

SUSTAINABILITY REPORT 2013





Sisak Refinery

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ANNUAL REVIEW

INA GROUP PROFILE

CLIMATE CHANGE AND
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COMMUNITY RELATIONS
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ECONOMIC SUSTAINABILITY

○ LETTER FROM THE PRESIDENT



Dear Stakeholders,

I am happy to present to you the INA non-financial report for 2013. Here you shall be able to find information on the environmental, social and economic effects of the business operations of INA Group companies in the past year.

Despite many challenges and a long-term economic crisis, with its 13,460 employees, INA has successfully remained one of the biggest employers in Croatia in 2013, realizing a profit of 171.74 MIL USD (HRK 953 MIL) excluding the one-off items.

We are aware of our influence on the environment and the society. Sustainable development, care for the environment, the economy and the community in which we operate are an integral part of our daily business. From these positions, we wish to contribute to the increase of common value, as well as to avoid possible negative effects.

We launched various investment projects in 2013, the Međimurje project, closing the „Blow down system” in order to additionally reduce the hydrogen sulphide emissions, as well as the coke chamber replacement project in Refinery Sisak. We are focused on our domestic projects, like the continuation the project of implementing tertiary methods of Enhanced Oil Recovery (EOR), research and preparation of new exploratory wells, and we are especially proud of the continuous work regarding the system improvements for the purposes of environmental protection. In order to increase energy efficiency, we have reduced energy consumption, and therefore consequently achieved reduction of carbon dioxide emissions

OF THE MANAGEMENT BOARD

into the environment.

Since 2010, we have been continuously working on the retail network modernization, through significant investments which amount to almost HRK 450 MIL (81,1 MIL USD), and in 2013, we launched the project “Energy for the Future“, as part of which the first energetically sustainable petrol station shall be built in Zagreb (Stupnik-East Petrol Station).

At the end of 2013, encouraged by the idea of creating a “green” society, which also cares for sustainable development, we organized the first “INA – Green Forum”. The subject of the conference, which included the INA experts, representatives of the local and the academic community, as well as professional associations, was sustainable development and the safety and environmental aspects of the „Enhanced Oil Recovery project (EOR)“.

As early as in 2007, INA signed the UN Global Compact, the largest global initiative aimed at sustainable business, by which we committed to invest efforts in the promotion of human and workers’ rights, environmental protection and fight against corruption. In accordance with this commitment, each year we try to increase the level of responsibility in our daily business, thus providing an example and a positive influence to our partners and suppliers.

The success of our realized projects lies with the INA Group employees. We are continuously working on the health protection and safety of our employees. With our “Life Saving Rules” campaign, we have educated our employees, contractors and subcontractors, on ten basic safety rules defined on the basis of work-related injury statistics.

One of the basic postulates of our corporate social responsibility is to assist the community in which we operate. In addition to responsibility, we are motivated by the willingness to contribute to the society which participates in our success with its resources. In the last year, we provided support to an array of quality projects in the segments of culture, sports, environmental protection and science. We organized a number of humanitarian activities by which we proved that we are a socially responsible and reliable company. We are proud of our employees, who have completely accepted the corporate culture, and are prepared to invest a lot of their energy, free time, efforts, knowledge and skills in order to assist with the development of the local communities in which we operate. Their engagement is particularly noticeable in the activities of the Ina Volunteers Club, which was founded in 2011 and has so far organized many successful volunteering activities.

In 2014, INA, the socially responsible company which is celebrating its fiftieth birthday this year, shall continue to contribute to the economic development of the Republic of Croatia and a better life for all of us through its activities.

Zoltán Sándor Áldott
President of the Management Board



○ INTRODUCTION

As the leading energy company and one of the largest companies in Croatia, INA is committed to sustainable development and transparent business. For INA Group, sustainable development represents a permanent commitment to a balanced integration of long-term economic, environmental and social factors into everyday business operations, in order to maximize a long-term value for all stakeholders and to safeguard the “license to operate”. INA is a signatory of the UN Global Compact and is thus committed to promoting and supporting the 10 principles of Global Compact in the area of human rights, labour rights, environment protection and the fight against corruption.

SD activities in INA Group are coordinated by SD&HSE Sector. SD is incorporated in HSE activities and responsibilities and in SD&HSE organization of INA Group organizational units/companies. Coordinative SD work group has continued its work, aiming to ensure involvement of all the relevant INA Group organizational units and businesses in sustainable development. Besides that, Corporate Social Responsibility (CSR) Council, established in 2012, participates in internal and external communication on SD related issues, analyses sustainability related data and information received from external evaluators, and supports, verifies and controls sustainability reporting on the INA Group level.

Along with INA d.d., in 2013 Sustainable Development Guideline, a document defining the governance structure and management of the SD related issues, was also implemented in major INA Group companies as well. First SD Guideline implementation audits were held in Retail Business Division and Exploration and Production BD. INA Group Sustainability Report for 2013 was published as the 18th annual non-financial report, covering a full range of economic, environmental and social impacts of INA, d.d. and its subsidiaries on the stakeholders.

In 2012, a new INA Group Code of Ethics was adopted, and in 2013 all of the employees were informed about it through the Code of Ethics booklet and the presentations held by their managers. The Code is based on the respect for fundamental human rights and the ethical principles of integrity, honesty, trust, respect, humanity, tolerance and responsibility. Ethics Committee, chaired by an external independent expert, has been established since 2010.

For the 3rd time in a row, INA participated in the Croatian CSR Index, an annual comparative assessment of the most successful Croatian companies based on their responsibility and sustainable business principles application. The activities of companies in six key areas are evaluated: economic sustainability, inclusion of Corporate Social Responsibility (CSR) in business strategy, working environment, environmental protection, market relations and community relations. INA achieves better results every year and has achieved the maximum value in a large number of areas and is one of the best rated large companies in the Croatian CSR Index.





IVANA A Platform

○ KEY IMPACTS, RISKS AND OPP

As a producer, processor and supplier of petroleum products and gas, INA is an influential participant in the energy market in Croatia and the region. In the total sales of the petroleum products in Croatia, INA has a leading position. In 2013 INA Group had generated sales in the amount of HRK 27.444 MIL (4.810 MIL USD). As the sole producer and a leading distributor of fuel in Croatia, INA is the key holder of the program for placement of the fuel with a bio component for the transport purposes of the Republic of Croatia, thereby significantly contributing in meeting the obligations and objectives from the fields of using and promoting the renewable energy sources to which Croatia, as a future EU member, had commit itself. INA achieved it's obligations according to the National Action Plan for biofuels and placed biofuel on the market, toward the goal for the 2013.

In the broader economic context, INA Group with its financial results contributes significantly to the Croatian economy and by employing 13,460 workers, it secures a subsistence for a large numbers of citizens.

INA's business activities are in accordance with Croatian regulations and EU directives on the protection of market competition. INA Group continually monitors financial (commodity, exchange rate and interest rate risk) and non-financial risks. Management and risk protection policy of INA Group provides a framework within which INA and consolidated subsidiary companies manage their commodity, exchange rate and interest rate risks at an acceptable level, allowing the achievement of strategic objectives, while protecting the future financial stability and flexibility of the company.

The core activities of the Company and the Group, comprised of oil and gas exploration, production, transportation, refining and distribution, can have inherent effects on the environment in terms of emissions into soil, water and air. The Company and the Group regularly record, monitor and report on environmental emissions in accordance with their obligations specified in the applicable laws. For all the emissions, the Company and the Group pay the emission and environment waste burdening fees to the Environmental Protection and Energy Efficiency Fund and the water related fees to the Authority of Croatian Water, specified by law and based on the "polluter pays" principle. The environmental effects are monitored by local and national governmental environmental authorities.

HARMONIZATION OF BUSINESS WITH EU ENVIRONMENTAL REGULATIONS

Harmonization of INA d.d., business with the provisions of the Environmental Protection Act and the Regulation on the Procedure for Establishing Integrated Environmental Requirements

By the Environmental Protection Act (OG 080/2013) and the Regulation on the Procedure for Establishing Integrated Environmental Requirements (OG 114/2008), the provisions of Directive 2010/75/EU on industrial emissions (integrated pollution prevention and control) are transferred into the Croatian legislation. The Directive requires obtaining an environmental permit to perform certain activities and requires the application of best available techniques (BAT), which enable achieving a high level of environmental protection as a whole (protection of air, water, soil, noise, waste management, energy efficiency). Environmental permit regulates the conditions under which the plant can operate, which includes all the necessary measures in order to harmonize the work of the refining process with BAT, as well as the defined deadlines for the completion of all projects. Since harmonization with BAT requires significant time and financial investment, during the pre-accession negotiations of the Republic of Croatia with the EU INA d.d. has obtained a transitional period to achieve full compliance by December 31st 2017 for its refineries in Sisak and Rijeka.

During 2013, the Applications for obtaining environmental permits and Technical-technological solutions for four INA installations (Fractionation plants Ivanić grad (OFIG), Gas processing facilities MOLVE (OPPM), Sisak Refinery, Rijeka Refinery) were submitted to the competent authorities for the opinion and to determine the conditions for the plants. Public hearings for Rijeka Refinery, Fractionation plants Ivanić Grad and Gas processing facilities Molve have been successfully conducted, and during 2013, through an authorized representative, Environmental Conditions and Integrated requirements for those plants, which are an integral part of the Decision on environmental permit, were submitted to the Ministry of Environment and Nature Protection. One of the major projects, physically completed in 2013, is the construction of new flare recompression stations in Sisak Refinery, which will completely eliminate continuous gas flaring, and the

treatment of refinery gas in the desulfurization plant shall reduce the emissions of hydrogen sulphide and sulphur dioxide in the air. As the Sisak Refinery plants are currently in planned suspension due to overhaul, test operation of recompression stations is planned along with restarting of the plant, which is expected in July 2014.

Harmonization of INA, d.d. operations with legislation in the area of greenhouse gas emissions

European Union Emissions Trading Scheme, EU ETS is one of the fundamental mechanisms of the European Union in fighting the climate changes with the aim of meeting the commitments made under the Kyoto Protocol. Within the Scheme, one part of the emission allowances (one allowance = 1 ton of CO₂ equivalent) is allocated to the plant for free and they are used to „cover“ the emissions from the previous year. If the plant has a shortage of allowances in respect to verified emissions, the rest can be bought on the market through auctioning.

Since January 1st 2013, Rijeka Refinery, Sisak Refinery, Fractionation plants Ivanić Grad and Gas Processing Facilities Molve have been part of the ETS. In February 2013, requests to open four accounts (one for each plant) in the Union Registry, through which the emission allowances transactions are performed, had been submitted to the Croatian Environment Agency. The Annual Greenhouse Gas Emissions Reports for the plants were delivered in March to the Croatian Environment Agency in accordance with the regulations. The European Commission published a new form for Greenhouse Gas Emissions Monitoring Plans and INA plants submitted their Plans to the Ministry of Environmental and Nature Protection in August 2013.

Harmonization of INA, d.d. business with provisions of legislation in the air protection domain

From 1st January 2016, more stringent emission limit values (ELV) shall come into force for the existing plants, as stipulated by the Industrial Emissions Directive (IED) 2010/75/EU. The provisions of this Directive have been transposed into Croatian legislation through the Regulation on limit values for pollutant emissions from stationary sources into the air (OG No. 117/12). INA has largely met the requirements of harmonization of the emissions from large combustion plants with the currently prescribed ELV by bringing natural gas as an energy source to those fireboxes. In January 2013, refineries Sisak and Rijeka submitted an Application for inclusion of their existing large combustion plants into the Transitional National Plan (TNP). Large Combustion

Plants included into the TNP, in the period from January 1st 2016 to June 30th 2020, may be exempt from compliance with more stringent ELV, if they meet certain conditions prescribed by the Regulation. In June 2013, the Ministry of Environment Protection and Nature submitted the TNP to the European Commission for approval.

Regarding compliance with the technical environmental standards for Volatile Organic Compound (VOC) emissions resulting from the storage and distribution of petrol, the entire INA retail network as well as tank truck loading station in Sisak Refinery are in compliance with legal regulations (VOC I). By December 31st 2018, every petrol station with a flow rate higher than 3,000 m³ shall be equipped with a second phase system for vapour recovery (VOC II). At such petrol stations, INA has either already installed such a system or the petrol stations are planned to go through a major reconstruction.

Harmonisation of INA, d.d. operations with the provisions of REACH legislation

In accordance with the Croatian Law on the Implementation of the Regulation No. 1907/2006 (EC) of the European Parliament and of the Council on the Registration, Evaluation, Authorization and Restriction of Chemicals, INA, d.d. has registered substances in accordance with the REACH Regulation and notification pursuant to the Regulation on classification, labelling and packaging of substances and mixtures EC no. 1272/2008, or abbreviated CLP Regulation, before the planned deadline.

The pre-registration period ended on December 31st 2013. The registration deadline for all substances produced in the amounts larger than 100 t/year, which have CMR (carcinogenic, mutagenic and toxic for reproduction) properties or are highly toxic for organisms living in water (H 410) is June 30th 2014. The registration deadline for all substances produced in smaller amounts (1-100 t/year) is May 31st 2018.

During 2013, INA-REACH team has collected data for a total of 14 registration dossiers for 9 substances and 5 on site (non-transported) isolated intermediates, which have been submitted to the European Chemicals Agency (ECHA). Besides registration, notification for 8 substances exempted from registration obligations was completed in accordance with the CLP Regulation.

For 18 substances (14 substances and 4 intermediates) that INA exported to the territory of the European Union before the accession of the Republic of Croatia to the EU, all rights were transferred from MOL Plc. to INA, since INA, d.d. was not a

member of the European Union. Companies that produced and exported substances to the EU territory, and were not members of the EU in 2010, were obliged to appoint a Single Representative to register substances on their behalf. The single representative appointed for INA, d.d., was MOL Plc. Registration dossiers for these substances registered in 2010 were submitted again, due to the update with the latest data. After a successful registration according to REACH Regulation and notification pursuant to the CLP Regulation, the goal that INA can manufacture, store, use and place products on the market in the European Union territory has been accomplished.

Environmental provisions

Environmental obligations are the obligations of a company to recover pollution caused by the company's operations. They can be divided into two categories: environmental provisions and potential (contingent) liabilities. The provision budget for the environmental protection refers to the preliminary exploratory works, groundwater treatment, removal of waste generated from past activities at the site and the restoration works which are in progress. On 31st December 2013, environmental provisions within the INA, d.d. business records amounted to 54.78 MIL USD (HRK 304 MIL), whereas the provisions at the Group level amounted to 57.30 MIL USD (HRK 318 MIL). Potential (contingent) liabilities at the INA Group and INA, d.d. levels were estimated at 117.32 MIL USD (HRK 651 MIL) and 78,93 MIL USD (HRK 438 MIL), respectively. The estimates were not recorded because the timing of the event was uncertain and there is no evidence of pollution. A portion of the contingencies may be recognized as provisions by moving the time frame or deciding to change business strategy.



Sisak Refinery

REALIZATION OF SD&HSE GOALS OF INA GROUP FOR 2013

Objective	Result	Objective realization level (0-4)
CONTROL- PROMOTING THE HSE CULTURE AND MORE EFFICIENT MANAGEMENT FRAMEWORK		
Improving the stakeholder engagement	INA Green Forum was held in in Ivanić Grad, where one of the most important projects of INA, the EOR project, is being implemented. The emphasis of the forum was on business based on the principles of sustainable development, including environmental, health, safety and social responsibility and respect for people and relations with local communities and society as a whole.	4
Preparation, participation and support of the SD Council regular activities	SD Council formally exists, although there has been no formal sessions. Board of Executive Directors discusses status of SD actions on the quarterly basis.	3
Management of the HSE requirements regarding contracting and procurement of the services shall be fully implemented in INA Group	Management of the HSE requirements regarding contracting and procurement of the services has been implemented in most of the INA Group companies. In order to ensure the continuous improvement of safety standards aimed at ensuring a safe environment for all employees, as well as the employees of our suppliers, an Appendix to health, safety and environment protection (HSE Appendix) was created. HSE Appendix is an integral part of the contract and it stipulates the minimum HSE requirements and expectations of the INA Group member towards the suppliers that must be respected when providing services / works for the INA Group members. In the last quarter of 2013, forums representing the more detailed expectations in the fields of occupational health, safety and environment (HSE) of INA Group were held. In 2013, a pre-qualification system, recording the contractor working hours and education of the contractors' workers on the basic safety rules was implemented. Document is currently in the revision phase and will be introduced to the companies INA Lubricants and CROSCO.	3
INA Group HSE regulatory framework will be revised and re-defined in order to meet the business needs and to ensure applicability	According to plan, INA will revise the existing system by 1 st November 2014. The improved system includes 14 elements of process safety management (PSM) too, and connects the system to the elements of the ISO 14001 and OHSAS 18001 systems.	2
AWARENESS - INVOLVING EMPLOYEES & CONTRACTORS		
Zero work related fatal accidents (own staff, contractors, 3 rd parties)	There were no fatalities of INA employees recorded in 2013, however there was one contractor fatality in traffic, and one 3 rd party fatality, i.e. fatality of an accidental traffic participant.	2
Achieve that the Lost Time Injury Frequency (LTIF) at the INA Group level is not higher than 1.8 and that the Total Recordable Occupational Illness Frequency (TROIF) is equal to zero	In 2013, the Lost Time Injury Frequency (LTIF) at the INA Group level was 1.7 and the Total Recordable Occupational Illness Frequency (TROIF) was 0.	4
Road Accident Rate (RAR) shall not exceed 2.5 at the INA Group level	Road Accident Rate (RAR) at the INA Group level was 1.9, therefore this goal was completely achieved.	4
In order to raise the HSE awareness of own staff and contractors, appropriate tools (mechanisms) shall be implemented	The campaign "Life Saving Rules" was implemented throughout the INA Group with the purpose of familiarizing the employees with "10 rules that save lives," and efforts to strengthen the culture of safety at work. As part of INA's ongoing commitment of creating a safe working environment, Life Saving Rules have been introduced. In 2013, the Life Saving rules were introduced to 10,936 of INA Group employees and 13 Forums attended by 101 companies that collaborate with INA Group companies were held. Contractors are not allowed to initiate the works before going through the basic Life Saving Rules training.	4

RISK - MAINTAINING OPERATIONAL EXCELLENCE

Risk assessments shall be revised, non-compliance with the standards identified and mitigation plan developed	All fire risk assessments, safety reports and threat assessments of protection and rescue are currently in the development or revision phase, in accordance with statutory deadlines. In 2013, process documentation was updated and the risk assessment in accordance with the HAZOP (Hazard and Operability) method was implemented for three plants in Rijeka Refinery. Risk analysis will continue in 2014 as planned.	3
Process Safety Management (PSM), 2 nd phase, shall be implemented in INA,d.d. Refining and Marketing BD and Exploration and Production BD.	Frames for establishment and improvement of the PSM system have been defined as a basis for the system implementation during the 2014. PSM coordination of INA has been established, compliance analysed, PSM trainings held, and priorities and a plan of PSM activities for individual activities have been defined.	2
Full range of HSE trainings for the employees shall be implemented, not less than 80% of total needs	Over 80% of employees has been trained for safe work.	4
INA Group fire brigades competences and response capabilities shall be developed in a way to meet the legal compliance, as well as the best practice in the field of firefighting in the oil industry.	JOIFF training was held for 156 INA firefighters in Százhalombatta, in accordance with the standards of that international organization for industrial risks management. Re-categorization and legal harmonization in three INA Fire Departments - (Sisak, Rijeka Urinj and Molve) has enabled contracting of external firefighters and costs reduction.	4

ENVIRONMENT

Platform for CO ₂ allowances trading shall be established	Since 1 st January 2013, Rijeka Refinery, Sisak Refinery, Fractionation plants Ivanić Grad and Gas Processing Facilities Molve have been part of the ETS. In February 2013, requests to open four accounts (one for each plant) in the Union Registry, through which the emission allowances transactions are performed, had been submitted to the Croatian Environment Agency. The Annual Greenhouse Gas Emissions Reports for the plants were delivered in March to the Croatian Environment Agency in accordance with the regulations. The European Commission published a new form for Greenhouse Gas Emissions Monitoring Plans and INA plants submitted their Plans to the Ministry of Environmental and Nature Protection in August 2013.	4
All INA d.d. substances shall be registered in accordance with REACH regulation and notified in accordance with the CLP Regulation after the admission of the Republic of Croatia to the EU.	During 2013, INA-REACH team has collected data for a total of 14 registration dossiers, which have been submitted to the European Chemicals Agency (ECHA). Besides registration, notification for 8 substances exempted from registration obligations was completed in accordance with the CLP Regulation. For 18 substances (14 substances and 4 intermediates) that INA exported to the territory of the European Union before the accession of the Republic of Croatia to the EU, all rights were transferred from MOL Plc. to INA, since INA, d.d. was not a member of the European Union. Companies that produced and exported substances to the EU territory, and were not members of the EU in 2010, were obliged to appoint a Single Representative to register substances on their behalf. The single representative appointed for INA, d.d., was MOL Plc.	4
Waste management shall be developed as an internal solution at the highest possible level	In 2013, STSI, d.o.o. has initiated the activities for development of the waste management system for the purpose of INA-Group. STSI, d.o.o. currently performs only part of the activities related to waste management (mechanical and chemical cleaning, waste transportation and manipulation, hazardous waste conditioning and physical separation, and temporary storage of hazardous waste in Moslavačka Gračenica). After the accession of the Republic of Croatia to the EU, new legal framework came into force for waste management in Croatia, and STSI, d.o.o. applied for new, extended license for waste treatment (including new methods like solidification, stabilization and bioremediation). In 2014, 7 audits of waste management systems shall be carried out in order to ensure the data necessary for the revision of the INA,d.d. waste management strategy.	2

Realization of INA Group economic objectives is described in detail in the Annual Report which can be found on the INA website.

INA GROUP KEY PERFORMANCE INDICATORS (KPI) FOR 2014

Indicator	Plan for 2014
Fatalities – INA Group and Contractors	0
LTIF* (INA Group)	1,6
LTIF * (INA Group and Contractors)	1,7
Total reported injuries rate	2,6
(TRIR) – INA Group	2,6
Total reported injuries rate	8
(TRIR) – INA Group and Contractors	2,9
Spills (number of spills greater than 1m ³) - INA Group	8
Process safety events (T1+T2)** – INA Group	21
Process safety event rate (PSER (T1+T2))*** - INA Group	2,4
Road Accident Rate (RAR)	1,5
CO ₂ intensity of the refinery (tCO ₂ /kt CWT) - indicator of CO ₂ efficiency of the refinery (Rijeka Refinery)	40,44
High Consequence and High Potential Incident Inquiry Rate – INA Group and Contractors	100%
Action alert closure rate, recommended by HSE notifications - INA Group	100%
Completion rate of remediation program (Remediation)	71%

* LTIF - Lost Time Injury Frequency

** Process Safety Event (T1+T2) - incident at the plant that results in one or more defined consequences (T1 and T2)

*** PSER (T1+T2) Process Safety Event Rate - rate of T1+T2 process safety events

Exploration and Production

HEALTH AND SAFETY OBJECTIVES

Achieving Zero Incidents (Technology/People)

Life Saving Rules program

- Improvement of the technology related processes and documentation
- Improvement of risk management
- Fall from height, Energy isolation, Gas and confined space work hazards, Working alone and Slip/trip protection programs
- Introduction of the electronic permit to work (ePTW)
- Improve fire response capabilities

Strengthening Facility Safety (Facilities)

- Improvement of Process Safety Management (Process Safety Information (PSI), Management of Change (MoC), Pre Start Safety Review (PSSR), Quality Assurance (QA), Process Hazard Analysis (PHA), Improvement in Mechanical Integrity (MI))

Improving the Contractor Management (People)

- Updating the HSE requirements regulation for the contractors
- Introduction of international pre-qualification schemes
- Improving the site inspection practice
- Introduction of the contractor evaluation practice

Ensuring the Healthy Workplace (People)

- Ensuring healthier workplaces by focusing on fitness for work, psychological factors and promotion of healthier way of life
- Return to work after the injury program
- Introduction of health improvement program - stress, ergonomics and fatigue

ENVIRONMENTAL OBJECTIVES

Establishing and Maintaining Compliance with Legal Regulations

- Maintaining compliance with local environmental regulations and internal environmental protection standards
- Creating the remediation strategy for INA
- Remediation Program and registry of environmental liability
- Detecting and reducing the hydrocarbon sources of pollution (DS Prod, Logistics Sector)
- Spill prevention (Logistics Sector)
- Compliance with the Regulation on technical environmental standards for volatile organic compound (VOC) emissions (DS Prod, Logistics Sector)
- Reducing the VOC emissions - Vapour Recovery Units (Retail Business Division)
- Supervisory activity of Contractors (Corporate Centre BF)

Improving the Environmental Efficiency

- CO₂ intensity reduction (energy efficiency)
- Support for acquisitions and divestitures
- Decreasing the VOC emissions (Logistics Sector, DS Prod)
- Improving the water use efficiency (DS Prod)
- Increasing the ratio of the reused/recycled waste (remediation waste excluded)
- Increasing the ratio of the recycled/reused packaging waste and introducing the selective waste collection (Retail Business Division)
- Reducing the hazardous waste resulting from tank cleaning (Logistics Sector)
- Decreasing the environmental footprint of the INA Group offices (Corporate Centre BF)
- Sustainable Management of the Environmental Protection
- Biodiversity (Biodiversity Action Plans (BAP) for all critical sites)
- Environment Awareness program
- Side emissions – of the customers (Retail Business Division)
- Alternative fuels (LPG/ Bio) (Retail Business Division)
- Introducing the “green” procurement principles (Corporate Centre BF)

IMPROVEMENT OF HSE AWARENESS

Improving the HSE System Management

- HSE competency assessment
- Tailored and standard awareness trainings
- Leadership skills and competencies
- Aligned KPI's incorporated into business and personal contracts
- Annual communication plan
- Targeted yearly HSE campaigns highlighting the key program improvements

Streamline HSE Management Systems

- Implementation of a reliable HSE Data Management system
- Issuing a transparent, streamlined HSE Management System, as well as the Group level regulations - HSE Toolbox for best practices
- Better control of the HSE costs, focused on the most favourable cost of the HSE services

Strengthening the HSE Management and Audit Systems

- Improving the overall HSE audit program
- MS compliance audits and Cross business HSE audits
- Internal auditor training program

SD related actions are identified in our HSE objectives and programs plans implementation.

INA IN NUMBERS

Environmental Indicators

Health and Safety Indicators

Labour Practices and Decent Work Indicators



Biograd na moru PS

ENVIRONMENTAL PERFORMANCE INDICATORS

Direct CO₂ emissions (ETS and non-ETS) from the organizational units of INA,d.d. in the last five years.

	2009	2010	2011	2012	2013
Refinery Rijeka - Urinj & Lubricants Sector -Mlaka	1,031,072.90	797,798.51	858,141.46	860,720.62	736,478.75
Refinery Sisak	633,427.90	585,772.84	449,351.96	445,347.71	362,310.70
Logistics Sector	n.a.-	301.00	411.43	1,292.78	1,389.40
Exploration & Production BD	662,347.07	663,303.53	673,088.09	571,467.92	539,749.39
Retail Sales Management Sector	111.58	144.06	87.69	75.93	47.95
Total CO₂ t/year	2,326,959.45	2,047,319.94	1,981,080.63	1,878,904.96	1,639,976.19

Direct CO₂ emissions from INA Group for the last four years

	2010	2011	2012	2013
Total CO ₂ t/year	2,051,650.06	1,990,741.06	1,887,428.23	1,688,255.96

Direct CO₂ emissions from flaring at INA, d.d. for the last three years

	2011	2012	2013
Exploration & Production BD	5,484.20	7,108.70	17,078.87
Sisak Refinery	14,781.60	18,231.10	16,853.10
Rijeka Refinery	44,695.50	47,430.40	46,429.9
Total CO₂ t/year	66,972.30	72,770.20	80,361.87

Indirect CO₂ emissions in 2013 from INA Group

	CO ₂ emission from electricity consumption	CO ₂ emission from other indirect energy consumption (t) (steam, heating...)	Total indirect CO ₂ emission
INA, d.d.	70,837.23	3,302.98	74,140.20
CROSCO	832.61	0.00	832.61
Ina - Osijek Petrol d.d.	159.31	53.97	213.28
Interina Ljubljana	241.95	0.00	241.95
INA MAZIVA (Zg)	632.09	243.22	875.32
Holdina	1,668.87	0.00	1,668.87
Energopetrol	2,606.60	0.00	2,606.60
STSI, d.o.o.	647.29	83.69	730.98
Total (t)	77,625.95	3,683.86	81,309.82

* INA, d.d. data were presented for the past five years, while INA Group level data accompanying the last three or four years, depending on the type of data.

Energy consumption (GJ) in INA, d.d. and INA Group in 2013			
	Total direct energy consumption (GJ)*	Total indirect energy consumption (GJ)**	Total energy consumption (GJ)
Exploration & Production BD	2,506,870.48	189,102.93	2,695,973.41
Refinery Rijeka	12,223,321.55	274,690.00	12,498,011.55
Refinery Sisak	5,383,416.17	330,732.00	5,714,148.17
Lubricants Sector - Mlaka	44,173.00	9,675.00	53,848.00
Retail BD	5,916.44	79,609.72	85,526.16
Logistics Sector	101,828.59	16,384.65	118,213.24
Asset and Services Management Sector	48,541.52	67,981.60	116,523.12
INA, d.d.	20,314,067.75	968,175.90	21,282,243.65
Croscos ***	667,347.18	10,743.41	678,090.59
INAOsijek Petrol	1,227.08	2,940.38	4,167.46
Interina Ljubljana	4,801.26	1,805.82	6,607.07
INA Maziva (Zg)	75,756.25	12,143.32	87,899.57
Holdina	15,450.66	8,344.35	23,795.01
Energopetrol	17,189.76	13,033.02	30,222.78
STSI, d.o.o.	91,594.28	9,724.04	101,318.32
INA Group	21,187,434.21	1,026,910.24	22,214,344.45

* Total direct energy consumption = Total natural gas consumption (as an energy source) + Total consumption of other hydrocarbon energy sources

** Total indirect energy consumption = Total electricity consumption + Total consumption of other indirect energy sources (steam, heat, etc.)

Croscos*** - data refer only to operations within the Republic of Croatia

Quantity of materials used in the production process in last four years				
Raw material	2010	2011	2012	2013
Crude oil + condensate (domestic) (t)	619,149	551,401	627,187	547,892
Crude oil (imported) (t)	3,562,062	2,745,012	2,447,958	2,427,280
Total crude oil (t)	4,181,211	3,296,413	3,075,145	2,975,172
Intermediates, feedstock, additives (t)	265,850	746,839	982,882	543,456
Total production input (t)	4,447,061	4,043,252	4,058,028	3,518,627

Quantity of materials produced in oil & gas exploration processes in Croatia in last four years				
Raw material	2010	2011	2012	2013
Crude oil (t)	478,336	450,585	436,442	426,048
Condensate (t)	242,020	213,856	112,798	104,972
Crude oil -Croatia (t)	720,356	664,441	549,241	531,020
Natural gas (m ³)	2,330,691	2,213,811	1,808,903	1,528,762
Geothermal water (m ³)	378,995	389,915	418,254	386,986
Fresh water (m ³)	2,381,237	2,505,854	2,228,903	1,791,742

Quantity of water withdrawn and discharged by INA, d.d in the last five years					
	2009	2010	2011	2012	2013
Total water withdrawn (m ³)	52,733,518	37,487,634	37,310,333	43,382,725.00	38,516,679.70
Total water discharged (m ³)	47,404,440	30,747,422	33,409,908	38,379,848.60	34,540,444.44

Quantity of water withdrawn and discharged by INA Group in the last four years				
	2010	2011	2012	2013
Total water withdrawn (m ³)	37,846,879	37,644,540	43,776,404	38,999,304
Total water discharged (m ³)	31,115,100	33,770,579	38,770,275	34,996,969

INA Group discharges into water in last three years			
	2011	2012	2013
COD* (t)	438.82	346.24	243.50
BOD5** (t)	140.29	59.69	75.00
Total suspended solids (t)	107.99	73.67	84.66
Total oils and grease (t)	19.89	27.03	22.86

* chemical oxygen consumption

** biological oxygen consumption

Exploration & production BD total water production in the last four years				
	2010	2011	2012	2013
Water produced from water stations (m ³)	2,369,920	1,956,000	2,228,903	2,274,964
Water produced from own wells (m ³)	652,681	533,336	516,806.00	530,360
Geothermal water (m ³)	378,995	389,915	418,254.00	386,986
Total water production (m³)	3,401,596	2,879,251	3,163,963	3,192,310

INA, d.d. air emissions in last five years					
	2009	2010	2011	2012	2013
SO ₂ (t)	12,392.37	10,203.24	7,841.89	5,573.43	3,581.27
NO ₂ (t)	3,863.90	4,432.19	4,331.26	3,905.90	3,135.03
CO (t)	768.56	736.32	880.85	457.80	646.55
Solid particles (t)	178.48	176.85	132.80	134.63	102.63

INA Group air emissions in last three years			
	2011	2012	2013
SO ₂ (t)	7,914.89	5,604.35	3,581.27
NO ₂ (t)	4,345.31	3,918.95	3,140.60
CO (t)	881.40	459.64	647.50
Solid particles (t)	133.56	134.94	102.68

Amount of produced hazardous and non-hazardous waste in INA, d.d. and INA Group in last four years				
	2010	2011	2012	2013
Hazardous waste (t)	4,545.06	4,417.38	6,450.99	5,557.00
Non-hazardous waste (t)	8,021.57	6,070.89	12,038.93	9,816.30
Total INA,d.d. (t)	12,566.63	10,488.27	18,489.92	15,373.29
Hazardous waste (t)	612.96	635.56	476.78	321.36
Non-hazardous waste (t)	3,022.58	1,048.92	517.77	1,289.19
Total INA Group (t)	16,202.17	12,172.75	19,484.47	16,983.60

Quantity of hazardous and non-hazardous waste produced by INA, d.d. organizational units / INA Group companies in 2012 and 2013				
	2012		2013	
	Hazardous waste (t)	Non-hazardous waste (t)	Hazardous waste (t)	Non-hazardous waste (t)
Refinery Rijeka	120.27	717.79	513.84	1,314.49
Refinery Sisak	3,357.53	1,188.50	2,873.10	1,374.32
Lubricants sector (Mlaka)	0.00	91.50	4.48	44.86
Exploration& Production BD	1,599.25	6,928.40	819.33	6,726.49
Retail Sales & Marketing Sector	495.34	2,883.78	1,068.52	112.82
Logistics Sector	867.26	207.46	240.4	222.11
Corporative Centre BF	11.15	21.51	16.89	0.00
Commercial Sector	0.20	0.00	0.30	21.21
Total INA, d. d. (t)	6,450.99	12,038.93	5,557.00	9,816.30
Crosco*	269.31	250.31	112.84	583.30
INA Maziva (Zg)	132.03	47.51	179.14	97.00
Holdina	0.70	5.80	1.37	n.a.
Energopetrol	n.a.	n.a.	1.69	n.a.
InterINA	0.38	36.10	6.19	34.56
STSI, d.o.o.	30.37	170.07	18.82	572.09
Osijek Petrol	44.00	2.71	1.29	2.24
Total INA Group (t)	6,927.78	12,556.71	5,878.20	11,105.40

HEALTH AND SAFETY INDICATORS

Health & safety indicators at INA's main subsidiaries in 2013							
	INA Osijek Petrol	Crosco Group	STSI	Maziva Zagreb	Interina Ljubljana	Holdina Sarajevo	INA, d.d.
Lost time injury (LTI) (No.)	1	13	6	0	0	0	24
Lost time injury frequency (LTIF)	7.0	2.5	2.8	0	0	0	1.4
Total reportable occupational illnesses frequency (TROIF)	0	0	0	0	0	0	0
Fatalities among the employees	0	0	0	0	0	0	0
Fatalities among the contractors	0	0	0	0	0	1	0
Fatalities among the 3 rd parties	0	1	0	0	0	0	0
Number of fires	0	2	0	0	0	2	10

Health & safety indicators at INA, d.d. in last six years						
	2008	2009	2010	2011	2012	2013
Lost time injury (LTI) (No.)	85	62	64	40	34	24
Lost time injury frequency (LTIF)	4.0	3.0	3.1	2.2	1.9	1.4
Total reportable occupational illnesses frequency (TROIF)	0	0	0	0	0	0
Absence rate (AR) (%)	4.7	4.4	4.9	3.5	3.8	4.2
Lost day rates (LDR) (%)	0.22	0.29	0.07	0.09	0.06	0.34
Fatalities among the employees	1	0	0	0	0	0
Fatalities among the contractors	0	0	0	0	0	0
Fatalities among the 3 rd parties	0	1	1	1	1	0
Number of fires	4	9	8	12	9	10

LABOUR PRACTICES AND DECENT WORK INDICATORS

	INA d.d.	Crosco	Rotary (Crosco Group member)	STSI	Maziva Zagreb	Hostin	Osijek Petrol	TRS	Interina Ljubljana	Holdina Sarajevo	Prirodni plin
Number of workers in INA Group on December 31st 2013											
Number of workers	8,517	1,666	699	1,017	245	13	79	291	87	291	30
No. of workers w. shortened working hours	20	2	21	0	4	0	0	2	2	2	0
No. of newly employed employees	384	108	36	29	9	0	2	0	0	0	n.a.
No. of employees who have left the company	579	107	17	58	32	0	15	4	7	4	n.a.
No. of employees working abroad	31	401	75	1	0	0	0	0	0	0	0
% of women in total workforce	21.40	5.64	9.19	9.05	33	46.15	25.31	92.44	32.18	92.44	53
% of woman in managerial positions	13.80	23.33	0.48	17.07	35.00	7.69	0.00	7.22	0.00	7.22	n.a.
% of invalids in total work force	2.17	1.56	3.23	4.23	2.86	0.00	1.26	1.03	4.60	1.03	0.00
Education level of workers											
No. of Unskilled workers	63	14	24	13	0	1	0	0	2	0	0
No. of Semi-skilled workers	48	31	19	8	24	0	0	3	0	3	0
No. of Primary school degree workers	26	2	5	21	1	0	0	0	0	0	0
No. of Skilled workers	714	312	299	148	22	0	4	4	35	148	0
No. of High school degree workers	4,931	930	236	401	113	8	66	177	31	155	4
No. of Highly skilled workers	378	81	7	185	4	0	0	0	0	9	0
No. of Assoc.degr./bacc. workers	551	62	0	74	13	3	4	36	5	16	8
No. of Univ.degr./mag. workers	1,651	230	75	161	66	1	4	69	13	67	17
No. of MA/univ. spec. workers	122	4	54	5	2	2	1	2	1	5	1
No. of PhD workers	33	0	1	1	0	0	0	0	0	0	0
Age structure of workers											
Under the age of 30	1,016	280	107	93	5	1	n.a.	20	11	56	7
31-40 years	2,085	382	170	197	29	2	n.a.	29	24	145	17
41-50 years	2,683	381	172	292	83	3	n.a.	106	34	126	3
51-60 years	2,577	592	244	421	116	9	n.a.	131	16	69	3
over 61 years	156	31	27	14	12	0	n.a.	5	2	7	0

Comparative data on workers in INA, d.d. in last five years					
	December 31 st 2009.	December 31 st 2010	December 31 st 201	December 31 st 2012	December 31 st 2013
No. of employees w. fixed term contracts	266	308	538	493	421
No. of employees w. shortened working hours	28	22	19	18	20
No. of departed employees	245	1.325	958	782	579
No. of newly employed employees	n.a.-	433	660	503	384
No. of employees working abroad	107	89	62	27	31
% of employees in trade unions	85.1	82.5	79	71	75.88
No. of work-disabled empl.and war veteran invalids	368	246	197	177	172
Education level of workers					
No. of Unskilled workers	140	120	113	81	63
No. of Semi-skilled workers	49	42	32	27	26
No. of Primary school degree workers	162	94	70	64	48
No. of Skilled workers	1,225	974	854	753	714
No. of High school degree workers	5,312	5,048	5,051	5,009	4,931
No. of Highly skilled workers	618	502	441	400	378
No. of Assoc.degr./bacc. workers	599	543	55	400	551
No. of Univ.degr./mag. workers	1,690	1594	1,615	1,818	1,651
No. of MA/univ. spec. workers	119	130	124	131	122
No. of PhD workers	17	14	21	29	33
Age structure of workers					
Under the age of 30	957	1,026	1,171	1,088	1,016
31-40 years	2,110	2,144	2,227	2,220	2,085
41-50 years	3,253	3,046	2,847	2,794	2,683
51-60 years	3,179	2,678	2,532	2,500	2,577
over 61 years	432	167	99	110	156
Total	9,931	9,061	8,876	8,712	8,517

Average gross salary (HRK)									
	2009	2010	2011	2012	2013	2010/2009	2011/2010	2012/2011	2013/2012
Republic of Croatia*	7,711	7,783	7,796	7,875	7,939	101	100	101	101
Sectors according to national classification*									
Mining and exploration	10,032	9,957	9,929	9,878	9,758	99	100	100	99
Processing industry	6,618	6,617	6,702	6,828	6,943	100	101	102	102
Electricity, gas and water distribution	9,925	9,863	10,022	10,020	10,571	99	102	100	106
Civil engineering	6,506	6,234	6,315	6,364	6,488	96	101	101	102
INA-Industrija nafte d.d.	10,761	10,958	10,631	10,669	10,727	102	97	100	101

* Source: Central Bureau of Statistics

The average gross salary in INA maintained at a level higher than 30 percent compared to the national average.

ECONOMIC PERFORMANCE INDICATORS

2010			2011			2012			2013		
	mil HRK	mil USD	mil HRK	mil USD	2012/2011	mil HRK	mil USD	2012/2011	mil HRK	mil USD	2013/2012
INA Group realized revenue by region											
Croatia	15,698	2,854	18,115	3,390	115	19,090	3,263	105	17,531	3,072	92
Bosnia and Herzegovina	1,934	352	2,128	398	110	2,650	453	125	2,936	515	111
European countries	3,534	642	3,484	652	357	3,089	528	89	2,594	455	84
Syria	1,308	238	2,448	123	187	30	5	1	n.a.	n.a.	n.a.
Other countries	3,392	617	3,853	721	114	5,036	861	131	4,383	768	87
TOTAL	25,866	4,703	30,028	5,285	116	29,895	5,110	100	27,444	4,810	92
INA , d.d. realized revenue by region											
Croatia	13,985	2,512	15,820	2,718	113	17,188	2,938	109	15,558	2,727	91
Bosnia and Herzegovina	758	136	1,141	196	151	2,504	428	219	47	8	2
European countries	3,946	717	3,494	654	333	3,089	528	88	2,594	455	84
Syria	1,108	201	2,254	422	203	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other countries	2,749	500	3,582	670	130	3,623	619	101	5,683	996	157
TOTAL	22,546	4,099	26,291	4,920	117	26,404	4,513	100	23,882	4,186	90

INA IN NUMBERS

2010		2011		2012		2013				
mil HRK	mil USD	mil HRK	mil USD	2011/2010	mil HRK	mil USD	2012/2011	mil HRK	mil USD	2013/2012
INA Group profit earned (EBIT)										
2,158	392	3,039	569	141	1,356	232	45	-1,571	-275	-116
INA, d.d. profit earned (EBIT)										
2,762	502	3,142	588	114	1,763	301	56	-1.833	-321	-104
INA Group costs of purchased materials, goods and services										
19,811	3,602	21,942	4,106	90	23,584	4,031	107	22,134	3,879	94
INA, d.d. costs of purchased materials, goods and services										
16,738	3,043	18,937	3,544	88	19,692	3,366	104	18,783	3,292	95

2011		2012		2013			
mil HRK	mil USD	mil HRK	mil USD	2012/2011	mil HRK	mil USD	2013/2012
INA Group loan intrests paid for recived loans							
166	29	143	24	86	144	25	102
INA, d.d. loan intrests paid for recived loans							
142	24	142	24.8	100	131	23	92

	2011		2012		2013			
	mil HRK	mil USD	mil HRK	mil USD	2012/2011	mil HRK	mil USD	2013/20112
INA Group payroll costs								
Net	1,367	235	1,309	224	96	1,272	223	97
Taxes and contributions	964	166	899	154	93	846	148	94
Other salary expenses	421	72	428	73	102	297	52	69
TOTAL	2,752	473	2,636	451	96	2,415	423	92
INA, d.d. payroll costs								
Net	838	144	807	138	96	786	138	97
Taxes and contributions	613	105	584	100	95	553	97	95
Other salary expenses	214	37	226	39	106	133	23	59
TOTAL	1,666	286	1,617	276	97	1,472	258	91

	2009		2010		2011		2012		2013					
	mil HRK	mil USD	mil HRK	mil USD	2010./2009..	mil KN	mil USD	2011./2010.	mil HRK	mil USD	2012./2011.	mil HRK	mil USD	2013./2012.
INA, d.d. total taxes paid														
Croatia	7,096	1,394	9,124	1,639	129	8,763	1,506	96	9,930	1.734	88	8,816	1,589	113
Angola	21	4	9	2	43	2	0.3	22	94	16	2.1	41	7	226
TOTAL	7,117	1,398	9,133	1,640	128	8,765	1,506	96	10,024	1,750	87	8,858	1,596	88

Note: Taxes paid in Croatia include income tax and surtax, WAT, special tax on petroleum products, petroleum products highway fees and petroleum products road fees

* amount does not include petroleum products highway fees and petroleum products road fees (since 1st of January 2010 no longer charged)

* the amount includes fee for biofuel production stimulation (came into force on 5 April 2011).

* corporate income tax included.

The US\$/HRK exchange rate was used as on 31 December of the corresponding year. USD/HRK on 31 December 2011 – 5.81994, USD/HRK on 31 December 2012- 5.726794, USD/HRK on 31 December 2013 - 5.549000.



	2011	2012	2013
PAID VAT, EXCISE DUTIES, BIOFUELS FEE, PROFIT TAX, INCOME TAX AND SURTAX AND CROATIAN COMPULSORY OIL STOCKS AGENCY (HANDA)			
Value added tax	342,852,429.75	1,052,478,076.45	751,162,433.18
Value added tax - IMPORT	3,638,199,466.85	3,359,978,427.58	3,092,193,487.88
Corporate income tax (PROFIT TAX)	475,277,193.24	1,172,019,110.33	357,394,008.50
Excise duties	3,716,388,832.72	3,733,568,830.72	4,460,912,748.27
Croatian Energy Market Operator (HROTE) -Biofuels fee*	42,096,626.53	75,785,124.16	5,197,683.46
Income tax and surtax	166,232,847.96	158,240,243.89	149,186,559.85
Croatian Agency for mandatory Oil and Oil Derivatives (HANDA)	382,041,750.00	378,279,653.55	Act on Amendments to the Oil and Petroleum Products Market Act (OG 144/12) abolished the fee of a litre of fuel which was by 31 December 2012 paid to the benefit of HANDA, and starting with 1 January 2013, the agency activities are funded from the state budget.
TOTAL	8,763,089,147.05	9,930,349,466.68	8,816,046,921.14

INA GROUP Return on Assets Profitability indicator (ROA) in2013

$$\text{ROA (\%)} = \frac{\text{Profit}}{\text{Total Assets}} \times 100 = \frac{-1,508.25}{25,909.54} \times 100 = -5.82 \%$$

INA, d.d. Return on Assets Profitability indicator (ROA) in 2013

$$\text{ROA (\%)} = \frac{\text{Profit}}{\text{Total Assets}} \times 100 = \frac{-1,633.47}{25,202.31} \times 100 = -6.48 \%$$



Gola Gas Station

A low-angle, upward-looking photograph of a tall, complex metal lattice tower, likely a telecommunications or power transmission structure. The tower's framework is composed of numerous intersecting metal beams and cross-braces, creating a dense geometric pattern. Several thick, dark cables or power lines are visible, extending from the top of the frame towards the tower. The background is a clear blue sky with a few wispy white clouds. The overall composition conveys a sense of height and industrial scale.

INA GROUP PROFILE

Organizational Changes in 2013

Shareholder Structure

Awards and Recognitions

Mission, Vision and Core Values

INA Group Health, Work Safety and Environmental Protection Policy

Report Parameters and Materiality

Corporate Governance

Ethical Business and Compliance



Vučkovec 5 Well

INA GROUP COMPANY PROFILE



Organizational structure of INA, d.d. consists of three business divisions performing INA core businesses (exploration and production, refining and marketing, and retail) and three business functions providing support for the core businesses (finance, corporate affairs and corporate centre). INA, d.d. holds different shares in a number of companies which comprise the INA portfolio. INA portfolio companies in which INA d.d. holds a majority share, the majority of voting rights or a direct or indirect controlling influence together with INA, d.d. comprise the INA Group. INA Group is currently comprised of INA, d.d. and 31 other companies. Apart from companies in which INA, d.d. holds shares, it also has eight subsidiaries and five joint ventures.

INA headquarters are located in Zagreb, Avenija Većeslava Holjevca 10, Croatia.

INA, d.d. and INA Group companies main line of business:

- Exploration and production of oil and gas in Croatia and abroad,
- Processing of oil and production of oil derivatives in the refineries located in Rijeka (Urinj) and Sisak, where fuels production is located, and Zagreb, where lubricants are produced,
- Retail sales of oil derivatives and other products through a retail network (444 petrol stations in Croatia and neighbouring countries Bosnia and Herzegovina, Slovenia and Montenegro),
- Trading in crude oil and oil derivatives,
- Procurement and sales of natural gas to the tariff and eligible customers - Prirodni plin d.o.o.,
- Provision of drilling, workover and other services related to oil and gas exploration and production, both on-shore and off-shore - services are provided by Crosco-Naftni Servisi d.o.o.,
- Provision of services related to the construction of oil pipelines, gas pipelines, processing plants and processing plant maintenance - services are provided by STSI, d.o.o.,
- Production and sales of lubricants - INA MAZIVA d.o.o.,
- Catering and tourism - Hostin d.o.o.,

In the area of oil and gas exploration and production, during 2013, along with Croatia, INA operated in Angola and Egypt. INA, d.d. operates in 13 countries worldwide through subsidiaries, joint ventures and subsidiaries.

Retail Business Division manages the regional network of 444 petrol stations in Croatia and the neighbouring countries Bosnia and Herzegovina, Slovenia and Montenegro.

On 31st December 2013, the total number of employees in INA Group was 13,460, and in INA, d.d. 8,517. Net income of INA Group in 2013 was negative, amounting to HRK 1,504 million, due to recorded impairment of assets in Syria and Refining and Marketing BD.

At the end of 2013, INA had 251 million boe proven and probable hydrocarbon reserves and hydrocarbon production of 40.2 Mboe/day on yearly average.

INA GROUP SIGNIFICANT SUBSIDIARIES

INA	SUBSIDIARIES IN CROATIA	SUBSIDIARIES ABROAD
BD EXPLORATION AND PRODUCTION	CROSCO, d.o.o.	INTERINA d.o.o. Ljubljana
BD REFINING AND MARKETING	STSI, d.o.o.	INA BH d.d. Sarajevo
BUSINESS DIVISION RETAIL SERVICES	INA MAZIVA d.o.o.	INA d.o.o. Beograd
FINANCE BF	HOSTIN d.o.o.	INA-CRNA GORA d.o.o. Podgorica
CORPORATE AFFAIRS BF	ITR d.o.o.	HOLDINA d.o.o. Sarajevo
CORPORATE CENTRE BF	PRIRODNI PLIN d.o.o.	ADRIAGAS S.r.l. Milano
	Top Računovodstvo Servisi d.o.o.	
	Ina - Osijek Petrol d.d.	

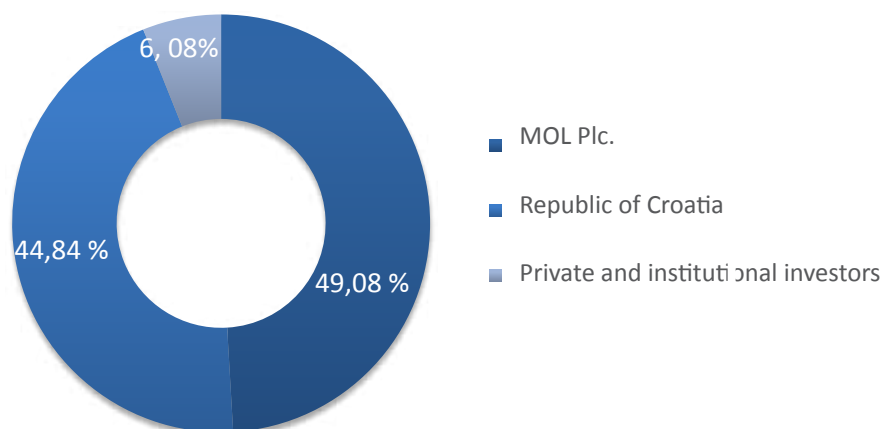
CHANGES IN ORGANIZATIONAL STRUCTURE IN 2013

In 2013 some significant organizational changes occurred in INA, d.d. as a consequence of process improvement and grouping of closely related processes into one organizational unit. Biggest changes in macro-organizational structure are related to Exploration & Production BD, implemented as of April 1st, and they included all sectors and opening of new sectors with the goal to upgrade and facilitate business operations of the Exploration & Production BD. In the Refining & Marketing BD significant change occurred with opening of the Production Centre that has taken over the management and supervision over two refineries with the goal to centralize certain processes and harmonize processes in refineries. Other macro-organizational changes are related to the Corporate Affairs BF and Corporate Centre BF, where minor modifications and harmonization with business processes needs were implemented.

SHAREHOLDER STRUCTURE ON 31ST DECEMBER 2013

INA, d.d. is a stock company having MOL Plc. and the Republic of Croatia as its biggest shareholders, while a minority of shares is owned by private and institutional investors. INA shares have been listed at the London and Zagreb stock exchanges since December 1st 2006. The share capital of INA is divided into 10,000,000 ordinary shares, of which each gives the right to one vote and dividends. Public stock trading has begun on December 1st 2006.

On 30th December 2013, MOL Plc. owned 49.08% of INA shares and 44.84% of the shares were owned by the Croatian Government, while 6.08% of the shares were owned by other private and institutional shareholders. The last amendment on the INA, d.d. ownership can be found on the website of the Central Depository and Clearing Company.



AWARDS AND RECOGNITIONS

„Golden Index“

INA-Industrija nafte, d.d. won The Golden index in the category of “Participation in student projects organized by students and student organizations,” which is the evidence that students have recognized the effort INA continuously invests in collaboration with the academic community, with the aim of improving the student status and opening opportunities for their further progress. Therefore, in 2013 the company continued with the implementation of programs and initiatives aimed at the student population and young people, as well as the successful collaboration with three student organizations: eStudent, AIESEC Croatia and BEST. The Golden index award is a unique award in Croatia, awarded to companies which have contributed most to the quality of student life, student education and professional training.

Employer Partner Certificate

For the third year in a row INA received the Employer partner Certificate, awarded for excellence in human resources management.

INOVA 2013

At the Invention Show INOVA 2013, INA's Innovators won silver medals for their work. Innovators from INA MAZIVA d.o.o., INA Group Company, also won gold medals for their work.



INA Central office building,
Avenija Većeslava Holjevcva 10, Zagreb

MISSION, VISION AND CORE VALUES

INA is a modern, socially responsible and transparent company in constant dialogue with its environment, focused on sustainable development and care for the health and safety of its employees and the community as a whole.

Mission

INA, d.d. plays a major role in the oil, oil products and gas markets in Croatia and neighbouring countries, and is committed to creating higher value by continuously improving its business and quality of products and services.

Vision

To be a well-reputed and desirable partner known for its excellent products and services, honest and nurtured relationships, and protection of the interests of our owners, customers, employees and other partners.

Core values

In order to achieve its Mission and realize its Vision, we have to adjust our behaviour to the expectations and goals of all concerned in INA activities - primarily the owners, customers, suppliers and the community in which we operate, while taking into account the need to protect the environment and maintain a balance in nature that surrounds us. Therefore, INA core values are:

- Benefits for the Owner - Achieving the appropriate assets value rise for the owners and interested investors;
- Partnership with Customers - Fulfilling the needs and expectations of costumers and gaining their trust and long-term loyalty;
- Suppliers - Keeping a correct relationship with suppliers;
- Respect for Local Community - Recognizable Image - Maintaining the recognizable image through close cooperation and respect for cultural, religious and other characteristics of the communities we operate within;
- Benefits to Employees - Creativity and Uniqueness - Recognizing employees' needs, interests and abilities through an incentive-based system for salaries and promotions, since the employees are an indispensable creative potential and form the overall support and foundation for realization of INA corporate goals.

INA GROUP HEALTH SAFETY AND ENVIRONMENTAL POLICY

INA Group HSE Policy contributes to sustainable development by acting responsibly, taking into account the impact of daily operations on the environment and human health and safety. We want to achieve the highest possible level of HSE culture in order to prevent accidents and minimize environmental impact, while increasing a positive impact on the society as a whole. To achieve the above, we want to:

- comply with statutory requirements, internal standards and best industry practice,
- improve the overall health of all our employees,
- control the HSE, social risks and the impact of our operations and products,
- improve our high standards of an ability to handle emergency situations,
- support initiatives related to climate change,
- ensure that contractors operate in accordance with our HSE standards,
- evaluate and reward employees and contractors regarding the actions in accordance with HSE principles,
- evaluate and improve our results in the HSE domain and display them openly.

REPORT PARAMETERS AND MATERIALITY

Sustainability Report for 2013 covers a full range of economic, environmental and social impacts of INA, d.d. and INA's subsidiaries on the stakeholders. The report covers the information related to business activities of INA and larger INA Group companies during 2013. In making the SD Report, data from the Financial Report for 2013, which was reviewed and verified by an independent auditor – Deloitte, have been used.

In accordance with the Croatian Accounting Act, INA financial reports are prepared in accordance with International Financial Reporting Standards (IFRS). In monitoring its own operations, INA is applying all relevant international accounting standards, including statutory requirements, techniques, methods and evaluations.

Health, safety and the environment protection data are monitored and reported in accordance with the directives of the International Labour Organization and Croatian legislation, and according to methodology for monitoring injuries by EU association of oil companies - CONCAWE.

Emissions of pollutants into the environment are determined by measuring, emission factors and/or on the basis of material balancing.

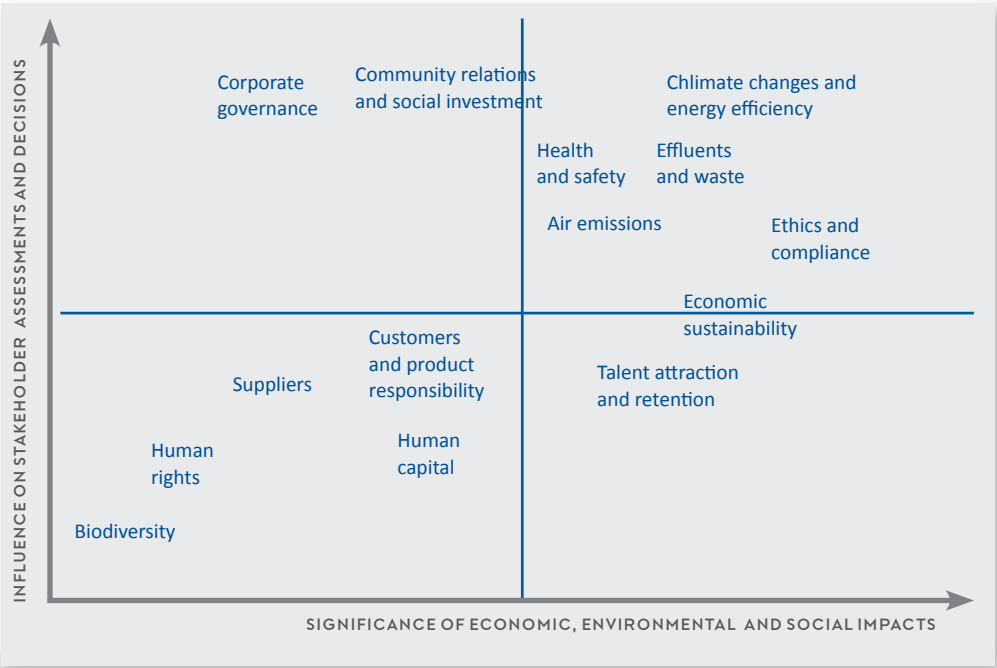
Sustainability data of INA Group are also included in the Annual Report of MOL Group for year 2013, which has been verified by an independent auditor - Ernst&Young.

This year we continued reporting in accordance with the GRI G3.1 reporting guidelines, with addition for oil and gas industry sector (Oil & Gas Sector Supplement).

INA Group publishes sustainability report on annual basis, and the last report was published in July 2013. This Report also covers the requirements of the Progress Report related to 10 principles of UN Global Compact (detailed in the Table of Contents According to G3.1 GRI Performance Indicators).

All topics describing significant economic, environmental and social impacts of INA, as well as those that could have an impact on our stakeholders, are treated in this report as material issues of a particular importance. When identifying the material issues, in addition to the internal strategy and financial impact to the Companies, we have also taken into account the GRI G3.1 guidelines, additional indicators from Oil and gas Sector supplement, results of customer satisfaction research, recommendations from SD Report independent assessment, CSR Index, comments and suggestions from employee surveys, peers benchmark etc. Preference is given to those areas where INA has significant impact and where it can improve its performance:

- **Corporate governance**
 - **Ethics and compliance**
 - **Climate change and energy efficiency**
 - **Environmental protection**
 - **Health and safety**
 - **Human capital and talent attraction and retention**
 - **Customers and product responsibility**
 - **Community relations and social investment**
 - **Economic sustainability**
- More information can be found at www.ina.hr or can be received by e-mail address: Odrzivi_Razvoj@ina.hr or PR@ina.hr.



We hope that the report will be useful to INA's current and potential future employees, shareholders, customers, management structure, suppliers, NGO's, local communities and the wider community.

MATERIALITY OF RELEVANT TOPICS



Rijeka Refinery

○ CORPORATE GOVERNANCE

In accordance with the Companies Act and the Articles of Association of INA, d.d., governance bodies are the General Assembly, Supervisory Board and the Management Board. Updated information on the members of the governance bodies can be found on www.ina.hr.

The General Assembly is the body through which the shareholders (owners) carry out their governance rights, and the General Assembly meetings are held at least once a year, but also whenever it is in the interest of the Company (extraordinary meeting).

The Supervisory Board consists of nine members, eight of which are appointed and dismissed by the General Assembly, and the ninth is the representative of employees, pursuant to the Employment Act.

The Management Board consists of six members, appointed and recalled by the Supervisory Board. The Management Board is responsible for establishing and implementing the strategy and development plan, as well as managing the Company. Management Board is also responsible for managing INA Group through INA, d.d. representatives in INA owned companies and through Managers Appointed for Control (MAC).

The Management Board appoints Executive Directors that constitute INA, d.d. Executive Board. Executive Directors are responsible for day-to-day operation of a particular business division/function of the Company within a framework of authorities and responsibilities given to them by the Management Board.

The Management Board members shall not be BF/BD Directors at the same time.

The Executive Board is an advisory body to the Management Board and the President of the Management Board and serves as a coordination and consultation forum for the Executive Directors in decision-making.

Among the members of the Supervisory Board, the Management Board and the Executive Board there are no women. The INA Group Code of Ethics, which obliges all employees and the management, prescribes the treatment and commitments in case of a conflict of interest.

The INA Group Code of Ethics, that obliges all employees and the management, prescribes the treatment and commitments in case of a conflict of interest.

Strategic partnership of INA and MOL

With the acquisition of 25% plus one share in 2003, MOL Plc. has become the strategic partner of INA, and INA became part of an integrated regional partnership in the oil and gas industry consisting of MOL Plc., INA, Slovnaft and TVK.

In October 2008 the voluntary public offer for the takeover that MOL had addressed to shareholders of INA – INDUSTRIJA NAFTE d.d. was concluded. During voluntary public offer, MOL Plc. increased its ownership share to 47.16%.

After the sale of 7% of the share to current and former employees of INA, the ownership structure of the company has changed and less than 50% of total shares have remained in the ownership of the state. In this sense, the Croatian Government and MOL have signed the First Amendment to the Shareholders Agreement. On January 30th 2009, MOL Plc. and the Government of the Republic of Croatia have signed the Amendment to the Shareholders Agreement, according to which MOL Plc. delegates five of nine members of the Supervisory Board and three of six Management Board members, including the Chairman of the Management Board. Thereby MOL Plc. gained the operational control of INA, d.d. and the Government of the Republic of Croatia has the power of veto, which allows the security of the Republic of Croatia energy supply, as well as a veto on making certain decisions related to the strategic assets of INA, d.d.

SUSTAINABLE DEVELOPMENT MANAGEMENT

In order to implement the principles of sustainable development into the key processes of INA Group companies, as well as to take preventive actions in order to prevent and avoid the negative impacts, the document Sustainable Development guidelines is in force in INA, giving an insight into the governance structure and the mode of the SD issues management.

Corporate Social Responsibility (CSR) Council is responsible for internal and external communication on SD issues, analysis of data and information related to sustainability and obtained from external evaluations, as well as the support, verification and supervision of reporting on the sustainability at the INA Group level. Members of the CSR Council are the directors of following Sectors: SD&HSE, Corporate Communications, Human Resources, Enterprise Relations, as well as the Director of Investors Relations Department and the Head of SD.

INA, d.d. organizational units and larger INA Group companies plan their activities of sustainable development considering the business strategy, compliance with the legislation requirements and contract requirements laid down by the customers (environmental, social and economic criteria), voluntarily assumed external obligations and internal policies, as well as the results of dialogues with various stakeholders, external sustainability assessments, monitoring / measuring of the efficiency and best practices, and the self-assessment in relation to voluntary standards.

SD actions/projects are an integral part of the business plan of the INA Group organizational units/companies and are defined in order to correct any eventual non-compliance in the above-mentioned fields, but also for the fields where, through assessment and evaluation processes, the opportunities for improvement have been identified. The SD action plan implementation is continuously monitored and reported quarterly.



INA Central office building,
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MEMBERSHIPS, EXTERNAL INITIATIVES AND PUBLIC POLICIES

Since 2007, INA has been a member of the UN Global Compact, the world's largest initiative for networking and involvement of business and non-business entities in the areas of human rights, labour, environment and anti-corruption. Global Compact was launched by the United Nations at the World Economic Forum in 2000, with the aim of building a sustainable global economy and today has more than 10,000 participants from 145 countries. More detailed information on the implementation of the Global Compact Guidelines can be found at www.ina.hr and 10 principles of the Global Compact, which promotes the INA, on www.unglobalcompact.org. INA is a member of:

- Oil Companies' European Association (CONCAWE)
- Observatoire Méditerranéen de l'Energie (OME)
- International Gas Union (IGU)
- SINTEF (ECCO-European Value for CO₂)
- UNECE Gas Centre
- Croatian Chamber of Commerce (HGK)
- Croatian Business Council for Sustainable Development
- Croatian Employers' Association (HUP)
- Community of Socially Responsible Businesses (HGK)
- Environment Protection Community (HGK)
- Croatian Quality Society (HDK)
- Croatian Gauging Society (HMD)
- Croatian Standards Institute (HZN)
- International Chamber of Commerce ICC Croatia (INA's employees are Croatian representatives in the Commission on Commercial Law and Practice, Commission on Intellectual Property and the Commission for the Environment and Energy)

Croatian society for petroleum and lubricants, GOMA, www.goma.hr, operates as a non-governmental and non-profit organization and is celebrating 50 years of continuous operation. The most important activities of GOMA are organization of annual international professional and scientific symposiums on fuels and/or lubricants, issuance of the magazine "Fuels and lubricants" and publishing scientific books. 46th International symposium "Fuels and Lubricants 2013" was held in Poreč from 16th to 18th October 2013. 200 participants from 15 countries took part in it, and 53 lectures and 28 posters were presented. The papers of leading CONCAWE, INA, MOL and regional experts added a special value to the symposium. As a golden sponsor, but also through the attendance of its 72 experts, INA significantly contributed to the organization.

UN GLOBAL COMPACT TEN PRINCIPLES

Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2

make sure that they are not complicit in human rights abuses.

Labour

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4

Elimination of all forms of forced and compulsory labour

Principle 5

Effective abolition of child labour

Principle 6

Elimination of discrimination in respect of employment and occupation

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges

Principle 8

Undertake initiatives to promote greater environmental responsibility

Principle 9

Encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery



STAKEHOLDER ENGAGEMENT

In 2013 INA actively participated in the activities of national associations, particularly in the Croatian Employers' Association (Association for Energy) and the Croatian Chamber of Commerce (Industry and Technology) in preparation and drafting of national legislation contributing to its quality and applicability.

In addition, given the importance of application of European regulations on the Croatian economy and the society as a whole in the context of full Croatian membership in the European Union, INA has become actively involved in the process of making European regulations. In conjunction with the controller, as well as independently through the petroleum association, with its expertise and experience and within the scope of its activities, INA contributed to the shaping of legislation at European level. INA also actively participates in the process of transfer of European legislation into the national law.

After acquiring the status of EU membership, INA, d.d. has strengthened its participation in the activities of the European oil refining industry associations - Concawe and Europia.

INA is also a permanent member of the World Petroleum Congress and its National Committee and the World Energy Conference.

INA experts actively participate in the work of state administration bodies. INA employees are members of national and international professional associations and are active participants in national and international congresses, seminars, workshops and other gatherings. Employees of INA are members of management or supervisory boards and associations in which they actively participate in policy making and legislation.

INA experts continuously cooperate with the authorities at Croatian Standards Institute (active operations in more than 36 technical committees / subcommittees / working groups) in preparation and adoption of regulations and standards in Croatian state institutions in areas of interest for INA. They propose harmonization of legislation with the relevant EU documents, in order to protect and promote the interests of the oil and gas industry in domestic and foreign markets where we operate, taking into account the interests of all participants.

Strategic cooperation with universities, in order to attract the most talented students and recently graduated young professionals, is conducted, but also contributes to increasing the quality of education (student competitions, etc.).

For the sustainable development, it is of the utmost importance to establish and continuously nurture the dialogue between the individuals or groups within and outside INA which INA can influence or already influences by its business and products, and which are likely to influence its ability to successfully attain its strategies and objectives.

In INA, we have identified the following stakeholders: INA shareholders, employees, unions, capital market, local communities and authorities, suppliers, partners, the media, citizens' associations, customers, consumers.

INA Group members use the appropriate levels and methods of the engagement of these groups and as a result of changes in the surroundings and maturation of the process, the methods of involvement also change and are being updated. Responses, comments and suggestions acquired through consultations and dialogue with the attitude makers and representatives of main interest groups are used as a valuable source of information for activity planning, revision of external communications and preparations for sustainability reports.

Methods of stakeholder engagement are: Surveys, Individual interviews, Meetings with selected individuals/groups, Public meetings, Advisory boards, Toll-free helpline, Forums of interest and influential groups, Advisory panels, Processes of consensus building, Processes of joint decision-making, Programs for obtaining feedback on the internet (discussion forums, etc.), Workshops, Collective negotiations with unions, Negotiations on contracts, Joint projects, Joint ventures, Partnerships, Initiatives of several interest and influential groups.

Document entitled INA Group guidelines for the relations and communication with the stakeholders defines the key principles of communication with the stakeholders.

QUALITY

Since the first publishing of international standards of quality management system, at INA, d.d. awareness about the need for action in accordance with these standards was raised. Several certificates accredited by independent certification bodies according to the key (core) processes are evidence of the company's operations in accordance with the requirements of the quality management standard ISO 9001. In early 2000, company's Management opted for a new philosophy of management. A unique system that is basically an integrated business management system, based on company policies, laws, rules and requirements of ISO 9001, ISO 14001 and OHSAS 18001 and other standards in line with business decisions, has been developed.

INA, d.d. now has 9 certification in total according to ISO 9001, ISO 14001, OHSAS 18001 and ISCC. Since 2005, we have been confirming the unique quality management system at INA, d.d. level, where we harmonized the certification cycle at INA Group level. All INA Group companies that possess the certificates were successfully recertified for the systems:

- Quality management in accordance with ISO 9001:2008 Standard
- Environmental management in accordance with ISO 14001:2004 Standard
- Management of health and safety in accordance with OHSAS 18001:2007 Standard

Those standards define quality management, environmental protection, safety at work, health and safety. ISCC Standard (International Sustainability and Carbon Certification) certifies sustainable biofuels, and in 2013 this certificate was extended to whole INA, d.d.

Commitment of INA, d.d. Management Board to continuously improve business processes and business quality was confirmed by introduction of an integrated information system SAP 2006, and as early as in 2007 the obligation of developing information security management system was determined. During 2008, in accordance with legal obligation, HACCP system (Hazard Analysis and Critical Control Points) was implemented in INA restaurants. We are active participants in the development of these systems by fully integrating them into existing business management system. By integrating the business management system, we have improved the transparent management processes, measurement and presentation of business results, customers and employees satisfaction.

Monitoring of the entire system is implemented through external monitoring audits and internal audit process, in accordance with the annual planning, through specially developed IT support, and collecting and analysing data, as well as through reporting to the Management Board on the management system. Due to further development of our company and other INA Group companies, we shall continue improving the unified document

management system at INA, d.d. and INA Group companies in order to enable successful implementation of business rules. Publication of the management system documents in INA, d.d. and INA Group companies is performed in accordance with the planned schedule.

In order to improve quality management, INA, d.d. conducts an internal training for Management, management representatives and internal auditors. Furthermore, INA, d.d. quality experts actively participate in the work of the Croatian Society for Quality (CCS), which contributes to the development of good relations with stakeholders and builds the reputation of our company. In the Proceedings of the 13th annual Croatian Conference on Quality, professional paper was published and a well-received lecture titled "Creativity and quality management system" was held. In addition, this year's recertification external audit has once again confirmed the compliance with corporate policies and compliance with the requirements of the standards as a prerequisite for certification maintaining.

High degree of customer loyalty and satisfaction with our products and services has confirmed that the quality management system is appropriate, efficient and that it achieves the set goals.

STANDARDIZATION

For many years INA, d.d. has been developing and improving the standardization system at corporate level with the aim of establishing the unique corporate standards. INA, d.d. standards define the specification of our products and raw materials quality, the elements of the visual identity of the company and prescribe the rules and standards in the field of business communication. Company's policy on standardization has established the frameworks and guidelines for the development of INA, d.d. standards based on quality requirements of international and European standards. We continuously cooperate with the state authorities and the Croatian Standards Institute (CSI) in the preparation and adoption of regulations and standards in government institutions of the Republic of Croatia in areas of interest for INA, d.d. We propose the harmonization of legislation with the relevant EU documents, in order to protect and promote the interests of the oil and gas industry in the domestic and foreign markets where we operate, taking into account the interests of all participants.

INA, d.d. experts actively participate in the work of more than 36 technical committees, 7 subcommittees and 7 working groups at CSI. In these committees, our experts also improve the process of sustainable development of our company while maintaining excellent connections with stakeholders, promoting the interests of the company in the society in a transparent and mutually acceptable manner.

INNOVATION AND AWARDS

INA, d.d. innovators participated at the International Invention Show INOVA 2013, held in Zagreb. Innovators Ivica Vrščaj participated with innovation "New pipes design PT-15/PT-16 in radiation zone of furnace 301-H-3 ", Tomislav Malvić and Karolina Novak with innovation "Apparatus for measuring the impermeability of insulating rock on methane and carbon (IV) oxide accumulated in the reservoirs in impermeable basement". For their work, the innovators won silver medals.

INA Group company INA MAZIVA d.o.o. also presented their new products "INA Ultra Star FE 5W – 30" (authors Tonča Čaleta Prolić and Katica Visković) and "INA Oil Pour Point Depressant" (authors Kamil Nahal, Amila Čelhasić and Ljiljana Pedišić). The innovators won gold medals for their work.

Due to observed potential improvements of the intellectual property process, particularly in the area of processing innovation proposals, the Regulation on intellectual property at INA, d.d. has been revised.

INA, d.d. employees continuously apply their innovation proposals which can be categorized as: patent (invention), industrial design, technical improvement, business rationalization or useful idea. In 2013, innovation Proposal Evaluation Committee received 10 innovation proposals 7 of which have been resolved, and in the same year decisions for 18 innovation proposals (applied before 2013) were made. The Committee accepted 6 innovation proposals in total, and 9 of them are still in process of acceptance.



INA's innovators
Tomislav Malvić i Karolina Novak

ETHICAL BUSINESS AND COMPLIA

As a signatory of the UN Global Compact INA, d.d. advocates the promotion and support of the fundamental values from the field of human rights, labour rights, environment and the fight against corruption.

To ensure the operation at the highest possible quality level, INA has introduced into the business process a procedure for pre-qualification of current and potential suppliers. All INA's suppliers and other business partners need to fulfil the pre-qualification questionnaire and to make a statement about the application of the UN Global Compact principles in its operations.

INA does not endanger the rights of indigenous communities with its business operations, neither it uses children or forced labour and requires the same from its suppliers as well. In addition, it does not provide a financial or in-kind assistance to political parties, politicians and related institutions.

Customer privacy is respected as much as possible in accordance with all codes of practice, procedures of INA, d.d. and legal requirements. The security of cards and protection of data of natural and legal persons is very rigorous. So far there were no complaints relating the breaches of customer privacy.

Suppliers

To be able to participate in tenders invited by INA, suppliers must be prequalified and meet the pre-qualification criteria.

No contract with suppliers, contractors and other business partners has been declined or imposed performance conditions, or other actions as a result of human rights screening.

Procurement sector is delivering equal opportunities to the companies to participate in tenders therefore, local companies are not given preferential treatment when compared to others. However, the selection of the supplier, which is done through transparent and just process and based on finding an optimal solution resulting in the best total cost evaluation, among other variables, also considers geographical location. INA d.d. definition of 'local' geographic location entails the geographic area of Croatia. Ratio of local suppliers in 2013 was 83% in number and 84% in value.

Code of Ethics

In 2013, the education on INA Group Code of Ethics was finished, which is based on the respect for fundamental human rights and ethical principles of integrity, honesty, trust, respect, humanity, tolerance and responsibility. The INA Group Code of Ethics is available to the public on the INA website.

One of the most important goals of the Group is strengthening of

the accountability of managerial staff in terms of developing and maintaining ethical business. The emphasis is on a more detailed defining of provisions related to the acceptance of goods or other benefits from business partners, on the introduction of ethics officers in all INA Group companies with more than 20 employees, including INA, d.d., who will support the work of the INA Group Ethic Council.

INA Group Code of Ethics foresees the participation of trade unions or work council representatives in the Ethics Council (ad hoc member) when acting in relation to the complaints about the protection of dignity. In the Code of Ethics it is emphasised that INA Group members respect the religious freedom of employees and their right to assembly, right to rest, free time and regularly paid leave. Special attention is given to the personal and professional development of employees. Also, the employees of INA Group companies shall not discriminate anyone based on race, ethnicity or skin colour, sex, language, religion, political or other opinion, national or social origin, financial circumstances, trade union membership, education, social status, marital or familial status, age, health status, disability, genetic heritage, gender identity, expression or sexual orientation. INA Group companies have committed to social patronage and sponsorship without corruption.

In the context of government jobs and political engagement, suppliers, local communities and society in general, corruption is considered an extremely serious breach of ethical standards, as well as a violation of human rights and misinformation of local communities.

Major activities in 2013 related to raising awareness on ethical business conduct:

- INA Group company managers held a presentation on the INA Group's Code of Ethics to subordinated employees,
- The president of INA Group's Ethics Council held 10 workshops for managers, trade union/Work Council representatives & ethics officers,
- A Code of Ethics booklet was published and distributed to all INA Group employees,
- A Code of Ethics for business partners was issued,
- INA's internal newspaper published an article titled "Contemporary Business Framework" written by the president of INA Group Ethics Council on the subject of ethical business operations and implementation of the INA Group Code of Ethics,
- Electronic education for employees was developed.

Ethical Procedures in 2013

During 2013, INA Group Ethics Committee has processed 31 complaints and Ethics Committee made 15 decisions based on ethical procedures, investigations of Corporate Security and available information. In 8 cases breaches of INA Group Code of Ethics were established and in 7 cases breaches of INA Group Code of Ethics were not established. Violation of the Code of Ethics was established in 5 cases of Misuse of digital systems, 2 cases of harassment or inappropriate communication and 1 case of fraud and non-compliance with laws and internal regulations.

In 2 cases grievances related to protection of dignity were withdrawn by the submitters.

In 1 case Ethics Council terminated the procedure related to the protection of dignity report.

COMPLIANCE - INSPECTION PENALTIES AND JUDICIAL PROCEEDINGS

In 2013 INA, d.d. paid a total of HRK 55,000 (9,639 USD) penalties related to the environmental protection and occupational health and safety inspection findings, while for INA Group that amount was HRK 75,336 (13,203 USD).

In 2013, no procedures were initiated with local communities or due to the activities contrary to anti-competitive practices.

Misdemeanour cases

In 2013, 42 misdemeanour cases in total were initiated against INA, whereas legally binding decisions have been reached in 11 of them with the others being still in progress. In the procedures in which INA was found guilty, the court has ordered fines, so HRK 77.334,00 in total was paid in total in 2013 for that purpose.

The procedures were most often initiated due to failure to comply with the provisions of the following acts; Act on Minimal Protection Measures in operations Involving Cash and valuables (1 procedure), Road Traffic Safety Act (2 procedures), Act on Inspection of Road Transport and Roads (1 procedure), Act on Working Hours and Compulsory Rest Periods for Mobile Workers and Recording Equipment in Road Transport (5 procedures), Air Protection Act (1 procedure), Trade Act (4 procedures), Consumer Protection Act (1 procedure), Labour Act (4 procedures), Occupational Health and Safety Act (3 procedures), the Customs Act (1 procedure), Act on enforcement of EU customs regulations (1 procedure), Excise-Duties Act (2 procedures), Energy Act (1 procedure), Act on Flammable Liquids and Gases (6 procedures), Dangerous Goods Transport Act (2 procedures), Waste Act (2 procedures), The Water Act (1 procedure), The Crafts Act (2 procedures), Mining Act (1 procedure), State Inspectorate Act (1 procedure).



○ LETTER BY THE DIRECTOR OF THE SD AND HSE SECTOR



In INA, we strive to implement the principles of sustainability in all processes, taking into account the health and safety of people, environmental protection and the benefit of the communities in which we operate. Therefore, in all business processes we try to recognise and implement the activities which contribute to sustainable development.

Since we believe that accidents, work injuries and work-related illnesses may be prevented, we have initiated the activities for the improvement of the culture of workplace health and safety protection. This implies a proactive approach of the management in ensuring safe work practices, the identification and removal of potential hazards as well as the analysis of the causes of all incidents in order to prevent their reoccurrence. Therefore, through the campaign 10 basic safety rules, all INA Group employees have been familiarised with the obligation of following the stated rules, which may prevent an injury, but also save a life. The same rules are applied to contractors, but also to all other persons who are present at our locations.

As a socially responsible company, we have recognised the importance of raising the awareness of our employees on the everyday hazards to which we are exposed, not only in the workplace, but also in traffic in our own vehicles, and through safe driving trainings we enable timely identification and assessment, and thus appropriate actions in potentially hazardous situations.

In the field of environmental protection, we focused on the coordination of the transposed EU Directives with the legislation of the Republic of Croatia, obtaining Resolution on Integrated pollution Prevention and Control for our four installations, establishing the CO₂

emission and emission allowances management system, the registration of substances in accordance with the REACH Regulation, the notification and labelling of substances in accordance with the CLP Regulation and the harmonisation with internal standards and best industrial practice, and we also expect the implementation of high environmental protection standards from our contractors.

Being aware of the impact of the production and the handling of waste on the environment and the society, in INA Group we strive to improve and complete the internal waste management system, which also includes the processing within the INA Group itself. That system shall have numerous advantages since it shall result in financial savings and the reduction in pollution, but also in securing employment of STSI, d.o.o. employees, which a member of the INA Group.

Since our strategy is focused on the continuous improvement of performance, each year we set challenging strategic goals and programmes, and key performance indicators in order to raise awareness of the health, safety and environmental protection system, as well as process safety and fire protection.

Angelika Brnada
Director of the SD and HSE Sector
PF Corporate Centre

CLIMATE CHANGE

Greenhouse Gas Emissions
Energy Efficiency

Lonjsko polje

In INA,d.d. we are aware of climate change impact on a global scale. In our business we undertake and plan a whole range of projects and activities related to the reduction of greenhouse gas emissions, increase energy efficiency, production of bio-fuel component (from renewable sources). CO₂ injection project into deep wells will contribute to the reduction of CO₂ emissions into the air and by reconstructing the petrol stations we will reduce, or completely eliminate, emissions of non-methane volatile organic compounds.

To reduce our contribution to climate change, we monitor the direct greenhouse gas emissions from our installations, and CO₂ emissions generated from road and air traffic related to transport of the employees.

One of the INA Group goals is to establish a system of measurements/calculations and reduce VOC emissions using the LDAR (Leakage detection and repair) methodology.

We also carefully monitor direct and indirect energy consumption in order to track the effectiveness of the taken measures / actions.

INA Group does not use the materials which contain ozone-depleting substances, even in fire extinguishers, refrigerants or air conditioning units.

PROJECTS AND INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS AND INCREASE ENERGY EFFICIENCY

EOR (Enhanced oil recovery) projects Ivanić and Žutica have reached the final construction phase. The primary goal of the projects is to increase oil recovery in oil fields Ivanić and Žutica, and the secondary goal is a significant reduction of CO₂ emissions. By a prolonged lifetime of the fields, the projects influence the development of this region and the local community.

The comprehensive action plan “**Energy Road Map**” for Rijeka Refinery consists of 66 items, including the approved CAPEX, OPEX project. Realization of “Road map” activities is monitored through 5 key activities: Condensation Recovery from GP5, Controlling condensation mode in turbo generators, combining the production and supply of electricity from the external network, controlling the delivery of electric energy to the external network and control of the cooling system. In 2012, when this Action plan started, savings were 10,796,859 USD (59,911,771 HRK), and in 2013 savings amounted to 18,072,561 USD (100,284,642 HRK).

One of the activities with the on-going strong performance is controlling condensation mode in turbo generators. The result of this initiative is decreasing of steam loss through turbines

condensation part by 209.55 t in 2013, which means financial savings of 13,235,717 USD (73,444,994 HRK). Activity will be monitored continuously.

Two important initiatives for energy savings in Sisak Refinery have been realized. The first one is **Installation of flame baffles** in the Energy plant 2, aimed at using excess refinery gas, so it wouldn't be burned on the flare. This initiative incorporates fuel savings and emissions decrease potential. The second initiative is **decreasing the losses in the steam network**, aimed at decreasing the steam consumption (and thus production) which enables a lesser use of fuels and water and can contribute to emissions decrease.

In E&P BD, there are several ongoing a few multiannual optimization CAPEX projects, aimed at energy efficiency improvement and GHG emission decreasing. One of them is **system optimization of the Compressor Station Kalinovac** (maintenance and installing the electro engines instead of gas engines have been contracted). Since the project activities in 2013 considered only project documentation, procurement and contracting activities, financial savings resulting from the project cannot be visible yet. Another project is the **Optimization of the Fractionation Facilities Ivanić Grad**. The primary goal of optimization is keeping the production in progress with new electrical compressor installation for gas cooling. This increases the efficiency of the turboelectric aggregates as well as the total yield of the gas plant. Optimization of the Fractionation Facilities Ivanić Grad resulted in decrease of GHG emission, since the gas has been redirected to the Molve for its processing, and the compressor at the Fractionation Facilities Ivanić Grad which had been used for gas distribution purposes is out of function. Total investment value amounts to 3 MIL USD (17 MIL HRK). Up to now 1-1.5 MIL USD (5-6 MIL HRK) have been spent.

It is estimated that these projects result in the annual CO₂ emission savings amounting to 61.11 tons.

In the Retail BD, **electric sensors** were installed in toilets of new and reconstructed petrol stations (PS), eco-conscious engineering standard is being implemented for Capital Demolition and Reconstruction (CDR) and PS planned for partial reconstruction. The **Energy for Future Project** is in preparation (see: Environment).

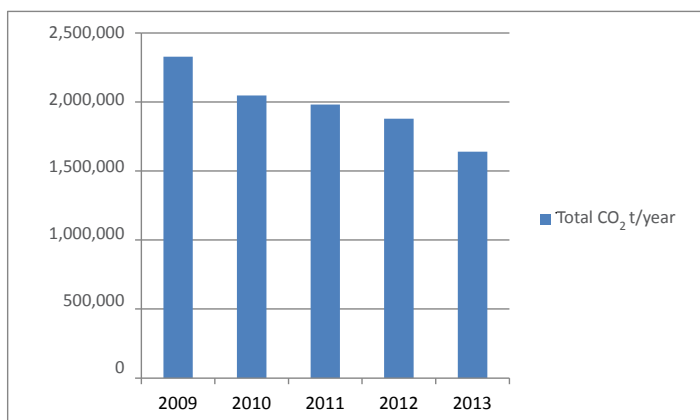
In 2013, INA Group initiated the procedure of old **car fleet replacement**, which will increase the safety of the INA Group employees as well as of other traffic participants. Subsequent to the replacement of the existing fleet, harmful gas emissions will be reduced due to the technology in new vehicles. Estimates show that fuel consumption shall decrease by 10%.

GREENHOUSE GAS EMISSIONS

Through the venting process, INA, d.d. released 409,393 tons of CO₂ in 2013. In INA E&P BD, due to the changes in technological process and redirection of the gas (from the Fractionation Facilities Ivanić Grad to the Gas Processing Facilities Molve), there was a need for more frequent cleaning of the technological pipelines (pigging), which resulted with increased loss in hydrocarbons production from the Central and Western Croatia Production Region and the Molve field, which has resulted in significant increase in CO₂ emissions from flaring.

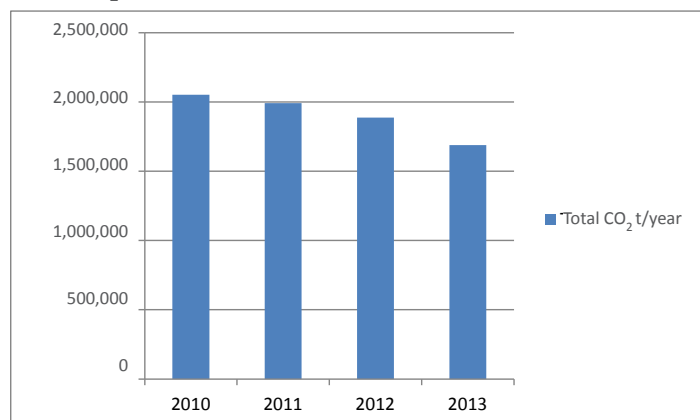
Emissions from INA Group for transport of employees by airplane amounted to 1,160 tons of CO₂, and by corporate vehicles to 8,776 tons CO₂.

Direct CO₂ emissions from INA, d.d. organizational units in the last five years.



(Direct CO₂ emissions from INA, d.d. organizational units in the last five years. (see table in INA in numbers)

Direct CO₂ emissions from INA Group for the last four years



EOR - compressor station, Ivanić Grad



ENVIRONMENTAL PROTECTION

Materials

Water

Geothermal Water

Emissions to Air

Biodiversity

Spills

Waste

Remediation

HSE Costs and Environmental Protection Investments

ENVIRONMENTAL PROTECTION

In the environmental protection area, we have focused our activities on compliance with statutory requirements and the EU legislation requirements as well as on the improvement of the management system at the INA Group level. Cooperation and communication within the INA Group has been strengthened, as well as with all other stakeholders, from state institutions to customers and local communities.

The first „green” petrol station in Croatia

In July, INA launched the project of building a sustainable petrol station called “Energy for the Future”, which includes the construction of a sustainable, environmentally friendly and innovative retail facility.

The first sustainable filling station in Croatia will be built in Zagreb, at the location of the existing station Stupnik-east, which will make INA a leader in the application of the so-called green technologies in the retail network. The first step of the construction is opening the public competition for architectural and urban design for the Stupnik-east patrol station, which was announced on 15th July and named: “Energy for the Future”. Some of the technological innovations applied include thermal storage and its use in the heating and cooling systems, the application of alternative energy sources for heating and cooling, ventilation and air-conditioning, the use of rainwater for cleaning and flushing toilets, heating traffic areas in order to melt snow, the use of nanotechnology in the external and internal surfaces for high endurance and self-cleaning effect, the use of LED (light-emitting diode) lighting in the interior and exterior of the consumption control system and the use of recycled materials wherever possible and justified.

Total Print Management System

Keeping up with the trends, in its business activities, INA, d.d. has introduced the Total Print Management System. Studies have shown that using the Print Management Services can reduce paper consumption and printing costs by up to 30 %. According to first results, INA, d.d. has also achieved significant savings.

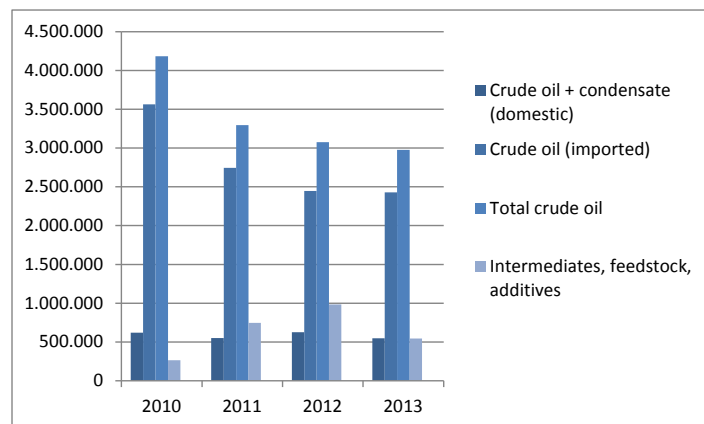
The data show that in INA, about 53% of the documents are double-side printed, which indicates a significant percentage of staff awareness of the need for optimization and cost savings, not only because of the financial indicators, but also because of the acceptance of the need for environmental protection.

MATERIALS

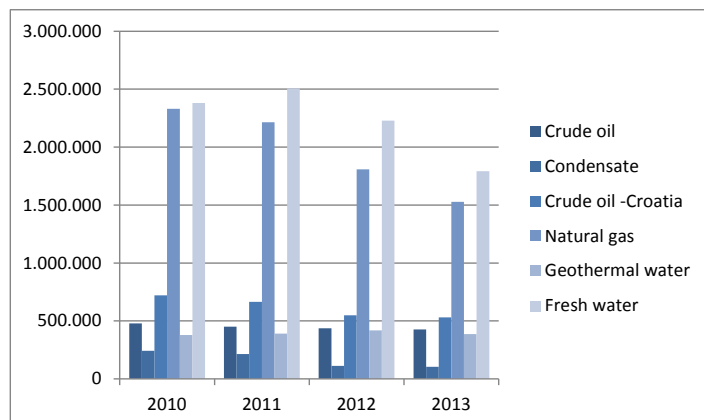
Raw materials used in the production process come from non-renewable sources and are part of the final product.

Due to the nature of work, INA does not use recycled materials as raw material for production.

Quantity of materials used in the production process in last four years



Quantity of materials produced in oil & gas exploration processes in Croatia in last four years







WATER

In INA Group, water is drawn from the rivers Sava and Kupa, own wells, the Tribalj accumulation dam, sea, and from the water supply system. None of the water sources were significantly affected by the water withdrawal.

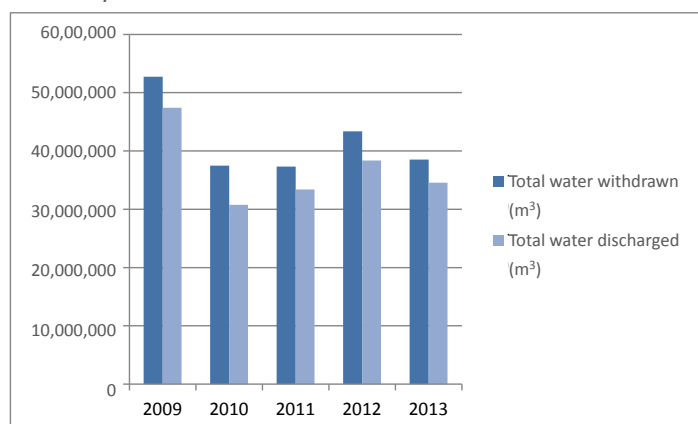
From INA installations, technological, precipitation, cooling and sanitary water is being discharged, which is, when necessary, cleaned by physical - chemical - biological processes. No water body is significantly threatened by discharging wastewater from the INA installations.

In Rijeka Refinery, the wastewater quality after the Waste Water Treatment Plant (WWTP) in 2013 was in accordance with the conditions prescribed by Water permit. In order to examine the impact of increased concentrations of nitrogen in the sea, opinion of the authorized Ruđer Bošković Institute was requested. The study on the comprehensive effect of nitrogen on the marine flora and fauna is in preparation. In 2013 in Rijeka Refinery, the total water withdrawal was reduced by 2.85% in comparison with 2012. In 2012, Water intensity index was 18.6 m³, while in 2013 it was 15.78.

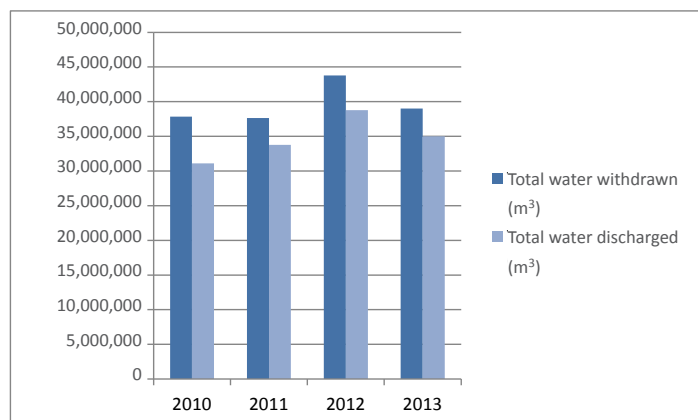
In Sisak Refinery wastewater treatment plant "Krofta" was put into operation in 2013 in order to improve the quality of waste water at discharge points 1 and 2. Krofta plant provides a secondary (flocculation, flotation) and tertiary (filtration, absorption) wastewater treatment and the realization of this project has further improved the quality of wastewater from Sisak Refinery. New bilge water separator was installed on platform Zagreb-1 (Crosco) in order to remove the oil from rig bilge water prior its discharge. In this manner, better quality of the discharged water by using this separator on new projects will be achieved.

In Retail BD, water sensors have been installed in toilets of new and reconstructed PS.

Quantity of water withdrawn and discharged by INA, d.d in the last five years

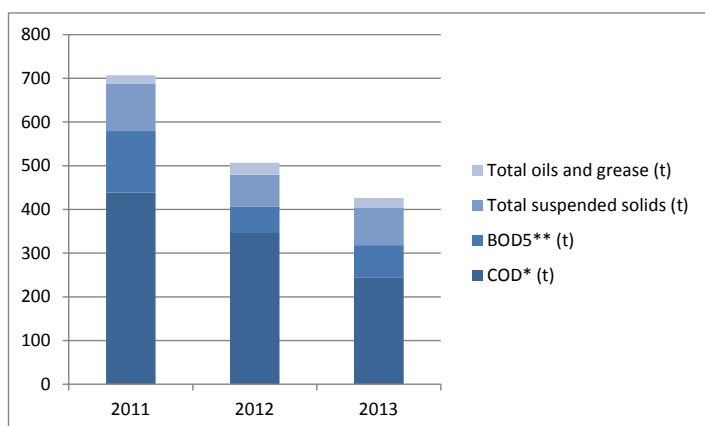


Quantity of water withdrawn and discharged by INA Group in the last four years



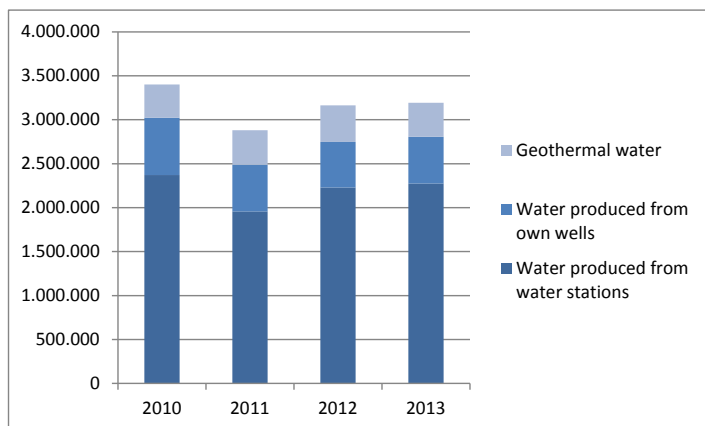


INA Group discharges into water in last three years



*chemical oxygen consumption
** biological oxygen consumption

Exploration & Production BD total water production in the last four years



Geothermal Water

During the drilling exploration in Croatia, INA has been discovering water sources as well, therefore, along with its core business of oil and gas exploration and production, Exploration & Production BD also produces high quality process and geothermal water. Water production trend has remained at the same level over the years, and amounts to approximately 3 million cubic meters. Water produced from water stations and own wells is used for internal consumption, but is also distributed, while geothermal water from the geothermal fields Bizovac and Zagreb is used to heat the pool water and the complex, i.e. for heating the warehouse, working rooms and prefabricated buildings.

With regard to the potential exploitation of geothermal water and use of its heat in geothermal projects, we can say that INA, d.d. regularly responds to local community request regarding the amendments of the spatial plan. Based on these requirements, during 2013, INA, d.d. has provided certain information about geothermal resources.

The total produced geothermal water in 2013 amounted to 386,986 m³, which corresponds to 4,104 MWh.

AIR EMISSIONS

Rijeka Refinery implemented the LDAR system (Leak Detection and Repair) for detection of leaks and repairs of fugitive emissions on process equipment and gasoline / slop tanks.

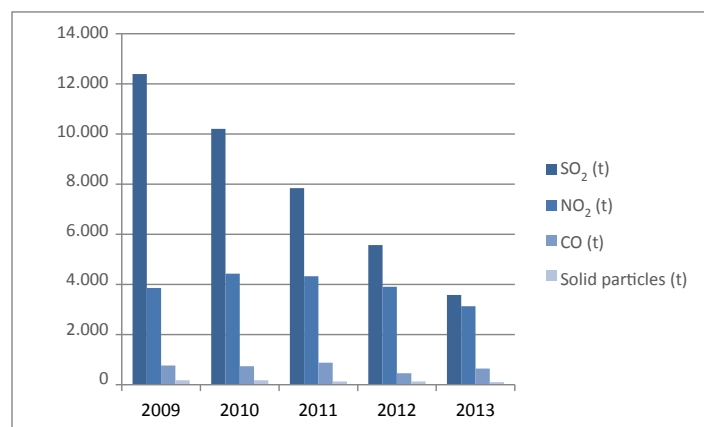
During 2013, a device for continuous measuring of emissions was upgraded, along with connecting it to the environmental protection information system run by the Environmental Protection Agency that now has large combustion plants, power plant boilers and furnace atmospheric distillation connected to it.

In 2013, the number of hourly immission averages exceeding the allowed SO_2 parameter was significantly reduced (at the immission monitoring station of IN Inženjering in 2013 there were 6 exceedances of SO_2 , in 2012 there were 21 exceedances), which means that the first category air quality has been achieved. In 2013, total SO_2 emissions were reduced by 30% compared to 2012 (2013=1,592 t SO_2 ; 2012 =2,276 t SO_2).

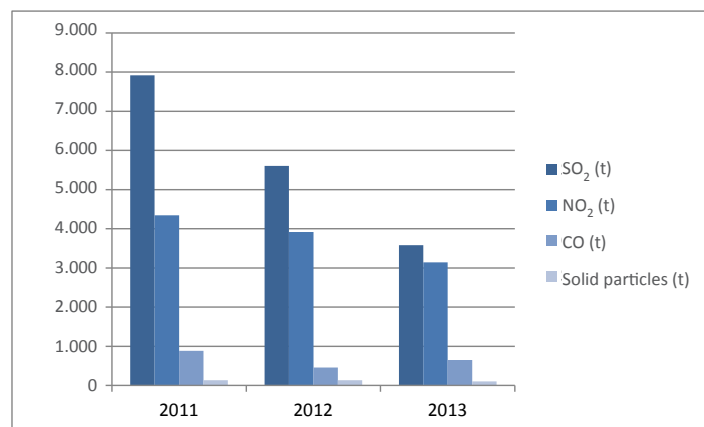
In Sisak Refinery the project "New recompression stations on flares" has been completed in November 2013. Initiation of operation is expected during the next start-up of refinery in July 2014. This system will reduce the H_2S and SO_2 emissions to air because all low-pressure gas will be collected and sent for processing to the Sulphur Recovery Unit (CLAUS process). The project for replacing the existing coke chambers with the new ones of the same dimensions and capacity is also currently being implemented, and that will further contribute to the reduction of the H_2S emission reduction. The completion of this project is expected in the second half of the 2014.

In 2013, total SO_2 emissions were reduced by 40% compared to 2012 (2013=1,880 t SO_2 ; 2012 =3,150 t SO_2).

INA, d.d. air emissions in last five years



INA Group air emissions in last three years



BIODIVERSITY

Commitment of INA to minimizing its impact to the environment is continuous, considering the fact that the engagement in the activities related to exploration and production, processing, storing and selling of oil, oil derivatives can have a considerable impact on the environment. For each new project that requires environmental impact assessment, the Environmental Impact Study (EIS) is made. EIS describes all aspects of the environment and potential impacts on the environment as well as on bio-ecological characteristics and in detail are specify all environmental protection measures in detail.

In INA Upstream soil sampling was carried out in order to establish the baseline condition, based on which the appropriate remediation program shall be developed, and its performance evaluated. In 2013, agro-ecological studies were made in 10 cases of soil remediation (10 well sites liquidation) and 12 agro-ecological studies in case of baseline state determination. Studies determine the state of the environment around the well site after the liquidation procedure of the wells and restoration of the site to its original condition. Croatian Ecological network declared by Regulation on Ecological Network (OG 124/2013), represents the ecological network areas of the European Union Natura 2000 sites. Pursuant to the Art. 6 of the Regulation on organic network (OG 124/2013), the Ecological Network of the Republic of Croatia (Natura 2000 Network) consists of areas of conservation important for birds and their habitats. Ecological network of the Republic of Croatia covers 36.67 % of the land territory and 16.39 % of the coastal sea, and consists of 571 polygon areas for conservation of important species and habitat

types, 171 point areas of significant conservation of species and habitat types and 38 polygon areas of conservation importance for birds.

According to Croatian protected areas maps, none of the oil and gas exploitation fields contains protected natural heritage in accordance with the Nature Protection Act. Geothermal exploitation field Lunjkovec-Kutnjak is partly situated within the regional park Mura-Drava (Northern side of the field) but without any impact on the protected area due to non-existing or planned exploitation wells within the park. Exploitation field Lipovljani is partly situated in the national ecological network area HR1000004 Donja Posavina. Exploitation field Mosti is completely in the national ecological network area HR1000008 Bilogora i Kalničko gorje. The Ministry of Environmental and Nature protection has issued a Decision on ecological network acceptability. Ecological network impact assessment is carried out within the procedure of EIA. That Decision contains all measures for protection of bio-ecological properties which are in compliance with the Nature Protection Act.

Within the Lonjsko Polje Park of Nature, there are two ornithological reservations within which INA possesses its plants, including gas fields, oil and gas collection pipelines, drilling wells. In the vicinity of our business locations four species of endangered birds that are listed in the Red Book of Croatia can be found: white and black stork, lesser spotted eagle and spoonbill. Potential impacts of our activities on the environment in which we operate are prevented with regular protection measures and a proper work organization.

Rotary, Croscos Group Member Company, has held local biodiversity training for the employees working in an environmentally sensitive area.



SPILLS

During 2013, INA Group recorded 8 incidents with volume larger than 1m³ of HC, with the total spilled volume of about 32m³ which is a significant decrease compared to 2012, when there were 12 spills. Seven of them were in INA, d.d. organizational units. After detecting the incidents, all necessary measures were immediately put into effect and all pollution caused by these incidents were successfully remediated. Remediation costs of spills with volume larger than 1m³ amounted to 0.45 MIL USD (2.5 MIL HRK).

According to incident reports and analysis, in the INA E&P BD the most common cause of incidents are pipelines leakages, because very aggressive fluids cause the corrosion. A significant issues are frequent illegal connections to the pipelines too, which cause spillages and endanger the safety and environment.

In Refinery Rijeka in 2013, 2 spills larger than 1m³ were registered. The first one was caused by pipeline rupture and vacuum residue leaking due to corrosion on the pipeline. Corrective actions taken were: remediation of the polluted area and pipeline repairing. The second one was inside the Dražica bay, where within the dam the phenomenon of hydrocarbons in the sea was observed. In the Logistics Sector, at Terminal Solin, there was a spill of Eurodizel Blue fuel from the pipeline to the R4 tank. About 5 m³ of fuel was spilled. There was no damage to the environment because all the amounts were released into the technological sewage.

WASTE

With the accession to the EU, Republic of Croatia issued a new legal framework for waste management. Therefore, STSI, d.o.o. and Rijeka Refinery submitted the request to the competent Ministry to expand and renew hazardous waste management license.

In 2013, Sisak Refinery has achieved the ratio of reused/recycled/recovered waste of 27.85 %, and Rijeka Refinery of even 57.6%. In 2012, this ratio amounted to 13.1% for the Refinery Sisak and 54.04% for the Rijeka Refinery. The most prevalent waste types in the Sisak Refinery which are processed through the D9 procedure (physical and chemical waste treatment not specified elsewhere in the proceedings, which results in final compounds and mixtures which are disposed by any D1-D12 method) is oily sludge resulting from device and equipment maintenance, as well as sludge resulting from decarbonisation, which are processed by D1 procedure (disposal of waste into or onto the ground), which is the reason for the low percentage of recovered waste. In cooperation with the experts from University of Zagreb, STSI, d.o.o., finished two more bioremediation pilot projects. Bioremediation is a process in which microorganisms are applied in order to remediate the contaminated soil. During this process, the microorganisms (bacteria, fungi, yeasts) are using their enzymes to break down the toxic organic substances from soil

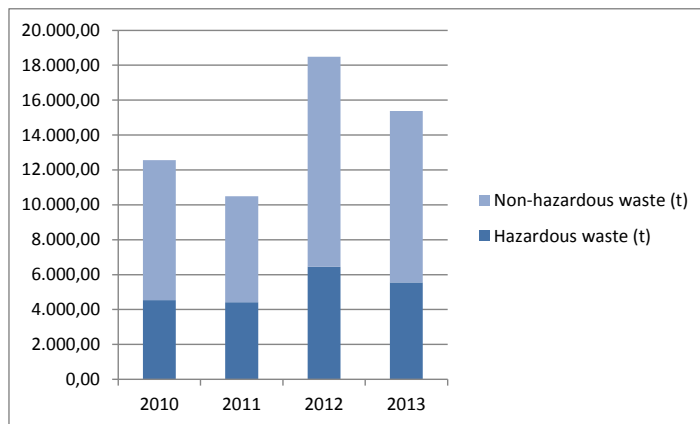
and water. Reduction of the initial mineral oil concentration was achieved in a short period of time after the application of bio stimulator, which proves that the applied methods and technology are efficient in soil bioremediation process.

INA Maziva d.o.o. as a collector collected 754.3 tons of hazardous waste in 2013, out of which 199 tons were processed by INA Maziva. The most prevalent types of waste are: lube oils, oily water separator / oil and water emulsions and solutions for machining. The Lubricants Sector (Mlaka) collected and processed 4.48 tons of oiled packaging.

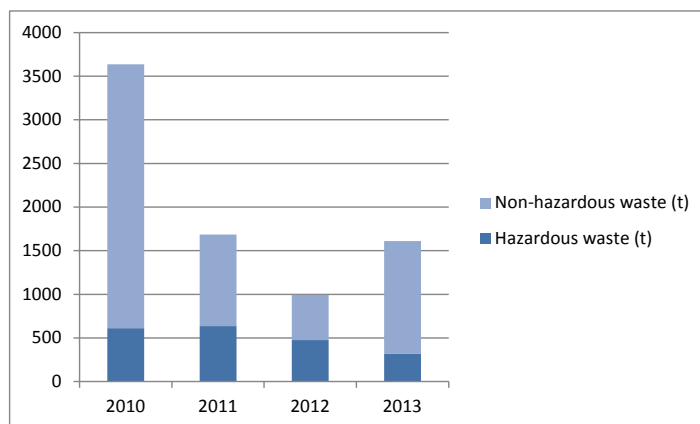
In 2013, INA Maziva d.o.o., as a manufacturer and authorized collector of waste lubricating oil, collected 377 tons of waste lubricant oil. Out of that amount, 227 tons were handed over to Našicecement, an authorized recoverer. Environmental Protection and Energy Efficiency Fund recognized 219,914 liters of waste collected and handed to recovery as waste lubricants, so Maziva received 39,467 USD (219,000 HRK) from the Fund.

Drilling waste is being injected into the injection well Kalinovac-6 and during 2013, 5,091.41 tons of drilling mud and other drilling waste which contains fresh water was injected.

Amount of produced hazardous and non-hazardous waste in INA, d.d.

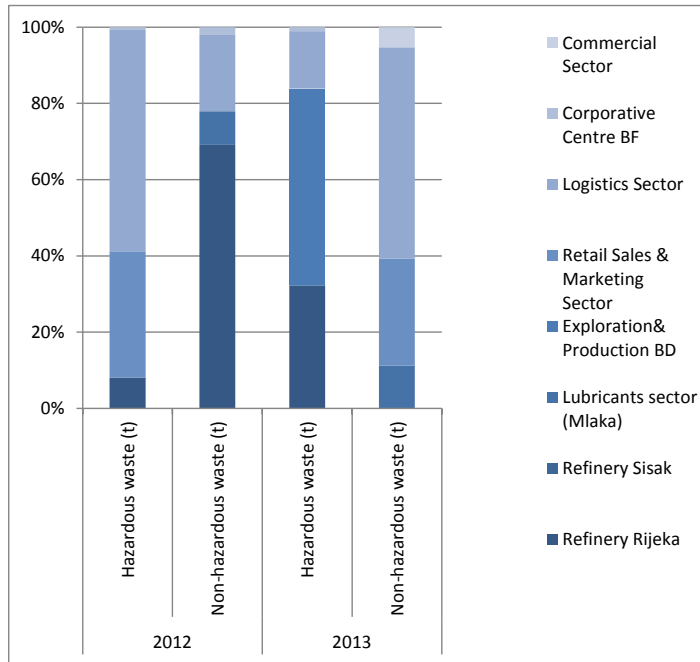


Amount of produced hazardous and non-hazardous waste in INA Group

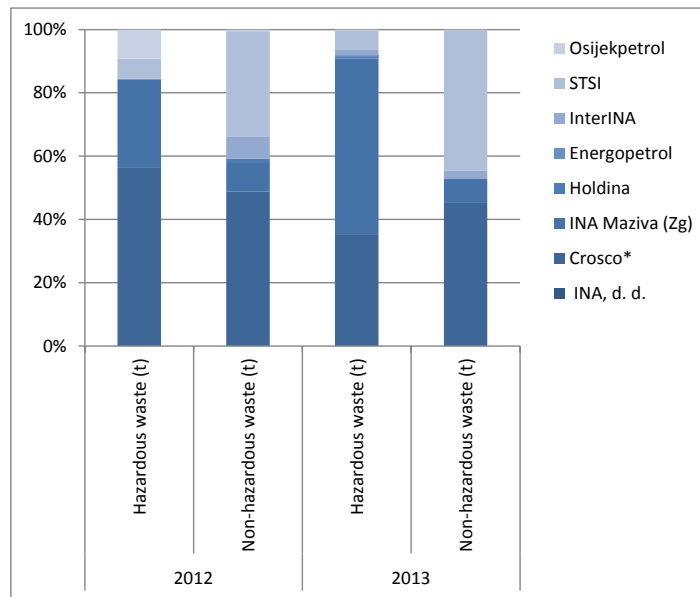


Remediation

Amount of produced hazardous and non-hazardous waste in INA, d.d. organizational units



Amount of produced hazardous and non-hazardous waste in INA Group companies



* Data related to Croscos operations in Croatia

Underground remediation in Rijeka Refinery represents a long-term process of multidisciplinary activities that have been carried out continuously since 1993. Protection of the sea and coastal refinery area simply became a full segment of all processes that are being implemented in a refinery. Expenditures for this process in 2013 amounted to 594,702 USD (3.33 MIL HRK). Contracted remedial actions were carried out for the implementation of three main objectives: the protection of the sea and the coastal belt, continuous elimination of pollution from the coastal hinterland and daily insight into the quantitative and qualitative state of pollution in the underground (monitoring).

During 2013, 683.80 m³ of pure hydrocarbons were pumped out from the underground, which is a significantly lower amount than in the previous year (1.079.14 m³) and points out to stabilization and minimum recent recharge of total accumulated pollution underground. This positive balance was primarily the result of testing and repairing a number of refinery infrastructures (collector and operational sewage, bottom of the tanks, pipeline route, etc.) and continuous implementation of the remediation activities. Also as part of the rehabilitation of infrastructure, during the spring, works on the plateau Dražica bay were performed, which adequately addressed the issue of concentrated collection of storm water in the separator.

Using many years of experience and acquired knowledge, and within the underground remediation process in Rijeka Refinery, it can be concluded that control over the contaminated area has been fully established and that in the future even better results can be expected.

Retail BD also continued with remediation activities during 2013. The planned amount for these works was USD 1,802,127 (10,000,000 HRK), and the achieved costs, i.e. plan realization amounted to USD 609,119 (3,380,000 HRK) due to inability to obtain the building permits for capital reconstructions of the petrol stations. Preliminary investigations were conducted on 21 locations and 17 recovery plans were approved by the Ministry of Environmental and Nature Protection.

Preliminary exploratory works on soil and underground water conditions can be taken as a part of the basic report regulated by the Regulation on the environmental permit (OG 8/14) on the basis of the Directive 2000/60/EC on industrial emissions – IED. The basic report is the report on the soil and underground waters condition which have been polluted by hazardous substances related to the activities of the operator, and it contains data on current use and, where possible, on previous use of the location, the data on the soil and underground water condition testing, showing the condition until the point of the report preparation if they are available, i.e. the data on new soil and underground water condition testing, taking into consideration the possibility of soil and underground water pollution by hazardous substances that are being used, produced or discharged by subject plant or shall be used, produced or discharged by subject plant.

HSE COSTS AND ENVIRONMENTAL PROTECTION INVESTMENTS

Two years ago, systematic monitoring of operative costs on a monthly basis was introduced, including the health, safety and environmental protection costs, fire protection costs, fees, etc.

In 2013, INA, d.d. operative costs amounted to slightly more than 14.4 MIL USD (80 MIL HRK).

Investments in HSE projects amounted to 93.2 MIL HRK (16.80 MIL USD). As in the previous year, we have continued to invest in Oil Pipeline reconstruction and replacement, Soil remediation at Retail BD, Oil sewer repairing, Energy efficiency improvement projects, Tank farm reparation, Construction of new Recompression station and Installation of Delayed Coker closed blow down system in Sisak refinery, modernization of the loading stations etc.

	2011	2012	2013	
	mil HRK	mil HRK	mil HRK	mil USD
Health protection	1.89	7.70	1.98	0.35
Occupational safety	9.23	1.01	8.34	1.46
Fire protection	74.80	54.82	18.36	3.22
Surface waters protection	2.95	5.83	7.19	1.26
Hazardous waste management	2.89	5.65	6.00	1.05
Non-hazardous waste management				
Soil and groundwater protection	14.48	16.55	9.57	1.68
Air protection	1.45	2.94	3.32	0.58
Other HSE projects	10.66	9.58	4.92	0.86
Fees and charges	46.20	47.15	20.76	3.64
Total INA d.d	164.75	151.23	80.44	14.10

*1 USD=5,705910 HRK

OCCUPATIONAL HEALTH AND SAFETY



○ OCCUPATIONAL HEALTH AND SAFETY

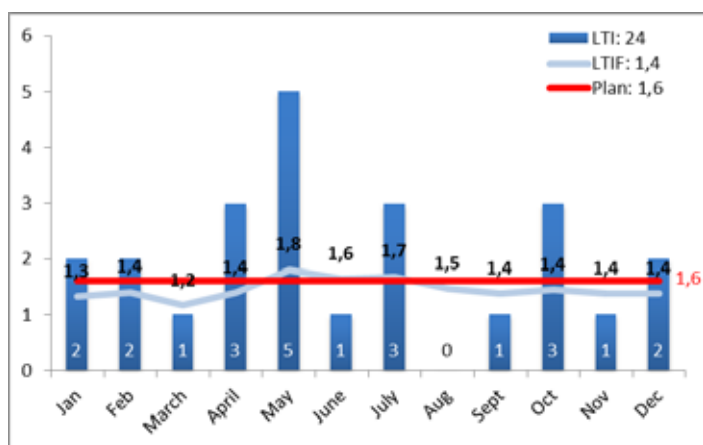
The oil industry requires a high degree of occupational health and safety, so these are among the top priorities and basic prerequisites for the successful operation of any oil company. INA, d.d. has therefore set up an all-encompassing system of occupational health and safety management, with the aim to continuously improve the level of safety and regularly monitor the employee health status. Special attention is given to adequate employee training, promotion and ensuring work in a safe manner and minimizing the risks related to their daily work activities.

In 2013, there were no fatalities of own employees. In 2013,

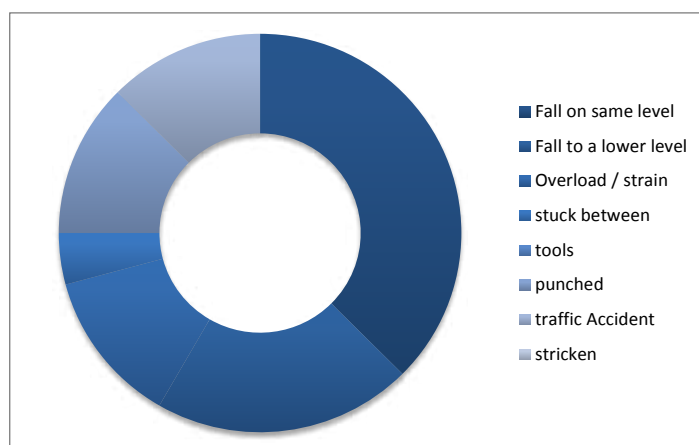
at the INA Group level, there were 44 Lost Time Injuries (LTI) resulting in lost time injury frequency (LTIF) of 1.6, which is an improvement by 24% in respect to 2012. LTIF at the INA, d.d. level was 1.4 and there were 24 LTI cases; which is an improvement by 26% in respect to 2012.

INA E&P BD has achieved the LTIF of 1.7, which is an 88% increase in comparison with 2012. INA R&M achieved an improvement by 46%, with the LTIF of 1.3, which is also below the 2012 CONCAWE average of 1.4. Retail BD achieved the LTIF of 1.0, which is better than 1.9 achieved in 2012. Business units recorded the LTIF of 2.3, which is higher by 28% in comparison with the LTIF for 2012.

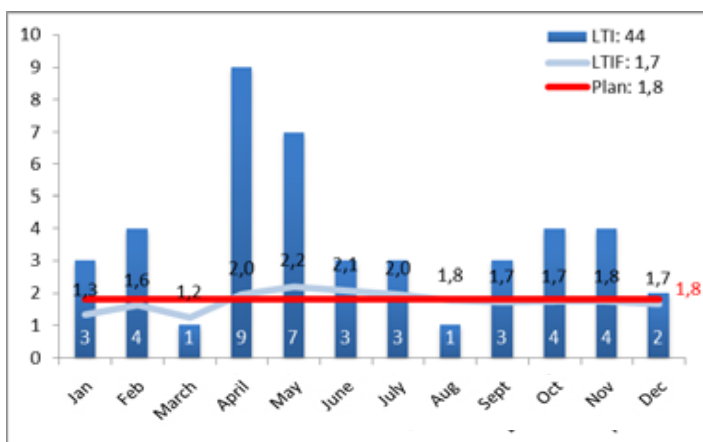
LTI and LTIF in INA, d.d. in 2013 by month



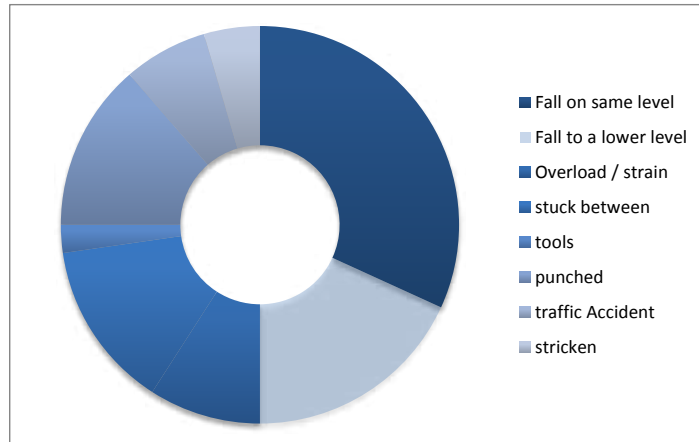
Main reasons of injuries in INA, d.d. (%)



LTI and LTIF in INA Group in 2013 by month

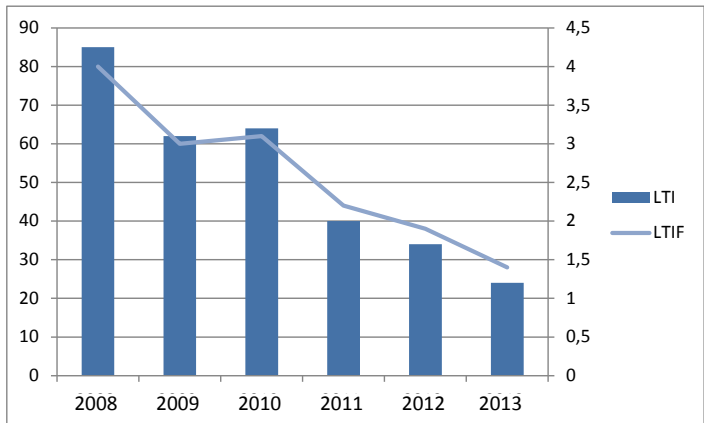


Main reasons of injuries in INA Group (%)

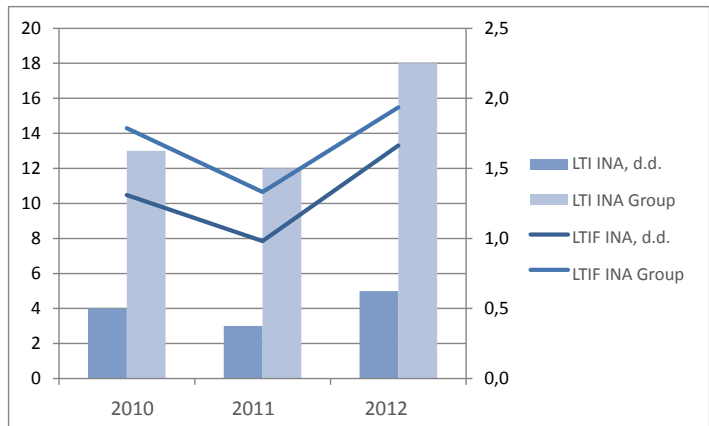


With regards to the type of injury, out of 24 injuries, 36 % of them were “falls at the same level” and 20% were “falls to the lower level”. According to Croatian regulation, there were 94 injuries in 2013, out of which 83 were classified as light injuries.

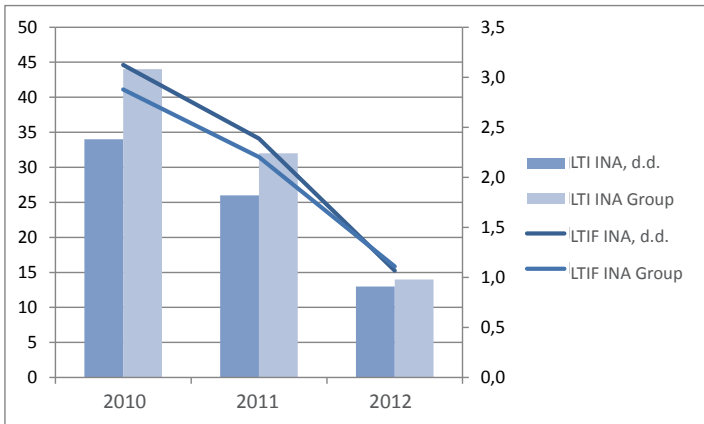
LTI and LTIF in INA, d.d. from 2008 to 2013



LTI and LTIF in Exploration and Production BD in INA, d.d. and INA Group from 2008 to 2013



LTI and LTIF in Refining and Marketing BD in INA, d.d. and INA Group from 2008 to 2013



LTI - Lost Time Injury
 LTIF - Lost Time Injury Frequency

LIFE SAVING RULES

As part of INA’s on-going commitment to create a safe working environment for employees and effort to strengthen the culture of safety at work, a campaign on basic safety rules was implemented. These rules are not new, they are simple, clear, and achieve exactly what their name implies – save lives. The rules were developed based on the feedback and lessons that our industry learned from practice. Campaign has officially started in October 2013 and by the end of the year 84% of INA Group employees were trained to comply with them. In 2014, new projects for protection against fall from height and LOTO program (Lock Out, Tag Out) shall be implemented to support the Life Saving rules.



MANAGEMENT OF THE HSE REQUIREMENTS IN SERVICE CONTRACTING AND PROCUREMENT PROCESS

In 2013, the HSE requirements for the Contractors have been further developed, and the rules for works execution which shall be part of the future contracts have been defined through the Appendix to the Contract. It defines rules on how contractors should perform work. All future contracts (which are classified as medium or high risk) will contain the HSE Appendix.

INA has also implemented the system for collecting the working hours of contractors and reporting on audits conducted over contractors working on INA locations. 9 Supplier Forums were held, attended by 116 suppliers, where they were introduced with "Life Saving Rules" and other HSE requirements. 67 pre-qualification audits of contractors were conducted by subject experts.

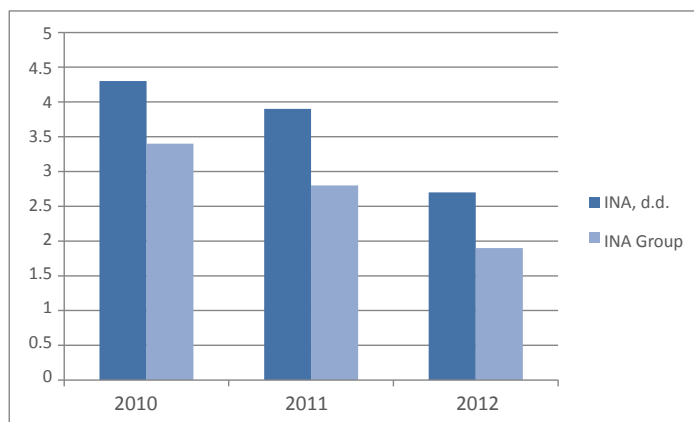
In addition, in 2013, 445 contractor employees have passed the trainings specific for INA locations.

ROAD SAFETY

In INA, d.d., safety has been recognized as one of the most important issues so our actions are directed towards maximizing the safety of our employees. In 2011 INA launched the Safe Driving Program, followed by Safe Driving Standard in 2012 that prescribes procedures and rules connected with safe driving. It is prescribed in the document that the employer is responsible for ensuring that drivers are competent and qualified, and that the employer is to organize regular additional training for specific target groups.

In order to bring the safe driving to the higher level and be compliant with the Safe Driving Standard, INA expanded its safe driving program by contracting services with the Safe Driving Centre. In 2013, 509 employees in total took the Basic Safe Driving training on a polygon, led by a certified professionals from the Safe Driving Centre. The targeted groups were professional drivers, employees that drive more than 30,000 kilometres per

Road Accident Rate (RAR) in INA, d.d. and INA Group in last three years



LIFE SAVING RULES

WHO DECIDES TO BREAK THE RULES,
DECIDES NOT TO WORK FOR INA GROUP.



1

Do not smoke outside designated areas



2

Verify energy isolation before work



3

Obtain and follow permit to work



4

Use correct lifesaving PPE whenever required



5

Conduct gas tests whenever required



6

Do not carry out work in trenches without appropriate shoring



7

Do not remove safety signs or override / disable safety critical equipment



8

Do not violate safe lifting rules



9

No alcohol or drugs while working



10

Comply and intervene

The Life Saving Rules apply to all operations under INA Group operational and / or governance control, compliance with the Life Saving Rules is compulsory for employees and contractors alike.

year, young drivers and employees that participated in traffic accidents. In addition to this, a 40% discount for participation in Basic Safe Driving training was contracted for the family members of the INA employees.

The realization of the program was successful, which is evidenced by the achieved Rate of traffic accidents (Road Accidents Reports – RAR) of 1.9 for 2013, as opposed to 2.9 at the INA Group level and 3.9 at the INA, d.d. level for 2012.

One of the goals for 2014 is to expand the Project on all INA Group companies and to additionally improve the awareness of the employees by contracting the additional services of ECO-driving and advanced safe driving trainings, with the focus on the professional drivers.



Safe driving centre

MEDICALLY PROGRAMMED ACTIVE VACATION (MPAV)

In the period from 11th April to 14th December 2013, a Medically Programmed Active Vacation (MPAO) in the Specialized Hospital for Medical Rehabilitation Krapinske Toplice (Krapinske Spa) was organized for 100 of INA employees.

Medically programmed active vacation intended for INA employees is based on the natural healing factors and medical rehabilitation and kinesiology recreation content.

In a relatively short period, such medical treatment and included recreational facilities can achieve positive changes in functional and motor abilities of basic organic systems and thus have a positive effect on maintaining and improving the health of the employees and on maintaining their working capacity.

Upon arrival and departure, the employees went through a specialized medical examination, on the basis of which the therapy and the overall health status was determined.

FIRE PROTECTION

Fire prevention activities were actively performed during 2013 in all INA, d.d. and INA Group facilities. Significant activities were focused on coordinating the internal regulations, procedures and standards with EU standards and best practices in the field of fire protection and fire fighting in the oil and chemical industries. In that sense, 8 fire and technological explosion risk assessments were made, 324 stable systems for fire protection and prevention of fire spread were tested, as well as 69 alert systems in case of presence of flammable gases and vapours at INA, d.d. and INA Group facilities.

As a part of increasing the operational preparedness of INA Fire Brigades, a one day professional training was organized for 157 fire-fighters in Szazhalombatta, certified by JOIFF. Fire Brigade commanders completed a two day professional training in the mentioned training area. All participants who had met the criteria received the corresponding JOIFF Certificate.

For the purposes of INA, d.d., 5 professional Fire Brigades, equipped with the appropriate firefighting technologies and means for fire extinguishing, were formed in the economy and are providing the firefighting services for 22 INA buildings categorized in the first or second fire risk category. As a part of the Fire Brigades, more than 12,000 fire extinguishers owned by INA, d.d. and INA Group were serviced on annual basis.

In order to establish a more efficient fire protection and firefighting system to meet the needs of INA, d.d. cooperation contracts with 30 public and volunteer Fire Brigades in the vicinity of INA facilities have been concluded and regular fire drills based on prepared scenarios are being carried out with all of them (at least 4 times per year, which is more than 100 fire drills together with public Fire Brigades), with clearly established action scenarios.

All fire drills are carried out under the supervision of the Commander of INA Fire Brigade and in collaboration with professional departments for fire protection and for improvement of fire safety in the categorized objects of INA, d.d..



Special Hospital for Medical Rehabilitation Krapinske Toplice



Closing firefighting exercise, Rijeka Refinery

○ LETTER FROM THE EXECUTIVE DIRECTOR OF CORPORATE CENTRE BUSINESS FUNCTION



Our goal and mission is that all of our employees and partners conduct their everyday operations in a socially responsible way that it becomes a custom way of conduct. Accordingly, we have set a clear and understandable framework, as well as expectations about what social responsibility stands for at INA and how to implement it actively, and which we with our example try to convey to all involved business parties - customers, suppliers, and the community.

With such an approach, we will best achieve goals set out in our vision, mission and corporate culture on INA as a socially responsible company. In this context, INA corporate culture implies openness to all partners who act in a socially responsible manner in order to establish a relationship of mutual trust.

Corporate Centre Business Function has the task, through its Sustainable development and health, safety and environmental Sector, to specially take care of implementation of socially responsible behaviour.

In 2013, the attention was dedicated to setting up a monitoring system for tracking the implementation and results of the contractors in terms of occupational safety, health and environment in order to gain an overall picture the status of INA's activities in this area, and the basis for action to improve safety, health protection and the environment. An integral part of the contract with all the contractors is a HSE annex that gives clear lines of responsibility and ensures active engagement of contractors, as well as a consistent framework to eliminate health, safety and environment (HSE) incidents and injuries among contractors.

Furthermore, electronic procurement system was implemented to allow further improvement of transparency and efficiency.

INA will continue to preserve the tradition of excellence in all aspects, especially in the field of human resources management. In human resources management, emphasis is put on structured management and development of potentials targeted to increase expertise and retaining talents, focus on core business and youth attraction. Of utmost importance is fairness in management of rewarding and career development, and for this purpose a results evaluation system was implemented for all employees.

Listed projects are of special contribution to further improvement of socially responsible business at INA and are the best evidence of this behaviour.

In this Sustainability Report is given a comprehensive review of INA's results, and comparing them with previous years, positive developments resulting from activities related to improvement of social responsibility of the company, can be seen.

We will continue so in the future,

Tvrtko Perković
Corporate Centre BF Executive Director

A handwritten signature in blue ink, consisting of a stylized 'T' and 'P' followed by a horizontal line.



INA's Award for Lifetime Achievement



Human Capital Development
Collective Agreement
Benefits for the Employees

HUMAN CAPITAL

HUMAN CAPITAL

HUMAN CAPITAL DEVELOPMENT

The Human Resources Sector undertakes the activities related to creating human resources strategies and coordinates planning related to the human resources area in accordance with decisions and strategic plans of the Management Board. At INA, d.d., procedures are in place to ensure information exchange, consultations and negotiations between the employer and employee representatives on the matters of mutual interest. Internal communication and employee participation in management is regulated by several regulations, some of which are specific for certain organizational units.

In 2013, a redundancy program was implemented, and based on it, 103 workers have left INA, d.d. Total number of workers who have, for various reasons, left the company was 579, while 384 new were employed.

According to the Croatian Labour Act, before making the decisions affecting the position of the employees, INA, d.d. shall implement a counselling/co-deciding procedure with the Workers Council/Trade Unions.

The regulations provide a two-way communication from the management to the employees and vice versa, observing the hierarchy. The management notifies the employees on the business management policy system, sets objectives, as well as their fulfilment, plans and rules for their fulfilment. Communication of the employees towards the management is achieved through reporting on the fulfilment of plans and objectives. In responding to the inquiries of the interested parties, the management is using the internal communication tools in order to consult or authorize the expert employees for direct communication in a specific field of work.

Informing employees about the changes in business operations is done indirectly by consulting the Workers Council on any decision that could have an impact on the employees. Deadline for the counselling is eight days, and the decision made before the expiry of that period or without the conducted consultation is not valid.

Exchange of information between the management and employees is carried through:

- INA Glasnik,
- Newsletters (Newsletter of Retail BD, Newsletter of ITS Sector, E&P Newsletter),
- Intranet,
- Internal news,
- Bylaws, Decisions and Instructions,
- Work meetings,
- Employees' meetings,
- Individual discussions of directors with the employees,
- Manuals and catalogues for the employees,
- Meetings with specific interest groups of employees,
- Meetings with members of the Management Board and the Executive Board,
- Meetings with directors of sectors,
- Service "Ask Human Resources",
- Meetings of the management and trade unions.

Performance Management System (PMS)

In 2011, INA implemented a performance management system for top managers, and since 2012, the performance management system has also included the non-managerial positions which have been evaluated and classified into grade 18 and higher.

In order to make the performance management system more efficient, an application supporting the entire process was implemented, using the internal knowledge and resources. The major advantage of INA PMS application is that it integrates the data (actual and historical) regarding the objectives and performance of the employees. Rewarding system is related to the performance management system, and it enables rewarding excellent performance through pay-out of an annual bonus.

Employees on other positions may participate in distribution of a stimulating part of the salary according to the obtained performance evaluation (criteria regulated by the Labour Act).

Ratio of the basic salary of men and women in all categories of workers is 1:1, meaning that there is no discrimination and that the principle of equal pay for work of equal value is implemented.

Return to work and retention rates after parental leave in INA Group, by gender in 2013								
	INA, d.d.		STSI	INA MAZIVA	TRS	CROSCO		Rotary
	Women	Men	Women	Women	Women	Women	Men	Women
Number of employees entitled to parental leave	127	261	4	2	6	4	2	3
Number of employees by gender that took parental leave	124	6	4	2	6	4	2	3
Number of employees who returned to work after their parental leave ended	32		2	1	3	1	1	1
Number of employees who returned to work after their parental leave ended who are still employed twelve months after their return to work	51	2	2		4	1	0	1
The return to work and retention rates of employees who returned to work after leave ended	100%	100%	100%	100%	100%	25%	50%	100%

COLLECTIVE AGREEMENT

INA, d.d. adheres to the principle of providing equal opportunities for everyone in realization of labour rights and obligations, in accordance with regulations and the established policy and objectives in the management of human resources in INA, as well as with the INA Group Code of Ethics.

The rights and obligations of employees are governed by the provisions of the Collective Agreement, Rules of Procedure and other relevant laws.

Trade unions in INA actively monitor the status of disabled workers, women and veterans. There is a practice of caring for the special needs of workers with disabilities when scheduling work. When tendering for new job positions, gender is not indicated among the required conditions.

INA, d.d. pays its employees benefits and subsidies determined with the Collective Agreement and the Rules of Procedure or some other internal regulation of the employer which is a standard part of the Collective Agreement agreed upon during the negotiations between the Employer and trade unions.

The process of making formal agreements between employees and the Management, in relation to the occupational health and safety, is defined with the Collective agreement for 2013 that has been signed between INA, d.d., INA Group companies and Trade unions.

As a rule, a collective agreement is concluded for a calendar year, and it is valid even after the expiration of the period for which has been concluded, but no longer than three months.

Workers' Council

In INA a Workers' Council has been active since 2011 and consists of 25 members. Workers' Council protects and promotes interests of the employees through consultations, co-decision making or negotiations with the employer or a person authorized by it, in relation to matters important for the position of the employees. Passing of certain internal by-laws (e.g. Code of Conduct and alike) in accordance with and in the manner prescribed by the Labour Act is preceded by consultations with the Workers' Council of INA, d.d.

In 2013, the Workers' Council of INA, d.d. held, in addition to regular sessions, the meetings with the employer on which all relevant issues concerning employees were discussed. Meeting with the representatives of the employer and Trade unions at the sessions contributes to strengthening and consolidation of social dialogue in INA, d.d.

Freedom of Association

Five Trade unions operate in INA Group companies in Croatia: INAŠ - INA and Subsidiaries Workers' Union, SING – INA and Oil Economy Workers' Union and EKN – Autonomous Trade Union in Power Industry, Chemistry and Non-Metal Industry, Union of Croatian drivers - SHV and Union of Croatian Journalists – SNH, with a total of 10,113 members as of 31 December 2013.

76% of total INA, d.d. workforce are members of one or more trade unions.

92% radnika INA, d.d. pokriveno je kolektivnim ugovorom.

INA Group – membership in trade unions on December 31 st 2013										
	INA, d.d.	CROSCO	STSI	TRS	PRIROD- NI PLIN	HOSTIN	INA MAZIVA	ITR	INA OSIJEK PETROL	TOTAL
INAŠ	3.435	93	102	132	1	-	56	8	-	3.827
SING	2.857	1.213	497	97	17	7	194	2	71	4.955
EKN	1.058	-	219	30	-	1	6	1	-	1.315
SHV	14	-	-	-	-	-	-	-	-	14
SHN	2	-	-	-	-	-	-	-	-	2
Total	7.366	1.306	818	259	18	8	256	11	71	10.113
Number of company employees	8.497	1.664	1.017	289	30	13	245	14	79	11.848
Number of employees who are members of the trade union *	6.463	1.292	790	221	17	8	212	10	71	9.084
% of employees who are members of the trade union	76%	78%	78%	76%	57%	62%	87%	71%	90%	77%

* Difference between number of employees affiliated to trade unions and the number of total union membership derives from the fact that approximately 10% of workers are members simultaneously in two or three unions.

Benefits for the employees

INA takes care about the health of its employees by enabling them a complete physical examination and additional specialized and targeted examinations once a year.

In 2012, the project for the distribution of INA's internal newspapers "Glasnik" to the employees on maternity/paternal leave was launched to encourage a sense of belonging to the organization despite their temporary absence, and to continuously inform them about the activities of the company they work for. During 2013, 127 employees have been using the maternity/paternal leave and 60 newspapers was distributed every month to them.

Support to Employees and their Families in the Event of Serious Illness

The Committee for the Execution of the Procedure for Establishing the Right to Support for Employees of INA, d.d. in the Event of Illness and Difficult Financial Circumstances is a working body of the Human Resources Management Sector Director. The Committee considers individual requests of the employees, obtains the expert opinion of a contractual physician on the merit of such a request and on the amount of necessary means, and determines the draft decisions on granting the support within the framework of planned costs.

In 2013, 5 requests for the support were received and processed, 3 of which were the requests for the support to children of INA employees in cases of serious illness and 2 requests were for the support to seriously ill INA employees.

The Committee assessed that for all of the above mentioned cases financial support was justified, and a total of HRK 94,486 was granted.

Support to Children of Deceased Employees

Pursuant to the Collective Agreement, children of deceased employees and children of employees fallen in the Homeland War who are still attending regular schooling are entitled to a monthly financial support. During 2013, a total of 166 children received such a support, 26 of which were primary school students, 49 were secondary school students, while 91 were university students.

Other Forms of Support to INA, d.d. and INA Group Employees

INA and INA Group companies support the work of associations of INA employees – associations of employees with war veteran status, associations of disabled workers and associations of retired

persons, donating certain amounts of money to their activities. Support to the associations of employees with war veteran status are governed under a special agreement, and amongst the most important ones are those for programmed active vacation, medically programmed active vacation, organization of events significant for war veterans' associations, as well as for trainings and various forms of education for war veterans and their children.

INA pays particular attention to and encourages volunteer work, for which INA employees can take up to 3 days of paid leave per year.

Jubilee Awards

The jubilee awards are monetary rewards defined with a collective agreement and are awarded to employees for their overall service at INA. In 2013, a total of 1,710 employees received a jubilee award.

Awards for Employees

In INA, a rewarding model „Award your colleague“ was introduced, in which employees nominate their colleagues for each of the following categories: Kind Smile, Big Heart, Thinking Green, Best Colleague and Best Mentor. The purpose of these awards is to encourage a positive working atmosphere, promote collegiality and company values and the satisfaction of employees. In 2013, a record number of nominations were received - nearly 500, and total of 5 awards was granted - for each of these categories.

AWARD OF THE MOL GROUP SD AND HSE PRESIDENT

In order to additionally increase their motivation, in 2013 the employees took part in the competition for the Award of The MOL Group SD and HSE President for the first time. The Award was established in order to improve the corporate culture and additionally increase the motivation of the workers, as well as to award the employees who:

- contributed to achieving the strategic objectives in the outstanding way,
- demonstrated the effect of exceeding the expectations in key projects,
- implemented innovations that have significantly improved business processes,
- promptly responded to emergencies, exposing themselves in order to prevent an emergency situation.



TRAINING AND EDUCATION

We are aware that INA's success is based on educated, creative and innovative staff. Due to its financial power, accumulated knowledge and market experience, INA is an ideal environment for development of the human potential.

The goals of educational policy in INA is creating a collective competence with the aim of adjusting to the market and increasing competitiveness, which is why we continuously improve high level of knowledge quality and skills and competences, both on individual, as well as on the level of INA as a whole. Human Resources Sector is carrying out a lifelong learning concept through learning, through formal and informal, and the activities related to education include:

- Development and implementation of staff development program,
- Organization of internal trainings,
- Planning and creating internship programs, evaluation of trainees' performance and final evaluation through internship examination,
- Coordination of sending employees to education through work and training,
- Implementation and development of talent programs,
- Training the employees for working in a safe manner.

Our aim is to promote the need and importance of knowledge at the company and personal level through processes of intellectual property management as well. Our guidelines for the management of corporate knowledge are open and communicative corporate culture, focus on core activities, encouraging creativity and transformation of employee's knowledge into a form suitable for transferring and sharing within the company. With this aim, the Company Knowledge Base has been designed and continuously maintained, and everything that belongs to the creative work of INA employees can be found in it. The Company Knowledge Base is available to all INA Intranet users.

8,332 INA Group workers participated during 2013 in various forms of internal trainings, and 6,776 workers participated in external training, where some of the employees were involved in a number of different educations. The average hourly rate per worker was 16.3 hours.

During 2013, nearly 100 internal trainers from specific areas of work in the field of oil and gas production, refining and marketing, as well as in the area of soft skills and leadership were hired in INA. During 2013, 439 workers passed the professional examination for working in a safe manner, and 7061 workers were sent on trainings for work in a safe manner (one worker to various types of training).

Sustainable Development and Health, Safety and the Environment Training

Training of newly appointed managers in the area of sustainable development and health, safety and the environment has continued in 2013. The aim of the training is to inform and educate the employees on important topics in the field of sustainable development and health, safety and the environment, which is an important element in the health, safety and the environment management system (HSE Management System).

Safe Driving Training

In the second phase of the Safe Driving Project, the theoretical and practical training on safe driving was organized for 509 workers at the training field in Zagreb based on the defined target groups.

(see more in chapter Health and Safety)

TOOLS FOR ASSESSING AND IMPROVING COMPETENCIES

Career Management System (CMS)

Career Management System is a tool for managing careers of employees through the evaluation of their competence, making career plans and inheritance, and creating individual development plans. CMS is a combination of structured planning and active management of professional career workers. In this complex process worker is equally involved as his superiors and representatives from Human Resources Sector.

CMS provides transparent and clear plans of career shifts for each worker involved in the system, it sends a message about the areas that require further upgrading of knowledge and skills, and provides successful planning for the successor for each worker involved in the process. In 2011, a pilot project career management system was introduced for the second and third level managers, as well as a group of selected key workers in the field of exploration and production of oil and gas. In 2012, the implementation of the career management system continued, and it was extended to the directors of all sectors, directors of departments, as well as to 5th level executives who have been placed at the highest level according to HAY methodology. In 2013, the career management system covered all the participants involved in the Performance Management System and the workers assigned to key positions in the company.

Managerial curriculum

Managerial curriculum is a structured approach to the development of managerial competences in the field of interpersonal skills and personal development of managers, aimed at increasing the work efficiency of the teams they manage. Individual development plans have been created in order to attain the objectives related to the strategy of the company.

Development Centres/ Assessment centres

Development Centre/Assessment centre is a method that includes a range of evaluation techniques designed to enable the candidate to demonstrate their skills and knowledge required for success in a particular job under the standardized conditions. Within this method, it is possible to assess the competencies of workers, to identify their development needs and career potential, as well as to provide a feedback to the candidates about their strengths and areas for improvement. In INA, development centres/Assessment centres have been implemented and successfully conducted since 2011.

Petroskills CAT

Petroskills CAT is a tool for assessing the competence of professionals in the Business Division of Exploration and Production of oil and gas and in the Refining & Marketing BD. Petroskills, as the world's leading company for training and education in the oil industry and a member of OGCI association, has developed the CAT system (Competency Analysis Tool) for assessment of competences required in the refining, exploration and production processes in the oil industry. Analysis of estimated competences serves as a basis for further planning of the necessary knowledge and skills, and for defining the individual development plans necessary for conducting successful business operations.

The project has begun in 2010 with a pilot group of the employees from the field of exploration and production of oil and gas. In 2011, 230 workers were involved in the project with the aim of identifying the areas for future development of a specific technical knowledge and skills in line with the company strategy. During 2013, newly hired highly professional workers within the oil and gas exploration and production segment, as well as newly recruited workers from refining and marketing, have been included in the project.

ATTRACTING AND RETAINING TALENTS

The **Growww Program** is aimed at recruiting young talents of different professional backgrounds and is carried out in all countries where MOL Group companies are located. Through Growww Program, the best trainees are selected among the graduates of certain faculties for a one-year practice with the possibility of permanent employment.

In 2013, the third Growww competition was carried out, and the required educational profiles were: petroleum engineers, chemical technology engineers, mechanical engineers, economists, IT specialists and lawyers, as well as civil and safety-at-work engineers. A total of 2,150 applications were received and 64 trainees were hired.

The Business Education Program consists of a series of structured lectures and presentations which serve to familiarize the trainees with the organization and activities of the company held by renowned professionals, experts and managers holding the leading positions.

Upon arrival to the company, each trainee was assigned a mentor - person in charge and responsible for managing and supervising the entire internship period and the development and implementation of the Programme of professional internship. The purpose of mentoring is faster integration and adaptation of interns with the support and help of experienced workers.

Within the **Buddy Program** a former trainee “Colleague”/“Buddy” is responsible for making it easier and quicker for a new colleague to adapt to the working environment and to assimilate into the collective through an informal approach. This Program is not mandatory, and its purpose is to share knowledge and familiarize a trainee with work and a team of co-workers on an informal level.

At the **2013 Freshhh Competition** for the Employees, a record number of applications was received - 2,600 students from more than 60 countries around the world who were divided into nearly 900 teams. In the finals held on 30 May in Budapest, the winner was the team from the UK, while three Croatian teams achieved a noted success by participating in the finals of the competition among the top 10 teams for the fourth year in a row.

In April 2013, **PIMS Academy** - MOL Group, in collaboration with the Faculty of Information Technology, University of Pannonia in Hungary, has launched the fourth postgraduate specialist program aimed at education specialist oil industry for the MOL Group. The goal of education is to educate the experts in the field of supply chain optimization in the oil industry who will be able to model and optimize the entire supply chain. 18 candidates from Croatia applied, and the selection procedure consisted of math tests, interviews and a two-day assessment centre.

Best Mentor is a competition for selection of the best high school teacher in mathematics, physics and chemistry. INA has launched this contest 2011. It is designed in such a way that the students from technical/technological, natural and Faculty of Geosciences are given the opportunity to nominate teacher from high school who had encouraged the desire to learn and progress and instilled a love of science in them. Project Best Mentor honours dedicated tutorial work on developing the potential of young talents who are expected to provide a positive contribution in the future, not only to the development of the company they will be employed in, but also to the society as a whole .

More than 370 nominations have arrived for the Best Mentor contest in 2013, from as many as 18 of different Faculties and more than 270 secondary school teachers and professors were nominated. A total of 4 awards were granted - for best professors in the above mentioned areas, and the student whose nomination

was declared most inspiring was also awarded.

Continuing the successful cooperation, through participation or independent implementation of a series of projects aimed at student population, INA has signed the agreements on cooperation in 2013 with three student organizations: **eSTUDENT**, **AIESEC Croatia BEST**.

Upon successfully approaching the student population with numerous programs, we have decided to expand the initiative and approach to the high school population. As a result of these efforts, INA can be proud about the collaboration with major portal for high school students, Srednja.hr for a third year in a row. Cooperation is achieved through the INA quiz , in which the high school students participate by solving math problems and logic problems. Association of Young gifted mathematicians “Marin Getaldić” invents a new set of questions every month, and the winners are chosen once a month. The best ones in solving riddles win the awards provided by INA.

Top 10 Best Student Projects

For the fourth year in a row, INA and Jutarnji list have organized scholarships projects for The Best Student Projects in the fields of chemistry, chemical engineering, process engineering, energetics, environmental protection, as well as of the automation of industrial plants and information and communication technology. Authors of the 10 best projects were awarded with a one-year scholarship and a professional training in INA in a duration of 30 days.



CUSTOMERS AND PRODUCT RESPONSIBILITY

Product Responsibility
Customer Relationship
Monitoring Customer Satisfaction
Responsible Advertising



○ PRODUCT RESPONSIBILITY

Product responsibility is divided between the individual segments: Oil and Gas E&P, Refining and Marketing and Retail BD, which are responsible for those parts of the processes that are under their jurisdiction.

The quality of all products is regulated by INA standards, which are based on verified scientific, technical and practical results, and provide guidelines for products and services that ensure the protection of human health and life, and environmental safety.

For all new and existing products and services, before placing the product on the market, surveillance and periodic control in proportion to the existing risks are conducted. This entails product monitoring when introducing the significant changes related to risk exposure, use of the product, the legal framework and/or other parameters.

Data on the composition and properties of the product, means of storage, handling the product, transportation and disposal of waste are contained in the safety data sheet and on the label of material.

Introduction of REACH and CLP Regulations into the Croatian legislation and their full acceptance with the admission of the Republic of Croatia to the EU, fulfils the guidelines of product management.

REACH - Registration, evaluation and authorization of chemicals, the EU regulatory system for chemicals management - represents a significant opportunity for manufacturers of chemicals, their suppliers and customers to work together in order to protect the environment and preserve the future of chemicals industry in Europe.

Product Management is a concept through which the principles of health and environmental protection are focusing on the product itself, and everyone involved in the product life cycle take responsibility for reducing the impact of the product on human health and the environment.

Additional information can be obtained at the Customer service and from the safety data sheet.

Type of product information:

- Standard of the product (Intranet),
- Safety Data Sheets, in accordance with the REACH and CLP Regulations (Intranet and Internet),
- Guidelines for dealing with chemicals (they need to be prepared for all chemicals) (Intranet).

In addition to responsibility for their products, INA, d.d. is also responsible for the products that are imported and placed on the market of the Republic of Croatia and for providing the accurate SDS data for the imported products. SDS/CLP team prepares the SDSs for the imported chemicals and sends them to the Registry of chemicals in Croatian Institute for Toxicology (HZT), if the supplier do not have a representative office in the Republic of Croatia.

All data on imported chemicals can be found in the HZTA database and internal intranet site, to make it available to all employees who use, storage, and who in any other way manipulates with imported chemicals.

Fuel quality

Early in 2013, INA has placed the following on the market of the Republic of Croatia:

- extra light fuel oil with a sulphur content of 0.1% m/m in accordance with the requirements of the Regulation on the quality of liquid petroleum fuels and European directives for liquid petroleum fuels,
- Eurodiesel BS blue, in accordance with the requirements of the Regulation on the quality of liquid petroleum fuels, European directives for liquid petroleum fuels and the European standard EN 590 which was accepted by the Croatian Standards Institute as a Croatian standard (EN 590).

In Rijeka Refinery, the project of bio-ethanol blending and delivery is currently being implemented; location permit has been obtained and main design completed. The request for Building permit issuing has been submitted. Project documentation (Tender documentation and detail design for works and equipment) is in preparation.

In Sisak Refinery, the project of bio-ethanol blending and delivery is also currently being implemented; building permit has been obtained. Project documentation, including the tendering documentation and detailed works and equipment design, is in preparation.



○ CUSTOMER RELATIONSHIP

During the period from 2010 to 2013, the major emphasis in retail operations was placed on implementation of retail network restructuring and modernization program through major investments, with the goal of improving the appearance of petrol stations, technical conditions and introducing a new visual identity named “Blue Concept”. By the end of 2013, around 160 filling stations were modernized through capital, interior and partially interior refurbishments, as well as by new visual identity.

In the second half of 2013, Retail BD has put a strong emphasis on establishing the basis for development of a new partnership operation model of retail sites, i.e. launching a pilot project of including the entrepreneurs to the first 20 selected INA petrol stations. The goal of this pilot project is to introduce a partnership operation system of retail sites according to INA strategy, which shall ensure more efficient operations and adequate motivation of the petrol station employees in providing high quality services to the customers.

With the aim of reaching the highest level of customer satisfaction, better quality of provided services, as well as the improvement of business results, continuous trainings of petrol station staff are being implemented, in form of numerous carefully prepared and targeted trainings and workshops within the Retail Academy formed in 2012.

Furthermore, for the purpose of an additional increase in business performance, additional education of regional sales managers on uniformity of operation has been organized through internal trainings. Special attention has been given to training the employees to work in a safe manner, as well as to the activities of remediation of contaminated soil and underground water in case any have been found during the KDR and/or disposal of filling stations, with the aim of efficient prevention and control of pollution, as well as reduction of environmental risks to the minimal possible level.

Marketing activities undertaken in 2013 were directed at introduction of new technical and visual improvements within the retail network, followed by various events organized for the customers at INA petrol stations (cooperation with Croatian Football Association, handball sponsorship, and similar).

Initiatives such as cooperation with selected Croatian national parks, INA Ladies’ Week, implementation of Bike Zone, selling a famous Croatian singer’s album for charity purposes, selling fruit at filling stations, eye check-ups at petrol stations, as well as different successful loyalty programs are the additional services which have strengthened the perception and image of the company during the year and contributed to higher loyalty of the customers.

Some Projects Implemented at Petrol Stations in 2013

WE LOVE STRAWBERRIES

Selling strawberries started on 15 May at 8 petrol stations in the Osijek region (in conjunction with the local cooperative PANONICUS from Nuštar) and on PS Vukova Gorica (in collaboration with the Zagreb Strawberry Growers Association). In the Osijek region, approximately 3,000 kg of strawberries were sold, while the sales lasted only two weeks due to weather conditions and on PS Vukova Gorica the sales lasted for nearly 4 weeks and 4,500 kg were sold.

HOW GOOD IS YOUR VISION?

The project was carried out in the period from 15 to 24 October 2013 on the 6 petrol stations. Vision sharpness check was carried out by the experts using the Visiotest device, and it was free of charge. Within the arranged period, 340 checks were made which is an improvement in comparison to the previous year, when 329 check-ups have been made at 10 PSs.

BYCICLE ZONE

On 15 petrol stations bicycle stands have been placed (8 in Zagreb Region and 7 in Rijeka Region). Bicycle stand is a specially produced stand for fixing bicycles in two different positions, which allows a bicyclist to preform small reparation activities and check their bicycle. Stand has been specially designed for INA in consultation with the Cycling association. For this purpose, a cycling assortment has been prepared in the shops, and it includes 11 new products. Petrol stations have been chosen according to the attractiveness of the location, frequency of cyclist visits and vicinity of bicycle route and tracks. There was a media campaign, and a small promotional gathering in Zagreb, at Jarun.

bikezono

Za vozača
na dva kotača



INA



INA bike zone

MONITORING CUSTOMER SATISFACTION

17 years ago, INA has launched a toll free phone for the constant direct communication with customers and general public. Every year, the number of customer calls has been increasing, as well as of calls by other concerned citizens, most often related to general information and notifications, as well as compliments and complaints. During 2013, a total of 11,064 calls was received through the free phone, which is by 7% more than in the previous year.

Except by phone, the citizens can also obtain information via INA website, by e-mail, letter or in person. The fundamental rule of the toll-free number is that everyone must receive a response and that privacy is guaranteed since the information about the introduced persons is not forwarded to any third parties outside the circle of participants in the process of providing information and resolving complaints.

Analysis of customers' complaints received in 2013 has established that out of 270 total received complaints about the quality of fuel and services at petrol stations, 84% referred to the service and 16% to the quality of liquid petroleum fuel, which approximately the same as in the previous two years. The number of complaints decreased in 2013 by 38% compared to 2012, when the total number of complaints was 434.

In 2013, compared to 2012 and 2011, the total number of customers' complaints about the quality of liquid petroleum fuel has decreased (106 in 2011, 71 in 2012 and 43 in 2013). In 2013, 6 complaints about the fuel quality were found justified. There was a total of 227 complaints about services, out of which 88 complaints were related to the behaviour of the employees, and approximately 30% of them was evaluated as justified. 44 complaints were related to the quality of offer/service, and 20 of them were evaluated as justified.

Total number and type of customer contacts			
Communication channel	Telephone call	10,112 (91.4%)	
	E-mail	807 (7.3%)	
	Voice-mail	144 (1.3%)	
	Telefax	1	
	Letter	0	
Type of processing	Settled directly	10,188	
	Forwarded	654	
	Other	222	
Structure of request	Information	9736	
	Complaint*	270	
	Compliment	341	
	Suggestion	23	
	Notification	660	
	Other	1	
Total	Anonymous	10,310 (93,2%)	11,031
	Identified	754 (6,8%)	

Regular survey of customer satisfaction has been conducted in Croscos Ltd. in 2013. The questionnaires covered the following areas: Knowledge of Profession, Thoroughness of Work, Cooperation, Effectiveness of Work, Quality of Service, Timeliness of Service, Safety in Team Work, Courtesy, Overall performance of Croscos and the contractor's willingness for further cooperation with Croscos. 52 feedbacks were received, and the analysis of the results has shown that all the indicators were improved in comparison to 2012, except for execution of the procurement and services contracts. In Rotary, Croscos Group member, customer satisfaction results decreased in comparison to 2012, the best score was related to the employees' knowledge and preparedness, and the worst to equipment quality.

RESPONSIBLE ADVERTISING

In the field of advertising, INA adheres not only to the rules laid down by the advertisers, but also to promoting ethics and Consumer Protection Act, the Personal Identification Number Act, the Personal Data Protection Act, Code of Association of Marketing Communications (HURA) and other relevant internal documents.

Marketing communications in the Sector of Corporate Communications is in charge for advertising in INA. In accordance with the fundamental objectives of the INA business policy, business results and success in domestic and foreign markets are shown, with the aim of taking the position of a desirable partner. There is also a desire for an ongoing cooperation and connection with the customers, which is manifested through promotions, campaigns, continuous communication, and information inquiries. Sponsorship and charity activities, promotional presentations of caring for the welfare of workers, environmental protection and health and safety protection are also part of the advertising policy.

Annual needs for advertising based on the economic action plan for promotion, trade shows, public relations and everything that contributes to better performance on the market are collected in a timely manner from every segment which is using Corporate Communications services.

In 2013, there was no reported offenses related to the non-compliance of the regulations or voluntary codes for the product information or to marketing communications or sponsorships.



Night of Museums



A group of volunteers, mostly wearing white t-shirts and white caps, are working in a grassy field. In the foreground, a man in a white t-shirt and blue jeans is smiling and looking down. Behind him, several other people are standing or working. In the background, there are houses with red roofs and some trees. The overall scene is bright and sunny.

COMMUNITY RELATIONS AND SOCIAL INVESTMENTS

INA's volunteers in Kloštar

○ COMMUNITY RELATIONS AND

COMMUNITY ENGAGEMENT

As one of the largest economic entities in the Republic of Croatia, INA has an extraordinary impact on various aspects of society – through the market supply with oil and petroleum products, a contribution to the state budget through taxes and other financial obligations, but also through the provision of safe income to INA Group employees. INA contributes to the wider social community through participation in the development of public policies as well, from volunteering of its employees in local communities, involvement in and support of local projects, donations and sponsorships, to a whole series of projects/activities related to youth and employment.

INA pays legally regulated contributions for pension and health insurance of its employees, and the average gross salary was maintained at a 30% higher level compared to the national average. With its business activities, INA cooperates with numerous suppliers and 86% of the total value of concluded contracts was arranged with domestic suppliers. The suppliers who want to do business with INA fulfil a pre-qualification questionnaire in which they must declare the management system certificates they possess, possible debts to the state, as well as the respect for human and labour rights and attitude towards the environment and corruption.

At the locations outside Croatia, INA subsidiaries and operating companies seek to employ a greater share of the members of the local population on managerial positions. In INA Egypt Branch Office, 33% of the managers are of local origin, and in the operative company Marina Petroleum Company (in which INA has a 50% ownership) managerial positions are distributed based on the principle of 50% representatives of INA and 50% of local representatives. Other senior management positions are within the jurisdiction of local employees (Administration Manager, Contracting Manager, and HSE Manager). In all major projects, INA assesses the potential impact on the environment and local communities in the site vicinity and takes steps to avoid the negative impacts. During the construction, reconstruction or any other interventions, all necessary permits are obtained in accordance with the legal regulation and local authorities are consulted, taking into account the urban development plans.

In INA Exploration and Production, comprehensive monitoring, sampling and measuring at the Gas Processing Facilities Molve are regularly done on the yearly basis. Results of the air, water and soil analyses, as well as monitoring of local animals, vegetation and people do not show any negative impact of the E&P activities. The monitoring results have been made available to the public.

To be able to measure accurately the results of the projects through which INA invests in the community, monitoring at the same time the long-term impact on the community, since March 2013 a new methodology for calculating according to the LBG (London Benchmarking Group) model has been implemented. This model takes into account cash payments, time invested, volunteering of the employees, donations in kind, as well as management costs.



“Aida” premiere, Croatian National Theatre Rijeka

SOCIAL INVESTMENTS

INA GREEN FORUM

Business based on the sustainable development principles, which includes environmental protection, health and safety and social responsibility was the topic of “INA Green Forum” held in November in Ivanić Grad. The forum gathered oil and gas exploration and production and sustainable development experts and the representatives of local and academic communities and professional associations.

The other topic of the Forum was the EOR project, one of the most important INA projects, which involves the application of alternating injection of carbon dioxide and water in partially depleted oil reservoirs, which will extend the life of oil production for 25 years. The project has an important environmental dimension since significant amounts of CO₂ will be extruded in the underground, what will reduce the emissions into the air.

INA VOLUNTEERS CLUB

Corporate social responsibility, which includes promoting the culture of volunteering, is part of the comprehensive strategic platform of INA, which wants to be a modern and ethical company and a sincere partner to local communities. To that end, the INA Volunteer Club was founded in 2011, and in 2013 it participated in 16 actions in eight different cities. A total of 178 volunteers participated in the activities, and the company invested 1,424 working hours in volunteering. The number of members of the Club increased by 25% compared to 2012.

Once again this year, INA volunteers have been helping the charity organizations, kindergartens, children's homes and organizations of persons with disabilities, and they also participated in several environmental actions.

In April, in cooperation with Croatian Forests INA's volunteers from the Split region organized a reforestation action in the area surrounding the INA petrol station Kozjak–North. Action was communicated via INA's Facebook page and an interactive campaign was carried out—for any fans who left a comment, the volunteers planted a seedling with their name.

In September, INA Volunteer Club joined the widespread social campaign „Croatia Volunteers!“ that took place across Croatia, organized by the Croatian Volunteer Centres Network, and participated in an environmental action in Rijeka as well as in a day-long action at the Institution for Education of Children and Youth in Zagreb. During that same week, INA volunteers joined the members of the Križevci Organization for the Disabled to make decorative objects and went to the Radić Brothers Primary School in Kloštar Ivanić, where they helped clear up the area,

planted plants and participated in preparation works for a botanical garden. The members of INA Volunteering Club in Rijeka Refinery participated in an International environment cleaning action Zelena čistka, Big eco action of cleaning the Kantrida beach, cleaning at the location Kraljevica, Action of cleaning and landscaping around the kindergarten Morčić in Rijeka.

In 2013, INA Volunteer Club was nominated for the Award for contribution of the business sector to the development of volunteerism.

SOCIAL INVESTMENTS

INA systematically works on recognizing the specific needs of local communities and tries to develop and expand partnership relations that are based on mutual understanding and support. Specifically, this means that we understand expectations and concerns related to our impact, that we are open for all questions and are trying to help local communities through projects that result in a better quality of life.

In the areas where we are engaged in exploration and production, as well as in local communities where our refineries are located, we are particularly focused on helping the most vulnerable social groups: children without adequate parental care, individuals with disabilities, healthcare institutions, kindergartens and schools, amateur sport.

For years, INA has been investing significant financial means (and was among the first in Croatia in this regard) in the demining of landmine contaminated areas, since this is a serious problem for the communities that are faced with it.

In September 2013, we donated HRK 215,640 to the Croatian Mine Action Centre, which were used for demining of 45,000 m² of agricultural land of Stari Jankovci municipality near Đeletovci, in the vicinity of Vinkovci. Over the past three years, including this year's donation, INA has donated over HRK 1.6 million for landmine removal in Croatia; the biggest donations, HRK 500,000 each, went towards demining land in Vukovar- Srijem and Sisak-Moslavina counties.

In the Sisak-Moslavina County, near Sisak Refinery, INA has supported numerous organizations, institutions and projects. the Maslačak International Children's Theatres Festival, Braća Ribar Primary School in Sisak, Primary School in Petrinja, the Cycling and Archery Club, cultural events like the Town Day celebration, Celtic Nights and the 8th Siscia Open Jazz & Blues Festival.

INA has a long history of participating in the life of the local community in Rijeka area as well and this year, INA once again



INA & Cedevida

supported the „Vežica“ Primary School, „Čavle“ Primary School, „Vežica“ Kindergarten, Kindergarten Festival at the „Zlatna Ribica“ Kindergarten and children’s creative work through the „Veli Pinel“ organization from Kostrena.

INA has supported sport organizations and competitions in the Rijeka area: Kraljevica Chess Club, Škrljevo Basketball Club, Kvarner Archery Club, Rijeka Grand Prix Judo and Egon Polić Memorial Tournament. For five years in a row, INA has been the sponsor of the popular sailing race Fiumanke, for which INA was the main sponsor this year. The 14th Fiumanka was marked by the accession of Croatia to the EU and, apart from the sailing race, a diverse program of events was organized, important for Rijeka and surrounding area.

In the wider Rijeka area, INA also gave support to cultural events such as Rijeka Summer Nights, the Festival of Melodies of Istria and Kvarner, and we also cooperated in the project “Let’s re-start reading with Rijeka Public Library” which promoted reading on tablets and e-readers.

INA has traditionally been a partner to sports and is increasingly focused on encouraging amateur sport as well as sport events that involve children and young people. In 2013, we supported both “big” and “small” sport events such as the Egon Polić Memorial Tournament, the R-INA handball academy project, ATP Umag, Zagreb Handball Club and Zagreb CO Basketball Club. In August 2013, INA signed an agreement on general sponsorship of the Croatian Football Federation.

INA provided financial support to Rijeka Clinical Hospital Centre and the Association of Persons with Muscle Dystrophy from Rijeka.

In continental Croatia where INA is significantly present with its upstream activities, the focus was on helping the kindergartens. Thus, among other things, INA helped “Križ” Kindergarten to retain its eco status, it helped renovate the children’s playgrounds in Križ and Kloštar municipalities, it supported the Zeko Children’s Festival in Osijek, Kukuriček International Children’s Festival and a number of other kindergartens and primary schools in this area. INA also helped the Bubamara organization for persons with disabilities from Vinkovci, and Mali princ organization from Ivanić Grad.

INA is a traditional sponsor of the cultural and arts associations and events like Picokijada, Vinkovci Autumns, the Songs of Podravina and Podravlje and the Croatian National Theatre in Osijek, to which INA this year provided help in bringing back ballet to the citizens of Osijek.

INA traditionally helps important cultural institutions like the Croatian National Theatre in Zagreb, Osijek, Rijeka, Split and Varaždin, events like Split Summer, Rijeka Summer Nights, major exhibitions, like the exhibition of Vojin Bakić’s work at the Museum of Contemporary Art in Zagreb.

In the course of the year, INA was involved in various ways in projects aimed to help children without adequate parental care, who are virtually left on their own after turning 18. By participating in the From Foster to Prosper action, INA organized training and advising about the employment options and, as part of the Step into Life project, provided five five-year student scholarships.

In Retail BD, a campaign for customers was organized together with HAK magazine, which issued a sponsored article with advice for customers on what they can do for their own safety in 5 seconds while they are filling the gas on a petrol station.

In cooperation with selected national parks (Risnjak, Brijuni, Sjeverni Velebit, Paklenica and Mljet) INA was giving away coupons for a 25 % discount on one-time entry tickets to NATIONAL PARKS.

Since last year, more and more Rijeka Refinery employees have been participating in the humanitarian action „10 Kuna for the Print of the hearth“. The funds collected were donated for: Homeless centre „Ruže Sv. Franje“, Institution for education Rijeka, Children’s Home „Izvor“ Selce, several families living in poor material and health conditions, Association for autistic persons Rijeka, Association for parents with children with disabilities „ZA JEDNO“ Rijeka, Association „DEBRA“ and Children’s Home „Braće Mažuranić“ Novi Vinodolski.

In Croscos, collecting clothes, shoes, toys and food that took place during September was successfully concluded. In the action about 220 kilograms of clothing and shoes, toys for children, food and hygiene goods was collected. All the collected things were intended for women and children from the Women Association „Korak“ from Karlovac.

SOS Children’s Village Croatia

As partner and friend of the SOS Children’s Village Croatia, INA helps children through various projects and initiatives and encourages the public to get involved in similar projects. In 2013, in cooperation with a popular Croatian musician Zlatan Stipisic Gibonni, INA organized a charity action in which a portion of the earnings from Gibonni’s latest album 20th Century Man was donated. For three weeks, the album was only available for purchase at INA petrol stations all over Croatia, after which it was made available in stores. HRK 20 of every copy of the album that was sold was donated to the SOS Children’s Village Croatia.

In December, INA presented yet another—Christmas—donation to the SOS Children’s Village Croatia. On that occasion, INA’s volunteers joined the children of SOS Children’s Village Lekenik to make decorations and decorate the Christmas tree.

Competition for best eco projects

For the fourth year in a row, INA has organized a competition for best eco projects from primary schools and high-schools in cooperation with one daily newspapers. This year’s competition attracted a great interest among schools throughout Croatia, with over 30 schools applying for the competition, and six of them being awarded and two receiving a special commendation. The first prize was shared by Stjepan Radić Primary School in Božjakovina, for the eco project “Iris, Croatia’s national flower”, and Ivan Goran Kovačić Primary School from Vrbovsko, for the eco project “Environmentally grown garlic”. The second prize went to Popovac Primary School in Popovac, for the eco project “Bats in Popovac”, and Ivan Kukuljević Primary School from Sisak, for the eco project “From waste to healthy snacks”. The third place was won by Kostrena Primary School in Kostrena, for eco project “Biodiversity in autochthonic environment”, and Milan Amrus Primary School from Slavonski Brod, for the eco project “Retro folk clothing”. Special commendations were presented to two schools, Žrnovnica Primary School from Žrnovnica, for the project “Protecting Žrnovnica River biological diversity”, and Dragojle Jarnevnici Primary School from Karlovac, for the project “Small houses for happy sounds”.

Within the project “Together for biodiversity”, INA and Novi list have rewarded the best photos of flora and fauna. The selection of final 13 photos was preceded by a contest for which more than 450 amateur and professional photos were received. Photos with the highest number of votes have been published in the calendar “Croatian varieties and breed”. Authors of the selected photos were rewarded monetarily, while the readers of Novi list got the calendar as a gift on 6 December, as every previous year.



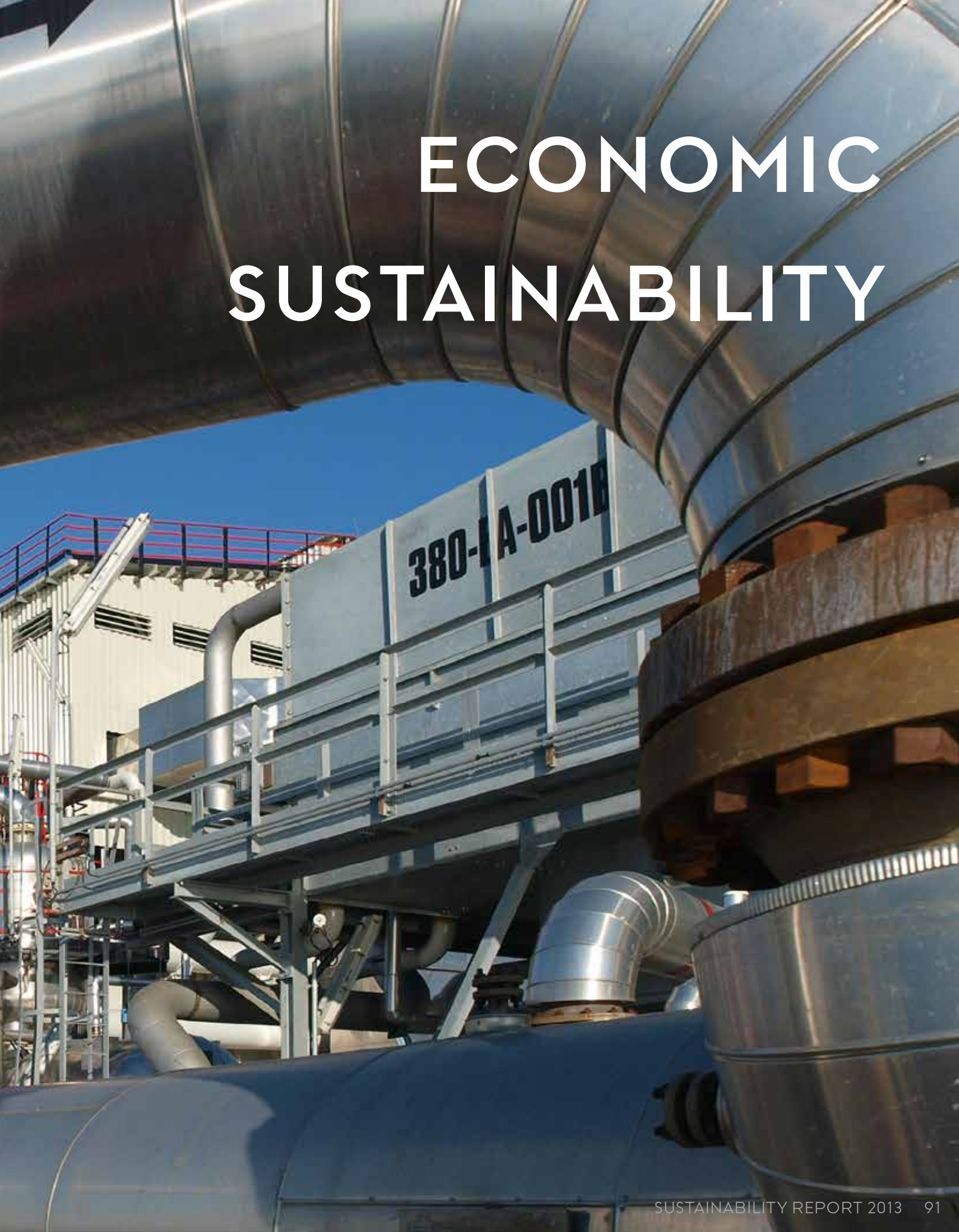


"INA – Green Forum"



Urinj, hydrogen production

ECONOMIC SUSTAINABILITY



○ ECONOMIC SUSTAINABILITY

The natural hydrocarbons production decline in domestic fields' in the Exploration and production segment, as well as the slow-down of economic growth in Croatia and in other key INA markets, had a negative impact on overall results. Thus INA Group EBITDA in 2013 amounted to HRK 3.7 billion (644 MIL USD), which is a 20% decrease compared to 2012. A slight decrease of the realized hydrocarbon prices with a 3% lower oil price also contributed to this. Gas import in 2013 was lower by 31%, but further negative price movements in gas trading continuously burden the Upstream operations.

In 2013, INA d.d. realized EBITDA excluding special items in the amount of HRK 4,179 MIL (732 MIL USD) and operating profit excluding special items of HRK 537 MIL (94 MIL USD). On the net profit level, INA, d.d. realized the amount of HRK 828 million (145 MIL USD) excluding special items, and operating cash flow of HRK 4,058 MIL (711 MIL USD).

Due to good working capital management and financial discipline, operating cash flow has increased by 21%. Improvement of overall Group's financial position is evidenced by gearing level decreasing from 31% to 27%, and a net debt decrease amounting to HRK 4,761 MIL (834 MIL USD), by 29% compared to the previous year. Net financial expenses have also decreased in 2013 to the amount of HRK 246 MIL (43 MIL USD), compared to HRK 292 MIL (50 MIL USD) in 2012.

Provision for impairment of assets

In 2013, INA Group, in accordance with International Financial Reporting Standards and in agreement with consultants, recorded the impairment of assets in Syria and Refining and Marketing amounting to HRK 1,504, i.e. HRK 738 MIL (129 MIL USD).

Exploration and Production

In 2013, EBITDA has reached HRK 5,04 billion (882 MIL USD), which is by HRK 321 MIL (33 MIL USD) lower than last year due to lower average realized hydrocarbon price, lower hydrocarbon production reflecting natural depletion of domestic fields and lower INA share from block production on Annamaria offshore field. These negative trends were moderated by decreased losses of the gas trading operations (due to the decreased imported natural gas volumes) and decreased operating expenditures. Constantly monitoring the situation in Syria INA has adjusted, in accordance with international practice and taking into consideration the included prolonged political risk, the value of

its Syrian assets. Impairment of HRK 1,504 MIL (264 MIL USD) in Syria was recorded in 2013, which has decreased the business result to the HRK 1,521 MIL (267 MIL USD). This impairment does not have a direct cash effect but it was applied in accordance with good business practice to ensure fair valuation of INA Syrian assets.

Refining and Marketing (including Retail)

The Refining and Marketing segment reported a 'clean' CCS-based EBITDA amounted to HRK (164) MIL (29 MIL USD), the improvement amounting to HRK 254 MIL (43 MIL USD) compared to the 2012 result. Positive factors, including the improved motor fuel wholesale performance resulting in an increased market share, increased export to Bosnia and Slovenia, continuous optimization of production capacities (on-demand refineries operation), as well as focused cost control efforts are still affected by high employee costs in Retail and lower Retail sales. In 2013, EBITDA was also under pressure of lower average crack spreads.

Capital expenditures

In 2013, capital expenditures increased significantly by 57% compared to 2012, to the level of HRK 2,013 MIL (353 MIL USD), with more than 80% investments related to domestic projects, mainly in the Upstream segment. Multiple projects aimed at moderating natural production decline are currently being implemented, including the continuation of the EOR project at Ivanić-Žutica and Međimurje project, raising the level of domestic investments to HRK 1,655 MIL (290 MIL USD).

Capital expenditures in the Refining and Marketing segment mainly relate to the overhaul in the Rijeka refinery, coke chambers replacement in the Sisak Refinery and numerous environmental and sustainability projects. The Retail segment has continued with its intensive program of retail network modernization.

More information on economic sustainability could be found in INA Group Annual Report 2013, which is available on www.ina.hr.

** CCS = current cost of supply; svođenje vrijednosti zaliha i troškova sirovina na zadnju cijenu nabave*



○ INDEPENDENT REVIEW I

The Commission of the Croatian Business Council for Sustainable Development has ascertained that with the scope of the content the 2013 INA Group Sustainability Report complies with the requirements of the A level of reporting of the global reporting initiative. With the control of the representation of performance indicators, the degree of clarity, detail and balance within the framework of the Report, the Commission has established that INA Group prepared the Sustainability Report for 2013 in accordance with the G3.1 GRI Guidelines with the use of additional indicators for the oil and gas production sector. The complexity level of this Report represents one of the best examples of reporting in the Republic of Croatia. The Report follows a well-established, 18-year long reporting practice on the economic, environmental and social impacts. The stagnation of economic growth which has been present in the Republic of Croatia for a long period of time has to an extent reflected on the INA Group business, but has not disturbed the reporting quality or reduced the interest in the realisation of sustainable development goals.

As the leading energy company in Croatia which employs almost 13.5 thousand employees, it has a significant influence and responsibility not only to uphold the laws and standards which apply to it, but also the obligation to promote and apply all the principles of the Code of Ethics and ensure the quality and appropriate representation of social and environmental impacts. The word from the President of the Management Board in accordance with the provisions of the Reporting Guidelines introduces us to basic economic and financial business indicators in the previous year as well as the most important investment projects in the field of environmental protection which are numerous in INA Group. Employee training programmes and investment in the community are also emphasized. The quality of the Report may additionally be improved if the word from the President of the Management Board would underline the most important challenges faced by INA in the previous period as well as the expected challenges for the following period. That would provide us with concise information on the basic business environment of the company. It would also be useful to obtain information on the methodology used for the report preparation and the reporting level at the very beginning. In that manner, all the assumptions for a critical reading of the report would be provided in the introductory part.

With its selection of indicators and short descriptions, the Report is interesting not only to the target group, but also to the general public since it deals with significant topics for the society as a whole, such as environmental protection, climate changes, energy efficiency and ethical business. It seems that the establishment of the Croatian Business Council for Sustainable Development has contributed to better coordination within the Group, but also to the susceptibility to the opinions of external assessors which form an integral part of this Report. At the very beginning, INA provides an overview of the accomplishments of sustainable development goals set for the reporting period, where it gives clear evaluation of the accomplishments along with an explanation. The goals for the following reporting period from the field of material aspects are set in the same manner.

The Report especially indicates a larger scope of data on the field of climate changes and the emissions of greenhouse gases in accordance with the greater level of company responsibility for their emission and emission limitations which have been implemented by the trading system. INA informs us that due to the nature of the business, the allocated emissions are insufficient for the company needs and it purchases the difference on the market; however, it does not have information on the deficit amount. Nevertheless, further on in the report we are introduced to a number of activities with the goal of reducing the emissions in order to achieve a balance in the business with

regard to the allocated emission quotas.

Next is a number of ecological indicators of the most important impacts of the company on the environment with regard to the emissions, water discharge and other indicators. It is interesting to note that most of these indicators demonstrate a decline in comparison to the previous years, which is surely commendable. It is difficult to assume the extent to which this reduction of the influence is a consequence of the improvement based on the investments in environmental protection or the consequence of the recorded decline in production.

The thoroughness of the approach to environmental protection of INA Group and the reduction of the impact to the environment are evident in different activities related to the petrol stations. It is important to emphasize the project of greening the petrol stations, while the initiative of making petrol stations more accessible to cyclists and expanding the offer to the users of bicycle transportation is also notable. With this initiative, INA sets new trends and broadens the offer by expanding it to the users who are not exclusively the consumers of key INA Group products. This manner of thinking indicates the company vision and long-term strategy consideration.

We would also like to emphasize the colleague rewarding programme which is original and motivating, and encourages corporate culture and quality of the work environment which the Commission considers mostly neglected in Croatian companies. The number referring to training the employees on different issues is significant, but the structure of trained employees or workers is not shown.

The INA Group Report is exceptionally informative and interesting. The transparency in presenting the information provides us with the opportunity to obtain insight in the positive, but also the lacking aspects of the company business, which is commendable and displays seriousness and intent with regard to the sustainability of the business. In the following report, the connection between the strategic goals and interests of the Group and the general public should be substantiated. Furthermore, INA could be presented in numbers in a clearer manner by including the year periods which would be equal in all tables, in turn achieving a better overview and consistency, for example a five-year period. Considering the need for an immediate transition to G4 guidelines for reporting, we would like to suggest that INA in the following period documents in more detail and displays the communication with the stakeholders, since the G4 guidelines emphasize it as well as the assessment of the suppliers from the aspect of non-financial performance.

Commission of the Croatian Business Council for
Sustainable Development



Hrvatski poslovni
savjet za održivi razvoj

○ INDEPENDENT REVIEW II

An increasing number of companies, in the Republic of Croatia as well as in the world, wants to build their business on the foundations of sustainable growth and development since there is an unbreakable bond between financial health and corporate social responsibility. The integration of the model of the triple bottom line approach into the daily business of companies enables continuous creation of value for shareholders, access to key growth and development resources, optimises the business decision-making process and strengthens competitiveness in turbulent conditions of the modern market. This is especially the case with larger companies which are aware of their significant impact on the economy and the example they set for others, and by implementing their strategy they want to provide a strong impulse to the sustainable use of modern society's scarce resources. The companies which do business in the energy sector have an especially significant role here since it is evident that the growing need for energy shall have a powerful influence on resource sustainability, and precisely the companies from this sector have been recognised as global innovation leaders offering solutions for future generations. In that context, the information from the Report stating that the share of domestic suppliers in 2013 accounted for 83% of the suppliers, and with regard to the contracted value of 84% of total procurement is exceptionally important. Consequentially, INA, d.d. may have a significant role in encouraging the suppliers who shall strictly adhere to the high corporate social responsibility standards, in the same manner as the company itself.

In the world, there is a clear direction of the most successful business organisations towards integration of financial and non-financial reports in order to obtain key financial and narrative information on company performance which are accompanied by non-financial information on company actions within the social dimension of business as well as the dimension of business related to environmental protection. INA, d.d. has long since recognised the importance of non-financial reporting. Such a manner of reporting in INA became a standard practice where key information on the internal and external stakeholders with regard to company performance is continuously, for the eighteenth time, being measured, presented and published. Two trends are noticeable in all forms of reporting; on the one hand the complexity of financial reporting is growing, but on the other hand, so is the need for non-financial indicators of organisational excellence. INA, d.d. is surely a company with the longest tradition and the most advanced practice of non-financial reporting, which is also confirmed by this year's Report. It is especially important to emphasize that since 2004 those Reports have been prepared in accordance with rigorous standards of the global reporting initiative, and that each year there is a clear tendency towards improvement of the self-declared non-financial reporting practice, this year also including a number of new indicators for the activity of oil and gas exploration and production. The Report indicates the impact not only of INA, d.d., but also of all the connected trading companies, which provides the reader with a holistic overview of the Group activities.

This Report also demonstrates the key information on the most important issues of the company related to the problems of sustainable development and corporate social responsibility in a clear and understandable manner. The Report clearly indicates the guidelines and principles by which the company finds the answer to the complex challenges it faces and manages the risks by positioning itself as the regional market leader. The Report also illustrates that this manner of business represents a basic organisational value and the management has a clear intention of becoming a part of the system of organisational values.

The Report clearly shows that special attention is paid to INA Group employees who represent a key

comparative value of the company which is evident from the indicators related to employee health and safety. I find most encouraging the fact that INA, d.d. recognised its role in the society through constant employment of young employees, the cooperation with student associations, as well as the creation and continuous development of special internship programmes which manage young talents in the best possible manner. Furthermore, the activities of the Volunteer club should also be noted, which grew not only in the number, but also in the scope of the activities.

Additional effort has also been made in the aspect of the presentation of information where it is evident that the manner in which key information shall be presented to the stakeholders such as local communities, representatives of the civil society, government officials, employees, the media and the general public is considered year after year. That multi-stakeholder view of the business reality indicates that the management has recognised the long-term perspective of the company and adjusted it to the short-term goals. These processes may additionally be strengthened by the increasingly important role of the Ethics Committee, the Corporate Social Responsibility Council and the Sustainable Development Board which are active within the INA Group each in their own perspective.

Greater transparency and responsibility which are a part of that process are also visible. Progress in that sense would be possible with regard to further digitalisation of the presented information in the form of an interactive report which would enable two-way communication with key stakeholders. That significantly facilitates stakeholder evaluation of the company activities which is essential from the aspect of the creation and maintenance of reputation and relational capital.

Finally, this A level non-financial report in accordance with the global reporting initiative GRI 3.1 provides a clear, understandable and balanced representation of the concrete company performance, taking into consideration the authenticity of the information in the report, as well as the overall content selection.

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G3.1 GRI PERFORMANCE INDICATORS

Application level of the GRI G3.1 Guideline and Oil and Gas Sector Supplement: A

GRI G3.1 OGSS Indicator	Page	UNGC Principle
Profile		
Strategy and Analysis		
1.1 Letter from the President of the Management Board	5	Statement of Continuing Support. Beyond stating on-going commitment to the GC, the CEO letter might also mention how the Global Compact influences strategy and management, and refer to key actions and achievements that support the principles.
1.2 Key Impacts, Risks, Opportunities	8	
2.1-2.10 Organizational Profile	29	No Specific COP Requirement. However, descriptions of company size, nature, and locations, present the context for understanding actions and performance on GC principles.
3.1-3.13 Report Parameters	32	No Specific COP Requirement. However, descriptions of report scope provide readers with understanding of any qualifications or limitations of the report and how a company defines its “sphere of influence”.
4.1-4.7 Governance	34	Actions Taken to Implement Principles 1-10 Descriptions of governance systems and responsibilities offer the opportunity to express how the company has organized addressing the GC principles (e.g., whether there is a committee responsible for oversight of implementation of GC principles).
4.8 Governance	34	Actions Taken to Implement Principles 1-10. If the company’s statements of commitment are inspired by, or reflect the GC principles, this can be noted here.
4.9-4.10 Governance	34	Actions Taken to Implement Principles 1-10. A company can use these disclosures to describe mechanisms for high-level oversight of aspects relevant for continuous improvement and implementation of the GC principles.
4.11 Commitments	31	Actions Taken to Implement Principle 7
4.12-4.13 Commitments	31	Actions Taken to Implement Principles 1-10 In addition to mentioning participation in the GC, these disclosures can explain how adoption and implementation of the GC principles motivated the company to undertake similar additional commitments and participation.
4.14-4.17 Engagement	37	Sharing the COP with the Company’s Stakeholders In addition to explaining how the company has shared the COP with stakeholders these disclosures can be used to describe how implementation of the principles is influenced by stakeholders.
Economic Performance Indicators		
EC1	23	No Specific COP Requirement.
EC2	43	Actions Taken to Implement Principle 7.
EC3	84	No Specific COP Requirement.
EC4	40	
Market Presence		
EC5	22	Outcomes from Implementing Principle 1.
EC6	84	No Specific COP Requirement.
EC7	84	Actions Taken and Outcomes from Implementing Principle 6.
Indirect Economic Impacts		
EC8	84	No Specific COP Requirement.
EC9	84	
OG1	28	
Environmental Performance Indicators		
Materials		
EN1	17, 48	Outcomes from Implementing Principle 8.
EN2	48	Outcomes from Implementing Principles 8 and 9.
Energy		
EN3	16	Outcomes from Implementing Principle 8.
EN4	16	
OG2	44	
OG3	51	
EN5	44	Outcomes from Implementing Principles 8 and 9.
EN6	44	Actions Taken to Implement Principles 8 and 9.
EN7	n.a.	

CATORS

Water		
EN8	18	Outcomes from Implementing Principle 8.
EN9	50	
EN10	50	Outcomes from Implementing Principles 8 and 9.
Biodiversity		
EN11	53	Outcomes from Implementing Principle 8.
EN12	53	
EN13	53	
EN14	53	Actions Taken to Implement Principle 8.
OG4	n.a.	
EN15	53	Akcije poduzete za implementaciju načela 8.
Emissions, Effluents, and Waste		
EN16	16, 45	
EN17	16, 44	
EN18	44	Actions Taken and Outcomes from Implementing Principles 7, 8 and 9.
EN19	44	Outcomes from Implementing Principle 8.
EN20	18, 52	
EN21	18	
EN22	19, 54	
OG5	51	
EN23	54	
OG6	16, 45	
OG7	51	
EN24	54	Outcomes from Implementing Principle 8.
EN25	53	
Products and Services		
EN26	76	Actions Taken to Implement Principles 7, 8 and 9.
EN27	54	Outcomes from Implementing Principles 8 and 9.
OG8	76	
Compliance		
EN28	40	Outcomes from Implementing Principle 8.
Transport		
EN29	45	
Opće		
EN30	56	Actions Taken and Outcomes from Implementing Principles 7, 8 and 9.
Social Performance Indicators		
Labour Practices and Decent Work		
Employment		
LA1	21	No Specific COP Requirement.
LA2	21	Outcomes from Implementing Principle 6.
LA3	69	No Specific COP Requirement.
LA15	67	
Labour/Management Relations		
LA4	68	Outcomes from Implementing Principles 1 and 3.
LA5	66	Outcomes from Implementing Principle 3.
Occupational Health and Safety		
LA6	61, 69	Outcomes from Implementing Principle 1.
LA7	20	
LA8	58, 59, 60	Actions Taken to Implement Principle 1.
LA9	67	

Training and Education		
LA10	71	No Specific COP Requirement.
LA11	72	
LA12	72	
Diversity and Equal Opportunity		
LA13	21, 22, 34	Outcomes from Implementing Principles 1 and 6.
Equal remuneration for women and men		
LA14	67	
Human Rights Performance Indicators		
Investment and Procurement Practices		
HR1	40	Outcomes from Implementing Principles 1, 2, 3, 4, 5, and 6.
HR2	40	Actions Taken and Outcomes from Implementing Principles 1, 2, 3, 4, 5, and 6.
HR3	40	Outcomes from Implementing Principles 1, 2, 3, 4, 5 and 6.
Non-discrimination		
HR4	40	Actions Taken and Outcomes from Implementing Principles 1, 2 and 6.
Freedom of Association and Collective Bargaining		
HR5	40	Actions Taken to Implement Principles 1, 2 and 3.
Child Labour		
HR6	40	Actions Taken to Implement Principles 1, 2 and 5.
Forced and Compulsory Labour		
HR7	40	Actions Taken to Implement Principles 1, 2 and 4.
Security Practices		
HR8	40	Outcomes from Implementing Principles 1 and 2.
Indigenous rights		
HR9	40	Actions Taken and Outcomes from Implementing Principles 1 and 2.
OG9	n.a.	
Assessment		
HR10	40, 41	
Remediation		
HR11	40, 41	
Society Performance Indicators		
Community		
SO1	84	No Specific COP Requirement.
SO9	84	
SO10	n.a.	
OG10	41	
OG11	55	
Corruption		
SO2	40	Outcomes from Implementing Principle 10.
SO3	40	
SO4	40	Actions Taken to Implement Principle 10.
Public Policy		
SO5	36	Actions Taken to Implement Principles 1-10.
SO6	40	Outcomes from Implementing Principle 10.
Anti-competitive Behaviour		
SO7	40,41	No Specific COP Requirement.
Compliance		
SO8	41	
Involuntary resettlement		
OG12	40	
Asset integrity and process safety		
OG13	12, 58	
Product Responsibility Performance Indicators		
Customer Health and Safety		
PR1	76	Actions Taken and Outcomes from Implementing Principle 1.
PR2	76	Outcomes from Implementing Principle 1.

Product and Service Labelling		
PR3	76	Actions Taken and Outcomes from Implementing Principle 8.
PR4	41, 76	Outcomes from Implementing Principle 8.
PR5	80	No Specific COP Requirement.
Marketing Communications		
PR6	80	
PR7	40, 81	
Customer Privacy		
PR8	40	Outcomes from Implementing Principle 1.
Compliance		
PR9	41	No Specific COP Requirement.
Biofuels		
OG14	8, 38	

○ GLOSSARY OF ABBREVIATIONS

BAT	Best available technology,
BD	Business division
BF	Business function
CGS	Central gas station
COMPASS	Comprehensive risk assessment
CSR	Corporate social responsibility
d.d.	= PLC (public limited company)
DJSI	Dow Jones Sustainability Index
EL	Environmental liability
EU ETS	European Union Emission Trading Scheme
ER	Emergency response (Intervention system during an emergency situation (ERS))
E&P	Exploration & Production
GRI	Global reporting initiative
OGSS	Oil&Gas Sector Supplement
GHG	Greenhouse gases
HW	Hazardous waste
HR (M)	Human resources (management)
HSE	Health, safety and environment
IRIS	Incident Reporting and Investigation System
IPPC	Integrated pollution prevention control
IIR	Incident inquiry rate
LV	Limit value
LTI	Lost time injury
LTIF	Lost time injury frequency
LDR	Lost day rate
MSDS	Material safety data sheet
OH&S	Occupational health and safety
PPE	Personal protective equipment
PSM	Process safety management
REACH	Registration, evaluation, authorization and restriction of chemicals
RNS	SisakRefinery
RNR	Rijeka Refinery
R&M	Refining & Marketing
RAR	Road accident rate (The number of road accidents per 1 million km driven)
SD	Sustainable development
SD&HSE	Sustainable development & health, safety and environment
TROIF	Total reportable occupational illnesses frequency
UNGC	UN Global Compact
VOC	Volatile organic compounds

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