

SUPERVISORY BOARD

Av. V. Holjevca 10
ZAGREB

No: 1-8/21

Date: 23.03.2022.

Pursuant to Article 263, paragraph 3 and Article 300c of the Companies Act and Article 27 of the Articles of Association of INA – Industrija nafte, d.d., at the date of issuing of this report, the Supervisory Board of the company INA- Industrija nafte, d.d. Zagreb, Av. V. Holjevca 10, (hereinafter referred to as the "Company"), comprised of Mr. Damir Mikuljan, President of the Supervisory Board, Mr. József Molnár, Vice President of the Supervisory Board, and members of the Supervisory Board: Mr. Gabriel Szabo, Ms. Zsuzsanna Ortutay, Mr. Branimir Škurla, Mr. Davor Filipović, Mr. Domokos Szollar, Mr. László Uzsoki, Ms. Jasna Pipunić, as the workers' representative, hereby submits to the General Assembly the following

**REPORT
ON THE SUPERVISION OF THE CONDUCT OF COMPANY'S BUSINESS IN 2021**

This report includes the following:

- Method and the extent in which the Supervisory Board performed supervision of the Company's business in 2021,
- Results of examination of the annual financial statements as at 31 December 2021, together with the Auditor's Report and proposal of profit allocation
- Results of examination of the Management Board's report on the status of business operations in 2021,
- Results of examination of report on relations with the governing company and affiliated companies thereof.

Corporate profile

On 31 December 2021, according to the list of top ten shareholders of the Company, published by the Central Depository & Clearing Company, major securities holders of the Company are as follows:

ZAGREBAČKA BANKA D.D./UNICREDIT BANK HUNGARY ZRT. - MOL NYRT. 4,908,207 shares, Ministarstvo prostornog uređ., grad. i drž. im. / Republika Hrvatska 4,483,552 shares, OTP BANKA D.D./ AZ OMF KATEGORIJE B 227,685 shares, PRIVREDNA BANKA ZAGREB D.D./ RAIFFEISEN OMF KATEGORIJE B 80,000 shares, ERSTE & STEIERMARKISCHE BANK D.D./ PBZ CO OMF - KATEGORIJA B 66,170 shares, INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O./ZBIRNI SKRBNIČKI RAČUN ZA SP 47,123 shares, OTP BANKA D.D./ ERSTE PLAVI OMF KATEGORIJE B 46,100 shares, RAIFFEISEN BANK INTERNATIONAL AG/RBI CLIENTS OMNIBUS 20,545 shares, ZAGREBAČKA BANKA D.D./ AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND 10,755 shares and OTP BANKA D.D./ ERSTE PLAVI EXPERT - DOBROVOLJNI MIROVINSKI FOND 1,100 shares.

Last update of the Company's top ten shareholders is available on the Central Depository Agency's website.

The shares of the Company are included in depository services of the Central Depository & Clearing Company as of 9 October 2003.

The Company's shares have been listed on the Zagreb Stock Exchange since 1 December 2006.

INA, d.d.	Banka - Bank	Adresa - Address	IBAN broj - IBAN Number,	Trgovački sud u Zagrebu
Avenija Voćeslava Holjevca 10 10 002 Zagreb p.p. 555 Hrvatska – Croatia BIC (SWIFT): INAHHR22 Telefon – Telephone: 08001112	Privredna banka Zagreb d.d. Raiffeisenbank Austria d.d. Zagrebačka banka d.d. OTP banka d.d. Erste&Steiermärkische Bank d.d. BANCA POPOLARE DI SONDRIO UniCredit Bank Austria AG	Radnička cesta 50, 10000 Zagreb Magazinska cesta 69, 10000 Zagreb Trg bana Josipa Jelačića 10, 10000 Zagreb Domovinskog rata 61, 21000 Split Jadranski trg 3a, 51000 Rijeka Viale Innocenzo XI n.71, 22100 COMO Schottengasse 6-8, A-1010 Wien	HR92 2340 0091 1000 2290 2 HR70 2484 0081 1006 1948 3 HR62 2360 0081 1013 0529 5 HR96 2407 0001 1001 5214 9 HR34 2402 0061 1006 8111 4 IT41 N056 9610 900E DCEU 0817 340 (EUR) AT21 1200 0528 4400 3466 (EUR) AT91 1200 0528 4400 3467 (USD)	Commercial Court in Zagreb MBS: 080000604 Uplaćen temeljni kapital – Paid capital stock 9.000.000.000,00 kn - HRK Broj izdanih dionica / Nominalna vrijednost No. of issued shares / Nominal value 10.000.000 / 900,00 kn - HRK Matični broj – Reg. No. 3586243 OIB – 27759560625 PDV identifikacijski broj / VAT identification number HR27759560625

At the date of issuing of this report, the Supervisory Board comprised five members elected based on the proposal put forth by MOL Plc. to the General Assembly, three members elected based on the proposal put forth by the Government of the Republic of Croatia and one member appointed by the Works Council of INA, d.d.

Supervisory Board

As of 18.12.2020.

- Mr. Damir Vandelić, President of the Supervisory Board
- Mr. József Molnár, Vice President of the Supervisory Board
- Mr. Gabriel Szabo, member of the Supervisory Board
- Ms. Zsuzsanna Ortutay, member of the Supervisory Board
- Mr. Damir Mikuljan, member of the Supervisory Board
- Mr. Luka Burilović, member of the Supervisory Board
- Mr. Domokos Szollar, member of the Supervisory Board
- Mr. László Uzsoki, member of the Supervisory Board
- Ms. Jasna Pipunić, member of the Supervisory Board as the workers' representative

As of 17.12.2021

- Mr. Damir Mikuljan, President of the Supervisory Board
- Mr. József Molnár, Vice President of the Supervisory Board
- Mr. Gabriel Szabo, member of the Supervisory Board
- Ms. Zsuzsanna Ortutay, member of the Supervisory Board
- Mr. Branimir Škurla, member of the Supervisory Board
- Mr. Davor Filipović, member of the Supervisory Board
- Mr. Domokos Szollar, member of the Supervisory Board
- Mr. László Uzsoki, member of the Supervisory Board
- Ms. Jasna Pipunić, member of the Supervisory Board as the workers' representative

Audit Committee

The Audit Committee also participated in the supervision of the Company's business, acting as an auxiliary committee of the Supervisory Board, and in 2021 it held 7 (seven) meetings, at which it reviewed Flash Reports, appointment of external auditor for 2021 and had no objections proposed appointment, audit results; it reflected on the performance of the external auditor and reviewed Internal Audit Status Reports. Further, Audit Committee discussed the proposal for appointment of the external auditor for 2022 and submits its recommendation for appointment of PricewaterhouseCoopers d.o.o., Zagreb as the INA, d.d. auditor for the financial year 2022, to be forwarded to the Supervisory Board for further procedure.

In 2021 members of the Committee were as follows:

- Judit Szilágyi, Audit Committee Chairman
- Ratko Marković, Audit Committee member
- Hrvoje Šimović, Audit Committee member

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Predsjednik i članovi Uprave / President and members of the Management Board: Sándor Fasimon, Niko Dalić, Barbara Dorić, Darko Markotić, József Simola, Ferenc Horváth Predsjednik Nadzornog odbora / President of the Supervisory Board: Damir Mikuljan				

Management Board

In 2021 and at the date of issuing of this report, the Management Board of the Company comprised six (6) members.

In 2021 the Management Board of the Company comprised the following members:

As of 01.04.2020.

- Mr. Sándor Fasimon, President of the Management Board,
- Mr. Niko Dalić, member of the Management Board
- Mr. Ákos Székely, member of the Management Board
- Ms. Barbara Dorić, member of the Management Board
- Mr. Zsolt Pethő, member of the Management Board
- Mr. Darko Markotić, member of the Management Board

As of 01.02.2021.

- Mr. Sándor Fasimon, President of the Management Board,
- Mr. Niko Dalić, member of the Management Board
- Mr. József Simola, member of the Management Board
- Ms. Barbara Dorić, member of the Management Board
- Mr. Ferenc Horváth, member of the Management Board
- Mr. Darko Markotić, member of the Management Board

Supervision conducted in 2021

In 2021, the Supervisory Board supervised the conduct of business of INA – Industrija nafte d.d., as a share-based company, within the scope of its legal and statutory responsibility.

The Supervisory Board supervised the conduct of the Company's business by holding the total of 15 (fifteen) meetings, 8 (eight) of which were held by circular vote (voting in written form).

Supervising activities were performed regularly in compliance with the law and statutory requirement by reviewing Management Board's reports on conducting the business of INA d.d. and INA Group (quarterly, semi-annual and annual reports) and holding discussions on the current matters and issues, whereby the following topics were of particular importance:

1. Pursuant to the provisions of the Articles of Association of INA, d.d. (Article 17), the Supervisory Board provided prior consent for the following decisions:

- Approval of INA Group 2022 Business Plan
- Proposal for signing Shareholders' Agreement with MOL SLOVENIA DOWNSTREAM INVESTMENT B.V. and increase shareholding in OMV Slovenija d.o.o.

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Predsjednik i članovi Uprave / President and members of the Management Board: Sándor Fasimon, Niko Dalić, Barbara Dorić, Darko Markotić, József Simola, Ferenc Horváth				
Predsjednik Nadzornog odbora / President of the Supervisory Board: Damir Mikuljan				

2. The Supervisory Board paid particular attention to the review and supervision of specific business issues and the following topics:

- Financial Risk Report,
- Status report of Rijeka upgrade project
- Biorefinery project status
- INA SD & HSE Performance Review,
- Report about HR related activities,
- Internal Audit Status Report,
- INA Domestic Bond Concept,
- INA natural gas trading outlook 2021 – 2026.

Results of the examination of the Management Board report on relations with the governing company and affiliated companies thereof

The Management Board submitted to the Supervisory Board Report of the Management Board on relations with the governing company and affiliated companies thereof (Report of the Subsidiary), compiled in accordance with Articles 474 and 497 of the Companies Act and in conformity with the principles of conscientious and accurate accounting.

According to the opinion of the Management Board, relations of the affiliated companies in the business (calendar) year 2021 were realized within the scope of regular business and entrepreneurial relations and performed in standard conditions and by application of regular prices.

The Company's Auditor, Ernst & Young d.o.o., Zagreb reviewed and examined the Management Board's Report on relations with the affiliated companies, i.e. compliance with Article 497 of the Croatian Companies Act and provided unqualified opinion that the report was prepared correctly based on accounting records and notes and in line with the audited financial statements for the year ended on 31 December 2021.

The Supervisory Board was informed about the audit results and has no objections to the results of the Auditor's examination of the Management Board's Report on relations with the governing company and the affiliated companies thereof.

After the examination of the Management Board's Report, statements of the Management Board and the results of the Auditor's examination, the Supervisory Board hereby states that the Company, according to the circumstances that were known at the time the legal affairs and actions stated in the stated Management Board's report were attended to, received a respective counteraction for each legal affair, without any damage to the Company.

Results of the examination of the Financial Statements and the Auditor's Report, Management Board's Report on the status of the business operations for the business year 2020 and proposal of the decision on the profit allocation of INA d.d.

The Supervisory Board issued an order to the Company's Auditor, Ernst & Young d.o.o. to audit the financial statements of the Company and consolidated financial statements of INA d.d. for the year 2021.

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After consideration of the audited financial statements of the Company and consolidated financial statements of INA Group in 2021, the Supervisory Board established that in 2021 the Company acted in accordance with the law, the Company procedures as well as General Assembly resolutions and that the annual financial statements have been prepared in accordance with Company's accounting records and that they indicate correct asset and business status of the Company, present fairly financial position of the Company and the Group as at 31 December, 2021, their financial performance and cash flows.

The Supervisory Board has no objections to the Auditor's Report on the examination of the annual financial statements of the Company and consolidated annual financial statements for INA Group for the business year 2021.

The Supervisory Board has no objections to the audited annual financial statements submitted by the Management Board and approves the submitted audited financial statements, whereupon the stated financial statements are deemed as adopted by the Management Board and the Supervisory Board, and they are to be presented to the General Assembly.

The Supervisory Board reviewed Report on payments to the public sector in 2021, which was prepared in accordance with the law, and it agrees that the Report be included in the INA d.d. and INA Group Annual Report.

The Supervisory Board reviewed the report on the Company and INA Group status for the business year 2021 and has no objections to the submitted report.

The Supervisory Board considers that the proposal of the Management Board on the profit allocation of INA, d.d. for the year ended 31 December 2021 is in line with the business results and protects the interests of the Company and its shareholders and is in accordance with positive regulations of the Republic of Croatia.

Therefore, the Supervisory Board gives its consent to the proposal of the Management Board to profit allocation for year 2021 in amount of HRK 1,273,311,006.26 to be distributed to:

- Covering losses from prior years in amount of HRK 241,191,059.88
- Legal reserves in the amount of HRK 51,605,997.32
- Dividend pay-out in the amount of HRK 980,000,000.00 (i.e. 98.00 kn/shares)
- Retained earnings in the amount of HRK 513,949.06.

The joint proposal of the Management Board and the Supervisory Board on the 2021 profit allocation will be submitted to the General Assembly for approval.

Summary

The Management Board of the Company regularly informed the Supervisory Board of the Company's business, state of assets and liabilities, revenues and organizational and other changes related to management of the Company's business.

Supervisory Board analyzed realization of the planned results and implementation of the main objectives of the business policy of the Company in 2021.

Aside from the financial results in 2021, the Supervisory Board examined and gave consent to the INA Group 2022 Business Plan and acknowledged the Overview for 2023-2026.

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In view of the above, the Supervisory Board will submit this Report on the Supervision of the Conduct of Company's Business in 2021 to the General Assembly of the Company.

PRESIDENT OF THE SUPERVISORY BOARD

Damir Mikuljan

VICE PRESIDENT OF THE SUPERVISORY BOARD

József Molnár




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BANCA POPOLARE DI SONDRIO
UniCredit Bank Austria AG

Adresa - Address
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Jadranski trg 3a, 51000 Rijeka
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Schottengasse 6-8, A-1010 Wien

IBAN broj - IBAN Number
HR92 2340 0091 1000 2230 2
HR70 2494 0081 1006 1940 3
HR62 2360 0001 1013 0369 5
HR96 2407 0001 1001 5214 9
HR34 2402 0061 1006 8111 4
IT41 N056 9610 900E DCEU 0617 340 (EUR)
AT21 1200 0528 4400 3466 (EUR)
AT91 1200 0528 4400 3467 (USD)

Trgovački sud u Zagrebu
Commercial Court in Zagreb
MBS: 080000604
Uplaćen temeljni kapital – Paid capital stock
9.000.000.000,00 kn - HRK
Broj izdanih dionica / Nominalna vrijednost
No. of issued shares / Nominal value
10.000.000 / 900,00 kn - HRK
Matični broj – Reg. No. 3586243
OIB – 27759560625
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