



PETROL

Energy for life

／ Sustainability report of the Petrol Group 2020

The PETROL logo is displayed in white, bold, uppercase letters within a red rectangular box. The background of the entire page is a photograph of a lush green field with tall grass in the foreground, a line of trees in the middle ground, and rolling hills under a blue sky with light clouds in the background.

PETROL

Energy for life

/ Sustainability
report of the Group
2020

About Sustainability Reporting

Sustainability reporting is a part of the strategic management of the sustainable development of the Petrol Group, for which top management is responsible. Each segment of our operations is based on business and sustainability strategies and other sectoral strategies and policies. Based on the identified interests of strategic stakeholders, which we researched with an extensive survey, we identified essential sustainability areas and indicators. We also reviewed the key risks and opportunities posed to the Petrol Group by climate change, the European Green Deal and the National Energy and Climate Plan. We have set indicators and concrete goals for the key building blocks of our sustainable strategy.

In preparing the sustainability report, we follow the GRI sustainability reporting standards and our materiality matrix. Sustainability disclosures are published in the Petrol Group's Annual Report. Due to the strategic importance of sustainable transformation towards a low-carbon society, the Petrol Group has been publishing two-year independent sustainability reports since 2012, which are complementary to the annual report. This Sustainability Report is the fifth in a row. The purpose of a separate document is to present in more detail sustainable strategic orientations and challenges, goals, programs and projects, and of course the results. Our activity is complex and diversified, so we are continuously upgrading the methodology of sustainable development, measurement, evaluation and reporting.

The strategic and business disclosures of the Petrol Group are presented in the first part of the report, and only to the extent necessary to understand the sustainable context. More detailed information is published in the Annual Business Report. Among social relations, we highlight employees, the relations with other stakeholders and the wider social environment.

Due to the nature of our activity as the largest energy company in Slovenia, our environmental footprint is especially important. We disclose it in two segments - the footprint of our own business and the footprint of our market offer.

In the preparation of the content, we involved all key internal and external stakeholders, through various communication channels. All key areas of the Petrol Group participated in defining the areas, topics and in measuring, analyzing and presenting the results.

Our reporting is transparent and contains data that we currently manage. The following attributes are key when choosing content: relevance, stakeholder involvement and a sustainable context. In presenting the content, we strived for balance, comparability, accuracy, clarity and reliability of the data.

The area of sustainable development at the executive level is managed by the organizational unit Sustainable Development, Quality and Safety (SDQS). The administrator of the methodology of sustainable development and reporting on sustainable development is Marta Svoljšak Jerman, PhD, director of SDQS.

We see the future green. Healthy. Friendly. Full of opportunities. With the energy of life and change.

This is an important vision with new generations involved.

We look at it with inspiration, ambition and determination.



PETROL

Energy for life

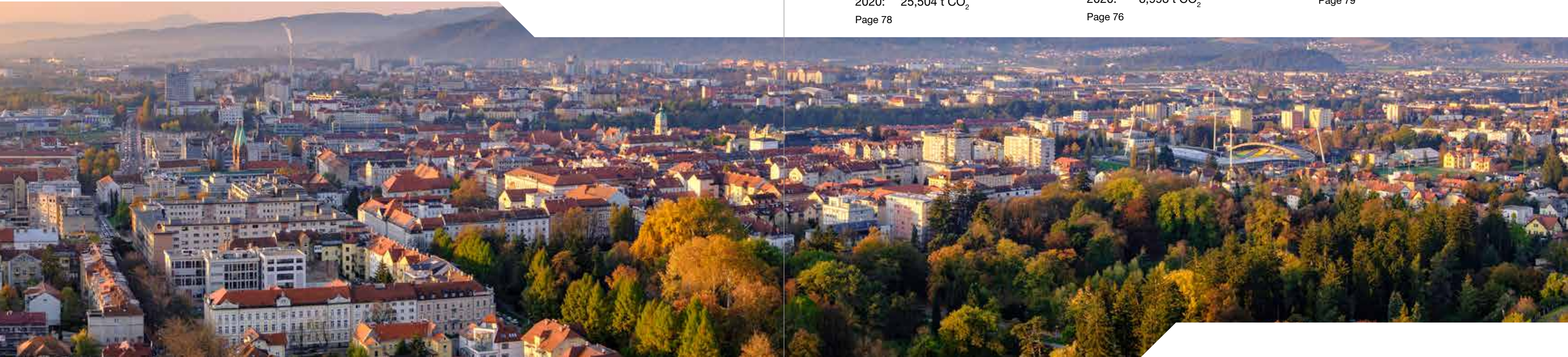
We take steps and follow our goals.



At the same time, we are offering a hand of partnership. As green future can be created only in partnerships.



Environmental footprint of the Petrol Group



Produced heat energy from wood biomass

2019: 26,217 MWh
2020: 23,549 MWh

Environmental savings

2019: 9,579 t CO₂
2020: 8,604 t CO₂

Produced electricity: from solar energy

2019: 2,322 MWh
2020: 2,044 MWh

Environmental savings

2019: 1,075 t CO₂
2020: 946 t CO₂

from biowaste

2019: 5,119 MWh
2020: 6,640 MWh

Environmental savings

2019: 1,091 t CO₂
2020: 961 t CO₂

in small HPPs

2019: 30,295 MWh
2020: 22,725 MWh

Environmental savings

2019: 14,239 t CO₂
2020: 10,681 t CO₂

in wind power plants

2019: 50,491 MWh
2020: 43,577 MWh

Environmental savings

2019: 23,731 t CO₂
2020: 20,481 t CO₂

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Energy renovation of buildings*

Heat savings

2019: 7,226 MWh
2020: 7,554 MWh

Power savings

2019: 2,336 MWh
2020: 1,493 MWh

Environmental savings

2019: 2,995 t CO₂
2020: 2,591 t CO₂

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Optimisation savings with*

district heating systems

Energy savings

2019: 807 MWh
2020: 121,167 MWh

Environmental savings

2019: 149 t CO₂
2020: 25,504 t CO₂

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Providing energy savings

to end-users*

Energy savings

2019: 46,377 MWh
2020: 28,885 MWh

Environmental savings

2019: 10,101 t CO₂
2020: 8,998 t CO₂

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Optimisation of public lighting*

Energy savings

2019: 4,225 MWh
2020: 5,682 MWh

Environmental savings

2019: 2,871 t CO₂
2020: 3,896 t CO₂

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Optimisation of water supply systems*

2020: 3,300,000 m³

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Recycled and reused water in own car washes

2019: 74,342 m³
2020: 57,489 m³

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Wastewater treatment plants

treated municipal water

2019: 3,465,425 m³
2020: 3,275,873 m³

treated industrial wastewater

2019: 1,904,396 m³
2020: 1,670,368 m³

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Treated and reused treated industrial wastewater

2019: 2,005.000 m³
2020: 2,047.000 m³

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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

CO₂ savings

2019: 128,914 t
2020: 146,430 t

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* The projects included, which were implemented in 2019, 2020

Social footprint of the Petrol Group in Slovenia



1,895,696,392 EUR

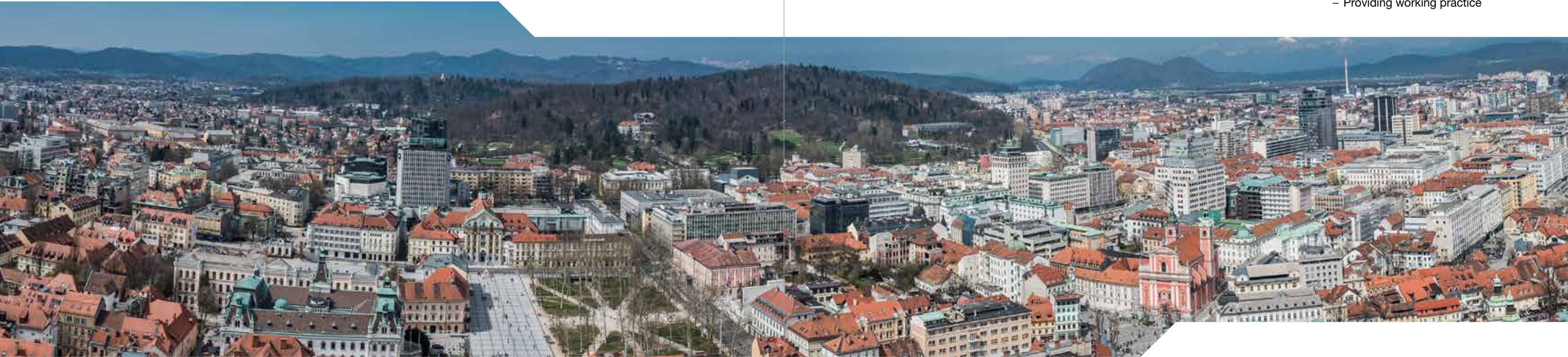
Contribution footprint of the Petrol Group in Slovenia

2019	1,029,303,616 EUR
2020	866,392,776 EUR



8 %

of the national budget of the Republic of Slovenia.



5,157 Number of employees
Petrol d. d., Ljubljana: 2,193
Subsidiaries: 1,892
Service stations in management: 1,072

Donations and sponsorship
2019: 2,789,946 EUR
2020: 1,517,038 EUR
Total 4,306,984 EUR



318 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

2019	634,573,520 EUR
2020	511,206,989 EUR
Total	1,145,780,509 EUR

CO₂ tax

2019	76,670,112 EUR
2020	66,434,630 EUR
Total	143,104,742 EUR

VAT, import duty and taxes

2019	243,362,713 EUR
2020	231,447,986 EUR
Total	474,810,699 EUR

Payment of the support for efficient energy, CHP and RES

2019	28,394,897 EUR
2020	24,441,275 EUR
Total	52,836,172 EUR

Memberships

2019	17,628,061 EUR
2020	14,808,632 EUR
Total	32,436,692 EUR

Contributions from remunerations of natural persons

2019	9,424,811 EUR
2020	9,819,940 EUR
Total	19,244,751 EUR

Corporation tax

2019	12,647,354 EUR
2020	2,870,299 EUR
Total	15,517,653 EUR

Environmental taxes

2019	147,692 EUR
2020	146,572 EUR
Total	294,264 EUR

Compensation for the use of building land, water charges

2019	2,112,942 EUR
2020	2,164,617 EUR
Total	4,277,559 EUR

Transshipment fees

2019	1,544,808 EUR
2020	1,293,018 EUR
Total	2,837,826 EUR

Tax on financial services

2019	236,055 EUR
2020	413,808 EUR
Total	649,863 EUR

Other

2019	10,336 EUR
2020	11,426 EUR
Total	21,762 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

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- EURO 6 fuel and alternative fuels

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- Product suitability and labeling

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- Waste management

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- High customer satisfaction

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- 500 service stations, of which 318 in Slovenia
- 230 service stations with UNP, of which 97 in Slovenia
- 184 EV charging stations, of which 170 in Slovenia

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Dear Business Partners, Shareholders and Employees,

Life has its cycles, we know that, but sometimes they are dramatically fast, extensive and multifaceted. Although 2019 was a record year and the Petrol Group set even more ambitious goals for 2020, a pandemic of epochal proportions shook everything in 2020. Health has risen to the top of values. New priorities and lifestyles, though severely hampered and slowed, quickly set the pulse and sought new paths.

Petrol is a part of the critical infrastructure for energy supply, which is important for the country's operation in all circumstances. We can responsibly estimate that we responded to the pandemic invasion quickly and comprehensively, as the energy supply was practically uninterrupted. Despite our successful response, the consequences of restricting movement and economic activity on our business were inevitable.

Sales of petroleum products, which is our core business, fell. In 2020, the Petrol Group generated EUR 3.1 billion in sales revenue, which is 30 percent less than in 2019. EBITDA totalled EUR 166.6 million and was 15 percent lower than in 2019. Net profit for 2020 stood at EUR 72.3 million, which was 31 percent less than in 2019.

In such exceptional circumstances, we have put health, safety and highest possible quality of life for our employees and customers at the forefront of our operations. The already vibrant cycle of digital route development has experienced further acceleration. Online store, contactless payment and application On the way are solutions for which we recorded high growth in 2020. We are constantly adapting our offer to customer demand, and at the same time we are the initiators of products and services

that reduce the environmental footprint.

The cycle of global changes in the energy system is also continuing. Moreover, projected change is accelerating, and ambitions to mitigate and respond to climate change are rising. At Petrol, we do not close our eyes to our responsibility and are aware of the importance and complexity of the energy transition. In the new development strategy for the period 2021 – 2025, sustainable development is a priority, as we have set an ambitious goal of reducing the carbon footprint of our business by 40 percent.

The sustainable development of the Petrol Group is based on three pillars: a low-carbon energy company, a partnership with employees and the social environment, and the circular economy. On all pillars, we have defined the key building blocks and goals for 2022 that we are measuring.

Through strategic investments, we are actively increasing the share of electricity production from renewable energy sources in the markets where we operate. We are proud to produce considerably more green electricity per year than we use for our own operations. We are actively engaged in a range of activities to increase energy efficiency, where we have a reputation as a successful and reliable partner. In the long run, we are working to create an ever greener energy mix, also in the field of sustainable mobility. As a strategic partner in the energy transition with an excellent user experience, we want to responsibly reduce our own environmental footprint as well as utilize the great market and environmental potential to further promote transition to a more sustainable, low-carbon energy market.

Further transformation requires a new investment cycle. In the period 2021-2025, we will allocate EUR 698 million for investments, of which 35 percent into the energy transition. In 2025, we will

have 164 MW of RES installed, which is 5 times more than in 2020, we will increase the number of electric charging stations to 1,575, and with energy renovation projects we will achieve 73 GWh of energy savings for end customers in this period. With these investments, we will make an important contribution to greater energy efficiency and achieving national decarbonisation targets.

We will continue to pay close attention to the development of advanced and more environmentally friendly fuels, which open the door to alternative mobility. Thus, we offer Q Max LPG autogas at almost one hundred petrol stations, in the largest LPG network in Slovenia. By 2022, we plan to build 13 CNG filling stations at our service stations in Slovenia.

The largest share of investments is devoted to electric mobility. Petrol has the widest network of e-charging stations in Slovenia and more than 350 charging stations in the region. By 2025, we will set up more than 1,300 new e-charging stations. In the field of electric mobility, we focus on two key segments, charging infrastructure, which includes the establishment, management and maintenance of infrastructure for charging electric vehicles and providing charging services, and mobility services such as business leasing, fleet electrification and fleet management services. With this, we enable an accessible transition of companies to more cost-effective and environmentally efficient electric mobility. In the future, we intend to intensively include hydrogen in our development projects.

All these concrete goals confirm our professional and responsible approach in implementing the development vision. The Management Board of Petrol and the entire staff are committed to a green future. That is our promise. We are aware of the seriousness of the challenge, as well as the great opportunities. In dizzying cycles of change, we maintain a clear

vision, boldness, straightforwardness. As well as the responsibility to all stakeholders that our actions are ethical, transparent and sustainable both in terms of economic performance, social partnership and environmental protagonism.

New, bold steps will require thoughtful changes in the wider society. We support the ambitious decarbonisation and circular economy goals adopted by legislation, but at the same time we emphasize that they must be feasible by the economy, local communities and consumer behavioral patterns. So far we have proven through project partnerships that we are able. But the new goals invite us all to make even bigger changes.

In this Sustainability report, we show traces of our steps to date and future directions. We are justifiably proud of our many achievements, for which we thank all the agile collaborators and partners. However, we want the results achieved to be an incentive for new green solutions, bolder steps and new partnerships. Let the new cycle of change be even greener!

THE MANAGEMENT BOARD, PETROL d. d., LJUBLJANA

Nada Drobne Popović

President of the Management Board

Matija Bitenc

Member of the Management Board

Jože Bajuk

Member of the Management Board

Jože Smolič

Member of the Management Board

Zoran Gračner

Member of the Management Board and Worker Director

The future of mobility is increasingly green.



For green mobility, we combine infrastructure, a greener energy mix, new business models and the vision of a low-carbon society of the next generation.



With additional fuel additives we lower carbon footprint.



We take care of a safe and reliable energy supply.



We are expanding the infrastructure of electric charging stations.

Presentation of the Petrol Group

Parent Company		
PETROL d. d., LJUBLJANA	●	● ●

Subsidiaries		
PETROL d.o.o. (100 %)	●	●
PETROL JAVNA RASVJETA d.o.o. (100 %)		●
ADRIA-PLIN d.o.o. (75 %)	●	
PETROL BH OIL COMPANY d.o.o. Sarajevo (100 %)	●	
PETROL d.o.o. BEOGRAD (100 %)	●	●
PETROL LUMENNIS PB d.o.o. Beograd (100 %)		●
PETROL LUMENNIS VS d.o.o. Beograd (100 %)		●
PETROL CRNA GORA MNE d.o.o. (100 %)	●	
PETROL TRADE HANDELSGES.m.b.H. (100 %)	●	
BEOGAS d.o.o. (100 %)	●	●
PETROL LPG d.o.o. Beograd (100 %)	●	
TIGAR PETROL d.o.o. (100 %)	●	
PETROL LPG HIB d.o.o. (100 %)	●	
PETROL POWER d.o.o. Sarajevo (99,7518 %)		●
PETROL-ENERGETIKA DOOEL Skopje (100 %)	●	
PETROL BUCHAREST ROM S.R.L. (100 %)	●	
PETROL PRAHA CZ S.R.O. (100 %)	●	
PETROL TRADE SLOVENIJA L.L.C. (100 %)	●	

Jointly Controlled Entities		
GEOENERGO d.o.o. (50 %)		●
VJETROELEKTRANA DAZLINA d.o.o. (50 %)		●
SOENERGETIKA d.o.o. (25 %)		●

PETROL HIDROENERGIJA d.o.o. Teslić (80 %)		●
VJETROELEKTRANE GLUNČA d.o.o. (100 %)		●
IG ENERGETSKI SISTEMI d.o.o. (100 %)	●	
PETROL GEO d.o.o. (100 %)		●
EKOEN d.o.o. (100 %)		●
EKOEN GG d.o.o. (100 %)		●
EKOEN S d.o.o. (100 %)		●
ZAGORSKI METALAC d.o.o. (75 %)	●	●
MBILLS d.o.o. (100 %)	●	
ATET d.o.o. (72,96 %; 76 % glasovnih pravic)		●
VJETROELEKTRANA LJUBAČ d.o.o. (100 %)		●
STH ENERGY d.o.o. Kraljevo (80 %)		●
PETROL - OTI - TERMINAL L.L.C. (100 %)	●	
GEOPLIN d.o.o. Ljubljana (74,28 %)	●	
GEOCOM d.o.o. (100 %)	●	
GEOPLIN d.o.o., Zagreb (100 %)	●	
GEOPLIN d.o.o. Beograd (100 %)	●	
ZAGORSKI METALAC d.o.o. (25 %)	●	●

Associates		
PLINHOLD d.o.o. Ljubljana (29,6985 %)		●
AQUASYSTEMS d.o.o. (26 %)		●
IVICOM ENERGY d.o.o., Žagubica (25 %)		●

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



Respect



Trust



Excellence



Creativity



Courage

Our mission

Through a broad range of energy products, comprehensive energy solutions and digital approach, we are putting the user at the centre of our attention. We want to become the first choice for shopping on the go. Together with our partners, we create solutions for a simpler transition to cleaner energy sources. We are building a green energy future in a decisive and active manner, increasing the value for our customers, shareholders and society over the long term.

Our promise

Through energy transition, we create a green future and make a significant contribution to protecting our environment.

Our vision

To become an integrated partner in the energy transition, offering an excellent user experience.

Our values

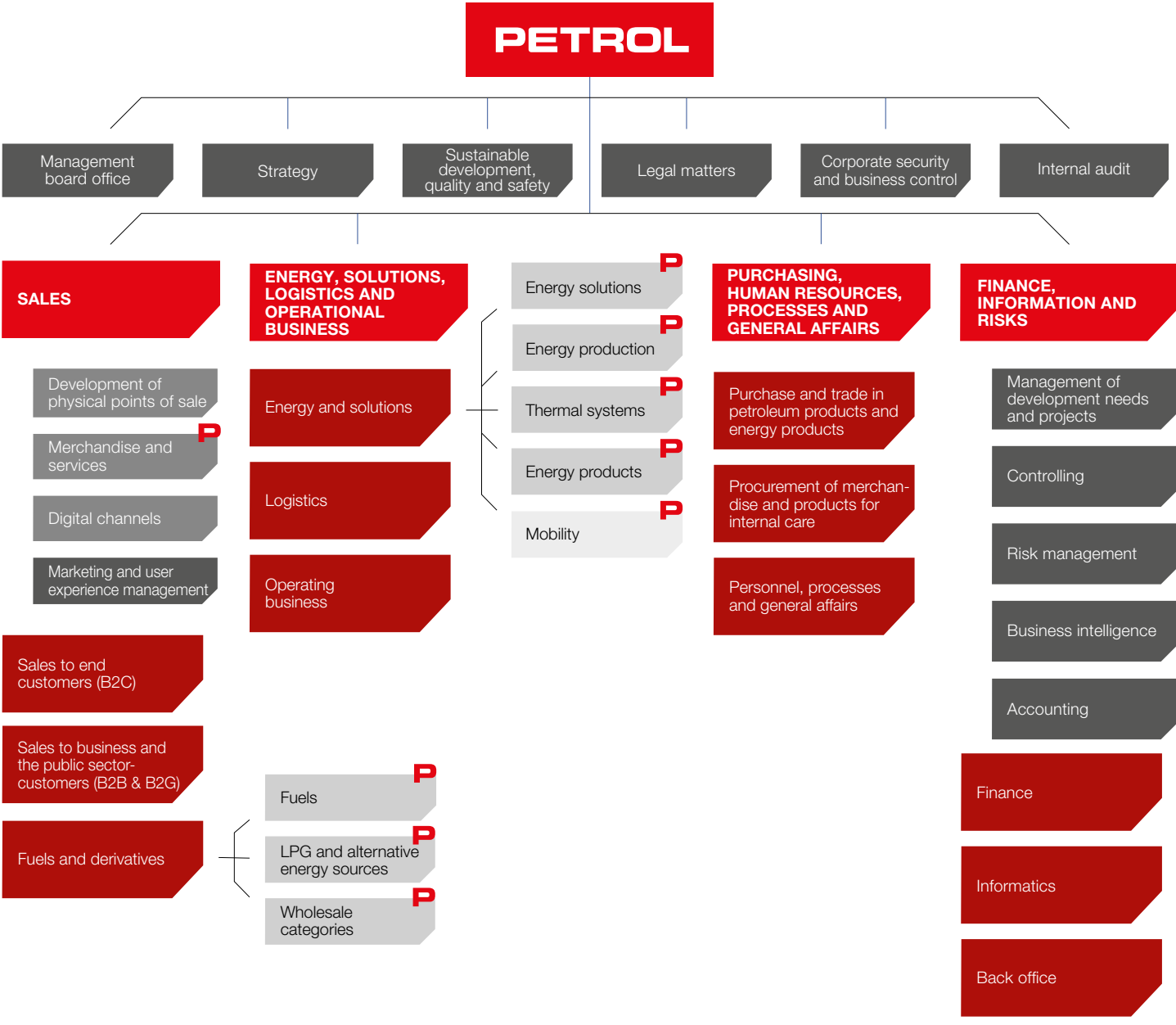
- ✓ **Respect:** We respect fellow human beings and the environment.
- ✓ **Trust:** We build partnerships through fairness.
- ✓ **Excellence:** We want to be the best at all we do.
- ✓ **Creativity:** We use our own ideas to make progress.
- ✓ **Courage:** We work with enthusiasm and heart.

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.

Headquarters of the Petrol Group:

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

Organisational chart of parent company Petrol d.d., Ljubljana (1 June 2021)



Members of the Management Board of Petrol d. d., Ljubljana, 31 December 2020:

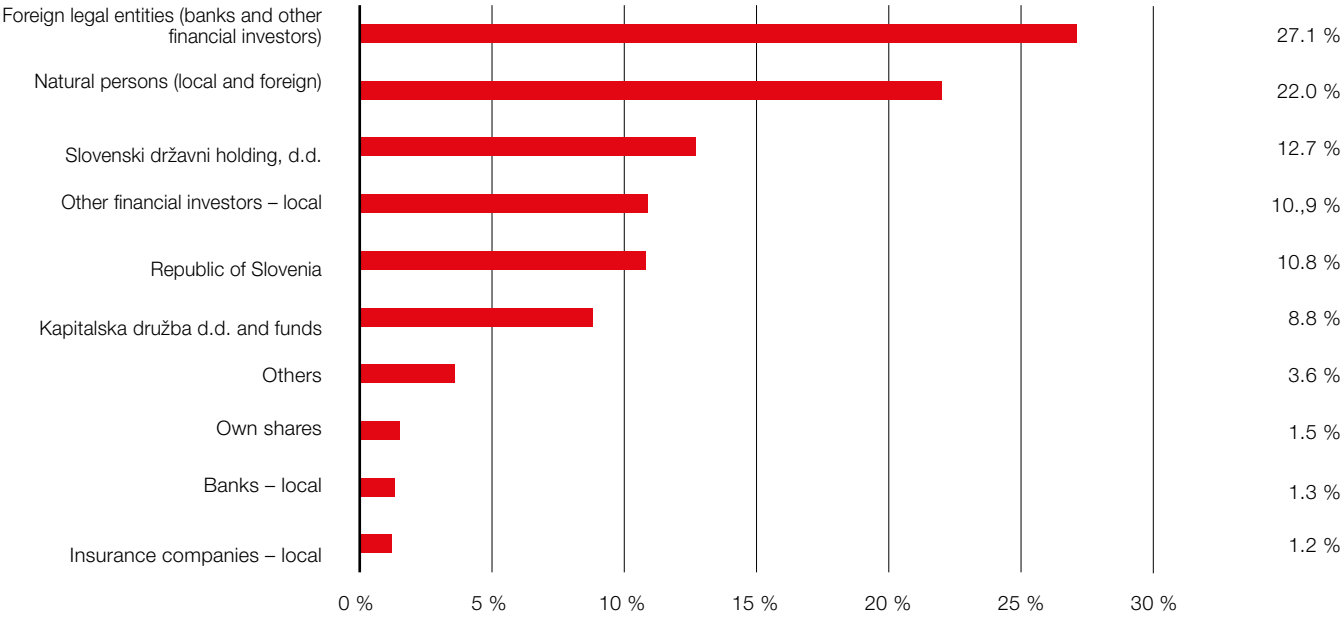
- ✓ Nada Drobne Popović, President of the Management Board
- ✓ Matija Bitenc, Member of the Management Board
- ✓ Jože Bajuk, Member of the Management Board
- ✓ Jože Smolič, Member of the Management Board
- ✓ Zoran Gračner, Member of the Management Board and Worker Director

Members of the Petrol Supervisory Board d. d., Ljubljana, 31 December 2020:

- ✓ Sašo Berger, Chairman of the Supervisory Board
- ✓ Igo Gruden, Deputy Chairman of the Supervisory Board
- ✓ Sergij Goriup, Member of the Supervisory Board
- ✓ Metod Podkrižnik, member of the Supervisory Board
- ✓ Mladen Kaliterna, Member of the Supervisory Board

- ✓ Janez Pušnik, member of the Supervisory Board
- ✓ Marko Šavli, member of the Supervisory Board
- ✓ Alen Mihelčič, member of the Supervisory Board
- ✓ Robert Ravnikar, Member of the Supervisory Board

Share capital structure of Petrol d.d., Ljubljana as at 31 December 2020



The locations of operation

The Petrol Group has its own companies in the following countries:

- ✓ Montenegro,
- ✓ Kosovo,
- ✓ Slovenia,
- ✓ Croatia,
- ✓ Bosnia and Herzegovina,
- ✓ Serbia,
- ✓ North Macedonia,
- ✓ Austria,
- ✓ Romania,
- ✓ Czech Republic.

It operates in several other 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. The Petrol Group is a group with the controlling company Petrol d. d., Ljubljana, and subsidiaries and jointly controlled and associated companies in the countries of Central and South-Eastern Europe. Among the activities of the Group companies, the predominant activity is the sale of petroleum products and other energy products, as well as trade mild. Petrol's main development activity is the introduction of new energy activities and the production of electricity from renewable sources. The parent company and some subsidiaries cover several business spectrum, from sales to energy and environmental systems, while others are focused on a narrow range of business areas.

Corporate Governance

Corporate Governance of Petrol d.d., Ljubljana is a two-tier system. The company is managed by the Management Board and its operations are supervised by the Supervisory Board. 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.

Strategy of the Petrol Group for the period 2021 – 2025

On 28 January 2021, the Supervisory Board of Petrol d.d., Ljubljana approved the Strategy of the Petrol Group for the period 2021 – 2025. Ensuring business growth and increasing the profitability of operations while maintaining the commitment to sustainable development are the main principles underpinning the preparation and implementation of the strategic plan. The Petrol Group's strategy for the period 2021 – 2025 is an overarching development document defining the path to a successful future based on the Group's vision, goals and strategic business plan. The environment in which the Petrol Group operates is facing important changes. Energy transition towards a low-carbon company and the development of new technologies are transforming established ways of how energy products are produced, sold and used. Petrol is committed to making a transition to green energy and is making significant investments to achieve it. While co-creating opportunities brought about by the energy transition we will also continue to supply the market with hydrocarbons. The new strategy of the Petrol Group defines clear targets for implementing our vision to become an integrated partner in the energy transition, offering an excellent user experience. This helps us focus on our core business, which it to supply energy products, as it is this area where we still see great potential and opportunities in connection with the energy transformation. Creating and cultivating relationships with customers is our priority and we will continue to strengthen our sales network in the region as a result. Thanks to new digital channels, a broader range of energy products and personalised offer, we will be even closer to our customers, helping them to make a transition from traditional energy sources to cleaner renewable energy. Our aim is to become a key link in a broader ecosystem by offering energy sources that are adapted to and co-shape the market. For this reason, we will increase operational efficiency to free up additional funds for investments in renewable energy production. The Petrol Group recognises the importance of sustainable development. The transition to a low-carbon energy company, partnership with employees and the social environment, and the circular economy constitute the Petrol Group's business commitments in this strategic period. As a partner to industry, public sector and households, Petrol is assuming a leading role in achieving the environmental goals. Through continuous development of fuels, we will actively contribute to reducing emissions. At the same, we will help to reduce the carbon footprint of both the Petrol Group and our customers by pursuing clear sustainable policies. Thanks to improved internal processes, new competences and empowered employees, we will be even more proactive in addressing the current and future needs of our customers in the energy industry and adapt our operations to the user, who is at the centre of our attention. We want to become the first choice for shopping on the go.

Business growth, increasing profitability and sustainable development

In this strategic period, we will remain present in all markets, focusing on:

- ✓ Slovenia, where we will consolidate our position of a leading energy company and partner in the energy transition;
- ✓ Croatia, where we will use our sales network to expand our portfolio of customers in the field of energy products and energy transition services and invest in renewable electricity production;
- ✓ Serbia, where we will increase our share in the energy product sales market.

We will work to remain the first choice for energy transition projects in the region by offering integrated services with high added value. We will develop and strengthen our presence in the supply and sale of natural gas and electricity, in the sale of liquefied petroleum gas and in energy efficiency projects. Renewable electricity production, where we will position ourselves to become a major supplier in SE Europe, plays a particular role in the energy transition.

The development of new solutions in the field of electric mobility and mobility services constitutes an important pillar of Petrol's sustainable and innovative business. When it comes to mobility, the Petrol Group focuses on two segments. The first segment is linked to the charging infrastructure, which means setting up, managing and maintaining the infrastructure for the charging of electric vehicles as well as providing the charging service. The second segment is comprised of mobility services, such as operating leases, fleet electrification and fleet management services.

In 2025, EBITDA is planned to total EUR 336 million, with net profit amounting to EUR 180 million. The net debt to EBITDA ratio is planned to be less than 1. In the period from 2021 to 2025, we plan to invest a total of EUR 698 million, of which more than 35 percent will be dedicated to the energy transition and thus to carbon footprint reduction. As for other investments, the greater part will be allocated to expanding and upgrading our retail network and to digitalising our business.

Financial projections take into account the impact of Covid-19 in the first quarter of 2021 and assume that the vaccination coverage of the population will have been achieved by mid-2021. In accordance with the projections of international financial institutions, economic recovery is expected to be V-shaped.

By achieving the goals, we will strengthen long-term financial stability of the Petrol Group. Through a stable dividend policy, we will ensure a balanced dividend yield for shareholders and the use of free cash flows to finance the Petrol Group's investment plans. This will allow for long-term growth and development of the Group, maximising its value for the owners. The dividend policy target for the strategic period 2021 – 2025 is 50 percent of the Group's net profit, taking into account the investment cycle, Group indicators and the achieved objectives.

EUR 698
million in
investments,
35% for
the energy
transition

The main targets for 2025 are as follows:

- ✓ Sales revenue of EUR 4.7 billion (the 2025 sales revenue figures rely on the assumption that energy product prices will match the levels used in the plans for 2021)
- ✓ EBITDA of EUR 336 million
- ✓ Net debt/EBITDA < 1
- ✓ Net profit of EUR 180 million
- ✓ Total investments in fixed assets of EUR 698 million in the period 2021 – 2025, of which 35 percent in energy transformation
- ✓ Renewable electricity production output of 160 MW
- ✓ Retail network consisting of 627 service stations
- ✓ 1,575 charging points for electric vehicles
- ✓ Energy savings of 73 GWh for end-customers in the period 2021 – 2025

Brands

Strategically, we manage corporate, service and trade brands and symbols owned by Petrol. We have registered 40 international brands, more than 10 EU brands, about 100 Slovenian brands and some national brands in Croatia, Serbia, Bosnia and Herzegovina, Montenegro and Northern Macedonia. Due to the introduction of new products and services on the market, we also registered some existing brands for new services and goods. The latest brands and signs are listed with the logo or name:



Partnerships

As a co-founder and active partner, we work with the Center for Energy Efficient Solutions, which brings together a network of advanced companies and organizations from various sectors that strive for a leading role in promoting and developing a climate-neutral economy.

We are a member of the Green Network of Slovenia, which brings together companies, local communities, educational institutions, institutes, offices and other legal entities that are aware of the importance of sustainable development and social responsibility. Through the green network opens the way for us to connect and communicate on environmental and sustainable projects, solutions, innovations and achievements with other stakeholders.

The Petrol Group is a member of several economic and interest associations, institutes, chambers and associations: the Slovenian Chamber of Commerce, the Chamber of Commerce and Industry Slovenia, the Association of Employers of Slovenia, the Association of Slovenian Supervisors, the Slovenian Association for Quality, the Slovenian National Oil and Gas Committee. Association for Liquefied Petroleum Gas (GIZ LPG), Slovenian Institute for Standardization (SIST), American Chamber of Commerce, Green Network of Green Slovenia, etc.

Ethical principles

At Petrol, we are aware that business compliance is not limited to complying with national and internal regulations, but also means taking a step further, following the values we believe in and respecting ethical and business principles, which are a mirror of our values.

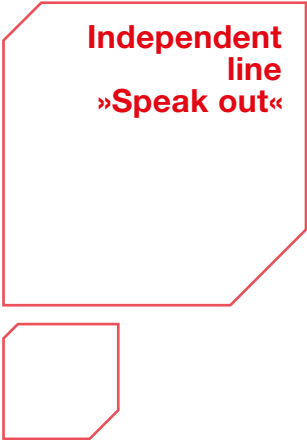
The Petrol Group has upgraded the already established independent line »Speak out«, which enables both internal and external stakeholders to report in an anonymous manner the event of possible encounters with unethical actions related to Petrol. Namely, anonymous reports are an important element in building ethical activities and the fraud prevention program in Petrol, which is why Petrol has already established an external line for reporting irregularities. Independence and the possibility of anonymity are the elements that make it easier for an employee to report irregularities. The application via an external, independent line does not affect the applicant in any way, it is secure, Petrol does not obtain information about the applicant, and the applicant is not penalized for the application and does not bear any negative consequences due to the application. In the upgraded version, the applicant can submit an application via an online form in which he/she answers a series of questions tailored to the individual incident, or submits a report via the telephone line.

The line for reporting irregularities includes types of incidents such as: fraud, theft, bribery, violation of policies and procedures, extortion in the workplace, discrimination (gender, age, religion, race, etc.), protection and health in the workplace, etc. It is an anonymous and confidential channel that is not only intended for our employees, but also for customers and business partners, through which they can expose irregularities that occur in the company.

With the established corporate integrity program at Petrol, we demonstrate our commitment to ethical corporate governance. With an external line for reporting irregularities, we take care of reducing financial loss and reducing reputation risk. With the external line Speak out at Petrol, we are building and strengthening a culture of ethics, which according to the Association of Certified Fraud Examiners is the most effective means of detecting fraud and corruption and unethical actions that cause losses in society. In 2019 and 2020, we did not receive any reports of unethical conduct relating to the Petrol Group.

Number and type of competition proceedings

In 2019 and 2020, Petrol received three letters from the Public Agency of the Republic of Slovenia for the Protection of Competition. In all cases, there were requests for information, namely in the field of rail transport, trade and sales of motor fuels. In at least one case, the request related directly to the assessment of the concentration (in which Petrol was not involved), while in other cases it concerned the provision of information before the initiation of the procedure, in accordance with the competences of the Public Agency. It did not initiate or conduct any proceedings against Petrol during this period.



Pillars of the Sustainability Strategy

1. 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, CO₂ savings, the share of renewable energy sources and sustainable mobility.

By 2025, we will reduce our own carbon footprint by 40%.

Contribution to the UN's sustainable goals by 2030

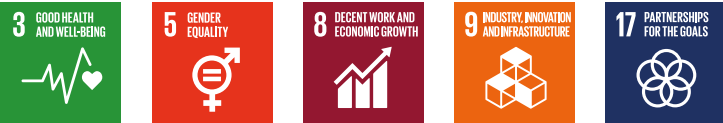


Cornerstones	Goals by 2022	Achieving the goals in 2020	
Energy independence	Installation and utilising the adaptability of consumption, as well as managing independent energy communities. To be the first integrator of the energy industry and energy into one comprehensive product in SE Europe.	<div></div>	<div></div>
	Managing independent energy communities (min. 1).	<div></div>	
	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		<div></div>
Energy efficiency – a comprehensive range of energy and environmental solutions for cities, companies and households. TANGO – our own software platform	Presence in over 90 local communities in the region.		<div></div>
	Annual growth of energy savings.		<div></div>
	Annual growth of environmental savings.		<div></div>
Our own production of electricity from renewable energy sources	250GWh of new sources from WWS (wind, water, sun)		<div></div>
	The accelerated use of natural gas as a transitional energy product in a low-carbon society.	<div></div>	
	Distribution in all markets: 1,412,597MWh, of which 600,140MWh of natural gas in Slovenia. All markets: 250 LPG stations and 20 CNG stations, of which 105 LPG stations and 5 CNG stations in Slovenia.	<div></div>	<div></div>
A cleaner energy mix	More than 387 electrical charging stations in Slovenia (300 standard, 75 rapid and 12 ultra rapid)		<div></div>
	More than 280 charging stations in other countries; priority in Croatia, Italy and Serbia		<div></div>
	Minimum of 3% vehicle fleet	<div></div>	

2. 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	Achieving the goals in 2020	
Education	On average, 3 days of training per employee per year	<div></div>	<div></div>
	All employees are included in at least one form of training	<div></div>	
	Continuous and systematic training for managers (leadership programme)	<div></div>	
	Continuous programmes for the development of young potential		<div></div>
Employee development - evaluation of strategic competencies - identification of talent, potential - mentorship	Regular measuring of employee competencies and creating development plans		<div></div>
	At least 60% of management takes part in the mentorship programme		<div></div>
Employee satisfaction	Organisational climate and work satisfaction 3.85%		<div></div>
Non-discrimination	Gender equality		<div></div>
	0 cases of confirmed discrimination		<div></div>
Health and safety at work	0 severe injuries	<div></div>	
Social responsibility and corporate volunteering	Donate Blood for Life – more than 20,000 new blood donors		<div></div>
	Our Energy Connects Us – at least 200 donations per year	<div></div>	
	Giving back to society – at least four campaigns of corporate volunteering per year	<div></div>	

3. 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	Achieving the goals in 2020
Reduce primary raw materials	Reduce primary raw material use in service packaging by 5% for Fresh products in view of 2018.	<div></div>
Reduce biodegradable waste	Reduce the quantities of biodegradable waste from our catering facilities by 5% for Fresh products in view of 2018.	<div></div>
Reuse wastewater for our automatic car washes	At all our automatic car washes	<div></div>
Cleaning of municipal wastewater (for the market)	6,500,000m³ (depending on water levels)	<div></div>
Cleaning and reuse of industrial wastewater (for the market)	Cleaning 3,000,000 m³, reusing 19,000,000 m³	<div></div>

achieved in implementation delayed * Achieving certain goals has been hampered by measures due to the epidemic

Achieving sustainable goals by 2020, goals by 2025

/ balance between stable operations and development

/ increasing value per customer with a comprehensive offer and an excellent user experience

/ process efficiency and risk management

Stakeholder relationships

Recognising stakeholders

The Petrol Group operates in very diverse areas, which is why it impacts a variety of stakeholders and vice versa. 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. 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 and communication tools

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

Stakeholders are important in shaping our sustainable path.

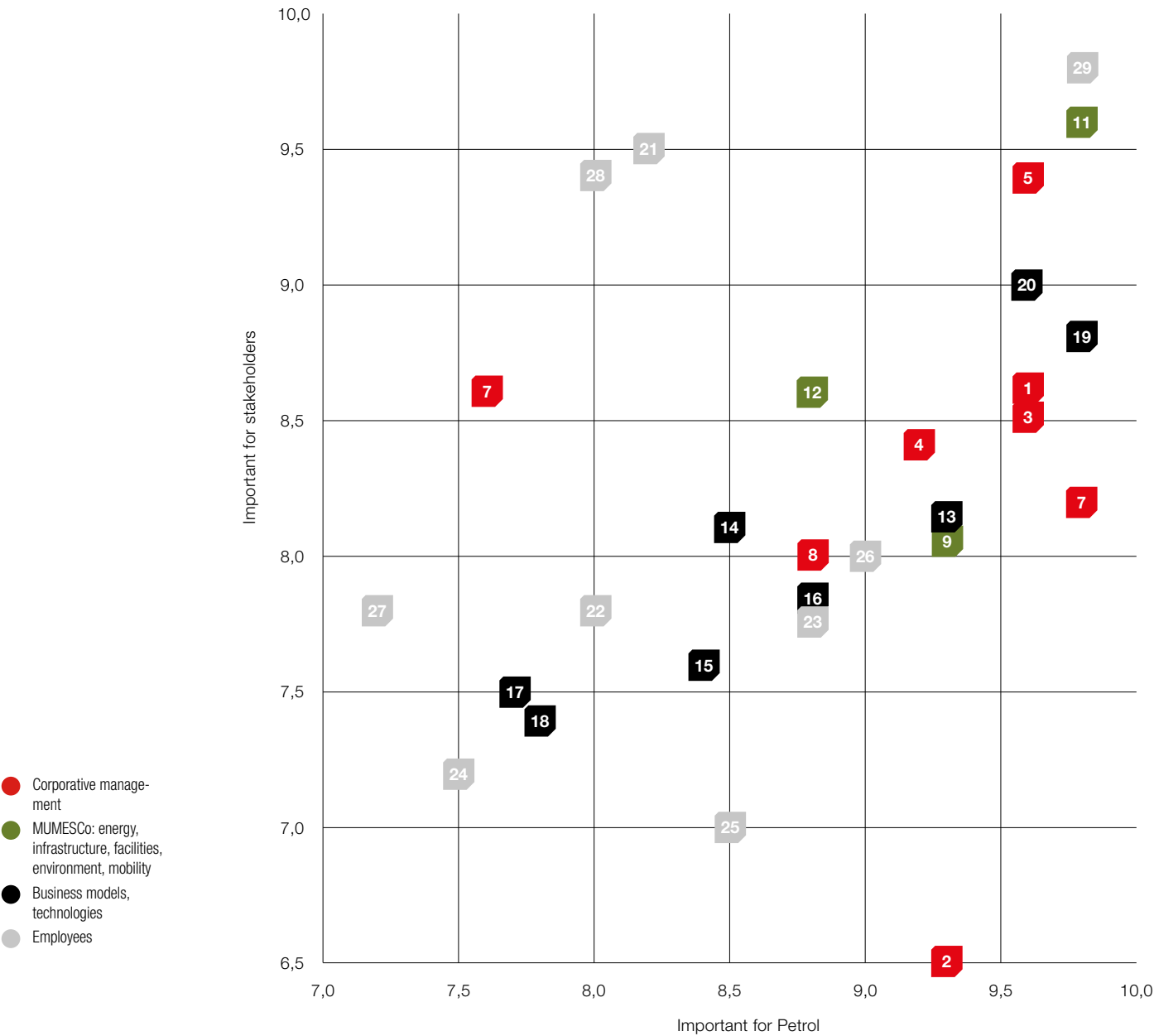
Materiality Matrix

We have recognized 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

Material areas have been assessed at two-year intervals since 2016. For the 2020 Sustainability Report, we conducted an electronic survey of all key stakeholder groups. Estimates are presented in the materiality matrix. Compared to the materiality matrix two years ago, we find that the topics in the field of sustainable development, in particular the contribution to low-carbon mobility and a low-carbon society, have become even more important in the eyes of our key stakeholders. This gives the Petrol Group an additional incentive to actively

pursue our sustainable goals from the point of view of decarbonisation. In the light of the present epidemic, we also understand the greater emphasis of key stakeholders on digitalisation and smart concepts, as with these the Petrol Group facilitates purchases and at the same time provides customers with a higher level of security in terms of health risks. Compared to the previous measurement, strategic stakeholders felt that maximizing returns and value for owners was less important than some other priority goals.



A. Corporative management

No.	Area	Processes, objectives
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

No.	Area	Processes, objectives
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

No.	Area	Processes, objectives
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

No.	Area	Processes, objectives
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.
29		

Business Highlights

The year 2019 was a record year for the Petrol Group, but with the appearance of the pandemic in the first triad in 2020, the business situation worsened sharply. Natural disasters of such magnitude and the resulting economic crisis could not have been foreseen, as a result of which the Petrol Group did not achieve the planned business results in 2020.

To fight the pandemic, countries have introduced various measures, many of which have been restricting movement and thus negatively affecting petroleum product sales, which is our core business. In 2020 the Petrol Group generated EUR 3.1 billion in sales revenue or 30 percent less than in 2019. Gross profit stood at EUR 426.9 million, a decrease of 10 percent relative to

2019. EBITDA totalled EUR 166.6 million and was 15 percent lower than in 2019. Net profit for 2020 stood at EUR 72.3 million, which was 31 percent less than in 2019.

Business highlights of the Petrol Group in years 2019 and 2020

The Petrol Group	EM	R 2020	R 2019	Index 2020/2019
Sales revenue	EUR million	3,079.4	4,375.9	70
Adjusted gross profit	EUR million	426.9	472.9	90
Operating profit	EUR million	91.6	128.1	72
Net profit	EUR million	72.3	105.2	69
Equity	EUR million	826.7	811.3	102
Total assets	EUR million	1,792.1	1,859.6	96
EBITDA	EUR million	166.6	196.5	85
EBITDA / Adjusted gross profit	%	39.0	41.6	94
Operating costs / Adjusted gross profit	%	85.8	73.2	117
Net debt / Equity		0.40	0.44	90
Net debt / EBITDA		2.0	1.8	108
ROE	%	8.8	13.5	65
ROCE	%	7.4	11.8	63
Added value per employee	thousand EUR	56.8	64.4	88
Earnings per share	EUR	35.2	51.2	69
Share price as at last trading day of the year	EUR	325.0	375.0	87
Volume of petroleum products sold	million tons	3.0	3.7	81
Volume of liquefied petroleum gas sold	thousand tons	148.8	176.4	84
Volume of natural gas sold	TWh	27.2	21.5	126
Electricity sold	TWh	19.9	22.6	88
Revenue from the sale of merchandise and related services	EUR million	446.9	459.5	97
Number of service stations as at period end		500	509	98
Number of employees (including third-party managed service stations) as at last day of the year		5,157	5,275	98

We responded to the pandemic holistically.

BUSINESS HIGHLIGHTS

In 2020, the world faced the emergence of a pandemic, which, in conjunction with strict health and safety measures, also affected the operations of the Petrol Group.

In January and February 2020, operations in all markets where the Petrol Group operates ran smoothly and in accordance with plans. In March 2020, with the onset of the pandemic, the business situation became very tense. Petrol has been closely monitoring the situation since the beginning of the outbreak.

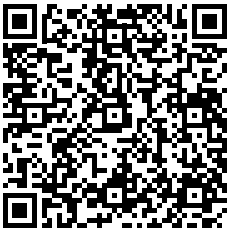
In all markets where it operates, the Petrol Group has strictly followed the instructions of the authorities in the preparation and implementation of measures. The primary concern was measures to protect the health of both Petrol's customers and employees. The public was informed about all measures on a regular basis (available at <https://www.petrol.eu/>). With some restrictions (part-time work at certain service stations), energy supply was uninterrupted. The Petrol Group adapted its measures to the current situation in all markets in which it operates.

The Petrol Group responded comprehensively to the crisis caused by the epidemic. In the first phase, activities were focused on ensuring the smooth operation of the changed circumstances and risk identification and management. Further activities were focused on the long term so that the Petrol Group could operate smoothly in a highly changed business environment.

In all markets in which it operates, the Petrol Group has faced a decline in sales of both petroleum products and merchandise. The lower sales of petroleum products were mainly due to measures taken by countries to curb pandemics and to restrict movement both between countries and between local communities.

The Petrol Group was in a very good business and financial condition before the pandemic, and it was confirmed that Petrol is adequately prepared for the crisis, having an extensive sales network, various distribution channels and different energy products. Due to the pandemic-related crisis we decided to review business activities in detail, both in terms of profitability and cost efficiency, which will help us lay even stronger foundations for our business in the future.

More on the impact of the Covid-19 pandemic on the operations of the Petrol Group in the Annual Report of the Petrol Group and Petrol d. d., Ljubljana, for the year 2020.



Directly created and distributed economic value of the Petrol Group and Petrol d. d., Ljubljana in 2020 (in EUR)

	The Petrol Group	Petrol d.d. 2020
A Revenue		
Sales revenue	3,079,432,607	2,338,624,128
Financial revenue	30,415,165	26,301,110
Gain on disposal of fixed assets	105,786,186	103,907,580
Total	3,215,633,958	2,468,832,818
B Operating costs		
Cost of goods sold	2,652,558,643	2,058,105,400
Costs (without labour costs)	263,211,446	198,083,316
Total	2,915,770,089	2,256,188,716
C Labour costs		
	102,856,574	74,674,139
D Pay-out to capital owner and other financial suppliers and other suppliers of financial expedients		
Dividend payments	45,222,716	45,222,716
Interest expense	8,491,033	7,594,011
Total	53,713,749	52,816,727
E Taxes		
	13,135,042	2,775,973
F Investments in social environment		
Sponsorships and donations	1,517,038	1,333,585
Environmental charges and charges unrelated to operations	6,512,808	4,692,994
Total	8,029,846	6,026,579

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

The Petrol Group	2020	2019
Slovenia	1,463,688,924	1,840,658,968
Croatia	472,415,913	605,841,781
Austria	210,144,985	257,543,397
Bosnia and Herzegovina	101,021,218	167,073,315
Romania	97,400,461	198,739,667
Serbia	72,200,684	98,253,474
Montenegro	26,223,964	35,961,573
North Macedonia	13,379,662	21,002,840
Other countries	622,956,796	1,150,809,004
Sales revenue	3,079,432,607	4,375,884,019

In 2020, the Petrol Group generated EUR 3.1 billion in sales revenue, which is 30 percent less than in 2019, mainly due to lower petroleum prices and lower sales of petroleum products as a result of the pandemic.

Sales revenue of the Petrol Group by business activities

Sales revenue (in EUR)	2020	2019
Sales	3,009,250,182	4,303,906,622
Energy and environmental solutions and production	70,182,425	71,977,397
Total	3,079,432,607	4,375,884,019

Payments to shareholders

Year	Gross dividend per share in EUR
2014	11.70 EUR
2015	12.60 EUR
2016	14.00 EUR
2017	16.00 EUR
2018	18.00 EUR
2019	22.00 EUR

Risk management

The Petrol Group operates in two intensive and challenging business activities: trading and energy. Both areas are facing significant changes, which require a fresh view of the key business model concepts. In the energy field, increasing importance is given to energy efficiency, new uses of existing energy products and to the development of new ones. There is increasing awareness of sustainable development, accompanied by tightening regulations. The Petrol Group is aware of this and therefore builds a smart risk management system that ensures that the key risks to which the company is exposed are identified, assessed, managed, exploited and monitored. In doing so, we strive to establish a culture of risk awareness that leads to a better understanding of risks and better information for decision-making at all levels of the group's operations. Risk management is the concern of every Petrol Group employee who, through his or her decisions and actions, is exposed to risks on a daily basis within the scope of his or her work tasks and responsibilities.

The described changes in the business environment and related trends increase risks while providing new opportunities. The Petrol Group in its strategy 2021-2025 regulates business objectives according to the adopted risk management guidelines or the so-called risk appetite.

In 2020 the pandemic was an additional and significant risk management factor with a sweeping impact on the Petrol Group's operations. The Petrol Group responded to the pandemic crisis in a comprehensive manner. Initially, activities were focused on ensuring the health of customers and employees, on the continuity of operations in the changed

We are building a smart risk management system.

circumstances and on identifying and managing risks. Further activities, however, have had a long-term focus so that the Petrol Group can operate without interruption in a very different business environment.

Petrol's risk model consists of an integrated set of 20 risk categories divided into two major groups: environment risks and performance risks. The Group regularly assesses risks. The last risk assessment was carried out in 2019, the next will be carried out in 2021.

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 latest risk assessment, which was performed in 2019, the most relevant and probable risks still comprise the following financial risks: price and volumetric risk, foreign exchange risk, credit risk and liquidity risk. In addition to the main financial risks, the most relevant and probable risks include legislation and regulation risks, interest rate risks, information risks, economic environment risks, business decision-making risks and political risks.

The Petrol Group also has defined risk management policies and principles (risk appetite).

Strategic orientation: To ensure stable business growth while taking on moderate levels of risk. To adjust the required rate of return to expected risks.

We are **willing to take** on risks arising from the Petrol Group's development strategy, which provides for stable business growth and the dynamic development of new business models also in the future.

We are **not willing to take** on the following risks: environmental risks, risks affecting the safety and health of our staff, reputational risks, risks of fraud and corruption, risk of losing the investment-grade credit rating (arising from the Petrol Group's operations).

In accordance with this overarching principle, the following strategic risk management orientations of the Petrol Group were defined:

- ✓ The Petrol Group shall monitor changes in the industry and markets, and proactively adapt its operations and targets in order to achieve its strategic objectives.
- ✓ New investments of the Petrol Group shall be aligned with its strategic and financial plans, and the required rates of return shall reflect the risks assumed.

- ✓ The Petrol Group's human resources policy shall be aligned with its strategic orientations. The human resources department shall be actively involved in staff development and training while also monitoring the organisational climate.
- ✓ The Petrol Group shall promote compliance with the law and internal rules and, through its values and Code of Conduct, seek to build a corporate culture that promotes lawful, transparent and ethical conduct and decision-making.
- ✓ The Petrol Group shall be mindful of the operational risks it is facing and shall seek to establish an appropriate process, systemic and IT environment which allows for its strategic development and reduces operational risk to an acceptable level.
- ✓ The Petrol Group shall secure its energy product sales margins either through natural adjustments or derivative trading in order to hedge risk and ensure the stability of cash flows.
- ✓ The Petrol Group shall make sure that its partner portfolio is of high quality and appropriately dispersed. The Petrol Group shall strive to have its at-risk receivables sufficiently secured, either by obtaining credit insurance instruments or taking out insurance.
- ✓ The Petrol Group shall provide for long-term financial stability through sustainable financial leverage.
- ✓ The Petrol Group shall manage its short-term liquidity by matching inflows and outflows and by maintaining adequate credit lines.
- ✓ The Petrol Group shall make every effort to hedge its interest rate risk.

Plans for 2021

In 2020 the world was faced with a pandemic that also had a significant impact on the operations of the Petrol Group. All countries have observed a significant drop in economic activity. Among the measures to curb the pandemic, many measures had to do with the restriction of movement, both during the first and the second wave of the pandemic. In addition to the fall in economic activity, this has had a further negative impact on transport, causing the sales of petroleum products to decrease.

The Petrol Group operates in two highly competitive industries – energy and trade. Besides trends in the area of energy and commerce, the Group's operations are subject to several other and often interdependent factors, in particular changes in energy product prices and the US dollar exchange rate, which are a reflection of global economic trends. In 2021 the economic situation will be significantly affected by economic recovery following the pandemic, and this will in turn be reflected in petroleum prices. In addition, operations in the Petrol Group's markets are influenced to an important extent by local economic conditions (economic growth, inflation rate, growth in consumption and manufacturing) and measures taken by governments to regulate prices and the energy market. Another factor are measures taken by countries to contain the pandemic, as shown when it had first emerged.

Special attention to cost optimization and business rationalization

Energy market participants are presented with vast challenges and change. On the one hand, they have to deal with an extremely difficult systemic transition to renewable supply sources, while on the other, a considerable shift can be observed in the behaviour of end customers, who are becoming increasingly engaged and environmentally conscious. As a main energy company in Slovenia and in SE Europe, the Petrol Group took on an active role in increasing energy independence, energy efficiency and the share of renewables. In 2021 the Petrol Group will continue to work to reduce its carbon footprint.

The sales of merchandise and services make up an important part of the Group's revenue, which is why the situation in the trade sector has a major impact on operations. The Group participates in the development of the trade sector, which is changing the purchasing habits of consumers and distribution channels through the digitalisation of business. The pandemic has further highlighted the need to reduce and control costs and to optimise supply and sales chains, thereby ensuring point-of-sale profitability.

Providing a full range of customer-focused products and services together with an excellent shopping experience is at the heart of Petrol's operations. As we try to approach our customers in innovative ways, we also change and enhance our internal operating processes which enable us to develop new solutions and sustainable models.

The Petrol Group has a three-fold sustainable orientation:

1. Low-carbon energy company – focusing on a more sustainable energy portfolio and mobility, own production of renewable electricity, energy efficiency and on reducing the carbon footprint.
2. Partners with employees and the social environment – focusing on boosting corporate integrity, providing for healthy working conditions and employee satisfaction, with the support for the wider community in all markets where the Petrol Group operates (support for humanitarian, cultural, sports and environmental projects) also having a prominent role.
3. Circular economy – involvement in wastewater treatment, recycling of carwash water and re-use of industrial wastewater. Particular attention is paid to reducing or replacing raw materials used in packaging with recycled and biodegradable materials.

In the Petrol Group, we realise that despite careful preparation, informed business decisions, quick response to changes and an efficient risk management system external factors may arise in the business environment which are beyond our direct control and may pose a risk or a threat when it comes to meeting our targets. This was evident in 2020 when the Covid-19 pandemic emerged.

Our goals for 2021 are ambitious. In drawing up the plan for 2021, we have assumed, however, that the pandemic will be effectively contained through vaccination in the first half of 2021.

Three pillars of sustainable management

We are still drawing attention to the fact that there remains considerable uncertainty as to the achievement of the plan, which is subject to the further course of the pandemic. This is particularly relevant if:

- / insufficient vaccination coverage is achieved before summer 2021 and the pandemic continues,
- / the measures to curb the pandemic are still in place at the end of the second quarter, in particular those taken by countries to restrict movement,
- / economic recovery will be slower, leading to economic growth that is lower than expected.

In this case, the Petrol Group will review its 2021 business targets in the second half of 2021 and adjust them accordingly.

The 2021 plans do not take into account any new acquisitions.

In addition to the pandemic, the following risks also bear on the achievement of the 2021 plans:

- / sales in the EU market, which is extremely volatile,
- / impact of the Real Property Tax Act and its new valuation model,
- / impact of the Energy Savings Requirements Act in Croatia,
- / other regulatory requirements.

The Petrol Group's main business targets for 2021:

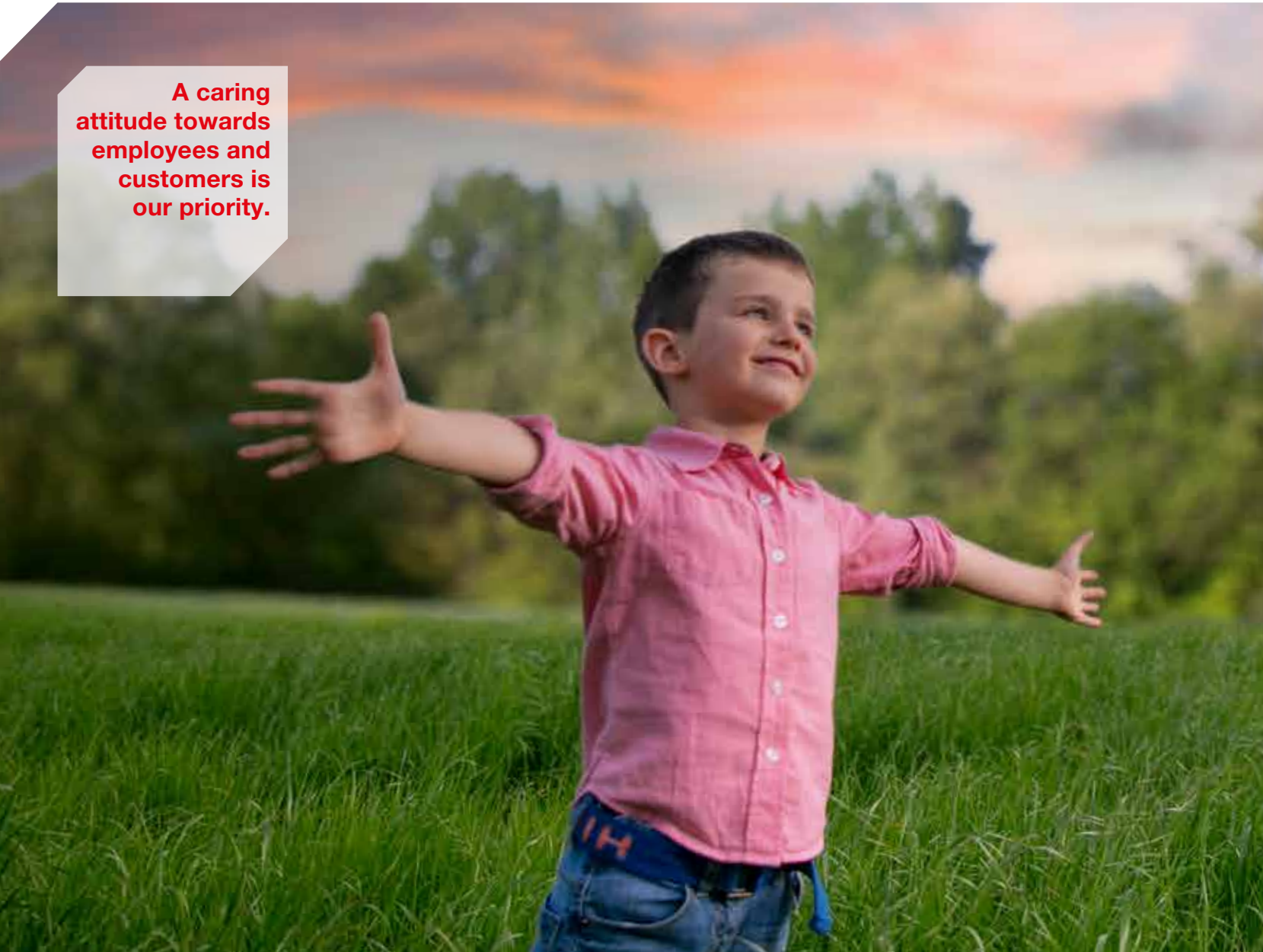
- / Sales revenue of EUR 3.5 billion
- / Adjusted gross profit of EUR 490.0 million
- / EBITDA of EUR 213.5 million
- / Net profit of EUR 104.4 million
- / Net debt to EBITDA ratio of 1.5 million tons of petroleum products sold
- / 171.7 thousand tons of LPG sold
- / 25.6 TWh of natural gas sold
- / Revenue from merchandise sales of EUR 446.2 million

The Group's investment policy for 2021 will be focused on expanding the business in the area of renewable electricity production, on consolidating its position and expanding energy product sales and on expanding its operations in the area of energy and environmental solutions.

The Petrol Group was in a very good business and financial condition before the pandemic, and will continue to meet the high standards of operation as recognised by the ratings from Standard & Poor's Rating Services also in 2021. Despite the difficult business conditions, the Group will continue to pursue its objective of ensuring stable operations, thus delivering consistent return for shareholders.

EBITDA of
EUR
213.5
million

A caring attitude towards employees and customers is our priority.



✓ We are constantly building state-of-the-art digital solutions. The number of users of our mobile application On the Road with the possibility of contactless payment increased by as much as 78 percent in 2020.



We care about the health, safety and protection of employees.



We are building new knowledge and skills via digital learning.



We have introduced delivery of our Fresh products to customers.

Employees are the heart of progress

Employees are at the heart of Petrol, which is why our Human Resources Management Strategy is based on the company's values. Our activities in the field of education, development and remuneration enable the realization of potentials, the strengthening of professional and personal competencies, encourage cooperation and focus on achieving goals. We emphasize the benefits of a good balance between work and private commitments. The focus on the sustainable development of company as a whole is demonstrated by many socially responsible projects in which we are involved. We employees are committed and satisfied with our work and ready for change.

With such an organizational culture, we have managed to adapt well to the new conditions during the Covid-19 epidemic, and we are pursuing a business strategy with new knowledge and skills. Employee safety was very strongly exposed in the first wave of coronavirus, when all activities were aimed at ensuring smooth operations and health care of employees. In the first wave of coronavirus, we conducted a survey on employee well-being and on this basis prepared measures to improve well-being. Among other things, we legally regulated work at home and offered employees and their family members 24-hour psychological support from qualified external counselors. We plan for these measures to continue after the end of the epidemic, as they are in line with the sustainability guidelines of our company.

Number of employees in the Petrol Group in 2016–2020

Year	2016	2017	2018	2019	2020
Total	4,166	4,508	4,857	5,275	5,157
Petrol-operated service stations	1,173	1,211	1,198	1,197	1,072
Subsidiaries	1,537	1,689	1,682	1,951	1,892
Petrol d. d., Ljubljana	1,456	1,608	1,977	2,127	2,193

Employees by type of employment

In the Petrol Group in Slovenia (excluding Atet d. o. o. and Geoplin d. o. o. Ljubljana), 1.5 percent of employees have a fixed-term contract, while in the entire Petrol Group, 7.4 percent of employees have a fixed-term contract.

Structure of employees by gender

Among the employees, 58 percent are men and 42 percent are women. Over the years, the staff structure has gradually improved in favor of women, by an average of 1 percentage point per year. The gender relationship varies in companies depending on the activity of each company.

Declaration of nondiscrimination

We respect all rights guaranteed by the Constitution and laws, as well as all international documents in the field of human rights. We operate in several countries and different languages, which is why we are all the more attentive to possible misunderstandings. We ensure equal rights and opportunities for all individuals in all proceedings. These include, for example, protection of privacy, freedom of thought, freedom of association, employment and remuneration regardless of gender, race, color, age, health or disability, religious, political or other beliefs, trade union membership, national or social origin, family status, financial status, sexual orientation or other personal circumstances.

At Petrol, we do not tolerate any violence or harassment (emotional, psychological, verbal, sexual) in the workplace. We connect with partners and other stakeholders who respect human rights and fundamental freedoms.

Annual interviews

Annual and quarterly interviews mean systematic monitoring of employees' work performance and implementation of goal-oriented management. A quarterly interview is conducted between the manager and the employee four times a year, and according to pre-determined goals and criteria, the manager evaluates individual performance, which is calculated twice a year when the salary is exceeded.

In 2020, 1,044 employees were included in this remuneration system, and we systematically skipped two quarters due to the epidemic. 233 employees were included in the system of annual interviews, which is less than in previous years, as we relieved the managers at the points of sale precisely because of the epidemic.

The year 2020 brought many changes in the field of labor law. Employees were paid a crisis allowance in the first and second waves of the coronavirus epidemic, and we provided adequate compensation for absence due to force majeure, quarantine and waiting for work, we enabled the use and compensation for short-term sick leave and regularly informed employees about the possibilities and rights under the legislation.

In addition, during the first wave of the coronavirus epidemic, we additionally rewarded employees who worked in the most exposed jobs in the form of Petrol's allowance for work in hazardous conditions.

Education

In 2020, due to the epidemic, we conducted a smaller number of hours of training, but increased the number of participants in training, as we replaced all-day live training with several different short trainings in the form of e-courses with a final knowledge test.

On average, each employee attended at least five different trainings, as we recorded almost 28 thousand participations, which is an 18% increase compared to 2019. In education hours we record a decrease, namely we trained on average 45% less time than in 2019. We check the effectiveness of the trainings by regularly surveying the participants after the end of the training, and with the help of the e-classroom we analyze the success of solving the final knowledge quizzes, which prove the acquired knowledge. Recordings of educational content and internal discussion tables are available on the portal, the number of views is increasing daily.

5,157
employees

18% growth
in training
participation

Key content areas in ensuring security

1,848
employees in
e-training

For the effective implementation of the security system, high qualification and awareness of employees is of key importance, which is why Petrol continuously conducts training in accordance with the training plan and program.

Great emphasis is placed on theoretical and practical training of employees, namely in the field of safety and health at work, ergonomics in the workplace, fire safety, environmental protection, safe work with chemicals, safe transport of dangerous goods and first aid.

In 2020, 48 seminars were organized in this field, attended by 635 employees employed at service stations, in warehouses of petroleum products, the Petrol d. d., OU Maintenance and Petrol Laboratory, drivers of fuel tankers, employees at railway equipment (Slovenian Railways) and external contractors for cleaning our service stations.

There were 11 theoretical e-trainings, attended by 1,848 employees, and 69 demonstrations of firefighting with a simulator, which were attended by 774 participants.

21 workers took part in the practical training for refueling liquefied petroleum gas for vehicle propulsion (autogas).

There were also 48 fire drills and 6 drills in the field of protection and rescue.

In 2019 and 2020, 10 trainings were conducted in the field of transport of hazardous goods by road (ADR) and railways (RID), attended by 163 employees employed at service stations with the delivery of petroleum products, warehouses of petroleum products (logistics and firefighters), LPG and aeroservice and in the office building (Sustainable development, quality, safety and logistics).

We train for greater customer satisfaction

The training center in Zalog, Rače and Nova Gorica is hosting introductory seminars for newly employed salespeople. In a simulated store environment, future and full-time employees are trained in sales skills.

Coaching culture

At the end of 2020, we had 36 internally certified coaches in Slovenia and four in the south-eastern markets. Due to the epidemiological situation, we did not conduct workshops in 2020. To preserve and upgrade knowledge, we prepared e-learning, which took place in an internal online classroom. In the south-eastern markets, we conducted internal training on the topic of sales skills and coaching with the help of 12 internal trainers.

Energy For Leadership - a program for managers and leaders

In 2020, 64 managers completed a three-year Energy For Leadership training program, and other groups continued their distance learning.

Internal Academy of Project Management

In 2020, the third Academy of Project Management took place, in which we included existing and future project managers, who collaborated with 17 external as well as Petrol's internal lecturers and experts. Participants complete the academy with practical project plans.

Open space

The concept of Open Space with various events provides every Petrol's employee with the opportunity to grow personally and connect with colleagues in order to contribute to the sustainable development of company.

In 2019, we held 41 events in the Open Space, which were attended by 339 different participants, and a total of 770 participants were recorded. In 2020, we offered employees the opportunity to attend exercises until March, namely brain fitness, driving an electric vehicle from our fleet to gain first-hand experience and make better use of these cars, and to promote e-mobility. During the first wave of coronavirus, we also faced waiting for work and during this period we communicated more about the importance of mental health and maintaining vitality and optimism. We continued the Open Space concept in September, and in 2020 we carried out 36 events, which were attended by 799 participants.

The effects of digitalization of business and education

Each service station has received its own tablet, which can be transferred around the service station, allows data entry into applications and archiving of documentation, use of all tools for remote work, group participation and easier communication.

With the introduction of digital forms, work has become more user-friendly and easy, forms are collected in one place in a standardized form, signing is digital and immediately archived in a database. Document traceability is guaranteed. The introduction of the new solution at service stations was completed in the last quarter of 2020 and the beginning of 2021. In 2021, we estimate the savings of approximately 500,000 sheets of paper due to the digitalization of operational operations at service stations.

Due to the implementation of distance education, we covered 163,000 fewer kilometers in 2020, and we saved 64,000 sheets of paper due to digital materials.

Almost
800
participants
per year

1,147
preventive
medical
examinations

Safety and health

At the outbreak of the epidemic, a coordination team was organized to ensure business continuity in the case of infectious diseases. The team dealt with all current issues.

In the first wave, in the Department of Sustainable Development, Quality and Safety, prepared a revision of the risk assessment related to the Covid-19 epidemic, with which we wanted to identify all risks in the field of biological hazard of the new coronavirus. In cooperation with occupational medicine, we have laid the foundations for a safe and healthy work environment for employees, customers and visitors.

In the second wave, we encountered an increase in the number of workers who fell ill or were in risky contact with sick people, especially in the joint household. The number of disease entries in the workplace was extremely low due to the adequacy of the measures and the correct and prompt notification.

Occupational safety and health inspectors monitored compliance with risk assessment measures and additional measures as required by government decrees. No major discrepancies were identified, most of the cases were closed during the inspection at each location.

In order to prevent the introduction of the virus by asymptomatic persons (persons without pronounced symptoms of the new coronavirus disease), we started performing testing with rapid antigen tests.

We continuously raise awareness through various communication channels about the importance of implementing preventive measures and consistent compliance with all instructions, and we encourage employees in a positive way that each employee and his / her superior are key bearers of the covid-19 spread.

In the Petrol Slovenia Group, all employees are included in the program of preventive medical examinations. Preventive medical examinations are divided according to the purpose, namely into periodic, control and targeted medical examinations. The content and frequency of periodic inspections depends on the requirements of the job. We pay special attention to employees with reduced working capacity.

In 2020, the Petrol Slovenija Group included 33.5 percent of employees in preventive medical examinations in relation to the average number of employees. It was performed 1,147 preventive medical examinations, of which 1,065 were periodic, 67 control and 15 targeted.

Preventive medical examinations of Petrol Group employees in the years 2016–2020

Year	2016	2017	2018	2019	2020
Number of medical examinations - periodic	1,043	1,324	1,061	854	1,065
Number of medical examinations - control	59	39	35	38	67
Number of medical examinations - targeted	27	31	37	25	15
Total number of medical examinations	1,129	1,394	1,133	917	1,147
The proportion of examinations on the average number of employees (in %) (in%)	40.7	48.1	36.5	27.4	33.53

Workplace risk assessments

The Petrol Group is aware that occupational safety and health, in addition to its basic purpose, also ensures employee satisfaction. By introducing appropriate organizational and security measures, we systematically and continuously strive to reduce the level of risk resulting from the implementation of work processes. The work environment is changing due to the development and introduction of new technologies and procedures. At Petrol, we are successfully following these changes. We are looking for such solutions that are healthier and safer for employees. All companies in the Petrol Group have accepted Safety Statements with a risk assessment.

We incorporate the latest findings in the field of safety and health at work into new processes and projects, and we monitor the risks of accidents and health impairments. Risks are periodically assessed and maintained at an acceptable level through security measures. The priority in the development of occupational safety and health is the reduction of risks in highly exposed workplaces and integration with other areas of safety, in particular in the field of fire protection, environmental protection and chemical safety.

The risk assessment is an integral part of the safety declaration and means a thorough investigation of all hazards that may endanger the safety and health of workers. On the knowledge of actual hazards, the risk assessment of an individual hazard is performed according to the methodology of the Institute for Occupational Safety. This is followed by a decision on the necessary measures to reduce or eliminate the risk. It can then also be assessed whether the safety measures implemented so far are sufficient or whether more needs to be done to ensure the safety and health of workers.

The aim of a risk assessment is to ensure that no one is injured or ill due to the work they do. Therefore, the risks of all activities must be assessed, especially those that may cause injury or damage to the worker. The results must be recorded in the Safety Statement.

Structure of the use of the working time fund among Petrol employees d. d., Ljubljana in 2020

Utilization of working time fund	in %
Presence at work	75.6
Annual leave (full-time, part-time, study)	10.0
Public holidays	1.9
Absence due to sick leave to the disadvantage of the company	2.10
Maternity and paternity leave	3.0
Absence due to sick leave to the disadvantage of Health Insurance Institute of Slovenia	3.1
Other absences	4.4

Absenteeism

In the company Petrol, d. d., its subsidiaries and at service stations in Slovenia, 20 minor injuries at work were recorded in 2019 and 32 in 2020.

In 2020, compared to 2018, there is an increase in illnesses at the expense of the company and the Health Insurance Institute of Slovenia, as well as more maternity and paternity leave. Other absences also increased, mainly due to new possible absences introduced in 2020 as part of the coronavirus epidemic (force majeure, quarantine, etc.).

Healthy at Petrol

Activities for maintaining the health, well-being, mental and physical balance of our employees are carried out within the project Healthy at Petrol.

Based on a six-year analysis of the sick leave and the analysis of occupational medicine reports after medical examinations and research among employees, at the end of 2019 we renewed the Strategy of the Healthy at Petrol program, which is based on three pillars:

- physical health, within which we pay special attention to the prevention and control of injuries and diseases of the musculoskeletal system;
- healthy eating with the leading theme Eating habits and with an emphasis on a balanced and safe diet;
- mental health activities.

All three pillars connect seasonal activities, where we focus primarily on the prevention of respiratory infections and other seasonal viral diseases and the appropriate preparation for various sports activities.

In January and February 2020, we launched programs intensively in accordance with the new strategy, and with the onset of the epidemic, we adapted all activities to current challenges and opportunities.

Organizational climate

Based on regular measurements of the organizational climate, employee satisfaction and commitment, we carry out numerous activities to create an environment in which employees feel well and can develop their potentials. Research has been a tool that has been helping us systematically identify our own strengths and opportunities for improvement since 2001.

It is carried out every two years and includes all Petrol Group employees. In 2020, ten Petrol Group companies were included in the survey. 3,246 employees gave their assessments and comments, which means 70% participation. As in previous years, we can boast of good results. The organizational climate remains stable. A comparison of the results with other Slovenian companies shows that we are much more satisfied than they are on average satisfied with other Slovenian companies. With the measures, we have improved internal cooperation and relations between employees, employees are proud to be part of Petrol, and we have a high attitude towards quality. Internal knowledge transfer is an important value of a company. We have been monitoring our commitment since 2010, and since 2017 agility of employees, and from 2018 also the perception of equality by gender and age.

The share of actively non-committed has been declining for several years, and in 2020 it decreased by an additional three percent, thus increasing the share of committed employees.

Internal communication

The development and communication of a corporate culture of sustainability for employees, services and the reputation of the Petrol brand as a sustainable and innovative energy company includes the communication of a culture of work, organizational change and transformation of activities. As a desirable employer, communicating a corporate culture of sustainability for employees involves developing and communicating workplace well-being programs for relationships formed by a good leader, connected and collaborative employees, and programs that build good communication and atmosphere in Petrol's work environments.

In 2019, we strengthened Petrol's values with a new generation of posters that embraced Petrol's activities with the faces of our employees. At the same time, they also communicated why they like working at Petrol. In 2019, the My Cup project encouraged employees to use their own pot for pouring coffee from a vending machine. We excluded the purchase of all beverages and bottled water from internal procurement for the needs of the company, and endowed the employees with a bottle of water, and hosting meetings with glasses and jugs.

In 2020, we carried out a year-long communication campaign to strengthen our knowledge and understanding of how Petrol's values live, which we named My Compass.

We strengthened our creativity with announced competitions, stories of heartiness and connection. Thematically, we focused more extensively on the development of employees in internal magazines by presenting changes, sustainable development, integrity and social responsibility.



Sustainable relationships with suppliers

At Petrol, we strive for a sustainable approach to the products and services we buy and sell, as we strive to manage all our products and services in accordance with the Lifecycle Assessment (LCA) model. In line with our long-term approach to managing our complex supply chain, our goal is initially to increase transparency throughout the supply chain so that we can deeply understand and measure our social and environmental footprint and improve sustainable operations. By knowing the sustainable dimensions of the supply chain and the purchased materials and services, we will in the future create a base of suppliers with whom we will actively cooperate in upgrading sustainable solutions.

As the leading energy company in Slovenia and an important factor in the region, we are actively striving for the supply of sustainable energy sources. In 2020, we have prepared expert bases for the field of sustainable operation of suppliers, on the basis of which in 2021 we will carry out the assessment of our largest suppliers. Sustainability indicators will be among the criteria for selecting suppliers. We inform all key suppliers about Petrol's sustainability commitments and goals, thus encouraging them to take joint steps on a sustainable path.

Petrol already enables paperless operations today and also encourages its suppliers to do so. Among the important areas of paperless operations is the e-invoice, which already exceeds two thirds of all received invoices for certain types of purchases.

We encourage paperless business.

Development of more sustainable packaging

Among our important commitments in cooperation with suppliers is the development and implementation of increasingly sustainable packaging. In our sales range we want to introduce as many products packaged in recyclable material or material that has already been recycled.

Thus, we put two brands of water on sale, Romerquelle and Naturelle, whose bottles are made of recycled material. In the future, we will also introduce more sustainable packaging for our own brand product, Fresh water.

Delivery optimization of our supplier

We give priority to suppliers who proactively reduce their environmental footprint. Olma, which supplies Petrol with lubricants and the AdBlue diesel fuel additive, has optimized its fleet and goods deliveries, thus reducing fuel consumption and, consequently, GHG emissions. They have shut down their own boiler room to heat production and use the Energetika Ljubljana hot water pipeline and electricity sold by Petrol.

They built a pipeline to supply demi water, saving 10,800 liters of diesel fuel a year and thus reducing GHG emissions.

Customer relations

Customer satisfaction and excellent user experience are at the heart of our business model and the efforts of all employees. At Petrol, we strive to meet and exceed the expectations of our customers, as we want to build a quality and long-term relationship with them. We are aware that only in partnership with customers, both business and physical, can we take courageous and responsible steps on the common path of quality of life, sustainable development and decarbonisation. We develop relationships of responsibility, interactivity, respect, innovation and co-creation.

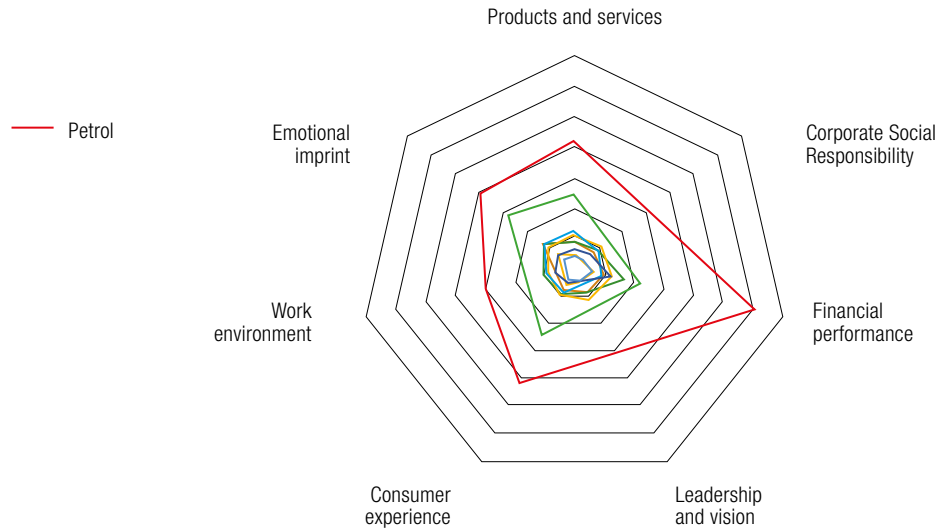
One of our strategic foundations and sources of future growth is the excellent user experience of our customers, which in addition to the quality and price of the product or service consists of factors such as orderliness of service stations (including toilets), responsiveness and how to solve customer problems, simplicity and operation applications and devices and the friendliness and professionalism of employees. We regularly measure how successfully we meet expectations in individual segments. With various methods, we closely monitor all phases of the purchasing process at individual points of contact with the customer and regularly check their expectations and preferences. We also monitor competing customers, and use all findings as a basis for developing, improving and upgrading our offer in all of the above factors.

In 2020, customers rated highest the experience with the operation of mobile applications, online store and social networks. We also conduct regular research studies of Brand Power and Reputation, with which we check the position of the umbrella brand and its positioning in various product sets.

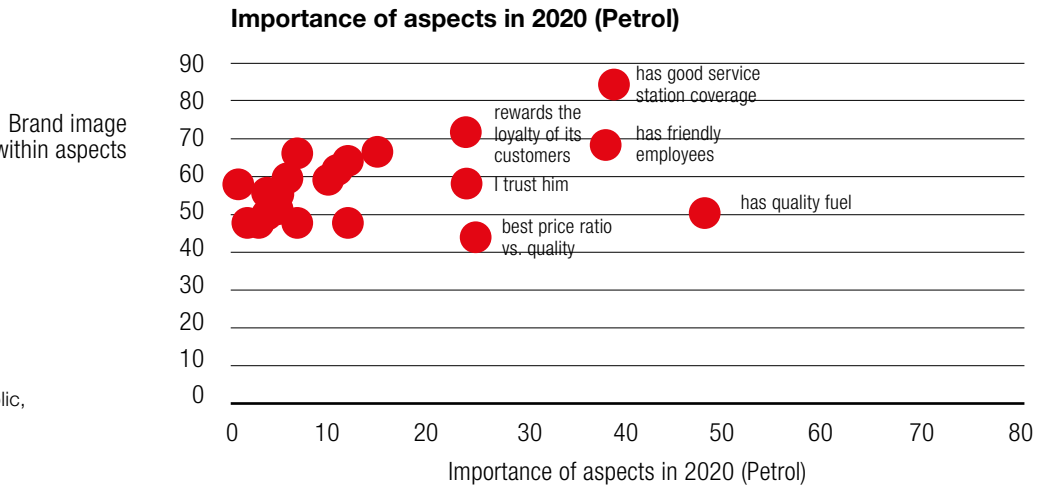
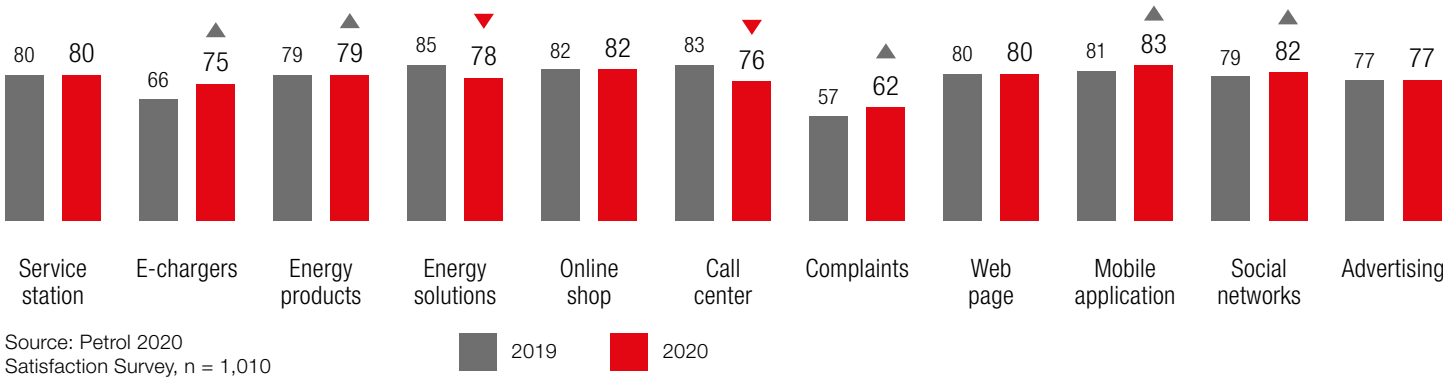
The general public recognizes Petrol as a company with good coverage of service stations and a wide range of products and services, which rewards the loyalty of its customers and offers them a good user experience, which is also created by friendly employees. The company is perceived as stable and financially viable with good prospects for further growth and development. In the new strategy, with a clear vision, we are also committed to sustainable development and social responsibility, which will also have a significant impact on the emotional impression and work environment. Compared to the measurement in 2018, the loyalty of Petrol's physical customers increased in all three major segments (service stations, electricity and natural gas). We did not notice any major changes among business customers.

Brand reputation - general public

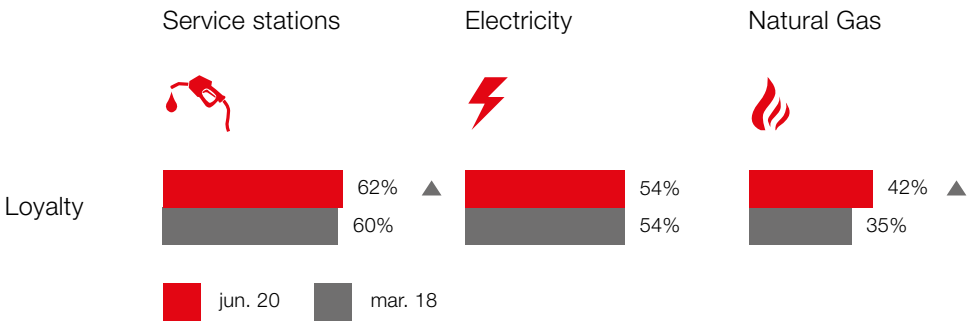
Source: Brand Reputation
2020 survey, general public,
n = 1,000



PETROL AND THE SOCIAL ENVIRONMENT



Source: Brand Reputation
2020 survey, n = 300



In 2020, we received more than 44,500 estimates of transaction satisfaction, which is measured by Petrol for three years with the internationally established NPS (Net Promoter Score) index. This metric enables us to monitor and respond quickly to customer feedback on all key Petrol channels on a daily basis. The NPS index is thus measured on the entire retail network, in TipStop Vianor service workshops, the call center and customer support, the energy center and the Petrol eShop online store after the purchase and after receiving the package at the service station.

Source: Transaction Satisfaction (TNPS)
January – December
2020, n = 44,500



In order to get as close as possible to the needs and wishes of users, we perform various qualitative measurements, such as focus groups, in-depth interviews with customers and testing of new offers and services. We systematically involve customers in the development of solutions at the earliest stages, thus building our agile mindset and approaches to innovation and renovation.

Communicating with customers

In 2020, at the outbreak of the epidemic, we paid special attention to informing users about changes in our business, as well as about the rules of conduct at the service stations and safe handling of products and services. We have combined all such notices under the title Let's act responsibly together.

On Petrol's social networks, we announced how we take care of security, rules of conduct at the service stations, promoted online sales and the use of our digital channels.

Petrol websites

At the beginning of 2019, Petrol's new websites (Petrol Slovenia and websites in our south-eastern markets and the Petrol corporate website) were launched, of which the Moj Petrol user portal is a part (also available as a mobile application). It provides the customer with easy and transparent access to all key business data with us in one place.

Petrol's online presence was therefore more user-friendly in 2019 and 2020, adapted to reading on mobile devices, with clearer navigation and more transparent content that expresses the integrity of our offer. In 2021, this functionality will be complemented by the renewed Petrol eShop, which will upgrade the vision of Petrol's comprehensive digital ecosystem. The guideline of our online performance remains user-friendly communication that meets the needs of the aware consumer with its modern design and technical design.

The same goals were followed by our online communication, which we adapted in early 2020 to the emergence of a new coronavirus.

During the epidemic, the On the Road mobile application proved to be especially convenient, gaining recognition and an excellent user experience from year to year with the possibility of contactless payment. The year 2020 was a particularly turning point for the application, as due to the pandemic, its daily use increased, and the number of its users increased by as much as 78 percent compared to 2019. To satisfy the user requirements, in 2020, in addition to paying for fuel and car wash without entering the sales area, we also added the purchase of a range of food products from the shelves of Petrol service stations to the application. We have also introduced the delivery of Fresh products, basic foodstuffs and other products to the home or workplace, cooperating with the provider E-hrana.si. We provide the service at five locations in Ljubljana, Kranj and Koper.

**We inform
customers
responsibly.**

Product conformity certificates

Within our information system, there is an organized system of automatic production of quality certificates for fuels and chemical products. Fuel quality certificates are generated automatically based on laboratory reports from our accredited laboratory. The system ensures time optimization of work and adequate traceability of products.

In the biofuels business, we have established a transparent ISCC (International Sustainability Carbon Certification) system, which ensures the traceable issuance of sustainable certificates for the proportion of the mixed biocomponent.

Product labeling

The Petrol Group has many different products of its own brand in its sales offer, and we also add new ones every year. Products must be appropriately labeled so that customers can opt for them, recognize their benefits, and be alerted to the dangers. In 2021, the EU began to label hazardous chemical mixtures with a unique indicator formula (i.e. UFI code), which provides information on the composition of chemicals, to assist in the effective response of poisoning centers in the event of accidents. At Petrol, when renovating the visual image of our own brand products, we started including the UFI code in 2020.

In 2020, we paid special attention to the suitability of disinfectants that we sold and used at our service stations. All disinfectants complied with legislation in the field of chemicals, biocidal products and cosmetics. We also labeled disinfectant dispensers installed at our service stations during the epidemic in accordance with legal requirements.

In 2019, we prepared our own labels for handling the packaging of our brand products after use, and since then we have been regularly including them on the packaging of our products. On the packaging of coffee cups on the way, we additionally pointed out that empty cups are not to be thrown into nature.

A lot of attention is also paid to the labeling of our own brand of foods, such as Coffee to go, Q energy drink, water and other foods that we offer to customers at service stations. The aim of labeling is to provide all the necessary information that the customer needs for the safe and satisfactory use of Petrol products and the appropriate method of waste management after use.

Complaints

In the Petrol Group, we understand complaints and grievances as an important source of information on customer satisfaction with our services and products, and with their efficient resolution we provide customers with a comprehensive service that does not end with the purchase of goods or services.

In order to efficiently and customer-friendly resolve various complaints, a unified system for capturing and managing complaints has been established, which includes all communication portals. The system also includes internal complaints and complaints against suppliers.

In 2020, in order to provide an even better user experience, we began to carry out the renovation of the complaint resolution system, which also included the renovation of IT support and the formation of OU for support. Implementation began at the end of 2020. In 2020, the number of customer complaints or complaints was lower than in 2019. We estimate that this is also due to the restrictions brought by the epidemic or the reduction in the number of business events. The number of internal complaints and grievances against suppliers also decreased.

At Petrol, we actively support a healthy and dynamic lifestyle.



✓ We are present in many branches of top sports. Through sponsorships, we also enable the operation of some smaller local clubs in various sports.



For the tenth year in a row, in cooperation with the Slovenian Red Cross and the Transfusion Institute, we have carried out the humanitarian campaign Donate Energy for Life.



In the humanitarian campaign, we collected disinfectants and masks for children.



Through volunteering campaigns, we give back to society and take care of nature.

Corporate Social Responsibility

In the Petrol Group, we are aware of the responsibility we have as one of the largest Slovenian companies, so we see social responsibility as a lasting commitment to cooperation with the environment in which we live and do business. Helping and supporting the social environment is strongly intertwined with our long-term growth strategy, so in our business and social operations we also take care of social and environmental issues and accordingly try to offer help in solving various social and other problems.

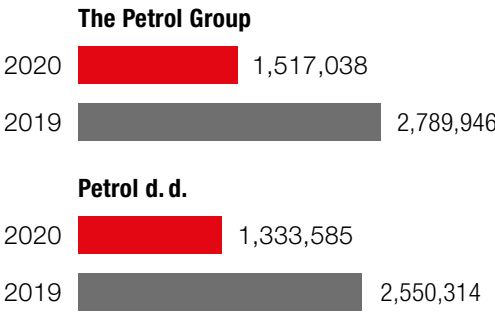
Employees at Petrol return to society every year - in 2019 with ten work campaigns and the collection of humanitarian aid. We collected food for small animals, arranged and cleaned the surroundings, whitewashed the walls, socialized with old and young, families and children. In this way, we deepen our listening to the needs of society in the week of corporate volunteering. In the Become a Petrol Santa campaign, we presented 300 children from socially endangered families.

Petrol's Family Day in 2019 took place at the Puppet Theater in Ljubljana. The event was attended by more than 250 families. Measures of the Family-Friendly Company to facilitate the reconciliation of work and family obligations also include a day off for employees on the first day of school for first-graders, a gift package for newborns (140 packages were awarded), the organization of an open day in the office building (33 children) and a one-week active summer vacation in nature - in the last week of August, 37 children spent their holidays in Pokljuka.

By participating in the project of comprehensive support to companies for active aging of the workforce (ASI), we recognize the potential, appreciate the experience, knowledge and diligence of older employees. We systematically invested in the education and development of older employees in eastern Slovenia (Ravne na Koroškem, Štore, Hrastnik and Lendava). A combination of strategic activities such as various preventive measures for a healthy age, promoting intergenerational cooperation, inclusion in educational programs for a particularly vulnerable group of older employees, individual treatment with an annual interview, listening and management support are the basis for effective management of older employees, which we also included in the strategy for dealing with older employees.

In 2020, we carried out corporate volunteering campaigns. We give back to society in the spirit of sustainability and self-sufficiency, focusing on campaigns in nature, landscaping and planting indigenous trees, shrubs and seedlings of vegetables and herbs. As many as 55 Petrol volunteers organized the surroundings of the kindergarten, the garden for the elderly in need, the zoo, the school, the castle, the fairytale land and the river embankment in seven campaigns across Slovenia. We also collected some disinfectants and masks for children in the humanitarian campaign. In the summer humanitarian campaign for the Association of Friends of Youth Ljubljana Moste-Polje, we managed to fill as many as 61 school bags for children from socially weaker families with the help of heartfelt employees with the call Become a Petrol School Friend.

Funds for donations and sponsorships in 2019 and 2020 (in EUR)



Some traditional activities to facilitate the reconciliation of work and family obligations in 2020 could not be realized due to the epidemic, so we replaced them with a theater play for children, stand up comedy for whole families and Petrol Santa Claus, all of which we could watch remotely.

The decrease in funds for donations and sponsorships in 2020 compared to 2019 can be attributed to coronavirus, as consequently fewer events took place, which also means fewer activations, and at the same time we reduced the amounts of some contracts or did not extend them.

With our sponsorship and donation projects, we have come to the aid of numerous humanitarian, cultural, sports and environmental projects that contribute to a healthier and more dynamic lifestyle and a higher quality of life. We donated food and fuel to various humanitarian organizations.

Petrol is traditionally present in winter sports. Within the Ski Association of Slovenia, we have been sponsoring all age categories of national teams in alpine skiing and biathlon for many years, and we also support Slovenian snowboarders. We cooperate with the Basketball Association of Slovenia and the largest Slovenian basketball club Cedevita Olimpija, the Football Association of Slovenia and the hockey club HDD Jesenice. In the field of individual sports, we are a sponsor of the Tennis Association of Slovenia and the Gymnastics Association of Slovenia.

We also pay special attention to motor sports. The presence in many sports is rounded off by the sponsorship of the Olympic Committee of Slovenia, with which in 2019 we also carried out a charity campaign for sports scholarships for young athletes. Through sponsorships, we also enable the operation and existence of some smaller local clubs in various sports. The most notable, most successful and also repeatedly awarded in 2019 was certainly Petrol's sponsorship of the European Volleyball Championship EuroVolley 2019.

We pay a lot of attention to personal sponsorships of the best and most promising athletes who represent Petrol's values and are united in the Petrol Team.

Last year, we also allocated sponsorship funds for conferences, symposia and events in the field of sustainable development, energy efficiency, e-mobility and for conferences in the field of management, marketing and public relations (Zlati kamen, City as a Lab, Days of Slovenian Energy, Portorož Business Conference, Slovenian Management Congress, Slovenian Marketing Conference and a few others).

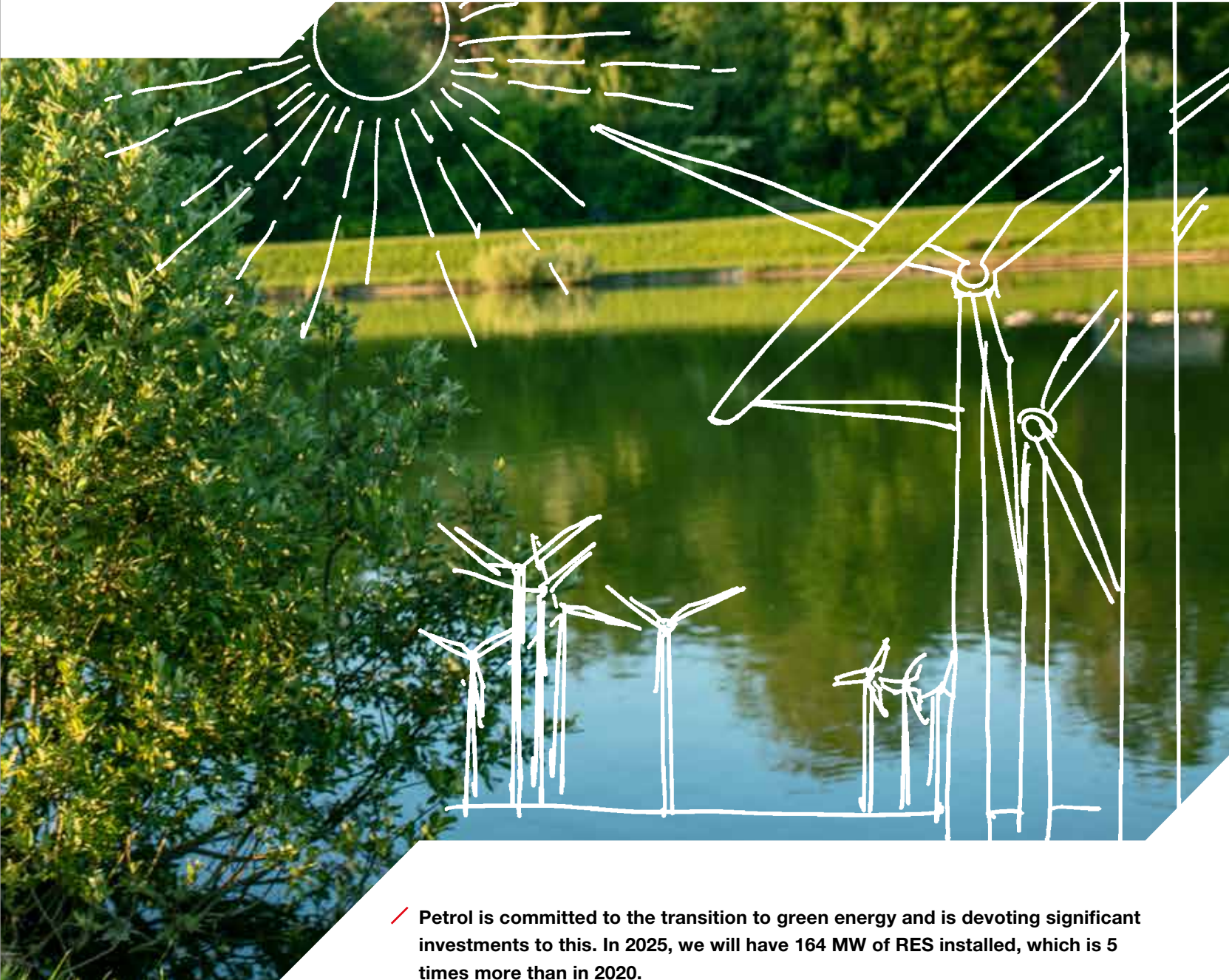
In the field of culture, we cooperate with the Ljubljana Festival and the Lent Festival and support the implementation of cultural events at the City Theater of Ljubljana, Cankarjev dom and other Slovenian cultural institutions.

Humanitarian projects in which employees are also involved

Petrol employees share common values and integrity with the social environment. Part of our social footprint are the activities of corporate volunteering, which we have been nurturing for the ninth year and within which we return to society with our voluntary work, knowledge and collection of material aid. For the tenth year in a row, in cooperation with the Red Cross and the Transfusion Institute, we carried out the humanitarian campaign Donate Energy for Life, and with donations throughout the year and the Our Energy Connects campaign at the end of the year, we supported numerous humanitarian projects of nonprofits.



At Petrol, we produce more electricity from RES than we use for own activity.



Petrol is committed to the transition to green energy and is devoting significant investments to this. In 2025, we will have 164 MW of RES installed, which is 5 times more than in 2020.



We operate two wind farms.



In 2020, we set up more than 200 solar power plants for the market.



Small hydropower plants produce around 30,000 MWh of electricity annually.

Management of natural environment

In our own activities



We regularly carry out the monitoring of our own activities:

- / wastewaters,
- / air emissions,
- / noise emissions,
- / leak detection in tanks,
- / fuel quality,
- / treatment of biodegradable waste, and
- / we prepare waste assessments.



We produce energy from renewable sources

- / wind power plants
- / small hydro power plants
- / solar power plants
- / biogas installations



We practice energy efficiency

- / we install best available techniques
- / we install glass on refrigerated displays
- / we carry out the modernization of indoor and outdoor lights
- / we carry out energy management of facilities



Water management

- / we recycle water in automatic car wash facilities
- / we clean wastewater with small wastewater treatment plants (wherever it is not possible to connect a sewage network)



We manage raw materials

- / sustainable management of packaging, priority management of service packaging
- / waste management



We preserve biodiversity

- / soil ecosystem
- / preservation of plant species
- / preservation of animal species

For the market



Platform Tango

- / Open aggregation used as a tool for business intelligence and artificial intelligence for integrated environmental management



Energy efficiency

- / achieving energy savings among final consumers
- / integrated energy management
- / district heating
- / combined heat and power
- / energy renovation of buildings
- / renovation of public lighting



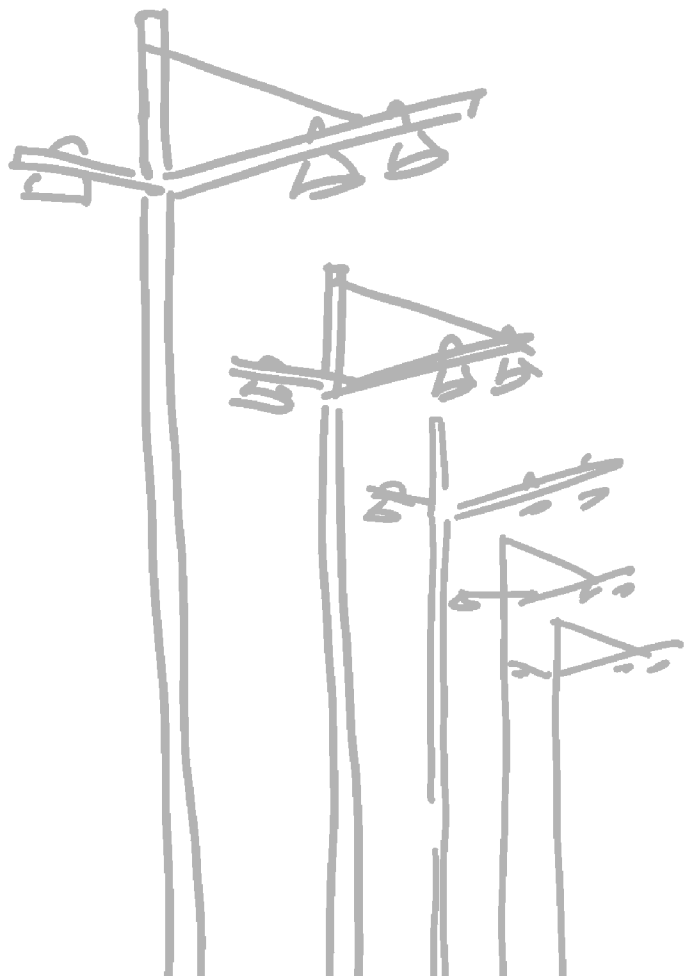
Sustainable energy mix

- / fossil fuels with lower carbon footprint
- / additives in fuels to reduce emissions
- / mixing biofuels (biodiesel) into petroleum diesel
- / smart solutions in the field of electromobility



Water

- / optimization of water supply systems
- / treatment of municipal and industrial wastewater



Strategic commitments to the natural environment

With its energy supply for life, the Petrol Group is integrated into all spheres of life. Economic and technological development and the modern standard of living also bring many environmental risks on various occasions, among which climate change is particularly exposed. The Petrol Group is aware of these risks and therefore acts proactively and responsibly in all areas. Not only do we comply to environmental legislation and regulations, but we also follow the best practice in the field of decarbonisation, and in many areas we also co-create the best practice together with our partners. Our challenge is to turn risks into opportunities. Therefore, on the path of decarbonisation we increase our own production of electricity from renewable sources, we contribute to energy independence, we make ambitious steps towards energy efficiency and the supply and use of low-carbon energy sources. Our steps are strategically gradual, as we are aware that too rapid transformation can lead to market instability and even energy poverty.

An important aspect of climate change management is the introduction of circular economy models, which prevent the generation of waste and return an increasing part of material flows to the cycle of use. We are introducing these models more and more ambitiously in the field of waste, water and energy.

Total quality management

Quality and excellence are embedded in Petrol's strategy. We are constantly upgrading and expanding our management systems. Petrol therefore has certified quality management systems (ISO 9001), environmental management (ISO 14001) and energy management (ISO 50001). In addition to certified systems, the integrated management system of the company also includes the requirements of the HACCP food management system, the occupational safety and health system ISO 45001 and information security system in accordance with the SIST ISO 27001 standard. Petrol is the holder of Responsible Care® certificates for the Responsible Environmental Management Program for the implementation of storage, logistics and retail network of service stations in Slovenia, FSC for wood chip production and ISCC, which ensures compliance sustainability criteria for biofuels in all links of the production and supply chain.

In the Petrol Group, concern for ensuring the highest quality is the basic guideline of operations. With our professional services and support, we have built and maintained the status of the leading oil institution in Slovenia, which also has a significant impact on the development and transfer of the most technologically advanced fuels to the Slovenian market. An important role in this process is played by the Petrol Laboratory, which is accredited according to the SIST EN ISO / IEC 17025: 2017 standard (General requirements for the competence of testing and calibration laboratories). In 2020, the

We take care of the development and transfer of the most advanced fuels to the Slovenian market.



Petrol Laboratory met the requirements of the new edition of the SIST EN ISO / IEC 17025: 2017 standard.

At the end of the year, the Petrol Laboratory had 54 accredited methods in the field of testing petroleum products.

Petrol also operates a Control Body accredited according to the SIST EN ISO / IEC 17020: 2012 standard (General criteria for the operation of various bodies performing control), which has accredited 20 test methods for the control of flow, tire pressure and equipment criteria under pressure, tightness of fixed steel tanks, control of the wall thickness of liquid fuel tanks, measurement of breakdown strength insulation of liquid fuel tanks and measurement of noise in the natural and living environment.

We also maintain management systems in our subsidiaries.

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 17025:2017 SIST EN ISO/IEC 17020:2012	ISCC*, POR**, FSC***, AEO****
Petrol d. o. o.	ISO 9001:2015	ISO 14001:2015	/	/	
Petrol d. o. o., Beograd	ISO 9001:2015	ISO 14001:2015	/	/	EN 45001
Petrol Geo d. o. o.	ISO 9001:2015	/	/	/	/
Beogas d. o. o.	ISO 9001:2015	/	/	/	/

* 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.

** 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.

*** Petrol d.d., Ljubljana is a holder of FSC certificate for the production of wood chips for heat. The FSC certificate, issued by the international non-governmental organization Forest Stewardship Council, promotes environmentally sound, socially beneficial and economically viable forest management.

**** AEO Certificate is issued by the Customs Administration of the Republic of Slovenia, which carries out the supervision and inspection of certificate holders. The certificate facilitates access to customs simplifications, fewer physical and documentary checks, preferential treatment in the event of controls, the possibility of choosing a place for such controls and the possibility of prior notification. 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.

100%
effort for
compliance

Environmental permits

At Petrol, we manage locations that require various environmental permits. There are three main groups of environmental permits.

Environmental permit for facilities that can cause large-scale environmental pollution (IED EP):

- / IED EP for waste processing, regarding emissions of substances into the air and water and for noise emissions for the Črnomelj Biogas Plant,
- / IED EP for combustion plants of Toplarna Ravne Environmental permit,
- / IED EO for cooling systems with Štore industrial water treatment plants.

Environmental permit for an installation in which dangerous substances are present in quantities that could cause a major accident for humans and the environment (SEVESO environmental permit *). Petrol has valid environmental permits for all SEVESO plants *: Storage facilities for petroleum products in Lendava, Rače, Celje, Zalog, TIS Terminal Installations Sermin, storage facilities for liquefied petroleum gas in Štore and Sežana.

Environmental permits for emissions to water, air, soil, noise and waste recovery:

- / EP for waste recovery, water emissions and air emissions for the Sludge drying facility Ihan;
- / EP for emissions into water are obtained or filed for the locations of service stations (petrol stations), where this is mandatory. There are currently 17 service stations that have valid environmental permits for emissions into water, mostly service stations with a car wash or a major municipal wastewater treatment plant and are not connected to the public sewer;
- / EP regarding emissions into water for central treatment plants (Murska Sobota, Mežica, Sežana, Ig);
- / EP for emissions to water are obtained for locations of service stations and warehouses, for locations where this is mandatory.

Notes:

* SEVESO plant is a plant in accordance with Directive 2012/18 / EU and the Environmental Protection Act, in which hazardous substances are present in quantities that can cause a major accident for people and the environment.

Environmental management system

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.

Committed to
4
fundamental
environmental
goals

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

- / All warehouses, service stations and other facilities will be ecologically upgraded;
- / Emissions of hazardous substances will be reduced to the minimum level possible;
- / We use natural sources and resources economically;
- / We work towards ensuring safe operation, thus preventing accidents, reducing the chances of their occurrence and limiting the consequences.

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 cooperation with state and other professional institutions,
- / by raising awareness and acquainting employees with Petrol's Quality and Environmental Management 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.

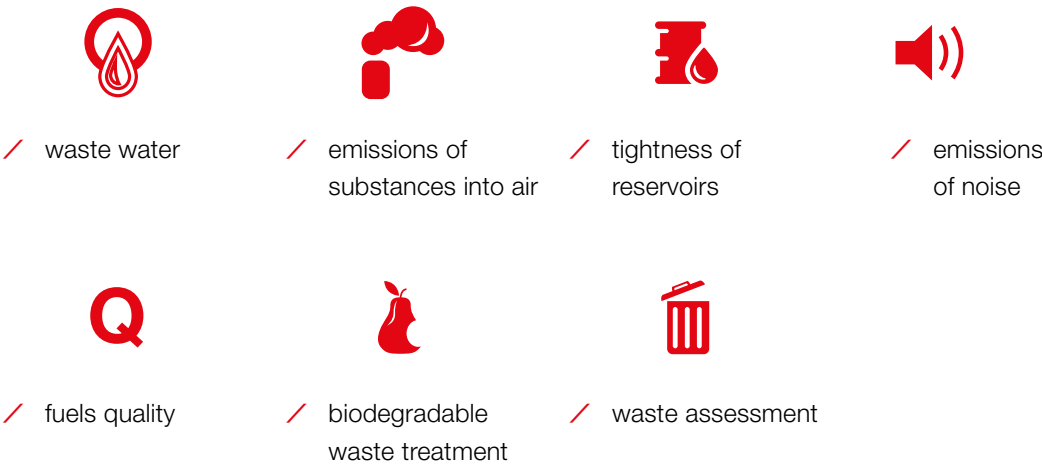
Responsible Care program

Petrol has acquired by now eight Responsible Care Certificates. 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



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;

We implement an integrated security system

- / 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.



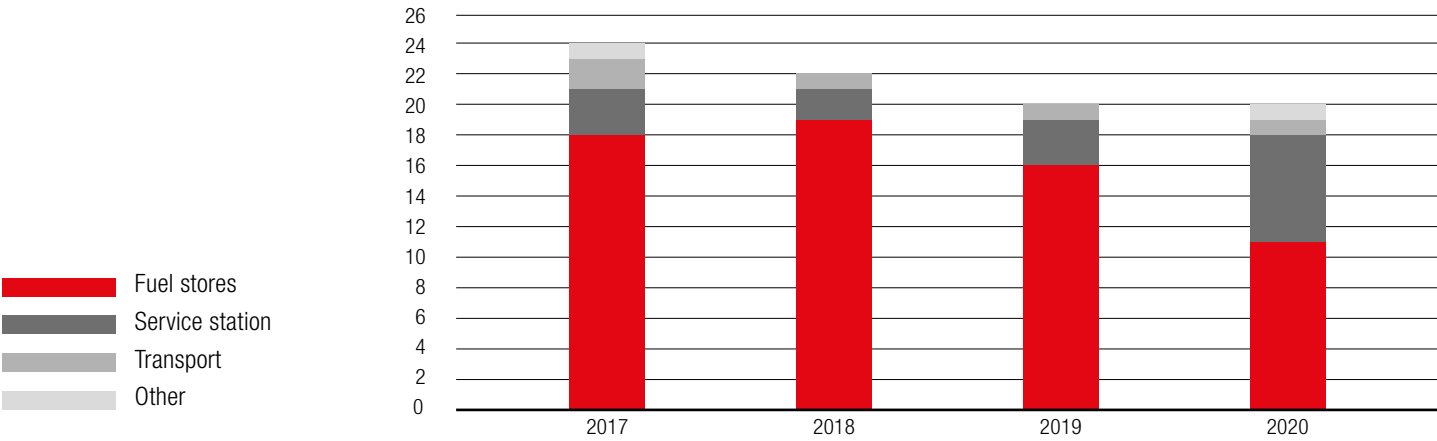
Emergency environmental events

In the category of environmental events, we included emergency events that represented typical scenarios of environmental accidents (leakage, spillage of hazardous substances), actually occurred and could have a greater impact on people or the environment, depending on the method of occurrence.

The presented events were managed at the scene, with technical and / or organizational measures, so that the environment was not significantly polluted. The category is therefore not to be understood in the strict interpretation 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.

Most of the events are related to spills, leaks or overflows on the transfer platforms of car filling decanting stations or transfer stations (airport, railway transfer station).

Number of environmental related emergency events per location in the years 2017–2020

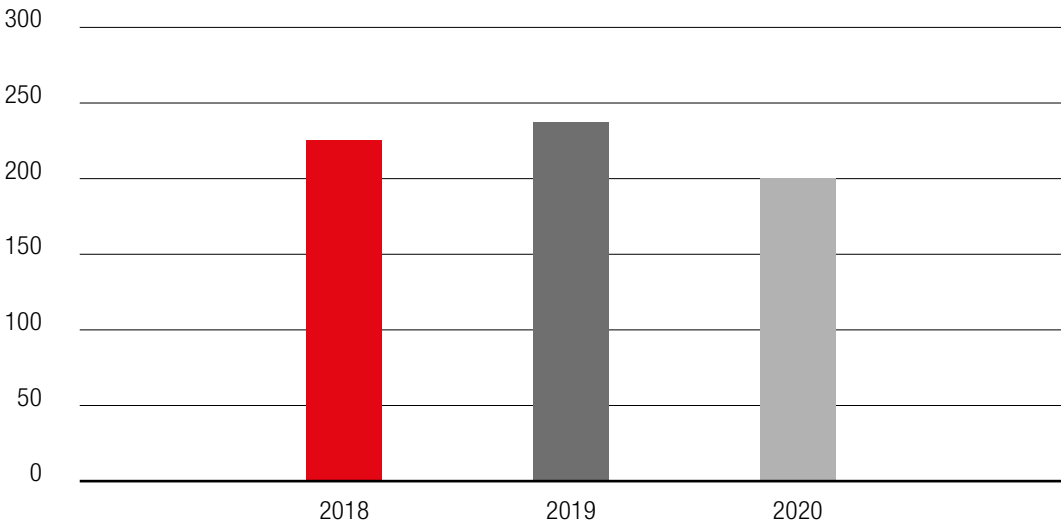


Two emergencies resulted in contaminated soil. Excavation of the soil was carried out at both locations, and its remediation (“ex situ”) is carried out within the framework of separate remediation projects in cooperation with an external expert partner. The remediation process is based on the physico-chemical and, above all, microbiological decomposition of the contaminant (hydrocarbons), which is a professionally recognized current solution for the management of contaminated soil with hydrocarbons. During the remediation process, hydrocarbons are converted into CO₂, H₂O, biomass and humus with the help of microorganisms present, along with supporting plants that provide a suitable environment for the soil remediation process. As part of monitoring the development of the microbiological community, analyzes of the profiling of the microbiological community with analyzes of phospholipid fatty acids of cell membranes of microorganisms (i.e. PLFA analysis) are also performed.

Due to inconsistencies in compliance with the issued instructions, especially by third parties (eg drivers) who perform activities at fuel depots, we implemented the Rules on Action, Conduct and Behavior at Warehouses and Terminals in companies under Petrol's management as a corrective measure in 2018. Petrol, which applies to employees, contractual and external partners.

Based on the rules, we implemented warning measures and ordered additional inspections of equipment, including a ban on entering the plant in the event of major deviations. We have introduced monitoring indicators and the findings are regularly discussed within the system channels.

Number of measures issued by the system Rules on Action, Conduct and Behavior at Warehouses and Terminals



We are committed to energy and carbon optimization

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.

In the future, we will give even greater importance to energy management and water management and work on the best, cost-effective practices. Our goal is to reduce energy and water costs in relation to the generated turnover, in order to achieve a competitive advantage in the industry.

The Petrol Group is committed to continuously optimise its business efficiency and to reduce costs of energy and water, to reduce its environmental impact and consequently its greenhouse gas emissions.

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

Energy use and energy efficiency

The Petrol Group in Slovenia uses several types of energy sources for its activities, with electricity accounting for the largest share. In 2019, we used a total of 40,176 MWh of energy, which is more than 4 percent more than in 2018. The higher use is due to the exceptional growth of the Petrol Group's operations. In 2020, total energy consumption amounted to 39,739 MWh. Sales fell due to the market shock caused by the Covid-19 pandemic, which was also reflected in the reduction of own energy consumption.

We are strategically increasing the energy efficiency of the Petrol Group's facilities via two approaches: major energy renovations and replacement constructions. Both approaches also involve the exploitation of renewable energy sources. In energy renovations, using modern technologies and materials, we reduce energy consumption by operation of the building up to 40 percent, while also increasing the share of renewable sources for heating the building. In the construction of new replacement facilities, we are pursuing even higher energy efficiency than in the renovation of existing ones.

In 2019 and 2020, we carried out replacement construction for the Lopata north and Litija - Brodarska service stations, and we renovated the Ivančna Gorica service station.

Energy use for Petrol's own business in Slovenia by type of energy in 2016–2020 and plan for 2021

Year	District heating in MWh	Liquid fossil fuels in MWh	Natural gas in MWh	Liquefied petroleum gas in MWh	Electricity in MWh	Energy total in MWh
2017	3,487	4,435	2,550	398	33,890	38,518
2018	2,097	3,919	1,342	561	30,605	38,524
2019	2,331	3,449	1,470	478	32,448	40,176
2020	2,310	3,338	1,369	462	32,260	39,739
Plan 2021	2,320	3,300	1,320	450	31,868	39,258

GOAL BY 2025: reduction of energy use by 1.5% per year

We offer alternatives to conventional petroleum energy products

Sustainable energy mix

Alternative fuels for the market

The goals of decarbonisation require the search for and use of alternatives to conventional petroleum energy sources. These are mainly low or carbon-free energy sources from renewable sources, such as wind, solar, water, etc. As their use is related to technological solutions, we will have to use conventional fuels for at least some time, despite significant shifts in the use of electricity as a driving energy source in transport. At Petrol, we are aware of the importance of alternative fuels, so in parallel with investing in clean and renewable sources (wind, solar and hydro energy), we are also actively looking for more environmentally friendly solutions for conventional motor drives. These undoubtedly include sustainable biofuels, natural gas, and partly also liquefied petroleum gas and electricity from RES.

Additional fuel additives

CO₂ and other emissions from the combustion of fuels in internal combustion engines can also be reduced by the use of conventional petroleum fuels (diesel, petrol). Additives and the use or combination with some advanced types of biofuels play a key role in this, with which we can make these fuels more environmentally friendly. This is evidenced by Petrol's Q Max fuel family, especially Q Max iQ diesel, launched on the market at the end of 2019, which reduces GHG emissions by 26 percent compared to conventional diesel fuels.

In 2020, we prepared a program for the renovation of existing additive packages, which will make it possible to achieve additional effects of reducing fuel consumption and reducing emissions.

With them, it will be possible to reduce consumption by up to 4.5 percent compared to standard fuels. The new packages will be used in 2021.

In addition to the standard offer fuels, Petrol is increasingly trying to satisfy the requirements of specific users. One such product is the use of diesel fuel in maritime transport, which must comply with the Marine Pollution Prevention Convention (MARPOL). It is in maritime transport that the requirements for the use of fuels with a high sulfur content have become much stricter. Petrol therefore offered its customers diesel fuel adapted to the requirements of use in maritime transport - Marine Diesel.

Biofuels

Biofuels are the most widespread group of alternative fuels and currently the key energy source for achieving the prescribed shares of RES in transport. In 2019, we purchased approximately 89,300 tons, and in 2020, 89,450 tons of biodiesel.

At the end of 2019, we started purchasing HVO (Hydrotreated Vegetable Oil) biofuel, and in 2020 we delivered approximately 1.8 million liters of this fuel, which was entirely intended

for the Slovenian market. HVO is produced by treating vegetable oils with hydrogen, and the result is top-quality fuel with a very stable chemical composition. It is very similar in its properties to standard diesel fuel, so it can be used as a stand-alone product or as an additive to diesel fuel, thus reducing the share of the fossil base of diesel accordingly.

Despite increasing the share of biofuel use in 2019 and 2020, Petrol failed to meet the required shares of RES, but achieved an active growth of RES in transport through an active policy of expanding the use of biofuels. In 2019, this share was just over 5% (e / e), in 2020 it increased to 7.86% (e / e), and we also managed to significantly increase the overall emission savings, from 2.7% at 3.7%. It should be noted that this was achieved almost exclusively through the use of biofuels. Most of these were placed on the market as an additive to diesel fuels.

Electrical mobility

We are developing new smart solutions in the field of electromobility and mobility services, which are becoming an important pillar of Petrol's sustainable and innovative operations.

- In 2020, we achieved the following results in Slovenia:**
- we handed over 795,183 kWh of energy at electric charging stations,
 - we installed 65 new electric charging stations,
 - we provided charging and management services at 103 AC charging stations and 40 DC charging stations,
 - additionally operate 27 AC charging stations.

Target for the Petrol Group by 2025:

- own 1,575 electric charging stations in its portfolio, of which 756 charging and handover services,
- operate approximately 4,750 vehicles, of which 10 percent electric.

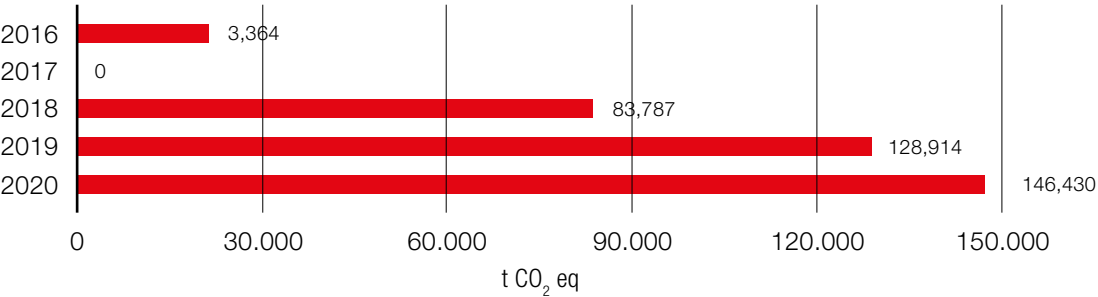
In Croatia, we provided charging and management services at 4 AC and 9 FC charging stations, and in Montenegro we provided charging and management services at 1 FC charging station.

With electric charging stations, we are present at 44 service stations in the region, other charging stations are located at tourist and shopping centers, municipalities, etc. These are mostly fast (up to 100 kW of power) or ultra-fast chargers (up to 350 kW of power), as these allow the vehicle to be charged faster and are used as a means of extending the range of the electric car when needed.

In 2020, we successfully continued to expand our long-term business lease of electric vehicles.

We have also added the Fleet Management service to the offer.

Reduction of CO₂ emissions of the Petrol Group in Slovenia due to the use of biofuels, LPG and electricity in transport in 2016–2020



Energy for heating and cooling

Natural gas and LPG

Natural gas is an energy source that plays an important role in the transition to a low-carbon society. Due to the lower carbon footprint, it is a suitable energy source for heating. Petrol acts as a supplier mainly to household and small business customers.

By investing in gas stations of large energy consumers, such as fuel oil or KOEL, we replace these energy sources with LPG and thus achieve positive effects on the environment. In 2019 and 2020, we set up seven gas stations: Kostanjevica na Krki Primary School (9,000 kg), Grobelno Primary School (9,000 kg), Kolektor CPG d. o. o. (9,000 kg), Municipality of Škofja Loka (9,000 kg), Hotel Tartini (44,500 kg), Mlekarna Planika (430,500 kg) and Bramac (360,000 kg).

Electricity for business customers and households

When selling to end customers in the B2B segment, we offer certificates of origin that the electricity consumed at their metering points was produced from a renewable source.

Customers can also opt for a specific source from which electricity was produced (wind, sun, water). For the segment of household and small business customers, we will develop this offer in 2021. From April to September 2021, we will supply customers in the B2C segment with electricity from renewable sources at no extra charge.



Renewable energy production

The production of electricity from renewable sources is one of the strategic activities for the future development of the Petrol Group, so we continue to develop and implement projects in the field of production of electricity from renewable energy sources for both own use and sale of electricity. As a regional provider of environmentally friendly solutions, we focused on projects in Southeast Europe. Petrol manages, builds and develops wind, solar and hydropower plants in locations where it is possible to exploit the potential of wind and sun in an economically efficient and environmentally friendly way.

Total installed capacity of RES in 2020: 33.5 MW.
Total planned capacity of RES in 2025: 163.8 MW

EXISTING PRODUCTION:	MW
Wind power plant Glunča (HR)	21.00
sHPP Petrol Power (BIH)	6.90
sHPP Petrol Hydropower (BIH)	5.00
Petrol Solar power plant on service station (SLO)	0.60
Total 31. 12. 2020	33.50
UNDER CONSTRUCTION	
Wind power plant Ljubač (HR)	30.00
sHPP STH Energy (SRB)	1.00
Total under construction:	31.00
PROJECTS UNDER DEVELOPMENT MW	
Solar power plant Suknovci (HR)	8.40
Solar power plant Vrbnik (HR)	4.70
Solar power plant Pliskovo (HR)	5.20
Solar power plant Lišane I (HR)	30.00
Solar power plant Lišane II (HR)	10.00
Solar power plant Tisno (HR)	6.00
Solar power plant - Petrol at BS (SLO, HR, SRB)	5.00
Wind power plant Dazlina	30.00
Total in development	99.30
TOTAL 2025	163.80

Wind and hydropower plants

In 2020, we started the construction of the Ljubač wind plant in Croatia near Knin, which includes nine wind farms with a total capacity of 30 MW. The expected annual energy production of the wind plant is 96 GWh. The completion of the project and the start-up of the Ljubač WPP will be in 2021. In Serbia, in 2020 we started building a small HPP Grajčić with an installed capacity of 1.0 MW and an estimated production of 3.2 GWh.

Wood biomass

In 2019 and 2020, Petrol operated 29 district heating systems: 16 as an optional public utility service on the basis of a concession, 10 ownership systems and 3 systems as a marketing activity.

Wood biomass is used as an input energy source in as many as 14 district heating systems. The share of heat produced from wood biomass alone represents more than 34 percent of the total amount of heat produced. We also manage 7 wood biomass boilers, where the equipment is owned by the customer, and Petrol takes care of the optimal operation of the heating system and the regular supply of wood biomass.

In 2020, we carried out a series of activities in 8 new projects, the first results of which will be in 2021.

Solar power plants

Solar power plants represent an increasingly important segment in the company's energy transition, as they are a carbon-neutral source of electricity production. In 2020, we installed more than 200 new solar power plants for households and small business users in Slovenia, a total of more than 9.3 MWp so far. For industrial customers, we are planning a market breakthrough in 2021 with the construction of several larger units, with an individual production capacity of around 1 MWp. For the needs of its own electricity production, Petrol is planning three larger units in Croatia (4.5 MWp, 5 MWp and 8 MWp). In 2020, we were in the phase obtaining building permits.



Year	Small photovoltaic power plants	Environmental savings	Small hydropower plants	Environmental savings	Wind farms	Environmental savings	Biogas
	v MWh	t CO ₂	v MWh	t CO ₂	v MWh	t CO ₂	v mio m ³
2016	2,464	1,141	17,019	8,339			5.9
2017	2,623	1,215	13,729	6,727	42,570	20,859	3.5
2018	2,159	1,000	27,488	13,369	47,149	23,103	5.0
2019	2,322	1,075	30,295	14,239	50,491	23,731	2.2
2020	2,044	946	22,725	10,681	43,577	20,481	2.6
Načrt 2021	2,153	997	30,261	14,223	98,300	46,201	2.0

Year	Electricity from bio waste	Environmental savings	Heat from biowaste	Energy from wood biomass	Environmental savings
	v MWh	t CO ₂	v MWh	v MWh	t CO ₂
2016	14,054	1,207	15,108	25,415	9,286
2017	7,090	1,285	6,800	26,069	9,525
2018	12,037	1,014	5,480	26,903	9,829
2019	5,119	1,091	0**	26,217	9,579
2020	6,640	961	0**	23,549*	8,604
Načrt 2021	5,000	1,012	0**	25,000	9,134

Energy production from RES in the Petrol Group in Slovenia in 2016–2020 and the plan for 2021

* Reduction due to the closure of hotel complexes, schools and kindergartens (Covid-19).
** Heat in Črnomelj is used for own production and is not monitored.

2015–2018 taken into account * Average factor of CO₂ emissions per unit of electricity in Slovenia for the period 2002–2016 amounts to 0.49 kg CO₂ / kWh (Source: Jožef Stefan Institute)
2019–2021 taken into account * Average factor of CO₂ emissions per unit of electricity in Slovenia for the period 2002–2019 amounts to 0.47 kg CO₂ / kWh (Source: Jožef Stefan Institute)

Energy renovation of buildings

In Slovenia in 2019 and 2020, the energy renovation of public buildings continued on a larger scale on the basis of the national program for the renovation of public buildings and with the support of cohesion grants. At Petrol, we implemented measures to reduce energy consumption and energy supply costs in several municipalities. The common denominator for all is the model according to which we energetically renovated 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.

The facilities that we have energetically renovated are: primary schools, kindergartens, sports halls, facilities intended for cultural activities, and business facilities. Special challenges were posed by buildings protected by the cultural heritage or copyright of the architect.

According to the principle of energy contracting, Petrol (in some projects together with consortium partners) has invested at least 50.1% of the required funds in energy renovations. Cohesion grants (40%) were obtained for eligible costs, the rest was contributed by the public partner.

In 2020, we performed energy contracting services for 341 facilities with a total area of 1,034,293 m², which is approximately 86 Petrol office buildings at Dunajska 50 in Ljubljana.

- Year 2019 ***
Number of projects: 6
Annual heat energy savings: 7,226 MWh
Annual electricity savings: 2,336 MWh
Environmental savings: 2,995 t CO₂ / year

- Year 2020 ***
Number of projects: 5
Annual heat energy savings: 7,554 MWh
Annual electricity savings: 1,493 MWh
Environmental savings: 2,591 t CO₂ / year

* Achieved savings taken into account in the savings of end customers.

Through partnerships, we help co-create low-carbon of the future.



✓ The recovery of the European economy after the pandemic will be strongly based on the energy renovation of the building stock as well as on increasing energy efficiency in the economy and in public infrastructure, where Petrol has numerous references.



DISnet-DH services help increase energy and environmental efficiency in 9 countries in the region.



In 2020, we performed energy contracting services for 341 facilities.



At Petrol, we are implementing measures to reduce energy consumption and energy supply costs in several municipalities.

Achieving energy savings among final consumers

In 2019 and 2020, we continued with the activities of ensuring energy savings among final customers (Decree on energy savings requirements ; Official Gazette of the Republic of Slovenia, No. 96/14), The Rules amending the Rules on the Methods for determining Energy Savings, Official Gazette of the Republic of Slovenia, No. 14/17). We achieved the most energy savings:

- with energy efficiency measures in the public sector: comprehensive renovations of buildings, replacement of hot water boilers, installation of heat pumps, heating optimization, replacement of lighting in buildings, installation of advanced metering systems and introduction of energy management;
- energy efficiency measures in industry and multi-apartment buildings: with the installation of energy efficient electric motors, replacement of hot water boilers, installation heat pumps, renovations of the distribution network of the district heating system and installation of advanced metering systems.

We continued to add additives to fuels, but due to the method of calculating and recognizing energy savings, this measure no longer brings the greatest energy savings.

We also achieved efficient energy use and energy savings through the following measures:

- by renovating indoor lighting at service stations, by installing heat pumps and waste heat recovery systems and replacing refrigerators and glazing refrigerated display cases at service stations,
- with optimal tire inflation in TipStop Vianor service workshops,
- by selling energy-efficient household appliances and electric bicycles.

In 2019 and 2020, the Energy Agency checked the achieved energy savings. As part of the two reviews, a total of 145 randomly selected energy efficiency measures or projects were reviewed. It was confirmed that savings implemented were achieved, and the evidence shows a contribution to the realization of the achieved and reported savings in accordance with the Regulation. With achieved energy savings and enforcement surpluses from previous years we covered the mandatory energy savings for the period 2015-2020.

In October 2020, the new Energy Efficiency Act (ZURE) was adopted. For the sake of transparency, the contents on energy efficiency have been transferred from the Energy Act (EZ-1) to the new Act. ZURE brings higher liabilities to liable subjects in the transport sector, as it gradually increases the obligation to achieve energy savings for suppliers of liquid fuels in transport (from 0.25% in 2020 to 0.80% in 2026). Thus, in 2026, the obligation for liable subjects in all sectors to achieve energy savings with final customers will amount to 0.80% of energy sold in the previous year.

Achieved energy and environmental savings for final customers in 2015-2020 in Petrol d. d., Ljubljana

Year	The amount of energy sold end customers	Mandatory energy savings	Quantitative energy savings – after review by the Energy Agency (2019, 2020) *	Environmental savings **
	MWh/Year	MWh/Year	MWh/Year	t CO ₂ /Year
2015	14,336,672.89	37,734.60 ^a	156,564.26	38.282,49
2016	14,158,244.58	41,705.01 ^b	29,166.59	7.940,13
2017	15,426,175.74	41,120.44 ^b	30,467.08	8.805,17
2018	15,180,486.77	54,974.13 ^c	72,387.06	17.545,12
2019	16,224,277.98	51,737.68 ^c	46,376.87	10.101,11
2020	14,528,782.11	59,498.03 ^c	28,884.77***	8.998,38***

* Calculation of energy savings: difference between uses energy source before the introduction of the activity and after it in MWh / year.

** Environmental savings are expressed as the sum of emissions savings due to reduced use and due to energy replacement.

*** Report submitted on 31 March 2021.

a 0.25% of the amount of energy sold in 2014.

b 0.50% of energy sold and 0.25% of fuel sold in 2015 and 2016.

c 0.75% of the amount of energy sold and 0.25% of the fuel sold in 2017 to 2020.

Notes:

With the merger of Petrol Energetika d. o. o. in Petrol Geoterm d. o. o. is Petrol d. d. also assumed the obligations of these companies.

In 2019 and 2020, less energy savings were achieved due to fewer energy solution measures in industry and a lower recognized savings factor in the equation for calculating energy savings for the fuel addition method.

Due to the Covid-19 epidemic (movement restriction measures), lower energy sales in 2020 were due to lower sales of liquid fuels in transport.

Tango Technical Information System

To simplify the management of energy and environmental solutions, Petrol has developed its own IIoT (Industrial Internet of Things) platform Tango, which solves the challenges of modern business and the digitalisation of energy and environmental solutions. With Tango, we help ourselves and our partners improve energy efficiency and work processes in smart infrastructure, smart cities and smart industry.

In 2020, we used Tango in 7 district heating systems, 7 water supply systems, 17 efficient lighting systems and 25 energy management projects, with which we are present in 32 Slovenian municipalities for the needs of energy accounting. Tango is already in use or is in the process of being introduced for control and monitoring of industry, wastewater treatment and renewable energy sources (solar, wind, small hydro power plants).

The Energy Agency confirmed the contribution of the savings achieved.

Optimization of district heating systems

With DISNet-DH services, we help increase energy and environmental efficiency in 9 countries in the region (Slovenia, Austria, Italy, Croatia, Bosnia and Herzegovina, Serbia, Bulgaria, Romania and Russia). We cooperate with 27 major district energy systems (Ljubljana, Velenje, Maribor, Vienna, Bolzano, Zagreb, Osijek, Sisak, Tuzla, Belgrade, Novi Sad, Sofia, Plovdiv, Arad). Together, we help our customers optimize the production, distribution and consumption of more than 17 GW of customers' heat output in real time.

Technology plays a key role in the management of district heating networks, especially the Internet of Things (IoT), advanced analytical tools and machine learning models. With our services, we help customers optimize investments in the development and renovation of district energy systems and reduce operating costs. The key "operations" in the management and control of the operation of district energy systems and water supply systems are the forecasting of quantities and the optimization of production capacities.

In 2020, we continued the contractual services of optimization and management of 11 real-time district heating systems. It should be noted that we manage a large amount of data in all 11 systems, for which we prepare 17 predictive models. In one of the systems (ENMB), in addition to forecasting the required quantities (energy), we also optimize the operation of production facilities on the basis of the economic and technical target function (profit maximization).

We continued with the optimization of business processes in the company Energetika Maribor, where we enable a unified way of managing and controlling operations in near real time with the help of the IIoT platform Tango, advanced analytics and machine learning.

Implemented projects or projects in progress in the field of district heating system optimization in 2019

- Project: 1
- Total quantitative energy savings: 807 MWh / year
- Total environmental savings: 149 t CO₂ / year

Implemented projects or projects in progress in the field of district heating system optimization in 2020

- Total projects: 10
- Total quantitative energy savings: 121,167 MWh / year
- Total environmental savings: 25,504 t CO₂ / year

Heat produced and project savings for the market in 2019

- Total projects: 8
- Total quantitative energy savings: 1,392 MWh / year
- Total environmental savings: 386 t CO₂ / year

Heat produced and project savings for the market in 2020

- Total projects: 0

We operate
11
district heating systems.

Public lighting renovation

Public lighting systems are one of the most important infrastructures of every local community or city. Lighting infrastructure can also be one of the most important elements in the development of a smart city. Efficient and energy-saving public lighting provides light comfort for users of public areas, greater traffic and general safety, reduces energy use and at the same time reduces greenhouse gas emissions and light pollution. We provide cities and regions with the necessary investment capital and knowledge in this field. We assume all risks of proper implementation of the entire project and ensure the achievement of savings and other important contractual parameters, such as lighting, proper maintenance and management of lighting infrastructure.

In 2019 and 2020, we carried out the optimization of public lighting in the municipality of Izola in Slovenia. We also supplemented the systems that we have been successfully managing for several years, such as in the municipalities of Bled, Koper, Črnomelj and elsewhere.

In Croatia, we have successfully completed the renovation of public lighting in the municipalities of Kraljevica, Pušča, Sveti Ivan Zelina, Podbablje and Zagvoz, and in Serbia in the cities and municipalities Sečanj, Priboj and Vrbas.

Together, we operate 23 public lighting systems or over 45,000 public lighting luminaires, which illuminate more than 2,000 km of roads and public areas. Annual electricity savings from Petrol's energy efficient public projects lighting exceeds 17,000 MWh.

We operate
23
public lighting systems.

Year 2019 *

- Total projects: 3
- Total quantitative energy savings: 4,225 MWh / year
- Total environmental savings: 2,871 t CO₂ / year

Year 2020 *

- Total projects: 6
- Total quantitative energy savings: 5,682 MWh / year
- Total environmental savings: 3,896 t CO₂ / year

* Achieved savings taken into account in the savings of end customers

Drinking water

Water has value, which is why Petrol saves on drinking, sanitary and technological water in several segments. We monitor the consumption of drinking water and in case of increased consumption we check the causes and take action. When building new and renovating older facilities, we use technologies that enable the saving of drinking water.

Drinking water use and joint use of recycled and reused water of the Petrol Group in Slovenia and the plan for 2021

Year	Drinking water use in m³	Recycled and reused water sharing *
2017	248,492	68,733
2018	221,718	71,831
2019	222,010	74,342
2020	214,405	57,489
Plan 2021	230,000	75,000

* Water for car washes

Tap water

The Chamber of Municipal Economy is among those who are raising awareness that tap water is a healthier choice than bottled water and a much better alternative than sweetened and carbonated drinks. Organizations that promote drinking tap water are invited to sign the Commitment to the **Tap Water Certificate**. By signing the commitment to the Tap Water Certificate, Petrol also formally committed in 2020 to offering drinking tap water in business premises and at events we organize.



From left: Alenka Ott Šaponia, Head of Sustainable Development at Petrol, Nada Drobne Popović, President of the Management Board of Petrol, and Lucija Kavkler, Compliance Manager for Environmental Protection and Sustainability at Petrol.

Water circuit management for the market

Increasing the efficiency and economy of drinking water supply is one of the important efforts of European countries. At Petrol, we have developed the DISNet-WS service, which enables operators and decision-makers to dynamically monitor the KPIs of the efficiency of drinking water supply management by digitizing the water supply system. With the support of digital twins and KPIs, the energy and environmental efficiency of water supply operations and the efficiency of water loss management are improved. This ensures greater operational safety and reduces the risks of compliance and health suitability of drinking water from the water source to the point of consumption at the user.

In 2019 and 2020, we successfully acquired and implemented several projects in the field of digitalization of water supply system management in Slovenia. As part of the ELENA project, co-financed by the EBRD, we conducted a study of the digitization of water supply in the management area of Komunala Novo mesto, updated the telemetry system and upgraded the management control center.

As part of the DP-DEUP integrated energy management project, we established digital twins in KP Ptuj and KP Idrija and developed the concept of a system for efficient monitoring and dynamic management of electricity consumption. We participated in the development of the conceptual design of the project for the irrigation of the Upper Vipava Valley. We are successfully supporting projects for the digitalization of water supply management in Komunala Kranj, Mariborsko vodovod and Komunalna podjetje Trbovlje. We have concluded multi-year contracts with JP VOKA SNAGA Ljubljana and the Velenje Municipal Company for the support and updating of our digital solutions.

In Croatia, we acquired and implemented the first project, where we digitize the operation of the water supply system in real time with the services DISNet-WS Međimurske vode.

This helps to increase energy and environmental efficiency and reduce water losses. In Montenegro, we successfully implemented a pilot project to reduce water losses in ViK

Podgorica, where we have established a system of control over water losses in the area of two water supply areas. We successfully implemented a similar project in Arad (Romania), where, in addition to the study of the digitalization of the water supply system, we also carried out a pilot project for the control of water losses. In Bulgaria, we have completed the implementation of the DISNet-WS Tango platform in Sofiyske vode, which is intended for monitoring water losses in real time.

In years 2019 and 2020, with DISNet-WS services, we are present in 5 countries in the region (Slovenia, Croatia, Bulgaria, Romania and Montenegro), where we cooperate with 13 major drinking water supply systems.

We digitize real-time management for our customers and optimize more than 10,000 km of water supply network, with more than 1,200,000 users and more than 280,000 water meters, which together produce and distribute over 117 million m³ of drinking water, while reducing water losses by 3.5 million m³ per year.

- Service projects in the field of digitalization of plumbing systems in 2019: 5
- Service projects in the field of digitalization of plumbing systems in 2020: 8
- For three management projects in 2020, we achieved: 3,300,000 m³ of water savings

Wastewater management

In the field of wastewater, the Petrol Group uses the latest wastewater treatment technologies, professionally monitors the operation of devices and optimizes them in terms of costs. The professional competence of management teams, their cooperation and the transfer of good practices are extremely important. We want to connect as many locations of service stations and warehouses as possible to the public sewerage system. Where this is not possible, wastewater is treated in small municipal wastewater treatment plants.

When installing new small municipal wastewater treatment plants or replacing them where necessary due to outdated technology and equipment, we introduce the latest biological treatment technologies, such as cleaning with attached biomass on floating carriers and cleaning on a plant treatment plant. We currently operate 49 small municipal wastewater treatment plants at the locations of service stations and warehouses of petroleum products in Slovenia. We regularly monitor the operation of each small treatment plant, perform internal control analyzes and manage them. We carry out the prescribed operational monitoring at all locations - all small municipal wastewater treatment plants provided the prescribed limit values at the outlet.

At the Lesce service station, we had a built-in septic tank for collecting municipal wastewater from toilets. In 2020, we abolished the septic tank and installed a plant treatment plant, which is suitable for smaller facilities and has a pleasant appearance.

We installed a plant treatment plant at the Lesce service station.



Municipal and industrial wastewater treatment

Petrol manages four concessions for the treatment of municipal wastewater. These are municipal treatment plants at the locations of Murska Sobota with a capacity of 42,000 PE, Mežica 4,000 PE, Sežana 6,000 PE and Ig 5,000 PE. Petrol d. d., Ljubljana is an important partner in the company Aquasystems d. o. o., which treats municipal wastewater in the municipality of Maribor with a capacity of 190,000 PE.

Municipal wastewater treatment plants, which we manage, treat wastewater through various stages of treatment to the extent that it is suitable for discharge into the watercourse or into the environment. The treated water is partially reused in the technological process of cleaning, namely for washing hardware such as coarse and fine rakes, machine sludge thickening, flocculant preparation and for surface cleaning. After use, the process water is collected in the internal sewage system and re-treated at the municipal treatment plant.

We operate three industrial treatment plants , namely Paloma, Vevče and Petišovci.

4
municipal
wastewater
treatment
plants

3
industrial
treatment
plants

The amount of treated municipal and industrial water in the years 2016-2020

Year	* Municipal wastewater m³	** Industrial wastewater m³
2016	4,605,389	2,211,340
2017	3,490,086	1,901,150
2018	5,551,890	1,852,181
2019	3,465,425	1,904,396
2020	3,275,873	1,670,368
Plan 2021	3,400,000	1,753,100

* Data for the municipal wastewater treatment plant in Murska Sobota, Mežica, Ig and Sežana.
** Data for the industrial treatment plant in Paloma, Vevče and Petišovci.

Industrial treatment plant in Papirnica Vevče

As a contractor, Petrol provides wastewater treatment and regular maintenance services at the industrial treatment plant in Papirnica Vevče. During the treatment of industrial wastewater, paper sludge is generated in the annual amount of 5,000 to 6,000 tons, which is handed over for further use to the Port of Koper d. d. and Termit d. d.

The Port of Koper has developed the use of paper sludge to cover the coal dump, thus preventing the raising of coal dust. In the company Termit, they make soil from paper sludge, which they use to cover or rehabilitate day pits. We also produce electricity, heat and quality fertilizer from biodegradable waste in biogas plants.

At Petrol, we operate in accordance with the principles of the circular economy, which means that we close material and energy loops and thus reduce waste generation.

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.

We annually use about 170,700 m³ of raw water from Voglajna. In the decarbonization process the water taken is improved in quality, treated and added to various industrial systems. In systems where water does not come into contact with the workpiece, it is only cooled. Annually in a closed system it rounds off about 15.56 million m³ of cooling water. Where water comes into contact with the workpiece, it is first treated and then cooled, and annually in a closed system it rounds off approximately 2.05 million m³ of cooling water.

With a closed system and treatment of industrial water, the removal of raw water from the watercourse is reduced by about 17 million m³.

Treatment and re-use of treated industrial water in Štore in the years 2017–2020 and forecast for 2021

Year	2017	2018	2019	2020	Plan 2021
m³	2,497,889	2,208,893	2,005,000	2,047,000	2,100,000

Air emissions

Petrol's concern for air quality is also linked to its 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. We take care of the constant reduction of emissions of harmful substances by continuously updating the equipment and installing new systems in accordance with the guidelines of the best available technologies.

Closed fuel transfer systems at fuel storage facilities

We ensure the installation of two-stage vapor recovery units (VRU units) in fuel depots, thus reducing the level of emissions of volatile organic compounds into the air to a minimum. Significant system upgrades in 2017–2020 were carried out at the Sermin installation terminal and in the warehouses of petroleum products in Zalog and Rače.

Further upgrades are also planned for the period 2020-22, with a significant increase in vapor treatment capacity.

The total emission of volatile organic compounds into the air is significantly below the limit value. Renovated and newly built tanks are equipped with internal floating membranes, effective sealing between the membrane and the tank wall and fixed free-standing aluminum roofs. This effectively reduces air emissions.

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).

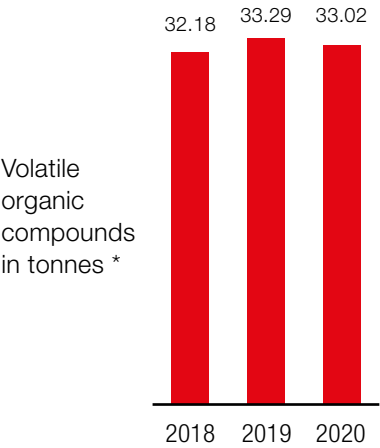
Total emissions of volatile organic compounds into the air from storage facilities where petrol is stored and operated by Petrol d. d., Ljubljana, was estimated at 33,023 kg of petrol in 2020, which is significantly below the prescribed limit value of 0.01% by weight of petrol.

Vapor capture and treatment

When handling and transporting fuels, we have a unit for processing the vapor phase or vapor (Vapor Recovery Unit) installed in the system with the petroleum storage. Basic task of the VRU device is to liquefy petrol vapors. The vapors are treated in two stages (membrane separation and adsorption), which ensure that the emissions of volatile hydrocarbons into the air are significantly lower than the permitted emissions.

Emissions of volatile organic compounds to air in the Petrol Group's warehouses of petroleum in Slovenia are significantly lower than the prescribed limit value.

Emissions of volatile organic compounds into the air at the Petrol Group's warehouses in Slovenia in 2018–2020



* The calculation is based on statutory emission monitoring and estimation according to the EPA TANKS 4.0 method.

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 service stations.

The key components of all vapor treatment systems are regularly inspected and maintained to ensure optimum performance.

Fluorinated greenhouse gases

In accordance with the Decree on the use of ozone-depleting substances and fluorinated greenhouse gases, we perform management, control, maintenance and keep records for equipment containing fluorinated greenhouse gases. In the coming years, we will further optimize the use of fluorinated greenhouse gases by replacing high GWP * gases with appropriate alternatives.

In 2020, Petrol d. d. Ljubljana caused 3,669 tons of CO₂ emissions from the operation of plants and equipment containing fluorinated greenhouse gases (emissions of fluorinated greenhouse gases are expressed in tonnes of CO₂ due to the comparability of effects between different types of gases).

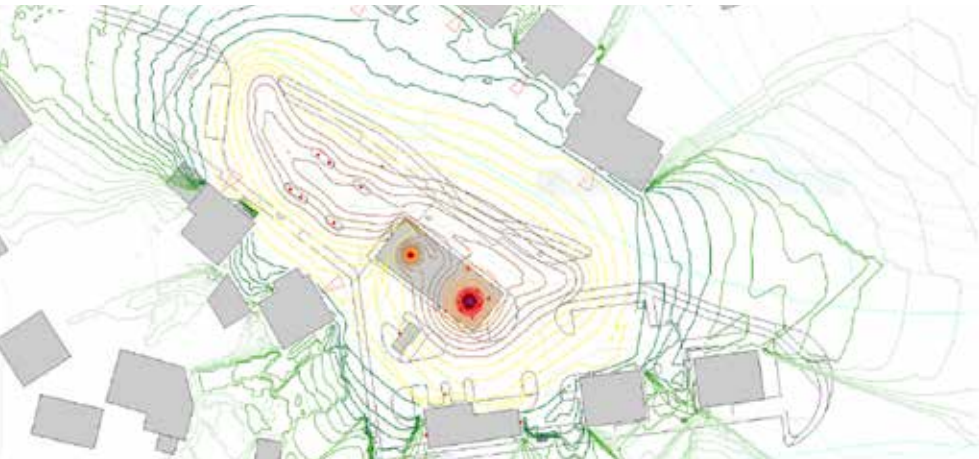
* GWP is used as a parameter to indicate how stressful the warming gas is. It is calculated as the potential of one kilogram of fluorinated gas per heating in 100 years compared to one kilogram of CO₂.

Noise emissions in the environment

At Petrol, we control the noise emissions of our activities in the environment. We assess noise pollution of individual areas and implement measures to reduce it. Noise pollution is determined in accordance with the Decree on limit values for noise indicators in the environment. We use an acoustic 3D model, taking into account the spatial characteristics, the buildings and the nature of the land relief.

In accordance with the defined legal guidelines, as part of the implementation of operational monitoring, we annually provide an estimate of noise emissions at approximately 60 locations. Based on the results, we implement the necessary organizational and technical measures. In 2020, we did not detect any exceedances of the permitted values, nor did we receive any complaints from the interested public.

Basic display of the noise pollution at a Petrol service station



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.

Our goal is accident-free operation, so we carry out strict preventive activities. These are supported by continuous theoretical and practical training of employees and contractors for safety (both in the field of fuel handling and transport), regular preventive maintenance of safety-relevant devices, the implementation of legally required or professionally required inspections and checks of safety devices and consistent implementation of the safety management system, which we assess and, depending on the established situation, take corrective and preventive measures to improve the state of the safety culture at the locations and in the company Petrol.

Remediation of excavated soil

Due to soil pollution with hydrocarbons, in cooperation with experts from Ikema d. o. o. we obtained the opinion that we can successfully carry out the remediation of excavation. We set up a test field for soil processing. The remediation process is based on the physico-chemical and microbiological decomposition of the contaminant (hydrocarbons). The goal of soil remediation is to make the excavation of hydrocarbon-contaminated soil suitable for filler input at construction sites.

Waste reduction

Responsible handling of substances is based on prevention, ie on reducing waste generation. As a major retailer of consumer products, we are aware of the importance of more sustainable packaging and responsible handling of packaging throughout the life cycle.

Steps to more sustainable packaging and circular loops

In the area of fresh food supply in Fresh stores, we removed the packaging of sandwiches and bags from composite materials. Due to measures related to Covid-19, we have been forced to repack sandwiches in the display case since May 2020. We optimized the preparation of items where there was a higher percentage of write-offs (salads, smoothies), which also resulted in a larger amount of packaging waste.

By abolishing the Fresh sandwich banner in February 2019 and reducing the weight of Fresh burgers and pancakes boxes in November 2019, we reduced paper and board consumption by 2.75 tonnes per year.

Compared to 2018, the specific weight of biodegradable catering waste on written-off Fresh products decreased by 7 percent.

When replacing vending machines for coffee on the go, we test-integrated code readers, which enable customers to use their own packaging, which we encourage with a lower price of the beverage. We started the project in 2020 and it is expected to be completed in the middle of 2021.

We also conducted research on the introduction of compostable and paper coffee cups on the go, which would reduce the carbon footprint of our packaging. The results showed that the project would not be commercially and environmentally successful.

In 2020, we also started activities for a new offer, namely pouring drinking water into own packaging. The project is in the test phase and we will undoubtedly expand it in case of good responses.

Less disposable plastic packaging among employees

My Cup was an initiative to encourage employees in 2019 to use their own coffee cup on the way out of the vending machine. At the same time, we implemented three more sustainable measures that exemplify the user habits of employees. We excluded from the internal ordering for the needs of the company the purchase of all beverages in plastic bottles and bottled water, at the same time gifted the employees with glass bottle for water, and equipped meeting rooms with glasses and jugs.

2,75
tons less
paper and
cardboard per
year

Test withdrawal of plastic refueling gloves

At service stations, plastic gloves are available for refueling; though very durable, they are being used for a maximum of a few minutes. Per year at Petrol service stations customers use more than 11 million disposable plastic gloves. After use, they are mostly disposed of in mixed municipal waste, but many of them end up in the environment or in the vicinity due to weather influences and user behavior. They are also often found in the sewage system at service stations, where they cause negative effects on wastewater management.

In September 2019, we decided to test the withdrawal of disposable plastic gloves for refueling at ten service stations. As an alternative, we offered paper towels, and we also recommended washing of hands and use of own permanent gloves.

Customer response showed that they are not yet ready for the complete withdrawal of gloves, so we continued to raise awareness and take measures to reduce the use of disposable plastic gloves.

Waste management

Integrated waste management is one of the important areas of sustainable development of the Petrol Group, as it affects not only the protection of the environment, but also the economics of operations. We place great emphasis on waste prevention and efficient separation of waste at source.

The diversity of our activities and service stations affects the diversity of the waste we handle and manage.

At all Petrol locations, waste is separated at source. Our employees are familiar with the rules of waste separation and actively participate in the prevention of environmental pollution.

We are also raising the awareness of customers at our service stations regarding the correct method of separate waste collection. The biggest challenge for us is the motorway rest areas where passengers in transit stop. Due to their poor understanding or careless attitude, the waste is not properly separated, resulting in a larger amount of mixed municipal waste.

In order to reduce the negative impact of waste on the environment, in 2020 we introduced a pilot project to optimize customer waste management at service stations, with which we want to ensure that customers separate waste properly. Everything necessary for additional manual sorting of waste at our service stations has also been established. We have prepared instructions for waste management for tenants of premises and service providers who carry out various activities that generate waste at our locations. We also carried out a paperless business project, in which we digitized the forms that employees at service stations previously had kept manually in paper form.

**Pilot project for
optimization
of customer
waste
management
at service
stations**

Hazardous waste generated during tank cleaning

Petrol generates hazardous and non-hazardous waste due to equipment maintenance, disposal of worn-out equipment, renovations and reconstructions of facilities, implementation of activities, etc. The activity of cleaning tanks and checking the tightness of gas tanks and pipelines generates large amounts of various liquid hazardous wastes, such as oily water, mixtures of petroleum products. Part of this waste is collected independently as an authorized waste collector and handed over to authorized waste processors.

Ecological points at service stations

At service stations, we have a well-arranged space for waste, which is used for the temporary storage of hazardous and non-hazardous waste. Special containers for separate waste collection of appropriate volumes and standardized forms are installed in it, which are appropriately marked. The waste area is maintained, it does not contain equipment or materials that are not related to waste management procedures in regular operations or in the event of spills and other extraordinary events. There are also no sources of ignition in this area to ensure fire safety.

At service stations, we also enable separate waste collection for customers. Waste can be disposed of in separate collection containers on dispensers, at the entrances to service stations, at rest areas and elsewhere.

Waste management in the Petrol Group in Slovenia in 2016–2020 and the plan for 2021

Year	2016	2017	2018	2019	2020	Plan 2021
Collected mixed and biodegradable municipal waste (t)	3,168.0	3,573.0	3,796.0	3,947.8	3,671.5	3,850.0
Waste paper (t) 15 01 01	461.4	471.9	454.2	469.9	451.8	460
Waste plastics (t) 15 01 02	133.8	138.2	125.8	126.4	132.6	130
Biodegradable waste (t) 20 01 08	146.1	215.3	322.8	351.8	237.1	400
Other non-municipal waste (t)	14,797.4	13,550.0	15,131.1	17,513.7	19,801.7	19,000.0
Total non-communal waste (t)	15,538.7	14,375.4	16,033.9	18,461.8	20,623.1	19,990.0
Collected waste oils (t) 13 01 07 and 13 02 05	45.8	31.4	63.1	34.3	34.5	35
Waste batteries (t) 16 06 01	31.5	21	20.9	19.7	16.1	16
Hazardous waste remains (t)	1,123.0	1,056.0	1,474.0	2,059.2	2,661.6	2,700.0
Total hazardous waste (t)	1,200.3	1,108.4	1,558.0	2,113.2	2,712.3	2,751.0
Total all waste (t)	19,907.0	19,056.8	21,387.9	24,522.8	27,006.9	26,591.0

Initiative to the legislator

As a member of the Commission for the Environment within the Slovenian Chamber of Commerce, the Chamber of Commerce and of Industry of Slovenia and the Economic

Interest Association in the field of packaging and packaging waste (ODEM GIZ), we actively participated in public hearings on environmental legislation and policy making in the field of waste management.

We highlighted to the Ministry of the Environment and Spatial Planning the issue of different understandings of the definition of placing on the market by different stakeholders, which is why environmental reporting is not carried out in a uniform manner. Environmental records in Slovenia are therefore inadequate, which makes it difficult to achieve environmental goals at all levels of operation. We called on the Ministry of the Environment and Spatial Planning to clarify the meaning of the definition and ensure that the requirements arising from it are implemented equally by all stakeholders.

Transport and distribution

In logistics, we follow the priority engagement of railway transport. In road transport, we pursue greater utilization of the vehicle fleet and encourage contractual partners to purchase vehicles with lower emissions.

Transport of fuels for own activity in 2016–2020 and the plan for 2021

Year			2016	2017	2018	2019	2020	Plan 2021
Diesel 1	*	in l	1,617,559	1,758,852	1,820,797	1,620,651	1,365,778	1,500,000
Diesel 2	**	in l	2,156,521	2,322,077	2,373,687	2,392,240	2,101,292	2,250,000
Diesel 3	***						20,734	
Electricity		in MWh	7,793	8,543	7,920	7,896	7,407	7,300

- * Only warehouse to service stations (retail).
- ** Data is for small and large ACs (retail and wholesale), not only warehouse to service stations, but also warehouse to customers (individuals and legal entities). Included mainly the delivery of heating oil and some diesel fuel.
- *** In 2020, we were selected at the tender of the Reserve Institute, where the Slovenian Railways drove diesel locomotives on the route Ortnek-Zalog-Ortnek.

Use of energy sources for business transport of Petrol employees in Slovenia in 2016–2020 and the plan for 2021

Year	2016	2017	2018	2019	2020	Plan 2021
Petrol in l	41,554	30,987	38,502	36,260	45,106	50,000
Diesel in l	515,546	571,219	589,241	599,958	455,167	600,000
Electricity in MWh	-	-	-	9,346	14,123	15,000
LPG in l	14,089	17,495	13,274	10,558	4,443	5,000

Business trips of Petrol employees in Slovenia (data on top-ups on the Petrol card)

Transport safety

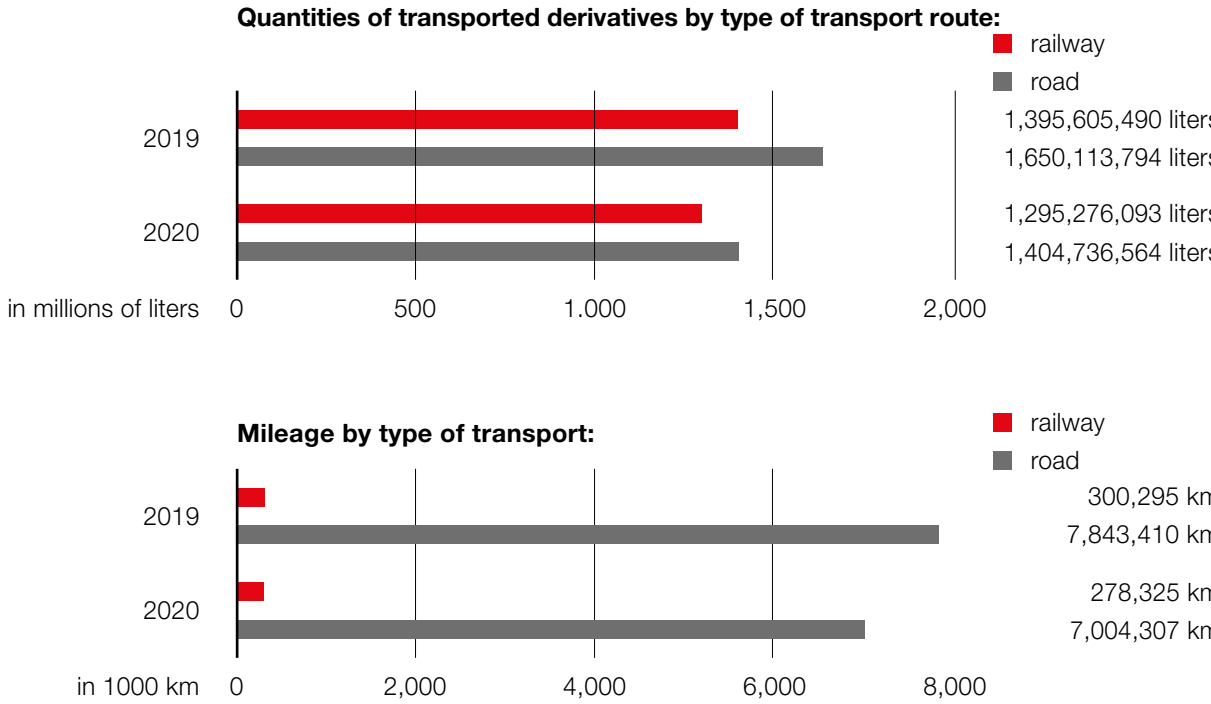
The transport of dangerous goods is a very strictly regulated area in the EU and other countries that are signatories to the Agreement concerning the International Carriage of Dangerous Goods by Road, as accidents involving dangerous goods can have catastrophic consequences. It is crucial to ensure a high level of protection of people, the environment and property through risk management, through measures legally prescribed by the agreement ADR, which also applies to intra-country transport in EU Member States.

The transport and handling of dangerous goods carries the risk of accidents with serious consequences. In order to reduce the risk of accidents throughout the logistics chain, all participants must be adequately and regularly trained to ensure their own safety and the safety of other people, the environment and property.

The safety of road transport is ensured by an extensive inspection of tank trucks and checking of drivers before the first entry into Petrol's fuel depots. Random inspections of tankers and their equipment are carried out before the tanks enter the fuel depots. The safety of transport of dangerous goods is also supported by electronic control of tank trucks, where the movement of tankers is monitored as well as any manipulation of fuel on the transport route.

Transport-related accidents

In the period 2019–2020, there were no accidents in the transit transport of fuels (transport in large tank trucks). During the same period, there was one accident every year in the transport of fuels (transport in small tank trucks). There was no fuel spill in either of the two accidents.



Reporting indicators in accordance with GRI standards

The Petrol Group Sustainability Report 2020 is complementary to the Petrol Group's annual report. In the sustainability report, we report on all the indicators that we have identified as material Reporting boundaries are listed next to each indicator. Indicators that are not material for the Petrol Group are not listed nor reported.

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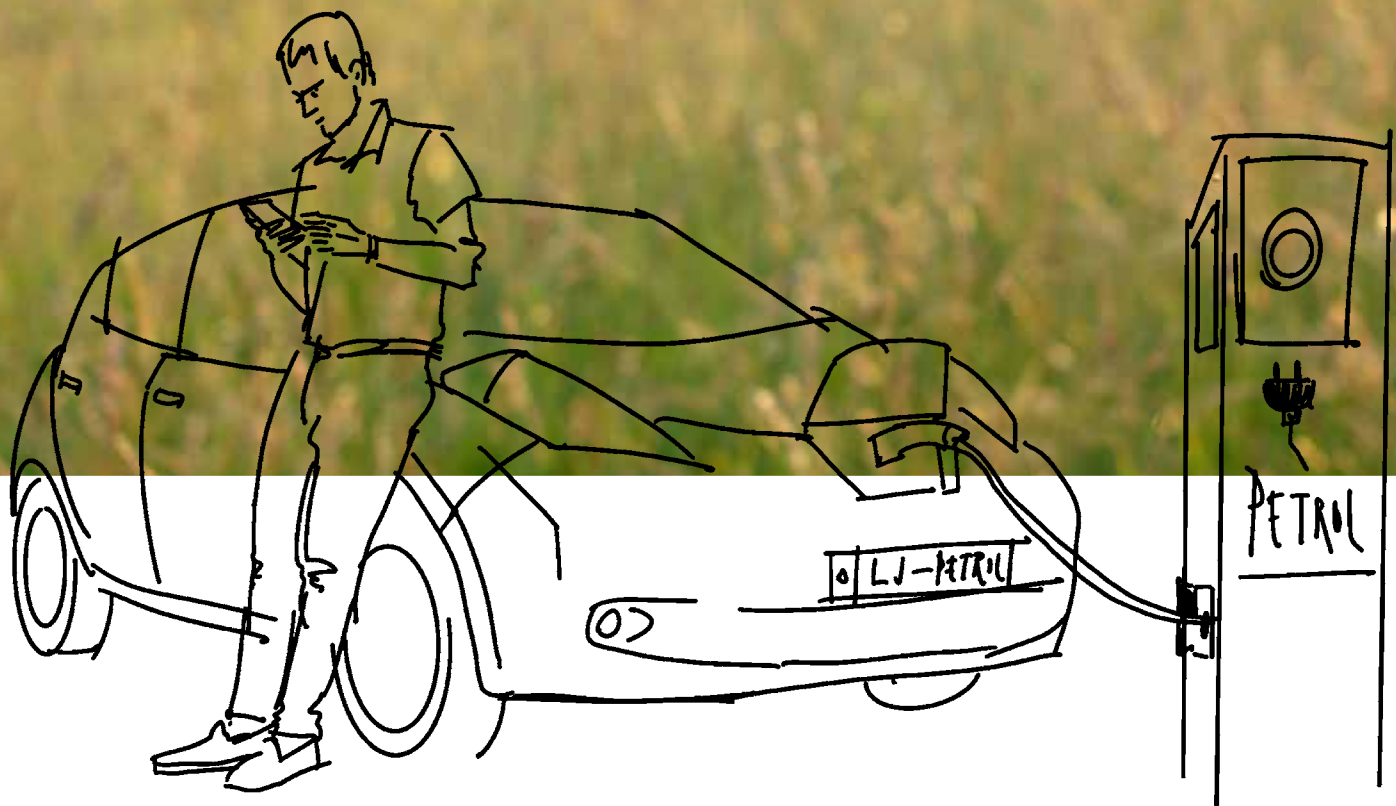
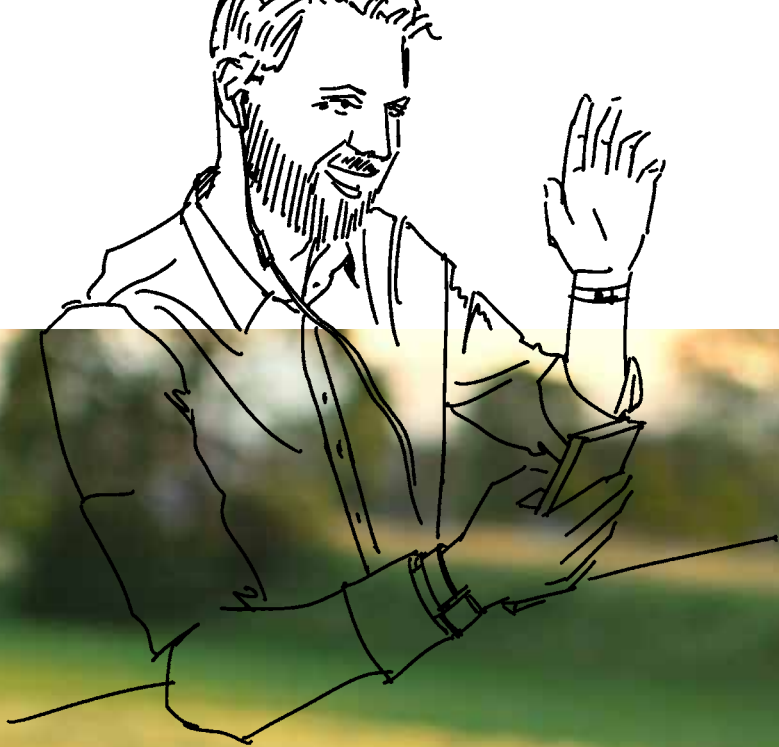
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