



**ANNUAL
COMMUNICATION
ON PROGRESS**

**UNITED NATIONS
GLOBAL COMPACT
IN SERBIA**

**Limited Liability Company
HIP-Petrohemija Pančevo**

July 2021 – July 2022

STATEMENT BY THE MANAGER

To all parties concerned:

I have pleasure to confirm that HIP-Petrohemija continues to support the Ten Principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we would like to present our efforts and activities by which we continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this presentation with all the parties concerned using our primary channels of communication.

HIP-Petrohemija d.o.o. Pančevo
Velimir Unković, Manager

15 June 2022

About us



HIP-Petrohemija is the largest producer of petrochemicals in the Republic of Serbia and a company of great importance for the chemical industry in the Southeast Europe. Its main seat is in Pančevo, and the production facilities are in the industrial zone of Pančevo, Elemir near Zrenjanin, and Crepaja near Pančevo. The integrated petrochemical complex of HIP-Petrohemija is presently capable to produce over six hundred thousand tons of petrochemicals in a year. The Complex includes seven manufacturing facilities, with laboratories and supporting services. Ethylene and its co-products HIPTEN® and HIPLEX® polyethylenes are produced in Pančevo, where also the PE pipe and fitting production plant is located. The polyethylene compounds plant, where the high density polyethylene produced in Pančevo is used as raw material, is located in the nearby place of Crepaja. Elemir, the place near Zrenjanin, is a location of the Synthetic Rubber Plant, where a co-product from Pančevo – C4 fraction is used as raw material, and by its processing 1,3-butadiene monomer is obtained, which is further on used for the production of polymer – synthetic styrene-butadiene rubber HIPREN®. At the same location there is a plant for production of methyl-tertiary-butyl ether (MTBE), an additive for motor fuel. For the production of MTBE, raw material raffinate 1 is used, a residue after processing C4-fractions. The polymeric products HIPTEN®, HIPLEX® and HIPREN® find their application in the plastic and rubber processing, and they are integrated in a large number of daily used objects, making life better, safer and more comfortable.

The basic products which are not processed in HIP-Petrohemija (propylene, pyrolytic oil, pyrolytic gasoline) are used for many other purposes in the chemical and processing industry.

This year HIP-Petrohemija celebrates 45 years of its existence. With such experience in application of modern technology and with continuous processes and products improvement, the company has established firm positions on both domestic and international markets. More than 80% of its revenue HIP-Petrohemija generates from export, having the main markets in the neighboring countries and European Union. For years now HIP-Petrohemija has been among the leading Serbian exporters by its export value, having a significant role in the overall Serbian export.

Mission

HIP-Petrohemija is a modern, socially responsible company, which supplies the market with products of superior quality, meets its customers' demands and satisfies their requirements, as well as the interests of its employees, owners, and the entire community, with constant improvement of its impact to the living and working environment, meeting in such a way the expectations of all the parties concerned.

Vision

HIP-Petrohemija, as a regional producer of basic petrochemicals and polymers, has been recognized as a leader in the chemical industry, having a big role in keeping the economic stability and development of Pančevo and Serbia, and is known for its high quality products and services, maintaining a constant dialogue with the environment as well as with its employees who represent a driving force of the Company.

Strategy

- Socially responsible business in order to achieve sustainability in the social and economic environment
- Process management in order to attain the prescribed quality of products, along with high degree of security risk management and continual improvement of energy performances of the plants
- Offering products and services which confirm that the users' current and future needs are well understood
- Satisfying the customers' requirements and offering them more than they expect
- Continual planning of goals and providing the required resources for realization of processes and products
- Fostering of knowledge, health and safety, innovations and creativity
- Application of current national and European legislation, as well as the norms of international standards and good industrial practice



- Development of mutually beneficial relationships with suppliers, so that we communicate clearly and transparently, optimize costs and resources, and create the conditions for rapid and flexible response to changes
- Encouragement of the procurement of energy efficient products and designing of energy efficient processes, in order to spread awareness about energy efficiency in our business environment
- Continuous investment in environmental protection in order to improve our performance, prevent pollution and achieve a minimal risk of accident
- Application of prevention, treatment and rehabilitation programs, in order to achieve adequate health care of employees and eliminate negative effects
- Continuous improvement of corporate responsibility towards employees, young people, disabled persons, local community and society on the whole
- Continuous improvement of quality of all processes and products in accordance with the best available techniques for the purpose of sustainable development and the process energy efficiency increase

Socially responsible business

With constant endeavour to be in line with the sustainable development goals and to have its activities improved in the light of socially responsible business, in July 2021, HIP-Petrohemija joined the UN Global Compact in Serbia, by which it commits to respect, realize, and promote the socially responsible business in accordance with the 10 principles of the Global Compact, as well as with the Agenda 2030.

In order to have its performances assessed in various segments of sustainable business, the Company on regular basis employs the ratings platform EcoVadis – the leading provider of business sustainability ratings. For 2021, HIP-Petrohemija business won a silver medal, holding a position among 23% of the total number of companies belonging to this percentile.



In spite of the awareness about market conditions and economic trends which have become increasingly turbulent and more demanding since recently, HIP-Petrohemija will nevertheless continue to nurture and improve its socially responsible business as an important aspect of its activities and values.

Our wish is not only to support but also to initiate positive changes in a community and broader. That is why we set high standards in all the fields of our business activities, taking into consideration various needs of the parties concerned, and making contributions in competences and knowledge exchange within the Company as well as out of it. We will continue to take care of our employees, to invest in innovations, to respect our clients, suppliers and other business partners, and will do our best to remain a good example of the socially responsible business practice.

10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



Human Rights



1: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

Respect for human rights in our Company is guaranteed in accordance with the Serbian Constitution and the Labour Act, as well as with the Universal Declaration on Human Rights, International Labour Organization Declaration, and other relevant regulations. All employees are obliged to respect human dignity, privacy, diversity, equality, as well as the rights of every individual with whom one comes into contact while performing one's work. Actions that in any way might prevent or contribute to prevention of human rights realization or their violation are strictly prohibited.

In 2021, the Company issued and adopted two business codes: *Business Code of Ethics* and *Code of Business Conduct for Suppliers*, both based on the general principles referring to dignity at workplace, providing safe working environment, freedom of association, dignified working conditions and salaries, prohibition of child labour and forced labour, environmental protection, and fight against corruption in all business segments. *The Business Code of Ethics* defines the rules and regulates the conduct within the Company, while the *Code of Business Conduct for Suppliers* presents a set of criteria and expectations regarding the conduct of our suppliers.

2: BUSINESSES SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Respect for basic human rights is an essential element of business in HIP-Petrohemija, and our corporate culture is based on the dignity and respect of each individual. Therefore HIP-Petrohemija is focused on improving respect for human rights and eliminating their violation, within the Company itself, as well as affirming such business practise among its suppliers.



Human rights

In order to ensure that human rights are respected, and their violations are adequately prosecuted, in 2014 the Company passed a *Decision on the internal whistleblowing procedure*, which enables the disclosure of information about violations of regulations and human rights, as well as about the exercise of public authority contrary to the purpose for which it was entrusted, hazards to life, public health, safety, environment, and for the purpose of large scale damage prevention. HIP-Petrohemija's employees are all acquainted with the guidelines for reporting in the case of whistleblowing.

Although HIP-Petrohemija has been applying a large number of principles and criteria of socially responsible business in its everyday practice for many years, it has a plan to further formalize them in the period to come through the adoption of new policies and strategies, first of all the *Equal Opportunities and Non-Discrimination Policy* and *Strategy of Gender Equality*.



3: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

For socially responsible business in HIP-Petrohemija, establishing and maintaining continuous dialogue with trade unions are of great importance, and the right to join trade union association is guaranteed to all employees. It includes freedom to have trade union established with no objections of the employer, and under no circumstances members of the trade union may be put in a disadvantageous position just because of their membership.

The employees of HIP-Petrohemija, through the trade unions authorized to represent them, take part in making decisions about issues regarding their personal and social rights and interests, in a way and under the conditions prescribed by the Labour Act and Collective Agreement, the provisions of which are applied to all the workers. Trade unions actively monitor the position of all employees in the Company, and participate in creating documents like Collective Agreement and Collective Agreement on Health and Safety at Work. Daily consultations, as well as weekly and periodical management meetings with trade unions are an important source of information relevant for daily operations in HIP-Petrohemija.

There are three authorized trade unions in HIP-Petrohemija:

- Independent Trade Union Organization HIP-Petrohemija
- Shift Workers Trade Union "Justice"
- Trade Union of Engineers and Technicians "Independence"

4: ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

HIP-Petrohemija does not tolerate any kind of forced labour, neither any unethical behaviour when employing, non-payment of salaries, non-recognition of sick leaves or days off, abuse of alternative ways of employment, or avoidance of paying contributions for health care, as defined by the relevant conventions and recommendations of the ILO.



5: ABOLITION OF CHILD LABOUR

The employment policy in HIP-Petrohemija is in full compliance with the current Labour Act as well as with the Company's internal acts (*Collective Agreement* and *Business Code of Ethics*) and according to them, in order to protect children and youth and taking into consideration the risks in chemical industry, persons under the age of 18 cannot be employed.

6: ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

When interviewing candidates and offering them employment in HIP-Petrohemija, no discriminatory behaviour in any form is tolerated. It is not allowed to unjustifiably, either openly or discreetly, make any difference or behave unequally, or eliminate (exclude, restrict, or giving priority) in relation to other adult candidates during the selection procedure, which is based on citizenship, nationality, ethnic origin, language, religious or political beliefs, race, skin color, property possession, marital and family status, pregnancy, membership in political, tradeunion, or other organizations, convictions, appearance, gender (gender identity), sexual orientation, sex (gender characteristics, health condition, disability, age (except when the law and/or act on risk assessment prescribe differently) and other real or assumed personal characteristics.

The prohibition of discriminatin and the principle of equal opportunities also apply to the professional development and promotion process of employees. Getting employment and advancement at work must be based on qualifications, knowledge, performance, and experience.



7: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

Its constant commitment to sustainable development HIP-Petrohemija shows through its company management strategy based on the environment protection. Having in mind the fact that HIP-Petrohemija's business is polymer production, which includes oil derivatives processing and storage, and that those activities may have a big impact on the environment, such management is a quite challenging task. Combination of our experts' knowledge with application of the best available techniques, strictly respecting the requirements prescribed by law, our company successfully controls its impact on the working and living environment. We think of the environmental pollution consequences on the long-term basis, plan the solutions on medium-term basis, and on short-term basis we respond to any appearance of pollution, using the latest technologies in accordance with the international standards.

The activities we undertake to monitor impacts on the environmental quality include the following:

- Monitoring pollutant emission in the waters
- Monitoring pollutant emission in the air
- Checking up the soil and ground water condition
- Waste management
- Chemicals management
- Making and implementation of action plans for environmental improvement
- Collaboration with all the parties concerned

The environmental management system in HIP-Petrohemija was implemented and certified in accordance with the requirements of **ISO 14001** (since 2005) and current regulations. The commitment to rational use of energy and efforts to improve energy efficiency are based on the application of the energy management certified system in accordance with **ISO 50001** (since 2015) and harmonization with the current legislation.



8: BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

Process and products development always create new challenges in the field of environment, therefore HIP-Petrohemija constantly and systematically takes care of environmental protection, acting preventively and permanently improving its performances.

HIP-Petrohemija on its website transparently promotes environmental responsibility through detailed description of activities and ecological projects it carries out for that purpose. Also included are the reports which show the achieved results in this field.

In addition, employees are responsible to take care that their activities do not have negative impact to the environment, but to protect it and improve through their daily performance of entrusted activities. In this regard, employees are obliged to respect all the laws, policies, authorizations and regulations which are related to the environmental protection. In order to rationalize consumption of raw materials and utilities, energy and water in all processes, active participation and personal contribution are of vital importance, through application of all prescribed measures for energy efficiency, reduction and sorting of wastes, and process monitoring in order to lower pollutant emissions.

9: BUSINESSES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

The environmental management in HIP-Petrohemija implies the Company's care about environmental protection through realization of the projects for reduction of pollutants in the air, waters and soil, along with minimizing wastes and sanation of the historical pollution, and through application of technical-technological measures based on the best available technique

In order to improve its processes and to be in line with new legal regulations, the Company continues to realize the projects related to environmental protection. These projects are directed to equipment modernization, reduction of pollutant emissions in the air, waters and soil, and the polluted areas remediation.

Environmental Protection



The realization of projects related to increase of energy efficiency of equipment, technologies, and plants, on one hand is intended to keep the Company competitive on global scale, to increase the market share through reduction of energy share in the product, what will reduce expenses and increase profit, what will bring to better products and services, on the other hand however the ecology issue has a big role in these projects: increase of energy efficiency results in savings of natural resources (natural gas, oil, and coal) and reduction of emissions in the air.

In our business we try to maximize energy efficiency wherever possible, as well as to minimize CO₂ emission.

Serbia contributes actively to global efforts to combat climate change, in accordance with the principles of common but differentiated responsibilities, as a Non-Annex I Party of the United Nation Convention on Climate Change. Serbia is also a signatory state of the Kyoto protocol and Paaris Agreement. Under the Paris Agreement Serbia is committed to reduce GHG emissions by 9.8% by 2030 compared to the levels recorded in 1990. In 2021 Serbia started the procedure of creating a legal framework related to climate change, which is expected to be applied in 2023. In the following two years HIP-Petrohemija will develop a system for gradual GHG reduction in accordance with the legal requirements of the Republic of Serbia.

Fighting corruption



10: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

The employees in HIP-Petrohemija are strictly prohibited to offer or provide financial or any other interest in order to obtain illegal commercial advantage. It is also strictly prohibited to use third parties to perform any illegal activity or to conceal bribery, return money back etc.

The Company has issued the *Internal monitoring activities procedure in order to prevent corruption and sensitive transactions*, which defines activities and responsibilities in preventing corruption actions and sensitive transaction, their detection, elimination and minimizing harmful consequences. Every agreement with third parties must include a provision governing anti-corruption measures, and tender documentation includes a *Declaration about anti-corruption measures* which must be signed.

SUSTAINABLE DEVELOPMENT GOALS -AGENDA 2030





GOAL 3: GOOD HEALTH

The Company management, together with the authorized trade unions, adopted on 27 January 2015, *the Collective Agreement* applicable for all employees, and as an important issue this document defines the employees social and health protection. The health protection of HIP-Petrohemija's employees includes regular general and specialist examinations in various medical clinics, as well as health education and special advantages for taking part in various recreational sport activities. For women employed in HIP-Petrohemija there are additional examinations organized on annual basis including preventive gynecological exam, mammography and breast ultrasound imaging.

By collective insurance all the employees are insured 24 hours a day against consequences of an accident resulted with death, illness, or permanent disability. There are also specialists available to all employees for providing them psychosociological support at their working place, in the family, or in relation with their personal issues which might affect their optimum contribution to work. Employees are also provided with health rehabilitation outside of the work process in the recreation centers which have a contract for rendering services concluded with the Company.

The social dimension of caring for employees also includes strengthening of mutual trust and the feeling that employees in needs are not left alone. The Company and employees invest in funds intended to finance various kinds of support – spa treatments, procurement of medicines, support in unpredictable life situations, all through the Solidarity Fund, which has existed for over 25 years. Pensioners and their families, especially the children of deceased employees are not forgotten either, since they are included in the care organized not only for those who are presently with us, but also for those who used to be a part of the company, and for their families too.



The coronavirus pandemic marked the last year in Serbia as well as in the whole world. All the time during the pandemic HIP-Petrohemija provided necessary hygiene and personal/collective protective equipment for its employees and visitors, strictly adhering to all prescribed measures. Also, in order to provide health support to its employees, since March 2020, during a sick leave due to Covid-19 the employees are compensated with 100% of earning.

In spite of the pandemic, HIP-Petrohemija's voluntary blood donors, in cooperation with the Vojvodina Transfusion Institute and the Red Cross of Pančevo, organized in 2021 four regular voluntary blood donation campaigns - in March, June, September, and December. Regular blood donors showed an extremely high level of responsibility and awareness in such difficult circumstances. During the campaigns organized in HIP-Petrohemija, 230 blood units were collected, and in addition, many HIP-Petrohemija's employees donated blood on their own initiative in the Red Cross.

GOAL 4: QUALITY EDUCATION

HIP-Petrohemija is offering to high school and university students to have technical practice prescribed by the curriculum in various units of the Company. In 2021, there were 1563 hours of practice in total organized for students.

Also, HIP-Petrohemija signed an agreement with the Secondary Mechanical Engineering School for organizing practice according to the dual education model for the educational profiles of machine processing operator, fitter-welder, and mechatronics technician. In this way, total of 612 hours of teaching were organized for students in the Mechanical Maintenance Department.

HIP-Petrohemija has expressed its willingness to obtain, through the dual education project, the accreditation for the following profiles: mechanical technician for computer construction and polymer technician.



GOAL 5: GENDER EQUALITY

On 31 December 2021, HIP-Petrohemija had total of 1175 employees, on two locations – 924 employees in Pančevo, and 251 in Elemir. Our team includes experts in various fields – a fifth of the employees have university degree, and more than half of the employees have completed secondary education.

Although work in the petrochemical industry is considered a man's job, 189 women perform their daily tasks very successfully, on an equal footing with their male colleagues, with equal opportunities for advancement. Women do not work in high-risk positions. The average age of women is 51.5. The level of vocational education for women is as follows: I degree (primary school, four years) – 2, II degree (complete primary school, eight years) – 3, III degree (three-year professional school) – 3, IV degree (four-year secondary school) – 102, VI degree (college, two-year-post-secondary school) – 15, VII degree (university) – 64.

The International Women's Day is traditionally celebrated every year, so in 2021, the 8-March gift cards were provided for 242 women.

GOAL 7: AFFORDABLE AND CLEAN ENERGY

The petrochemical industry is a large consumer of energy and natural resources in general, that's why the energy management process was in focus of sustainable business development in the previous period. Since 2014, in addition to the Company's technological development, HIP-Petrohemija has also invested significant resources and knowledge in the field of energy usage. Continual improvement of energy performances is one of our Company's strategic goals.

Energy management development brought significant financial savings and business improvements to HIP-Petrohemija, but also a large contribution to environmental protection. The strategic goals in the field of energy efficiency are integrated in HIP-Petrohemija's policy. The organized energy management implies an integrated approach and constant care of the energy issues in all structures of the Company, aiming to rational energy consumption. The application of investment, operative-technical, and business improvements has brought to the large improvements in energy efficiency of the plants.



The Energy Management System (SEM) was established in the Republic of Serbia in 2016, when the Law on Energy Efficiency and Rational Use of Energy started to be applied along with the subordinate legislation relating to this area (Official gazette: Sl.gl.RS 40/2021). HIP-Petrohemija is an entity under obligation to this system, since it is one of the largest energy consumers in the Republic of Serbia. So far HIP-Petrohemija has fulfilled all the requirements towards SEM. The basic goal of the energy management system is to apply the improvement measures and to eliminate the “weak” points in the energy utilization, in order to consume less primary energy for the same production capacity. The reduction of energy consumption per product unit brings the reduction of financial costs for energy and utilities purchase, and also decreases harmful gases emission into the air per product unit. In order to achieve this, the system sets the requirements for increasing energy efficiency of the existing plants, as well as for defining energy efficiency criteria when purchasing equipment, utilities and engineering services.

HIP-Petrohemija has been applying the management system in accordance with **ISO 50001** since 2015, the year of its certification. In 2019, the system transition and certification was successfully completed in accordance with the new version of **ISO 50001:2018**. By implementation of **ISO 50001** HIP-Petrohemija fulfills its legal obligations as far as energy is concerned, since the requirements of **ISO 50001** are in full compliance with the regulations of the Republic of Serbia and the European Union.

The energy management in HIP-Petrohemija includes annual energy reviews, where the plants energy performances are analysed as well as the energy balance, with reference to the energy balance for the previous five-year period. These energy reviews include the energy improvements made in the previous period as well as the business improvements planned for the incoming period, all for the purpose of continual energy efficiency increase of the plants.



Technical and technological measures are planned and implemented on the basis of the performances analyses in order to improve the plants energy efficiency. The effects are examined on annual basis, and management measures are constantly updated, with the purpose of continual improvement of energy efficiency.

HIP-Petrohemija continuously plans energy efficiency improvements in its processes and plants, and according to the areas of activities they can be classified in the groups as follows:

- Technological process optimization
- Energy consumption decrease
- Utilities substitution (renewable resources, sustainable development, more favourable on the market)
- Application of the latest technical solutions and innovative technologies ("BAT")
- Improvement of commercial terms for purchasing utilities
- Defining energy efficiency criteria when purchasing equipment, services, utilities and engeneering services

GOAL 8: DECENT JOBS AND ECONOMIC GROWTH

People are the most important factor of our Company, and by including our employees, their knowledge, health and safety, innovations and creativity, in all the segments of our business, we achieve that the employees recognize their role and importance of their contribution in realization of the Company's policies and goals. HIP-Petrohemija is aware that its credibility and stability are reflected in sucessful business not only financially, but also in social and ethical sense. HIP-Petrohemija's employees have regular incomes, anual vacations as prescribed by relevant laws, bonuses, compensations for overtime and shift work, paid leaves, paid organized medical examinations, health rehabilitation, the right to jubilee award.



The Company cares about its employees through two types of solidarity support. Through the Committee for Solidarity Allowance resources are mostly intended for medical care either for employees or for their family members, while the Solidarity Fund provides financial help on a one-time basis, in cases of long-time sick leave of an employee, scholarships for kids of deceased employees, support to family in case of employee's death, etc. In order to improve the employees' living and health conditions, the Solidarity Fund provides resources for spa and climate treatments for the employees.

Every year gift-cards are provided for purchasing Christmas presents and organizing New-Year's programme for the employees' youngest ones. In December 2021, 450 gift-cards were provided for children under the age of 12.

HIP-Petrohemija employs a large number of people from the municipality of Pančevo, in this way supporting economic growth of the local community.

GOAL 9: INDUSTRY, INNOVATION, INFRASTRUCTURE

Product and process improvement and development are permanent goals of HIP-Petrohemija, which is always willing and ready to adapt to new requirements, and to successfully manage the changes.

The process and product quality is continuously improved in accordance with the best available techniques in order to achieve sustainable development and increase energy efficiency. We are constantly working on improving the management systems in the areas of quality, energy, environment, safety and health.

Mutually beneficial relationships are developed and maintained with suppliers, through clear and transparent communication, costs and resources are optimized, conditions created for rapid and flexible responses to changes, and purchasing of energy efficient products is favored, as well as designing of energy efficient processes, all for the purpose of developing awareness about energy efficiency in the purchasing chain.



In addition to that, an integral part of contracting business with our suppliers is their *Declaration* that they are familiar with our *Code of Business Conduct for Suppliers*, which clearly underlines the corporative values and principles the Company adheres to and it expects from the suppliers to do the same.

HIP-Petrohemija is constantly looking for ways further to improve its systems and processes in order to provide higher level of competence and better position in the global market.

HIP-Petrohemija's development plans are based on four groups of projects:

Projects with ecology as dominating factor

As an ecologically responsible company, HIP-Petrohemija has included in its development plans the projects where ecological factor dominates over economy effects. This group includes the projects for reconstruction of the existing production units within the Waste Water Treatment Plant and Synthetic Rubber Plant in Elemir.

Projects with economy as dominating factor

Being socially responsible company, in order to achieve better competitiveness in the global market, HIP-Petrohemija has included in its development plans the projects whose main goals are modernization of the existing and introduction of new technologies.

Erection of polypropylene production plant is a project which will introduce up-to-date technology to our company and which will enable it to apply modern, quick and high quality solutions.

Modernization of the existing equipment for production process control in the Ethylene Plant, which is realized through the present control system reconstruction, will provide expenses reduction and increase of the production process control reliability.



These projects include, first of all, reconstruction of the existing heating systems in facilities, and reconstruction of the instrument air production system, by installing a higher capacity air compressor.

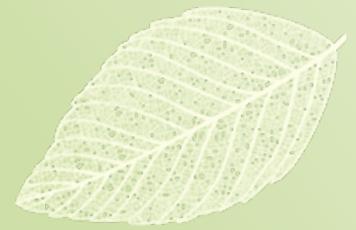
Projects implemented to increase the production process operation

In order to reduce risks and increase safety at work, HIP-Petrohemija plans to implement large investment projects by which safety level will be increased in the field of fire and explosion protection in the plants.

GOAL 10: REDUCED INEQUALITIES

Sustainable vision of HIP-Petrohemija development provides equal opportunities for all employees and candidates during a selection procedure. As already mentioned in the part about human rights, the *Business Code of Ethics* underlines that respect for human rights in our Company is guaranteed in accordance with the Serbian Constitution, Labour Act and other relevant regulations.

The Business Code of Ethics is transparent and available not only to our employees but to all parties concerned. Candidates who apply for employment can find on the website that discriminatory behaviour of no kind is tolerated at HIP-Petrohemija.



GOAL 12: RESPONSIBLE PRODUCTION AND CONSUMPTION

HIP-Petrohemija's activities related to hazardous and non-hazardous industrial wastes management and to special waste flows are all in compliance with the Waste Management Act provisions. In such a way generated waste quantities are brought to minimum what is a preventive measure for environmental impact reduction.

Technical-technological measures applied in the production processes, which are in compliance with the best available technologies (e.g. closed cooling system, energy efficient system of water steam utilization) make significant contribution to resource savings (raw water as well as energy fluids).

GOAL 13: CLIMATE ACTION

HIP-Petrohemija is committed to accept general goals of the Republic of Serbia related to climate changes, follows the changes accordingly and adapts to them as quickly as possible.

Presently Serbia contributes actively to global efforts to combat climate change, in accordance with the principles of common but differentiated responsibilities, as a Non-Annex I Party of the UN Framework Convention on Climate Change.

Serbia is also a signatory state of the Kyoto Protocol and Paris Agreement. Under the Paris Agreement Serbia is committed to reduce greenhouse gas emissions by 9.8% by 2030 compared to the emission recorded in 1990. In 2021, Serbia started a procedure of creating a legal framework related to climate changes, and its implementation is expected in 2023. In the following two years HIP-Petrohemija plans to develop a system for greenhouse gases reduction in accordance with the legal regulations of the Republic of Serbia.



CILJ 16: PEACE, JUSTICE, AND STRONG INSTITUTIONS

In 2015 the Company brought a *Decision on the internal whistleblowing procedure* which provides mechanism for detecting information about regulation and human rights violation, and exercise of public authority contrary to the purpose for which it was entrusted, hazards to life, public health, safety, environment, and for the purpose of large scale damage prevention

In 2021, in order to improve the measures in fight against corruption the Company adopted the *Internal monitoring activities procedure in order to prevent corruption and sensitive transactions*, which defines activities and responsibilities in preventing corruption actions and sensitive transaction, their detection, elimination and minimizing harmful consequences. *The Business Code of Ethics* was issued (for the employees) in order to have social responsibility, safety and dignity at work established and maintained within the corporate culture and daily atmosphere in the company, and for the purpose of promoting the sustainable development values and principles in the purchasing chain, the *Code of Business Conduct for Suppliers* was issued.

QUALITY SYSTEM CERTIFICATES



qualityaustria
Succeed with Quality

CERTIFICATE

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH awards this qualityaustria certificate to the following organisation:

"HIP-Petrohemija" d.o.o Pančevo
Srbija, 26000 Pančevo, Spojnostarčevačka 82

QUALITY MANAGEMENT SYSTEM
complying with the requirements of standard
ISO 9001:2015

Production of Petrochemical products,
Raw materials and Chemicals on
locations: Pančevo, Elemir and Crepača.

The validity of the qualityaustria certificate will be maintained by annual surveillance audits and one renewal audit after three years.

Registration No.: 014360
Date of initial issue: 21 December 1998
Valid until: 22 June 2023

Vienna, 15 June 2022

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH,
AT-1010 Vienna, Zelinkagasse 103

Mag. Christoph Mondl CEO
Mag. Dr. Werner Paar CEO
Mag. Dr. Anni Koubek Specialist representative

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH is an approved institution for the award of Accreditation for the Ministry of Science Research and Economy.

Quality Austria is authorised as an approved institution for environmental activities in the B2B203 Federal Ministry of Agriculture, Forestry, Environment and Water Management.

Quality Austria is authorised by the ICA, Association of the Austrian Industry.

For information regarding these issues refer to the appropriate services in respective countries.

Quality Austria is the author member of the International Certificate Network.

DAK N° 192,3/18
AT-1010 Vienna, Zelinkagasse 103
The current validity of the certificate is documented exclusively on the Internet under <http://www.qualityaustria.com/en/cert> EAC: 12_29

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Srbija, 26000 Pančevo, Spojnostarčevačka 82

ENVIRONMENTAL MANAGEMENT SYSTEM
complying with the requirements of standard
ISO 14001:2015

Production of Petrochemical products,
Raw materials and Chemicals on
locations: Pančevo, Elemir and Crepača.

The validity of the qualityaustria certificate will be maintained by annual surveillance audits and one renewal audit after three years.

Registration No.: 004580
Date of initial issue: 24 June 2005
Valid until: 22 June 2023

Vienna, 15 June 2022

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH,
AT-1010 Vienna, Zelinkagasse 103

Mag. Christoph Mondl CEO
Mag. Dr. Werner Paar CEO
Dr. Axel Dick, MSc Specialist representative

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Quality Austria is authorised as an approved institution for environmental activities in the B2B203 Federal Ministry of Agriculture, Forestry, Environment and Water Management.

Quality Austria is authorised by the ICA, Association of the Austrian Industry.

For information regarding these issues refer to the appropriate services in respective countries.

Quality Austria is the author member of the International Certificate Network.

DAK N° 192,3/18
AT-1010 Vienna, Zelinkagasse 103
The current validity of the certificate is documented exclusively on the Internet under <http://www.qualityaustria.com/en/cert> EAC: 12_29

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"HIP-Petrohemija" d.o.o Pančevo
Srbija, 26000 Pančevo, Spojnostarčevačka 82

ENERGY MANAGEMENT SYSTEM
complying with the requirements of standard
ISO 50001:2018

Production of Petrochemical products,
Raw materials and Chemicals on
locations: Pančevo, Elemir and Crepača.

The validity of the qualityaustria certificate will be maintained by annual surveillance audits and one renewal audit after three years.

Registration No.: 001170
Date of initial issue: 23 December 2015
Valid until: 27 June 2025

Vienna, 15 June 2022

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH,
AT-1010 Vienna, Zelinkagasse 103

Mag. Christoph Mondl CEO
Mag. Dr. Werner Paar CEO
Dr. Axel Dick, MSc Specialist representative

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Srbija, 26000 Pančevo, Spojnostarčevačka 82

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS
complying with the requirements of standard
ISO 45001:2018

Production of Petrochemical products,
Raw materials and Chemicals on
locations: Pančevo, Elemir and Crepača.

The validity of the qualityaustria certificate will be maintained by annual surveillance audits and one renewal audit after three years.

Registration No.: 000210
Date of initial issue: 26 June 2018
Valid until: 25 June 2024

Vienna, 15 June 2022

Quality Austria - Trainings, Zertifizierungs und Begutachtungs GmbH,
AT-1010 Vienna, Zelinkagasse 103

Mag. Christoph Mondl CEO
Mag. Dr. Werner Paar CEO
Eckhard Bauer, MSc Specialist representative

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DAK N° 192,3/18
AT-1010 Vienna, Zelinkagasse 103
The current validity of the certificate is documented exclusively on the Internet under <http://www.qualityaustria.com/en/cert> EAC: 12_29

CLOSING

HIP-Petrohemija is a company which recognizes the importance of contribution of responsible business in order to promote sustainable development, and that is why it is a part not only of its daily operating practice, but also of its long-term plans and strategies. Our wish, with such an attitude, is not only to support the raising of socially responsible awareness within the company itself, but also to contribute to the betterment of our partners and employees, and also to the development and modernization of the society where we operate.

We wish to have stable and long-lasting business, to develop it and improve ourselves in this field in order to gradually and continuously integrate social responsibility in all segments of our business practice, strategic solutions, and goals.

We will continue to have our activities harmonized with the principles of the UN Global Compact and the 2030 Agenda.

Authors:
HIP-Petrohemija
Socially Responsible Business
Reporting Team



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www.hip-petrohemija.com