

**PETROL**

Energy for life

sustainability  
report of the  
Petrol Group

2018



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Energy for life

# sustainability report of the Petrol Group

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## 2018

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# About Sustainability Reporting

Sustainable development is the central of the Petrol Group and for which the highest level of management is responsible. Due to its importance, the Petrol Group has been publishing stand-alone sustainability reports every two years since 2012 and which complement the annual report. The annual report also contains information about sustainability in a more concise form. This sustainability report is now the fourth of its kind. The purpose of having a separate document like this is to be able to present sustainability strategic guidelines, challenges, objectives, programmes and projects, as well as results in more detail. Our activities are highly branched and complex, which is why we constantly develop methodology for sustainable development, measuring, evaluating and reporting.

In the preparation of the report's concept, we referred to the GRI sustainability reporting standards and our stakeholder matrix. On the basis of the identified interests of strategic stakeholders, which we determined using an extensive survey, we defined the key sustainability areas and indicators.

Each segment of our operations is founded on our business and sustainability strategy, as well as other sectoral strategies and policies. The strategic and business framework of the Petrol Group is presented in the first part of the report. We have narrowed down the economic and business indicators to only include those, that are most indicative in order to understand the context of sustainability, while more detailed information is available in the annual report. Among the social relationships, we have particularly focused on our employees, while we have also presented our relationships with other stakeholders and the wider social environment in a segmented way.

Due to the nature of our activities as the largest energy company in Slovenia, our environmental footprint is especially important. We have disclosed it in two segments – the footprint of our own activities and the footprint of our commercial offer.

In the preparation of the content, we incorporated, to the best of our ability, all key internal and external stakeholders, namely by using various communication channels. When determining the areas, topics and when performing measurements, analyses and presenting the results, all key areas of the Petrol Group were involved.

Our reporting is transparent and contains the data that is currently available to us. The content is determined on the basis of three key criteria: relevance, the involvement of key stakeholders and the sustainability context. We endeavoured to present the data in a balanced, comparable, accurate, clear and reliable way.

Sustainable development on an executive level is managed by Sustainable Development, Quality and Safety. The administrator of methodology for sustainable development and reporting on sustainable development is Marta Svoljšak Jerman, PhD, Director of SDQS.

## We see the big picture.

Content people in the society of prosperity. Nature, a safe and comfortable home for both us and future generations. Our mission is to, together with our partners, pave the way to this goal. It takes many small steps to get there, along many narrow paths and bridges. A great deal of motivation, knowledge, talent, courage and perseverance. Together, we are connected in this picture. Our steps all add up.



# Environmental footprint of the Petrol Group



**Optimisation savings with\***  
district heating systems, renovation of boiler rooms, CHP

**Energy savings**

2017: 1,067 MWh  
2018: 43,360 MWh

**Environmental savings**

2017: 363 t CO<sub>2</sub>  
2018: 11,541 t CO<sub>2</sub>

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**Providing energy savings to end-users\***

**Energy savings**

2017: 30,436 MWh  
2018: 76,121 MWh

**Environmental savings**

2017: 8,805 t CO<sub>2</sub>  
2018: 17,545 t CO<sub>2</sub>

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**Optimisation of public lighting\***

**Energy savings**

2017: 930 MWh  
2018: 1,661 MWh

**Environmental savings**

2017: 492 t CO<sub>2</sub>  
2018: 881 t CO<sub>2</sub>

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**Produced heat energy from wood biomass**

2017: 26,069 MWh  
2018: 26,903 MWh

**from biowaste**

2017: 6,800 MWh  
2018: 5,480 MWh

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**Produced electricity from solar energy**

2017: 2,623 MWh  
2018: 2,159 MWh

**Environmental savings**

2017: 1,215 t CO<sub>2</sub>  
2018: 1,000 t CO<sub>2</sub>

**from biowaste**

2017: 7,090 MWh  
2018: 12,037 MWh

**in small HPPs**

2017: 13,729 MWh  
2018: 27,488 MWh

**in wind power plants**

2017: 42,570 MWh  
2018: 47,149 MWh

**Environmental savings in wind power plants**

2017: 20,859 t CO<sub>2</sub>  
2018: 23,103 t CO<sub>2</sub>

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**Energy renovation of buildings\***

**Heat savings**

2017: 2,700 MWh  
2018: 8,385 MWh

**Power savings**

2017: 510 MWh  
2018: 3,206 MWh

**Environmental savings**

2017: 849 t CO<sub>2</sub>  
2018: 6,426 t CO<sub>2</sub>

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**Optimisation of water supply systems\***

2018: 2,594,500 m<sup>3</sup>

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**Recycled and reused water in own car washes**

2017: 68,733 m<sup>3</sup>  
2018: 71,831 m<sup>3</sup>

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**Wastewater treatment plants**

**treated municipal water**

2017: 3,490,086 m<sup>3</sup>  
2018: 5,551,890 m<sup>3</sup>

**treated industrial wastewater**

2017: 1,901,150 m<sup>3</sup>  
2018: 1,852,181 m<sup>3</sup>

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**Treated and reused treated industrial wastewater**

2017: 18,808,956 m<sup>3</sup>  
2018: 18,396,207 m<sup>3</sup>

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**Q Max Fuel**

lower consumption  
lower emissions of harmful gasses

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**Reducing emissions due to use of biofuel, LPG and electricity in traffic**

CO<sub>2</sub> savings  
2018: 83,787 t

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\* The projects included, which were implemented in 2017, 2018



# Social footprint of the Petrol Group in Slovenia



## 2,163,421,600 EUR

Contribution footprint of the Petrol Group in Slovenia

2017 1,075,469,116 EUR  
2018 1,087,952,484 EUR



All calculated contributions account for approximately

## 12%

of the national budget of the Republic of Slovenia



### 4.857 Number of employees

Petrol d.d., Ljubljana: 1,977  
Subsidiaries: 1,198  
Service stations in management: 1,682

### Donations and sponsorships of the Petrol Group

2017: 2,066,185 EUR  
2018: 2,472,631 EUR  
Total 4,538,816 EUR



### 319 service stations

has the Petrol Group on the Slovenian market, representing a 57-per cent market share. We have a leading position on the transit routes, with an emphasis on motorway locations and key urban and border locations.

### 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
- mentorship
- Presentations of our laboratory
- Providing working practice



#### Excise duties

2017 675,224,604 EUR  
2018 655,474,381 EUR  
Total 1,330,698,986 EUR

#### CO<sub>2</sub> tax

2017 76,124,410 EUR  
2018 76,957,713 EUR  
Total 153,082,123 EUR

#### VAT, import duty and taxes

2017 259,636,774 EUR  
2018 283,582,255 EUR  
Total 543,219,029 EUR

#### Payment of the support for efficient energy, CHP and RES

2017 26,287,351 EUR  
2018 27,795,453 EUR  
Total 54,082,804 EUR

#### Membership

2017 18,947,499 EUR  
2018 16,532,832 EUR  
Total 35,480,331 EUR

#### Contributions from remunerations of natural persons

2017 7,125,579 EUR  
2018 8,644,965 EUR  
Total 15,770,544 EUR

#### Corporation tax

2017 9,636,369 EUR  
2018 16,722,131 EUR  
Total 26,358,499 EUR

#### Environmental taxes

2017 175,140 EUR  
2018 136,687 EUR  
Total 311,828 EUR

#### Compensation for the use of building land, water charges

2017 2,082,137 EUR  
2018 1,843,720 EUR  
Total 3,925,858 EUR

#### Other

2017 2,283 EUR  
2018 1,670 EUR  
Total 3,953 EUR

#### Tax on financial services

2017 226,969 EUR  
2018 260,676 EUR  
Total 487,646 EUR

It includes the data on taxes and contributions for the companies of Petrol Group headquartered in Slovenia: Petrol d.d., Petrol Skladiščenje, IGES



# Service stations of the Petrol Group in Slovenia

**Efficient use of energy**

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**Renewable energy**

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**Recycling water**

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**Integrated security system**

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**EURO 6 fuel and alternative fuels**

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**Fresh and healthy food**

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**Waste management**

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**High customer satisfaction**

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**500 service stations,**  
of which 319 in Slovenia



**224 service stations with UNP**  
of which 94 in Slovenia



**105 EV charging stations**



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**Dear Business Partners,  
Shareholders and Employees,**

Petrol, Slovenia's largest energy company and company generating the most revenue, achieved its greatest business success in history. And we are truly pleased to be able to announce this.

But what does it mean to be great?

To have a great vision, when you see clearer and further.

To have great know-how, when you integrate new information into a complex mind.

To have great wisdom, when you separate the wheat from the chaff.

To have great creativity, when you breathe life into new ideas and things.

To have great skills, when you choose the right path and succeed in spite of rapid changes.

To have great life force, when you dare to take a chance, have passion and persistence.

To have great respect and responsibility, when you don't ignore what may seem small and insignificant at the time.

To have a great heart, when you cheer on the successes of others.

To have great integrity, when you always do what is right despite the many options available.

To achieve great things, when you change the world for yourself and others for the better.

This is what we believe makes you great. And the Petrol Group wants to be great! For a better quality of life and the prosperity of society itself.

The Petrol Group is a large commercial entity for the region in which it operates. In 2018, we realised €5.4bn in sales revenue, which is 20% more than in 2017. The EBITDA, realised in the amount of €171.5m, which was 7% more than in 2017. Net profit, realised in the amount of €91.8m, was 13% higher than in 2017.

We are also great when it comes to number of employees. In 2018, due to the expansion of operations and acquisition of companies, the number of employees increased by more than 300. Now, there are 4,857 of us in total. I am particularly pleased to see that employee satisfaction at Petrol is higher than the average in other companies in Slovenia.

We are also great in our mission as we strive to improve the quality of people's lives. With our comprehensive range of solutions, we provide top energy at home, on the go and for business. We are continuously broadening our horizons, regarding both know-how and skills.

We are also great in our vision. Our new 2018–2022 is developmentally ambitious. We will continue to develop and consolidated the sale of petroleum products and merchandise, while also focusing on the comprehensive supply of energy, which is intertwined with energy and environmental solutions.

We are facing great challenges in our rapidly changing environment. Climate changes, geostrategic political changes, demographic changes, technological changes, changes in values and behaviour... Those of us in the energy industry are having to figure out how to optimise the complex systemic transition to renewable sources to ensure the supply, reduce energy consumption, as well as increase the use of alternative, environmentally-friendly energy products and provide sustainable mobility. In this region, Petrol is the one providing solutions.

Our strategic response is to ensure the production of electricity using renewable resources – water, wind and solar power. We want to make households, companies and the community self-sufficient when it comes to energy. We offer comprehensive services for the smart governance of towns and cities. We are one of the protagonists of smart mobility. Our energy mix is progressively becoming more green.


Our solutions are part of the big picture of our collective sustainable future. But the fact is, the Petrol Group cannot be alone in this. However, it wants to be the driving force behind bringing together a sustainable network to achieve great changes and a sustainable footprint.

We are well-aware of our responsibility, which is why we carefully plan, measure and analyse our footprint. Part of this analysis is the Petrol Group sustainability report. It is extremely important to us, as, with it, we show in a transparent way how far we have come, our successes, our challenges, and where we want to go. All employees of the Petrol Group, led by the management, strive on a daily basis to achieve our business results in an increasingly sustainable way. This is frequently not easy or simple and certain changes take time. However, with persistence, our efforts will come to fruition. For now and the future.

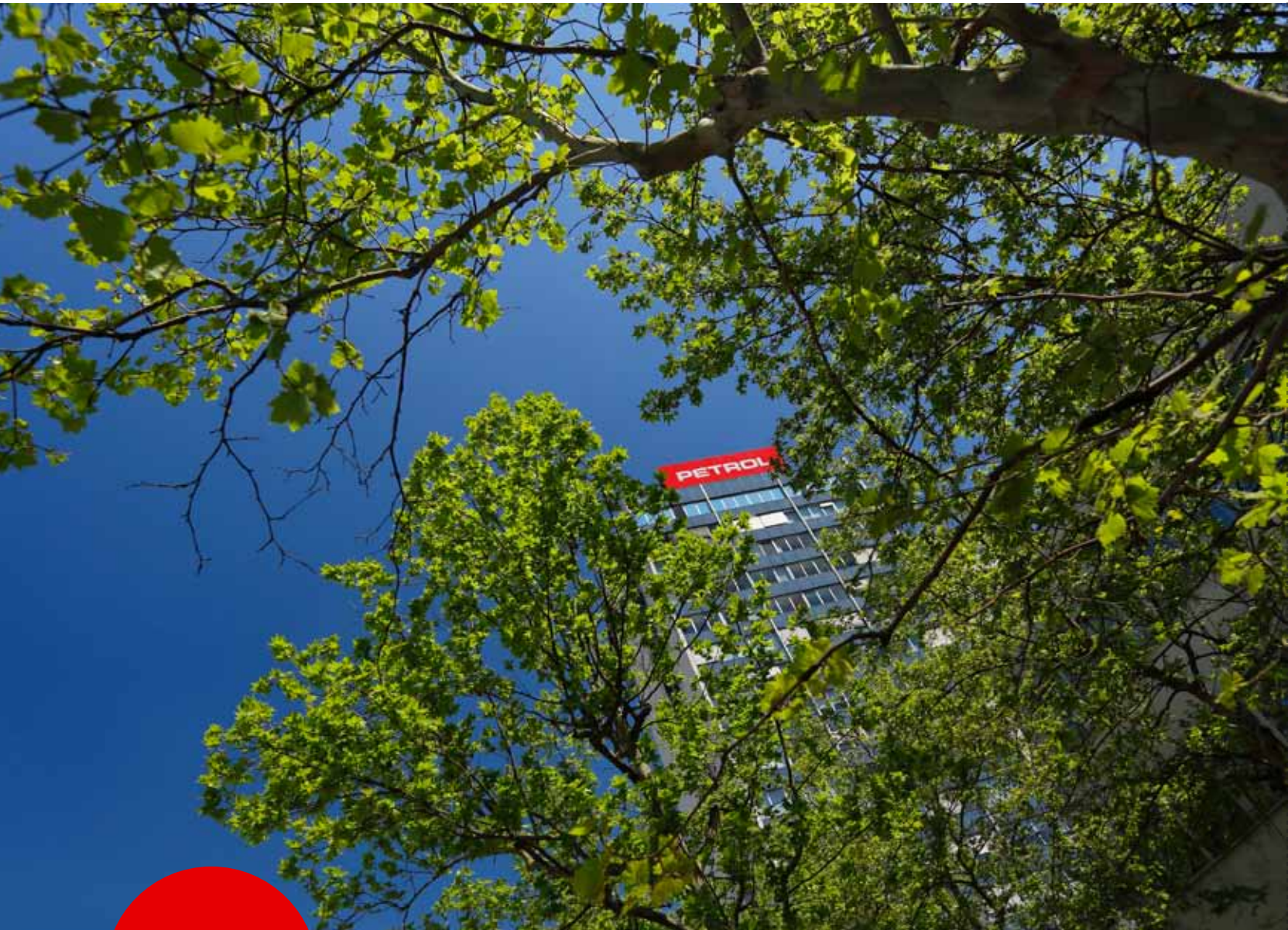
I would like to sincerely thank everyone at Petrol for their agile and dedicated work, and I would also like to thank all our partners with whom we are taking steps towards sustainability. We are pleased to be able to contribute to the development of talent, outstanding results, new hope and society's prosperity with our socially-responsible approach.

We are increasingly realising just how connected we really are. And how we need partnerships to truly change things for the better. Our expectations and readiness to take on new challenges together are also great!

**Tomaž Berločnik, MSc,**  
President of the Management Board







> 4,857

employees in the  
Petrol Group

**Tomaž Berločnik, MSc, President of the Management Board of Petrol:**

*“Petrol is a large, successful, development-oriented, family-friendly and socially responsible company. An excellent team of 4,857 employees is focused on the challenges of today and tomorrow. Together with our business partners and friends of sustainable development we are successfully moving borders toward future of prosperity for all. In 2018, we achieved historical results again. Together!”*

# Presentation of the Petrol Group

**The Petrol Group as at 31 December 2018**

**Parent Company**

PETROL d.d., LJUBLJANA	● ● ●
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**Subsidiaries**

PETROL d.o.o. (100%)	● ●	PETROL PRAHA CZ S.R.O. (100%)	●
DUBROVNIK PLIN d.o.o. (100%)	●	PETROL TRADE SLOVENIJA L.L.C. (100%)	●
PETROL JAVNA RASVJETA d.o.o. (100%)	●	PETROL HIDROENERGIJA d.o.o. Teslić (80%)	●
PETROL BH OIL COMPANY d.o.o. Sarajevo (100%)	● ●	VJETROELEKTRANE GLUNČA d.o.o. (100%)	●
PETROL d.o.o. BEOGRAD (100%)	● ●	IG ENERGETSKI SISTEMI d.o.o. (100%)	●
PETROL CRNA GORA MNE d.o.o. (100%)	●	PETROL GEO d.o.o. (100%)	●
PETROL TRADE HANDELSGES.m.b.H. (100%)	●	EKOEN d.o.o. (100%)	●
BEOGAS INVEST d.o.o. Beograd (100%)	● ●	EKOEN GG d.o.o. (100%)	●
BEOGAS d.o.o. Beograd (100%)	● ●	EKOEN S d.o.o. (100%)	●
DOMINGAS d.o.o. (100%)	● ●	ZAGORSKI METALAC d.o.o. (56%)	●
PETROL LPG d.o.o. Beograd (51%)	●	MBILLS d.o.o. (76%)	●
TIGAR PETROL d.o.o. (100%)	●	GEOPLIN d.o.o. Ljubljana (73.6611%)	●
PETROL LPG HIB d.o.o. (100%)	●	GEOCOM d.o.o. (100%)	●
INTRADE ENERGIJA d.o.o. Sarajevo (51%)	●	GEOPLIN D.O.O., Zagreb (100%)	●
PETROL-ENERGETIKA DOOEL Skopje (100%)	●	GEOPLIN D.O.O. Beograd (100%)	●
PETROL BUCHAREST ROM S.R.L. (100%)	●	ZAGORSKI METALAC d.o.o. (25%)	●

**Jointly Controlled Entities\***

PETROL OTI SLOVENIJA L.L.C. (51%)	●
PETROL - OTI - TERMINAL L.L.C. (100%)	●
GEOENERGO d.o.o. (50%)	●
VJETROELEKTRANA DAZLINA d.o.o. (50%)	●
VJETROELEKTRANA LJUBAČ d.o.o. (50%)	●
SOENERGETIKA d.o.o. (25%)	●

**Associates**

PLINHOLD d.o.o. Ljubljana (29.6985%)	●
AQUASYSTEMS d.o.o. (26%)	●

\* Petrol Slovenia Tirana Wholesale Sh.A. (55%) - the company is in the process of liquidation

- Sales
- Energy and environmental solutions
- Production of electricity from renewable sources



Changes in the ownership structure of the shareholders of Petrol d.d., Ljubljana (31 December 2017–31 December 2018)

	31.12. 2018		31.12. 2017	
	No. shares	%	No. shares	%
Slovenski državni holding, d.d.	264,516	12.7	264,516	12.7
Kapitalska družba d.d. and funds	184,136	8.8	184,191	8.8
Republic of Slovenia	210,689	10.1	210,685	10.1
Other financial investors – local	266,666	12.8	287,248	13.8
Banks – local	30,214	1.4	44,210	2.1
Insurance companies – local	25,486	1.2	25,486	1.2
Foreign legal entities (banks and other financial investors)	543,030	26.0	535,905	25.7
Natural persons (local and foreign)	463,792	22.2	441,840	21.2
Own shares	30,723	1.5	24,703	1.2
Others	67,049	3.2	67,517	3.2
Total	2,086,301	100.0	2,086,301	100.0

Mission

By offering a comprehensive range of solutions, the Petrol Group will be a sustainable provider of first-rate energy for homes, journeys and businesses. Our actions will serve to demonstrate our social responsibility and commitment to sustainable development on a daily basis. The implementation of our mission, which is summed up in our corporate signature Energy for Life, reflects not only our values and core capabilities but also our competitive advantages.

Vision

As a major regional provider of comprehensive and sustainable solutions, we are committed under Petrol’s 2022 vision to bringing together energy, trade, mobility and advanced services into an excellent user experience. Through innovation, digital solutions, costeffectiveness and partnerships, we will develop successful business models. Our value proposition, or benefits for customers, consists of simple, comprehensive, modern, convenient, accessible, quick, reliable, personalised and fair solutions provided through an active, uniform and multi-channel approach to our customers, which are treated in an all-round and life-long manner. 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.

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 in all markets where we operate, and we protect the environment.

- 

Respect
- 

Trust
- 

Excellence
- 

Creativity
- 

Courage

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



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 Herzegovina, 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 2018 the Petrol Group reviewed and reassessed its strategic goals. Our business pillars were reviewed as well as their realisations and goals. A new timetable and priorities for business pillars were set. The Strategy of the Petrol Group for the period 2018–2022 was adopted.

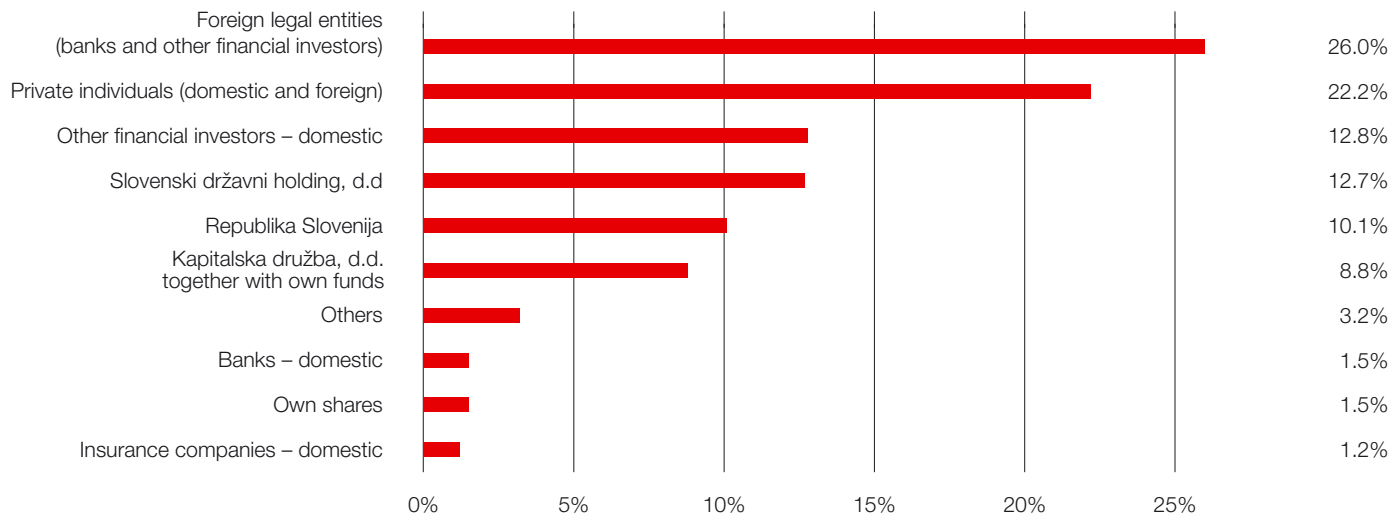
Management Board:

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

The Supervisory Board of Petrol d.d., Ljubljana:

**Nada Drobne Popović**, shareholder representative, President of the Supervisory Board  
**Sašo Berger**, shareholder representative, Deputy President of the Supervisory Board  
**Mladen Kaliterna**, shareholder representative, Member of the Supervisory Board  
**Metod Podkrižnik**, shareholder representative, Member of the Supervisory Board  
**Sergij Goriup**, shareholder representative, Member of the Supervisory Board  
**Igo Gruden**, shareholder representative, Member of the Supervisory Board  
**Zoran Gračner**, employee representative, Member of the Supervisory Board  
**Alen Mihelčič**, employee representative, Member of the Supervisory Board  
**Robert Ravnikar**, employee representative, Member of the Supervisory Board

Share capital structure of Petrol d.d., Ljubljana, as at 31 December 2018



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 corporate, service and trade brands and symbols owned by Petrol Group. We have registered more than 20 own brands in international markets and more than 100 of them in Slovenia. New brands and symbols are labelled with our own logo.



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, Slovenian National Oil and Gas Committee (SNNK), Economic Interest Group for Liquefied Petroleum Gas (GIZ UNP), Slovenian Institute of Standardisation (SIST), American Chamber of Commerce in Slovenia, German-Slovenian Chamber of Commerce in Slovenia, etc. We actively cooperate with the above mentioned organisations, their bodies and committees, and we realise our interests and acquire new knowledge.

Key risks and risk management

Risks are part and parcel of business operations, yet through their thorough knowledge and understanding it is possible to react in a timely and appropriate manner in this increasingly dynamic economic environment. At the Petrol Group we realise this, which is why we are setting up a smart risk management system to ensure that the Company's key risks are identified, assessed, managed, utilised and monitored. In doing that, we aim to develop a risk-awareness culture to ensure better control over the risks and better information for decision-making at all levels of the Group's operation. Risk management concerns each Petrol Group employee who is, as a result of their decisions and actions, exposed to risks on a daily basis while carrying out their work assignments and responsibilities. Petrol's risk model essentially consists of a set of 20 risk categories divided into two major groups: environment risks and performance risks. Risks are assessed every two years. The last was in 2017, the next will be in 2019.

Risk categories within the Petrol Group

I. Environment risks		
I.1. Political risks	I.3. Financial environment risks	I.5. Disaster risks
I.2. Economic environment risks	I.4. Legislation and regulation risks	
II. Performance risks		
II.1. Operational risks	II.2. Strategic risks	II.4. Financial risks
II.1.1. Human resources management and leadership risks	II.2.1. Strategic decision-making risks	II.4.1. Price and volumetric risks
II.1.2. Process risks	II.2.2. Business decision-making risks	II.4.2. Credit risks
II.1.3. Information system risks	II.2.3. Information risks	II.4.3. Liquidity risks
II.1.4. Security and safety risks		II.4.4. Foreign exchange risks
II.1.5. Risks of discontinued operations	II.3. Risks of fraud and other illegal acts	II.4.5. Interest rate risks
	II.3.1. Risks of criminal offences/fraud	
	II.3.2. Corporate integrity risks	

According to the results of the 2017 risk assessment, the most relevant and probable risks comprise the following financial risks: price and volumetric risk, foreign exchange risk, credit risk and liquidity risk. To control and manage these risks, the most rigorous control system possible is required. The Company uses such a system, which is described in more detail in sections dealing with individual financial risks. In addition to the main financial risks, the most relevant and probable risks include legislation and regulation risks, information system risks, business decision-making risks, interest rate risks and information risks.



We are not prepared to take environmental risks, risks related to the health and safety of our employees, the risk of losing our good reputation, the risk of fraud and corruption and the risk of losing our investment grade credit rating (arising from the business operations of the Petrol Group).

The Petrol Group has defined the guidelines and principles of risk management (risk appetite). The general umbrella strategic guideline refers to the provision of stable growth of the company's business in conjunction with taking reasonable risks. Required returns are constantly adjusted to the expected risks.

The risks we are willing to take are the ones arising from the development strategy of the Petrol Group and enable the company's stable growth and dynamic development of new business models in the future.

In accordance with the general principle, the following strategic guidelines of risk management of the Petrol Group have been set out:

- Monitors changes in the industry and in the markets, and it proactively adjusts its business operations and objectives in order to achieve its strategic objectives.
- Aligns its new investments with its strategic and financial plans; foreseen investment returns are appropriate in relation to the risks assumed.
- Aligns its HR policy with its strategic guidelines. Human resources management operates actively in HR development and staff training, as well as in monitoring the organisational climate.
- Promotes compliance with the applicable legislation and internal rules, and, with its values and its Code of Conduct, it is building a corporate culture that encourages legal, transparent, ethical conduct and decision making.
- Is aware of its operational risks and it strives to establish a procedural, systemic and IT environment that enables the strategic development of the Petrol Group and reduces operational risks to an acceptable level.
- Protects its margins related to the sale of energy products either by natural adjustment or by trading with financial derivatives and with the purpose of hedging against possible risks and ensuring the stability of cash flows.
- Maintains a high-quality portfolio of partners and strives to ensure an appropriate level of diversity.
- Strives to achieve a high level of insurance for its risky claims either by acquiring insurance instruments or by taking out insurances.
- Maintains its long-term financial stability with sustainable financial leverage.
- Manages its short-term liquidity by balancing its assets and liabilities, and by maintaining a sufficient level of credit lines.
- Strives to achieve a high level of hedging against risks related to interest rate changes.

### Sustainability Risks

The Petrol Group operates in one of the most important sectors of the economy – the energy industry. Rapid development in energy efficiency, new ways of using existing energy products and the development of new sources of energy are all characteristic for this industry. Furthermore, being aware of climate change is of key importance, as the use of fossil fuels is linked to this. Global efforts are aimed at reducing risks associated with climate change, while also at finding solutions that provide an affordable and reliable energy supply.

Those of us present in the energy market are facing significant challenges and changes. On the one hand, the immensely complex systemic transition to renewable resources is taking place, and on the other hand, considerable changes are happening with regard to end-consumers' behaviour, which is becoming more active. From the perspective of energy consumption, forecasts indicate a decrease in the segment of transport and industry, whereas they also indicate an increase in the building sector, in spite of the constant reductions in energy consumption per unit of surface area due to energy-saving measures. An increasing number of people will live in urban areas where they will significantly co-create the energy market with the choices they make. The amount of energy used by cities for heating and cooling will increase. Technological development will make it possible to choose from a variety of solutions that will, pricewise, become

increasingly affordable and more environmentally acceptable, provided that the quality of living does not decrease.

In addition to trends in the energy sector, the operations of the Petrol Groups are subject to several other inter-connected factors, the most important of which are price developments of energy products and movements in the US dollar exchange rate, which is a reflection of global economic trends. Local economic conditions (economic growth, price growth rates, growth in consumption and production) in the countries where we operate and measures with which the state regulates energy product prices and the market also have a significant impact on the operations of the Petrol Group.

The conditions in the trade sector also significantly affect the Petrol Group's operations, as the sale of merchandise and services generates a significant part of the group's revenue. We play a role in the rapid development of trade, which is using the digitalisation of operations to change the buying habits of consumers, as well as the sales channels used.

The Petrol Group has set ambitious goals for 2019. In order to reach these goals, we will focus more attention on the optimisation of commercial and support business services in 2019.

We are aware that, despite careful preparation, prudent business decisions, responding rapidly to changes and an efficient risk management system, external factors can occur in the business environment that are beyond our control and can pose a risk or threat to the fulfilment of our set goals. In 2019, these risks include:

- Sales in the EU market, the extreme volatility of which might keep us from reaching our sales targets;
- The impact of the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line, which foresees two new duties in order to finance the construction: a charge on transshipment in the freight port of Koper to be paid by the transshipment operator and an additional charge to the toll paid by the toll-paying entities, which would mean higher costs for the Petrol Group;
- The proposal amending the Minimum Wage Act which foresees a redefinition of the minimum wage that excludes allowances (including the length of service allowance), the job performance bonus and the business performance bonus, which may increase labour costs.

### Key sustainability risks relevant to the Petrol Group



Climate change



Systemic transition to renewable energy sources



Rapid development of energy efficiency, new ways of using existing energy sources and the development of new energy sources



Increasing urbanisation



Big changes in customers' behaviour

Digitisation is changing trade.

Energy consumption in cities

Energy consumption per unit of surface area

### Strategy of the Petrol Group for the period 2018–2022

In 2018 the Petrol Group reviewed and reassessed its strategic goals, updating its 2016–2020 strategy accordingly. The Supervisory Board adopted the Strategy of the Petrol Group for the period 2018–2022 in June 2018.

Business model:  
innovation  
+ cost efficiency

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 trade and energy 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.

Our key strategic orientations – or strategic themes – for the period up to 2022 are as follows:

- Balance between stable operations and development in order to address new challenges (the setting up of a flexible and agile organisation providing suitable and risk-adjusted returns while taking into account sustainable development and social responsibility).
- More value for the customer thanks to a comprehensive range and excellent user experience (development of existing and acquisition of new markets and customers through innovative business models; focus on a comprehensive and personalised treatment as well as on excellent customer experience throughout the user journey, by pursuing an omni-channel sales and marketing orientation).
- Process efficiency and risk management (dynamic organisational structure management, advanced risk management systems, cutting-edge IT and business intelligence, efficiency of operations in line with the principle of good management).

Achieving these goals strengthens the 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 long-term growth and development of the Petrol Group, maximising its value for the owners.

Our key strategic guidelines by 2022 are:



balance between  
stable operations  
and development



more value for the  
customer thanks to  
a comprehensive  
range and excellent  
user experience



process  
efficiency  
and risk  
management

### The main targets for 2022 are as follows:

- Sales revenue of EUR 5.3 billion
- EBITDA of EUR 233 million
- Net profit of EUR 116 million
- Net debt to EBITDA ratio of 1.6 (or 1.9 if IFRS 16 is taken into account)
- 3.3 million tons of petroleum products sold
- revenue from merchandise sales and related services of EUR 700 million in accordance with IAS 18, which is no longer in effect (or EUR 570.6 million if IFRS 15 is taken into account)
- Retail network consisting of 548 service stations
- Total investments in fixed assets of EUR 521 million in the period 2018–2022



**EUR 5.3 billion**

sales revenue



**EUR 116 million**

net profit



**548**

service stations



**3.3 million tons**

petroleum products sold



**EUR 521 million**

total investments in fixed assets in  
the period 2018–2022

Pillars of the Sustainability Strategy

Low-carbon society

Sustainable development is the heart of our mission and business model. As one of the main energy companies in Slovenia and South-Eastern Europe, the Petrol Group plays a central role in increasing energy independence, energy efficiency, CO<sub>2</sub> savings, the share of renewable energy sources and sustainable mobility.

Contribution to the UN's sustainable goals by 2030



Cornerstones	Goals by 2022
Energy independence	Installation and utilising the adaptability of consumption, as well as managing independent energy communities. To be the first integrator of the energy industry and energy into one comprehensive product in SE Europe.
	Managing independent energy communities (min. 1).
	Urban charging hubs (HUB): 5 (primarily for e-services - e-taxi vehicles, e-shuttle); 3 in Slovenia and 2 in Croatia
	Self-supply (e.g. with photovoltaics, heat pumps): - more than 3,000 sustainability solution projects to improve the energy performance of buildings for natural persons - more than 300 projects for corporate customers
Energy efficiency – a comprehensive range of energy and environmental solutions for cities, companies and households.	Presence in over 90 local communities in the region.
TANGO – our own software platform	Annual growth of energy savings.
Our own production of electricity from renewable energy sources	Annual growth of environmental savings.
	250GWh of new sources from WWS (wind, water, sun)
	The accelerated use of natural gas as a transitional energy product in a low-carbon society.
	Distribution in all markets: 1,412,597MWh, of which 600,140MWh of natural gas in Slovenia.
A cleaner energy mix	All markets: 250 LPG stations and 20 CNG stations, of which 105 LPG stations and 5 CNG stations in Slovenia.
	2% vehicle fleet (owned and hired vehicles) using LPG
	More than 387 electrical charging stations in Slovenia (300 standard, 75 rapid and 12 ultra rapid)
Sustainable mobility	More than 280 charging stations in other countries; priority in Croatia, Italy and Serbia
	Minimum of 3% vehicle fleet

Partnership with employees and the social environment

Our employees, their expertise, potential and values are the main sustainability pillar of the Petrol Group. We develop the competences of our employees, continuously ensure their training and monitor their satisfaction. The health and safety of our employees is of key importance. The Petrol Group operates on the basis of social responsibility, whereby we contribute to the social well-being of the wider environment in all our activities.

Contribution to the UN's sustainable goals by 2030



Cornerstones	Goals by 2022
Education	On average, 3 days of training per employee per year
	All employees are included in at least one form of training
	Continuous and systematic training for managers (leadership programme)
	Continuous programmes for the development of young potential
Employee development - evaluation of strategic competencies - identification of talent, potential - mentorship	Regular measuring of employee competencies and creating development plans At least 60% of management takes part in the mentorship programme
Employee satisfaction	Organisational climate and work satisfaction 3.85%
Non-discrimination	Gender equality
	0 cases of confirmed discrimination
Health and safety at work	0 severe injuries
Social responsibility and corporate volunteering	Donate Blood for Life – more than 20,000 new blood donors
	Our Energy Connects Us – at least 200 donations per year
	Giving back to society – at least four campaigns of corporate volunteering per year

Circular economy

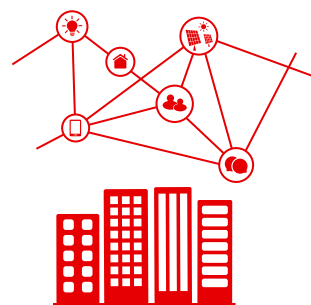
We view the transition to a circular economy as an opportunity to achieve greater material efficiency. Our aim is to reduce the use of primary raw materials, increase reuse, waste sorting at its source, as well as to generate as clean fractions as possible and increase the quantity of material processing. In locations where the latter is not possible or reasonable, we advocate the energy recovery of waste.

Contribution to the UN's sustainable goals by 2030



Cornerstones	Goals by 2022
Reduce primary raw materials	Reduce primary raw material use in service packaging by 5% for Fresh products in view of 2018.
Reduce biodegradable waste	Reduce the quantities of biodegradable waste from our catering facilities by 5% for Fresh products in view of 2018.
Reuse wastewater for our automatic car washes	At all our automatic car washes
Cleaning of municipal wastewater (for the market)	6,500,000m <sup>3</sup> (depending on water levels)
Cleaning and reuse of industrial wastewater (for the market)	Cleaning 3,000,000m <sup>3</sup> , reusing 19,000,000m <sup>3</sup>





We are developing new smart solutions that will represent an important pillar of Petrol's sustainable and innovative operations in the future.



We consider all aspects of respecting an individual's privacy.

## Digitalisation strategy at Petrol

On the basis of the systematic development of business models regarding e-mobility, smart homes and service markets, we are creating new business opportunities for Petrol. By optimising the use of resources, energy and by improving the user experience, we bring added value to our customers in the form of lower costs, convenience and reducing negative impacts on the environment. Regarding the digitalisation of sales points and internal processes, we are increasing the work efficiency of our employees, as well as the quality and speed of the services provided. We do all this by implementing new work methods, an ecosystem of external development partners and by promoting an open system of innovation. Together with our partners, we are committed to developing new smart solutions that will represent an important pillar of Petrol's sustainable and innovative operations in the future.

## Privacy and personal data protection

### General Data Protection Regulation (GDPR)

In May 2018, the new Regulation (EU) 2016/679 of the European Parliament and Council came into force as of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, and repealing Directive 96/92/EC (General Data Protection Regulation, hereinafter the GDPR). On this occasion, we reviewed all areas of operations in the Petrol Group, defined all types of personal data, checked all data flows and re-examined and optimised the personal data processing processes.

### Personal data processing

Our diligence regarding personal data does not end with only one check, but is in fact an integral part of our daily processes. In all processing of personal data we consider all aspects of respecting an individual's privacy, primarily by clearly defining the purpose of the personal data processing, which we always keep within the limits of legitimate boundaries, by accurately defining the type of personal data that we require only for a specific purpose, by determining the suitable legal basis for the personal data processing, using transparent and clear notifications for individuals about the processing of their personal data and all the relevant information regarding the processing and their rights, such as the right to access their personal data, right to erasure of their personal data, the right to limit the processing, the right to object the processing, transfer of data to other controllers, etc. We have set up a Record of Personal Data Processing Activity, which comprises over 170 filing systems from all areas of Petrol's operations. There are administrators for each individual personal data filing system who are up to date regarding the responsible handling of personal data and who report any changes, updates and proposals to the person responsible for the protection of personal data at Petrol. When processing sensitive personal data we draw up impact assessments regarding the protection of privacy and summarise the suitable security measures to reduce risks that may occur during various types of processing.

### Information and organisational security measures

We constantly ensure suitable information security in the processing of personal data, as security is the basis of trust. The software used to keep records can only be used by authorised employees. Access to the records is protected by a system for the authorisation and identification of users. To protect the hardware and software we use to keep records, in addition to the Personal Data Protection Policy, we also apply the Policies for Information Safety for Managers, IT and Users, provisions of the acts on the protection of business secrets, on confidential personal data, managing IT security and protecting documents in the Petrol Group. To raise awareness among employees who come into contact with personal data in their work, we ensure they have regular training and

education that is either in electronic form or adapted to the various groups depending on their remit.

### Contractual processors of personal data

We are particularly careful when verifying our business partners to whom we entrust personal data for specific processing on the basis of a personal data processing contract, whereby we require that they offer a level of organisational and technical standard that are, at the very least, equal to ours.

### Protection of the rights of the individual

So far at Petrol d.d., Ljubljana, there have been no legitimate complaints from customers regarding personal data protection. There have been no cases of violations of buyer privacy, nor have personal data been transmitted to unauthorised persons or been lost. Any complaints, claims, requests and other questions are handled by the authorised person for personal data protection at Petrol. Individuals are familiarised with the contact details of the authorised person and their rights in all forms of transmission of personal data for whatever purpose.

### At Petrol, we do what is right

An organisation with integrity holds the trust of its environment, as its operations are transparent and in accordance with its mission, which reflects the ethics and legal norms of society. With this, the organisation gains the trust of its employees and customers, as well as the respect of its environment. At Petrol, we adhere to the high standards of business ethics in our operations and have established a programme for the development of corporate integrity. Since 2014, we are also signatories of the Slovene Corporate Integrity Guidelines, which binds us to the implementation of a collection of measures that increase the transparency of operations and ensure high ethical standards within the company. The company, as ambassador of corporate integrity, is also responsible for the continuous development and upgrading of conduct in accordance with the guidelines.

### It's not enough to just operate legally, you have to do the right thing

One of the commitments of the Slovene Corporate Integrity Guidelines is the appointment of corporate integrity officers, who respond to questions and offer advice about conduct. They are also responsible for ensuring the use of the most up to date methods, as well as business and ethical standards. Petrol has three corporate integrity officers appointed. When identifying and assessing risk, they use various sources for gathering information and various work techniques. They place particular focus on the adequacy of procedure execution and, with their findings, proposals and recommendations for the elimination of risks and irregularities, they inform the governing and supervisory bodies in full and in a timely manner.

The culture of corporate integrity is built through awareness, empowerment and encouragement. Unfortunately, undesirable events or actions can occur in even in the most excellent organisations, which is why risk management, as well as taking quick, transparent and effective measures, is of key importance. Risk management is founded on determining the relative risks for undesirable conduct in the various areas of an organisation, assessing the threat these risks represent for the organisation, and determining the measures to reduce or eliminate these risks.

### Assessing corporate identity among employees

At the end of August 2016, we carried out a study among the employees at Petrol d.d., Ljubljana about corporate integrity. We wanted to find out how well-implemented

0

justified complaints

3

corporate integrity officers

are the measures with which are ensured the 14 commitments that Petrol is obliged to ensure as a signatory of the Guidelines of Slovene Corporate Integrity, what is the attitude towards respecting corporate integrity from the perspective of Petrol as a whole, management and employees, as well as how familiar the people at Petrol are with the code, values, programme, etc. The study showed that almost all employees that took part in the study believe that they know Petrol's values and code very well or well; while they are less familiar with the procedures in place in the case of suspected fraud and the programme for ensuring corporate integrity. On the basis of these results, new measures have been drawn up to ensure the even greater strengthening of integrity at Petrol.

Reporting and notifying the internal public

At the start of 2017, for the first time, we created the Report of Implemented Investigations and Other Measures for the Strengthening of Corporate Integrity for the internal public. The report was published on the intranet website of Petrol d.d., Ljubljana. In the report, we notified our employees about the number of received reports, which channels were used and how many measures were taken. The report was also published for 2018.

Petrol's tools for strengthening integrity

Petrol began its path of actively promoting ethical conduct in 2012 with the updating of its values and adoption of the Petrol Group Code of Conduct. In 2014 we updated our compliance assurance system. This system is in place to ensure that compliance with legislation and other regulations is present in all operations processes and it becomes an integral part of them. In view of the increased level of regulation and stricter legislation, this is a necessity, as it is a means of suitably managing risk. By September 2016, the project team for corporate integrity created a record of the risk management processes, record of fraud and corruption, as well as record of violations of the code, which acted as a basis for the upgrade of existing procedures and the program for operations supervision.

Corporate integrity among employees is encouraged with an internal e-mail inbox on the Tell Management website. Employees can use it to communicate commendations or deviations from business ethics to all members of management. Furthermore, any employee, if they so wish, can personally speak to the President of the Management Board during the scheduled President's Open Day time slots.

In addition to legislative requirements, stakeholders' requirements also change. People expect Petrol to conduct itself in a legal and ethical manner and ensure the transparency of its operations. The public can contact Petrol with their questions, suggestions, issues and commendations using the e-mail inbox Tell Petrol. In 2017, we further introduced an external line called We Care (online and telephone). It can be found on Petrol's website and ensures the complete anonymity of the notifier and a secure connection. Therefore, also our customers can encourage us to achieve business excellence by putting forward their comments. We are aware that it is the energy between all of us and, primarily, the trust between us that ensures the long-term success of Petrol.

Petrol's tools to strengthen integrity



Tell Management



President's Open Day



Tell Petrol



We Care - online and telephone

We strengthen integrity

Stakeholder relationships

Recognising stakeholders

The Petrol Group operates in very diverse areas, which is why it impacts a variety of stakeholders and vice versa. We recognise our stakeholders as part of the individual business processes of the Group. In accordance with our corporate integrity and transparency policy, we have established sound, long-term relationships with each of our key stakeholder group that take place using many communication channels. Despite the size and complexity of our business system, we develop and maintain personal relationships with all out key stakeholders as far as possible. We value and encourage the growing responsiveness and proactiveness of our stakeholders in more segments of decision-making and communication. We actively include stakeholders in the creation of added value using various co-creating and co-innovating tools.

Petrol Group key stakeholders, communication tools and cooperation in the preparation of the Sustainability Report

Key stakeholders	Communication tools, relationships
Employees	Employee researches Tell the Management Board Internal communication tools: Intranet, internal newsletter, bulletin boards, events for employees, etc.
Customers	Web site - Tell Petrol system Social networks (Facebook, Twitter, YouTube ...) Centre of energy solutions (personal advices) Call centre Personal and phone contacts Other communication tools: loyalty campaigns, events, etc.
Suppliers	Website, Personal contacts, Annual report, Sustainability report, and others
Shareholders / Financial releases	Website, Annual report, Sustainability report, Investors' conferences, Personal meetings
The legislature / political public / professional public	Expert papers in the context of professional associations, chambers of commerce, forums
Research and development community	Technical articles, Symposiums, Forums, Professional conferences, Consultations, etc.
Social environment	Sponsorships, donations, Humanitarian and other socially responsible projects, Facebook, My Petrol

Materiality Matrix

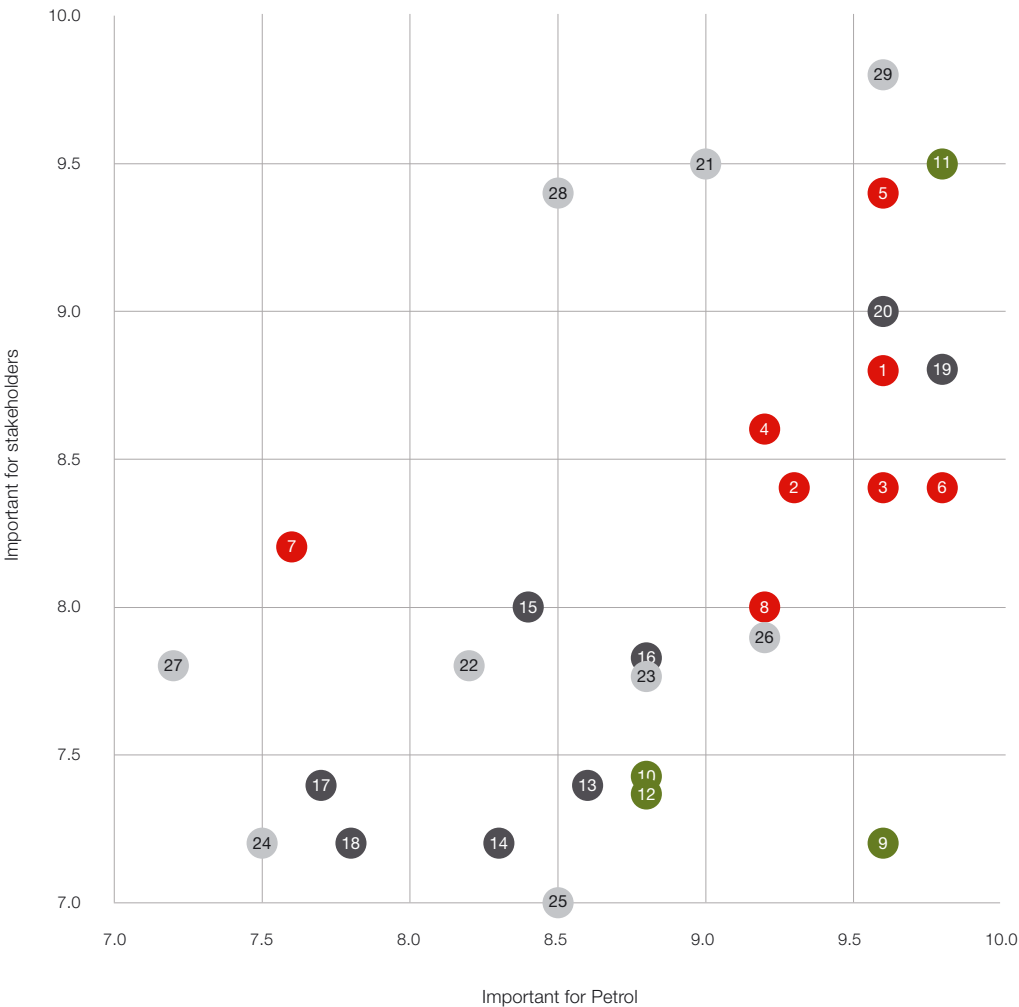
From the range of many stakeholders with which the Petrol Group cooperates and develops sustainability relationships, we have recognised the key stakeholders and identified their expectations and means of involvement in the Petrol Group’s operations based on our strategic guidelines In the relationships with our key stakeholders, we have identified four areas where we pursue key common goals. These areas are:

- Corporate governance
- MUMESCO: Energy, infrastructure, facilities, Environment, mobility
- Business models, technologies
- Employees

For the 2018 Sustainability Report we performed electronic surveys with all the key stakeholder groups. These assessments are presented in the materiality matrix.

Comparing it to the materiality matrix from 2016, we found that our key stakeholders have ranked the topics regarding the area of sustainable development even higher than previously. This gives the Petrol Group additional encouragement to committedly follow our sustainability goals.

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



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.



# Petrol Group Prizes and Awards



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Prizes and  
Awards

The quality and success of the socially responsible and other communication projects that we have carried out is proven with the many domestic and mainly international awards we have received.

In 2017 we received the following prizes and awards:

- 31 January 2017, certificate from the Responsible Management Programme, CCIS;
- 15 May 2017, Most Desirable Employer in 2017 for Petrol Bosnia and Herzegovina Oil Company, Kolektiv company;
- 25 May 2017, Pavel Škerlj – CIO of the Year, CIO Conference;
- 15 June 2017, First Prize for Responsible Treatment of Water in the Large Project category for the Technical and Economic Optimisation of the Water System in Kranj project, Bled Water Festival;
- 17 October 2017, the My Country – Beautiful and Hospitable award in the category for most beautiful and most hospitable petrol stations for the Lesce sales point, Mozirje sales point and Črnomelj sales point, Tourism Association of Slovenia;
- 19 October 2017, TOP 10 Educational Management 2017, Planet GV;
- 26 October 2017, Tomaž Berločnik – award for the global penetration of Slovene engineering, Association of Mechanical Engineers of Slovenia;
- 15 November 2017, award for the best annual report regarding communications and best annual report for speedy reporting for 2016, Finance magazine;
- 17 November 2017, award for Best Public Toilet 2017, Starine sales point, Chronic IBS Association;
- 29 November 2017, Most Reputable Employer in 2016 in retail, Mojedelo.com;
- 13 December 2017, the full certificate for Family-Friendly Company, Ekvilib Institute.

In 2018 the Petrol Group received the following prizes and awards:

- 9 February 2018, Feiea Grand Prix 2017 Award in the Best Internal Photograph category for the Giving Back to Society photograph, and Best Internal Poster Graphic for the Louder than Words poster, FEIEA (European Association of Internal Communication);
- 15 February 2018, Coffee to Go selected as the Product of the Year 2018 in the category of petrol station services Product of the Year (POY) Adria;
- March 2018, Healthy Squared 2 Award for the promotion of health in the workplace, Chamber of Commerce and Industry of Slovenia, Chemical Industries Association;
- 29 March 2018, the 2017 award for Age Friendly Employer Award, Zlata nit;
- 11 May 2018, second place in Best of the Best for best business practices in the motivation category for the Accept the Challenge? app, AmCham Slovenia (American Chamber of Commerce in Slovenia);
- 22 May 2018, Trusted Brand 2018, Most Trustworthy Brand in the petrol station category, Reader's Digest;
- 29 May 2018, finalist for the Marketing Excellence 2018 Award among large companies in the B2C segment, Slovenian Marketing Association (SMA);
- 12 June 2018, the Gold DiggIt Award in the category of sport for the Let's Compete Together project, TSmedia and Marketing magazin;

- 8 October 2018, first place in the My Country – Beautiful and Hospitable award for the Cerklje sales point in the category of most beautiful and most hospitable Petrol sale's point, Tourism Association of Slovenia;
- 11 October 2018, award for outstanding results as a socially-responsible company, Employment Service of Slovenia;
- 16 November 2018, award for Best Public Toilet 2018 in the service station category for the Petrol Starine sales point, Chronic IBS Association;
- 21 November 2018, best annual report among large companies for 2017 and best annual report in the business and plan analysis for 2017, Finance business journal;
- 22 November 2018, SPORTO Digital Award for best digital campaign for the Let's Compete Together project, European Sponsorship Association (ESA) and the Slovenian Marketing Association (SMA);
- 22 November 2018, Feiea Grand Prix 2018 Award in the best use of social media category for the Accept the Challenge? app, FEIEA (European Association of Internal Communication);
- 22 November 2018, Urška Ojsteršek – recipient of an honourable FEIEA diploma for exceptional services in the PR industry and for her high level of personal qualifications, FEIEA (European Association of Internal Communication);
- 23 November 2018, Boris Antolovič – recipient of the Manager of the Year 2018 Award in competition with foreign companies in Croatia, HUM-Croma (the Croatian Association of Managers and Entrepreneurs Croma).





- 15%  
carbon dioxide

Gregor Štefe, LPG buyer:

“Petrol’s experts installed an autogas system into my Honda Accord. I decided to make this investment as it delivers many benefits. I was able to reduce my fuel costs significantly while extending the lifespan of my car’s engine. Use is simple, as it automatically switches from using gas to petrol. Thanks to the better combustion mixture of gas and air, my carbon dioxide emissions have gone down by about 15%. I am also a satisfied user of Petrol’s gas storage tank for my guesthouse, Stari vrh.”

# Business Highlights

The year 2018 was the best year in the history of the Petrol Group, as it generated EUR 5.4 billion in sales revenue, 20% more than in 2017. Net profit went up by 13%, i.e. to EUR 91.8 million. On the group level, the operating profit for 2018 increased by 6% to EUR 119.4 million, while the EBITDA amounted to EUR 171.5 million and was 7% higher than in 2017.

## Business highlights of the Petrol Group

The Petrol Group	Results			Index
	UM	2018	2017	2018/2017
Sales revenue	EUR million	5,416.9	4,496.7	120
Adjusted gross profit <sup>1</sup>	EUR million	449.5	432.7	104
Operating profit	EUR million	119.4	112.2	106
Net profit	EUR million	91.8	81.1	113
Equity	EUR million	747.5	701.9	106
Total assets	EUR million	1,730.8	1,656.3	105
EBITDA <sup>2</sup>	EUR million	171.5	159.6	107
EBITDA / Adjusted gross profit	%	38.2	36.9	103
Operating costs / Adjusted gross profit	%	75.6	75.1	101
Net debt / Equity <sup>3</sup>		0.4	0.5	75
Net debt/EBITDA		1.7	2.3	74
ROE <sup>4</sup>	%	12.3	12.4	99
Added value per employee <sup>5</sup>	thousand EUR	63.8	62.5	102
Earnings per share <sup>6</sup>	EUR	44.7	39.5	113
Share price as at last trading day of the year	EUR	310.0	349.5	89
Volume of petroleum products sold	million tons	3.5	3.4	104
Volume of liquefied petroleum gas sold	thousand tons	157.6	151.0	104
Volume of natural gas sold	TWh	19.9	1.3	-
Electricity sold	TWh	20.3	21.0	96
Revenue from the sale of merchandise and related services <sup>7</sup>	EUR million	477.5	546.1	87
Revenue from the sale of merchandise and related services - recognised under IAS 18 (as if IFRS 15 did not apply)	EUR million	600.4	546.1	110
Number of service stations as at period end		500	495	101
Number of employees (including third-party managed service stations) as at last day of the year		4,857	4,508	108

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

<sup>2</sup> EBITDA = Operating profit or loss net of allowances for operating receivables and goodwill impairment + Depreciation and amortisation net of depreciation of environmental fixed assets.

<sup>3</sup> Net debt / Equity = (Non-current and current financial liabilities – Cash and cash equivalents) / Equity.

<sup>4</sup> Effect of the acquisition and initial consolidation of Geoplin in 2017 is eliminated.

<sup>5</sup> Added value per employee = (EBITDA + integral labour costs) / Average number of employees. The average number of employees for 2018 does not include the employees of Zagorski metalac d.o.o. as the latter has not yet been fully consolidated in the Petrol Group in 2018. The average number of employees for 2017 does not include the employees of the Geoplin Group as the latter has not yet been fully consolidated in the Petrol Group in 2017.

<sup>6</sup> 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.

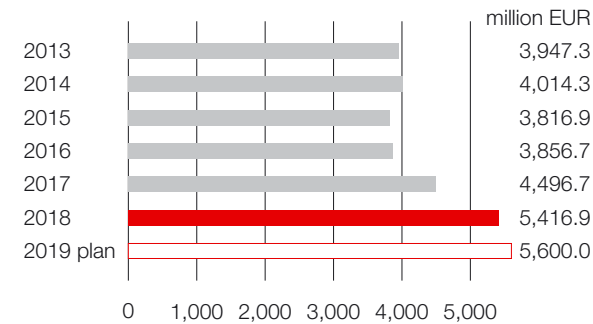
<sup>7</sup> IFRS 15



## EUR 5.4 billion

sales revenue

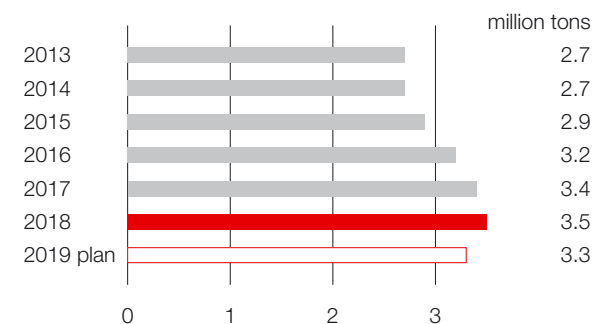
Sales revenue (EUR million)



## 3.5 million tons

petroleum products were sold by the Petrol Group in 2018

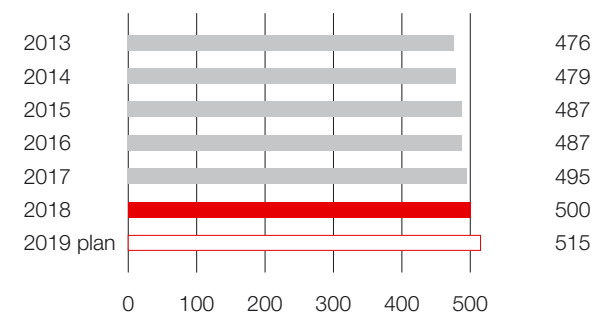
Petroleum products (million tons)



## 500

service stations

No. of service stations



## 20.3 TWh

of electricity was sold by the Petrol Group in 2018



## 140,500 MWh

of heat was sold by the Petrol Group in 2018

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

Data for 2018	The Petrol Group	Petrol d.d.
<b>A Revenue</b>		
– Sales revenue	5,416,944,514	4,251,172,641
– Financial revenue	83,699,492	110,932,196
– Gain on disposal of fixed assets	438,380	392,862
<b>Total</b>	<b>5,501,082,386</b>	<b>4,362,497,699</b>
<b>B Operating costs</b>		
Cost of goods sold	4,967,488,933	3,902,503,149
Costs (without labour costs)	248,756,940	190,914,492
<b>Total</b>	<b>5,216,245,873</b>	<b>4,093,417,641</b>
<b>C Labour costs</b>	<b>91,215,283</b>	<b>66,725,142</b>
<b>D Pay-out to capital owner and other financial suppliers and other suppliers of financial expedients</b>		
Dividend payments	32,889,248	32,985,568
Interest expense	10,010,313	10,160,525
<b>Total</b>	<b>42,899,561</b>	<b>43,146,093</b>
<b>E Taxes</b>	<b>19,750,117</b>	<b>16,115,004</b>
<b>F Investments in social environment</b>		
Sponsorships and donations	2,472,631	2,364,359
Environmental charges and charges unrelated to operations	3,026,948	1,688,729
<b>Total</b>	<b>5,499,579</b>	<b>4,053,088</b>

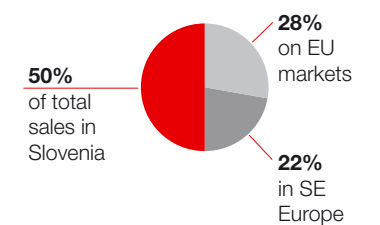
In 2018, the Petrol Group sold 3.5 million tons of petroleum products, which is 4% more than in 2017. Petrol generated 50% of its total sales in Slovenia, 28% in European markets and 22% in South-Eastern European markets. In retail, we sold 39% of petroleum products.

Revenue from the sale of merchandise and related services amounted to EUR 477.5 million, whereby they were lower by EUR 122.9 million due to new international accounting standards. If these changes had not occurred, sales revenue from merchandise would have been 10% higher. The Petrol Group also sold 19.9 terawatt hours of natural gas, 157,600 tons of LPG, 20.3 terawatt hours of electrical energy and 140,500 megawatt hours of thermal energy.

In 2018, the parent company generated EUR 4.3 billion in sales revenue, which is 14% more than in 2017. The operating profit amounted to EUR 94 million or 4% more than in the previous year, while net profit increased by 57%, i.e. EUR 100.6 million.

At the end of 2018, Petrol had 500 service stations, of which there were:

- 319 in Slovenia (a 57% market share)
- 107 in Croatia
- 40 in Bosnia and Herzegovina
- 12 in Serbia
- 11 each in Montenegro and Kosovo.



## + 14%

revenues from sales 2018/2017

## + 57%

net profit of the company 2018/2017



The Petrol Group plays its part in the rapid development of trade, which is using the digitalisation of operations to change the buying habits of consumers, as well as the sales channels used.

EUR 86 million for investments

In 2018, Petrol allocated EUR 86.6 million for investments, predominantly for expanding operations in sales in Slovenia. We invested in expanding operations in the field of energy and environmental solutions both in Slovenia and in the markets of South-Eastern Europe and expanding sales in these markets.

The conditions in the trade sector significantly affect the Petrol Group's operations, as the sale of merchandise and services generates a significant part of our revenue. The Petrol Group plays its part in the rapid development of trade, which is using the digitalisation of operations to change the buying habits of consumers, as well as the sales channels used.

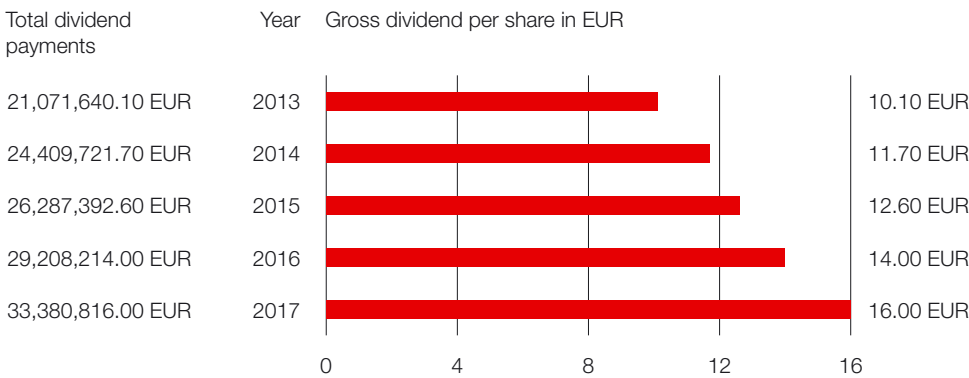
Sales revenue considering geographic areas in which the Petrol Group operates (in EUR)

The Petrol Group	2018	2017
Slovenia	2,739,842,414	2,453,757,251
Croatia	843,429,737	571,659,858
Bosnia and Herzegovina	247,063,535	215,490,932
Austria	218,976,148	144,169,999
Romania	182,062,738	13,480,742
Serbia	142,855,609	88,973,045
Montenegro	59,949,038	43,867,926
Macedonia	19,443,439	14,191,793
Other countries	963,321,856	951,144,804
Sales revenue	5,416,944,514	4,496,736,350

Sales revenue of the Petrol Group by business activities (in EUR)

The Petrol Group	2018	2017
Sales	5,348,995,242	4,434,295,367
Energy and environmental solutions and production	67,649,272	62,440,983
Sales revenue - total	5,416,644,514	4,496,736,350

Payments to shareholders



The Petrol Group's main business targets for 2019:

- Sales revenue of EUR 5.6 billion
- Adjusted gross profit of EUR 475 million
- EBITDA of EUR 186.4 million
- Net profit of EUR 96.7 million
- Net debt to equity ratio of 0.4
- Net debt to EBITDA ratio of 1.8 (or 2.1 if IFRS 16 is taken into account)
- Financial leverage ratio of 29%
- 3.3 million tons of petroleum products sold
- revenue from merchandise sales and related services of EUR 609.1 million in accordance with IAS 18, which is no longer in effect (or EUR 481.6 million if IFRS 15 is taken into account)
- Retail network consisting of 515 service stations
- Investments in fixed assets of EUR 101 million



EUR 5.6 billion

sales revenue



3.3 million tons

petroleum products sold



EUR 101 million

investments in fixed assets



515

service stations



EUR 481.6 million

revenue from merchandise sales and related services if IFRS 15 is taken into account



**Dane Kastelic, President of The Slovenian Paraplegic Association:**

*"Petrol has equipped its service stations with stickers for the disabled. A paraplegic asks for help with refuelling his or her car by making a phone call to the store. The shop assistant comes out to help, fuels the car in the desired amount and helps with payment. The seemingly simple and tiny improvement greatly eases the task that most drivers can do easily and as a matter of routine. On top of all that, Petrol's shop assistants are friendly and helpful too. Their smile really makes our day."*

## Employees are the driving force for development

At Petrol, we create many development opportunities for our co-workers. The system of in-house training helps accelerate and systematically adopt the necessary skills, and the system of education helps build competencies. Flexible organizational structure, ability to integrate into the project work and provide innovative proposals enable participation in many areas of operation. The organizational culture is based on teamwork and common values. Team and individual achievements are rewarded on the basis of achieving and exceeding goals.

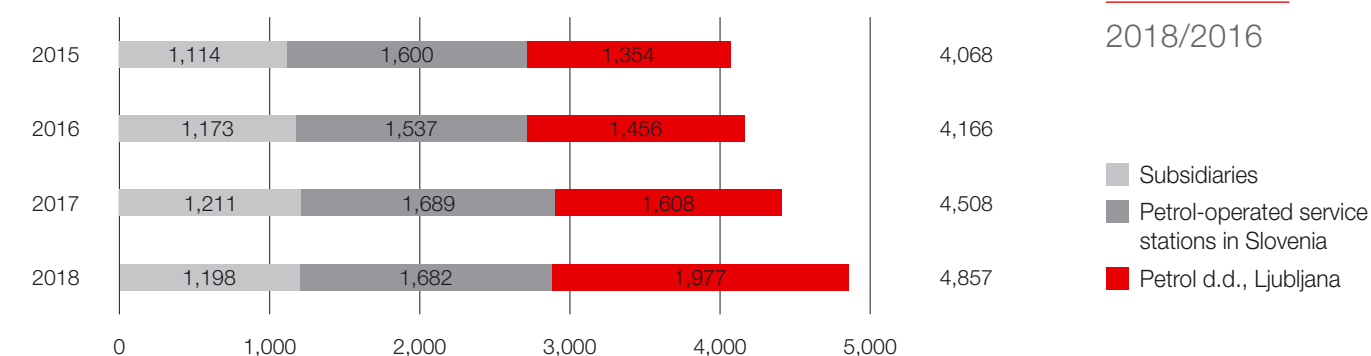
Our advanced HR systems allow us to identify potential and talent, while the network of internal trainers, coaches and mentors helps in personal development and professional growth, and supports intergenerational cooperation and employee involvement at all levels. We are connected by the common work energy, good interpersonal relationships and a stimulating work environment. We gather for sports games and challenges, corporate volunteer campaigns, team workshops and excursions. For the promotion of health and quality of life, we also take care of various activities within the framework of the Healthy at Petrol project, which has been in operation for several years.

The effectiveness of our Strategy of Human Resources Management is confirmed by the Respected Employer recognition award, and the Family-Friendly Company and the Age Friendly Company certificates.

### The number of employees grows

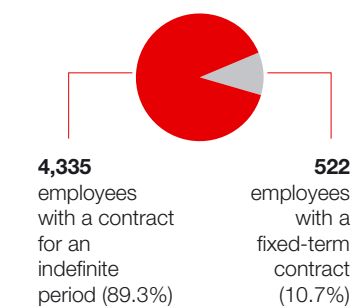
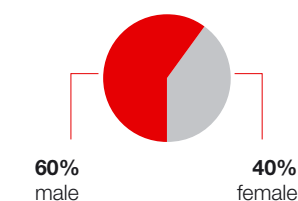
At the end of 2018, the Petrol Group and the Petrol-operated service stations employed 4,857 people, which is 691 or 14% more than in 2016. Most employees have concluded employment contracts for an indefinite period. The share of fixed-term contracts represented 10.7 percent or 522 employees, which is by 6–9 percentage points less than in the period 2009–2013.

### Number of employees in the Petrol Group in the years 2015–2018



**4,857**  
employees total

**39**  
years old average  
age of employees



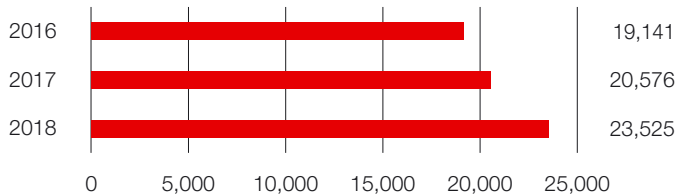
**+ 14%**  
2018/2016

Over the years, the employee structure has gradually improved in favour of women (on average by 1 percentage point per year). The gender ratio within the Petrol Group companies varies depending on the activity of each company.

Staff training

Our concern for continuous education, training, upgrading of knowledge and skills of our staff is crucial for the development of their potential and the development of our services and offers. In 2018 more than 22 thousand Petrol Group employees took part in various forms of education and training. In all, more than 119 thousand teaching hours of training were carried out, meaning that on average each employee received 26 teaching hours of training.

Growth in the number of participants - external and employees combined in the years 2016–2018



Number of participants in education and the number of teaching hours spent in the Petrol Group in the years 2016–2018

Key education indicators – the Petrol Group	2016	2017	2018
Number of participants - employees	17,155	18,562	22,017
Number of teaching hours	100,298	108,684	119,425
Average number of training hours per employee	24	25	26
Number of participants - external and employees combined	19,141	20,576	23,525
Number of teaching hours for all participants	114,407	121,192	130,939

External staff training

As part of our in-house training, we also train our external staff (students, hauliers, cleaning personnel at service stations, etc.) and customers. In 2018, various technical programmes were organised for them, which were attended by more than 1,500 participants.

We co-organised and implemented a programme in the framework of which we hosted the 6<sup>th</sup> edition of the International DHC+ Summer School. In the framework of the one-week programme, innovative technology solutions were developed by more than 30 students and employees from the energy sector from all over Europe..

Strengthening of team relationships

In addition to already established methods of education, professional training and upskilling, various forms of information transfer for quality work performance and the achievement of strategic goals (e.g. Sales Day, Energy and Environment Day, Business Support Conference, Personnel and Law, Planning and Business Conference, etc.), team workshops and field trips were organised as a reward for successful work, greater motivation and commitment of employees. That way we strengthen team relations, be-

26 hours

of training per employee in 2018

come acquainted in less formal settings and deal with various challenges that we are able to overcome in a fun and experiential way.

Learning Centre

In 2018 the Learning Centre in Zalog was joined by a second Learning Centre in Rače, where introductory seminars were held for the new sales staff. This involves a simulated shop workplace, where employees are trained in sales skills and where we trained the first internal network of coaches at points of sale. In 2018 we expanded the network of internal coaches to seven coaches, who have the appropriate skills and knowledge to conduct training and workshops. Every year, we renew our internal certificates and we are committed to maintaining the quality of coaching skills.

Coaching

In 2018 we successfully trained and certified 8 coaches for different sales channels. For each sales channel, we set concrete targets for the effective introduction of coaching. One of the goals was to define the standards for sales skills. This allows us to achieve better sales results and provide a better user experience to our customers.

Petrol Business Academy

In the scope of the Petrol Business Academy we started training the fourth generation of young promising employees. The programme is carried out in cooperation with the lecturers from the Faculty of Economics in Ljubljana and Petrol's managers (members of the Management Board, directors of departments and divisions, directors of subsidiaries). Candidates who expressed their desire to work abroad were given priority, as business growth requires flexibility and mobility.

Leadership development

In 2016 we developed the Energy for Leadership training programme. In 2018, the three-year training programme was completed by the first group of participants, consisting of the top management of the Petrol Group. In combination with individual coaching, managers are provided in-depth insight into the management style and opportunities for improvement.

Mentoring

Petrol employees boast experiences, knowledge, talents, skills and abilities. Therefore, we encourage them to join the mentoring programme as mentors or mentees. We are proud that in 2018 we managed to further strengthen the second generation of mentors and mentees from 2017.

Open Space

Within the Open Space in Petrol's office building in Ljubljana, we are building a new culture of free information flow, opening up and expanding our horizons and learning about innovative approaches to work. In 2018, 45 events were organised in the Open Space and were attended by more than 700 participants. In 2018 the concept of open space was upgraded with an additional space – the Coaching Room, which is also intended for the personal and professional development of employees. The space was fully equipped by employees alone.

Annual interviews

Petrol's annual and quarterly interview are among the best practices of targeted management and providing feedback on the achievement of goals. In 2018 the setting of

2

learning centres

8

coaches

45

events within the Open Space



goals was separated from the development interview, which enables a greater focus on the achievement of results in one interview and deepening of relationships and ensuring personal growth in the other interview. Achieving or exceeding the quarterly or annual goals is the basis for rewarding individual performance. A total of 836 employees were included in the quarterly interview and 433 in the annual interview.

The Butterfly project

In the framework of the Petrol’s staff development system, called the Butterfly project, in 2018 we carried out an assessment of general and managerial competencies according to the 360-degree method, we prepared a segmentation of jobs and we designed and launched new development plans. 790 employees were included in the assessment of general competencies, and 213 in the assessment of managerial competences. The assessment is the basis for the development plan.

Recruitment

Recruiting the right experts for individual areas of our operations is increasingly challenging and is at the same time the key for achieving our business goals, which is why this is given considerable attention. In addition to actively working with the Employment Service of Slovenia, we collaborate with faculties and take part in job and recruitment fairs in Slovenia and abroad. In 2018 recruiting via social networks such as LinkedIn Recruiter and Facebook as well as the Business Class project became increasingly important. We have also set up our own recruitment database to find new staff quickly and efficiently. During the selection and recruitment process, all candidates are given equal treatment irrespective of sex or other circumstances (nationality, race, religious beliefs and other cultural differences).

Occupational safety and health

High levels of competency and awareness among the employees are of key importance for the successful implementation of the safety system. This segment includes: occupational safety and health, fire safety, anti-explosion protection, environmental protection, safe handling of hazardous chemicals and safety while transporting dangerous substances. In line with the programme and plan, the Petrol Group continues to deal with training. In 2018, we organized ten training hours which were followed by knowledge assessment and a practical firefighting test.

In the field of occupational health and safety, fire safety, ADR and environmental safety, in 2018, 49 seminars were organized, which were attended by 1,154 employees working 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, as well as drivers of road tankers for transport of fuel, employees of rail yards (S Slovenske železnice), and contractors for cleaning service stations. All participants of the seminars also attended a written examination of the knowledge and practical training of extinguishing initial fires.

In 2018 we carried out:

- 9 theoretical e-training sessions on occupational safety (1,748 employees),
- 60 demonstrations of extinguishing a fire with a simulator (1.402 employees),
- practical training for dispensing liquefied petroleum gas for motor vehicles (LPG) at 5 service stations (87 employees),
- 48 fire drills,
- 5 protection and rescue drills,
- SEVESO training for fuel storehouses in Rače, Lendava, Zalog, Celje, and the LPG storehouses (94 employees),
- 10 trainings in safety while transporting dangerous substances by road and rail (162 employees).

Protection and rescue drills

In the storehouses of petroleum products, in 2018, internal training of firefighters was carried out once monthly. In October, during the month of fire safety and in accordance with the Protection and Rescue Plan, as well as the Fire Safety Plan, firefighting drills and the evacuation of employees were organised in the Petrol Group from business premises at all fuel storehouses (Rače, Celje, Zalog, Lendava, Sermin). Protection and rescue drills were carried out in compliance with the Rules on practices in the field of natural and other disasters. After the drills, assessments and analyses were carried out and drill reports drawn up, which identified certain minor deficiencies. To eliminate these deficiencies, measures were accepted and people responsible for their elimination were appointed.

Medical examinations

In the Petrol in Slovenia Group all employees are included in the programme framework of preventive health examinations. Preventive medical examinations are distinguished by their purpose: periodic examinations, control examinations and targeted examinations. The content and frequency of the periodic examinations depends on the requirements of each job profile.

36.5% of employees working for companies within the Petrol Group were included in medical examinations in 2018. Namely, 1,133 medical examinations were performed in the Petrol Group: 1,061 periodic examinations, 35 control examinations and 37 targeted examinations.

Preventive medical examinations in the Petrol Group in Slovenia in the period 2014–2018

Year		2014	2015	2016	2017	2018
Number of examinations	periodic	1,095	869	1,043	1,324	1,061
	control	68	53	59	39	35
	targeted	29	10	27	31	37
	<b>Total</b>	<b>1,192</b>	<b>932</b>	<b>1,129</b>	<b>1,394</b>	<b>1,133</b>
The proportion of examinations on the average number of employees (in %)		<b>44.7</b>	<b>34.2</b>	<b>40.7</b>	<b>48.1</b>	<b>36.5</b>

Risk management at the workplace

In the Petrol Group, we are aware that safety and health at the workplace contribute significantly to employee satisfaction. By introducing appropriate organizational and safety measures, we constantly strive to reduce the level of risk that is the result of the implementation of work processes. 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 companies within the 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. Priority in the development of the field of occupational safety and health is the reduction of risks in highly exposed jobs and integration with other areas of safety, in particular in the field of fire safety, environmental protection and chemical safety. A great emphasis is placed on the theoretical and practical training of employees in the areas of occupational safety and health, workplace ergonomics, fire safety, environmental protection, safe handling of chemicals and first aid.

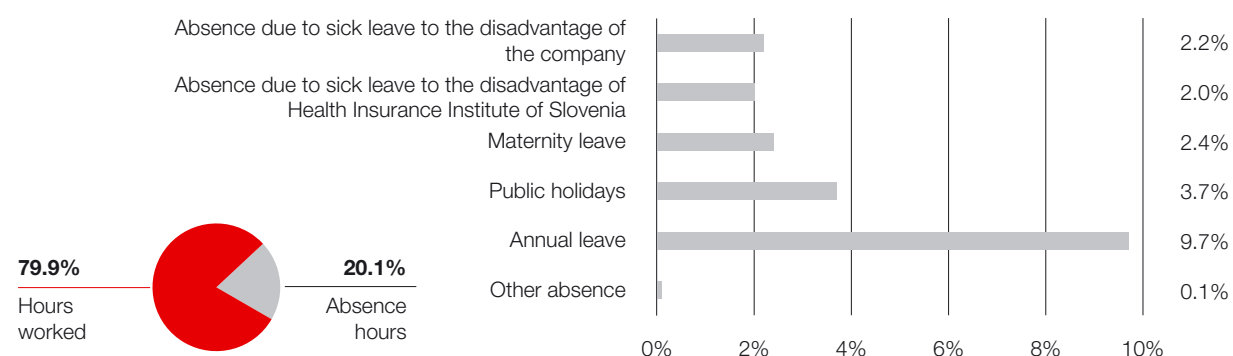
Workplace injuries

Within the company Petrol d.d., Ljubljana and its subsidiaries and at its points of sale, in 2017 there were 18 minor injuries recorded at the workplace, and 26 in 2018. In addition, four people were involved in a robbery at the shop, and one person suffered an act of violence caused by a third party.

## Absence from work

In the companies of the Petrol in Slovenia Group, employment of working time was 79.9% in 2018, which is 0.2 percentage points more than in 2017. Absence due to sickness borne by the employer or the Health Insurance Institute of Slovenia decreased by 0.3 percentage points. Absence due to vacation, holidays or days off has risen by 0.9 percentage points, while absence due to maternity leave is equal to that in 2017 (2.4 percent).

The structure of the working time use in the Petrol Group in 2018



## Healthy at Petrol

Activities for maintaining the health of our employees are carried out within the project Healthy at Petrol. Much attention is devoted to raising the awareness of employees about the importance of workplace health and care. To this end, in 2017, in cooperation with the Europa Donna Slovenia association and Porsche Slovenia, we launched the “Connected in Awareness Raising” (orig. Povezani v osveščanju) campaign, which provided information on the importance of a healthy lifestyle, prevention and early detection of breast cancer to our female colleagues at their workplace. Individual consultations were provided for more than 160 female staff members.

In 2018, we continued the project on the topic skin marks and skin cancer. We organized a lecture, accompanied by individual consultations with a dermatologist or an oncologist. Over 100 employees attended the lecture and consultation.

All across Slovenia, we started socializing in the sporting spirit within the “Do You Accept the Challenge?” (orig. Sprejmeš izziv?) project. Our Saturday gatherings kicked off in June 2017 with cycling in the Peca Underworld, and completed in May 2018 with the Ljubljana “Trail Along the Wire” (orig. Pot ob žici) hike. In the first season of the “Do You Accept the Challenge?” project, 150 Petrol employees participated in ten different sporting activities throughout Slovenia.

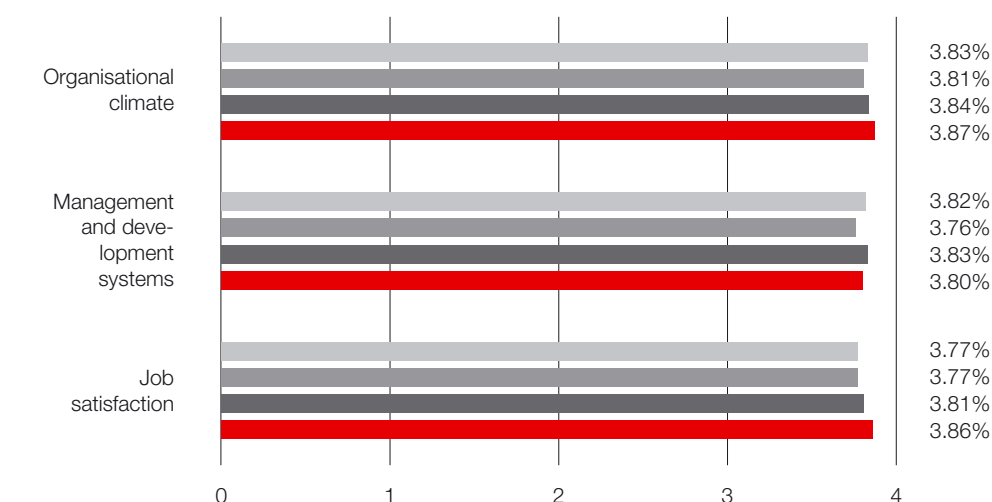
## Employee satisfaction

Every year, we conduct a survey on organisational climate, satisfaction and commitment of employees, which includes all the companies in the Petrol Group. In 2018, 3,214 employees submitted their scores and comments, meaning that the rate of participation stood at a high 76 percent. The organisational climate has been stable for several years. The comparison of the results with other Slovene companies shows that we are much more satisfied than the average employee of other Slovene companies. Through different measures in the area of management and staff development we were able to significantly improve also these two categories in the past years.

Since 2010 we have also been monitoring the commitment of employees, and since 2017 their agility as well. During this period, we significantly reduced the proportion of actively non-committed employees and thus greatly improved the so-called macro indicator of the health of the organisation. The ratio between committed and actively non-committed employees increased from 1:1 (in 2010) to 2.8:1 at the Petrol Group and to 3.9:1 at Petrol d.d., Ljubljana.

Employees in Petrol are more satisfied than average in other Slovenian companies.

Measurements of organisational climate, management and development systems, work satisfaction in the Petrol Group and Petrol d.d., Ljubljana in the years 2017–2018



■ The Petrol Group 2017 ■ The Petrol Group 2018 ■ Petrol d.d. Ljubljana 2017 ■ Petrol d.d. Ljubljana 2018

## Internal communication and sustainable dialogue

Regular communication with employees of the Petrol Group is of key importance for the transmission and reception of information, management of change and building of trust within the Petrol Group and among colleagues. Along with internal communication, motivation of employees is improved, their productivity strengthened, and goal orientation, proactivity, self-initiative and creativity increased. We publish the internal magazine Energy Between Us (orig. Energija med nami) six times in a year, an internal e-journal called Our Energy (orig. Naša energija) is published every 2 weeks, we communicate on the intranet, on social media, at workshops, events and in many other ways.

In the period 2018–2020, with strategic sustainable communication, we want to achieve sustainable awareness and motivation in Petrol employees in Slovenia and become active ambassadors of sustainable development within the internal and external environment. Therefore, in 2018 we implemented three strategic workshops on sustainable development for representatives of administration and staff in leadership positions, and two workshops on sustainable transformation of the service packaging, in which we included employees, suppliers and external professional public.

## Discrimination and prevention

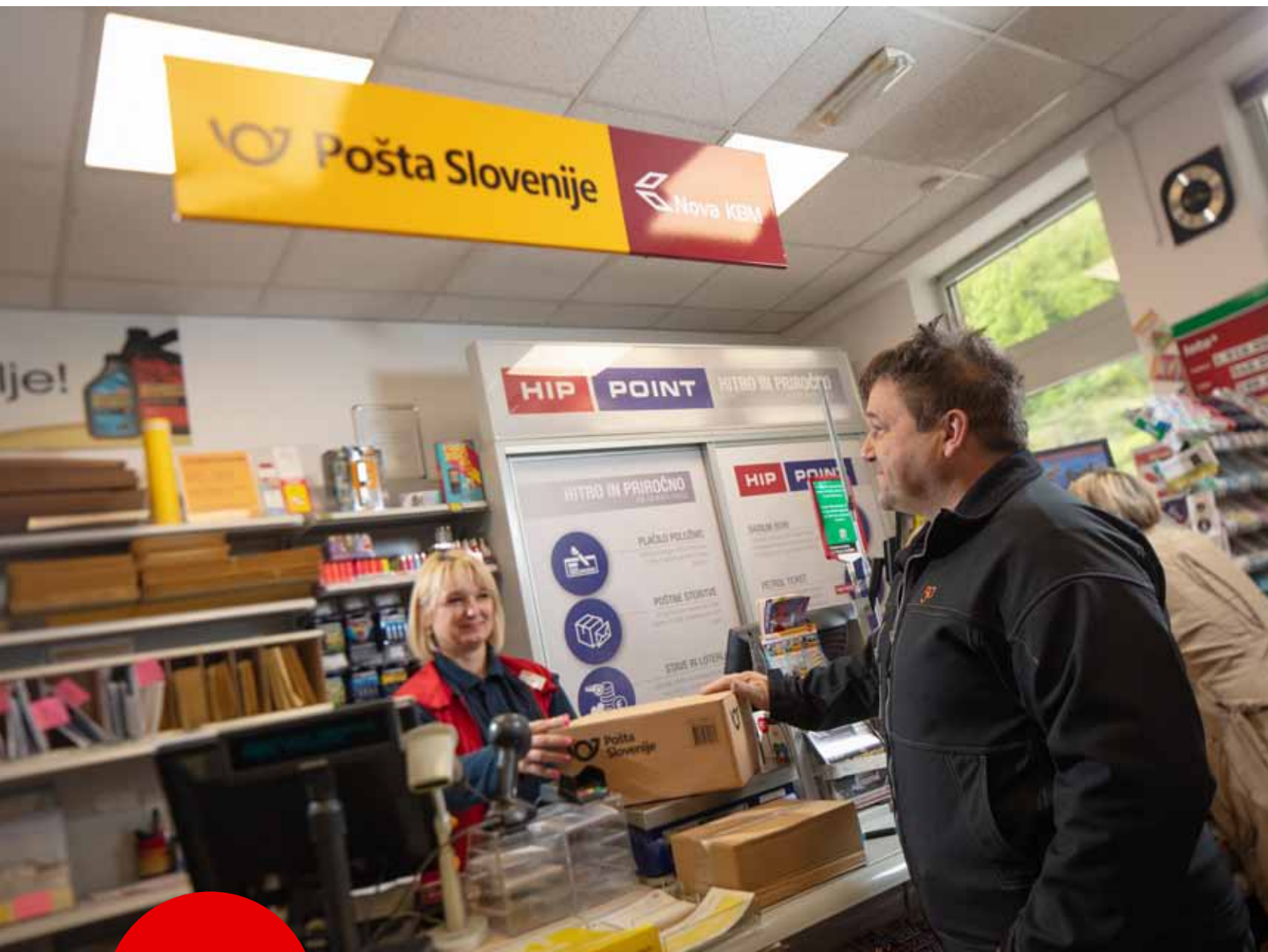
At Petrol, with our Code, education and training programmes and with overall endeavour to maintain corporate integrity we wish to raise employee awareness in the field of prevention of discrimination of any kind. There were no reported or detected cases of discrimination in our company in 2017 and 2018.

3 strategic workshops for sustainable awareness

2 workshop for service packaging transformation

0 discrimination





**Dušan Kavčnik, entrepreneur, Podpeč:**

*"For my business, fast mail connection is very important. I am very pleased that I do not need to drive to bigger towns to be able to send and receive parcels and registered post. I stop by my nearest Petrol point of sale and take care of everything. I pick up my parcel by showing an ID when I have the time. And while I'm there, I can take care of a number of other things. For people living outside city centres, this service really saves a lot of time and energy!"*

## Sustainable Relations with Suppliers

Our customer is at the core of Petrol's business activity, which is why we are developing a comprehensive and uniform approach to our customers (omnichannel) via all communication and sales channels of the Petrol Group. 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, which enable the development of new services and sustainable models.

### Customer satisfaction

For more than twenty years, Petrol has regularly measured customer satisfaction in various areas, and in 2018 we upgraded the overall concept of satisfaction monitoring. The goal is to regularly detect potential problems of our customers on all key channels and identify the potential for improvement. Such customer information is not only a measure of the effectiveness of our employees, but also a good indicator of the effectiveness of our processes and the attractiveness of our offer.

In 2018, for the first time, we created a record of the customer journey for our key segments of sales (fuel, merchandise, electricity, natural gas) and measured satisfaction with key points of contact on this journey. We identified 45 key points of contact. Measurements showed that customers' expectations are met to a very large degree when it comes to purchases and use of services. We compared the results to our competitors and based on the scores obtained we prepared a detailed action plan, which will serve as a basis for further activities.

The overall satisfaction score (on a scale from 1 to 4) according to different elements showed a high level of satisfaction at 3.4. Customers were most satisfied with the sales personnel at our points of sale (service stations), at 3.5.

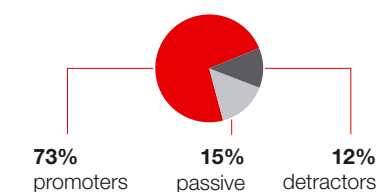
We also introduced ongoing measuring of the transactional net promoter score (TNPS) at the points of sale (HipShop, HopIN and TipStop). These measurements also show a high level of promotability: the overall annual NPS score is 60, with the share of promoters at 73 percent and that of detractors at 13 percent.

For a number of years, we have also conducted customer satisfaction surveys in all sales segments of wholesale. In 2019, with regular measurements, other channels will be covered and the metering method for the online store and call centre updated.

### Involving customers in the preparation of new offers

We include our customers in the development process of new products and the preparation of new offers. To this end, we have established the Petrol Research Panel, through which customers communicate their buying habits and provide suggestions for the creation of new offers. At present, 2,800 Petrol's loyal customers are involved in

*"How likely is that you would recommend your today's experience with our service station to your friends / acquaintances / family?"*



**NPS = 60**

Net Promotor Score



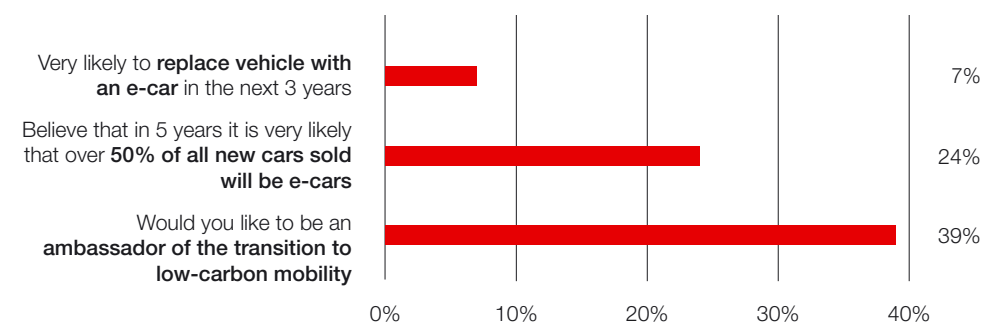
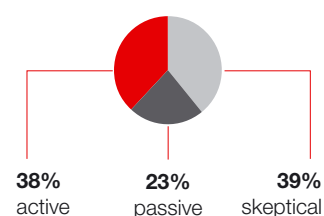
this community. Their responsiveness – 10 percent responded to all our invites in 2018 – shows that customers want to co-create our future offer.

### Research: Customer Satisfaction and Sustainable Development

In 2017 we conducted three different studies in the field of sustainable development.

- We examined the attitude to e-mobility in the Slovenian Energy Efficiency Survey (REUS).
- Survey on the attitude towards environmentally friendly supply at Petrol's service stations.

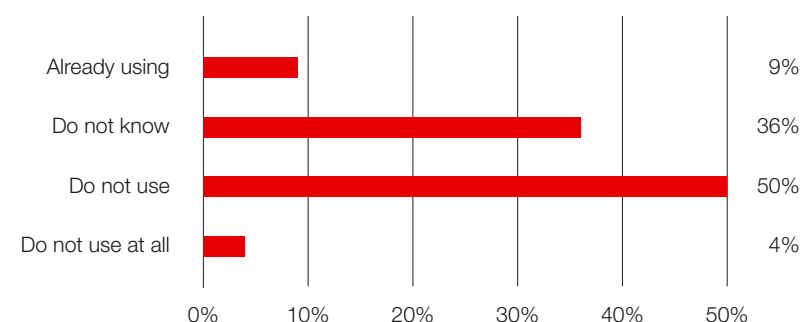
#### Attitude to e-mobility in the Slovenian Energy Efficiency Survey (REUS)



The REUS 2017 study showed that (given the actual attitude towards energy use and ecological awareness), the most customers are sceptical (39%) and active (38%), there are 23% of passive ones. 7% of Slovenes intend to replace their car with an electric one in the next three years, and 39% of them are ready to become an ambassador of the transition to a low-carbon society.

#### Survey of the use of fuels with a lower carbon footprint (october 2017)

**9%**  
of Slovenes already pump fuels with a lower-carbon footprint.



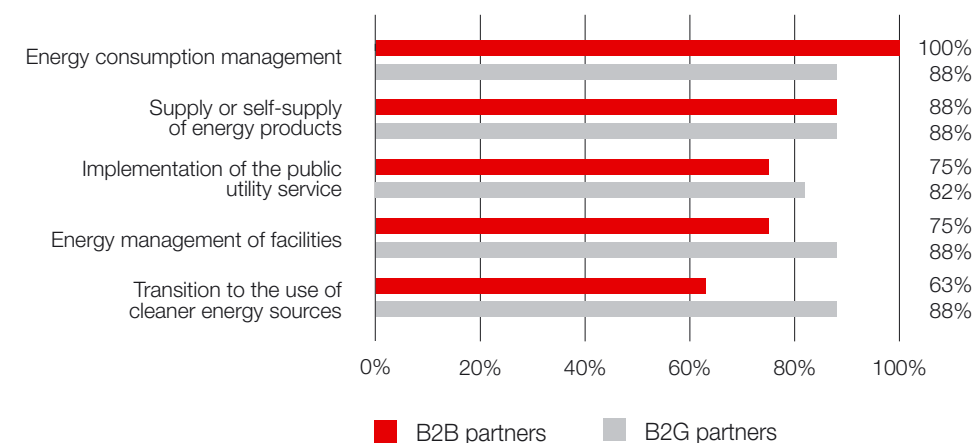
9% of Slovenes already use fuels with a lower carbon footprint, 41% of these are LPG – they believe, in an above-average number – that the Petrol BS network with low carbon footprint is not sufficiently branched. 36% do not know, what kind of fuel they are charging, mostly those who do not care about how diverse the network is and whether they get information about the carbon footprint of Petrol's fuels.

50% do not use fuels with a lower carbon footprint, a quarter is expected to start using them within three years, almost half of these electricity.

- Survey of measurement of satisfaction and partner plans in the area of sustainable development of B2B and B2G

The results of the survey show that partners appreciate Petrol's experts, and there is room for improvement regarding cooperation. In the future, they will develop new and upgrade existing solutions for sustainable development, where there are opportunities for cooperation with Petrol. B2B partners will focus primarily on building solutions, B2G on various areas, and they are more interested in mobility.

#### B2B and B2G partners – knowledge of solutions offered by Petrol



B2G partners are aware of more solutions that Petrol offers as are B2B partners. For both groups, the same solutions appear in the best-known solutions, and there is no one in any of the groups who would not have known at least one solution to be offered by Petrol.

Somewhat fewer respondents know that Petrol also offers solutions in the field of environment and mobility.

### Customer support

In 2017 and 2018, we continued to provide support to customers and sales channels, where we provide all information in one place. We have acquired a new CRM system that enables us a better focus on the customer, centralized communication with customers through a single system, process optimization, support for sales processes, and above all a better overview of the customer. We successfully adapted our operations to the new General Data Protection Regulation (GDPR).

Within the framework of the CRM strategy, we place the Petrol customer in the centre, offering all the support and assistance in one place in the shortest possible time. All processes are subordinate to the customer, so that their needs are met to the fullest extent possible. Processes are regularly analysed, updated and redesigned, which is facilitated by flexible architecture and technology.

New approaches to customers enable us to identify costs and revenues at the client level, to identify where in their life cycle the customer is and what their life value is, which are both important indicators for a company with clearly defined sustainability guidelines. New approaches to customers have a positive impact on their satisfaction and on lowering operating costs and increasing Petrol's profitability.

**for 7.4**

solutions know in average B2B partners

**for 9.3**

solutions know in average B2G partners

Sales and Contact Centre

In the Sales and Contact Centre we provide information on the entire Petrol offer, accept orders for heating oil and liquefied petroleum gas, we provide information and support to Petrol cards, electricity, natural gas, heat and e-mobility, we accept orders for the Fresh line. We also accept and resolve customer claims, we carry out sales promotion, offer support to the online store and in concluding contracts for energy sources.

Fuel quality certificates

Fuel quality certificates are automatically generated on the basis of laboratory reports from our accredited laboratory. The system ensures time optimization of work and proper product traceability.

Sustainability certificates for biofuels

In accordance with the European Renewable Energy Directive (RED), Petrol purchases only the biofuels that meet the prescribed sustainability criteria or guarantee reduction of greenhouse gas emissions. Most of our biofuels are sold to European markets, for which a transparent system had to be established to ensure the issuance to our European customers of sustainability certificates for the proportion of the mixed biocomponents. This was a prerequisite for the continuation of the sale of fuels with an admixture of biocomponents, mainly to the Italian, Hungarian and Austrian markets, as well as to other EU markets.

Reducing the environmental impact of fuels

The quality of fuels is directly linked to the engines' technological requirements and is developed in close connection with the development of engines. The year 2018 was almost a turning point in this field, as many vehicle manufacturers entered the market for the first time even with alternative types of drives (electric vehicles), with serious goals for the future. This represents an important challenge for conventional propulsion and propellant (petroleum fuels) as transition to alternative types of drives will be increasingly supported by legislation and financial incentives.

Petrol is aware that from a sustainable point of view, the use of petroleum fuels is not an optimal solution for the environment, but it is possible to reduce their impacts through actions and responsible behaviour. The fact is that the transition to a carbon-free society cannot be carried out overnight. A transitional period lies ahead, which is why solutions that influence the fact that conventional oil-based

and non-oil-based fuels can be more environmentally friendly are equally important.

Petrol started adding more additives to all fuels a few years ago, which affects both lower fuel consumption (lower CO<sub>2</sub> emissions) as well as lower emissions of other environmentally harmful compounds (CO, CH, NO<sub>x</sub>, solid particles, etc). In 2018, we intensified mixing biofuels into petroleum fuels at all sales points. Such activities will be further intensified and implemented in the future.

Product traceability

In our chemistry department, we improve the quality of products in terms of safer use. We follow all the prescribed standards and use EX-IBCs and EX-packaging and strive for complete traceability of our products. In the future, we want to establish complete control of goods and packaging, which will allow us to monitor their movement and location even during transport.

Product labelling

The 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.

Since mid-2017, all chemical products on sale are labelled according to the CLP Regulation (CLP is an abbreviation for classification, labelling and packaging of hazardous chemicals). In 2018, we also CLP-labelled our fuel vending machines at all points of sale in Slovenia. We pay a lot of attention to labelling foods of our own brand (REfresh drink, Q energy drink, Fresh water, etc.) and labelling allergens in non-prepacked foods at points of sale. The purpose of labelling is to provide all the necessary information that a customer needs for the safe and satisfactory use of the Petrol products. At the same time, we follow the legislative requirements in the area of labelling products to clearly communicate the properties of products to customers.

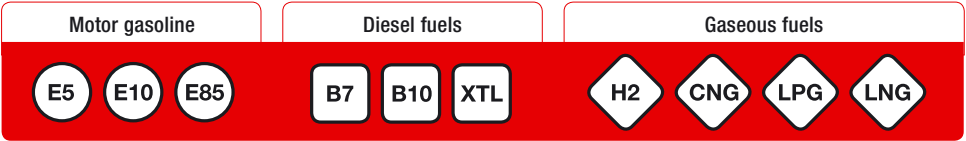
In 2019, we want to place labels on the products of our own brands, which will better inform consumers about the way packaging can be used after the product is used.

We provide all information for safe and satisfactory consumption.

New way of fuel labelling

In accordance with the EU guidelines, in 2018 we adopted the new way of fuel labelling at all our points of sale. Unique identifiers are used that help users to select the correct fuel type at the point of sale. The diversification of the existing range of fuels and the introduction of new types of alternative fuels increases the possibility of incorrect selection and use of the fuel. This way, we want to prevent or lower the number of incorrect fuelling cases, as such cases represent a burden on the environment. As a rule, the mixtures resulting from such mishaps can no longer be used and are considered hazardous waste.

The new fuel identifier labels at points of sale (Source: UPEI)



Sustainable communication with customers

In the Petrol Group, we communicate in our strategic documents that our future is based on sustainable development. For many years now, we have successfully realized the transition from an oil and gas company to an energy company. We present our professional and business public with our MUMESCo model, which represents a unique model in the broader region. Together with our partners within the economic interest association Centre of Energy Solutions, we carry out numerous activities in the field of sustainable development. From 2012, we have been preparing two-year sustainability reports that have attracted the attention of the professional public and received several awards.

In the period 2018-2020, we aim to achieve the following goals through sustainable communication:

- Petrol is a recognizable brand with a sustainable reputation.
- Petrol, together with its partners, establishes business, social and environmentally acceptable steps for the implementation of legislation for the transition to a low carbon society with a circular economy.
- Petrol is a recognized and desirable provider of services and products with sustainable added value for sustainable cities or communities.
- Petrol is a recognized and desirable provider of services and products to provide savings (energy, water, materials, etc.) and smart solutions.
- Petrol is recognized as the protagonist of green mobility.

Renewed websites and new mobile applications

Because what we put in the forefront is an excellent user experience and we continuously look for effective responses to the increasingly complex demands of modern consumers, in the years 2017 and 2018 we paid great attention to the renewal of the petrol.si website and other corporate websites of Petrol and to the introduction of mobile applications.





Špela Keber, student at Gea College:

*“There’s so much I can take care of there quickly and in one place, so I often drop by Petrol’s HopIN in Ljubljana. Experienced chefs in the HopIN shops provide me with delicious Fresh snacks, vitamin-packed smoothies, freshly squeezed juice, fresh salad tailored after my wishes, and many other delicacies. Normally I will also grab a cup of delicious coffee. And once I’m already there, I also use their postal services or buy tickets for concerts or other events.”*

The new website and the new MyPetrol (orig. MojPetrol) online portal, which came to life in the beginning of 2019, are more user-friendly, adapted for mobile viewing, with a clearer navigation and more transparent content which reflects the integrity of our offer and provides the best possible user experience.

In 2017 and 2018, we launched a range of mobile applications that have made it easier for customers to use our services. In the MyPetrol (orig. MojPetrol) mobile app, customers can obtain all the details of their business with Petrol, including the status of their Petrol Card gold points and payments for Petrol’s energy sources. The OneCharge app makes it easy to charge e-vehicles at Petrol’s charging infrastructure, and the mBills app allows paying with a smartphone anywhere and anytime. The On-the-go (orig. Na poti) mobile app provides the customers with the possibility to pay for their fuel, their on-the-go coffee, snacks from the Fresh range or the car-wash, quickly and easily using their smartphone, at all Petrol’s points of sale. This saves them time as they do not have to queue at the register.



### HopIN convenience stores

In 2018, Petrol entered the segment of convenient sales points in urban centres. We opened our HopIN stores in Ljubljana, Maribor, Kranj and Celje, where we offer a convenient and quick purchase of quality products or services at competitive prices. The offer includes well-known Petrol brands (Coffee-to-go, Fresh), the Petrol club products, lottery and sports lottery, event tickets, topping-up the Urbana value card, all kinds of mobile services and postal services (delivery and collection of parcels) and a wide range of fresh fruit and vegetables.

### Upgraded range at service stations

At service stations, mainly in areas where the Post Office had discontinued its operation, we implemented contracted postal services. At these points of sale, we offer all postal services previously offered by the Post Office.



Primarily at the service stations by the motorway and the cities we are building charging stations, as electricity becomes an increasingly important energy source in the automotive industry. We built a pilot recreation area with outdoor fitness devices at the motorway service station Podlehnik - West. Upgrading the offer at service stations raises customer frequencies, brings in new customers, speeds up the sales process and improves the atmosphere.

### Our goals by the year 2023:

- introduction of the Fresh Drive In at service stations
- upgrade of the Na poti app – expanding the range offered
- terminals for ordering and advertising on aggregates
- installation of Click&Collect parcel collecting vending machines at the service stations

### After-sales activities

After our projects are implemented, we ensure proper consumer awareness. In order to effectively raise awareness about energy and water management in public sector buildings, which we have energy-renewed, we prepare brief instructions in the form of stickers and posters. The effects of awareness are reflected in increased savings in energy and water consumption at the facilities where we have carried out the energy renewal, and in greater awareness that every individual can make an important contribution to

reducing the consumption of energy and water. When it comes to efficient energy and water management, we also educate children about the importance thereof, in cooperation with Zavod 404, Montel Energetika and the City of Ljubljana. We regularly check our stock and accordingly perform various after-sales activities which contribute to reducing the waste (discarded food, waste packaging, etc).

### Petrol Energy Centre – a partner in provision of energy efficiency and savings

The Petrol Energy Centre, as the successor to the activities that was started in 2014 under the auspices of the Energy Solutions Centre, boomed in 2018 both in visibility and in sales figures. With the added value of multi-annual funding of energy solutions for homes without requiring a down payment and paying interest we have come closer to all Slovenian households. The Petrol customers, within the selected mode of financing of energy solutions, gain an additional advantage of the energy source.

In 2018, compared to the same period in 2017, the sale of energy solutions packages for the home increased by 152 percent and with that we became one of the most important providers of energy solutions packages in the market. The vast majority of customers came to us based on recommendations of existing and satisfied customers. An important segment was the expansion of self-sufficiency sales – we sold more than 200 of these packages in 2018. Even more important is the commitment to the strategy that for each customer we try to complete a complete set of sustainable energy supply solutions in order to ensure clean, green and environmentally friendly energy. In conjunction with the expansion of e-mobility, we have found further sales synergies.

### Energy solutions for business customers

In 2018 we continued our 2017 success story in the field of preparation and presentation of business models of comprehensive sustainable solutions for business customers. We tested the business models at the reference facilities, such as sports halls, production process facilities, cultural and sacral buildings, agricultural facilities, tourist accommodations, housing and other facilities, and in total carried out more than 80 different energy renewals. Our customers were convinced by our personal approach and creation of effective, comprehensive and personalized solutions. The added value was achieved through a business sales model without interest for a duration of up to five years and through linking across the entire range of sustainable energy supply solutions.

### Public complaints

Public complaints are received by using various systems, in particular Tell Petrol (orig. Povej Petrolu) and via the system of receiving complaints. Complaints are classified according to their content (e.g. service stations, energy resources, Petrol Club, etc.). We respond to all complaints and at the same time we measure their response time. The complaints and claims are systematically reviewed and on the basis of the findings we take measures that in practice improve our processes and increase the satisfaction of our customers.

### Reducing the number of complaints

Our concern for customers and their expectations is also reflected in the increasingly efficient handling of complaints and claims. One of the main commitments of our business is high quality of goods and services, so each customer's discontent is carefully considered. For a more efficient and customer-friendly solution of complaints, we use a uniform system for collecting and managing complaints, which includes all communication channels. We continuously upgrade our information support system. In the years 2013–2018, the number of complaints was reduced by 20 percent, while the average time spent on resolving complaints was also reduced.

#### Goal by 2023:

Reducing the average time for resolving complaints by 20 percent.

# Sustainable relations with suppliers

At Petrol, suppliers are considered to be comprehensive strategic partners. We actively include them in our development processes, in assurance of our sustainable supply, and in the development of new Petrol Group business models, which place sustainable development on the forefront. Petrol's supplier relationship strategy is based on reliability of the supply, quality of products and services, on competitiveness of the price and the potential for long-term development cooperation. We work with suppliers in the development of new products and services, taking into account the sustainability criteria that contribute to reducing environmental impacts and maintaining a clean environment. All products and services of our suppliers are in compliance with the legislation and standards. We constantly check the competitiveness of our supplier chain as we strive for innovative cooperation with suppliers and cross-sectoral integration both within and outside the Petrol Group.

### Communication with suppliers

We are in constant contact with our suppliers in line with the high level of Petrol's integrity. We organize regular individual and team meetings, perform presentations and workshops, on the basis of which together we develop new products and services by integrating sustainable aspects. This way, we develop successful long-term cooperation that brings added value to Petrol.

### Transition to sustainable service packaging

The Petrol Group is aware of the great challenges of the society in the field of packaging and packaging waste, and therefore seeks breakthrough ideas and ambitious goals to make significant steps in the transition to a more sustainable service packaging. The incentive for these changes is the legislation that limits disposable plastic and sets forth stricter requirements for packaging waste management, as well as the customers who increasingly take into account sustainable consumption aspects, and Petrol's own commitment, as the Petrol Group seeks to change behavioural patterns of consumers by way of example. With 27 different suppliers, at the end of 2018, Petrol carried out a set of sustain-

able workshops in the field of service packaging. We searched for good practices and breakthrough ideas for strategic shaping of the transition to more sustainable service packaging. Together we have outlined the guidelines for a sustainable transformation of Petrol service packaging by 2030.

### Development cooperation with the Petrol brands

In the framework of product group management, in 2017, together with the supplier Atlantic Group, we participated in the launch of a wooden spoon for the on-the-go coffee. In this, we followed the European Directive on Packaging and Packaging Waste. In 2018, we introduced a new product in the line of Iced Coffee-to-go (Iced Coffee-to-go light – coffee with less sugar and lactose-free), where we cooperated with the supplier Vendis. In the course of development, we followed the European Directive on Packaging and Packaging Waste and the European Directive regarding the listing of ingredients and potential allergens present in food.

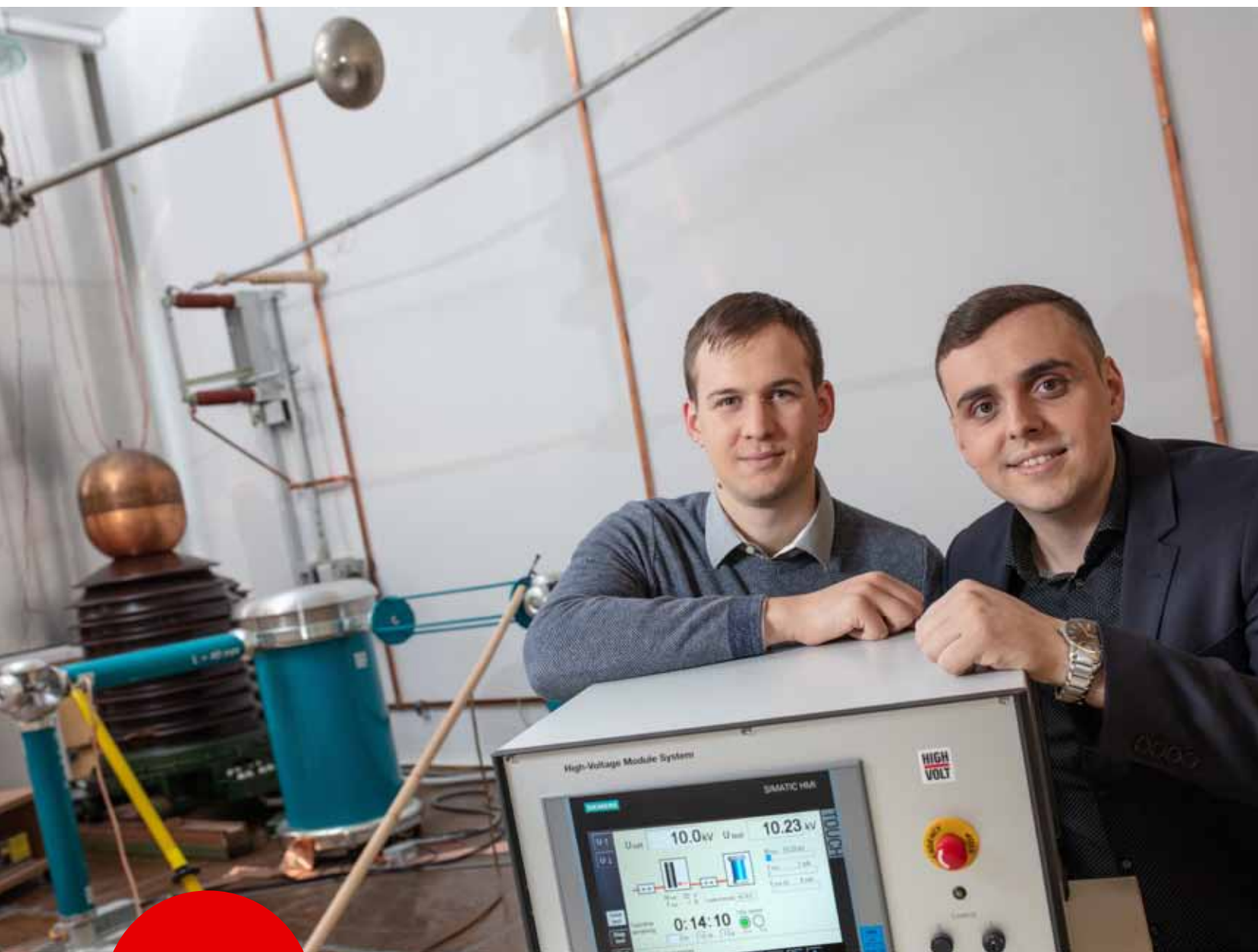
### Purchase of fuels

Petrol purchases fuels in accordance with the purchase specifications, which we regularly adapt to the new requirements on the market. These specifications follow the standards prescribed by the European Committee for Standardization (CEN). They also include all the sustainability aspects and requirements prescribed by the national and European legislations. Such an example is biofuel (bio-diesel, bioethanol). In the future, depending on the market demand, we will increase the portfolio of suppliers and look for new sources of qualitatively different products, i.e. second and third generation biofuels.

#### Goal by 2030:

introducing one to three products annually, proven to meet environmental performance and sustainability criteria.





**Gregor Gostinčar and Kujtim Dauti, students at the Faculty of Electrical Engineering, University of Ljubljana:**

*“In cooperation with the Faculty of Electrical Engineering at the University of Ljubljana, Petrol offers students assistance in preparing final theses. Our master’s theses (titles: Model of market optimization of operation of units of cogeneration of heat and power; Model of estimation of the potential of flexibility of objects) have been rewarded. At the presentation of the topics for the master’s theses and field of operation of Petrol, we realized that the company offers many interesting challenges. It was for this reason that we decided for the cooperation. And on the very first day, a great team awaited us. During the course of our work, we realized that there are even more interesting challenges in the company than we anticipated, therefore we want to continue our cooperation with Petrol in the long term.”*

## Relations with professional and other public

In the Petrol Group, we are strongly involved in cooperation with various professional and other public. Our experts participate in conferences, events, forums, symposia, congresses, awareness campaigns and projects both domestic and foreign. We also share our knowledge and experience with younger generations in the form of various educational and awareness-raising events, visits to schools, kindergartens, etc. We conduct investment conferences, open days, fire drills, etc.

### Investor relations

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.

We had several individual meetings with domestic and foreign investors. As at 31 December 2018, 26.3 per cent of all shares of Petrol d.d., Ljubljana were owned by foreign legal and natural persons. The share increased by 0.4 percentage points compared to the end of 2017 and by 1.4 percentage points compared to the end of 2016.

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.

### Mentoring for students

Petrol tries to connect with future intellectuals and our potential employees already during the course of their studies. In the field of education and research, we have cooperated with the Laboratory of Energy Policy (LEST), which operates under the auspices of the Faculty of Electrical Engineering of the University of Ljubljana. We offered students assistance in the preparation of their final theses. We have rewarded them for excellent master’s theses. Mentorship in the preparation of bachelor and mas-

ter’s theses and compulsory practice are also carried out in cooperation with the Faculty of Mechanical Engineering of the University of Ljubljana and the Faculty of Civil and Geodetic Engineering of the University of Ljubljana.

### 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.

In 2016, we started our activities in the development of technology for the processing of water, pulp for paper production and waste sludge and the development of a prototype drying system with immediate use of the heat obtained from flue gases, which was completed in 2018. In 2018, we started the development of the energy recovery system waste which will be completed in 2019.

We successfully applied for the public tender of the Ministry of Economic Development and Technology and the public agency SPIRIT Slovenia as part of the Pilot/Demonstration Projects – Block 1: Energy Conversion, Distribution and Management, and obtained two projects. In the consortium of nine partners, we are running the Demonstration of Integrated Energy Management (DEUP) project. In the consortium of four partners, we are working on the Energy Conversion Optimization project to reduce the share of fossil fuels with hydrogen in industrial glass melting (OPERH2).

## From education to employment

In cooperation with the Faculty of Civil and Geodetic Engineering of the University of Ljubljana, we carried out a project entitled Creative Path to Practical Knowledge Programme. By means of an innovative, problematic and group approach to solving practical challenges at the location of the real water supply system in the Jezersko Municipality, the project aimed to support the development of competencies, acquiring practical knowledge and creative thinking of participating students, which in turn facilitated the transition from education to employment in the industry. The partners in the project were the Faculty of Civil and Geodetic Engineering of the University of Ljubljana, the Municipality of Jezersko, Komunala Kranj and Petrol d. d.

## Lady engineer of the year

We were also the lead partner of the project "Let's Be Engineers!" (orig. Inženirke in inženirji bom!). The main activity of the project is the events that we perform at the leading Slovenian gymnasiums. We try to excite and encourage youth for engineering, technology, science and innovation, as well as for other 21<sup>st</sup> century skills and competencies.



As part of the project, the first selection of the Lady Engineer of the Year was also held at the end of 2018, for which our colleague Blaženka Pospíš Perpar was nominated as well. In Petrol we strongly support the selection, because the mission of selected engineers is to break stereotypes in society as an example to girls, why choose engineering professions.

## System initiatives

The transition to a closed fuel transfer system has significantly contributed to reducing fuel loss in manipulation resulting from the loss of volatile components to the environment. However, this has reduced the ability to physically monitor the content in road tankers, which used to be carried out the upper openings (tanker covers). This control is in modern tankers performed via built-in sensors,

which can be used to control the fullness or the abnormality of the chambers or installations in the tanker. However, the issue of sampling of fuels in the tanker remains open, in accordance with the applicable sampling standards (bottom, middle, top, or preparation of average samples). In this context, Petrol gave the Slovenian Institute for Standardization (SIST) an initiative to find and standardize new methods of sampling the tankers. There have been no new solutions in this direction, but an overview is being prepared of the possible sampling methods already used by some control companies around the world today, which could be the basis for the adoption of a new standard.

## European Quality Congress

At the EOQ (European Organization for Quality) Quality Congress held at Bled in October 2017, we participated with a lecture on Quality with regard to the methodology of sustainable development. The EOQ Congress is the most important event in the field of quality in Europe, and it was co-organized by the EOQ, the Slovenian Association for Quality and the Ministry of Public Administration.

## Partnership for a carbon-free economy

In 2017 and 2018 we actively participated in the Climate-KIC project. It is the largest European public-private partnership that addresses climate change through innovation, with the aim of building a carbon-free economy. Their essence is the transfer of knowledge, with which they inspire and raise awareness of the new generation of environmental leaders. The Climate-KIC project operates under the auspices of the European Institute of Innovation and Technology (EIT), an EU body. Petrol cooperates actively with the Climate-KIC Hub in Slovenia. As part of the Climate-KIC Hub Slovenia project, we highlight environmental topics and promote innovation that leads to greater environmental awareness and development of environmentally friendly technologies and economy.

## Opening the space to pioneers

We have participated in the Pioneers into Practice programme, the only European knowledge development programme for professionals in the field of low carbon and other areas related to climate change. The professional mobile programme Climate-KIC brings together experts from industry, enterprises, universities, research institutions, local administrations, non-profit organizations and public organizations. Our pioneer came from Finland, and working with her we focused on understanding the problem of plastic packaging.

## Partnership for change

We are actively involved in the Partnership for Change project, a programme of innovative cooperation between employees in the Slovenian public and private sector, with the aim of transferring good ideas, practices and useful solutions and employee exchange. The project is run by AmCham Slovenia and the Ministry of Public Administration of the Republic of Slovenia. Petrol hosted a colleague from the Ministry of Economic Development and Technology.

## Support for district energy

We are actively involved in the Slovenian District Energy Association (SDDE). We contributed to the SDDE 2017 conference with a presentation entitled First year of management in the field of useful use of excess heat of metallurgical processes for the purposes of district heating and the preparation of sanitary hot water at Ravne na Koroškem. In 2018, the company was renamed the Slovenian Energy Association (SEA). The 11<sup>th</sup> Conference of the Association with international participation took place under the auspices of Petrol. We were the initiators of the establishment of Europe Energy Lodge and of the South-Eastern Europe Energy Club.

## Summer school for young employees

In cooperation with the Danish company Danfoss, we organized the 2018 DHC+ Summer School. It is a week of intensive learning for young experts with senior experts in the field of district energy. The method of learning is a combination of theoretical lectures, practical knowledge and views of examples of good practice in the field of district energy. Petrol's experts too were among the lecturers.

## Slovenian Case Challenge for students

In 2017, we participated for the third time in a row as a substantive and financial supporter of the non-profit project Slovenian Case Challenge (SCC), or-



ganized by the Faculty of Economics in Ljubljana. This is a competition where students of different faculties solve innovative business challenges. The Petrol challenge was related to obtaining data on energy consumption in relation to the optimization of energy consumption in an individual and in a larger number of buildings. The winning team systematically produced an analysis of data protocols describing all options with limitations and advantages, assessed costs over a ten-year period and produced a sensitivity analysis.

## E-to-go

In cooperation with the Marketing Department in October 2018, Petrol's e-Mobility Department took part in a two-day E-to-go (orig. E-na poti) event where we presented our sustainable products in the field of mobility and energy. The eco rally event from Ljubljana to Bled was devoted to business partners and journalists. Participants competed in driving accuracy through the Gorenjska region and through city centres, while on the way learning about ecological heating solutions in the first wooden squash centre in Europe, about the prevalence and usability of the charging infrastructure for electric vehicles, about advanced mobile applications and other services of the Petrol range.



## Ten-T Days

In April 2018, we participated in the TEN-T Days, the largest and most important European event on the topic of smart and sustainable mobility, organized by the European Union. The event was attended by more than 2,200 people, including ministers and MEPs, European Transport Commissioner Violeta Bulc and other key stakeholders. The event offered us a unique opportunity to promote the Urban-e and the Next-e projects, and to present Petrol as a provider of e-mobility services.





**Martina Vogrin, Graduated Sanitary Engineer:**

*"I want to live healthy, so I care what I eat. At Petrol's Fresh shops, food and drinks are prepared fresh, before my eyes. They always kindly consider my wishes for ingredients. The choice is great. In the fast pace of life, it's important that I do not have to wait when I'm in a hurry. I order my food through the mobile app. When I get to the selected Petrol sales point, my order awaits. I pick it up and go on my way."*

## We Are Living Together

Supporting and helping the environment in which we operate is embedded in our long-term growth strategy. We prove this by supporting many sporting, cultural, humanitarian and environmental projects.

At the same time, the 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.

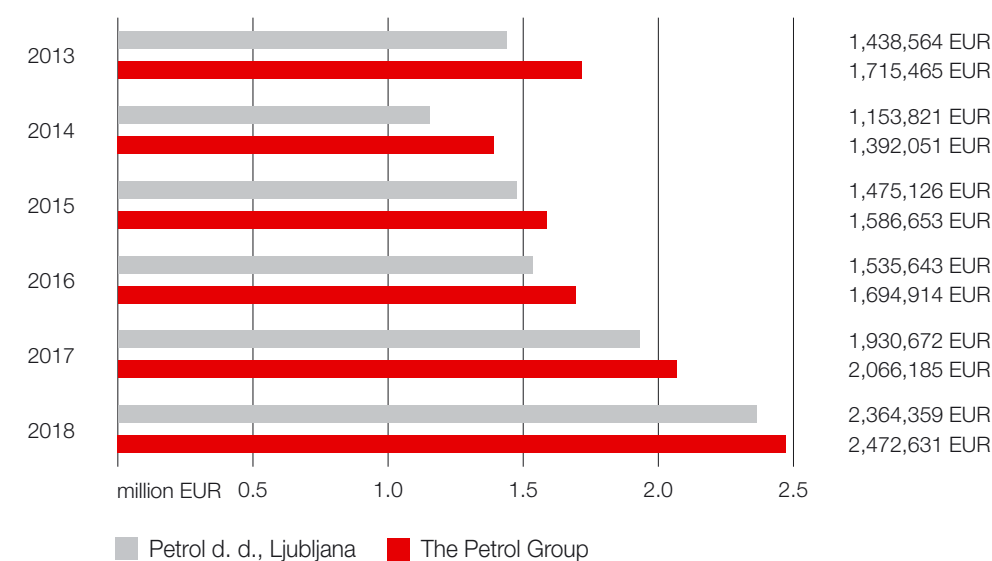
Among the biggest sponsorships is our cooperation with the Slovenian Olympic Committee (the Olympic teams and the Sport of Youth in collaboration with the Institute of Sports) and with sports associations at the level of national teams: skiing (alpine, biathlon, snowboarding), football, handball, basketball 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. Funds intended for individual sponsorships, are principally repaid by activating sponsorships and advertising our brands by the use of the sponsored persons.

*In the long term we grow together with the environment.*

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



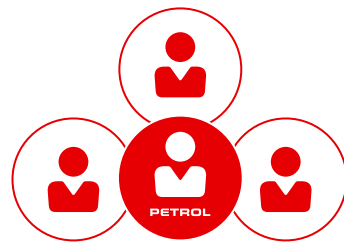


We regularly organize various events for the internal and general public



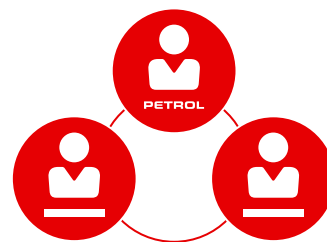
For the internal public:

- business conferences,
- Petrol's Business Academy,
- sports games and events,
- holiday gatherings of employees,
- Petrol excursion,
- Family friendly company,
- Healthy at Petrol,
- Events Accept the Challenge?



For the general public:

- meetings with business partners,
- VIP events,
- sponsorship and promotional events,
- participation in conferences,
- Pre-New-Year's events,
- openings of new facilities, etc.



Corporate events:

- events connected with humanitarian projects,
- blood donations Donate energy for life (orig. Daruj energijo za življenje).

> 83,000

new blood donors  
attracted to donate

### Donate energy for life

With the Donate energy for life project, we have, ever since 2011, continually encouraged existing blood donors and contributed to attracting new ones, and at the same time helped raise awareness among Slovenians about the importance of blood donation. We are extremely proud that we were able to contribute to the establishment of the Donate blood (orig. Daruj kri) platform, which connects the Blood Transfusion Centre of Slovenia with existing and future blood donors. Together with the Slovenian Red Cross and the Blood Transfusion Centre of Slovenia, we have so far attracted more than 83,000 new blood donors.



### Our energy binds

At the end of 2018, for the eighth time we carried out the Our energy binds (orig. Naša energija povezuje) campaign, in which funds are devoted to humanitarian aid instead of buying business gifts. Employees at each service station in Slovenia find and propose a humanitarian project in their area, to which we contribute 200 euros each year. In this way, more than 500,000 euros have been donated so far.



### Giving back to the community

Giving back to the community (orig. Vračamo družbi) is a corporate volunteering project, which we have been involved in since 2014 and is also part of the Family Friendly Company measures. In five years, we have shown our heart in more than 30 volunteer campaigns across Slovenia, every year involving more volunteers. In 2017 and 2018, more than 130 employees directly participated in the Giving back to the community programme, who devoted a total of 285 hours of volunteer time, half of which contributed by Petrol. We carried out four actions at the Ljubljana Moste-Polje Association of Friends of Youth, where we helped prepare and give out packages for families and clean the warehouse. In September 2018 we also collected school supplies for the Association of Friends of Youth, filling a box with a volume of a cubic metre.

At the end of the year we also managed to prepare 260 gifts for 260 children's smiles. At the Petrol office building we also collected humanitarian aid for safe houses of the Association SOS Help-line (orig. Društvo SOS telefon). We collected more than two cubic metres of aid items. At sales points across Slovenia we have collected food for abandoned animals for two consecutive years now; in 2018, we managed to collect as much as a tonne of food.



### Bronze Badge of Civil Protection

On World Civil Protection Day, the Koper branch of the Administration of the RS for Civil Protection and Disaster Relief organized an awards ceremony for the coastal municipalities area. The ceremony took place on 5 March 2019 in Ankaran. Petrol received a Bronze Badge for good cooperation and assistance in the development of Civil Protection in the Municipality of Koper.

On behalf of Petrol, the award was received by TRKV's Tomaž Juriševič, head of the Petrol fire units and head of the Instalacija Sermin Terminal (TIS).

TIS received the Bronze Badge of Civil Protection for the dedication and successful performance of protection, rescue and relief tasks on the basis of good cooperation with the Coastal Firefighter Association in Koper and the Fire Brigade of Koper, who are also offered to freely use the firefighting facility at the Instalacija Sermin Terminal for practical training of firefighters. In the past year, even the municipal protection and rescue drill of the Municipality of Koper, Instalacija 2018, was organized at this terminal.

### Protection of competition

At Petrol, in concluding contractual relations and acquisitions, we ensure compliance with the competition protection legislation. No proceedings against violations of legislation have been initiated against Petrol.

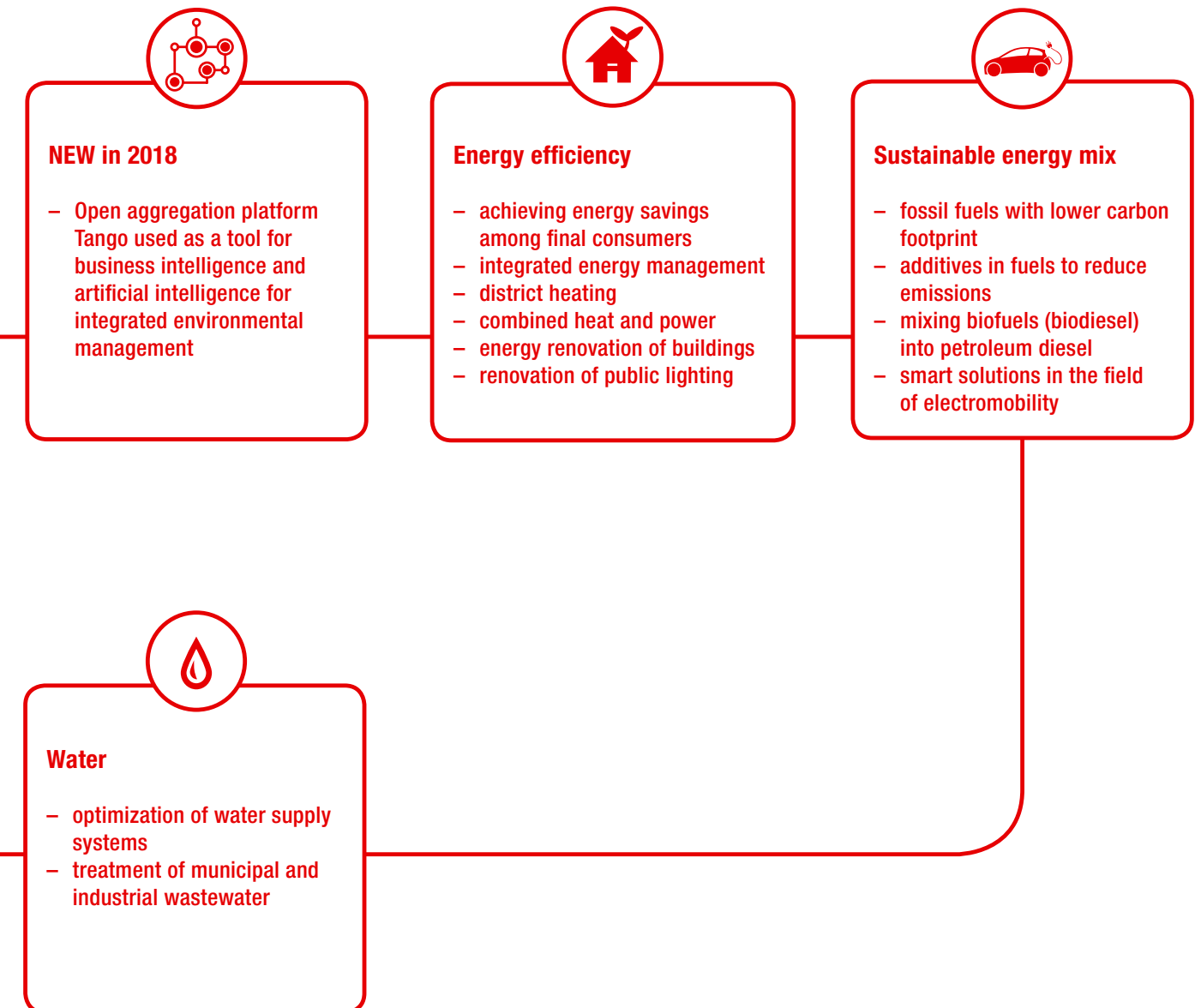


# Management of natural environment

## In our own activities



## For the market







## 1.9 MWh

our annual final  
energy savings

**M. Sc. Gregor Macedoni, Mayor of the Municipality of Novo mesto:**

*"We carried out a comprehensive energy renovation of eight buildings owned by the Municipality of Novo mesto under the Public-Private Partnership model. Private partner, Petrol d. d., Ljubljana provided at least 51% of the funds, up to 40% were obtained from the European cohesion funds, and the rest were the municipality's own funds. Comprehensive energy renovation of buildings included thermal insulation of façades, replacement of builders' joinery, insulation of ceilings of unheated attics, installation of thermostatic valves or heat pumps, renovation of lighting, boiler rooms, etc. The partner ensures the management and maintenance of newly installed energy devices and systems during the concession. Our annual final energy savings will amount to 1.9 MWh."*

## Strategic commitment to the natural environment

Petrol Group is aware of the environmental risks posed by economic and technological development. Since our activities involve sale, transport and storage of petroleum products, they present a risk of harm to the environment. Therefore, we must act with due skill and diligence at all times. We are actively contributing to the sustainable development of the society at large with our projects for the production of renewable electricity and increase in energy efficiency.

Petrol's environmental management system is based on the requirements of the international standard ISO 14001 and is an integral part of Petrol's development plan. All employees in Petrol are responsible for the consistent fulfilment of such requirements, while the management of the company guarantees their actual implementation and the achievement of our fundamental environmental objectives.

### 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:

- active support of top management, which is reflected in the Concept of preventing major accidents for people and the environment. We call it Petrol's security focus. Petrol's goal of safety is to operate without hazardous substances,

- with the System of Business Compliance,
- taking into account legal requirements and co-operation with state and other professional institutions,
- raising awareness and informing employees of our environment and security policy,
- training and education of all those employees who may have a significant impact on the environment,
- actively promoting security culture at all levels of society,
- implementing the planned environmental policy for suppliers, service providers and other business partners,
- development of environmentally friendly products,
- informing users about how to handle our products properly,
- controlled, safe and environmentally friendly disposal of hazardous waste,
- continuous upgrading of the environmental management system,
- the quality and traceability of services and measures.

### Total quality management

Petrol Group's operations are based on the implementation of strict quality standards. In addition to the certified quality management system ISO 9001, environmental management system ISO 14001 and energy management system ISO 50001, the comprehensive quality management system incorporates the requirements of the HACCP food safety management system, of the OHSAS occupational health and safety system and of the ISO 27001 information security system.

### Petrol's accredited bodies

Operating within the Petrol Group are Slovenia's leading oil laboratory, which tests and analyses fuel, lubricants and chemical products, and the inspection body for liquid flow and tyre pressure measuring devices and for pressure equipment.



Overview of certificates and laboratory accreditations

Company	Quality management system	Environmental management	Energy management system	Accreditation of laboratories	Other certificates
Petrol d.d., Ljubljana	ISO 9001: 2015	ISO 14001: 2015	ISO 50001: 2011	SIST EN ISO/IEC 17025: 2005 SIST EN ISO/IEC 17020: 2012	POR <sup>1</sup> , FSC <sup>2</sup> , AEO <sup>3</sup> , ISCC <sup>4</sup>
Petrol d.o.o.	ISO 9001: 2015	ISO 14001: 2015	/	/	ADR/RID/ADN-I-PTR <sup>5</sup>
Petrol Geoterm d.o.o.	ISO 9001: 2015	/	/	/	/
Beogas d.o.o.	ISO 9001: 2015	/	/	/	/
Petrol d.o.o., Beograd	ISO 9001: 2008	ISO 14001: 2004	/	/	OHSAS 18001

1    Petrol d.d., Ljubljana is a holder of 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.

2    Petrol d.d., Ljubljana is a holder of FSC certificate for the production of wood chips for heat.

3    AEO Certificate is issued by the Customs Administration of the Republic of Slovenia, which carries out the supervision and inspection of certificate holders. The AEO Certificate confirms the following criteria: appropriate security and safety standards, appropriate record of compliance with customs requirements, reliable system of managing of commercial and transport records, allowing appropriate customs controls, and proven financial solvency.

4    Petrol d.d., Ljubljana is certified under the International Sustainability and Carbon Certification (ISCC) for the sustainable supply of biofuels, which means a documented and traceable pathway from the production of the raw material to the final product.

5    Certificate to carry out the in-house inspection service for the performance of pressure receptacle inspections in accordance with Directive 2010/35/EU. Petrol d.o.o. is the IS inspection body under the authority of the notified body Bureau Veritas Italia for the purpose of carrying out periodic inspections of pressure receptacles defined in accordance with chapter 6.2 of ADR/RID/ADN.

Environmental permits

Overview of devices and types of environmental permit

Device	Environmental permit
Central waste treatment plants in Murska Sobota, Mežica, Sežana, Ig	EP for emissions to water at the points of sale and warehouses and at locations that require a permit.
Biogas plant Ihan, biogas plant Črnomelj	IED for waste treatment, emissions to air and water and noise emissions
Sludge drying facility Ihan	EP for waste recovery, emissions to water, air emissions
Points of sale (service stations)	EP for emissions to waters  17 points of sale have valid environmental permits for emissions to water. These are mostly points of sale with a car wash that are not connected to a sewage network.
Combined heat and power plant Ravne	IED for combustion plants
Cooling systems with industrial water treatment plants Štore	IED for independently managed wastewater treatment
Storage facilities for petroleum products in Lendava, Rače, Celje and Zalog, TIS Terminal Installations Sermin, storage facilities for liquefied petroleum gas in Štore and Sežana	SEVESO

EP –            environmental permit

IED –        environmental permit in accordance with the Industry Emissions Directive

SEVESO –    pursuant to the Directive 2012/18/EU and the Environmental Protection Act, an establishment where dangerous substances are present in significant quantities and may cause major accidents with serious consequences for persons or the environment

SUNP –      liquefied petroleum gas storage

SND –        oil derivatives storage

In the future, we will connect the points of sale (service stations) to the public sewage network where possible, which will reduce the number of environmental permits required for emissions to water at these locations.

Responsible Care program

Petrol acquired the Responsible Care Certificate for the fifth consecutive year. The program is a global initiative of the chemical industry to improve its management in the field of health, safety and environmental protection.

Measuring and managing the environmental footprint

The environmental aspects of our sustainable development are measured and managed through indicators that reflect the environmental footprint of our own activities (service stations, storage facilities for petroleum products and liquefied petroleum gas (LPG), treatment plants, the biogas plant, office buildings, etc.), and through indicators that reflect the contribution of our activities towards a smaller environmental footprint of other parts of the society at large.

Regular monitoring implementation



waste water



emissions of substances into air



sources of noise



tightness of reservoirs



fuels quality



waste assessment



biodegradable waste treatment

To monitor the functioning and management of biological processes in treatment plants and the biogas plant, we perform daily measurements of individual parameters, which ensure successful process control and the possibility of reducing the environmental burden.

Our strategic sustainability indicators are measured and managed annually. The assessment of environmental aspects is carried out by professionals from different fields within the Petrol Group. The assessment takes place at least every three years or when significant legislation or environmental policy changes occur, or when the opinion of the interested public has changed. We work closely with our suppliers and contractual partners in dealing with significant environmental aspects and indicators.

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 corporative functions, needs to reinforce the competitiveness of the entire Petrol Group.

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.

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.

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.

Emergency environmental events

All the incidents within typical scenarios of environmental accidents (leakage, spillage of hazardous substances) that actually took place and could have had a greater impact on people or the environment, depending on the way they originated, are placed into the category of environmental incidents. The category is therefore not understood in the strict sense of the Environmental Protection Act or the Protection against Natural and Other Disasters Act, which already foresee harmful effects in the event of an accident.

Integrated security system

All incidents were managed at the site where they occurred with technical and/or organizational measures, so there was no significant burden on the environment. All procedures have been duly completed without consequences, except one case where the suspicion of minor contamination has been confirmed and site rehabilitation is taking place.

We addressed 24 environmental incidents in 2017 and 22 in 2018. They mostly involved spills, leaks or overfills on decanting platforms of car filling or decanting stations (airport, railway station).

Number of environmental related emergency events per location in the years 2016–2018

Source / number per year	2016	2017	2018
Fuel stores	3	18	19
Service station	6	3	2
Transport	2	2	1
Other		1	
Total	11	24	22

We introduced the zero tolerance to pollution principle in 2017. Since then, every minimal deviation is included in the statistics. In 2018, the inconsistency with regard to the issued instructions, especially by third parties (e.g. drivers) performing activities in fuel storage facilities, led to the introduction of Rules on Action, Conduct and Behaviour in Warehouses and Terminals as a corrective measure in the management of the company Petrol. The Rules apply to employees, contractors and external partners. Based on these Rules, we issued warnings, ordered additional equipment inspections and introduced a prohibition of entry into the facility in case of major deviations. We introduced monitoring indicators that will be statistically presented in the next sustainability report.

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. 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. As an objective, we set out to reduce the costs of energy and water in relation to the generated traffic, in order to achieve a competitive advantage in the industry.

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;
- compliance with legislative requirements and other requirements assumed in the field of energy use.

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 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. The energy manager is responsible for implementation of our energy policy, and for development of energy efficiency and rational water consumption. Monitoring the indicators of the specific use of energy and water is the key to achieving the set goals.

All employees are responsible for the efficient use of energy.

We reduce the cost of energy and water compared to the generated traffic.



# Energy use and energy efficiency

In the operation of our facilities, we strive to optimize energy use by increasing energy efficiency and the share of renewable energy sources. On the other hand, we introduced energy-intensive services at our points of sale in the recent years, such as preparation of Fresh food and manually operated car washes running on hot water. Nevertheless, our specific energy consumption at the annual level is decreasing every year. Petrol is also gradually reducing the use of extra light heating oil and switching to more environmentally friendly technologies and energy products.

Energy use for Petrol’s own business by type of energy in 2017 and 2018 and forecast for year 2019

Year	District heating	Liquid fossil fuels	Natural gas	Liquefied petroleum gas	Electricity	Energy total	*Sales revenue MI = €	W / € indicator
	MWh	MWh	MWh	MWh	MWh	MWh		
2017	3,487	4,435	2,550	398	33,890	44,761	3,817	10.0
2018	2,097	3,919	1,342	561	30,605	38,518	4,255	9.1
2019 plan	2,000	3,900	2,000	700	30,000	38,600	**	

\* Data for 2014-2018 are from Petrol's annual reports, unconsolidated data for Petrol d.d., Ljubljana, Geoterm d.o.o. in Energetika Ravne d.o.o. In 2018, Energetika Ravne d.o.o. and Geoterm d.o.o. merged with Petrol d.d., Ljubljana.

\*\* The forecast for 2019 was published only for the Petrol Group, the forecast for the companies has not been published.

## We install Best Available Techniques (BAT)

The multidisciplinary team responsible for the construction and renovation of service stations and other Petrol facilities is constantly checking whether the best available techniques are installed in our facilities. During the reporting period, the team paid more attention to other markets where Petrol is present, and to the optimization of energy equipment maintenance.

We mostly renovated the points of sale and the bars. The “Fresh” concept was spread within the renovation of the existing points of sale. We also included small and old points of sale into energy renovations, as they usually had high specific consumption despite not being high energy users.

## > 300 running meters

of cooling equipment were replaced and had window glazing installed in 2017 and in 2018.

## Most major cooling elements were glazed

By the end of 2018, more than 80% of all refrigerated displays and cabinets at the Petrol points of sale were equipped with window glazing. In the last two years, we also glazed some of the new refrigerated displays, while the old refrigeration devices were replaced by new ones with window glazing. We installed and replaced more than 300 running meters of glass on the cooling equipment in 2017 and 2018. With this measure, we increased the energy efficiency of points of sale and helped to reduce emissions into the environment.



## Modernization of indoor lights

In 2017 and 2018, we started modernizing the indoor lights, since we previously modernized the outdoor lights. Indoor lights were renewed at all points of sale operating 24/7 and at some other locations. In total, we renovated the lights at more than 80 locations. When selecting the indoor lights, we paid special attention to energy efficiency and environmental friendliness, as well as to the proper lighting of rooms. Energy consumption has been reduced by 50 to 70 percent compared to the previous situation.



## Energy-efficient HopIN

In the city centres, we expanded our offer with a new concept, the so-called HopIN points of sale. When designing the new concept, we first addressed the energy efficiency of the HopIN technology. We increased the energy efficiency of HopIN at individual locations as much as possible. HopIN points of sale are located in strict city centres, making it a unique challenge.



## Savings after the renovation of the point of sale in Radenci

The first results of the renovation of Petrol's Radenci point of sale show that the total annual energy consumption will decrease by almost 40 percent, while the energy for heating the building has decreased by 60 percent compared to previous years. These results confirm the fact that the investments in the energy renovation of the buildings have an effect on sustainability and increase the competitiveness of the company on the market.





# 75%

savings per  
year

**Jure Šumi, Director for Green Solutions in Knauf Insulation:**

*“In our company, we breathe and work green. Five years ago, we started selling Urbanscape® products, which we developed ourselves for the greening of roofs and façades and in order to help plant growers. Because we want to be green at all levels, we connected with Petrol to facilitate the transition to a sustainable and carbon-free e-vehicle fleet with the lowest possible cost. Petrol's range of comprehensive business services includes everything from vehicle hiring with complete management and maintenance of the fleet to the setting up and management of the charging infrastructure, assistance and charging services for users, and corporate vehicle sharing. When driving with a fully electric vehicle, fuel savings alone save up to € 1,000 a year per year, which is as much as 75% savings.”*

## Sustainable energy mix

Petrol's policy in the field of fuel is environmentally oriented while respecting all the sustainability criteria. Our operation is and will remain proactive by introducing alternative fuels, but also by respecting the economic principles regarding the rules and financial sustainability that apply to companies.

### Policy on energy products for heating

#### Liquefied petroleum gas (LPG)

We achieve the biggest environmental results in the LPG segment with high energy users. This applies to investments in setting up of gas stations and gas installations where KOEL or heavy fuel oil is replaced with LPG. In 2017 and 2018, we set up the following gas stations:

- Karst – ham production site Šepulje (350,000 kg),
- Altrad LIV (130,000 kg),
- Vata (50,000 kg),
- Trimo (250,000 kg),
- PVC Nagode (50,000 kg),
- ITOS (80,000 kg) etc.

We aim to carry out such an investment at 3-5 major consumers every year.

#### Natural gas distribution (NG)

Natural gas belongs to a group of the cleanest energy products. In the field of distribution of NG through the construction of gas networks, the greatest environmental effects are achieved by enabling the end-users to connect to the natural gas distribution system. In 2017 and 2018, we built a gas network in the Municipality of Idrija. We connected 417 users to it in 2017 and 261 users in 2018. By 2023, we will build gas networks in another three Slovenian municipalities: Šmarje pri Jelšah, Škocjan and Šentjernej, and we will continue to connect end users to Petrol's NG distribution systems.

#### Renovation of boiler rooms

Where renovation of boilers is needed in the energy renovation of buildings, we take into account the local community guidelines regarding the advantages of individual energy products or the Rules on Efficient Use of Energy in Buildings with a Technical Guideline. This means that we use resources according to the set priorities (e.g. district heating, water-to-water heat pumps, biomass, etc.), taking into account the economic effects.

#### Electricity policy for commercial customers and households

Large commercial customers have the price of electricity determined by the current market prices that fluctuate considerably. For this reason, the offers for large customers are usually very limited in time. We regularly advise our business partners, provide reports, propose purchase strategies, organize meetings, develop customized sales products, etc. This way we maintain competitiveness and expand our circle of custom-

We are introducing  
alternative fuels  
proactively.

# 678

new users of  
natural gas





Growing demand for  
100% green energy

ers. More and more customers today are demanding 100% green energy. We ensure this by buying guarantees of origin.

We offer competitive regular price lists to small business customers and household customers and promotions to new customers. Household customers largely use the golden points they collect within the Petrol Club to reduce the price of electricity and natural gas. Next to good prices, we offer a user-friendly conclusion of contracts and support to our customers.

### Policy on the introduction of alternative fuels into the market

Fuel consumption is directly related to the emissions generated. We are reducing these by various measures, namely:

- with additional fuel additives - it affects the lower consumption due to the optimal operation of the engine and, consequently, the processes of cleaner fuel combustion. This reduces CO<sub>2</sub> emissions as well as the emission of harmful compounds (CO, CH, NOx) resulting from combustion.
- the use of biofuels and fuels that have lower emissions compared to petroleum fuels - this primarily reduces greenhouse gas emissions (TGP) generated during the entire life cycle of the fuel per unit of energy (factor expressed in g CO<sub>2</sub> / MJ). Such alternative fuels also include liquefied petroleum gas and natural gas for the propulsion of vehicles.
- using conventional fuels with mixed biofuels

Diesel fuels: today mostly contains up to 7% (V / V) of biodiesel. Despite this somewhat lower energy value, the effects of its use on generated emissions are positive. In doing so, it is necessary to take into account the entire carbon footprint and not only the emissions produced by engines for combustion of fuel.

Fuel gasoline: in these cases, emission reductions can be achieved using bioethanol. This can be added to gasoline in direct form or in other more stable forms (eg as BioETBE). Given the fuel supply system in Slovenia, which does not have its own fuel production, the use of biofuels in the form of an added "BioETBE" is more appropriate and also logistically less demanding.

### Fuel emissions reduction



Additive fuel



Biofuels use



Alternative low-emission fuels use (LPG and natural gas)

### Legal requirements

#### The Decree on Renewable Energy Sources (ie the RES Regulation)

The Regulation came into force on the basis of the EU Directives in 2016. With it, the gradual replacement of oil (fossil) fuels with appropriate alternative fuels was imposed on all market fuel suppliers. These are fuels that are partly or wholly obtained from renewable sources and are more environmentally friendly from the point of view of emissions.

This Regulation supersedes the previous Biofuels Regulation and prescribes the type and quantity of fuels as RES, which distributors are obliged to place on the market in individual years by 2020. The legal obligations arising from this Regulation entered into force for distributors with 1.7. 2017.

### Decree on sustainable criteria for biofuels and greenhouse gas (GHG) emissions in the life cycle of fuels in transport no. 19/2017 (i.e., the Sustainable Regulation).

The regulation refers to the emission intensity and overall reduction of greenhouse gas emissions for fuels placed on the market for traffic in Slovenia. With this regulation, a new method of reporting on the reduction of emissions was also put into effect. Distributors of fuels are obliged to keep appropriate records that ensure the traceability of the purchase and sales flow of biofuels, through certified sustainable certificates. On the one hand, these additionally constrain sources of supply for distributors, and requires international involvement.

In 2017, the initial emission standard for fuels was re-established, which increased the obligation to reduce emissions from 2018 onwards.

Regarding the requirements of the Regulation and the fulfillment of sustainability criteria of biofuels in Petrol, they are regularly reviewed by the legislator. Released reports on the emission intensity and quantity of GHG emitted and transported energy, according to the authorized monitoring provider, show that Petrol's biofuels control system is adequate, accurate, reliable and safe against fraud.

### Certification for the sustainable supply of biofuels

In 2017, we became certified under the International Sustainability and Carbon Certification (ISCC) for the sustainable supply of biofuels, which means a documented and traceable pathway from the production of the raw material to the final product. Traceability is ensured with mass balancing and the sustainability criteria are guaranteed throughout the production and supply chain.



### Compliance with Petrol's legal obligations in 2017-18

In the years 2017-2018, Petrol fulfilled its obligation from the Regulations almost exclusively with the mixing of biofuels to fossil fuels. Since it was necessary to ensure both the proper quality of the fuel and the smooth manipulation processes with them, the transition to this was carried out gradually. Biofuel management takes place at the highest professional level.

### Compliance with legal obligations under the RES regulation

Fulfillment of legal obligations under the RES Regulation In 2017, the share of biofuels reached about one percent (energy), and in 2018 it rose to 3.2 percent. The bulk of the work was achieved by adding biodiesel to diesel fuel and, to a lesser extent, motor gasoline with the addition of bioethanol (in the form BioETBE) was also placed on the market.

With the RES Regulation, considerably higher shares were prescribed for 2017 and 2018 (in 2017 - 6.2% and 2018 in 7%). Despite the great efforts of Petrol, such high stakes could not be achieved in real terms. In the initial phase, this was mainly due to the preparation of the infrastructure, and the quantities reached in both years were significantly influenced by market conditions (availability, price of biofuels on the free market, etc.) and the specific position of Petrol as a supplier or distributor of fuels.

- 84.000 t  
CO<sub>2</sub> reduction in  
traffic

Compliance with legal obligations under the Sustainable Regulation

As an environmentally conscious oil company, Petrol is also aware of the importance of reducing emissions. To this end, our goal is to satisfy as far as possible the requirements arising from the Sustainable Regulation. Achieving this goal is even more demanding in terms of fuel quantities from RES. In 2018 a significant emission reduction was achieved, which amounted to 83,787 tons of CO<sub>2</sub>, which represented a 1.7% reduction in emissions compared to the baseline standard (the prescribed commitment with the Sustainable Regulation is 5%).

Reduction of CO<sub>2</sub>eq emissions due to use of biofuels, LPG and electricity in traffic in the years 2012-2018

Year	2012	2013	2014	2015	2016	2017	2018
t CO <sub>2</sub>	11,571	41,583	24,523	6,987	3,364	0*	83,787

\* A new fuel baseline standard was laid down in the Decree on the sustainability criteria for biofuels and transport fuel life cycle greenhouse gas emissions (Official Gazette of the RS, No. 19/17) (it was raised from 83.8 to 94.1 g CO<sub>2</sub>eq / MJ), which meant that we did not actually achieve the emission reduction, although we did supply 772 t of bioethanol and 6,181 t of biodiesel. Newly established standard values are 95.1 CO<sub>2</sub>eq/MJ for diesel and 93.3 g CO<sub>2</sub>eq/MJ for petrol.

Sustainable smart mobility solutions

We are developing new smart solutions in the field of electromobility and mobility services, which will be an important pillar in Petrol's long-term sustainable and innovative operation.

In 2018, 57 new electric charging stations were sold or installed (of which 39 charging stations perform also charging services) or operated and offered electric charging services to 105 electric charging stations. Petrol is one of the first companies in the region that helps business users to make the transition to a sustainable and carbon-free e-vehicle fleet with the lowest possible cost. Our range of comprehensive business services includes everything from vehicle hiring with complete management and maintenance of the fleet to the setting up and management of the charging infrastructure, assistance and charging services for users, and corporate vehicle sharing.

In 2018, we continued our work on two international projects that started in 2017: NEXT and URBAN. We were successful in a tender procedure within the European financial programme Connecting Europe Facility. In 2018, we launched a new project called MULTI E. Alternative fuels, decarbonisation and transport innovation are the common denominators of all three projects. To this end, we are establishing a network of charging infrastructure with alternative energy sources, such as electricity and compressed natural gas, and sustainable smart mobility services, including an intermodal transport marketplace.

In 2018, we successfully launched the OneCharge mobile application, which enables the use of charging stations via a mobile phone and offers various means of payment. We are also introducing new and innovative business models for businesses and cities: vehicle as a service, e-taxi (platform and electric vehicles) and corporate vehicle sharing.

We operated and offered the e-charging services at

57

new e-charging stations in 2018.

105

electric charging stations in 2018.

72

of those were conventional and

33

were fast charging stations.

Sustainable smart mobility challenges



Implementation of alternative fuels



Decarbonization



Innovation in transport



Our vision is to become the leading provider of integrated solutions in southeastern Europe in the area of e-mobility.





## 8–10 years

of return on investment

**Boris Bučar, owner of a self-sustaining solar power plant:**

*“I think the self-supply of the household with electricity is important, especially when it comes from clean and renewable sources such as the sun. That is why I decided to invest in a 10.5 kW a self-sustaining solar power plant. I turned to Petrol and they prepared a turnkey project that met my expectations. Petrol's experts also prepared an EcoFund application for me. I received a grant of EUR 1,890, which is EUR 180 per kW. The investment will be repaid in 8 to 10 years, and our household will essentially become self-sufficient. This feels great and is a good investment for the future.”*

# Production of electricity from renewable sources

Electricity is gaining importance in the world. Since we aim to become an energy company, electricity generation is one of the key activities for the future development of the Petrol Group. In the long run, we can use it to ensure our own resources in the sale of electricity, while also being prepared for the new trends in transport.

**Key objective:**  
generation of  
electricity from RES

Our key objective is to secure electricity from our own resources, based on renewable energy sources (RES), which we see as the bridge to the future. As a regional provider of environmentally friendly solutions, we focused on finding projects in southeastern Europe: Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro. This area has a high potential in the field of electricity generation.

In the years 2017-2018, we carried out two projects in the field of renewable energy sources, namely Glunča wind power plant in Croatia and Jeleč small hydro power plant in Bosnia and Herzegovina. With acquisitions of undertakings in the past years, we obtained control over four small hydro power plants in Bosnia and Herzegovina built in the years from 2005 to 2006.

## Key projects

### Wind power plant Glunča

Location: Šibenik, CRO  
Start of operation: January 2017  
Number of turbines: 9  
Installed power: 20.7 MW (9 x 2.3 MW)  
Annual electricity production: 45–50 GWh  
Ownership: 100% Petrol (Vjetroelektrane Glunča d.o.o.)

### Small hydro power plant Jeleč

Location: Foča, BiH  
Start of operation: October 2017  
Number of turbines: 2  
Installed power: 5 MW (1.5 MW + 3.5 MW)  
Annual electricity production: 15 GWh  
Ownership: 80% Petrol (Petrol Hidroenergija d.o.o. Teslić)

### Small hydro power plant Jezernica

Location: Fojnica, BiH  
Start of operation: May 2005  
Number of turbines: 1  
Installed power: 1.38 MW  
Annual electricity production: 3 GWh  
Ownership: 51% Petrol (INTRADE Energija d.o.o. Sarajevo)

### Small hydro power plant Mujakovići

Location: Fojnica, BiH  
Start of operation: 2006  
Number of turbines: 1  
Installed power: 1.63 MW  
Annual electricity production: 4.3 GWh  
Ownership: 51% Petrol (INTRADE Energija d.o.o. Sarajevo)

### Small hydro power plant Majdan

Location: Fojnica, BiH  
Start of operation: October 2005  
Number of turbines: 1  
Installed power: 2.8 MW  
Annual electricity production: 5.3 GWh  
Ownership: 51% Petrol (INTRADE Energija d.o.o. Sarajevo)

### Small hydro power plant Botun

Location: Fojnica, BiH  
Start of operation: February 2005  
Number of turbines: 1  
Installed power: 1.1 MW  
Annual electricity production: 2.5 GWh  
Ownership: 51% Petrol (INTRADE Energija d.o.o. Sarajevo)

37.000 t

CO<sub>2</sub> emissions are saved annually by power plants.

Environmental impacts of power plants

To calculate the savings of CO<sub>2</sub> due to the production of electricity in the above stated plants that exploit renewable sources of energy, we used the reference data of the emission value of CO<sub>2</sub>, calculated at the Jožef Stefan Institute. For the electricity produced in Slovenia in the period from 2002–2016, we got the value of 0.49 kgCO<sub>2</sub>/kWh. This means that at the annual level, the power plants help us save approximately 37,000 tons of CO<sub>2</sub> emissions.

With the acquisition of the company Megaenergija, Petrol also acquired the management of 23 units for combined heat and power with a total planned production of heat of 2 GWh and production of approximately 1.4 GWh of electricity.

Plans

Wind power plants

We are developing two wind power plants in Croatia with a total power of 40 MW. The construction of the first wind power plant is expected to start in 2020, and the second one a year later. We are also in the process of purchasing a company that owns a permit to build a major wind power plant.

Small hydro power plants

We are exploring the possibility of joint investment in two small hydro power plants in Serbia with our business partners.

Solar power plants

In 2018, we started the development of four solar power plants with a total power of 11 MW in the vicinity of Knin. Due to the good sun's potential in the region, the trend of falling prices and of improved efficiency of solar cells, our objective in the coming years is to increase the capacity of solar power plants.

Energy production from renewable energy resources in the Petrol Group in Slovenia in years 2015–2018 and plan for 2019

Renewable energy sources - own production	Electricity from solar energy	Biogas	Electricity from bio waste	The heat from bio waste	Energy from biomass
Petrol in Slovenia	MWh	mio m³	MWh	MWh	MWh
2015	2,495	5.3	12,687	13,638	24,710
2016	2,464	5.9	14,054	15,108	25,415
2017	2,623	3.5	7,090	6,800	26,069
2018	2,159	5.0	12,037	5,480	26,903
2019 plan	2,636	3.0	7,200	1,500	26,000

The electricity produced and the savings of CO<sub>2</sub> in small photovoltaic power plants, small hydro power plants and wind power plants managed by Petrol Group

	Year	Electricity	Okoljski prihranki*
		MWh	t CO <sub>2</sub>
Small photovoltaic power plants managed by the Petrol Group	2015	2,495	1,155
	2016	2,464	1,141
	2017	2,623	1,215
	2018	2,159	1,000
	2019 plan	2,636	1,220
Small hydropower plants managed by the Petrol Group	2015	11,778	5,771
	2016	17,019	8,339
	2017	13,729	6,727
	2018	27,488	13,469
Wind power plants managed by the Petrol Group	2019 plan	30,261	14,828
	2017	42,570	20,859
	2018	47,149	23,103
	2019 plan	44,300	21,707

\* Average emission factor of CO<sub>2</sub> per unit of electricity in Slovenia for the period 2002–2016 amounts to 0.49 kg of CO<sub>2</sub>/kWh. (Source: Jožef Stefan Institute)

Biogas plants

In 2017, we carried out maintenance works at the biogas plant in Črnomelj, which is why the production of biogas decreased. Due to regular maintenance works in 2019, the Ihan biogas plant will not produce biogas or electricity.

We provide a stable electricity supply system



Renewable energy sources

The importance and the share of renewable electricity production sources continue to grow.



Natural Gas

It remains the energy product of the future and provides support during periods when there are no natural conditions for the provision of energy from renewable sources.



Energy storage

Its importance increases proportionally with higher share of renewable energy sources.



# Tango platform

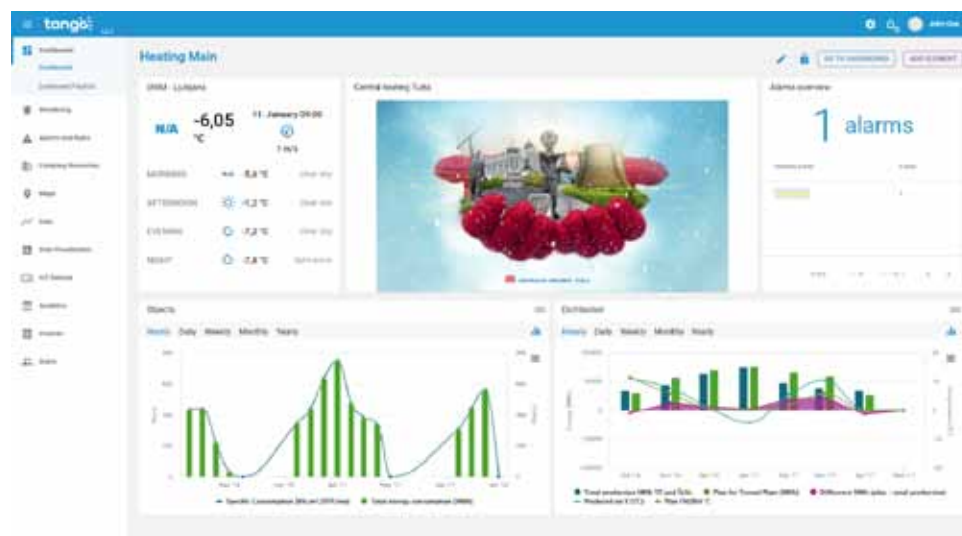
District heating systems  
Smart building  
Water supply systems  
Smart home  
Wastewater treatment  
Smart industry  
Energy distribution systems  
Effective lighting systems

Petrol presented its first software product in November 2018 at the European Utility Week in Vienna. TANGO is an open aggregation platform tool for business intelligence (BI) and artificial intelligence (AI). It is one of the key software tools in the digital transformation of Petrol. We developed it with the end user in mind and it contains the best practices from the fields of district heating systems, water supply systems, public lighting, industry, energy management of facilities, etc. This tool offers an important strategic development advantage by providing real-time control and improvements of operating efficiency in cities, industry, on the road and at home.

Energetika Maribor was the first customer to purchase the Tango system. With this tool, we use advanced analytics to reduce the cost of production and distribution of heat energy in the city of Maribor.

Petrol ensures its effectiveness to contractual partners with various guarantees and financial instruments, such as delayed payments, or even more often, with the payment of services by means of savings in the contractual period – in this case, the payment is directly dependent on whether the savings are actually achieved or not.

With modern information solution TANGO we provide for economic planning, effective control and management of systems in smart cities. TANGO, as the Advanced Operating Technology (OT) / IoT Platform (Internet of Things), addresses the challenges of modern business, as it constantly detects the situation and changes in the physical system, and helps to respond to the current situation with swift and smart decisions. TANGO can be used in different areas in smart cities, villages and communities.

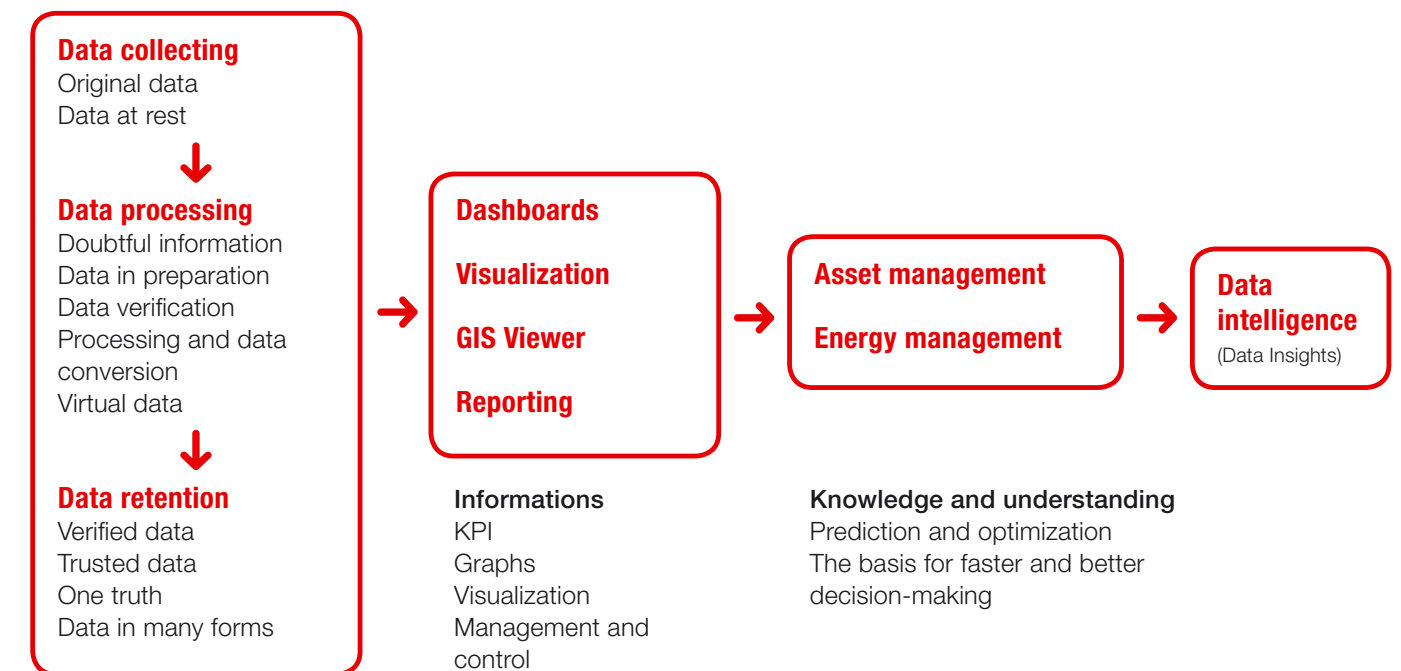


Trustworthy business decision-making based on verified data in / near real time.

Monitoring key performance indicators based on aggregation data and integration with IoT devices, data sources, protocols and information systems.

Control, monitoring and analysis in a comprehensive, transparent and reliable solution.

## Automated system optimization in / near real time



## Data collection and processing

Data acquisition directly from IoT devices. Capture from various data sources, databases, web services. Integration of third-party platforms (CRM, ERP). Reliable, automatic checking and replacing data before writing to the data lake. A single base, one truth. Automatic alarm in case of detected irregularities. Getting information from data and advanced analytics.



## Dashboards

View data and information through KPIs, graphs, advanced analytics. Customized view for different levels of users. Linking information to levels, from main KPIs to the smallest detail. Production and automatic triggering of reports. Asset management. Energy management. View GIS data.



## Smart city

Tango includes Data Intelligence, Machine Learning and Artificial Intelligence Algorithms. Achieving more efficient operation of systems. Faster and better quality decision making. Automatic control and management of systems. Achieve extra savings. Generating new services. Increase user satisfaction (residents of a smart city, villages, communities). A green future.



48

Ljubljana buildings

EUR 15  
mio.

values

**Alenka Loose, Energy Manager at the Municipality of Ljubljana:**

*“In February 2019, the Municipality of Ljubljana, together with the consortium of Petrol and Resalta in Brussels, received the prestigious award for best project in the field of energy efficiency and energy saving, namely for the energy renovation of buildings in Ljubljana. As part of the Energy Renovation of Ljubljana Project, we improved the energy efficiency of 48 buildings in Ljubljana (schools, kindergartens, sports halls, public buildings) to the value of €15 million.*

*With this, the city saved more than a million euros, which is enough to cover the energy costs for 500 households. The project also reduced greenhouse gas emissions by approximately 3,000 tons per year.”*

## Energy renovation of buildings

Energy renovation of buildings was carried out according to the principle of public-private partnership or energy contracting. By preparing appropriate supporting documentation (Guidelines for the implementation of measures to improve the energy efficiency of buildings in the public sector according to the principle of energy contracting, prepared by the Ministry of Infrastructure, the Ministry of Finance and the professional public), preparing a program for the renovation of public buildings and the provision of non-reimbursable grants under the cohesion policy, the energy renovation of public buildings in Slovenia continued on a larger scale in 2017 and 2018.

Petrol d.d., Ljubljana actively participated, signed contracts and implemented measures to reduce energy consumption and supply costs in several municipalities. The common denominator is the model that we used for the energy renovation of public buildings. Contracts are separate for:

- comprehensive energy renovation, which includes the renovation of the entire building envelope, mechanical and electricity systems in the building, and the implementation of other measures to improve energy efficiency,
- technological improvement of energy efficiency in buildings, which includes the implementation of individual measures or a group of measures on the building envelope, as well as mechanical and electricity systems in the building to improve energy efficiency.

We implemented energy renovation of primary schools, kindergartens, sports halls, indoor pools, facilities dedicated to cultural activities and business facilities. Heritage protected buildings and the buildings with protected copyrights of the architect presented a particular challenge. In some cases, energy renovations were carried out simultaneously with other interventions in buildings, such as static rehabilitation and other necessary renovations.

According to the principle of energy contracting, Petrol (with consortium partners on some projects) invested at least 50.1 percent of the necessary funds in the energy renovation. Non-reimbursable grants under the cohesion policy were obtained for eligible costs (40%) and the public partner provided the rest. We made sure that every building in which we implemented the comprehensive energy recovery gets at least 25% of energy for heating from renewable sources.

### Contract Model



Comprehensive energy renovation:

- renovation of the entire building envelope
- renovation of mechanical and electricity systems in the building
- implementation of other measures



Technological improvement of energy efficiency:

- implementation of individual measures or a group of measures on the building envelope
- implementation of mechanical and electricity systems

Energy renovation of public buildings is at the centre of our activities.



Partnership in the years 2001-2034

Reference Municipality of Kranj

The first energy-contracting project in Slovenia was realized in the Municipality of Kranj. It was completed in 2017 with remarkable results. In 15 years, 3 years of heat consumption from the reference year was saved in 14 contracted buildings. 56% of primary fossil fuels were saved in the indoor Olympic-size swimming pool in 10 years and the devices always operated smoothly. In 2018, we signed a new contract for energy renovation of 24 buildings. We will complete it by October 2019 and we will manage the buildings for 15 years after that. This is the first municipality in Slovenia that decided to participate in energy contracting and partnered with us. The partnership with the Municipality of Kranj started in 2001 and will end in 2034.

Energy renovation of buildings under the public-private partnership principle, i.e. energy contracting, concluded in 2017 and 2018, and savings

Project title / Year of investment completion	Type of energy	Heat consumption	Energy consumption	Electricity consumption	Heat saving	Electricity saving	Environmental savings **
		MWh/year	m³ ZP/year	MWh/year	MWh/year	MWh/year	t CO₂/leto
ZPO Celje; Ledena dvorana / 2017		32	3,700	/	/	/	/
EUO Mol / 2018	DH	31,642		16,949	5,821	2,074	2,917
EUO Novo mesto / 2017	DH	5,527		1,676	1,639	230	489
EUO Hrastnik / 2017	DH	1,580	0	497	746	257	262
EUO Črnomelj / 2017		1,000	690	1,200	315	23	98
EUO Ministrstvo za pravosodje / 2018	DH	1,391		521	477	178	
EUO Metlika / 2018		991		223	257	45	81
EUO Postojna / 2018	DH	2,543	-	900	623	100	312
EUO Slovenska Bistrica / 2018		2,671	170,083	3,472	671	547	1,510
EUO Sklop konzorcij občin / 2018		1,007	21,490	382	250	219	1,488
EUO Medvode / 2018	DH	722		151	286	43	118
Total 2017					2,700	510	849
Total 2018					8,385	3,206	6,426

\* Calculation of energy savings: the difference between the use of the primary energy source before and after the renovation of the boiler room in MWh/year  
\*\* The environmental savings are expressed as the sum of the emission saving due to the decrease in consumption and the replacement of the energy source.

Type of energy

Type of heating

Wood chips

Wood biomass

Natural Gas

EE

LPG

Fuel oil extra light

DH District heating

LH Local heating

Achieving energy savings among final consumers

Pursuant to the requirements of the European Energy Efficiency Directive, based on which the legal requirement to achieve energy savings among final consumers was introduced in Slovenia (Decree on energy savings requirements, Official Gazette of RS, No. 96/14), Petrol started implementing measures to increase energy efficiency in 2015. The Rules amending the Rules on the Methods for determining Energy Savings were published in 2017. They include amendments to individual methods and some new methods for determining savings.

In 2017 and 2018, we continued our activities to ensure energy savings among final consumers. The greatest savings were achieved by application of fuel additives. Efficient use of energy and increased use of renewable energy sources was also carried out through the following measures:

We managed to exceed the required energy savings.

- energy solutions in industry and multi-dwelling buildings (by replacement of heating systems, installation of energy-efficient lighting, energy-efficient electric motors and advanced measuring systems, renovation of distribution network of the district heating system and installation of combined heat and power systems)
- recovery and introduction of energy solutions and/or energy management in public sector buildings,
- refurbishment of outdoor lighting at points of sale, installation of heat pumps, recuperators and window glazing of refrigerated displays at points of sale,
- optimum filling of tires in Tip Stop Vianor garages,
- sale of energy-efficient household appliances and electric bicycles.

Energy savings and environmental savings among final consumers in 2014–2018 and forecast for 2019

Year	Energy sold	Required energy savings	Energy savings*	Environmental savings**
	MWh/year	MWh/year	MWh/year	t CO₂/year
Petrol d.d. 2014	15,093,839.55			
Petrol d.d. 2015	14,336,672.89	37,734.6***	156,564.26	38,282.49
Petrol d.d. 2016	14,158,244.58	41,705.01****	29,115.09	7,940.13
Petrol d.d. 2017	15,426,175.74	41,120.44****	30,436.60	8,805.17
Petrol d.d. 2018	15,174,759.97	54,974.13*****	76,121.71	17,545.12
Petrol d.d. 2019 plan – assessment		51,694.73*****		

\* Calculation of energy savings: the difference between the use of energy products before and after the introduction of the activity, in MWh/year.  
\*\* Environmental savings are expressed as the sum of the emission savings due to the decrease in use and the replacement of the energy product.  
Note: The amount of energy sold in the previous year is the basis for the calculation of the requirement.  
\*\*\* 0.25% of annual energy sales in 2014  
\*\*\*\* 0.50% of annual energy sales and 0.25% of annual fuel sales in 2015 and 2016  
\*\*\*\*\* 0.75% of annual energy sales and 0.25% of annual fuel sales in 2017 and 2018 Note: With the acquisition of Petrol Energetika d.o.o. in 2018, Petrol d.d. also assumed the obligation of Petrol Energetika for 2018.

# Heat supply

We manage  
**29**  
district heating  
systems

At the end of 2018, Petrol d.d., Ljubljana operated 29 district heating systems, 19 of which operate as a public service, seven are proprietary systems and three are classified as market activities by the Energy Act. From all the systems with a total capacity charge of 121,449 kW, 106,020 MWh of heat was sold to the customers in 2018. In 2017 and 2018, we increased our customers' supply of heat by building a biomass district heating system in Bohinjska Bistrica. The thermal energy producer is LIP Bled, from whom we buy the heat for the system. 30 customers with a capacity charge of 1,8 MW are currently connected to the system. Heat consumption in 2018 amounted to 2,385 MWh. We plan to connect additional customers in the coming years. Our group of district heating systems was also expanded with the acquisition of biomass district heating systems in the municipalities of Luče, Solčava, Mozirje, Gornji Grad and Sodražica.

### Optimization of district heating systems

Petrol Group implements expert services on more than 40 district heating systems (15.5 GW of optimized thermal power) and has demonstrated the ability to develop the district heating systems with intelligence for many years. With optimal solutions, we regulate the complete process of the district heating system (production, distribution and consumption of heat) or its individual part. The aim is to achieve the best possible results for the operator in the short, medium or long term at the price of heat produced, environmental burden and uniform monitoring of system operation. In district heating systems HEP Osijek and HEP Sisak, we implemented a module for optimizing the temperature in the hot water supply and installed measurements related to the remote control and management system. In the district heating system JKP Novi Sad, the effects presented in the table were achieved through automation and connection to the system of remote control and management of 440 primary heat stations representing 175 MW or 20% of the total power. The overall effects of the measures are presented in the table.

### Completed projects or projects in progress in the field of optimization of district heating systems

Project name / Distributor of heat / Location	Quantity energy savings*	Environmental savings**	The project was carried out by the company / in the year	Measure
	MWh/year	t CO <sub>2</sub> /year		
Connecting the summer pool to district heating / Petrol d.d., ERIVS Ravne na Koroškem / Ravne na Koroškem	143	28	Petrol d.d., ERIVS / 2018	Useful use of excess heat UHP
Osijek / HEP Osijek / Ulica cara Hadrijana 7, 31103 Osijek	624	125	Petrol d.d. / 2019	Optimizing the district heating system
Sisak / HEP Sisak / Ulica braće Kavurić 16, 44010 Sisak	890	178	Petrol d.d. / 2018	Optimizing the district heating system
Novi Sad / JKP Novosadska toplana / Ulica Vladimira Nikolića 1, 21102 Novi Sad	24,000	7,680	Petrol d.o.o. Beograd / 2018	Renovation of heat stations

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

### Heat produced and savings of projects for the market

Project title / Year of investment completion	Type of energy	Type of heating	Heat production	Energy consumption	Quantity energy savings *	Environmental savings**
			MWh/year		MWh/year	t CO <sub>2</sub> /year
Boiler room Črna - Rudarjevo 4 / 2017	●	DH	121	136,145	113	47
Boiler room Črna - Rudarjevo 14a / 2017	●	DH	1,020	906,721	541	224
Boiler room Črna - Rudarjevo 26 / 2017	●	DH	561	634,997	14	4
Boiler room Črna - Rudarjevo 32 / 2017	●	DH	75	89,296	92	39
Boiler room Črna - Center 21 / 2017	●	DH	162	15,420	5	1
Boiler room Prevalje - Na produ 58 / 2017	●	DH	38	43,431	33	14
Boiler room Prevalje - Trg 4 / 2018	●	DH	119	142,089	153	32
Boiler room Prevalje - Trg 65 / 2018	●	DH	195	227,842	234	47
Boiler room Črna - Center 11 / 2018	●	LH	162	15,420	65	25
Boiler room Unior - Spodnja cona / 2018	●	DH	1,000	1,165,500	872	174
Boiler room - Apprentice workshop Unior / 2017	●	DH	180	209,790	179	34
Boiler room Peca Commerce / 2018	●	LH	97	10,801	61	12
Boiler room Trimo Trebnje / 2018	●	LH	2,299	74,923	670	281
DOLB Bohinjska Bistrica / 2017	●	DH	2,385	0	0	0
DO Lendava / 2018	● ●	DH	6,127	78,346	0	0
Luče / 2018	●	DH	685	1,205		
Solčava / 2018	●	DH	339	608		
Sodražica / 2018	●	DH	600	1050	305	230
Gornji Grad / 2018	●	DH	2,969	6080		
Mozirje / 2018	●	DH	1,889	3325		
Kras Pršutarna Šepulje / 2018	●	LH	4,375	350,000	175	72
Altrad Liv / 2017	●	LH	1,625	130,000	65	27
Vata / 2017	●	LH	625	50,000	25	10
Itos / 2018	●	LH	1,000	80,000	40	16
Total					3,642	1,289

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

Type of energy

Type of heating

● Wood biomass

● Natural Gas

● LPG

● Fuel oil extra light

● Geothermal energy

DH District heating

LH Local heating



# Combined heat and power (CHP)

Combined heat and power (CHP) simultaneously converts fuel energy into heat and electricity in the most efficient way. By exploiting the resulting heat in the cogeneration process, the devices can achieve extremely high overall efficiency – between 85 and 90 percent.

Completed CHP projects that started operating in 2018

Project / Action	Installed thermal power	Electric power	Start of regular operation	Number of operating hours	Energy saving*	CO <sub>2</sub> savings**	Quantitative energy savings
				h/year	MWh/year	t/year	MWh/year
CHP Ravne / Installation of a new facility for cogeneration in the Petrol heating plant at Ravnah na Koroškem	2.529 MW	2.676 MW	11/2018	4,000	23% = 7,283	1,432	7,283
CHP Unior / Installation of a new cogeneration unit for cogeneration of heat and electricity at Kotlarni Dobrava	508 kW	391 kW	10/2018	8,000	23% = 6,475	933	6.475
<b>Total</b>					<b>13,785</b>	<b>2,365</b>	<b>13,758</b>

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

We took over  
**31**  
CHP projects  
in 2018.

As of 1 June 2018, Petrol Group acquired the company Megaenergija d.o.o., specialized in innovative solutions in the field of high-efficiency energy systems for combined heat and power (CHP) on natural gas, liquefied petroleum gas, sewage gas and biogas. Therefore, we also manage their CHP projects. In 2018, with 27 projects we achieved 1,370 MWh of quantitative energy savings and 277 tons of CO<sub>2</sub> of environmental savings.

# Public lighting renovation

Light infrastructure is one of the most important infrastructures in the development of the smart city concept. Efficient and economical public lighting provides light comfort for users of public spaces, better traffic safety and general safety, reduces energy consumption and thus reduces environmental pollution and light pollution of the environment.

Petrol Group provides cities and regions with the necessary investment capital and knowledge. We assume all the risks of the proper implementation of the entire project and ensure that savings or other important contractual parameters, such as illumination intensity, response and rectification times, are achieved.

In 2017 and 2018, we completed the public lighting systems in Bled and Koper. With the newly acquired concessions, we also optimized the public lighting in the municipalities of Črnomelj, Hrastnik, Poljčane, Radlje ob Dravi and Postojna. The number of concessions therefore increased from 13 in 2016 to 18 in 2018, which includes a total of 30,000 luminaires.

**18**  
concessions  
**30,000**  
lamps

Public lighting renovation projects in 2017 and 2018

Project / Location / Year of the investment completion	Average annual electricity consumption	Energy savings*	Environmental savings**	Investor
	MWh	MWh/year	t CO <sub>2</sub> /year	
Public lighting Bled (additionally) / Municipality of Bled / 2017	95.15	61	32	Petrol d.d.
Public lighting Koper (additionally) / Municipality of Koper / 2018	539.95	368	195	Petrol d.d., co-finances Javna razsvetljava d.d.
Public lighting Brda (additionally) / Municipality of Brda / 2018	77.76	50	26	Petrol d.d.
Public lighting Črnomelj / Municipality of Črnomelj / 2017	307.87	476	252	Petrol d.d.
Public lighting Hrastnik / Municipality of Hrastnik / 2017	261.15	393	208	Petrol d.d., co-finances Javna razsvetljava d.d.
Public lighting Poljčane / Municipality of Poljčane / 2018	102.00	212	113	Petrol d.d.
Public lighting Radlje ob Dravi / Municipality of Radlje ob Dravi / 2018	193.80	156	83	Petrol d.d.
Public lighting Postojna / Municipality of Postojna / 2018	439.66	875	464	Petrol d.d.
<b>Total</b>		<b>2,591</b>	<b>1,373</b>	

\* Calculation of energy savings: the difference between the use of the primary energy source before and after the renovation of the boiler room 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.

# Drinking water



We recycle the water to keep it in the automatic car wash system.

Water is valuable. Saving water therefore creates a lot of value. Petrol economically uses drinking water, urban wastewater and industrial wastewater in several segments. We monitor the consumption of drinking water, examine the causes of increased consumption and act on it. When constructing new buildings or renovating old ones, spreading the Fresh concept or introducing the HopIN concept, we use technologies that reduce the usage of water.

## Car wash water

Clean drinking water is very important for the operation of our car washes. We appreciate its value and therefore we strive to keep the water within the automatic car wash system by recycling it as long as we can still use it. In the period from 2017 to 2018, we opened ten additional renovated automatic car washes in Slovenia that use wastewater recycling. In that time, we also upgraded the new manually operated car washes with freeze protection systems and switched to circulation by returning the water into the system, which additionally reduces the use of drinking water during the low temperature periods.

We introduced hot water into the newly set up manually operated car washes built in the period from 2017 to 2018, thus increasing the efficiency of washing while reducing the consumption of time, water and cleaning products. We also strived to select the most effective heating method for every location.

By 2023, we plan to renovate most manually operated car washes and to install new car washes at existing and new locations.

### Use of drinking water and total use of recycled and reused water for Petrol Group's own business in Slovenia in the years 2014-2018 and the forecast for 2019

Water use for own business	Year	Use of drinking water	Total use of recycled and reused water**
Petrol in Slovenia*		m³	m³
	2017	248,492	68,733
	2018	221,718	71,831
	2019 plan	221,000	75,000

\* All companies of the Petrol Group in Slovenia.

\*\* The information refers to water for car wash.

# Water Cycle Management

We have considerable experience in comprehensive solutions in connection with the economical design, construction, reconstruction, maintenance and management of production sources, the distribution and utilisation of drinking water. Our services in water supply networks help to increase energy efficiency and environmental performance, reduce water losses and increase the compliance and wholesomeness of drinking water in 5 countries in the region (Slovenia, Croatia, Italy, Bulgaria, Romania). We cooperate with 14 major drinking water supply systems. We help our customers to optimize the production and distribution of over 70 million m³ of drinking water in real time. Such amount of water would fill approximately 28,000 Olympic-size swimming pools.

We optimize the production and distribution of

70 million m³

of drinking water

## Water cycle management projects on the market

Project / Location / Year of the investment completion	Type of project	Quantity saving of water	Activities / measures	Investor
m³/year				
Trbovlje TEOVS Phase 3 / Trbovlje / 2018	Construction - implementation of HM	94,500	TEOVS	Komunala Trbovlje d.o.o.
DISNet Idrija / Idrija / 2017	Project work	-	Measures for improvement network performance	Komunala d.o.o.
DISNet Ptuj / Ptuj / 2018	Construction - implementation of HM	-	TEOVS	Komunalno podjetje Ptuj d.o.o.
DISNet Postojna in Pivka / Postojna / 2018	Construction - implementation of HM	-	TEOVS	Kovod d.o.o.
DISNet Ljubljana / Ljubljana / 2018	Construction - implementation of HM	500,000	TEOVS	VO-KA d.o.o.
DISNet Arad / Arad (RO) / 2018	Study	-	Measures for improvement network performance	Compania de Apa Arad
DISNet Novo mesto / Novo mesto / 2018	Study	180,000	Measures for improvement network performance	Municipality of Novo mesto
TEOVS Kranj / Kranj / 2022	Contractual provision of savings	2,000,000	TEOVS	Komunala Kranj d.o.o.
SPIRIT / Idrija and Ptuj / 2020	Demonstration project / pilot	-	Energy conversion, distribution and management	Petrol, Kolektor Sisteh, Iskratel, Smartis, JP Komunala Idrija, Komunalno podjetje Ptuj, Inštitut za vodarstvo, Solvera Lynx, SIJ
Total		2,774,500		

## Optimization of water supply systems

We provide comprehensive support in the improvement of water supply systems with complete solutions – Integrated Digital Intelligent Smart Networks – Water Systems (DISNet – WS). This ensures greater

reliability to the operators, improves their efficiency and reduces the risks in the provision of the highest level of service quality from the water source to the end user's point of consumption. We work with public partners through conventional contractual relationships or through concessions.





We preserve clean water and nature for future generations.

**Dušan Krebel, Mayor of the Municipality of Mežica**

*“We granted the concession for the construction of wastewater treatment plant in Mežica, Carinthia, to the company Petrol in 2001. A modern treatment plant was opened at the end of 2004. This computer-operated device, which enables mechanical and biological wastewater treatment, has a capacity of 4,000 population equivalents (PE). It is connected to the town of Mežica and to the villages Polena and Senčna vas. It is very important for the citizens and the leadership of the municipality that the concessionaire perform the work well. This way, we can keep our water and nature clean for the future generations.”*

## Wastewater management

Petrol Group uses the latest technologies from the field of wastewater treatment, professionally monitors the operation of devices and ensures they are cost-optimized. Professional competence of the management teams, their cooperation and transfer of good practices are of utmost importance.

We want to connect as many of the points of sale and warehouse locations as possible to a public sewage system. Where this is not possible, wastewater treatment is carried out with small wastewater treatment plants. In 2019, four of our locations are planned to connect to the public sewage system.

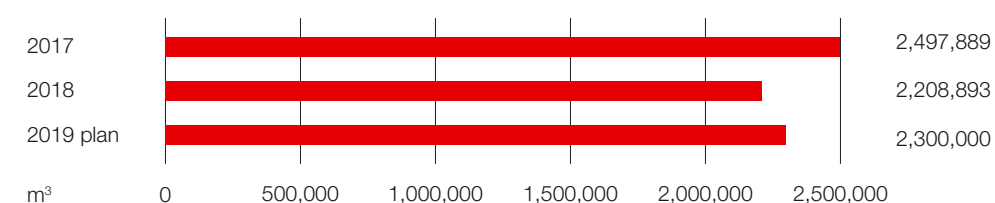
### Small wastewater treatment plants

When purchasing new small treatment plants or replacing them where necessary, we are introducing the latest technologies such as membrane technology -MBBR. (Moving Bed Biofilm Reactor), i.e. small phyto-purification plant. Currently we operate 49 small treatment plants at points of sale and warehouses in Slovenia. The operation of most of the small treatment plants is monitored and managed by our own employees, while 18 locations are monitored and managed by an external contractor. None of the small treatment plants at the locations of points of sale and warehouses have overburdened the environment.

**49**

small treatment plants

### Wastewater management for own business in 2017-2018 and the plan for 2019



Oil separators installed at service stations and fuel depots are compliant with the SIST EN 858 standard and present one of the key environmental devices at the points of sale and warehouses, as they prevent water contamination with petroleum products. Hazardous waste is generated during their cleaning. The method of monitoring the operation of oil separators was revised, so that the control of the function can be more efficient and that they can be cleaned whenever necessary. The oil separator control system is constantly developed and optimized.

# Treatment of municipal and industrial wastewater

Petrol Group operates several treatment plants at the locations of Murska Sobota, Mežica, Sežana and Ig. We strive to optimize the operation of wastewater treatment plants, both in terms of cost and in terms of the quality of cleaning.

In 2017 and 2018, all the wastewater treatment plants operated well; there were no major technical problems and they all achieved the intended effects of the wastewater treatment.

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 plants clean the wastewater through various stages 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 cleaning of surfaces. After use, the process water is collected in an internal sewage system and re-purified in the sewage treatment plant.

Quantity of wastewater by quality and location of discharges from the treatment plants operated by Petrol Group in 2018

Location	The effect of treatment - chemical oxygen demand	Quantity of treated water	Destination of the treated water outflow
	%	m³	
Waste Water Treatment Plant Murska Sobota	97.02	4,346,789	Ledava river
Waste Water Treatment Plant Mežica	95.53	325,084	Meža river
Waste Water Treatment Plant Sežana	97.29	216,523	soakaway
Waste Water Treatment Plant Ig	87.71	662,853	Ižica river

Quantity of treated municipal water used in the technological process in the years 2016–2018

Waste Water Treatment Plant	Population units	Quantity of treated waste water		
		2016	2017	2018
	PU	m³	m³	m³
Waste Water Treatment Plant Murska Sobota	42,000	42,000	42,000	42,000
Waste Water Treatment Plant Mežica	4,000	2,400	2,400	2,000
Waste Water Treatment Plant Sežana	6,000	8,400	8,400	8,400
Waste Water Treatment Plant Ig	5,000	1,200	1,200	10,800*

\* In 2018 a dehydration was installed, which is a major user of technological water.

Quantity of treated municipal and industrial wastewater in the years 2015–2018 and the forecast for 2019

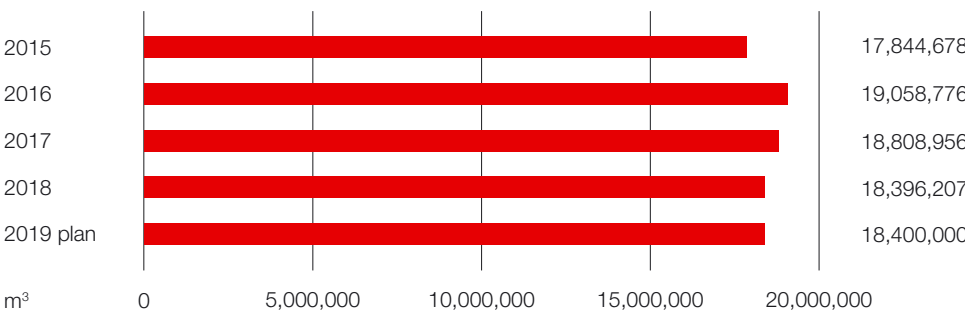
Year	Quantity of treated waste water per year	
	Municipal waste water	Industrial waste water
	m³	m³
2015	5,071,248	709,500
2016	4,605,389	2,211,34
2017	3,490,086	1,901,150
2018	5,551,890	1,852,181
2019 plan*	4,700,000	1,900,000

\* Depending on the annual watercourse or production.

## Treatment and re-use of treated industrial water in Štore

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.

Treatment and re-use of treated industrial water in Štore in the years 2015–2018 and forecast for 2019



## Papirnica Vevče industrial wastewater treatment plant

Petrol offers its partners in industry comprehensive solutions for treatment of industrial wastewater. We carry out regular maintenance and various services in Papirnica Vevče since 2011. The wastewater generated in the production is treated to the extent that it is suitable for release into the environment. We are proud of the optimized use of chemicals in the process of wastewater treatment. Online surveillance and reducing the need for staff presence still present a big challenge for us.



# Caring for the quality of air

The total emissions of volatile organic compounds into the air are significantly below the threshold value.

One of Petrol's fundamental orientations is the continuous reduction of emissions of harmful substances. We follow through by continuously modernising the equipment and by installing new systems in line with the best available techniques guidelines.

Our concern for air quality is also focused on efforts to reduce emissions of volatile hydrocarbons into the air. Their formation is the result of the evaporation of volatile components in the flow and storage of fuels, with emphasis on petrol. The process of reducing emissions of volatile hydrocarbons takes place on all key elements of the distribution chain of petroleum products: in storage, transport and sales.

### Closed fuel transfer systems at fuel storage facilities

In accordance with the legal requirements, we have equipped our fuel storage facilities with a closed system for the transfer of fuel into above-ground tanks and road tankers, as well as into rail tankers. All renovated tanks and newly constructed tanks 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.

The storage units that involve the handling of petroleum products are additionally equipped with vapour recovery units (VRU devices for liquefaction of petrol vapour) 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).

All key components of our systems are regularly inspected and maintained to ensure optimum performance. Significant system upgrades were also carried out in the period 2017–2018, at the TIS terminal and in the fuel storage facilities in Zalog and Rače. We replaced the vapour collection systems, installed additional VRUs and and increased the efficiency and safety of the operation of the systems for collecting vapours at the car filling stations.

The total emissions of volatile organic compounds into the air are essentially below the limit value. In 2018, the estimated total emission of volatile organic compounds into the air from fuel storage facilities operated by Petrol d.d., Ljubljana amounted to 32,183 kg of petrol (less than 0.005 percent by mass for transferred petrol) and is therefore significantly below the prescribed threshold value of 0.01 percent.

### 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 is ensured when 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. Pursuant to the regulations, the second stage of capturing vapours applies to the throughput of gasoline transferred at a particular service station. By the end of 2018, all the service stations with a throughput greater than 3,000 m³ were equipped with the

second stage for fuel transfer. In addition, also service stations with lower throughput were equipped with the second stage for fuel transfer, which means more than 50% of Petrol's points of sale.

### Emissions to air for the fuel supply process in 2016–2018

#### Emissions to air for the fuel supply process in 2016–2018

Emission type	2016	2017	2018
	t	t	t
sulfur dioxide*	1.12	1.19	1.22
nitrogen oxide**	2.00	2.00	2.19
Carbon dioxide (CO <sub>2</sub> )***	44,043	46,796	48,200

\* Taken into account emissions from combustion installations and logistics.  
\*\* Taken into account emissions from logistics.  
\*\*\* Taken into account emissions from storage, transport and heating.

Evaluation of emissions of volatile organic compounds from storage and throughput devices:

- expressed in kg of gasoline: 32,183
- expressed in kg of TOC (total organic carbon): 27,465

### Access to natural gas

Petrol's concern for air quality is associated with efforts to reduce emissions of dust particles into the air, as those are primarily the consequence of individual furnaces. Petrol constructs gas pipelines to provide end-users with access to natural gas. Gas heating systems are among the cleanest methods of heating. Cessation of use of heating oil furnaces and of inadequate firewood furnaces will lead to improved air quality. This is particularly important in urban centres, where the density of furnaces is higher than on the periphery.

#### 2023 target:

Construction of distribution pipelines in the municipalities of Šmarje pri Jelšah, Škocjan and Šentjernej, and the connection of end users to Petrol's natural gas distribution systems.

## Noise emissions in the environment

Noise emissions are assessed at

**180**

locations.

Petrol is monitoring the noise emissions of its activities in the environment. 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. We use 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 geographically defining individual levels of protection from noise in a detailed municipal spatial plan. Pursuant to the Decree on Limit Values for Environmental Noise Indicators, the calculation of the long-term noise level takes into account the average shares of meteorological conditions favourable to noise propagation in individual periods of the day:

- in the day, 50% share of conditions favourable to noise propagation;
- in the evening, 75% share of conditions favourable to noise propagation;
- at night, 100% share of conditions favourable to noise propagation.

In accordance with the defined legal guidelines within the implementation of operational monitoring, we ensure annual assessments of noise pollution at approximately 180 locations. We carry out the necessary organizational and technical measures based on the results. In 2018, we did not detect any non-compliance with regard to the permitted values and we did not receive any complaints from the interested public.

### Demonstration of noise pollution at a service station



## Biodiversity

Petrol respects the biotic diversity of all shapes and functions in time and space. We carry out our interventions in space and operate in such a way as to preserve the variety of species and the ecosystem diversity. Our activities are dispersed throughout Slovenia, also in locations protected by Natura 2000. These locations are:

- point of sale (service station) Črni vrh (Notranjska),
- point of sale Bistrica ob Sotli (Kozjansko),
- point of sale Kozje (Kozjansko),
- point of sale Škofljica (central Slovenia),
- point of sale Zaloke jug (Dolenjska),
- point of sale Šempas AC (Primorska),
- point of sale Bohinjska Bistrica (Gorenjska),
- point of sale Petrina (Kočevska).

**8**

locations preserved by Natura 2000

### We welcomed several thousand busy bees

In July 2018, Petrol welcomed five bee families and installed a new home for them on the terrace of the office building. Between 30,000 and 40,000 bees live in one hive and this figure climbs to 50,000 in the honey-collecting season. Given the location of our office building, the bees produce mixed honey, a lot of which is collected from lime trees. This way, we became a part of the Bee Path project, which is taking care of the well-being of bees in the city of Ljubljana with a variety of activities.

*»We realize that bees and other pollinators are very important for ensuring the sustainable development of agriculture and food security. Without them, the quality of our lives would drop significantly«,* said Rok Vodnik, member of Petrol's Management Board and the initiator of the installation of beehives on the roof of the building.



### Caring for the soil ecosystem

As our service station in the area of Barjanska cesta affects the flood plains, we excavated a pool that collects the water during floods. This pool serves as a water collector or a retainer. The pool is overgrown with vegetation and provides a shelter to various animals and plants.

### We preserve and replace trees

We will build a new service station in the area of Poljanska cesta in Ljubljana. A row of chestnut trees is currently standing on the location and most of them will need to be removed. In cooperation with an expert for chestnuts, we will try to preserve some trees, and partially replace the others with new trees. The location will be additionally replanted with a hedge along Mesarska ulica.

**150,000**

bees included in the Bee Path project.



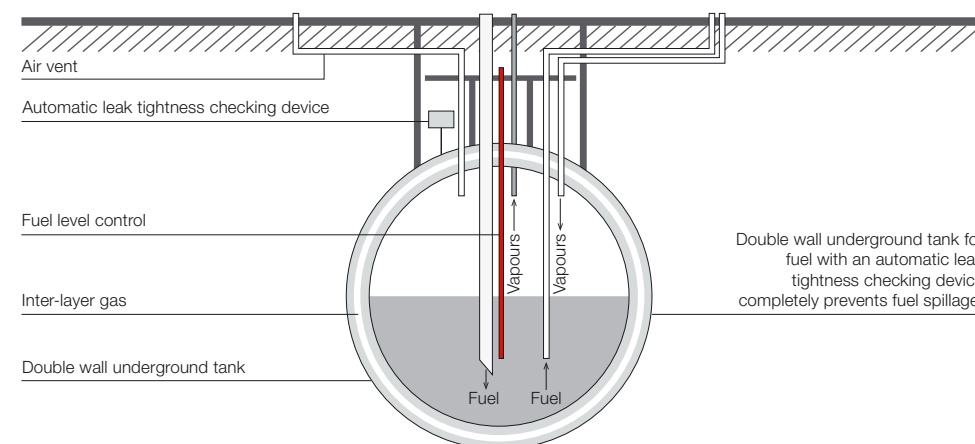
## Protecting persons and soil when handling fuels

In the activities carried out 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 consequences 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;
- regular education and training of employees and external stakeholders;
- active campaign to improve the safety culture in the company;
- corrective measures to improve the situation.

In 2018, we introduced the Rules on Action, Conduct and Behaviour in Warehouses and Terminals operated by the company Petrol, which apply to the employees, contractors and external partners. Based on these Rules, we issue warnings, order additional equipment inspections and prohibit entry into the facility in case of major deviations. We introduced monitoring indicators that will be statistically presented in the next report. In addition to organizational and preventive measures, we strictly take care of techni-

**Our goal is to operate without accidents.**



## Raw materials for packaging

cal equipment, such as the appropriate underground and overhead tanks, which are schematically presented in the figure.

### Underground and above-ground tanks

The increase in the level of environmental prevention also requires the introduction of technologically advanced equipment that ensures high safety and prevents negative environmental impacts. A good example of this is the so-called „zero leak“ tank. This kind of tank is a logical component of a model Petrol service station. These underground tanks have a double-wall with an automatic leak tightness checking device. A similar system of prevention (gas, air, light and/or acoustic signalling) is also installed in above-ground tanks located at warehouses in Zalog, Rače, Celje, Sermin and Lendava. Above-ground tanks are furnished with tightness checking device in the double bottoms, and with double wall systems set into a steel impounding basin equipped with devices and remote sensors that measure fuel levels and temperatures, which enables effective protection against uncontrolled fuel spillage.

### We train our staff to obtain good quality and safety in the handling of fuels.

Petrol's training program also includes the contents that address the obligations of employees in the handling of fuels. Employees learn about the correct procedures and preventive measures in the case of fuel transfer, fuel sale (at points of sale) and participation in the transport of dangerous goods (functions performed by the customer, the forwarder and the filler of dangerous goods). By training employees for the proper handling of fuels, we want to fulfil Petrol's commitments and prevent any risk or harm at the workplace, as well as any harmful impact on the environment and on the health and safety of other people.

At Petrol, we are aware of the increased use of natural resources and the ever-growing amount of waste generated due to the expansion of the economy and consumption. We use a wide range of packaging because of the diversity of our sales products. We try to reduce the consumption of primary packaging materials, composite and non-recyclable materials through sustainable management.

### Service packaging

At the strategic sustainable workshops that took place in January and February 2018, Petrol focused on the service packaging as a priority segment of sustainable transformation. The legislative requirements restrict the use of disposable plastic and impose higher targets with regard to the waste packaging management, and the customers increasingly consider the sustainable aspects of consumption. This calls for rapid changes. Petrol Group wants to set an example in order to change the behavioural patterns of consumers and other business subjects, and give customers the opportunity to make more sustainable purchases. With this stance, Petrol Group is systematically lowering its carbon footprint, while also consolidating its competitive position on the market and its reputation.

Our priority in the sustainable transformation of Petrol service packaging is the primary packaging used to serve food and drinks to be consumed at the points of sale or for takeaway. Petrol guarantees the freshness of products, and intends to use only the packaging materials that are harmless to health, that preserve the integrity of food and beverages and have the most favourable LCA.

In 2018, Petrol used 51 different service packagings. 41% of those were made of plastic, 35% of paper and paperboard, 21% of mixed materials and 3% of aluminium.

### Packaging of our own brands

We are moving forward in the sustainable management of packaging of our own brands. By changing the packaging of Vitrex into a lighter PET packaging, we reduced the use of plastics by more than 150 tons in five years, i.e. by 30,863 kg per year.

We reduced the use of plastic by

**30.8 t/year**

by replacing the packaging of Vitrex product with a lighter PET packaging.

# Waste management

There is a great variety of activities and points of sale in the Petrol Group (service stations, Tip stop workshops, Hop In shops, wholesale outlets etc.), which also means that we have a wide range of diverse types of waste to be managed. Considerable 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 and strive to reduce their generation depending on the turnover at particular locations.

### Source separation of waste

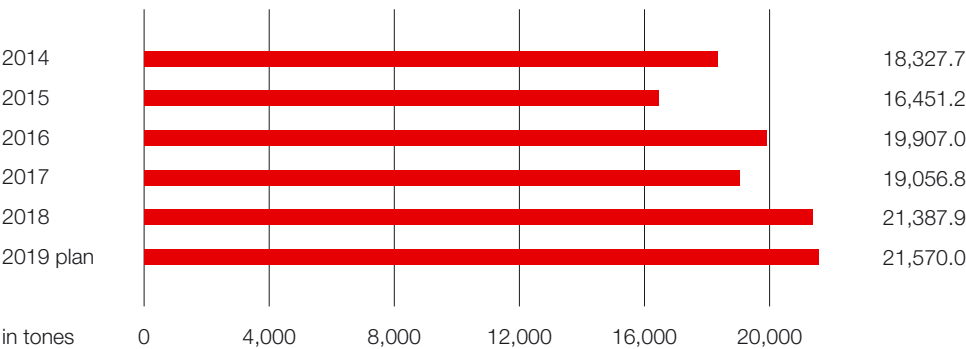
We are introducing a system of waste separation by source with containers for separate waste collection at all Petrol's locations, thus encouraging the visitors to separate the waste. Motorway rest areas present the biggest challenge for us, as people from all over Europe visit those. Since large quantities of mixed municipal waste are still generated, we are introducing additional separation by hand at the most polluted locations. This way, we can reduce the amount of mixed municipal waste and obtain cleaner fractions of waste.

### Hazardous waste

Petrol d.d., Ljubljana owns more than 300 service stations, which produce certain hazardous and non-hazardous waste due to the maintenance of street pumps and other technological equipment. Waste is also generated upon the disposal of worn-out equipment, reconstruction of stations and upon other adjustments and finishing at points of sale and fuel storage facilities (Sermin, Zalog, Rače, Celje, Lendava). We encounter large quantities of various liquid hazardous waste when cleaning the tanks, controlling the leakage of gas holders and pipelines. These include oily water, mixtures of petroleum products, oily and greasy cloths and other waste. We collect such waste by authorized waste collectors, and partly we collect them ourselves and submit them to the authorized waste processors.

In the coming years, we will investigate the possibility of reducing the amount of hazardous waste generated in the cleaning of tanks.

Total quantity of all waste in the Petrol Group in Slovenia in the years 2014–2018



Waste Management of the Petrol Group in Slovenia in the years 2014–2018 in tons

In tons	2014	2015	2016	2017	2018	2019 plan
Collected mixed and biodegradable municipal waste	3,264.0	3,066.0	3,168.0	3,573.0	3,796.0	3,850.0
Waste paper	474.1	453.7	461.4	471.9	454.2	460.0
Waste plastics	118.3	120.9	133.8	138.2	125.8	130.0
Biodegradable waste	17.7	92.1	146.1	215.3	322.8	400.0
Other non-municipal waste	13,473.0	11,275.3	14,797.4	13,550.0	15,131.1	15,140.0
Total non-communal waste	14,083.1	11,942.0	15,538.7	14,375.4	16,033.9	16,130.0
Collected waste oils	31.3	32.1	45.8	31.4	63.1	65.0
Waste batteries	50.3	42.1	31.5	21.0	20.9	25.0
Hazardous waste remains	899.0	1,369.0	1,123.0	1,056.0	1,474.0	1,500.0
Total hazardous waste	980.6	1,443.2	1,200.3	1,108.4	1,558.0	1,590.0
Total all waste	18,327.7	16,451.2	19,907.0	19,056.8	21,387.9	21,570.0

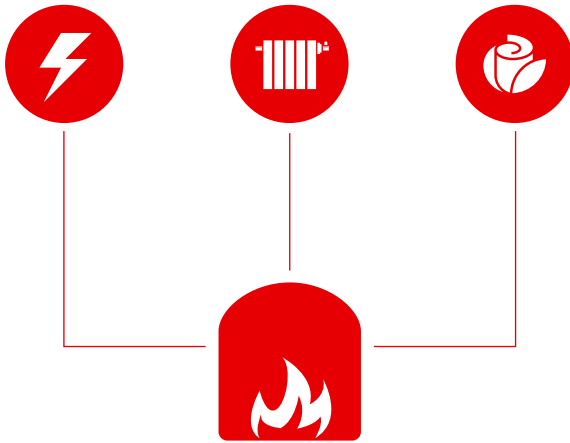
Compared to the Sustainability Report 2016, we changed the method of reporting the generated waste (unification of units of measurement, abandoned division to service stations/others, added reporting of total quantities of waste). All data are based on official records from the „IS odpadki“ information system, except for the municipal waste data, which was acquired from the Energy and environmental management application (municipal services do not issue record sheets for the municipal waste). The IS odpadki system was fully established in 2014.

### Introduction of circular economy

In some areas, Petrol completes the cycle of certain waste so that it is made into new products and given a new useful purpose. 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 delivered to be used by Luka Koper d.d.and Termit d.d. Luka Koper uses the sludge to cover the coal landfill and retain coal dust. The company Termit uses the sludge as a soil to cover or restore the open-cast mines.

We use the biodegradable waste in biogas plants to produce electricity, heat and quality fertilizer.

In the future, we want to further promote the concept of a circular economy and consider the opportunities for a circular economy with Petrol brand products.



We use the biodegradable waste in biogas plants to produce electricity, heat and quality fertilizer.



# Transport

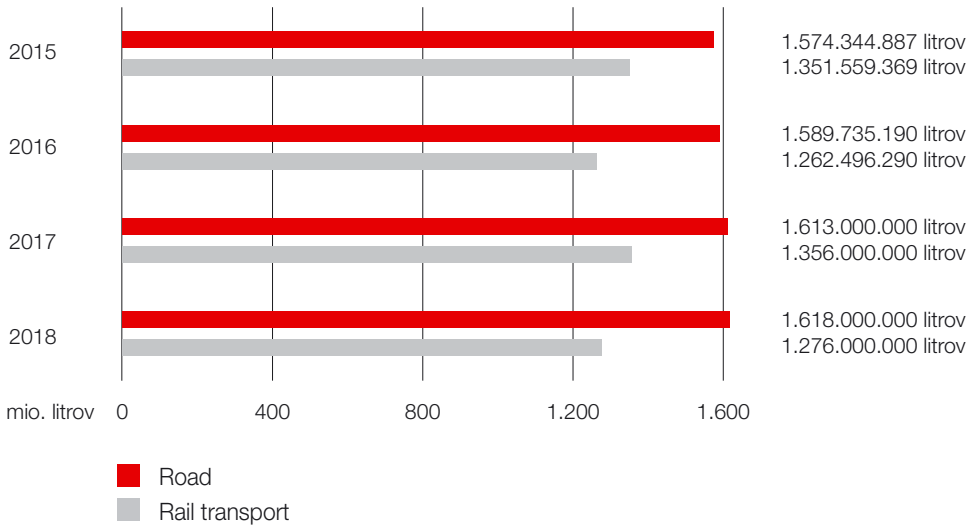
We give priority to rail transport

Petrol's transport strategy requires a consistent implementation of transport in the most cost-effective and carbon-efficient way. Most of the route from the source to the end users is carried out by rail, so the fuel transport is electrically powered and has a lower carbon footprint.

The activities carried out in this area are aimed at increasing rail transport (implementation depends on available capacities) and installation of state-of-the-art measuring equipment, increasing the safety during transport.

Our objective by 2023 is to strictly implement optimal fuel transport with the aim of reducing mileage for LPG and KOEL delivery.

Quantities of transported derivatives by the type of transport routes in 2017-2018



Petrol's transport policy gives priority to rail transport. Because of the limited availability of railway infrastructure and the problems that we have in this segment of transport, we cannot increase these quantities. If the sales increase, we need to transport all the additional quantities by road.

Transport of fuels for own business in 2012–2018 and forecast for 2019

Transportation for own business	Year	Gasoline	Diesel 1*	Diesel 2**	Electricity	LPG
					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	
	2017		1,758,852	2,322,077	8,543	
	2018		1,820,797	2,373,687	7,920	
	2019 plan		1,839,005	2,302,476	7,682	
Energy use for own transport***	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
	2017					
	2018	18,333	19,913			

\* Only the transport from the warehouse to the service stations (retailers).  
\*\* Data for small and large motorways (retail and wholesale). Data includes transportation from the warehouse to the service stations and from the warehouse to customers (natural persons and legal persons). This mostly applies to delivery of fuel oil and some diesel fuel.  
\*\*\* Business trips of employees in Petrol's enterprises in Slovenia.

## Safety of the transports

Road safety is ensured by:

- electronic control of road tankers, supervising the movement of road tankers and manipulation of fuel on the transport route;
- extensive inspection of road tankers, equipment, drivers before the first entry into Petrol's fuel depot;
- training of all those involved in the logistics chain to ensure transport safety.

In the years 2017-2018, there were no accidents in road (big road tankers) and rail transport that would result in a release of dangerous goods. There was one accident each year that occurred during fuel transport in small road tankers, but there was no spillage of fuel in either case. We plan to keep carrying out all types of road and railway transports without any release of dangerous goods.



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# Reporting indicators in accordance with GRI standards

The Sustainability Report of the Petrol Group 2018 is complementary to the Annual report of the Petrol Group. The Sustainability Report reports on all the indicators that we have identified as material. Each reporting indicator lists the reporting limits. Indicators that are not essential for the Petrol Group are not reported.

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