companies within Petrol Group have adopted safety statements with risk assessment. Our new processes and projects also include the latest developments and knowledge in the field of occupational safety and health, and we monitor the risks of potential accidents, injuries and health problems related to work. Risks are assessed periodically and safety measures are used to maintain them at an acceptable level. The working environment is constantly changing due to new developments and introduction of new technologies and procedures. Petrol Group is successfully following such changes by looking for solutions that are healthier and safer for employees.

All employees of Petrol Group are included in the programme framework of preventive health examinations. A special attention is paid to the employees with a reduced working capacity.

Workplace injuries

Injured and suddenly sick people are provided with first aid on the spot in accordance with up-to-date methods of first aid. First aid is provided to the injured and suddenly ill employee by adequately qualified staff. In 2015 there were 25 minor injuries recorded at the workplace. In the warehouse of petroleum products Rače, during the investment-maintenance works in the tanker filling station, a fatal accident happened when one of our contractual workers died. In 2016 there were only 14 minor injuries at the workplace; three persons were involved in a robbery and one person suffered a violent act caused by a third person.

Absenteeism

Age structure of employees influences the level of sick leave, which is varying in different subsidiaries. The use of working time is monitored for Petrol Group in Slovenia without points of sale (service stations) managed by Petrol (see Chart 14).

Medical examinations

We care for health of our employees, so we regularly provide preventive medical examinations of our employees. The frequency of such examinations depends on the requirements of each job profile and its nature. 40.7% of employees working for companies within Petrol Group were included in medical examinations in 2016. Namely, 1,129 medical examinations were performed in Petrol Group: 1,043 periodic examinations, 59 control examinations and 27 targeted examinations (see Table 8).

Chart 14: The employees' utilisation of working time in the Petrol Group in 2016

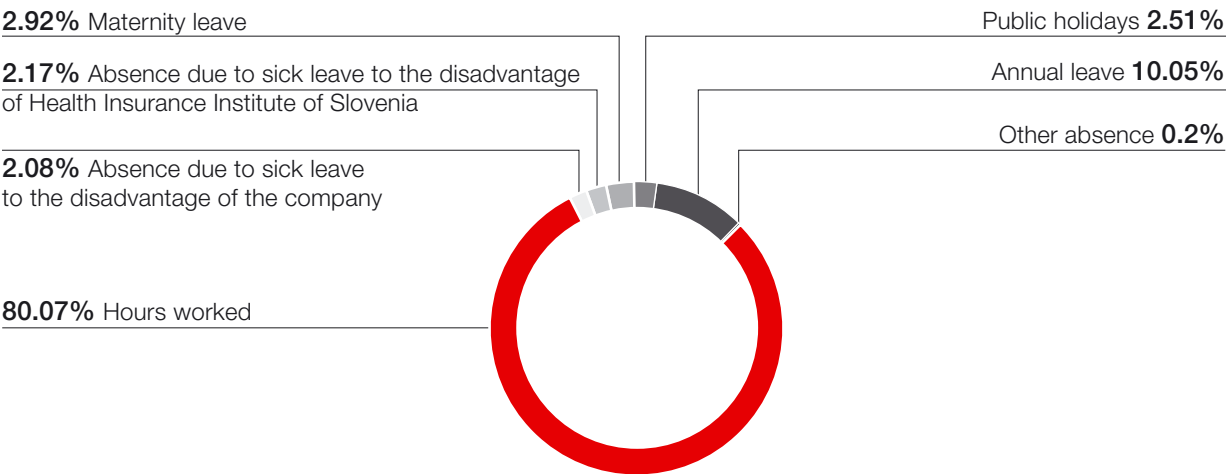


Table 8: Preventive medical examinations in the Petrol Group in Slovenia in the period 2015–2016

Year	Number of examinations	The proportion of examinations on the average number of employees (in %)
2015	periodic	869
	control	53
	targeted	10
	Total	932 34.2
2016	periodic	1,043
	control	59
	targeted	27
	Total	1,129 40.7

By April 2015, the company Eltec Petrol, d.o.o. is not included in the data. Since May 2015, the employees are incorporated in data of Petrol d.d, Ljubljana.

Code of Conduct

Code of Conduct was adopted in Petrol Group in order to prevent, eliminate and manage cases of violence, suffering, harassment and other forms of psychosocial risks occurring at the workplace. For the workplaces that are more exposed to any form of violence of a third party we ensure the arrangement of work and the work equipment that will reduce the risk of violence and enable access of help.

Internal communication

A major part of corporative internal communication within Petrol Group is realised by using the company's intranet channels: e-newsletters, e-mail, internal business and social network. The internal magazine is issued six times a year, and the e-newsletter Our energy (orig. Naša energija) is brought out up to twenty times a year.

Protection of Personal Data

As administrator of personal data of employees the company Petrol d.d., Ljubljana, ensures high standards in the field of privacy of both its employees and customers of different products. Compliance of administration of personal data is ensured by strict adherence to statutory requirements and internal acts. The company has established a 6-member commission for protection of personal data. The commission is empowered to control the implementation of individual provisions of the Rules on protection of personal data and information, compliance with the applicable legislation related to protection of personal data, care for compliance

of the Rules on protection of personal data and information with the applicable legislation and best practices, care for continuous improvements in respect of managing personal data. It is also empowered to give mandatory instructions.

Family and Employee Friendly Companye

Since 2010 we have been a holder of the basic Family-Friendly Certificate and since 2014 a holder of the full Family-Friendly Certificate. The company took 23 measures to facilitate the compliance of work and family obligations. The Active Holidays measure was realised in Kranjska Gora in 2015 and was attended by 37 children. In 2016 the Active Holiday took place in Bohinj and was attended by 34 children. In 2015 and 2016 the company distributed 167 packages to the employees having newborn babies, and 554 greeting cards on behalf of the company management board for employee's anniversaries.

Quality of Leisure Time

Petrol Group enables its employees to occupy their free time. We have several holiday facilities in Slovenia and Croatia where our families can spend their holidays. Each year we organise Petrol excursion, make a party to celebrate the coming New Year in December and the Father Frost visits Petrol's children each December. For almost 50 years we have also taken care of sports activities, recreation and other forms of employee socialisation. Employee's children are also invited to Petrol's winter and summer sporting events, where children receive special attention. We were also successful in organising Petrol's Family Day that was intended to learn about the history of the company Petrol in Bistra Technical Museum.

We organised different lectures for parents, workshops for children and guided tours in the museum where we learned about the 70-year-old history of our company, which helped strengthen our loyalty to and respect for Petrol's tradition.

Number of Discrimination Cases and Measures for their Elimination

There are no reported or detected cases of discrimination in our company. With our Code, education and training programmes and with overall endeavour to maintain corporate integrity we wish to raise employee awareness in the field of prevention of discrimination of any kind.

Sustainable Relations with Suppliers

IN 2015 AND 2016 NATIONAL MONITORING CONFIRMED FUEL COMPLIANCE IN ALL SAMPLES.

Sustainable business operations of Petrol Group incorporate a sustainable business activity of the entire supply chain. Variety and the span of the supplier network require gradual steps to achieve increasing sustainability goals. At the same time, we incorporate new business models, innovative and digital solutions, and strategic development

partnerships in relation to our suppliers. In this way we respond to global challenges of the future.

With carefully thought-through arrangements with our suppliers we respond to risks of various kinds, which are part of the international energy market. We have established good and solid partnerships with a wide range of suppliers. That

means we are steadily transferring our sustainability policy to them. We cherish any new cooperation in wish that such cooperation would gradually become a development partnership with a new value.

Excellence of fuel supplies

Excellence of fuel supplies in terms of delivery time, quality and prices is a cornerstone of our relations with suppliers. Fuel quality, determined by Petrol's purchase specifications, is checked upon its delivery in accordance with the quality control plan of products and raw materials. These specifications determine the types, quantity and the dynamics of performing such controls. The control plan is regularly updated considering the quality status of individual products and risk levels of factors that could affect the quality.

Biofuels

Biofuels are gradually replacing the conventional petroleum fuels. We follow global sustainable policies in order to meet regulatory requirements. Their purchase and distribution are subjected to even stricter quality control in the entire purchase and distribution chain.



Purchases of merchandise

Optimising purchase terms and conditions and provision of merchandise intended for sale and for adequate provision of services in service stations in Slovenia and in the SE European markets are the main objectives of the supply of merchandise. Along with our suppliers we constantly update the set of products available within our regular assortment which is relevant and attractive in each individual market. Special discounts are selected for products that are attractive to price sensitive customers as well as to customers who follow trends.

Building partnership in marketing our own brands

A part of Petrol's sales programme consists of products labelled under our own brands, which are to a certain extent developed in collaboration with our business partners and also suppliers. This strategic cooperation comprehensively cover all aspects of sustainability: product design, selection of raw materials, labelling and providing information to the public, dispatch of products to the end customer, the use and handling of packaging after the use of products. Our relations with our suppliers - producers of products of Petrol brands - are determined by Quality Delivery Agreement (abbr. QDA). The agreement comprises all key procedures which enable the company Petrol to check all aspects of compliance with the agreed policy to maintain quality of a product and a service.

In 2015 the production of one of relevant Petrol's products of its own brand Vitrex, agent for cleaning

windcreens, was expanded to a new producer in Croatia. A comprehensive inspection of production of this new producer was carried out, including its most vulnerable environmental aspects. The new production there only started after a complete adjustment of the production process to our requirements.

In 2016 we collaborated with the supplier Vendis when launching our own brand Ledena kava na poti (eng. Ice coffee to go) with the taste of vanilla. In cooperation with our supplier we prepared the product in compliance with the European directive on packaging and packaging waste, and with the European directive on indication of ingredients or possible allergens present in food.

Digitalisation of the business activity with suppliers and distributors

Digitalisation of Petrol's business activity contributes to a greater rationalisation in its purchase activity and to regulate the flow of documents, since relations with suppliers and distributors are electronically supported.

Delivery of merchandise to points of sale is performed either directly from suppliers or via warehouses, and delivery of virtual merchandise is performed via information applications. One of the constant activities within the process of purchasing merchandise is also stock optimisation in service stations and warehouses, and also some other logistics costs.

Sustainable Relations with Customers

Our customer is at the core of Petrol's business activity. In the future we are planning to upgrade our customer relations by offering an update with a multi-channel sales approach, so-called omnichannel. This is our strategic commitment which was reaffirmed by the Strategic Business Plan of Petrol Group for the period of 2016-2020. With a multi-branch system of traditional and digital points of sale we are able to satisfy the changing needs of our users and consumers for their safe and comfortable life, making journeys and performing their business operations. We offer simple, comprehensive, modern and reliable solutions. We are striving to provide excellent overall user experience and to increase the number of sold products per individual customer. We are aware of the fact that a sustainable low-carbon society requires a change of life patterns at all levels. For this reason, we are making common smart steps in dealing with the customers on their way to sustainable transformation.

Our customer satisfaction is monitored by a growing number of programmes including services

Satisfaction and loyalty of our customers have been systematically monitored since 1999. This is essential for sustainability of our customer relations and the business performance of Petrol Group. Set of programmes and services where customer sat-

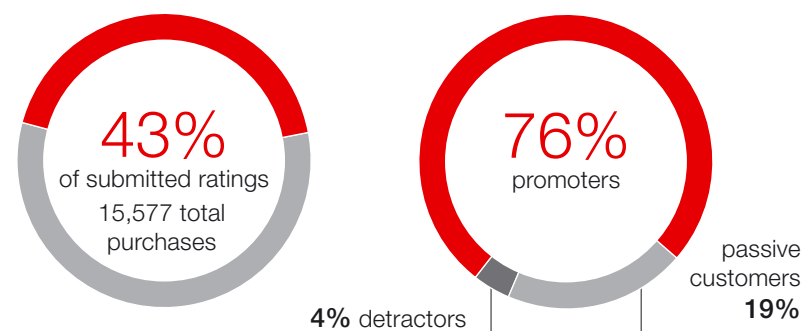
isfaction and loyalty have been monitored is being increasingly enlarged over the years (see Table 9).

Heads of individual sales programmes and sales representatives have prepared workshops intended for seeking opportunities of how to come closer to customer wishes, and action plans how to realise them.

We continuously assess our support processes

Our customer satisfaction is rated high, since we offer the right and good quality products and also an excellent service to our customers. This can be provided by our corporative and supportive organisational units of employees who are in fact no front-line employees, but for achieving a higher level of customer satisfaction these employees can also play a significant role. Since 2005 we have been monitoring the quality of corporative and supportive organisational units of Petrol Group by conducting the survey Measuring the quality of internal services. The survey conducted in 2016 included approximately 1,400 employees of Petrol Group. Managers of individual organisational units along with other employees take a look at the survey results and prepare action plans for improvements. In this way, we additionally raise awareness of importance of internal quality market, of a human factor as a significant factor affecting our business success and competitiveness, and the importance of improved internal communication.

»HOW LIKELY IT IS FOR YOU TO RECOMMEND THE ONLINE SHOP PETROL E-SHOP TO YOUR FRIENDS/ACQUAINTANCES/FAMILY?«



76% PROMOTERS - 4% DETRACTORS = 72 NET PROMOTER SCORE

Table 9: Customer satisfaction surveys

In 2015 and 2016 we measured customer satisfaction of:	The measurement results
• our customers at service stations;	More than 63,000 customers shared their opinion with us, more than 200,000 customers in total since 2011. Satisfaction indicators referring to the visit and the visited service station remained at a high level compared to previous years. Individual loyalty indicators referring to Petrol service stations have been improved.
• Petrol eShop customers*	76% of our Petrol eShop customers would recommend this online shop to their friends and acquaintances (infographics on page 50).
• our consumers buying electricity and natural gas*	97% of our customers buying electricity from us did not have any troubles last year, only one third of those who had troubles with that contacted us. Proportion of customers who buy natural gas from us is even lower.
• our wholesale customers buying industrial lubricants, automotive products, automotives, diesel fuels, chemical products and heating oil, biomass and LPG	The two indicators were improved; the willingness to restart the cooperation with Petrol and the willingness to recommend Petrol to others. However, satisfaction remained at the same level compared to the previous measurements.
• Fresh customers	The highest rated customer satisfaction referred to the quality and freshness of products there.
• customers in the two service stations where its sales programme updated and improved at the end of 2015	The renovation of the points of sale was perceived by 80% of our customers.

* Continuous measurements

The fewer complaints, the shorter time for problem-solving

Customer satisfaction is strongly affected by their expectations, which is closely related to the quality of merchandise and services. High quality of merchandise and services is one of the main commitments of our business operations. For this reason, any customer complaint or dissatisfaction is carefully considered by Petrol. Effective dealing with complaints is one of the major factors which favourably influence our customer satisfaction and loyalty in the long run, and it also consequently affects company's goodwill and reputation. A uniform system of capturing and managing complaints, which was introduced in 2013, incorporates all communication portals. In this way, resolving complaints became more effective and customer friendly. This IT-supported system is constantly updated.

Between 2013 and 2016 the number of complaints fell by 18%, and the average time for resolving complaints was reduced by 22%. It is our goal to shorten the average time of resolving complaints by 30% by the year 2020 in comparison with the year 2016.

The number and the types of public complaints in relation to Petrol's operations and its handling customers

Public complaints are received by using various systems, in particular Povej Petrolu (eng. Tell Petrol) and via the system of receiving complaints. Complaints are classified according to their content (f.e. service stations, energy resources, Petrol Club, etc.) We respond to all complaints and at the same time we measure their response time.

Product quality certificates

Our information system enables a well-ordered system of automatic production of fuel quality certificates and certificates on the quality of chemical products. Certificates on fuel quality are generated automatically on the basis of lab reports from our accredited laboratory. The system enables work time optimisation and adequate traceability of products.

By using our own application and the international Nabisy system we issue traceable sustainable certificates for biofuels intended for the European market.

22% SHORTER AVERAGE TIME OF RESOLVING COMPLAINTS IN THE PERIOD 2013–2016

A comprehensive and uniform approach to customers

We developing and establish a comprehensive and uniform approach to our customers (omnichannel) via all communication and sales channels of Petrol Group. In the forefront of this approach are excellent user experience and the search for efficient answers to increasingly complex requirements of contemporary consumers. The omnichannel strategy is the basis for acquiring new generations of customers with tailor-made solutions for them. By making innovative approaches to customers we are at the same time changing and upgrading our internal processes of operations.

Call centre - a new sales channel

In 2015 and 2016 we made some great development steps by redeveloping Petrol's call centre into a new sales channel. Our call centre provides information related to the overall Petrol's sales programme, accepts heating oil and LPG orders, provides information and support in terms of customer loyalty and credit card payments, electricity, natural gas, heat and electromobility. We accept and resolve complaints, actively cooperate in the field of sales promotions, offer support in our online shop, and cooperate in the field of our communication with social media.

Our phone communication has become standardised. We started with sales campaigns, active telemarketing and an upgrade and digitalisation of communication channels to consumers. We are now developing a modern, customer-oriented contact centre which is going to provide quality care for our customers, their wishes and needs all in one place.

Product labelling

Petrol Group offers a wide range of products under its own brands in its sales programme, and each year we add some new products. All products must

be properly labelled in order to facilitate customers' buying decision, to recognise their advantages and to be warned against any potential dangers. A lot of attention is put to labelling hazardous and non-hazardous chemicals that are sold under our own brand (f.e. Vitrex, Bencin Plus, etc.), to labelling food under our own brands (Tea to go, Q energy drink, Fresh water, etc.) and to labelling allergens in non-prepacked food in shops. It is our goal to



label all our chemical products in compliance with the CLP directive by 1 June 2017 (CLP is abbreviation for classification, labelling and packaging of hazardous chemicals).

e-FRESH orders

In cooperation with our external partners we established, at the end of 2015, the availability of e-ordering of FRESH products via our web site. Customers can order and select the location and the time to collect their desired product while being underway. So, we accelerated the buying processes, reduced unnecessary queues and increased customer satisfaction. In the future we are planning to upgrade the idea by offering the availability of ordering and collecting a wider set of products and also by paying for them via our online application, and that will speed up the buying process and reduce queues in our shops.

OUR GOALS BY 2020:

- Expansion of convenience stores with the extended range of products and introduction of shops without offering fuels;
- Purchase of our own mobile unit FRESH;
- Upgrade of e-FRESH with the availability of ordering a wider set of merchandise and making payment via our online application.

SALES PROGRAMME IN SERVICE STATIONS WAS UPGRADED IN 2015 AND 2016:

- We started introducing convenience stores with extended range of products;
- A line of fresh fruit and vegetables was introduced for sale in service stations;
- Our customers are offered to order e-Fresh.

Safe and correct fuel use

Safe, and above all, correct fuel use depends also on customer awareness and the information they have. Upon emergence of new sorts of fuel (bio-fuels, liquefied or natural gas, etc.), upgrade of the existing fuels (containing additives) and the emergence of new motor technologies (new systems of cleaning the exhaust) the availability of up-to-date information referring to such novelties has become more interesting or even necessary for customers. We are aware of that fact. A lot of information of such kind is provided to our customers through our sales staff in points of sale. In 2015 and 2016 several topical trainings were organised for our employees with a special emphasis on particularities of the use of biofuels and also the right use of diesel fuels in the winter period. Safety and uninterrupted use of these fuels namely depend also on the right choice of fuel and following the recommendations

that are based on experiences and cases of good practice. By proactive handling and raising awareness of customers we managed to contribute to significant reduction of such problems, and we are going to continue with this kind of practice in the future and also to incorporate up-to-date methods in our communication system with customers (via mobile applications).

Additional after-sales activities

Within the segment Energy solutions for home and small business entities, and the financial offer providing multi-annual funding of environment-friendly heating and cooling systems, we also provide our customers with additional after-sales services, such as service activities, extended warranty, insurance and smart management, and control of operations.

POINT OF SALES IN OUR SERVICE STATIONS

End of 2015 two convenience stores with the extended sales programme were opened within the service stations Ljubljana, Litijska Street, and Kranj, Staneta Žagarja 65. Both shops are located in a populated residential area and are intended for nearby residents who can go there on foot. The prices are set according to the commercial scale, and the merchandise offered is comparable to other self-service shops. Because of a bigger number of products offered in shops, the shop shelves

are slightly higher. These shops also offer FRESH sales programme, and their sales counters are adjusted to bigger purchases. The advantages of such shops are, above all, microlocation and the opening hours, which allow a fast and convenient purchase.

In the future we are going to expand convenience stores in several points of sale, which will be organised as independent shops without offering fuels.



Centre of energy solutions - a partner in provision of energy efficiency and savings

GIZ CER, Economic Interest Association, Centre of Energy Solutions, strengthened its operations in the field of energy efficiency in facilities and it expanded its activities to the field of sustainable forms of mobility.

We launched the new brand Petrol Energy Centre, which is according to its market share in 2016 the biggest Slovenian trader of geothermal heat pumps. With added value of multi-annual funding of energy solutions for homes without requiring down payment and paying interest we have come closer to all Slovenian households. In the last 4 months of 2016 the sale of energy solutions packages increased by 144 percent compared to the same period in 2015.

In five years of the centre's operations we have enabled healthier and environment-friendlier residence to more than 2,600 Slovenian households. In the

last months of 2016 the transfer of good practice started also in other Slovenian regions, and Counselling Energy Centre was established in Ravne na Koroškem and Hrastnik.

Our operations were expanded to the transport centre. Since 40% of all energy in Slovenia is used in traffic, GZ CER established Section of Sustainable Mobility for the support to the Slovenian society in its transition to a low-carbon and carbon-free society. This Section coordinates the operation of different agents: from manufacturers of motor vehicles, equipment and infrastructure to governmental and local authorities, representatives of economy, experts in various scientific fields, development and other institutes. This section covers more than 20% of the national GDP and it ensures support and help to achieving business and other important objectives of the wider society.



In cooperation with its partners in 2016, GIZ CER successfully applied for a tender to prepare a study on sustainable mobility for the Ministry of the Environment, which will be the basis to prepare a national strategy.

OBJECTIVES IN 2020:

- To encourage energy efficient construction and rehabilitation of inefficient facilities in terms of their energy use
- Provision of self-sufficiency with renewable energy
- Expansion of green energy use to households in the SE Europe

Customer data protection

Petrol Group ensures protection of personal data by specifying the method of data processing, the purpose of data processing, the legal basis for data processing, the administrator of personal data, the person in charge of data protection, authorised persons, and users of personal data.

Software designed for keeping records may only be used by authorised employees. Access to records is protected by a system of authorisation and identification of its users. To protect hardware and software used for keeping records we apply the Rules

ACCESS TO RECORDS IS PROTECTED BY A SYSTEM OF AUTHORISATION AND IDENTIFICATION OF ITS USERS.

on personal data protection and also provisions of some internal acts on protection of confidential data, business and private ones, the data on managing information security and protection of documents in Petrol Group.

Complaints due to violation of privacy

In the current practice of Petrol Group there has been no entitlement to customer complaint referring to failure to protect personal data of any kind. There has been no case or complaint of breaching privacy of our customers, and also no personal data were transmitted to any unauthorised person or were lost without control. Any eventual complaints are addressed by the Commission for the protection of personal data in compliance with the internal acts.

Information security

We are paying increasing attention to information security, since safety is the basis of trust. We have replaced the old central computer with a new one, updated our security systems in our data centre. We have prepared and performed e-learning in the field of information security, and prepared all that was necessary for implementation of e-courses in all companies within Petrol Group, since it is our goal to raise awareness of this particular area within the entire Petrol Group.

IN THE CURRENT PRACTICE OF PETROL GROUP THERE HAS BEEN NO ENTITLEMENT TO CUSTOMER COMPLAINT REFERRING TO FAILURE TO PROTECT PERSONAL DATA.



Uroš Mesojedec,

Sales Director, Petrol d.d., Ljubljana

In search of answering the question of how to approach to our customer even more, we decided to take a deep look into ourselves. By doing so, we have reorganised the entire Petrol's sales pillar. Our goal is clear: to provide our customers with all they need, regardless of which sales channel they use. This is the way how to provide the comprehensive user experience with high added value. Our sales activities are considered a living thing or a process that will constantly be harmonised and optimised in terms of its organisation. Even more importantly, by creating growth we will also provide new jobs and recruit new staff.

Relations with Investors

The company Petrol d.d., Ljubljana regularly cooperates with domestic and foreign investors which comprises public announcements, individual meetings and presentations, and public presentations of the company. We attend conferences designed for investors which are annually organised by stock exchanges, brokerage houses and banks.

In 2015 and 2016 we participated in:

- the joint investor conference of Ljubljana Stock Exchange and Zagreb Stock Exchange in Zagreb (May, 2015),
- the event Investors' Day organised by InterCapital also taking place in Zagreb (September, 2015)
- the conference organised by Erste Group in Stegersbach in Austria and the conference in Bukarest (October, 2015).
- the conference organised by Belgrade Stock Exchange in Belgrade and the conference organised by Ljubljana Stock Exchange in Ljubljana (November 2015),
- the conference in Prague organised by the investment company Wood & Company (December 2015)
- the investor conference organised by InterCapital and Goldman Sachs in London (March, 2016),
- the joint investor conference of Ljubljana Stock Exchange and Zagreb Stock Exchange in Zagreb (May, 2016),

- the conference organised by Erste Group in Stegersbach in Austria (October, 2016),
- the conferences organised by Belgrade Stock Exchange in Belgrade, by Ljubljana Stock Exchange organised in Ljubljana, and Fime taking place in London (November, 2016), and
- the conference in Prague organised by the investment company Wood & Company (December 2016).

We had several individual meetings with domestic and foreign investors. 24.9% of all Petrol Group shares were owned by foreign legal and natural persons on 31st December 2016. This proportion increased by 4% compared to the end of 2015, and it increased by 4.9% compared to the end of 2014.

In December 2016 Ljubljana Stock Exchange conferred the awards to best listed companies and their members being active in the equity market in the period from 1st December 2015 to 30th November 2016. Petrol Group received two awards: the Prime Market Share with the Highest Increase in Turnover and the Prime Market Share of the Year.

All information for investors, including the financial calendar, is available on the website of the company Petrol and in the information system of Ljubljana Stock Exchange SEOnet. The contact person in charge of relations with investors is Barbara Jama Živalič (investor.relations@petrol.si).



Relations with Professionals and Other Public

Development potential and diversified stakeholders are the cause of lively communication of Petrol Group at all the levels. A great number of highly qualified staff expands its knowledge outside the company on various occasions such as business meetings and educational events. Such staff provides various professional initiatives and cooperates in research and development projects. We are increasingly open to new cooperation models with public, f.e. the Hackathon case.

Lectures delivered by experts

Petrol's engineers deliver various lectures by presenting their professional contributions in terms of development of smart cities, energy solutions for industry and households, water distribution systems, public lighting, district heating, energy management of facilities, and business models such as energy contracting and public-private partnerships. They organise seminars for project designers and maintenance of energy systems, and give lectures in the programme of European energy managers. Petrol's professionals are holders of development activities in the field of fuels across Slovenia. Experiences and knowledge in this particular field are actively transferred to the users and professional public in the field of conventional and also alternative fuels. In the last five years Petrol has appeared in public as a proactive interlocutor speaking about corporate integrity and ethics in business operations and risk management. We are active members of several professional associations where we expand our knowledge and share new ideas for changes.

System initiatives

The process of ensuring safety and the process of quality and service management are the two key processes being carried out within the support function of the organisational unit Sustainable development, quality and safety. Both management processes often require a search more efficient solutions. One of such challenges is the provision of adequate samples of representativeness under conditions of changed manners in terms of han-



dling of fuels, where it is necessary to comply with the applicable standards as wells as safety aspects of sampling.

A change of the method of filling or pouring fuel out of tankers, i.e. motor vehicles (fuel pouring at the lower part of vehicles) influences today the availability of taking fuel samples. For this reason, a suggestion appeared to explore new and more efficient ways of taking fuel samples. These must comply with new conditions for handling of fuels in terms of all forms of fuel transport (road tankers, railway transport, etc.). Changes in this area are necessary for safety reasons and protecting performers of sampling, and also for ensuring adequate representativeness of taken samples.

The project has already been in progress, and some new sampling methods are currently being checked. The project results shall mean a new added value for all performers of control processes, and also for customers of such services. Since this is quite a complex issue associated with many established standardised sampling methods in the field of petroleum products, the search and implementation of new solutions will certainly be a long process. Petrol Group has already established new rules and improvements to ensure greater safety in the process of sampling, which is part of Petrol's quality system.

Some system suggestions were also given in the fields of installation and maintenance of facilities and equipment, and also in the fields of technical guidelines, fire safety and explosion prevention.

■ SYMPOSIUM ON PETROLEUM LABORATORIES OF THE REGION

Petrol d.d., Ljubljana was the organiser and sponsor of the 5th Symposium on petroleum laboratories of the region. Companies operating in the fields of production, distribution or control of petroleum products in a particular country may volunteer for organising such event. The two-day symposium took place in May 2016 in Ljubljana and was attended by record 55 participants from 9 countries. The participants represented 17 organisations operating in the field of control of petroleum products. After the official end of the symposium a visit of Petrol laboratory was organised.

■ DEVELOPMENT OF GREEN TECHNOLOGIES

In cooperation with research and development partners (University of Maribor, Jožef Stefan Institute, Solvera Lynx, d.d., Sij-Metal Ravne, d.o.o., Municipality Ravne na Koroškem) Petrol Energetika started in 2016 with activities of technology development of water processing, fibres (pulp) for paper production and waste sludge, and a prototype of drying system with immediate use of the heat obtained from flue gases.

The objectives of the programme follow the concepts of closing material channels and focusing more on development of advanced products in the entire circuit:

1. Evaluation of the potential and development of new products from biomass;
2. Development of advanced and multifunctional materials with integrated nanocellulose and environmentally accepted additives;
3. Development of products with a greater proportion of bio-based components and with improved product functionalities.

■ COOPERATION IN STRATEGIC DEVELOPMENT AND INNOVATION PARTNERSHIPS

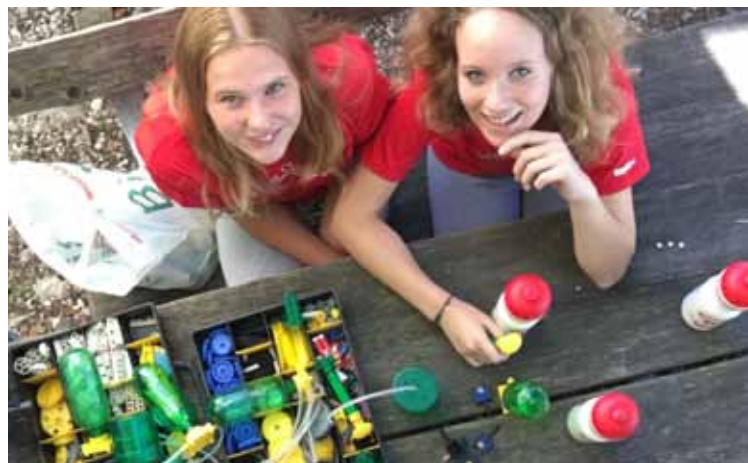
Slovenia's Smart Specialisation Strategy (S4) is a key implementing document of the government of the RS in the field of innovativeness, and it represents the base to guide its development policy. The Strategic Development-Innovation Partnerships (orig. SRIP) represents a central institutional form at the level 9 of the areas of use. Petrol d.d., Ljubljana is taking part in the following priority areas:

1. Smart cities and communities;
2. Smart buildings and households;
3. Grids in transition to a circular economy;
4. Mobility: transition from developing individual components and materials to the development of integrated solutions that consist of most complex products with high added value, which are energy and material efficient and correspond to most demanding technical standards.

■ LINK WITH THE RESEARCH SPHERE

Petrol d.d., Ljubljana has successfully applied in a consortium of 19 partners for the public tender 'Encouraging implementation of research and development programmes (TRL3-6)', issued by the Ministry of Education, Science and Sport of the RS, priority area S4 - Grids for the transition into a circular economy, with the programme Exploitation of biomass potential for development of advanced materials and bio-based products.

We are participating in the two R&D projects: Development of Technologies for Energy Use of End-of-Waste Materials and Development of Prototypes for Energy Use of End-of-Waste Materials. The programme is designed for the period 2016–2020.



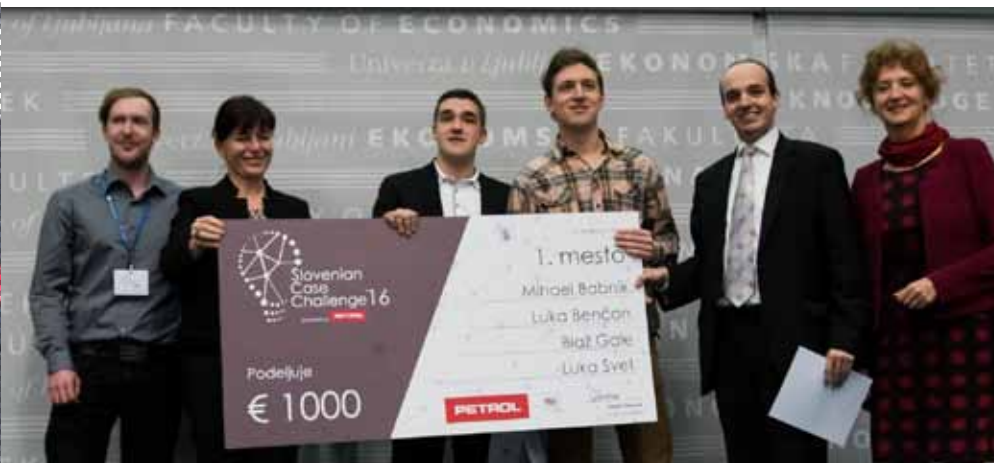
■ OPEN DOORS

Petrol laboratory is attractive to a variety of target public. In 2015 and 2016 the laboratory hosted the participants of the 2. Generation of Petrol Academy, two groups of foreign students during their student exchange programme Tribos at the Faculty of Mechanical Engineering in Ljubljana and other students and participants.

Within the programme Active Holiday Petrol's experts deliver presentations on efficient energy use, renewable energy sources, chemical experiments, the position of shop assistant, and some other similar topics. During the Open Day also family members of our employees may participate in regular fire fighter trainings, where they learn about this position, its role and how the evacuation drill is performed.

■ CLIMATE LAUNCHPAD COMPETITION

Climate Launchpad, the international green business idea competition on tackling consequences of climate change, was in 2016 attended by 30 countries that totally contributed over 700 innovative business ideas. Petrol provided the support of the national competition, which was for Slovenia organised by Centre of Excellence for Low-Carbon Technologies. Six projects competed in the Slovenian final and were assessed by the committee of experts, consisted of members from Technology Park Ljubljana, the companies Inea and Petrol. The evaluation criteria of assessing the projects comprised business and market potentials, social impact with the potential of creating new workplaces, and innovation and technology criteria with their impact on reduction of climate change. The first place in Slovenia won a project with the idea of a heating system which is based on cost-effective electrolytic generator.



■ HACKATHON: ON THE GO

Petrol's innovative weekend, Petrol's business Hackathon, was organised in October 2016 in cooperation with ABC Accelerator Slovenia. The Hackathon's challenge was Petrol's new mobile application On the go (orig. Na poti). The challenge was to think as users, what users want, need or suggest that should be provided by Petrol Group to their users on the go by using their mobile application. 12 teams consisting of students, Petrol users of all generations, employees and secondary school students tackled the challenge to work on the issue. Their shared ideas can be divided into 4 major modules: healthy diet, chatbots, mobility/car sharing and online sale / sales basket. The team that convinced the jury best was the team 5&Roll, which was awarded with 1,500 euros and with the opportunity to cooperate with the ABC programme for corporations.

■ STUDENT PROJECT SLOVENIAN CASE CHALLENGE

Petrol participated as the main sponsor of the non-profit project Slovenian Case Challenge, organised by the Faculty of Economics in Ljubljana. The project is a competition among students coming from different faculties and study areas intended to solve business problems of some companies that offer young generations an opportunity to gain practical knowledge by solving real challenges. Petrol chose for the business challenges the following question: What do customers think about sustainable operations of Petrol Group? The business challenge for students was to select methodology and prepare market research with sustainable contents in terms of end customers of Petrol Group.



We Are Living Together

Care for responsibility to people and the place where we work and live is one of our core values. Petrol Group endeavours to be strongly involved in the social environment. By investing in the social environment we are strengthening our good relations with several different audiences in the long run. Petrol Group arranges sponsorship (Team Petrol), donations (Our energy binds - orig. Naša energija povezuje), corporative (We give back to the company - orig. Vračamo družbi), humanitarian (Donate energy for life - orig. Daruj energijo za življenje), hosting (Press conference of the sponsored persons) and other similar events to support the company's overall sales and reputation (see

Table 10). Among the biggest sponsorships is our cooperation with the Slovenian Olympic Committee (the Olympic teams and the Sport of Youth in collaboration with the Institute of Sports) and with associations at the level of national sports teams: skiing (alpine, biathlon, snowboarding), football, handball, basketball and tennis teams. We also sponsor individual Slovenian clubs, and are a personal sponsor of the most recognisable and prospective athletes and also a sponsor for sporting, professional and cultural events. We cooperate with Ljubljana Festival, Lent Festival in Maribor and Cankarjev dom in Ljubljana.

Table 10: Sponsorships and donations of the Petrol Group and the company Petrol d.d., Ljubljana (in EUR)

	Year 2013	Year 2014	Year 2015	Year 2016
Petrol Group	1,715,465	1,392,051	1,586,653	1,694,914
Petrol d.d., Ljubljana	1,438,564	1,153,821	1,475,126	1,535,643

Funds intended for individual sponsorships, are principally repaid by activating sponsorships and

advertising our brands by the use of the sponsored persons.



We encourage cycling - sustainable mobility

In 2016 the company upgraded its cycling market segment with the aim of increasing the sale of cycling products in our shops and increasing a healthy lifestyle of our employees (the cycling relay). The central point of our cycling activities were the new online portal www.skolesinapoti.si and the new brand using the same name.

A new digital platform

From the sales perspectives it was significant for the company to establish a new digital platform www.valenergije.com in 2016, to provide the sale of the Olympic cheerleaders' collection Rio 2016 and the sale of tickets for some most prominent and publicised events where the sale of tickets arises from sponsorship cooperation, f.e. Mamma Mia (in two years over 100,000 visitors), Planica and some other events.

Support of humanitarian projects

The majority of our donation funds are designed for humanitarian projects performed by non-profit organisations. For the sixth consecutive year we organised and carried out two major humanitarian campaigns: Donate energy for life and Our energy binds, within which 300,000 euros have been donated so far.



Events for internal and general public

We regularly organise events for internal and general public:

- for internal public: business conferences, Petrol Academy, sports games, holiday gatherings of Employees, a Petrol excursion, Family friendly company, Being healthy in Petrol;
- for external public: meetings with business partners, VIP events, sponsorship and promotional events, participation in conferences, Pre New Year's events, openings of new facilities, etc.;
- corporative events: events connected with humanitarian projects and blood donations Donate energy for life.

Donate energy for life

With our project Donate energy for life we have been encouraging active blood donations in Slovenia since 2011, particularly among the youth. We have established the website www.daruj-kri.si, which is updated every day displaying the state of current blood stock and the needs for blood according to different blood groups in all transfusion centres around Slovenia. Everyone can immediately find out which location in Slovenia is running out of blood supplies and of which blood group. In 2016 our blood donation website was updated and improved with published personal statements of some exceptional blood donors.



Our energy binds

Our energy binds is a charity project which helps our citizens in need at the local level. For this project several funds are intended, which would otherwise be allocated for business gifts. At the same time we also invited our work colleagues from service stations to this project. They were encouraged to donate personal funds and their idea of a humanitarian project within which their donated funds could be maximally utilised for citizens in need in their local environment. We contributed 200 euros to each selected humanitarian project. We always pay attention that the recipients of humanitarian funds are really eligible for donation assistance. Our awareness of the importance of providing help at the place where we live has considerably strengthened so far.

Also affiliation of our work colleagues to corporate values has strengthened, just because we have jointly put them into practice.

Being healthy in Petrol

Occupational health promotion is related to investing in joint efforts of employers, employees and the society to improve health and well-being of employees. The main purpose of the project Being healthy in Petrol, as the design of the health promotion programme, is to improve the integrated approach to the health of employees in Petrol Group as well as of our customers. With this project we wish to have positive influence on how our employees and customers perceive health and its related activities.



300,000 euros HAVE BEEN DONATED WITHIN OUR TWO MAJOR HUMANITARIAN CAMPAIGNS: DONATE ENERGY FOR LIFE AND OUR ENERGY BINDS.

OUR AWARENESS OF THE IMPORTANCE OF PROVIDING HELP AT THE PLACE WHERE WE LIVE HAS CONSIDERABLY STRENGTHENED SO FAR.

In 2016 the programme Bike to go was initiated, which was, among others, promoted by the organisation of Petrol's cycling trail, and this event was attended by 38 Petrol's employees. The cycling trail was a 1,000 kilometres long relay event which was cycled in 48 hours in total.

We give back to the company

We give back to the company is a project of corporate volunteering that has been organised since 2014. Each year we organise 5 selected volunteer activities which we find through the channel Slovenian Philanthropy. In 2016 the project was attended by 42 employees who, under Petrol sponsorship,

devoted 84 work hours within their project activities, and additionally 126 hours during their free time. Totally they devoted 210 hours to painting children's rooms in the Youth Centre of Malči Beličeva, painting of the central living space of the association Altra in Prevalje, which takes care of people with mental disorders, to sport socialisation with unaccompanied minors living in the residential hall for secondary school students Nova Gorica, going for a walk with the elderly from Poljčane Nursery Home, and they also devoted their time to being a driver for one day in Zavod Sopotniki, the association that helps senior citizens by providing them free transport.



MSc. Aleksander Salkič,

Director of Corporate Communication, Petrol d.d., Ljubljana

Social responsibility in Petrol Group has long been considered not only as individual projects for the benefit of the wider community, but more as a movement with its sincere and long-term mission. With our support to socially vulnerable groups, building social bridges and with incentives to achieve surpluses we are pushing the boundaries of what is possible. Petrol Group is opening new space for hope, achievements, solidarity and success in all areas. And we will do that even more in the future, since a growing number of individuals and organisations who share the same good energy of life with us are joining in our mission. For life.



Petrol And Natural Environment

Sustainability as the Foundation of a Business Concept

MUMESCO (MULTI UTILITY, MOBILITY AND ENVIRONMENTAL SERVICE COMPANY)

Sustainability values strategically direct all of Petrol's policies concerning business and business decisions. Petrol's unique MUMESCO (Multi Utility, Mobility and Environmental Service Company) business concept is also based on it. This is an upgrade of the terms MUSCo (Multi Utility Service Company) and ESCo (Energy Service Company), describing the energy company of the future. As the largest Slovenian energy company and one of the biggest Slovenian trading companies with an important role in the wider region, the Petrol Group aims to carry out its mission with the smallest ecological footprint possible. This is our firm commitment, which is annually confirmed by concrete goals and results. In accordance with the challenges of our time, we have developed a range of comprehensive solutions in the field of energy, infrastructure, objects, environment and mobility. As a so-called MUMESCO company, we contribute to the development of regions, municipalities, the public and service sector, industry and households in Slovenia and the wider region. We invest in projects, covering the area of energy efficiency and renewable energy sources, and guarantee savings in energy and water. Our solutions range from energy production, distribution and supply. Their efficiency is attained by the optimisation of all the systems of distribution, activity and control of the use of energy. The business operation of the Petrol Group is based on meeting high standards. Next to the certified systems of quality management and energy management, the integrated management system includes the requirements from the HACCP food safety management system, the OHSAS occupational health and safety advisory system and the information security system according to the SIST ISO 27001 standard (see Table 11).

IN 2016, THE SYSTEM OF ENERGY MANAGEMENT ACCORDING TO THE **ISO 50001** STANDARD WAS INTEGRATED INTO THE SYSTEM OF QUALITY.

In 2016, the system of energy management according to the ISO 50001 standard was integrated into the system of quality. This shows our systematic approach to constant improvements in the field of energy management and the commitment of the group to sustainable development. The system enables us to monitor the indicators of the energy efficiency of the company, the control of energy measures that were carried out, and promotes the activity of employees in the efficient use of energy and renewable energy sources. The Petrol Group's system of energy management includes processes of oil trade activities, processes concerning energy and the environment, as well as Petrol's energy and environmental solutions for our customers. In March 2016, Petrol was awarded the OHSAS 18001 certificate for the system of occupational health and safety, for overall solutions in the fields of remote and energy systems, water systems, effective lighting and the energy management of facilities. In 2016, we adapted the management system of quality to the requirements of the new issue of the ISO 9001 standard: 2015.

The environmental aspects of our sustainable development are measured and managed by indicators that reflect the ecological footprint of our own activities (service stations, storage facilities for petroleum products and liquefied petroleum gas (LPG), treatment plants, biogas plants, business facilities, etc.), and with indicators that talk about the contribution of our activities towards the footprints of other segments of the wider public. The monitoring of wastewaters, air emissions, noise sources, leak detection in reservoirs and fuel quality is carried out on a regular basis. We also perform monitoring of the treatment of biodegradable waste and waste assessment. To monitor the operation and management of biological processes in treatment plants and biogas plants, we perform daily measurements of individual parameters, which ensure successful process control and the possibility of reducing environmental burden.

Our strategic sustainable indicators are measured and managed annually. The assessment of environmental aspects is carried out by professionals from different fields within the Petrol Group. The as-

essment takes place at least every three years or when significant legislation or environmental policy changes occur, or when the opinion of the inter-

ested public has changed. We work closely with our suppliers and contractual partners in managing significant environmental aspects and indicators.

Table 11: Overview of certificates and laboratory accreditations

Company	Quality management system	Environmental management	Energy management system	Laboratory accreditations	Other certificates
Petrol d.d., Ljubljana	ISO 9001: 2008	ISO 14001: 2004	ISO 50001: 2011	SIST EN ISO/IEC 17025: 2012 SIST EN ISO/IEC 17020: 2012	OHSAS 18001 POR*, FSC** AEO***
Petrol Energetika d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/	/	
Petrol d.o.o.	ISO 9001: 2015	ISO 14001: 2004	/	/	
Petrol Geoterm d.o.o.	ISO 9001: 2008	/	/	/	
Beogas d.o.o.	ISO 9001: 2008	/	/	/	

* Based on the Report on the Implementation of the Responsible Care Global Charter Commitments, Petrol d.d., Ljubljana was awarded a Responsible Care Certificate for its activities relating to storage, logistics and retail network of service stations in Slovenia and granted the right to use the initiative's logo.

** Petrol d.d., Ljubljana is a holder of an FSC Certificate for the production of wood chips used for heat generation. The FSC Certificate, which is issued by an international NGO called the Forest Stewardship Council, promotes environmentally appropriate, socially beneficial and economically viable management of forests.

*** Certificate AEO facilitates access to customs simplifications, less physical inspections and documentation reviews, preferential treatment in the case of the checks, choice space for such controls and the possibility of prior notification. Certificate AEO is awarded by Customs Administration of the Republic of Slovenia, which carries out control and inspection of the recipients of the AEO certificate. To obtain the AEO certificate it is necessary to meet a number of conditions and criteria: security and safety standards, an appropriate record of compliance with customs requirements and a reliable system of managing commercial and transport records, which allows control, and proven financial solvency.

WE ADAPTED THE MANAGEMENT SYSTEM OF QUALITY TO THE REQUIREMENTS OF THE NEW ISSUE OF THE **ISO 9001** STANDARD: 2015.

IN 2016, PETROL WAS AWARDED THE **OHSAS 18001** CERTIFICATE FOR OVERALL ENERGY SOLUTIONS.



MSc. Jože Torkar,
Director of Energy Solutions, Petrol d.d., Ljubljana

Petrol Group co-creates in its 'one-stop shop' the development of regions, municipalities, public and service sector, industry and households. With certainty I can say that as a service provider of smart management and with numerous successful references we are positioned at the cutting-edge of solutions for smart cities. As a well-known regional player we provide management of five different areas which are considerably important for cities, i.e. energy, facilities and infrastructure, environment and mobility. Petrol's significant added value is provided by its continuous optimal management of all strategic areas.

Accredited Bodies in Petrol

The Petrol Group includes the Central Slovene Oil Laboratory, which tests and analyses fuels, lubricants and chemical products, and the inspection body, which monitors the measurement of the flow

55 METHODS OF THE PETROL LABORATORY ARE ACCREDITED.

of liquids, the pressure in tyres and other pressurised equipment. The Petrol Laboratory is accredited and has an established system of quality management in accordance with the SIST EN ISO/IEC 17025 standard requirements (General requirements for the competence of testing and calibration laboratories). The Petrol Laboratory of the Petrol d.d., Ljubljana parent company works as an independent and neutral institution and also carries out activities for the external contractors. 55 of its methods are accredited. In May 2016, the accredited procedures of the inspection body, which monitors the measurement of the flow of liquids, the pressure in tyres and other pressurised equipment, were transferred to the Petrol d.d., Ljubljana parent company, as the Petrol Tehnologija d.o.o. company merged with it. In accordance with the SIST EN ISO/IEC 17020 standard (Requirements for the operation of various types of bodies performing inspection), there are 20 accredited test methods from the field of monitoring measurements of the flow of liquids, pressurised equipment, the tightness of steel reservoirs, control of the thickness of the walls of reservoirs for liquid fuels, measurements of the puncture strength of the insulation of reservoirs for liquid fuels and measurements of noise in the natural and life environment.

Environmental Policy

Petrol's environmental management system is adjusted to the requirements of the international standard ISO 14001 and is considered a constituent of the Petrol's development plan. All Petrol's employees are responsible for meeting such requirements, and the management board of the company guarantees these requirements will actually be met, as well as our fundamental environmental goals will be achieved.

In the field of environmental management the Petrol Group has committed to four fundamental goals:

1. All warehouses, service stations and other facilities will be ecologically upgraded;
2. Emissions of hazardous substances will be reduced to the minimum level possible;

3. We will use natural sources and resources economically;
4. We will prevent accidents and reduce risks for their occurrence as much as possible.

All this we can manage particularly owing to:

- following statutory and other requirements;
- cooperation with national and other institutes;
- raising awareness and informing employees of our environmental policy training and educating all those employees who can significantly influence the environment;
- implementing our carefully planned environmental policy in respect of the suppliers, service providers and other business partners;
- development of our own environment-friendly products, informing users on proper handling and use of our products;
- controlled, safe and environment-friendly disposal of hazardous waste;
- continuous upgrading of the environmental management system, and
- good quality services.

Environmental Licences

The Petrol Group has several environmental licences for its activities. We have valid environmental licences for all SEVESO plants:

- Lendava fuel storage facility
- Rače fuel storage facility
- Celje fuel storage facility
- Zalog fuel storage facility
- TIS Terminal Instalations, Sermin
- Štore liquefied petroleum gas storage facility
- Sežana liquefied petroleum gas storage facility

Environmental licences:

- the central wastewater treatment plants (Murska Sobota, Mežica, Sežana, Ig): environmental licence (EL) for water emissions
- the Ihan and Črnomelj biogas plants: IPPC/ EL for waste treatment, air and water emissions, as well as noise emissions
- The Ihan sludge drying facility: EL for waste treatment, water and air emissions
- Biomass wood shopping centre: EL for waste treatment
- ELs for water emissions have been obtained and applied at the points of sale (service stations), if mandatory.

The Energy Act (EZ-1) abolished licences for conducting business in energy activities on 22 March 2014.

Energy Policy

The Petrol Group is aiming at responsible and effective energy use and water saving in all our facilities, and dealing with all devices and equipment. Management and business operations with energy sources are of great importance in our company, so we follow the examples of best and cost-effective practices. Our aim is to reduce costs for energy and water regarding the revenues of the company. This is the way how we want to achieve competitive advantage in the industry. Energy policy compels us to establish control over the use of energy and water necessary for provision of our services, and this will create savings in the company. The Petrol Group is committed to continuously optimise its business efficiency and to reduce costs of energy and water, to reduce its environmental impact and consequently its greenhouse gas emissions.

Main principles for achieving energy policy goals are the following:

- to incorporate efficient energy use in all aspects of our business operations, performance and attitude;
- to perform regular employee trainings on efficient energy use and water saving;
- to continuously improve energy efficiency by performing efficient energy use and saving water in all the areas of company's operations - and by doing so - to provide a safe and comfortable work environment and concurrently to reduce its influence on the environment;
- efficiency of implementing energy policy does not only depend on technical solutions, but to a great extent on the performance of organisational measures and employee behaviour;
- to share experience with efficient energy use and water saving inside the company and also with other companies within the group;
- to encourage innovativeness, creativity and efforts in the fields of efficient energy use and RES.

Responsibility

All employees are responsible for implementation of measures of efficient energy use and water saving, since we all use both energy and water at work. We must report to the responsible superiors on any irrational energy use and water consumption, and strive to assure minimum water consumption in all

the areas and locations where we work. There will be one person for each facility taking care of consistent implementation of our energy policy. The energy manager is responsible for implementation of our energy policy, and for development of energy efficiency and rational water consumption.

Follow-up

Monitoring indicators of specific energy consumption and water will be the key to the realization of the set goals. Energy efficiency and water savings will be subject to ongoing business reviews.

Clear objectives pursued by all employees will ensure the success of the energy policy. All employees have to be aware of the importance of energy and water efficiency, and the opportunities offered in our daily lives. We must work together to enforce principles of energy policy, since by it we can mitigate consequences of the crisis at the present time and at the same time we can build a better future.

Security System

Due to the strategic importance of oil trade products and services, one of the key principles in the Petrol Group's business is to guarantee safety and continuous business, since we are also aware of the vulnerability of oil trade products and services. This principle is being realised with the implementation and operation of the integrated security system, which means a comprehensive, inclusive security system in which the synergy between individual safety areas and the synergy of safety (safety processes) need to be ensured with other business processes. The security system stands for the implementation and realisation of measures, norms and standards for the effective provision of security. The safety function, along with other corporate functions, needs to reinforce the competitiveness of the entire Petrol Group.

PETROL D.D., LJUBLJANA IS A COMPANY OF SPECIAL IMPORTANCE FOR THE COUNTRY, ITS DEFENSE, SUPPLY OF THE ECONOMY AND THE POPULATION OF SLOVENIA.

THE FRAMEWORK POLICY INCLUDES THE FOLLOWING AREAS OF SECURITY:

- occupational health and safety;
- fire safety;
- physical and technical protection of people and property;
- environmental protection;
- safe handling of chemicals and safety in the road, rail and maritime transport of dangerous substances;
- the protection of classified information and business secrets;
- information security.

In the Petrol Group, we are consistently following the legislation that governs occupational health and security, the protection of the environment, the management of hazardous substances and chemicals, fire safety, as well as inspectional supervision and other areas. High levels of competency and awareness among the employees are of key importance for the effective implementation of the safety system. Therefore, the Petrol Group continuously carries out training in accordance with the programme and the training plan. The training covers the following areas: occupational health and security, hazardous chemical handling, fire safety, explosion protection and environment safety.

THE STRATEGIC GOALS FOR THE SAFETY AND PROTECTION OF THE PETROL GROUP ARE:

- reduction of the vulnerability of the group, control of threats and safety risks;
- prevention and decrease of damage and losses through organisational and security measures;
- care for the environment and customer-friendly business activities;
- the protection of competitive advantages, business secrets and the reputation of the group;
- achievement of a higher level of safety culture among the employees and the business ethics of the management;
- the establishment of a system of legal, organisational and professional bases for the integrated security system;
- the establishment of effective functional management for all security processes and the security system.

THE SAFETY FUNCTION, ALONG WITH OTHER CORPORATIVE FUNCTIONS, REINFORCES THE COMPETITIVENESS OF THE ENTIRE PETROL GROUP.



Nina Potisek,
Director of Process Support, Petrol d.d., Ljubljana

Security is considered one of the strategic challenges of the global society, and petroleum products and energy sector belong to the most vulnerable areas. If Petrol d.d., Ljubljana is, within this context, understood as particularly important for the country, its defence system, the energy supply for the economic sector and citizens of the Republic of Slovenia, then the integrated security system is crucial for Petrol Group and a wider society. With all responsibility we care for a comprehensive security system where synergy among individual areas of safety and synergy of security processes with other business processes must be ensured.

Emergency Environmental Events

In 2015, we dealt with two emergency environmental events. One of them was connected to an oil spill at the electric car platform, while the other involved a rail transport accident. None of the cases affected the environment. In 2016, we dealt with eleven emergency environmental events (see Table 12). Two of them involved accidents during transportation and/or transport manipulation – neither of them affected the environment. Three events involved technical failures of processing equipment or installations. In one case, there was a slight contamination of a watercourse. In collaboration with competent state institutions, a conclusion was reached that rehabilitation was not necessary, with the exception of the microlocation of the contamination. In one case (soot on the surface of the sea), an authorised authority intervened and completely

rehabilitated the site of contamination. There were six cases of fuel leaks at the platforms of service stations, connected to the human factor (failure to comply with the instructions for the proper transfer of fuel). The environment was not affected in any of the above cases. The analysis of the emergency environmental events highlighted the inconsistency in following the given instructions and procedures as the key reason for the occurrence of these events. Our corrective measures include detailed research of individual processes, their presentation and their involvement in the process of information and education. We have also included the minimal deviations from issued instructions and procedures in our statistics, which demonstrates our zero tolerance towards events that may pollute the environment.

Table 12: Emergency environmental events in the Petrol Group

Number of events / year	2016			2015		
Cause	Technical	Employee	Third party	Technical	Employee	Third party
Fuel storehouse	3					1
Service station			6			
Transport			2			1
Other						
Total	3	0	8	0	0	2

Firefighting Practices

During the month of fire safety and in accordance with the Protection and Rescue Plan, as well as the Regulation on Fire Safety, firefighting practices and the evacuation of employees were organised in the Petrol Group from business premises at all fuel warehouses:

Celje, 2016 – The fire at the oil barrel station, Rače, 2016 – The fire at the wagon pump station, Zalog, 2016 – The fire at the road tanker station, Lendava, 2016 – PETROL 2016, Sermin Installation, 2016 – “Fire R19 – TRAMONTANA”, LPG Štore, 2016 – The fire drill at the Brnik Aero Service Station, 2016 – AVGAS 100 LL oil spill

Protection and rescuing practices were carried out in compliance with the Rules on practices in the field of natural and other disasters. Certain minor deficiencies were discovered in the analyses. To eliminate these deficiencies, measures were accepted and people responsible for their elimination were appointed. The firefighting techniques worked without any disruption and defects. The firefighters were trained in fighting fires. There were no injuries.

Occupational Safety Training

High levels of competency and awareness among the employees are of key importance for the successful implementation of the safety system. Therefore, the Petrol Group continues to deal with training. In total, 49 seminars for occupational health and safety, fire safety and environmental safety were organised in 2016. 1,105 co-workers, employed at service stations, in oil derivatives warehouses, in the Petrol d.d., Ljubljana business facility, Petrol Tehnologija d.o.o., and in the Petrol Laboratory attended them. Seminars were also attended by drivers of road tankers, employees at rail yards (Slovenske železnice) and contractors for cleaning service stations. The written examination was attended by all 1,105 participants of the seminars and there were as many participants in the practical training for extinguishing initial fires. Theoretical e-training, attended by 1,085 employees, was carried out 14 times. There were 43 demonstrations of extinguishing a fire with a simulator, attended by 942 participants.

Energy Use and Energy Efficiency

Petrol Group's energy and environmental management is based on up-to-date IT solutions enabling us to have a comprehensive and multidisciplinary approach to energy efficiency and water saving when constructing and renovating service stations and other buildings. In each facility, we install the most efficient solutions with regard to financial resources used, so we constantly look for innovations in the market and possible improvements. Experience in the area of maintenance is cyclically transferred to solutions in our new projects. Our facilities are economically efficient and reduce the use of energy and natural resources, i.e. environmental impacts. It is very important

IN 2016 THE ENERGY SAVINGS COMPARED WITH THE PREVIOUS YEAR WERE CLOSE TO **1%**.

ence in the area of maintenance is cyclically transferred to solutions in our new projects. Our facilities are economically efficient and reduce the use of energy and natural resources, i.e. environmental impacts. It is very important

that they are also user-friendly and healthy. Reducing energy consumption and eliminating energy waste are central sustainability goals of the Petrol Group and thus we are joining Slovenian and European efforts to increase energy efficiency. We are aware that an improvement in energy efficiency is an important contribution to competitiveness, the security of the energy supply and to addressing climate change targets. In 2015, the energy used for our own activities amounted to 48,270 MWh (see Table 13). This includes Petrol service stations, car wash facilities and other buildings owned by Petrol in Slovenia. Electricity represents the largest part of the energy used at 73%, followed by fluid fossil fuels at 11%, and natural gas at 9%. Other types of energy products have smaller percentages.

Table 13: Energy use for Petrol own business by type of energy in 2015 and 2016 and forecast for year 2017

Own use of energy	Year	District heating	Liquid fossil fuels	Natural gas	Liquefied petroleum gas	Renewable energy**	Electricity
		in MWh	in MWh	in MWh	in MWh	in MWh	in MWh
Petrol - service stations, car washes included	2014	387	4,401	1,693	781	+ 625	28,206
	2015	398	4,931	1,548	270	+ 470	27,499
	2016	414	4,892	1,728	434	+ 539	26,760
	plan 2017	410	4,840	1,750	430	+ 500	26,492
Petrol - other facilities (commercial buildings, warehouses and other buildings*)	2014	2,129	569	2,717	79	0	6,872
	2015	1,652	523	2,993	81	0	7,905
	2016	1,657	509	3,024	75	0	7,963
	plan 2017	1,600	480	3,100	75	+ 10	7,840

* Auxiliary buildings of companies Petrol Energetika and Petrol Geoterm are included also.

** + the annual estimated savings achieved by RES technologies and other sources of energy.

In 2016, the energy use for our own activities was 47,995 MWh, which was 0.6% less than the year before. With this in mind, consideration has to be made of the fact that the company was growing at the same time, that existing sales programmes were being expanded and that new programmes were introduced at points of sale. If this growth is taken into account, the energy savings compared with the previous year were close to 1%. The proportions of

energy sources according to their types remained almost the same (see Chart 16). Our plans for 2017 show that we will continue to reduce our energy use, namely by 1% compared to 2015 (see Chart 15). Since electricity has the highest percentage of the energy consumption of Petrol's facilities, it is our strategic objective to make use of our own production of electricity from renewable sources to cover the demand for the pursuit of our own activities.

Chart 15: Energy use for Petrol own business in years 2014–2016 and forecast for year 2017

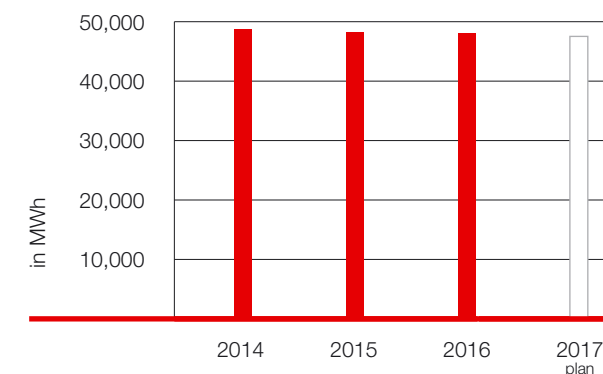
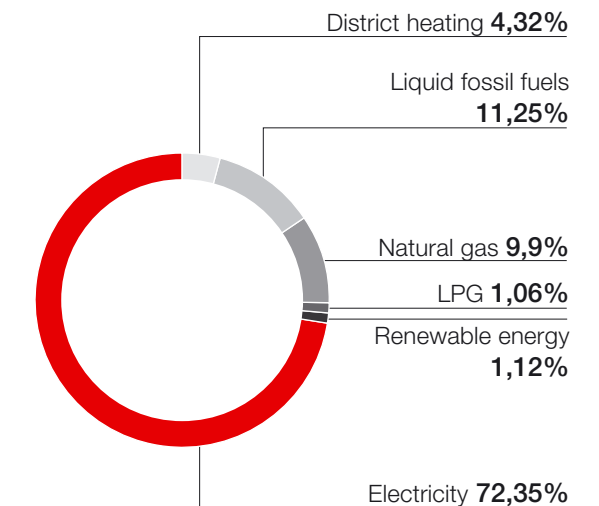


Chart 16: Energy use for Petrol own business by type of energy in year 2016



■ THE MARIBOR EAST AND WEST MODERN MOTORWAY SERVICE STATION

THE MARIBOR EAST MOTORWAY SERVICE STATION IS ARCHITECTURALLY THE MOST INNOVATIVE.

Towards the end of 2015, the first stage of construction was successfully completed on what is currently the largest Petrol centre in the immediate vicinity of Maribor. The Maribor East motorway service station is architecturally the most innovative, in which the best that Petrol has to offer is completed by the service of our long-standing business partner in the field of catering, Marche gostinstvo, d.o.o. Special attention was given to the facility's energy efficiency.

The entire building is wrapped in a strong layer of thermal insulation. The attic functions as a com-

pensation zone, enabling ventilation and preventing the intrusion of hot air in the summer and keeping the cold air out in the winter. The central shop and restaurant have an inventive ceiling construction. Instead of the usual reinforced concrete, it is composed of prefabricated thermal insulation panels. Heat pumps have been built in and they contribute considerably to the rational use of energy resources, since the whole building is heated by them. On extremely cold days, liquefied petroleum gas is used for additional heating. The picture is completed by charging stations for electric vehicles and special stations for charging Tesla vehicles. This e-charging area is also equipped with our first solar tree and solar benches on which our visitor can charge mobile appliances for free.



■ REDUCED USE OF ENERGY IN COOLING ELEMENTS

Since 2015, all new and renovated points of sale (service stations) have refrigerated cabinets or cooling chambers with modern window glazing. We also installed more than 300 meters of glass on existing refrigerated displays in 2015 and 2016. This enabled a significant reduction of energy used by cooling elements that are already very efficient in themselves. In addition to the glass doors, the new and renovated refrigerating appliances use LED lighting, which also contributes to lower electric-

ity consumption. With the Convenient Store concept, the programme of Petrol is expanding to include self-serve chilled displays for meat that are equipped with glass doors to save energy.

WE INSTALLED MORE THAN **300** METERS OF GLASS ON EXISTING REFRIGERATED DISPLAYS.

■ ENERGY-EFFICIENT BAKING APPLIANCES

The rich programme of our new concept for stores is complemented by in-house bakeries. Here we

made sure that we use modern energy-efficient appliances for the thermal treatment of food.



MSc. Andraž Lipolt,

Director of Technical Support, Petrol d.d., Ljubljana

Petrol d.d. is capable of designing and managing the construction of the most complex engineering facilities, which is carried out by our strong team of excellent engineers. We also have an excellent maintenance team. We are currently working on 60 different projects, which are in different phases, and they are run by 10 project managers and participated by several tens of internal experts. In performing its construction activity Petrol d.d. is a trendsetter and not just a follower. The modern architecture has brought out trends of self-sufficiency and energy-efficiency. In cases of new constructions as well as cases of renovating facilities we are striving for the most energy-efficient locations.

■ PRE-INVESTMENT OPTIMISING AND ENERGY MODELLING OF BUILDINGS

Standard designs for construction do not include advanced approaches and modern methods to ensure comprehensive and economical optimisation, so Petrol worked together on a master thesis at the Faculty of Civil and Geodetic Engineering, University of Ljubljana, in order to prepare a pilot project for the state-of-the-art numerical modelling of buildings. In this project, key emphasis was placed on establishing the interaction of practically all the influential segments: the characteristics and responses of the insulation system, heating, cooling

and ventilation systems, lighting system, shading system, the impacts of other technologies used, building users etc. Buildings are modelled by applying elements that have the characteristics of actual construction materials or equipment. Advanced energy and economic optimisation during the procedures of architectural design and the process of finding the best energy solutions is an innovative process and an important part of the pre-investment phase of a construction project.

■ ENERGY-EFFICIENT AND ENVIRONMENTALLY FRIENDLY CAR WASHES

In line with our concept of energy efficiency and environmental friendliness, Petrol modernised 39 automatic car washes in the period until 2015 – and in 2015 and 2016 we acquired or renovated three automatic and three manual car washes. In all the automatic car wash facilities, we replaced old chemical agents with biodegradable ones and with agents that can be used to a lesser extent while being more effect at washing, drying and providing

lustre while also reducing the burden on the environment. All car washes are regularly monitored with regard to their power consumption, use of drinking water and chemical agents, so that all undesirable shortcomings can be quickly remedied. In the five years to follow, we plan to introduce or expand the service of manual car washes at 30 locations.



Light Pollution

Light pollution is an aspect of environment pollution that we at Petrol pay special attention to. Light pollution is any direct or indirect introduction of artificial light into the environment, causing an increase in luminance. In addition to altering street lights, Petrol decided in 2015 to apply shading to the edges of roofs and to signs and poles with its logos and to turn off all unnecessary lighting outside and inside all its service stations when they are not in operation. There are many places where it is difficult to see stars in the night sky due to light pollution. By turning off the lights, including advertising signs and Petrol logos, we can contribute to reducing this kind of pollution. Excessive illumination can

have a harmful effect on plants, animals and even people. In 2015 and 2016 we received two complaints regarding our lighting and we remedied the problem in the shortest possible time. The first complaint was connected to a lamp that had changed direction due to strong wind. The second complaint had to do with a disturbing glare of light shining on a nearby house after a row of trees was cut down between this house and the service station.

IN 2015 AND 2016 WE RENOVATED OUTDOOR LIGHTING ON **133** LOCATIONS.

■ THE MODERNIZATION OF OUTDOOR LIGHTS

Within projects for improving energy efficiency and achieving energy savings in 2015 and 2016, we renewed the lights at a larger part of the locations in Slovenia. In addition to the lights at service stations, we also renovated the illumination of other buildings such as the storage facilities for petroleum products. When selecting the lighting equipment, we focussed on aspects of economic viability, easy maintenance, warranty period and the ability to provide spare parts, as well as on the aspect of energy efficiency and environmental friendliness. The renovation took place in two phases. The first phase dealt with an emphasis on energy savings and was at the same time aimed at increasing illumination, which contributed to the safe operation of service stations and the safety of their employees. 28 locations were selected for this type of renovation, while the second phase included 105 locations. At all of them, the outdoor street lights were modernised. Previous lights were wasteful from the energy point of view, especially compared to modern technology, and they were also not in line with the Decree

on Limit Values Due to Light Pollution of the Environment. Therefore LED technology was an ideal solution to improve the existing situation. When planning the spatial arrangement of the lights, we had to consider the poles that already existed at the locations, so we focussed on the selection of lamps and their correct direction. Each lamp had to be installed in such a way to avoid the unwanted illumination of surfaces and the sky. The energy consumption of street lights was reduced by 50 to 80 percent compared to the situation before. At certain locations, we also renovated the interior lighting in the shops and back rooms. When exchanging the lights, we focussed above all on providing optimal illumination by making a simulation beforehand. Here as well, one of the advantages of LED lights was apparent, since it enables adaptive illumination, meaning that the lights are adapted to the actual requirements.

50–80% LOWER POWER CONSUMPTION FOR STREET LIGHTING

The Production of Energy from Renewable Resources

The strategy of development in the field of electric power production that has been adopted by Petrol in 2014 determines that development will be based on renewable energy resources (water, wind, solar). The production of electric power from biomass and gas only takes place in combination with district heating and in economic activity zones.

In accordance with this strategy, Petrol started to invest in the Glunča wind park (20.7 MW) in Šibenik and in the small hydroelectric power plant Jeleč (4.85 MW) in Bosnia-Herzegovina in 2015. The construction of the Glunča Wind Park was successfully completed in 2016 and it came into operation. It is expected to produce 48 GWh of electric power. The small hydroelectric power plant Jeleč is under construction and will start operating in November 2017 with an expected annual production of 15 GWh.

In 2017 we plan of 93 GW of the total annual production of electrical energy (see Chart 17).

In the last three years, we have substantially increased our own production of energy from renewable resources, i.e. from solar energy, organic waste and biomass. In 2012, this production amounted to 27,656 MWh and in 2016 to 57,289 MWh, which means that the growth index was 207 (see Table 14, see Chart 17). During these years, we can report a growth in the production of biogas, which was 3.4 million m³ in 2012 and 5.9 million m³ in 2016, resulting in a growth index of 173 (see Chart 18).

For 2017, we are planning that the energy we will produce from renewable resources will amount to 92,580 MWh and that we will produce 6.2 million m³ of biogas.

Table 14: Energy production from renewable energy resources in the Petrol Group in Slovenia

Renewable energy sources - own production	Year	Electricity from solar energy**	Biogas	Electricity from bio waste	The heat from bio waste	Energy from biomass
		in MWh	in m ³	in MWh	in MWh	in MWh
Petrol in Slovenia*	2012	2,415	3.4	7,166	7,524	10,551
	2013	2,026	4.9	9,949	10,446	12,550
	2014	2,307	6.5	13,638	14,320	11,741
	2015	2,767	5.3	12,687	13,638	24,710
	2016	2,712	5.9	14,054	15,108	25,415
	plan 2017	2,698	6.2	14,880	15,900	25,110

* All companies of the Petrol Group in Slovenia

** Photovoltaics

GOAL BY 2020:

250 GWH OF ELECTRIC POWER PRODUCTION,
170 GWH OF ELECTRIC POWER FROM
 RENEWABLE RESOURCES

Chart 17: Energy production from renewable energy resources in the Petrol Group (in MWh)

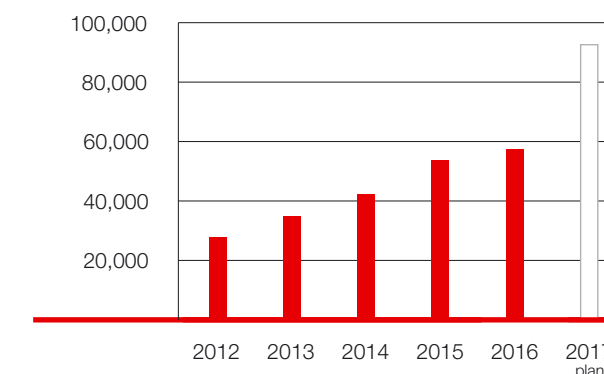
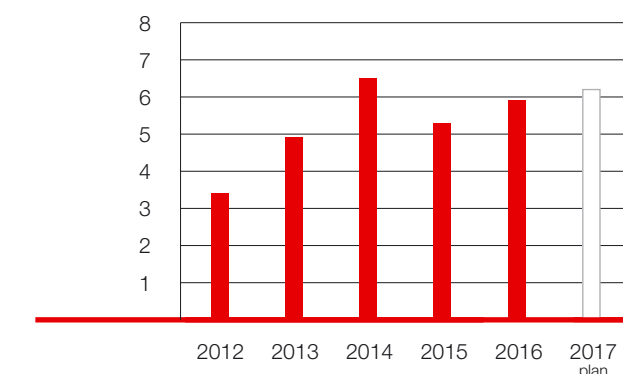


Chart 18: Biogas production (in m³)



Biogas from organic waste

Green electric power from organic waste is produced at the Ihan and Črnomelj biogas works (see Chart 18). Biogas is produced by the anaerobic digestion of organic waste and cogeneration motors use this gas to generate electricity. Thermal energy is created in the process and this is used by the sludge drying unit of the urban wastewater treatment plant in Ihan. This sludge is dried and processed into secondary fuel for cement works.

Electricity from the Sun

31 small photovoltaic electric power plants managed by Petrol produced 2,767 MWh of power in 2015 (1,155 t CO₂ of environmental savings), while in 2016 they produced 2,712 MWh (1,141 t CO₂ of environmental savings).



Transport

THE ANNUAL AMOUNT OF FUELS TRANSPORTED BY RAIL IS ABOUT **1.3 million tons**.

Petrol's transport strategy lays down that transport should be carried out in a well-defined and cost-optimal way – using the shortest and cheapest route while also minimising the carbon footprint of the transport. The big part of the fuel transport is carried out by rail (see Table 16), so it is electrically powered and has a lower carbon footprint. Between 2012 and 2016, we have been constantly

reducing the consumption of diesel and electricity for the transport of fuels (see Table 15). In 2012 our contractual partners used a total of 4,411,243 litres of diesel and 8,916 MWh of electric power for the transport of fuels to the points of sale or to end users. In 2016 they spent 3,774,080 litres of diesel, which is 14.4% less than in 2012, and 7,793 MWh of electric power, which is 12.6% less than in 2012. According to our estimates, we have reduced the number of kilometres travelled for the transport of the same amount of fuel sold for fuel supplies by 2 to 3% annually in 2015 in 2016.

Table 15: Energy consumption for transport of fuel traded by the Petrol Group

Transportation for own business	Year	Diesel1	Diesel2	Electricity
		in l	in l	in MWh
Contractual partners for transport fuels from warehouse to point of sale	2012	1,825,466	2,585,777	8,916
	2013	1,653,965	2,390,543	8,348
	2014	1,699,995	2,304,693	8,612
	2015	1,622,800	2,183,351	8,278
	2016	1,617,559	2,156,521	7,793
	plan 2017	1,610,000	2,150,000	8,630

* Column dizel1: only the transport from the warehouse to the service stations (retailers).
Column dizel2: includes transportation from the warehouse to the service stations and from the warehouse to customers (natural persons and legal persons) – mainly it comes to the delivery of fuel oil.



THE OBJECTIVE FOR 2020: OPTIMAL TRANSPORTATION OF ALL FUELS WITH A GOAL OF REDUCING THE MILEAGE.

The annual amount of fuels transported by rail is about 1.3 million tons.

Table 16: Quantities of transported derivatives by the type of transport routes

Year	Rail (in l)	Road (in l)
2015	1,351,559,369	1,574,344,887
2016	1,262,496,290	1,589,735,190

Energy for Work-Related Travel

The employees of the Petrol Group mainly use the company vehicles for work-related travel, since this is a way to streamline the journeys and energy use and consequently also the costs. In 2016, we used a total of 557,100 litres of fuel for work-related travels, mostly diesel, and 14,089 litres of liquefied petroleum gas, which recorded a growth compared to previous years (see Table 17). This is mainly a consequence of the growing number of employees and more intense marketing activities within Petrol Group, which is reflected in the good operating results.

Table 17: Consumption of fuel for business trips of employees in Petrol's enterprises in Slovenia

Year	Petrol	Diesel	LPG
	in l	in l	
2012	34,922	414,522	11,749
2013	36,741	415,027	12,226
2014	40,351	434,069	11,228
2015	35,363	513,168	17,542
2016	41,554	515,546	14,089
plan 2017	42,000	520,000	15,000

SECURITY IS A STRICTLY REGULATED AREA IN THE EU AND OUTSIDE.

Safety of the Transports

We make sure that our transports are safe by extensively reviewing and checking the drivers and the road tankers before they first enter Petrol's fuel depots. Later, on-the-spot checks of the road tankers and their equipment are carried out randomly before entering the fuel depots. The safety of the transports is also supported by electronic surveillance of the road tankers, monitoring their movement and any manipulation of the fuel during the transport. Chemical safety is a highly regulated area both within and outside the EU, since accidents involving dangerous substances can have catastrophic consequences. It is of key importance that a high level of protection for human health and the environment is ensured by risk management and measures that are prescribed by the REACH Regulation (Registration, evaluation, authorization and restriction of chemicals), CLP (classification, labeling and packaging of chemicals) and the ADR Agreement (Transport of Dangerous Goods). The transport and handling of dangerous goods represent an additional risk of accidents with severe consequences. With the purpose of reducing the risk of accidents in logistic processes (transport, storage, loading and unloading) for the senders of dangerous goods, carriers and transport organisers, loaders, fillers, unloaders and recipients - all the participants – have to be appropriately and timely trained in order to be able to guarantee their own safety and the safety of other people, assets and the environment.



Noise Emissions

At Petrol, we make sure we carry out assessments of noise pollution in individual areas and take measures to reduce this noise. We perform these activities in accordance with the provisions of the Decree on Limit Values for Environmental Noise Indicators, by making an acoustic 3D model taking into account the spatial characteristics, the buildings and the nature of the land relief. Each municipality is in charge of precisely and geographically defining individual levels of protection from noise.

FOR NOISE POLLUTION ASSESSMENT
A **3D** ACOUSTIC MODEL IS APPLICABLE.

FOR **52 FACILITIES** WERE PERFORMED
MEASUREMENTS AND EVALUATIONS OF
NOISE POLLUTION IN THE YEAR 2016.

Compliance with the Law

In 2015 we performed measurements and assessments of noise pollution for 62 buildings. No non-compliance with the law was established. In 2016 we performed measurements and assessments of noise pollution for 52 buildings. In three cases, we found minor non-compliance, connected either to a different area of noise protection due to changes made within the competence of the municipality or to an increase in the volume of business activities. In all three cases, we carried out organisational measures (procedures, instructions, working times, regular checks) and technical measures (putting up noise barriers, the use of more modern machinery, optimizing and/or replacing older machinery with new) to reduce noise emissions. In 2016, the Petrol Group did not receive any complaints from members of the public regarding noise emissions.



Classification of results
Noise Level LDEN

■	<= 35.0 dB(A)
■	<= 40.0 dB(A)
■	<= 45.0 dB(A)
■	<= 50.0 dB(A)
■	<= 55.0 dB(A)
■	<= 60.0 dB(A)
■	<= 65.0 dB(A)
■	<= 70.0 dB(A)
■	<= 75.0 dB(A)
■	<= 80.0 dB(A)
■	> 80.0 dB(A)

CEVO-115/2017-D
Calc. height: 4 m
Calc. grid: 1 m

BS Barjanka
SM 2643
Barjanska cesta 90, 1000 Ljubljana
**The spatial distribution of noise
in the all-day period**
Petrol d.d., Ljubljana

Protection of the Soil

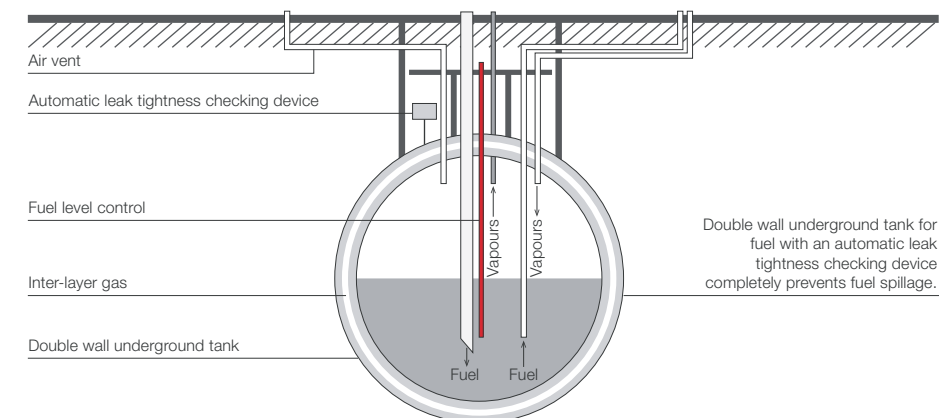
During storage and transport within the Petrol Group, the greatest danger involving the pollution of soil is a possible spill of petroleum products. Petrol ensures that the danger of soil pollution is reduced by taking appropriate legal, technical, organisational and preventive measures for storing and transporting fuels, especially through the following activities:

- Systematic definitions of threats that could cause major accidents during operation, maintenance, larger changes in the storage and handling of fuels and eventual construction works on storage facilities;
- Providing assessments of threats, providing protection and rescue plans at locations and buildings for the storage of fuels and other hazardous substances and providing regular practice drills;
- Providing quality assessments of risks for emergencies or accidents involving dangerous substances for all identified threats at storage locations;
- Determining possible scenarios for emergencies and accidents, determining possible consequences and recipients of damaging conse-

quences for identified emergencies, even for so-called "impossible scenarios for major accidents";

- Studying and identifying appropriate and relevant measures for the prevention of emergencies, accidents and for reducing their consequences;
- Complying with the legislation in force, with the rules defined by the ADR Agreement, the technical standards and the best available techniques for identifying measures for the prevention of accidents and the reduction of their consequences. Our goal of operating without accidents is achieved with the activities stated above but also by constant theoretical and practical training for employees and security contractors, by regular preventative maintenance of devices that are relevant for security, by the performance of inspections required by law or by professional regulations, by checks of safety devices and by the consistent implementation of the safety management system that is evaluated at least once a year and then, in view of the situations identified, corrective and preventive measures are taken to improve the safety culture at the locations and in Petrol as a whole.

Scheme: Underground tank



The Management of Drinking Water

The water management within the Petrol Group comprises the economical use of drinking water, urban wastewater and industrial wastewater. Here also we follow the concept of the rational use of resources and circular economy. In 2015, Petrol in Slovenia used 281,466 m³ of drinking water for its own activity, and in 2016 we used 323,266 m³, resulting in the index 115 (see Table 18). This is a reflection of an increase in operational activities and in the number of employees. At the same time, we have been systematically increasing the use of recycled and reused water in 2014–2016. In 2014 we reused 70,655 m³ of recycled water and in 2016 we reused 91,445 m³, resulting in the index 129 (see Table 18 and Chart 19). This information refers to water used for washing cars. Also for 2017, we are planning an increase in the use of recycled water in car washes.

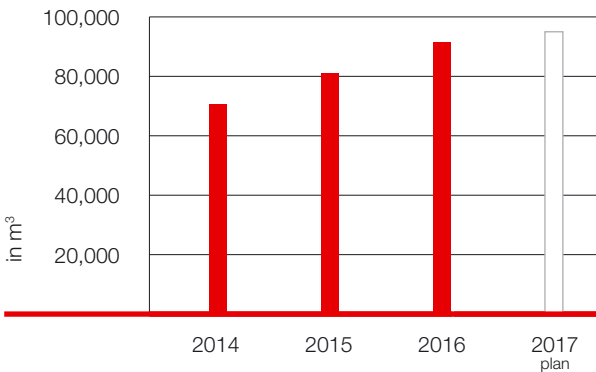
We have been saving drinking water in several segments involving different activities. When constructing new buildings or renovating old ones, we use technologies that reduce the usage of water, such as sensor taps or push taps for washbasins and drinking fountains, dual-flush cisterns for toilets. We are rebuilding installations for a lower flow of water so that the pressure is reduced and less water is used. We are introducing urinals that do not require

water and other waterless technologies, as well as testing the latest technologies on the market.

Table 18: Drinking water use for own business in the Petrol Group in Slovenia

Year	Drinking water use
	in m³
2014	313,148
2015	281,446
2016	323,226
plan 2017	310,000

Chart 19: Total use of recycled and reused water in the Petrol Group in Slovenia



Wastewater Treatment

An important part of integrated water management for the operational activities of the Petrol Group is the cleaning of wastewater. Nowadays, in its activities, Petrol deals with three categories of wastewater – stormwater runoff, technological wastewater and sanitary wastewater. The indicators for water used in the process of fuel supply for the period between 2013 and 2016 are shown in Table 19. Managing stormwater runoff involves technologically sophisticated systems of collecting this water and emissions from technological wastewater are being successfully reduced with state-of-the-art oil separators. Wherever it is not possible to be connected to a sewage network, sanitary wastewater is treated in small wastewater treatment plants. By the end of 2016, the points of sale (service stations) and fuel storage sites had 54 such wastewater treatment plants. 11 small wastewater treatment plants are managed by colleagues who are

in charge of environmental solutions within Petrol d.d., and five of them by colleagues from Petrol Energetika d.o.o., the rest are managed by external contractors. In 2017, three small wastewater treatment plants will be connected to the public sewage network. The number of necessary inspections of small wastewater treatment plants will be optimized. It is our goal to connect as many small wastewater treatment plants as possible to the public network by 2020. Oil separators installed at service stations are in line with the SIST EN 858 standard. We introduced a new method of monitoring the operation of oil separators, so that the control of the function can be more efficient and that they can be cleaned whenever necessary.

54 SMALL WASTEWATER TREATMENT PLANTS BY THE END OF 2016

Table 19: The indicators for water used in the process of fuel supply for the period between 2013 and 2016

Indicator	Year 2013	Year 2014	Year 2015	Year 2016
Chemical oxygen demand*	3.31 t	2.95 t	3.8 t	4.12 t
Phosphorus compounds**	0.03 t	0.03 t	0.04 t	0.04 t

* Included are the emissions of wastewater from car washes. The increase in emissions is due to an increase of washes in car washes.
 ** Included are the emission of wastewater from car washes.

ANALYSES OF THE CONTENTS AND VALUES OF EMISSIONS FROM WASTEWATER CARRIED OUT BY AUTHORISED LABORATORIES HAVE SHOWN THAT THE QUALITY OF CLEANED WASTEWATER AT PETROL IS AT A HIGH LEVEL.



Air Quality

Petrol combines its care for air quality with its endeavours to reduce the emissions of highly volatile hydrocarbons into the air (see Table 20). Such emissions occur when volatile components evaporate during the decanting and storage of fuels, especially various types of petrol. Activities to reduce volatile hydrocarbons at Petrol are carried out on all key elements of the petroleum product distribution chain: storage, transport and at the points of sale.

Closed fuel transfer system at fuel depots

In accordance with the legal requirements, Petrol has equipped its fuel depots with a closed system for the transfer of fuel into underground tanks and road tankers, as well as into rail tankers at the Sermin location if the range of activities there

increases. All renovated tanks and tanks for use above-ground are equipped with flexible internal membranes, with an additional sealing between the membranes and the tank walls and with fixed self-standing aluminium roofs, which very effectively reduces emissions into the air. All storage units that involve the handling of petroleum products are additionally equipped with vapour recovery units (VRU devices) and the walls of the tanks have white reflective surfaces to prevent overheating and thus reduce emissions. This system of above-ground tanks is in line with the BAT guidelines (Best Available Techniques on Emissions from Storage) and guarantees compliance with the specifications regarding the targets for losses that do not reach the value of 0.01% by mass for transferred petrol.

Table 20: Air emission indicators for fuel supply process for the period between 2013 and 2016

Indicator	2013	2014	2015	2016
Emissions to air (sulfur dioxide)*	0.96 t	0.94 t	1.01 t	1.12 t
Emissions to air (nitrogen oxide)**	1.72 t	1.69 t	1.81 t	2.0 t
Carbon dioxide***	38,732 tCO ₂	37,960 tCO ₂	39,678 tCO ₂	44,043 tCO ₂

* Taken into account emissions from combustion installations and logistics. The increase in emissions is due to a higher throughput of goods.
** Taken into account emissions from logistics. The increase in emissions is due to a higher throughput of goods.
*** Taken into account emissions related to the consumption of electricity, transport and heating. The increase in emissions is due to a higher throughput of goods.

MORE THAN **50%** OF SERVICE STATIONS WERE EQUIPPED WITH TWO-STAGE SYSTEMS FOR THE RECOVERY OF VAPOUR BY THE END OF 2016.

BY FOLLOWING OUR CONCEPT OF UPGRADING, AS WELL AS CONSTRUCTING NEW SYSTEMS IN LINE WITH THE GUIDELINES FOR THE BEST AVAILABLE TECHNIQUES AND INSTALLING STAGE TWO SYSTEMS FOR THE RECOVERY OF VAPOUR (VPU UNITS), THE LEVEL OF EMISSIONS FROM VOLATILE ORGANIC SUBSTANCES WAS CONSTANTLY DECREASING.

VRU Devices

Into depots for petroleum products, we integrated VRU units for the collection and liquefaction of vapours from handling fuels (Vapour Recovery Units), so that in a combined system together with gas holders they can capture and treat vapours resulting from handling and transporting fuels. The main task of the VRU unit is the liquefaction of vapours from petrol. The vapours are treated in two stages (membrane separation and adsorption) to make sure that the emissions of volatile hydrocarbons into the air are several times lower than the permitted values. For the purpose of creating optimal conditions for the operation of the VRUs, we upgraded the process controller in the depot for petroleum products in Zalog and thus achieved a higher standard of VRU functionality and a lower probability of negative environmental effects. Due to an increase in the demand for fuel from the Zalog depot for petroleum products, an additional device for the liquefaction of vapours had to be installed in 2017. By following our concept of upgrading, as

well as constructing new systems in line with the guidelines for the best available techniques and installing two-stage systems for the recovery of vapour (VRU units), the level of emissions from volatile organic substances was further reduced.

Closed Fuel Transfer Systems at Service Stations

Closed systems for the transfer of fuel are installed at all Petrol service stations. Pursuant to the regulations, the first stage of capturing vapours takes place on transferring fuel from road tankers into the service station's underground storage tanks. The second stage is the closed system of transferring fuel into the tanks of the vehicles. By the end of 2016, more than 50% of the service stations were equipped with the second stage for fuel transfer. All service stations with more modern filling devices are equipped with a stage two petrol vapour recovery system.



Waste Management

The comprehensive management of waste is one of the important areas of sustainable development at the Petrol Group, since it not only affects the environment but also the economics of our business operations. There is a great variety of activities and points of sale in the Petrol Group (service stations), which also means that we have a wide range of diverse types of waste to be managed. Consider-

able emphasis is given to waste prevention and to encouraging the efficient separation of waste at the source. We have waste separation for waste oils, paper, plastics, car batteries and other kinds of hazardous waste. We also collect mixed municipal waste. The different fractions of collected waste are shown in Table 21 (see also Charts 20, 21).

Table 21: Waste Management of the Petrol Group in Slovenia in the years 2012–2016 and forecast for 2017

Waste management	Year	Collected mixed municipal waste	Collected waste oils	Collected waste paper	Collected waste plastics	Collected waste batteries	Collected hazardous waste**	Total weight of waste processed into products
		in m³	in kg	in kg	in kg	in kg	in kg	in t
Petrol - service stations, car washes included	2015	9,034	25,692	452,757	118,884	28,775	666,738	0
	2016	10,676	22,857	459,874	132,829	20,079	410,918	0
	plan 2017	10,500	22,500	470,000	135,000	21,000	430,000	0
Petrol - other facilities (commercial buildings, warehouses and other buildings*)	2015	649	10,630	10,603	10,202	13,335	935,317	2,551
	2016	694	26,745	8,754	8,009	11,749	735,193	1,892
	plan 2017	650	25,000	9,000	8,000	11,000	735,000	2,500

MMSW converter = 177kg/m³

* Under other facilities are included operators of the Petrol Group in Slovenia.
** Packaging contaminated with hazardous materials, oily cloths

Chart 20: Quantities of collected waste plastics

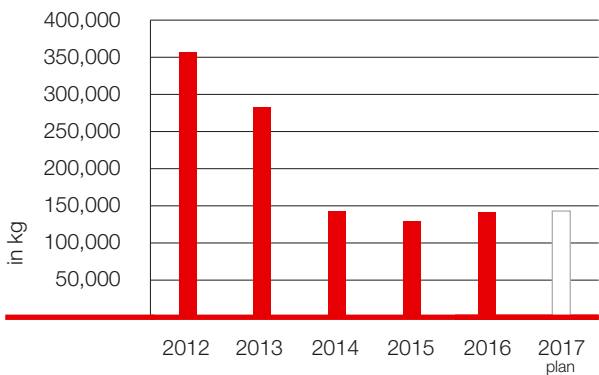
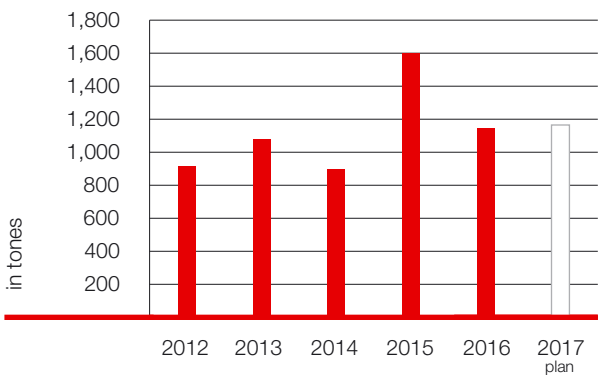


Chart 21: Quantities of collected hazardous waste



The Source Separation of Waste

At all Petrol locations, the separation of waste at its source is being introduced. The visitors to our points of sales or service stations are made aware of our separate collection of waste at all of our locations when they see these containers but there is still a large amount of mixed municipal waste, so we are introducing additional separation by hand. This is how we can reduce the amount of mixed municipal waste and obtain cleaner fractions of

waste. It is our goal to reduce this amount through waste separation, through optimising the number of containers and through appropriate labelling at the locations, as well as preventing the disposal of waste at rest areas by external visitors (animal waste, diapers, parts of furniture etc.). Fractions of waste resulting from oil separators are identified and collected separately.

■ AN EXAMPLE OF CIRCULAR ECONOMY

At Petrol, we give serious thought to the disposal of each type of waste. In addition to our cost-orientation, we also care about the way waste reaches its final disposal site. We always pay attention to the hierarchy of waste treatment. It is our wish that the company we transfer our waste to has a solution that is as sustainable as possible, since waste can in some cases be a source of raw materials.

Petrol is the contractor of the paper mill Papirnica Vevče and is in charge of cleaning its wastewater and regular maintenance at its industrial wastewater treatment plant. Paper sludge is a by-product of cleaning this wastewater – 5,000–6,000 tons per year that is then further used by Luka Koper d.d. and Termit d.d..

END USERS WILL HAVE USED **24,000 tons** OF PAPER SLUDGE BY 2020.



The Transition To Cleaner Energy Products

The strategic goal of Petrol is a comprehensive energy supply. When working towards this, we try on all levels to achieve a safe, socially and economically acceptable transition towards cleaner sources of energy. In 2016, the biggest segment was still petroleum products, of which we sold 3.2 million tons (not counting the sales of liquefied petroleum gas, which has its own segment), which was 12 percent more than in 2015. The Petrol Group sells more than half of its petroleum products at wholesale. With its market position, it can guarantee an uninterrupted supply of transport fuels and other petroleum products, making it an important distributor to companies in the markets in which it operates.

WE SOLD **91,000 tons** OF LPG FOR VEHICLES IN 2016, WHICH IS **174%** MORE THAN IN 2015.

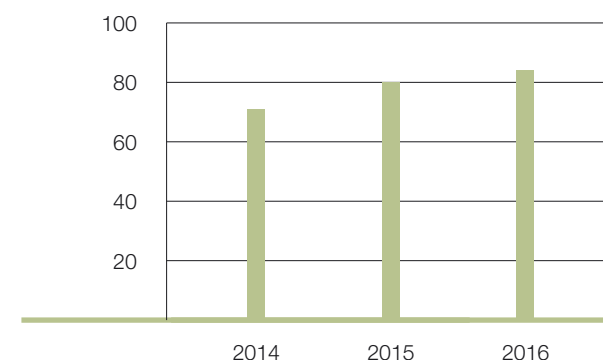
LPG infrastructure is well developed in Slovenia and fairly evenly distributed across the entire road network. It is available at more than 100 locations, on motorways, in towns and in the countryside. Therefore, this alternative fuel is appropriate for achieving short-term and long-term objectives for reducing the carbon footprint of traffic and at the same time boosting energy efficiency and limiting the environmental impact of traffic pollutants. It is especially appropriate now when the charging and filling infrastructure for other alternative fuels is still being put into place or completed.

Liquefied Petroleum Gas (LPG)

Compared to cars with petrol motors, cars fuelled by LPG have 14% fewer emissions. Therefore a thousand new LPG vehicles or petrol driven vehicles that have been converted to LPG can achieve the same effect as 142 electric vehicles. So, the effect of reducing emissions of greenhouse gases in traffic is the same for seven cars fuelled by LPG as for one electric car. In addition to this, users of LPG vehicles can achieve savings of fuel without having to resort to modern technologies that are unattainable for many due to high prices.

In 2016, the Petrol Group managed six concessions for supplies of liquefied petroleum gas in Slovenia. We sold 141.6 thousand tons of LPG, of which 91.0 thousand tons were used for vehicles, which is 174 percent more than in 2015. LPG was sold at 195 service stations and at wholesale. The increasing number of points of sales with LPG is shown in the Chart 22.

Chart 22: Number of points of sale of Petrol in Slovenia (service stations) with LPG



COMPARED TO CARS WITH PETROL MOTORS, CARS FUELLED BY LPG HAVE **14% FEWER EMISSIONS**.

Natural Gas

This energy efficient gas is the cleanest of the fossil fuels, producing the least CO₂ emissions on combustion. Compared to coal or oil, it has a negligibly low content of sulphur and there are practically no dust particles released during combustion, so it is considered environmentally friendly. In combination with renewable sources of energy, it contributes to reducing air pollution (less SO_x, NO_x and PM10 dust particles) and reducing emissions of greenhouse gases (CO₂). Natural gas is very versatile: it can be used for heating systems, in the cogeneration of electricity and heat, while also having the status of a future transport fuel (as defined by the Directive EU 2014/94). Especially in urban areas, where efforts to reduce the pressures on the environment are great, it is recommended to use natural gas for public transport vehicles and freight transport.

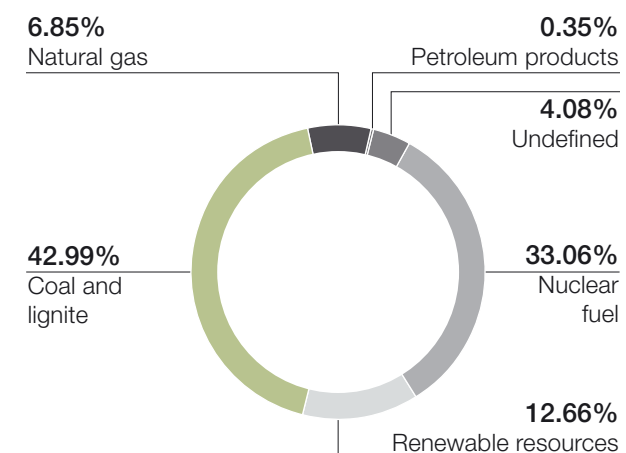
In 2016, the Petrol Group sold 123.0 million m³ of natural gas. Our market share in the retail market of natural gas is around 8 percent.

Thermal Energy

An important segment in Petrol's comprehensive energy supply is the supply of heat from shared boiler rooms, district heating systems and combined heat and power systems. In 2016, the Petrol Group sold 129.5 thousand MWh of thermal energy, which is 4 percent more than in 2015.

IN 2016, WE SOLD **4% MORE** THERMAL ENERGY THAN IN 2015.

Chart 23: The nature and structure of energy used for electricity production supplied to customers of the Petrol Group in 2015



Electric Power

Electricity is one of the most usable forms of energy and it is becoming an increasingly significant part of Petrol's comprehensive energy supply in Slovenia and the wider region. We supply it to households as well as to small, medium-sized and large commercial customers.

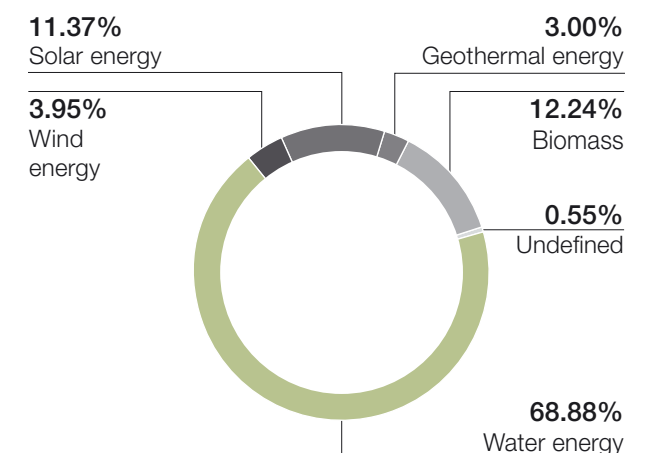
As a company committed to sustainable development, we strive to maximize the production of green electricity. The structure of energy sources for electricity production in our sales in 2015 is given in Chart 23, Chart 24 shows the types and proportions of renewable energy in electricity supplied to our customers in 2015.

In 2016, the Petrol Group acquired more than 4 thousand new household electricity customers and thereby reached more than 51 thousand household consumers, which is 8 percent more than in the previous year. We sold 1.5 TWh of electric power to end-users in 2016. The Petrol Group sold a total of 17.6 TWh, which is 25 percent more than in 2015. 15.6 TWh of this electricity was traded.

With the purpose of further diversification, we entered into a partnership with Telekom in July 2016 and started to actively manage our common portfolio.

IN 2016, WE SOLD A TOTAL OF **17.6 TWH** OF ELECTRIC POWER, WHICH IS **25% MORE** THAN IN 2015.

Chart 24: Share of renewable energy in electricity supplied to customers of the Petrol Group in 2015



Petrol’s Policy of Clean Energy Sources for Transportation

The effects of conventional fuel consumption on the environment, which result from the increasing transportation, require rapid and proactive action. New, tougher restrictions on emissions from internal combustion engines are practically a constant in the ever-changing environmental legislation. One part of this “burden” affects engine manufacturers and the other part fuel distributors. Despite the difficult economic conditions in recent years, Petrol continues to follow all the trends in development, which should contribute to the reduction of the environmental burden due to the use of fuels in transportation. From this standpoint, the 2015/2016 period was marked by two measures: the implementation of the EURO6 emission standard and the implementation of sustainability requirements related to the acquisition or production of biofuels, which are otherwise novelties oriented towards the same goal – the reduction of the environmental burden of greenhouse gases (mainly CO₂); the latter especially has a major indirect impact on the availability of biofuels on the market and, indirectly on the

available fuel quality. In relation to diesel engine emissions, the EURO6 standard means significant progress towards the reduction of environmental burden. Petrol fully complies with the requirements in connection with the implementation of the EURO6 standard, set by new exhaust vehicle gas cleaning technologies. Contemporary Euro 6-compliant diesel

engines already reach levels that were previously only achieved with the use of the most environmentally friendly energy sources (e.g. natural gas). The use of biofuels and new technological solutions for cleaning exhaust gases in engines are an additional challenge for providers, which is reflected in the new circumstances on the market. Petrol is aware that only products that are safe to use and do not represent a danger to the vehicle or engine should be offered to users. Although solutions in the market must be duly proven, their use in practice can reveal specificities that can be timely detected, taken into consideration and solved. Upon the introduction of new products, irrespective of whether they are the result of “forced” statutory requirements or new, interesting business solutions, Petrol supports a slightly conservative approach. The introduction of advanced but insufficiently tested innovations can lead to the opposite effects. The market does not accept such products; in this respect, their development and placement on the market slows down or even ceases.

Biofuels

The legislation on sustainability criteria for biofuels and GHG emissions has significantly altered the biofuels market. Fuel distributors are obliged to keep appropriate records, which ensure the adequate traceability of biofuel procurement and sales flows. This further narrows the supply sources and increases administration. The EU guidelines require the gradual cessation of biofuels from raw materials that could be intended for human consumption (e.g. cereals) and promotes their substitution with biofuels produced from waste biomass in a distinctly more sustainable way.

WE PROVIDE FUEL IN ACCORDANCE WITH THE REQUIREMENTS OF EURO6 STANDARD.

THE PETROL GROUP PROCURES BIOFUEL COMPLYING WITH THE SUSTAINABILITY REQUIREMENTS.



Distributors in Slovenia have to import different kinds of biofuels, which does not contribute to decarbonisation. Table 22 shows Petrol’s environmental savings resulting from the biofuel mix in 2015 and 2016.

Biofuels are not the only alternative fuel that enables the reduction of CO₂ emissions; however, they are currently one of the most proven energy products that can now be used in existing engines. Upon placement on the market, it is essential to comply with the adopted fuel quality, handling and safety standards. Petrol fully complies with these standards and follows the experiences and the best European and global practices in this field. Apart from the favourable environmental effects, biofuels should also meet the specific requirements of engine manufacturers, which are not only linked to the engine itself, but also to the increasingly sophisticated technology and emission purifying devices installed in vehicles. Their effect largely depends on the quality of the fuels used, which must meet the requirements, not only at the time of distribution to sales points, but until the sale to the consumer; therefore, appropriate control systems covering the entire procurement and sales chain is of crucial importance. This constataion is especially important in the segment of biofuels, which are considered “less durable” – due to their vegetable or oil basis – compared to fossil fuels and are undoubtedly more prone to changes in structure.

Petrol is aware of the importance of these measures and complies with them, but notes that the regulation of the wider use of biofuels requires a systemic approach, i.e. a change in tax policy (excise duties, CO₂ tax), the elimination of administrative barriers, the deregulation of prices of oil products or the creation of funds for the payment of refunds.

Table 22: Reducing emissions due to biofuels input in 2015 and 2016

Year	
2015	6,987 t CO ₂
2016	3,364 t CO ₂

IN 2016, SPECIAL ATTENTION WAS PAID TO:

- The legislation and the fulfilment of obligations arising from the regulations on the promotion of the use of biofuels and fuels from renewable energy sources (RES).
- Biofuel procurement that meets the sustainability criteria.
- The legislation and obligations in ensuring energy savings in the use of liquid fuels.
- Technical acceptability of the use of alternative fuels in vehicles, in the manipulation processes and storage.

In 2016, we participated in the drafting of national legislation in the field of alternative fuels, as well as in the drafting of the national development strategy on this kind of energy source and the required infrastructure. These guidelines are crucial for Petrol because they represent the framework of our operation.



MSc. Janez Grošelj,
Director of Energy and Environment, Petrol d.d., Ljubljana

Petrol’s ambitious vision is to generate at least half of the company’s cash flow from the energy activity in 2030. This ambitious objective we are going to achieve by taking several strategic measures which will lead to a low-carbon society and bring a better quality of life. Among others, our company is increasingly involved in power generation from renewable energy sources, such as wind, water and the sun. In this particular field a lively investment development is being expected in a wider region. We are holders of introducing alternative energy sources in the field of mobility. The driving force of all energy activities of Petrol Group is efficient energy consumption.

Electromobility

In recent years, electromobility has been an increasingly topical issue and Petrol is aware that long-term progress is only possible with continuous investment in the development of environmentally friendly solutions. In line with its commitment to sustainable progress, Petrol assumes a key role in the breakthrough of massive electromobility in Slovenia. Within its own network of electric charging stations, Petrol has developed the necessary

rear information systems to support the operation and maintenance of charging stations for electric vehicles, continuous remote monitoring of the operation and implementation of the charging service. We have established a 24/7 call centre for customer support and international roaming, which allows Petrol's users to use partners' charging infrastructure abroad and vice versa.

IN 2015 WE WERE MANAGING
37 CHARGING STATIONS,
10 NORMAL AND
27 FAST.

IN 2016 WE WERE MANAGING
43 CHARGING STATIONS,
14 NORMAL AND
29 FAST.

ACTIVITIES IN THE 2015/2016 PERIOD:

- Successful participation in the Central European Green Corridors (CEGC) project and commitment to manage 26 fast charging stations as part of this project.
- The establishment of international roaming with four foreign partners (Austria, Slovakia, the Netherlands, Germany).
- Installation of the first universal high-speed charging station in Slovenia, in front of Crystal Palace in the BTC.
- Installation of two fast charging stations at service stations, Celovška Ljubljana and Maribor AC east.
- The acquisition of four GOLEA charging stations, and one charging station in the municipality of Šenčur, in the management; participation in Green Keltika project.
- New graphic design for electromobility (outside the framework of the standard Petrol corporate design).
- Prepare an application in connection with URBAN-E, and NEXT-E projects for the TENT CEF tender

PLANS:

- The expansion of activities in markets outside Slovenia.
- The development of web and mobile applications for electromobility (good user experience).
- The commencement of the Petrol - BMW project (the installation of ten fast charging stations in Slovenia and Croatia).
- The (expected) launch of at least one of the NEXT-E and URBAN-E projects.
- The upgrade of the existing rear information system for the management of charging stations.
- New packages in connection with charging using public charging infrastructure and household electricity.
- The introduction of smart mobility services based on electric vehicles.



Dr. Miha Rihar,

Project Manager, Innovative Business Models and Digitalisation, Petrol d.d., Ljubljana

Development of e-mobility can be compared to the development of the internet. 20 years ago the internet connection was only used by a handful of people. Today, the internet is mainly a basis for numerous different services. Similarly, the vehicles in the future which will be mainly driven by electrical power will only be a tool to provide various services in the field of mobility with less pollution and less noise. Even for the company Petrol e-mobility is a new area which represents a palette of challenges and opportunities, as well. We have succeeded in becoming the market leader providing comprehensive solutions in the field of e-mobility in Slovenia, since our current market share accounts for two thirds of the Slovenian market. In the near future we are going to expand to foreign markets and introduce new concepts of smart mobility.

The Cutting-Edge Green Service Stations (Points Of Sale)

487 PETROL'S SERVICE STATIONS (**316** IN SLOVENIA) IN 2016

The index of overall satisfaction with the service stations is high < page 51

Facilities are economically efficient, reducing energy use and natural resources < page 72

We conduct energy rehabilitation of existing service stations and car washes < page 76

On the roofs of some service stations renewable energy is produced < page 78

Internal and external lighting is being updated to enhance energy efficiency and reduce light pollution < page 77

Service stations are equipped with the latest vapor recovery unit < page 86

New facilities of service stations are architecturally innovative as they build on the principles of sustainable construction < page 74

We implement new technologies for reduction of drinking water consumption < page 83

At one of our service stations we have a green roof (Sustainability Report 2014)

We carry out measurements and evaluation of noise < page 82

We provide LPG and we have a network of electric charging stations < page 90, 94

Fuels are in accordance with the EURO6 standard < page 92

We have introduced selling of fresh fruit and vegetables < page 52

We have established the possibility of e-procurement of Fresh products < page 52

In all service stations an integrated security system is in place < page 69

We build in energy-efficient heat pumps < page 74

We install glass on refrigerated displays, increasing energy efficiency < page 75

Water for carwashes is recycled < page 83

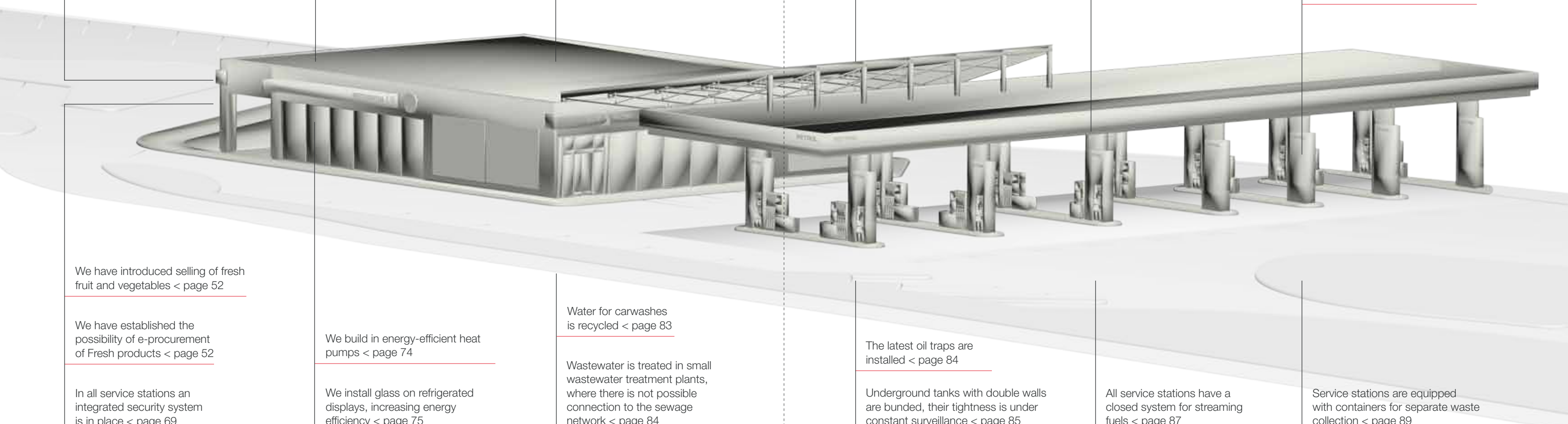
Wastewater is treated in small wastewater treatment plants, where there is not possible connection to the sewage network < page 84

The latest oil traps are installed < page 84

Underground tanks with double walls are banded, their tightness is under constant surveillance < page 85

All service stations have a closed system for streaming fuels < page 87

Service stations are equipped with containers for separate waste collection < page 89



Environmental Energy Savings

As a strategic partner, the Petrol Group offers partnerships to its customers in the improvement of their energy efficiency and the use of renewable sources. In the Petrol Group, more than 200 experts in the field of energy daily help to create success stories in the field of the energy management of cities and industrial energy in Slovenia and abroad.

WE MANAGED ENERGY IN **346 BUILDINGS** WITH A TOTAL SURFACE AREA OF **810,000 m²**.

Long-term contractual energy supply and the contractual assurance of energy and water savings is the most common model of implementation of such projects in both the public/commercial sector and industry. The major advantage for clients in this type of model is that Petrol assumes all the technical and economic risks for the implementation and management of the project, provides the necessary financial resources for the implementation of measures and supplies to the client all the required energy of adequate quality upon guaranteed savings in the consumption of different energy sources compared to the previous situation.

THROUGH OPTIMISATION OF WATER SUPPLY SYSTEMS WE REDUCED WATER LOSS BY A TOTAL OF MORE THAN **1,900,000 m³**.

IN 2016 WE:

- managed energy in 346 buildings with a total surface area of 810,000 m², or 28 buildings and 60,000 m² more if new projects (the Centre for School and Outdoor Education in Bohinjska Bistrica, the municipality of Desternik, the municipality of Majšperk and the municipality of Piran) and existing buildings are taken into account;
- provided efficient lighting in 13 public lighting systems (managing a total of over 22,500 luminaires);
- helped five water supply system operators to reduce water loss by a total of more than 1,900,000 m³ through technical and economic optimisation of these systems;
- carried out technical and economic optimisation of district heating systems to help increase production and heat distribution efficiency in 20 major district heating systems in the region with a total installed power of facilities of more than 7,500 MW;

WE PROVIDED EFFICIENT LIGHTING IN **13 PUBLIC LIGHTING SYSTEMS** (MANAGING A TOTAL OF OVER **22,500 LUMINAIRES**).



- carried out technical and economic optimisation of district heating systems in Bolzano, Italy, and Osijek, Croatia, and upgraded the district heating project in Belgrade, Serbia;
- won a project for technical and economic optimisation of the district heating system in Sofia, Bulgaria (the second largest district heating system in Europe with an installed power of 4,400 MW);
- won a project for technical and economic optimisation of Acqua Novara water supply system in Italy (currently underway);
- won projects involving energy management in buildings in several Slovene municipalities;
- won and mostly completed the automation of 350 heating substations to enhance the efficiency of the district heating system in Novi Sad.

In 2016 new projects of long-term heat supply, energy renovation of buildings and the reduction of electricity consumption and water losses were largely carried out based on the public-private partnership model. Energy and environmental savings of the Petrol Group achieved by market projects in the years 2015 and 2016 are presented in Tables 23 and 24.

Table 23: Energy savings of the Petrol Group achieved by market projects

Year	Heat supply	Waste heat recovery	Renovation of boiler rooms and installation of cogeneration of electric and heat units	End customers	Savings in lighting	Integrated projects of efficient energy use
	MWh	MWh	MWh	MWh	MWh	MWh
2015	1,131.7	0	186	156,564.3	0	0
2016	2,924.0	5,116	0	28,724.1	470.4	2,006.2

Table 24: Environmental savings of the Petrol Group achieved by market project

Year	Heat supply	Waste heat recovery	Renovation of boiler rooms and installation of cogeneration of electric and heat units	End customers	Savings in lighting	Integrated projects of efficient energy use
	t CO ₂	t CO ₂	t CO ₂	t CO ₂	t CO ₂	t CO ₂
2015	433.9	0	102.5	31,941.6	0	0
2016	1,165.3	1,033	0	35,019.6	217.8	279.6



MSc. Blaženka Pospiš Perpar,
Director of Engineering and Marketing of Energy Solutions, Petrol d.d., Ljubljana

In the last two decades Petrol has proved to be a reliable partner with hundreds of projects implemented in the field of energy efficiency. Among our major partners, there are municipalities which are striving for more efficient consumption of public resources. However, for energy efficiency projects and investments in renewable energy sources they often run out of their own funds. Our energy efficiency solutions are adaptable to the needs of our partners. The most common models of performing energy projects are contracting energy supply and contracting provisions of savings, which bring us very good results.

End Customers' Energy Efficiency

In accordance with the requirements of the European Directive on energy efficiency, based on which Slovenia adopted the legal requirement of ensuring energy savings by end-users, Petrol started implementing measures to increase energy efficiency in 2015 (see Table 25). As a fairly innovative and effective solution to achieve these objectives, Petrol enforced the achievement of savings based on fuel additives, which enables the reduction of fuel consumption and thus directly increases the efficiency

of energy consumed in transport, i.e. by our customers, as the amount of energy used for the same work is reduced. This measure has a double effect, because CO₂ emissions and other pollutants are also reduced proportionately. In addition to this, we implemented measures for energy efficiency and the greater use of renewable energy sources with the installation of heat pumps, the introduction of energy management systems and the installation of devices for efficient combined heat and power production.

Table 25: Providing energy savings among end customers in the years 2015 and 2016

The amount of electricity sold to end customers in 2014	15,093,839.55 MWh
Mandatory energy savings in 2015*	37,734.60 MWh
The energy savings achieved in 2015**	156,564.26 MWh
* 0,25% of the quantity of energy sold in 2014. ** The excess of saving achieved is transferred to the following year.	
The amount of electricity sold to end customers in 2015	14,336,672.89 MWh
Mandatory energy savings in 2016*	41,705.01 MWh
The energy savings achieved in 2016**	29,115.09 MWh

* 0.50% of the sold amount of energy, and 0.25% of the fuel sold in 2015.

** The deficit of energy savings target covers the recognized peak of energy savings from 2015.

In 2016, we continued the activities of providing energy savings for end customers (see Table 26). The largest savings were realised by the introduction of additives in fuels, this time motor gasoline. Furthermore, we implemented measures for energy efficiency and the greater use of renewable energy sources with the remediation and introduction of

energy management in buildings within the public sector, the installation of heat pumps and the glazing of refrigerated display cases at points of sale and the introduction and certification of an energy management system according to the standard 50001.

Table 26: The generated energy and environmental savings by end customers for the years 2015 and 2016

Year	Energy savings (MWh/year)*	Environmental savings (t CO ₂ /year)**	Activities / actions
2015	156,564.26	38,282.49	Installation of heat recovery ventilation devices; installation of heat pumps; introduction of energy management systems; giving additives to fuels; installation of devices intended for efficient co-generation
2016	29,115.09	7,940.13	Introduction and certification of the energy management system according to the standard ISO 50001; installation of heat pumps and glazing cold showcases in points of sale; giving additives to fuels; restoration and introduction of energy management in public sector facilities

* Calculation of energy savings: the difference between the use of primary energy before the renovation of the boiler room and after in MWh/year.

** Environmental savings are expressed as the sum of the emission savings due to the reduction in the use and due to replacement of energy source.

Comprehensive Energy Management

The market-competitive model of comprehensive energy management by the Petrol Group in the technological, economic and environmental sense combines the provision of comprehensive energy

services intended for customers from the industry, public sector and other entities. The indicators of comprehensive energy management are shown in Table 27.

■ THE DISTRICT HEATING OF THE TOWN OF KAMNIK AND THE ENERGY MANAGEMENT OF MUNICIPAL FACILITIES OF THE MUNICIPALITY OF KAMNIK

In 2013, we entered into discussions with the ETA Kamnik company for the purpose of installing the town's own energy source. The aim was to optimise the existing source, the boiler room shared with the Sivilanit company. Together with Sivilanit and the municipality of Kamnik, we determined that it was best to rehabilitate the boiler room and connect it to the district heating system, which already supplied the public and residential buildings. We redesigned the central boiler room, rehabilitated the heating network, connected new customers and installed new thermal stations with modern regulating equipment for the existing customers. The renovation of the boiler room consisted of the recovery and reconstruction of the existing hot water boiler and the installation of a new heat and power station (637 kW of electrical power). The heating system supplies heat to schools, houses, the medical establishment, industry and the business sector with a total heat output of 4.4 MW and an annual heat supply of 5-6 GWh. The power station additionally

produces 2.55 GWh of electricity. At the end of 2015, the successful cooperation with the municipality of Kamnik spread to the wider municipal area with the acquisition of the energy management of branch schools and nursery schools. At the same time, we continued to optimise the boiler room and district heating system with the installation of a condensing boiler for heating sanitary water during the summer months. In the first year of cooperation, we managed to reduce heat consumption by 10% and thus reduce the heating costs by more than 30%.

IN THE FIRST YEAR OF COOPERATION WE REDUCED THE COST OF HEATING FOR MORE THAN **30%**.

With these measures, we took up the responsibility for a reliable heat supply with continuous control over the operation of sanitary hot water preparation systems, while reducing energy costs to the client.



Source: The Municipality of Kamnik

Table 27: Integrated energy management of the Petrol Group

Project	Type of energy source	Object	Annual heat consumption (MWh)	Energy consumption (m³ NG/year)	Annual electricity consumption (MWh)	Annual heat savings (MWh)	Annual electricity savings (MWh)	Environmental savings (t CO₂/year)**	Activities / actions	Year of the investment completion	Investor
Kostel business incubator	■	Kostel business incubator	70.20			new construction	0	0	Construction of biomass boiler and heat supply	2015	The Municipality of Kostel
EUO The Municipality of Brda	■	The Municipality of Brda, Elementary School Dobrovo, Nursery Dobrovo	445.79		15.70	257.30	22.06	10.21	Renovation of boiler with replacement of energy source and facility management	2016	The Municipality of Brda
EUO Destrnik	■	Elementary School Destrnik, Volkmerjev cultural centre, municipal building Destrnik, medical center and fire station	375.03	1,146.97	107.85	41.05	30.09	13.93	Renovation of boiler with replacement of energy source and facility management	2016	The Municipality of Destrnik
EUO Kamnik	■	7 elementary school buildings, 2 nurseries, gallery, museum	818.23			80.18	0	0	Boiler renovation with regulation optimization	2016	The Municipality of Kamnik
EUO Piran	■	9 buildings	1,090.26	0	179.00	407.55	15.56	7.20	Renovation of boiler with replacement of energy source and facility management	2016	The Municipality of Piran
EUO Majšperk	■	Elementary School Majšperk, Elementary School Ptujška Gora, Elementary School Stoperce, Cultural and business center Majšperk, Nursery Majšperk, Recreation center Majšperk	588.72	1,178	245.71	138.58	21.60	9.99	Renovation of boiler with replacement of energy source and facility management	2016	The Municipality of Majšperk
EUO Bled	■	4 buildings, Elementary School Josipa Plemlja, Branch Elementary School Ribno, Branch Elementary School Bohinjska Bela, Nursery Bled	600.21	37,284	135.50	45.30	0	0	Renovation of boiler with replacement of energy source and facility management	2016	The Municipality of Bled
EUO University in Maribor	■	8 buildings	6,418.72		4,417	400.90	490.20	226.96	Comprehensive renovation of the building and facility management	2016	University in Maribor
EUO The Municipality of Koper - additional measures	HP	Pionirska library, Cinema building, part of the building of the Municipality of Koper, Praetorian Palace	232.13		220.57	31.27	24.51	11.35	Installation of heat pumps boiler when replacing fossil fuel (fuel oil extra light)	2016	The Municipality of Koper
Total						1,402.13	604.02	279.64			

Type of energy source

■ Wood biomass

■ EE

■ Fuel oil extra light

Type of heating

DH District heating

■ Natural gas

■ LPG

LH Local heating

ENERGY MANAGEMENT OF THE MUNICIPALITY OF DESTRNIK FACILITIES

Petrol d.d., Ljubljana concluded a 20-year concession contract for the contractual provision of savings with the municipality of Destrnik. In addition to the existing source of heating with gas boilers, we added heat pumps in three municipal buildings (primary school, Volkmarjev dom kulture, the health centre and the fire station). In addition to heating with heat from geothermal probes, all facilities have the possibility of passive cooling using the well water of the heat pumps. During the summer months, the excess heat from facilities is returned to the ground through the geothermal probes. In this way, the system regenerates and enables us to achieve high levels of efficiency and reversibility of the system.



At the same time, certain measures in the heating and cooling systems and the new electronic control on all thermal stations facilitate proper temperature regulation indoors and the setting of schedules for individual heating branches. This prevents the overheating of the entire building, if only rooms that are in use are heated during certain hours (e.g. the club, multipurpose rooms and gymnasiums). Heat consumption will reduce from 440 MWh to 292 MWh, and it can be expected that the costs of heating will reduce by more than EUR 30,000 per year.

THE HEAT CONSUMPTION WILL BE REDUCED BY **33.6%**.



BOHINJ LODGE AS A PILOT PROJECT OF THE ENERGY-SAVING RENOVATION OF STATE-OWNED FACILITIES

In September 2016, Center šolskih in obšolskih dejavnosti signed a contract for improving the energy performance of Bohinj lodge, which is largely funded by the EU and Petrol as a private partner. It is a pilot project for the energy-saving renovation of facilities owned by the state and municipalities, which is being implemented according to the model of energy contracting with a private investor. The CŠOD has undertaken a comprehensive three million euro renovation of Bohinj lodge and got involved in the acquisition of European funds and the private partner for energy-saving renovation. Thus, the CŠOD and Petrol, as a private partner, concluded a contract for the implementation of the project, which will enable the reduction of the energy consumption and operating costs of the facility, which serves mainly for the implementation of out-of-school classes. In the context of this project, we will replace the energy source, fuel oil, with wood chips and a heat pump, restore the facade

and replace the builders' wood joinery. So far, the annual costs of energy and maintenance amounted to EUR 56,000; after the energy-saving renovation, it is expected that the costs will be reduced by EUR 44,000 to approx. EUR 12,000.



Heat Production

129.5 THOUSAND MWH OF HEAT WAS SOLD IN 2016, WHICH IS 4% MORE THAN IN 2015.

The district heat supply includes heating systems where heat is produced in one or more boiler rooms and distributed through the district heating network to end customers. Today, heat distribution systems are among the most reliable, environmentally acceptable and cost-effective systems for heat supply to end customers. Facilities connected to the district heat system do not need their own source of heat production; the system itself provides the benefits of supply, such as greater energy efficiency, better environmental protection, easy operation and maintenance, and lower investment, operating and major maintenance costs. At the end of 2016, the Petrol Group managed 22 district heating systems, of which 13 are organised as an optional public utility service, i.e. a concession or concession agreement concluded with the municipality. The remaining 9 district heating systems are implemented on a commercial basis or ownership distribution system, which means that the contract is concluded with the users. In addition to district heating systems,

the Petrol Group managed – through the contracting system – 25 boiler rooms, from which the heat was sold to end users. In 2016, the Petrol Group sold 129.5 thousand MWh of heat energy, which is 4 percent more than in 2015.

Energy and environmental savings of heat supply in the years 2015 and 2016 are shown in table 28, the implemented projects for heat supply are shown in the Table 29.

Table 28: Energy and environmental savings of heat supply of the Petrol Group

Year	Energy savings*	Environmental savings**
	MWh/year	t CO ₂ /year
2015	1,131.7	433,9
2016	2,924.0	1,165.3
Total	4,055.7	1,599.2

* Calculation of energy savings: the difference between the use of primary energy before the renovation of the boiler room and after in MWh/year.
 ** Environmental savings are expressed as the sum of the emission savings due to the reduction in the use and due to replacement of energy source.



Table 29: Completed projects for heat supply of the Petrol Group in the years 2015 and 2016

Project	Type of energy source	District / Local heating	Location	Heat production (MWh/year)	Poraba energenta	Energy savings (MWh/year)*	Environmental savings (t CO ₂ /year)**	Activities / actions	Year of the investment completion	The project carried out by
Boiler room Lenartova 4	■	DH	The Municipality of Mežica	516.0	58,234	450.0	90.1	Construction of natural gas boiler	2015	Petrol Energetika d.o.o.
Boiler room Prežihova 18	■	DH	The Municipality of Mežica	1,021.0	107,828	798.0	159.8	Construction of natural gas boiler	2016	Petrol Energetika d.o.o.
Biomass district heating Postojna	■	DH	The Municipality of Postojna	2,111.0	2,815 m ³		***		2015	Petrol d.d., Ljubljana
Biomass district heating Črnomelj	■	DH	The Municipality of Črnomelj	2,723.0	3,631 m ³		***		2016	Petrol d.d., Ljubljana
Asphalt base Laže, Kolektor CPG d.d.	■		Asphalt base Laže	7,500.0	600 t	300.0	138.9	Energy change from fuel oil extra light to LPG	2015	Petrol d.d., Ljubljana
Asphalt base Lenart, Komunala Slovenske Gorice d.o.o.	■		Asphalt base Lenart	4,400.0	350 t	176.0	81.5	Energy change from fuel oil extra light to LPG	2015	Petrol d.d., Ljubljana
Pivka Perutninarstvo d.d., Kal	■		Kal	11,500.0	900 t	460.0	213.0	Energy change from fuel oil extra light to LPG	2016	Petrol d.d., Ljubljana
Beti d.d., Metlika	■		Metlika	6,000.0	470 t	600.0	277.8	Energy change from fuel oil to LPG	2016	Petrol d.d., Ljubljana
Asphalt base Senožeče CPK d.d.	■		Asphalt base Senožeče	7,500.0	600 t	300.0	138.9	Energy change from fuel oil extra light to LPG	2016	Petrol d.d., Ljubljana
Lindab IMP Klima d.o.o.	■		Godovič	2,500.0	200 t	100.0	46.3	Energy change from fuel oil extra light to LPG	2016	Petrol d.d., Ljubljana
Terme Krka d.o.o.	■		Strunjan	1,300.0	100 t	52.0	24.1	Energy change from fuel oil extra light to LPG	2016	Petrol d.d., Ljubljana
JUB d.o.o.	■		Nova vas	11,500.0	900 t	460.0	213.0	Energy change from fuel oil extra light to LPG	2016	Petrol d.d., Ljubljana
Multi-facility Begunje 50	■	LH	The Municipality of Radovljica	46.0	48.5	14.5	8.7	Construction of natural gas boiler	2016	On our own
Manufacturing facility Kidričeva cesta 93, Škofja Loka	■	LH	The Municipality of Škofja Loka	270.0	284.0	67.5	40.5	Construction of natural gas boiler	2016	On our own
Office building Kidričeva cesta 50, Škofja Loka	■	LH	The Municipality of Škofja Loka	176.0	185.0	44.0	26.4	Construction of natural gas boiler	2015	On our own
Multi-facility Partizanska 43, Gornja Radgona	■	LH	The Municipality of Gornja Radgona	176.0	(17,000 m ³) 189	24.2	14.5	Construction of natural gas boiler	2015	On our own, HP Petrol d.d.
Baumuller Dravinja, d.o.o., Slovenske Konjice	■	LH	The Municipality of Slovenske Konjice	1,156.0	(113,000 m ³) 1,205	89.0	53.4	Construction of natural gas boiler	2015	On our own, HP Petrol d.d.
Konus Konex d.o.o., Mestni trg, Slovenske Konjice	■	LH	The Municipality of Slovenske Konjice	1,023.0	(100,000 m ³) 1,070	72.0	43.2	Construction of natural gas boiler	2016	On our own, HP Petrol d.d.
VVZ Domžale, Slamnikarska cesta 26	■	LH	The Municipality of Domžale	404.6	(38,217 m ³) 422	48.5	29.1	Construction of natural gas boiler	2015	On our own

* Calculation of energy savings: the difference between the use of primary energy before the renovation of the boiler room and after in MWh/year.
 ** Environmental savings are expressed as the sum of the emission savings due to the reduction in the use and due to replacement of energy source.
 *** We bought already functioning system to manage, and new savings are not shown.

Type of energy source ■ Wood biomass ■ LPG Type of heating DH District heating
 ■ Natural gas LH Local heating

■ TECHNICAL AND ECONOMIC OPTIMISATION OF THE DISTRICT HEATING SYSTEM IN BOLZANO

The introduction of the technical and economic optimisation of the district heating system in Bolzano, which was carried out by the Italian buyer, is part of a wider Sinfonia project within the 7th EU Framework Program. It is a five-year initiative of introducing comprehensive energy solutions in medium-sized European cities based on the results achieved in the two pilot cities, Innsbruck and Bolzano: 40 to 50% primary energy savings and a 20% increase of the share of renewable energy. A comprehensive set of measures that combine the retrofitting of more than 100,000 m² of living surface for the optimisation of the electrical power network, also encompasses solutions for district heating and cooling – the introduction of the technical and economic optimisation of the Bolzano district heating

40 TO 50% PRIMARY ENERGY SAVINGS AND A 20% INCREASE OF THE SHARE OF RENEWABLE ENERGY

system (TEODO). Currently, the installed power of the system is 74 MW, the extension envisages an increase of 120 MW to 270 MW. Currently, 173 thermal stations are connected to the system; after the extension, 300 or up to 629 will be connected. The heat sources are the waste incineration plant (30 MW) and heating plant using natural gas (currently 30 MW, planned to increase to 65 MW). An additional backup heating plant using natural gas at another location and the installation of a battery are envisaged. The implementation of the TEODO envisages a 0.5% to 1% reduction in primary energy consumption, a 3% to 5% reduction in heat loss, and thus a reduction in CO₂ emissions. At the same time, the introduction of the system brings other advantages to the client, which will come to the fore especially upon planning the expansion of a district heating system: the possibility of modelling simulations of the network expansion with respect to existing and new sources and customers.

try and the local environment, i.e. the transition to efficient low-carbon energy systems based on the integration of local natural resources, renewable energy, the use of waste heat and respect for the principles of sustainable development. In accordance with the guidelines of the European Union, the new business model enabled us to link the interests in the development of smart cities, factories and networks. The savings of Petrol Energetika d.o.o. were calculated for two periods. The first period ends on May 2017, with the termination of the support scheme and the lease agreement for co-generation. At an average temperature deficit of 3,380 K, we will by then annually gain approx. 5.310 MWh of heat with waste heat recovery, of which 4,110 MWh is for district heat and 1,200 MWh is for sanitary hot water. The annual savings of natural gas will amount to EUR 155,957. The annual carbon dioxide emissions will be reduced by 1,059 tons. At the current gas prices, the investment will be repaid in approx. 15 months.

Waste Heat Recovery

Waste heat recovery is an important aspect of energy efficiency. Within the consortium of the SIJ group, Metal Ravne, the Ravne na Koroškem local community and the Jožef Stefan Institute public research institute, Petrol Energetika used the “Waste heat recovery of metallurgical processes for the purposes of district heating in Ravne na Koroškem” comprehensive energy solution to set up an example technological platform of innovative energy in connection with the transition of the steel industry to the circular economy. This is the first project for the effective use of waste heat in the steel industry, which has potential for future growth with its use of modern technology and innovative system solutions for the integration of a smart, efficient and sustainable way of heating and cooling. This will enable industry and cities to save energy, improve air quality and increase the benefits for society as a whole (see Table 30).

Based on a circular economy, we have created a targeted cooperation between the economy, local communities and the public research institute and formed new circular business models with the focus on end customers. The innovation opens the way towards a common goal for the steel indus-

In the second half of 2017, the potential for waste heat recovery will significantly increase. Instead of three modules, only one will be installed; therefore, 11,100 MWh of waste heat could be recovered in



WE RECEIVED THE AWARD FOR ENVIRONMENTALLY FRIENDLY SERVICE BY THE FINANCE MAGAZINE; THE TARAS 2016 AWARD, FOR THE SUCCESSFUL INTEGRATION OF THE ECONOMY WITH A SCIENTIFIC RESEARCH INSTITUTION; THE CHAMBER OF COMMERCE AND INDUSTRY OF SLOVENIA AWARDS, NAMELY A GOLD CERTIFICATE AT THE REGIONAL LEVEL AND A BRONZE CERTIFICATE FOR INNOVATION IN 2016 AT THE NATIONAL LEVEL, AND A SILVER EUROPEAN AWARD - EUREMA.



district heating and 1,200 MWh heat in the preparation of sanitary hot water – a total of 12,310 MWh of heat. The annual natural gas savings will amount to EUR 419,128 and the annual carbon dioxide emissions will be reduced by 2,455 tons. We envisage that the investment will be repaid in nine months.

In 2017, when we plan to renovate the heating plant, we will gain approx 5.310 MWh of heat per year by utilising waste heat from metallurgical processes in an electric-arc-furnace with a 75/55°C temperature regime. After 2017, when useful heat COP will have priority, we will gain approx 12,310 MWh.

Table 30: Waste heat recovery in 2016

Project	The source of the waste heat	Location	Heat production (MWh/year)	Energy savings (MWh/year)*	Environmental savings (t CO ₂ /year)**	Year of the investment completion	The project carried out by
Heat recovery from metallurgical processes for the purposes of remote heating and preparation of utility hot water in Ravne na Koroškem	40 t electric arc furnace (UHP) in Steel Plant of SIJ Metal Ravne company	Ravne na Koroškem	5,116	5,116	1,033	2015	Petrol Energetika, d.o.o., SIJ Metal Ravne d.o.o.

* Calculation of energy savings: the difference between the use of primary energy before activities and after in MWh/year.

** Environmental savings are expressed as the sum of the emission savings due to the reduction in the use and due to replacement of energy source.

Renovation of Boiler Rooms and Installation of CHP

For optimal heat supply for some consumers a simultaneous renovation of the boiler and the installation of CHP is carried out. Energy and environmen-

tal savings of completed projects with renovation and installation of boiler CHP of the Petrol Group are shown in Table 31.

Table 31: Energy and environmental savings of the renovation projects of the boiler and the installation of CHP of the Petrol Group in the years 2015 and 2016

Project	Power rating of boiler and power ratings of CHP	Location	Heat production (MWh/year)	Electricity production (MWh/year)	Consumption of energy (m ³ NG/year)	Energy savings (MWh/year)*	Environmental savings (t CO ₂ /year)**	Year of the investment completion
DH Kamnik	Boiler Vitodens 200W, Boiler Loos 520 kW, SPTE Jenbacher JM312 732 kW	The Municipality of Kamnik	3,727	2,348	807	186	102.5	2015
DH CHP Bled - additional measures	The heat pump type KOTA TČ-405/2 (830)	The Municipality of Bled	1,527				***	2017

* Calculation of energy savings: the difference between the use of primary energy before the renovation of the boiler room and after in MWh/year.

** Environmental savings are expressed as the sum of the emission savings due to the reduction in the use and due to replacement of energy source.

*** This is an upgrade of an existing project, so additional savings will be recorded in future years.

Lighting Optimisation

We provide efficient and integrated lighting solutions to the public and industrial sectors by introducing a reduction of energy consumption and environmental burdens. We offer a comprehensive management system, a remote control and management system, and power meter reading sys-

tems in switch control units. Our clients include local communities, large industrial and other commercial customers. Table 32 presents projects implemented by Petrol d.d., Ljubljana, and their quantitative energy savings and environmental savings.

Table 32: Energy and environmental savings of optimizing lighting projects

Project	Type of lighting	Location	Average annual electricity consumption (MWh)	Energy savings (MWh/year)*	Environmental savings (t CO ₂ /year)**	Activities / action	Year of the investment completion
Concession PL Hoče Slivnica	public lighting	The Municipality of Hoče Slivnica	404.00	409.40	189.56	renovation of lighting	2016
PL Bled - additional measures	public lighting	The Municipality of Bled	34	61	28.23	renovation of lighting	2016
Total savings				470.4	217.8		

* Calculation of energy savings: the difference between the use of primary energy before the renovation of lighting and after in MWh/year.

** Environmental savings are expressed as the sum of the emission savings due to the reduction in the use and due to replacement of energy source.

■ PUBLIC LIGHTING RENOVATION IN THE HOČE SLIVNICA MUNICIPALITY

In July 2014, the Hoče Slivnica municipality launched a public tender for the renovation of public lighting and the award of a concession for the provision of the public utility service of the installation, maintenance and implementation of public lighting in the municipality. The renovation, which was carried out together with partners, was completed in March 2015. It encompassed the refurbishment of public lighting, the replacement of 926 street lamps in accordance with the technical requirements, standards and recommendations, and the reconstruction of 43 switch control units. The contract value of the renovation of public lighting amounted to more than EUR 350,000. All newly installed lamps enable up to 50% reduction of the luminous flux at night. A pre-programmed electronic module is installed in the lamp, which automatically calculates the time of reduction depending on the length of the previous three nights. Before the renovation, electricity consumption

amounted to 813,495 kWh; the guaranteed energy savings amount to 409,000 kWh, which reduces CO₂ emissions by 189 tons a year. The energy accounting system with the automatic entry of data on electricity consumption is established for monitoring electricity consumption and savings at each switch control unit. The cadastre of public lighting, which is regularly updated with any changes to public lighting, was established.



Water Cycle Management

Careful water management is becoming of vital importance. Sharing knowledge, environmental security and affordable services of water resource management are becoming a strategic advantage of the Petrol Group. As of 2014, the Petrol Group has centrally managed the entire water cycle for its partners, which includes drinking water, wastewater

Optimisation of the water supply system

There is a growing demand for improving the management of water supply networks in the areas of safety, quality, durability, efficiency and user support from international organisations. Petrol offers the TEOVS system (technical and economic optimisation of the water supply system), which is an intuitive operational tool for the technical and economic optimum management of the water supply system in real time. This enables Petrol to help provide a foundation for the sustainable and economic management of drinking water supply systems; there-

fore, the economic management of property jointly owned by the company and the users. The TEOVS has the ability to integrate interdisciplinary information, which gives the operator the power to proactively cope with all the challenges of managing water supply systems, reduces production and the technical risks of public service activity in connection with the drinking water supply, and achieves goals and results that are indispensable for the effective operation of a complex organisation (see Table 33).

Table 33: Projects of water supply system optimisation

Project	Tip projekta	Object / location	Water savings (m³/year)	Activities / actions	Year of the investment completion	Investor
TEOVS Velenje	Product cohesion	JP Komunalno podjetje Velenje, MO Velenje	258,585	Supply of the product to carry TEOVS - reduction of water losses	2015	The Municipality of Velenje, The Municipality of Šoštanj, The Municipality of Šmartno ob Paki
Drinking water supply Pomurje	Product cohesion	JP Vodovod Sistema B; Murska Sobota		System for the implementation of hydraulic analyzes	2015	The Municipality of Grad

THE INTRODUCTION OF TECHNICAL AND ECONOMIC OPTIMISATION OF THE ACQUA NOVARA VCO S.P.A WATER SUPPLY NETWORK IN ITALY

The operator of the Acqua Novara water supply network supplies drinking water to 139 municipalities. In the first phase of the pilot project on the technical and economic optimisation of the water supply network in the municipality of Borgomanero, we provided the digitisation of data, by means of which the operator has established permanent con-

trol over the work of the network in real time. This created the conditions for the reduction of electricity consumption, the ability to influence the reduction of water losses and to implement simulation supply during emergencies, maintenance or the expansion of supply. The continuation of the project and extension to the rest of the network is envisaged.

Wastewater Treatment

In 2016, the Petrol Group managed four concessions for the performance of the public utility service of municipal wastewater treatment. The waste water treatment plant in Murska Sobota has a capacity of 42,000 population equivalents (PE), in Sežana PE 6,000, Ig PE 5,000 and Mežica PE 4,000 (see Table 35). We also managed the Papirnica Vevče industrial wastewater treatment plant and in early 2016, we commenced managing the industrial wastewater treatment plant in Paloma. In 2016, all the waste water treatment plants operated well; there were no major technical problems and they all achieved the intended effects of the wastewater treatment (see Table 34). Petrol d.d., Ljubljana, as an important partner of Aquasystems d.o.o., is also involved in the municipal wastewater treatment in the municipality of Maribor with the capacity of PE 190,000. The wastewater treatment plant cleans the wastewater through various stag-

es of purification to the extent that it is suitable for release into the watercourse. The treated water is partly re-used in the technological process, namely, for washing hardware, such as coarse and fine rakes, sludge presses, flocculent preparation and surfaces. After use, non-potable water is collected in an internal sewage system and re-purified in the sewage treatment plant (see Table 35).

Table 34: A quantity of treated municipal and industrial wastewater

Year	The quantity of treated water per year	
	Municipal wastewater in m³	Industrial wastewater in m³
2015	5,071,248	709,500
2016	4,605,389	2,211,034



Table 35: Re-use of treated wastewater in technological process

Wastewater treatment plant	Capacity (PE)	The quantity of treated wastewater in m³/year
WWTP Ig	5,000	1,200
WWTP Sežana	6,000	8,400
WWTP Murska Sobota	42,000	42,000
WWTP Mežica	4,000	2,400

THE TREATMENT AND RE-USE OF TREATED PETROL ENERGETIKA, D.O.O., PE ŠTORE INDUSTRIAL WATER

For the purpose of cooling within the customers' steel processes at the site of the coherent economic complex of the former Štore ironworks, we use softened raw water from the Voglajna watercourse. Water is added from evaporation in the systems or cleaning the systems during repairs. The treatment of industrial water is carried out by the sedimentation of heavier particles in pools and the addition of coagulants and flocculants for treatment and sedimentation in the SII and SIIa water treatment plants (see Table 36).

IG WASTEWATER TREATMENT PLANT

On the basis of the concession contract, Petrol d.d., Ljubljana built a new Ig WWTP and a new connecting pressure line between Matena-Ig. The Ig WWTP, with a projected capacity of 5,000 population equivalents (PE), started operating in November 2015. It includes advanced technology

Table 36: The treatment and re-use of treated industrial water

Water use for own business	Year	Total use of recycled and re-used water
		in m³
Petrol Energetika, d.o.o.	2015	17,844,678.00
	2016	19,058,776.00
	plan 2017	19,100,000.00

with fixed biomass on mobile plastic carriers, which move freely in the biological reactor (MBBR, Moving Bed Biofilm Reactor), which enables highly effective treatment. Treated wastewater flows into the Ižica watercourse in the immediate vicinity.

IN 2016, ALL THE WASTEWATER TREATMENT PLANTS ACHIEVED THE INTENDED EFFECTS OF WASTEWATER TREATMENT.



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Sustainability Reporting According to GRI Guidelines-4

Sustainability Report of the Petrol Group 2016 is a comprehensive report, as we report on all indicators, which were defined as material for the Petrol Group. For each indicator, boundaries of reporting are stated. Indicators which are not essential for the Petrol Group are not stated nor reported of.

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