

DECLARATION

MOL Plc. Corporate Governance Report in accordance with Budapest Stock Exchange Corporate Governance Recommendations

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1. Introduction

MOL Hungarian Oil and Gas Public Limited Company (hereinafter: “MOL” or “Company”) has always been committed to implementing the highest standards of corporate governance structures and practices. This is not only with regard to national expectations but also with reference to the continually evolving and improving standards of good governance on an international level. As a result MOL is geared towards shareholders’ interests, whilst taking into account the interests of a broader group of stakeholders inevitably necessary to enhance the generation of exceptional value for MOL’s shareholders and people.

Among other things, the voluntary approval of the declaration on the Budapest Stock Exchange Corporate Governance Recommendations by the Annual General Meeting in 2006, before the official deadline, served as testament to the Company’s commitment to corporate governance. In addition, MOL made a declaration concerning the application of the corporate governance recommendations of the Warsaw Stock Exchange prior to the admission of its shares to the Warsaw Stock Exchange in December 2004. The Company submits its declaration on this topic to both stock exchanges each year.

MOL’s corporate governance practice meets the requirements of the regulations of the Budapest Stock Exchange and the relevant capital market regulations. MOL also subjects its policies to regular review to ensure that they take account of the continually evolving international best practice in this area. MOL’s Corporate Governance Code containing the main corporate governance principles of the Company was adopted in 2006 for the first time and its last update was fulfilled in 2015. This Code summarises its approach to shareholders’ rights, main governing bodies, furthermore remuneration and ethical issues. The Corporate Governance Code has been published on the website of the Company.

2. Shareholders (general meeting)

The general meeting is the supreme body of the Company consisting of the totality of shareholders. The general meeting, as the main decision-making body, enables shareholders to make decisions on issues that are of a material nature concerning the operations of the Company, to approve actual corporate governance actions and to exercise effective governance and control rights.

2.1. Exercising the shareholders’ rights, general meeting participation

Voting rights on the general meeting can be exercised based on the voting rights attached to shares held by the shareholders. Each “A” Series share entitles its holder to one vote. The actual voting power depends on how many shares are registered by the shareholders participating in the general meeting.

Condition of participation and voting at the general meeting for shareholders is that the holder of the share(s) shall be registered in the Share Register. The depositary shall be responsible for registering the shareholders in the Share Register pursuant to the instructions of such shareholders in line with the conditions set by the general meeting invitation. According to Article 8.6 of the Articles of Association: „Each shareholder – at the shareholder’s identification related to the closing of the share registry prior to the next general meeting –, shall declare whether he, or he and any other shareholder belonging to the same shareholder group as specified in Articles 10.1.1 and 10.1.2 holds at least 2% of the Company’s shares, together with the shares regarding which he asks for registration.” If the conditions described in the previous sentence are met, the shareholder requesting registration is obliged to declare the composition of the shareholder group taking into account the provisions of Articles 10.1.1 and 10.1.2.

Furthermore, the shareholder shall, on the request of the Board of Directors, immediately identify the ultimate beneficial owner with respect to the shares owned by such shareholder. In case the

shareholder fails to comply with the above request or in case there is a reasonable ground to assume that a shareholder made false representation to the Board of Directors, the shareholder's voting right shall be suspended and shall be prevented from exercising it until full compliance with the said requirements.

According to Article 10.1.1 of the Articles of Association: „No shareholder or shareholder group (as defined in Article 10.1.2 of Articles of Association) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder's rights represented by the shares and securities deposited with them do not fall within the limitations specified here below).”

In accordance with Act V of 2013 on the Civil Code (hereinafter: “Civil Code”) the shareholders have the right to participate, to request information and to make remarks and proposals at the general meeting. Shareholders are entitled to vote, if they hold shares with voting rights. The shareholders having at least one per cent of the voting rights may request the Board of Directors to add an item to the agenda of the general meeting. Where a group of shareholders together controlling at least one per cent of the votes in the Company propose certain additions to the agenda in accordance with the provisions on setting the items of the agenda, or table draft resolutions for items included or to be included on the agenda, the matter proposed shall be construed to have been placed on the agenda if such proposal is delivered to the Board of Directors within eight days following the time of publication of notice for the convocation of the general meeting, and the Board of Directors publishes a notice on the amended agenda, and on the draft resolutions tabled by shareholders upon receipt of the proposal. The conditions to participate in the general meeting are published in the invitation to the general meeting. Invitations to the general meeting are published on the company website according to the Articles of Association. The ordinary general meeting is usually held in April, in line with the current regulations.

The ordinary general meeting, based on the proposal of Board of Directors approved by the Supervisory Board, shall have the authority to determine profit distribution, i.e. the amount of the profit after taxation to be reinvested into the Company and the amount to be paid out as dividends. Based upon the decision of the general meeting, dividend can be paid in a non-cash form as well.

The starting date for the payment of dividends shall be defined by the Board of Directors in such way as to ensure a period of at least 10 working days between the first publication date of such announcement and the initial date of dividend distribution. Only those shareholders are entitled to receive dividend, who are registered in the share register of the Company on the basis of shareholders identification executed on the date defined by the Board of Directors and published in the announcement on the dividend payment. Such date relevant to the dividend payment determined by the Board of Directors may deviate from the date of the general meeting deciding on the payment of dividend.

2.2. Relationship with the shareholders

The Board is aware of its commitment to represent and promote shareholders' interests, and recognises that it is fully accountable for the performance and activities of the MOL Group. To help ensure that the Company can meet shareholders' expectations in all areas, the Board continually analyses and evaluates developments, both in the broader external environment as well as at an operational level.

Formal channels of communication with shareholders include regular announcements, the annual report, the half-year report and quarterly earnings reports, furthermore extraordinary announcements. Regular and extraordinary announcements are published on MOL's website, on the Budapest Stock Exchange (primary exchange), on the Warsaw Stock Exchange and on the Capital Market Information Disclosure System operated by the National Bank of Hungary (Magyar Nemzeti Bank). Moreover we send e-mail announcements to those who subscribed to the distribution list of e-mail announcements of Investor Relations and to the international and domestic media. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting. Regular Roadshow visits are also made to various cities in the UK, the US and Continental Europe where meetings are held with representatives of the investment community, including MOL's shareholders and holders of MOL's Depository Receipts (DR). Furthermore, investors are able to raise questions or make proposals at any time during the year, including the Company's general meeting. Investor feedbacks are regularly reported to the Board of Directors.

MOL has an Investor Relations department which is responsible for the organisation of the above activities as well as for the day-to-day management of MOL's relationship with its shareholders (contact details are provided in the "Shareholder Information" section at the end of the annual report). Extensive information is also made available on MOL's website (<https://molgroup.info/en/>), which has a dedicated section for shareholders and the financial community. MOL has always paid special attention to provide a considerably wide range of information to the capital markets, in line with international best practice. Therefore Investor Relations Department of MOL is continuously renewing its website (direct link at: <https://molgroup.info/en/investor-relations>). The aim of the development is to make the website even more user-friendly, in line with the intention to continuously improve our services. These enable us to meet the expectations of our shareholders, analysts and other capital market participants more effectively.

In 2017 MOL conducted a total of 15 days of roadshow and participated in 16 conferences in the U.S. and Europe, having around 300 meetings with potential and existing shareholders and bondholders. Investor engagement in November-December 2017 was dedicated to give an update to the investment community on MOL's long-term strategy (MOL2030), summarizing the key steps taken and those upcoming in the near future.

3. Management and operation

3.1. Board of Directors

MOL's Board of Directors acts as the highest managing body of the Company and as such has collective responsibility for all corporate operations.

The Board's key activities are focused on achieving increasing shareholder value with also considering other stakeholders' interest; improving efficiency and profitability and ensuring transparency in corporate activities and sustainable operation. It also aims to ensure appropriate risk management, environmental protection and conditions for safety at work.

Given that MOL and its subsidiaries effectively operate as a single economic unit, the Board is also responsible for enforcing its aims and policies and for promoting the MOL culture throughout the entire Group.

The principles, policies and goals take account of the Board's specific and unique relationship with MOL's shareholders, the executive management and the Company. The composition of the Board reflects this with the majority (seven of ten members) made up of non-executive directors. At present,

6 members of the Board of Directors qualify as independent on the basis of its own set of criteria (based on NYSE and EU recommendations) and the declaration of the directors.

The members of the Board of Directors and their independence status in 2017 (professional CVs of the members are available on the Company's website):

Name	Status	Mandate
Zsolt Hernádi, Chairman-CEO	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 24 February, 1999
Dr. Sándor Csányi, Deputy Chairman	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 20 October, 2000
József Molnár	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 12 October, 2007
Zsigmond Járai	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. László Parragh	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. Martin Roman	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. Oszkár Világi	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 1 May, 2011
Dr. Anthony Radev	non-independent	Elected by the Annual General Meeting to be member of the Board of Directors from 30 April, 2014
Dr. Anwar al-Kharusi	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 30 April, 2014
Dr. János Martonyi	independent	Elected by the Annual General Meeting to be member of the Board of Directors from 1 July, 2014

3.1.1. Operation of the Board of Directors

The Board acts and adopts resolutions as a collective body.

The Board adopted a set of rules (Charter) to govern its own activities in 1991, when the Company was founded; these rules were updated in April, 2015 to ensure continued adherence to best practice standards.

The Charter covers:

- scope of the authority and responsibilities of the Board,
- scope of the committees operated by the Board,
- the scope of the information required by the Board and the frequency of reports,
- main responsibilities of the Chairman and the Deputy Chairman,
- order and preparation of Board meetings and the permanent items of the agenda, and
- decision-making mechanism and the manner in which the implementation of resolutions is monitored,
- rules on conflict of interest.

Members of the Board of Directors shall sign an Annual Declaration on Conflict of Interest in accordance with the form approved by the Board of Directors simultaneously assuming their membership, and in every calendar year 30 days prior to the date of the annual general meeting which is to be submitted to the Corporate Governance and Remuneration Committee. If any conflict of interest specified in the Charter of the Board of Directors occurs with respect to the member of the

Board of Directors, such member shall report in Ad hoc Declaration on Conflict of Interest to the Corporate Governance and Remuneration Committee.

The Board of Directors prepares a formal evaluation of its own and its committees' performance on a yearly basis and it continuously reviews its own activity.

3.1.2. Report of the Board of Directors on its 2017 activities

In 2017, the Board of Directors held 6 meetings with an average attendance rate of 93%. Attendance to the Board of Directors meetings during 2017 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	6	93%
Zsolt HERNÁDI	5	83%
Dr. Sándor CSÁNYI	6	100%
József MOLNÁR	6	100%
Zsigmond JÁRAI	5	83%
Dr. László PARRAGH	4	66%*
Dr. Martin ROMAN	6	100%
Dr. Oszkár VILÁGI	6	100%
Dr. Anthony RADEV	6	100%
Dr. Anwar AL-KHARUSI	6	100%
Dr. János MARTONYI	6	100%

*Mr. Parragh did not attend the BoD meeting on the 16 of February, as he had to attend a business meeting with the leaders of Eurochambers, furthermore did not attend he meeting on the 7th of September as he had to attend a business event at the Hungarian Chamber of Commerce and Industry.

Alongside regular agenda items, such as reports by the committees' chairmen on the activities pursued since the last Board meeting, the Board of Directors received updates on key strategic issues as well as an overview of capital market developments and individually evaluated the performance of each of the company's business units.

The Board of Directors respectively paid attention to the follow-up of the industry macro trends, the treatment of the challenges driven by the external environment, the financial, operational and efficiency improvement challenges regarding INA and the strategy update process.

3.1.3. Committees of the Board of Directors

The Board operates its committees to increase the efficiency of the Board's operations and to provide the appropriate professional background for decision-making. The committees are preparatory, advisory, opinion-forming and proposal-preparing bodies of the Board of Directors and have prior opinion-forming rights, as set out by MOL Group's List of Decision-making Authorities, in certain questions belonging to the competency of the Board of Directors and in those which are delegated to the competency of respective executive members of the Board of Directors, as the executive management of the Company.

The responsibilities and the rules of procedure of the committees are determined by the Board of Directors.

The Chairman of the Board of Directors may also request the committees to perform certain tasks.

The members and chairmen of the committees are elected by the Board of Directors. The majority of committee members is non-executive and independent.

The Board allocates responsibilities to the various committees as follows:

a. Corporate Governance and Remuneration Committee:

Members and dates of appointment to the committee (professional CVs of members are available on the Company's website):

- Dr. Sándor Csányi - chairman, 17 November, 2000
- Zsolt Hernádi, 8 September, 2000
- Dr. Martin Roman, 4 June, 2010
- Dr. Anthony Radev, 30 May, 2014
- Dr. János Martonyi, 1 July, 2014

The Chairman of the Board of Directors is a permanent member of the Corporate Governance and Remuneration Committee.

Responsibilities:

- Analysis and evaluation of the activities of the Board of Directors,
- issues related to Board/Supervisory Board membership,
- promoting the relationship between shareholders and the Board,
- procedural, ethical and regulatory issues,
- reviewing corporate processes, procedures, organisational solutions and compensation and incentive systems and making recommendations on the implementation of best practices.

Report of the Corporate Governance and Remuneration Committee on its 2017 activities

In 2017 the Corporate Governance and Remuneration Committee held 5 meetings with a 96% average attendance rate. Attendance to the committee meetings during 2017 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	5	96%
Dr. Sándor CSÁNYI	5	100%
Zsolt HERNÁDI	4	80%
Dr. Martin ROMAN	5	100%
Dr. Anthony RADEV	5	100%
Dr. János MARTONYI	5	100%

In addition to the issues of corporate governance, remuneration and the composition of the management, the Committee discussed a number of key strategic and results-related topics prior to their presentation to the Board of Directors for discussion.

b. Finance and Risk Management Committee:

Members and dates of appointment to the committee (professional CVs of members are available on the Company's website):

- Zsigmond Járai – chairman, 4 June, 2010
- Dr. László Parragh, 20 February, 2014
- Dr. Anthony Radev, 30 May, 2014
- Dr. Anwar al-Kharusi, 30 May, 2014

The Chairman of the Board of Directors, the Chairman of the Supervisory Board and the Chairman of the Audit Committee are a permanent invitees to the meetings of the Finance and Risk Management Committee.

Responsibilities:

- Review of financial and related reports,
- monitoring the efficiency of the internal audit system,
- review of the scope and results of the planning and audit,
- monitoring of the risk management system,
- monitoring the liquidity position of the Company, the financial and operational risks and the management thereof, review of the operation of Enterprise Risk Management (ERM) system,
- ensuring the independence and objectivity of the external auditor.

Report of the Finance and Risk Management Committee on its 2017 activities

In 2017, the Finance and Risk Management Committee held 5 meetings with an 85% average attendance rate. Attendance to the committee meetings during 2017 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	5	85%
Zsigmond JÁRAI	4	80%
Dr. László PARRAGH	5	100%
Dr. Anthony RADEV	3	60%*
Dr. Anwar AL-KHARUSI	5	100%

* Mr. Radev could not attend the FRC meetings on the 16th of March as he had to attend a business trip and on the 3rd of August as he had to attend a private trip.

In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor's work and the regular monitoring of the internal audit, the committee reviewed the major risk factors of the Company, considering the changed international financial situation and the status reports on risk management actions attached to these factors.

c. Sustainable Development Committee:

Members and dates of appointment (professional backgrounds of members are available on Company website):

- Dr. László Parragh – Chairman, 30 May, 2014
- József Molnár, 5 September, 2013 (interim Chairman between 20 February and 30 May, 2014)
- Dr. Anwar al-Kharusi, 30 May, 2014
- Dr. János Martonyi, 1 July, 2014

The Chairman of the Board of Directors, the Chairman and Deputy Chairman of the Supervisory Board are permanent invitees to the meetings of the Sustainable Development Committee.

Responsibilities:

- To review, evaluate and comment for the Board of Directors on all proposals related to sustainable development (SD),
- to monitor the development and implementation of all SD related policies (e.g. HSE, Code of Ethics, etc.) and discuss ethical issues,
- to supervise the progress on the strategic focus areas of SD in MOL Group,
- to request and discuss reports from business divisions and subsidiaries about their SD performance,
- to review sustainability related data and information of external reports.

Report of the Sustainable Development Committee on its 2017 activities

In 2017, the Sustainable Development Committee held 4 meetings with a 94% attendance rate. Attendance to the committee meetings during 2017 is set out in the table below:

	Number of Meetings	Attendance Ratio
TOTAL	4	94%
József MOLNÁR	4	100%
Dr. László PARRAGH	3	75%
Dr. Anwar AL-KHARUSI	4	100%
Dr. János MARTONYI	4	100%

The Committee evaluated the accomplishment of the sustainability related actions taken in 2017 with focus on the ones included in MOL Group's Sustainability Plan for 2016-2020. The Committee formed opinion on the annual Sustainable Development Report and on thematic reports submitted by selected business units. External evaluations made about MOL Group's sustainability performance were also reviewed with highlighted attention on the fact that the company remained a component of the Dow Jones Sustainability Index.

3.2. Executive Board

3.2.1. Relationship with the Board of Directors and MOL Group organisations

The governance of the Company is carried out in line with standardised corporate governance principles and practice, and, within its framework, the Board of Directors will meet its liabilities for the integrated corporate governance by defining the responsibilities and accountabilities of the Executive Board ("EB"), established by the Board of Directors and securing the corporate operative activities, operating and organisational procedures, as well as standardised system for target-setting, reporting and audit (performance control system and business control system).

A consistent document prescribes the distribution of decision-making authorities between the Board of Directors and the company's organisations, defining the key control points required for the efficient development and operation of MOL Group's processes.

Control and management of MOL Group will be implemented through business and functional organisations. The EB will be responsible for harmonising their activities.

The EB is a forum for decision preparation that has the role to provide a direct link between the Board of Directors and the Company's work organization and at the same time to examine and oversee the matters submitted to the Board of Directors. The EB renders preliminary opinions on certain proposals

submitted to the Board of Directors and is also responsible for the oversight of the execution of the Board of Directors' resolutions. The EB is the highest decision-making forum regarding such matters, which fall within its competence based on the internal regulations, but do not fall within the exclusive competence of the Board of Directors based on law and Articles of Association.

Each EB member has one vote, the EB takes its resolutions by simple majority. The Chairman-CEO, or Group CEO or Group CFO (each independently "entitled EB member"), may refer a proposal submitted to EB, to the Board of Directors for a final decision as follows: if an entitled EB member disagrees (i.e. casts „NO" vote) with a proposal adopted by a majority decision of EB members, or, alternatively, disagrees with the „NO" votes casted by the majority of EB members, may request the Chairman-CEO to refer the proposal for a final decision to the Board of Directors.

3.2.2. Members of the EB in 2017:

Zsolt Hernádi	Chairman-CEO (C-CEO)
József Molnár	Group Chief Executive Officer (GCEO)
Zoltán Áldott	Executive Vice President, President of the Management Board, INA d.d.
Sándor Fasimon	Executive Vice President, MOL Hungary (COO)
Ferenc Horváth	Executive Vice President, Group Downstream
József Simola	Group Chief Financial Officer (GCFO)
Dr. Oszkár Világi	Executive Vice President, Innovative Businesses and Services; C-CEO, Slovnaft a.s.
Dr. Berislav Gašo	Executive Vice President, Group Exploration and Production

From 15th February, 2018, Péter Ratatics, Executive Vice President, Consumer Services has been appointed as member of the EB.

In 2017, the Executive Board held 23 meetings and discussed 9 issues on a meeting on average.

4. Control

4.1. Supervisory board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders (general meeting). Members of the Supervisory Board shall be elected by the general meeting for a definite period, but for a maximum of five (5) years. The Supervisory Board has twelve members. In accordance with the Civil Code, 1/3 of the members shall be representatives of the employees, accordingly four members of the MOL Supervisory Board are employee representatives while the other eight external persons is appointed by the shareholders.

The members of the Supervisory Board and their independence status:

György Mosonyi, Chairman	non-independent
Dr. Attila Chikán, Deputy Chairman	independent
John I. Charody	independent
Slavomír Hatina*	independent
Attila Juhász*	non-independent (employee representative)
Andrea Hegedűs*	non-independent (employee representative)
Dr. Sándor Puskás	non-independent (employee representative)
Dr. Norbert Szivek	independent
Ivan Mikloš	independent
Vladimír Kestler**	independent

Ilona Dávid**	independent
Andrea Bártfai-Mager**	independent
Piroska Bognár**	non-independent (employee representative)
András Tóth**	non-independent (employee representative)
Tibor István Ördög**	non-independent (employee representative)

*Mr. Salvomir Hatina's, Ms. Andrea Hegedűs and Mr. Attila Juhász's mandates as members of the Supervisory Board expired on 31 May 2017.

** Ms. Ilona Dávid, Ms. Andrea Bártfai-Mager, Ms. Piroska Bognár, Mr. Vladimír Kestler, Mr. András Tóth and Mr. Tibor István Ördög was elected by the general meeting as member of the Supervisory Board from 1 June, 2017.

The Chairman of the Supervisory Board is a permanent invitee to the meetings of the Board of Directors, Finance and Risk Management Committee and Sustainable Development Committee meetings.

Regular agenda points of the Supervisory Board include the quarterly report of the Board of Directors on the Company's operations and the reports of Internal Audit and Corporate Security, furthermore it is informed on other relevant topics. In addition, the Supervisory Board reviews the proposals for the Annual General Meeting. The Supervisory Board reviews its annual activity during the year.

In 2017 the Supervisory Board held 5 meetings with a 92% average attendance rate.

4.2. Audit Committee

In 2006, the general meeting appointed the Audit Committee comprised of independent members of the Supervisory Board. The Audit Committee strengthens the independent control over the financial and accounting policy of the Company.

The independent Audit Committee's responsibilities include the following activities among others:

- providing assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor and in working with the auditor, reviewing and monitoring the independence of the statutory auditor, monitoring the effectiveness of the Company's internal audit and risk management systems and make recommendations if necessary;
- carrying out the tasks of the audit committees of its subsidiaries which are consolidated by the Company, operate as public limited companies or issue securities admitted to trading on regulated market, if the relevant laws allow that and the subsidiary in question does not operate a separate audit committee.

Members of the Audit Committee and dates of their appointment (professional CVs of members are available on the Company's website):

- Dr. Attila Chikán - chairman, 27 April, 2006
- John I. Charody, 27 April, 2006
- Dr. Norbert Szivek, 14 April, 2016
- Ms. Ilona Dávid, 1 June, 2017*
- Ms. Andrea Bártfai-Mager, 1 June 2017*
- Ivan Mikloš, 1 May, 2016**

*Ms. Ilona Dávid, Ms. Andrea Bártfai-Mager was elected by the general meeting as a member of the Audit Committee from 1 June, 2017.

*** Ivan Mikloš was elected by the general meeting as a permanent member of the Audit Committee from 1 May 2017.*

Report of the Audit Committee on its 2017 activities:

In 2017, the Audit Committee held 5 meetings with an 88% average attendance rate. In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor's work and the regular monitoring of Internal Audit, the Committee reviewed the major risk factors of the Company, considering the changed international financial situation and the status reports on risk management actions attached to these factors. The Audit Committee continuously monitored the Company's financial position. The Audit Committee reviewed the materials of the Annual General Meeting (i.e. financial reports, statements of the auditor). The Audit Committee participated in the procedure of selecting an auditor and made a recommendation to the Supervisory Board regarding the appointment of the auditor.

4.3. External auditors

MOL Group was audited by Ernst & Young ("EY") in both 2017 and 2016, excluding FGSZ Zrt. (audited by Pricewaterhouse Coopers) and some other non-significant subsidiaries.

Within the framework of the audit contract, EY performs an audit of consolidated and statutory financial statements, and interim financial statements of MOL Plc. The auditors ensure the continuity of the audit by scheduling regular on-site reviews during the year, participating in the meetings of MOL's governing bodies and through other forms of consultation.

Other non-audit and tax advisory services has completed cease from 1 January 2017 due to the EU audit reform came into force. Summary of the fees paid to them in 2016 and 2017 are as follows:

Fees paid to the auditors (HUF mn):	2016	2017
Audit fee for MOL (including audit fees for interim balance sheets)	147	140
Audit fee for subsidiaries	557	572
Other audit related services	48	37
Other non-audit services	53	0
Tax advisory services	409	0
Total	1214	749

The increase of the audit fee for subsidiaries is due to the acquired and newly established legal entities in Innovative Business Services. Other audit-related services includes primarily the assurance services relating to the Sustainable Development reports and Solvency II report.

The Board of Directors confirms that non-audit services provided by EY complied with the Policy for Services Provided by the External Auditor (FIN_GP19).

4.4. Internal control

4.4.1 Compliance & Ethics

MOL Group is committed to pursue ethical and fair conduct in all activities. In order to achieve the above aim MOL Group started its Compliance Program and established compliance organization responsible for its execution, furthermore, in order to enforce the Code of Ethics and Business Conduct, allocated the task of supporting the operation of the Ethics Council in its competence.

Group Compliance and Ethics' activities include operation of the whistleblowing system ('SpeakUp!'), conducting internal inspections, preparation of risk analysis and training of employees. Whilst taking the specific nature of business into consideration, Group Compliance and Ethics reviews internal processes and risk factors and makes recommendations in order to ensure compliance, furthermore provides assistance for their execution.

Group Compliance and Ethics carries out its task in accordance with the laws of each country, taking EU and international expectations as minimum standards. The organization's competence covers the whole MOL Group through local compliance officers and local ethics officers.

Group Compliance and Ethics annually reports to the Supervisory Board and the Board of Directors on its activities.

4.4.2 Internal Audit

Internal Audit provides an independent and objective evaluation of financial, operational and control activities executed within the whole MOL Group and report on the adequacy of internal controls, the level of compliance with internal and external regulations directly to the Finance and Risk Management Committee, Audit Committee and Supervisory Board following the Executive Board's acknowledgement of the audit reports.

There are no restrictions placed upon the focus and scope of internal audit's work, the scope of the Internal Audit function within MOL Group covers all operations including any activities and subsidiaries controlled by MOL Group. The Head of Group Internal Audit is responsible for determining the scope of internal audit reports.

The main focus of Internal Audit is to review operational and functional activities executed within the whole MOL Group, and to identify, understand, test and evaluate associated controls to ensure that identified risks are mitigated in the most favourable cost-benefit ratio from a business perspective.

Internal Audit applies standard risk assessment principles when evaluating the residual and inherent risks of control weaknesses. The applied MOL Group internal audit risk assessment principles are approved by the Finance and Risk Management Committee.

Internal Audit operates under an audit plan approved by the Supervisory Board and agreed with the Audit Committee at the end of the year for the next one. If there is a request to modify the approved annual audit plan during the year, the C-CEO has the authority to approve any mid-year modifications to the annual audit plan.

To provide the independence of the Internal Audit function the Head of Group Internal Audit is accountable to the Finance and Risk Management Committee, Audit Committee and Supervisory Board and has direct access to their chairmen (for daily operational matters the Head of Group Internal Audit reports directly to the C-CEO of MOL Group). The Supervisory Board shall form opinion on the appointment and recall of the Head of Group Internal Audit.

MOL Group Internal Audit department shall be organized and operated according to the professional auditing and internal audit ethical standards of the Institute of Internal Auditors (IIA), the authoritative body for internationally recognized internal audit standards.

5. Annual remuneration for MOL Group management

5.1. Board of Directors

Annual fixed remuneration of the members of the Board of Directors

As of 1 January 2009, the members of the Board of Directors have been entitled to the following fixed net remuneration after each Annual General Meeting:

- Members of the Board of Directors **25,000 EUR/year**
- Chairmen of the Committees **31,250 EUR/year**

Members of the Board of Directors who are not Hungarian citizens and do not have a permanent address in Hungary are provided with gross **1,500 EUR** for each Board or Committee meeting (maximum 15 times a year) when they travel to Hungary.

Incentive based on share allowance

From January 1, 2012 the incentive based on share allowance serves as a long-term incentive for the members of the Board of Directors.

The aim of the new share based incentive is to ensure the interest in long-term stock price growth and to maintain motivation related to the dividend payment. To ensure these, a 1 year retention obligation (restraint on alienation) has been also determined for 2/3 of the shares (the retention obligation terminates at the date of the expiration of the mandate).

The incentive consists of two parts: share allowance and cash allowance related thereto.

- **Share allowance**

Number of shares as of 1 January 2015:

- in case of the members of the Board of Directors: 150 pieces of series "A" MOL ordinary shares with a nominal value of HUF 1 000 per month
- in case of the chairman of the Board of Directors: additional 50 pieces of series „A” MOL ordinary shares with a nominal value of HUF 1 000 per month

If the Chairman is not a non-executive director, the deputy chairman (who is non-executive) is entitled to this extra remuneration (50 pieces/month).

The share allowance is provided once a year, within 30 days after the Annual General Meeting closing the given business year.

In line with MOL's 8-for-1 share split (26 September 2017) each ordinary share of series "A" with a nominal value of HUF 1,000 was replaced by 8 pieces of series "A" ordinary shares with a nominal value of HUF 125. Accordingly, the share allowance of Board of Directors is subject to change after share split as following:

- in case of the members of the Board of Directors: 1,200 pieces of series „A” MOL ordinary shares with a nominal value of HUF 125 per month

in case of the chairman of the Board of Directors: additional 400 pieces of series „A” MOL ordinary shares with a nominal value of HUF 125 per month.

- **Cash allowance**

The incentive based on share allowance is a *net incentive*, which means that the Company ensures to pay the taxes, contributions and other payables incurred upon acquisition of the shares in line with the relevant and effective laws. Such cash-based coverage of taxes and contributions does not include any further tax(es) or cost(s) incurred in relation to exercising rights attached to the shares or disposal of the shares (e.g. dividend tax, income tax); these shall be borne by the respective members of the Board of Directors.

In line with this, there is a further cash allowance part of the incentive system, the rate of which is the gross value of taxes, contributions and other payables incurred upon acquisition of the shares in line with the relevant and effective laws, including also the tax difference and contributions incurring in the country of tax-residence in case of non-Hungarian members of the Board of Directors.

Other benefits

The members of the Board of Directors are entitled to receive further non-financial benefits*, including life and accident (79,000 HUF/person/year) and travel (18,000 HUF/person/year) insurance.

Besides, as a non-financial benefit an annual health screening (84,000 HUF/person/year) and an additional healthcare package (350,000 HUF/person/year) is available for the members of the Board of Directors.

* Rounded to 1000 HUF (In case of EUR, calculated based on January 25, 2017 exchange rate; source: www.mnb.hu)

5.2. Executive Board and management

Incentive system for the top management, MOL Group Executive Board

The aim of MOL's remuneration system is to provide incentives for the top management to carry out the company's strategy and reward them for the achievement of strategic goals through a combination of short-term and long-term incentives. The Corporate Governance and Remuneration Committee recognizes that remuneration plays an important role in supporting the achievement of these goals. Through the design of its incentive schemes, MOL aims to ensure that executive remuneration is aligned with and supports the company's strategic objectives within a framework that closely aligns the interests of MOL executives to those of our shareholders.

The Executive Board (EB)'s remuneration mix consists of three key pillars:

- ▶ Annual Base Salary (BS): fixed annual amount paid to the individuals
- ▶ Short-Term Incentive (STI): annual bonus, based on individual and company performance
- ▶ Long-Term Incentive (LTI): promotes performance driven culture and enhances the focus on the top management team to be aligned with the interests of shareholders

The remuneration mix of the EB on 31 December 2017:

	Annual Base Salary	Target Short-Term Incentive	Target Long-Term Incentive
Chairman-CEO	28%	28%	44%
Group CEO	30%	30%	40%
Other EB members	35%	30%	35%

The incentive system for the top management included the following elements in 2017:

1. Short Term Incentive system

The basis of the short term incentive is a target of 85%-100% of the annual base salary. The amount thereof is defined in line with the evaluation of performance of the given manager.

Based on MOL Group's decision making authorities the C-CEO and G-CEO annual performance is evaluated by the Corporate Governance and Remuneration Committee with final approval of the Board of Directors.

Performance Measures for the STI

The aim of MOL Group STI scheme is to motivate the participants to achieve operative, business and individual performance targets which can be reached within a year, and support MOL Group's long term strategy.

In 2017, the Executive Board's STI framework was designed to include key focus areas in a mix of financial and non-financial KPIs in order to achieve the targets of the Group.

Financial KPIs:

In 2017, the key focus of the Executive Board was to deliver the EBITDA and CAPEX targets to achieve the 2030 strategic targets of MOL Group. These performance indicators are represented in the C-CEO and G-CEO annual performance targets:

Business line	KPI
C-CEO and Group CEO	Clean CCS EBITDA
	CAPEX utilisation

Furthermore, Executive Board members with divisional responsibilities are assessed on a number of operative and financial measures reflecting annual priorities and the strategic direction of each business division within the framework of the Group's long-term strategy.

Business line	KPI
Group Downstream	Clean CCS EBITDA
	CAPEX utilisation
	NxDSP EBITDA impact
Group Exploration and Production	Confirmed put in operation Reserves
	Clean CCS EBITDA
	CAPEX utilisation
	Production Unit Cost
	General operating costs
Group Innovative Businesses and Services	Clean CCS EBITDA
	CAPEX utilisation
	Implementation of the strategy of new business lines
	Operating costs

Non-financial KPIs:

Executive Board members are also accountable for non-financial targets alongside financial ones. Safety is a number one Group priority, which is why the Corporate Governance and Remuneration Committee consistently defines divisional SD&HSE-related performance indicators.

In 2017, MOL Group set the fulfillment of TRIR indicators of the Group and each divisions, as this uniformly shows the commitment of the Group for conducting safe, sustainable and compliant operations at all times.

In line with MOL Group 2030 strategy, a culture development journey started in 2017. This was set as a performance target across the whole management of MOL Group cascaded from the L1 such that they act as a role model in living the corporate values, and accelerate the culture change.

STI results

The choice of the aforementioned performance measures reflects a desire from the Corporate Governance and Remuneration Committee to assess the participants based on a broad range of corporate and divisional measures that mirrors the corporate strategy and its related KPIs.

The results of the STI are not driven by a purely formulaic approach, as no specific weight has been assigned to each performance measure in order not to create an overemphasis on one at the expense of others. The Corporate Governance and Remuneration Committee rigorously assesses performance at the end of the period and judges whether the results against the performance measures are a reflection of the underlying performance of MOL Group.

Changes in 2018 regarding the Short Term Incentive system of the MOL Group Executive Board

The Board of Directors of the MOL Plc. decided on 6 December 2017 that instead of their short-term incentive the top management can select a share ownership scheme in each year from 1st January 2018 which in case of Hungary will be operated via a MOL-independent legal entity, called MOL Plc. Employee Share Ownership Program Organization which in compliance with the act on the Employee Share Ownership Program ('MRP') incentive works in alignment with the provisions of the so-called

Employee Share Ownership Program (Munkavállalói Résztulajdonosi Program, 'MRP') legislation. The optional share ownership program works similarly to the short-term incentive, but the basis of the entitlement is a certain number of shares equal to the short-term incentive entitlement, which the managers hold during the performance and evaluation period. The payment is made in MOL shares. The first performance period will be 2018, with payment in 2019.

2. Long Term Incentive

The purpose of the long-term incentive system is to drive and reward the delivery of sustainable value and to provide full alignment between MOL Group executive team and MOL shareholders.

The long-term incentive was reviewed in the last quarter of 2016 and the MOL Plc. Board of Directors decided to transform the current long term incentive programs to real share-based programs according to the provisions of MRP act on 13 October 2016. With this change, the programs can even better serve the further improvement of financial performance and efficiency in accordance with the corporate principles and the long term strategic objectives of MOL Group.

Changes in 2017

The long-term incentives were modified according to the MRP legislation from 1st January 2017. The former Stock Option was transformed into the Absolute Share Value Based Remuneration and the Performance Share Plan program was modified to the Relative Market Index Based Remuneration. The entitlements of the managers were increased according to the international benchmarks and reward strategy.

Stock Option and Performance Share Plan programs which started before 2017, continue to run and will be paid according to the previous rules.

In line with MOL's 8-for-1 stock split, which was implemented in September 2017, the share-based long-term entitlements increased eightfold automatically. In the meantime, the strike price of the Stock Option and the new Absolute Share Value Based Remuneration decreased to one-eighth from September 2017. This it is ensured that the value of the payouts do not change.

The main characteristics of the two new, modified incentive schemes are as follows:

a) Absolute Share Value Based Remuneration (former Stock Option)

As of 1st January 2017 the basis of the remuneration is a share entitlement, which can be realized as a difference between a past strike price and a selected spot price. The incentive scheme has the following characteristics:

- ▶ It starts annually and covers a 4-year period. The incentive period can be split into a 1-year performance period, a 1-year vesting period and a 2-year exercising period. The share entitlement lapses if not exercised by 31 December of the last final of the exercising period.
- ▶ The value of the incentive is the difference between the strike price and a selected spot price for each unit of the entitlement.
- ▶ The strike price is defined before the performance period begins. The strike price is the average price of MOL Plc. shares weighted with the volume in HUF on the Budapest Stock Exchange in the last quarter of the year before the performance year.
- ▶ The spot price is the average price of MOL shares in HUF on the Budapest Stock Exchange on the day of redemption. The trading day is freely selected by the eligible manager however it is limited by applicable insider trading prohibitions.

- ▶ The share entitlement is defined based on the position grade, but the final share entitlement is based on the individual performance evaluation during the performance period. During the individual performance evaluation, an individual short-term bonus payout percentage (between 0% and 150%) is set which acts as a multiplier of the share entitlement.
- ▶ The payment of the entitlement is in shares or their cash equivalent. The value of the remuneration will be converted to shares based on the 30 days average MOL share price preceding the redemption date. In the case of cash-settlement the remuneration will be paid in Hungarian forints and will be transferred to that bank account number of the participant, to which the regular salary of the is paid by the employer of the Participant.
- ▶ Dividend equivalent: the final remuneration will be corrected with the value of the dividend per share paid for MOL Plc. shares in the vesting period after the performance period, in alignment with the share entitlement. The aim of the correction is to correct the long term incentive with the change of the share price caused by the dividend payment. The dividend equivalent is paid at redemption.

The final share entitlement is influenced also by the individual bonus payout percentage for the performance period:

Individual Bonus Payout %		% of Stock Options
0%	>	x0%
Between 1% and 149%	>	Based on individual bonus payout percentage
150%	>	x150%

Overview:

Stock Option	Strike Price	Exercise Period
2013	2 247 HUF	1 Jan 2015-31 Dec 2017
2014	1 824 HUF	1 Jan 2016-31 Dec 2018
2015	1 472 HUF	1 Jan 2017-31 Dec 2019
2016	1 669 HUF	1 Jan 2018-31 Dec 2020

Absolute Share Value Based Remuneration	Strike Price	Redemption Period
2017	3106 HUF	1 Jan 2019-31 Dec 2020

b) Relative Market Index Based Remuneration (former Performance Share Plan)

The program is a 3-year share-based incentive using the MOL Plc. comparative share price methodology with the following characteristics:

- ▶ A new program starts in each year on a rolling scheme with a 3-year vesting period. Payments are due after the 3rd year.
- ▶ The target is the development of MOL's share price compared to relevant and acknowledged CEE regional and industry specific indexes: the CETOP Index and the Dow Jones Emerging Market Titans Oil & Gas 30 Index.
- ▶ MOL's share price performance is compared to the two above mentioned benchmark indices. Basis of the evaluation is the average difference in MOL's year-on-year (12 months) share price performance in comparison to the benchmark indices. Comparisons are made on a USD basis. There are defined payout ratios which are based on the measured difference in MOL's share

price performance compared to the two indices, noticed in each year. Final payout ratio will be determined by the average of the three noticed payout ratios over the vesting period.

- ▶ The expected payout amount is additionally linked to individual short-term performance, as the potential payout is based on three years' individual factors in the annual performance evaluation for each participant. This ensures that constant individual over-performance on a long-term basis is rewarded and the consequences of long term underperformance are managed.
- ▶ The basis of the remuneration is a share entitlement and will be paid in MOL Plc shares or in a form of cash settlement.

The following chart provides an overview about the former Performance Share Plan results for the 3-year programs completed after Long Term Incentive system revision in 2013:

PSP Plan	Payout Ratio
2013-2015	98.28%
2014-2016	180.99%
2015-2017	213.22%

Performance measures of the long-term incentive plans

The choice of the long-term incentive plans is linked to the share price and dividend payment reflecting the Board's strategic priority on reaching continuous and sustainable value creation. Through its long term incentives schemes, MOL prioritizes to provide its shareholders with a return on their investment through both the appreciation of the share price as well as through the payment of dividends.

The choice of CETOP20 and Dow Jones Emerging Market Titans Oil & Gas 30 Index reflects the fact that MOL competes for investor flows on a regional basis (Central and Eastern Europe) as well as with the global emerging market Oil & Gas sector. By applying these two indices, MOL's incentive system provides competitive remuneration to executives and future investors on regional and global oil and gas markets taken in broader meaning as well.

Changes in 2018 regarding the Long Term Incentive system of the MOL Group Executive Board

As of 1st January 2018 the payment of both remuneration policies - the Absolute Share Value Based Remuneration and the Relative Market Index Based Remuneration – will be made only in MOL shares. The Absolute Share Value Based Remuneration will be paid from 2019, the Relative Market Index Based Remuneration will be paid first in 2020 by the MRP organization.

Other Fringe Benefits

MOL Group is offering standard benefits in-line with market practice for EB members. These include:

- Dedicated status car for both business and private purposes;
- life and accident insurance;
- travel insurance;
- liability insurance;
- annual health screening and special healthcare services.

5.3. Supervisory Board

Remuneration of the members of the Supervisory Board

Members of the Supervisory Board receive **gross 4,000 EUR/month**, while the Chairman receives **gross 6,000 EUR/month**. In addition to this monthly fee, the Chairman of the Supervisory Board is entitled to receive **gross 1,500 EUR** for participation in each Board of Directors or Board Committee meeting, up to fifteen (15) times per annum. The Chairman of the Audit Committee is entitled to receive **gross 1,500 EUR** for participation in each Board Committee meeting, up to fifteen (15) times per annum.

Besides the monthly remuneration both the Chairman of the Supervisory Board and the members are entitled to receive further **1,500 EUR** for each extraordinary meeting that is held in addition to the scheduled annual meetings. This remuneration is provided maximum two times a year.

Other benefits

The members of the Supervisory Board are entitled to receive further non-financial benefits, including life & accident (79,000 HUF/person/year) and travel (18,000 HUF/person/year) insurance. Besides, as a non-financial benefit an annual health screening (84,000 HUF/person/year) and an additional healthcare package (350,000 HUF/person/year) is available for the members of the Supervisory Board.

* Rounded to 1000 HUF (In case of EUR, calculated based on January 25, 2017 exchange rate; source: www.mnb.hu)

6. Integrated corporate risk management function

As operators in a high risk industry we, MOL group stay committed to professionally manage and maintain our risks within acceptable limits as per best industry practice.

The aim of MOL Group Risk Management is to keep the uncertainties of the business environment within acceptable levels and support stable and sustainable operations and the future growth of the company. MOL Group has developed the risk management function as an integral part of its corporate governance structure.

Assessment and mitigation of the broadest variety of risks is arranged on group level into one comprehensive Enterprise Risk Management (ERM) system. ERM is a risk management framework covering group-level business units and functional units as well as flagship and operating companies, with specific attention to projects as well.

The risk management methodology applied by MOL is based on international standards and best practices. It considers the organisation's exposure to uncertainty in regard to value creation, meaning factors critical to the success and threats related to the achievement of objectives, also occurrence of incidents causing potential threat to people, assets, environment or reputation.

Risks are managed by risk owners, who are managers responsible for supervising the existing control framework and implementation of defined risk mitigation actions in responsible organisations. Monitoring and reporting of risks is performed by the Group Risk Management department to the Finance and Risk Management Committee of the Board of Directors.

During 2017, we renewed our risk management processes to ensure special attention is given to our 2030 Strategy: we identified major long-term risks that may impact our strategic objectives and detailed analysis is ongoing.

At the same time, mid-term risks related to our business plans are assessed and managed over the full lifetime of assets, performed at business segment level and coordinated by the group-level risk management team.

As in previous years, the short-term risk profile of the company is regularly reviewed with main focus on the 1-year budget of MOL Group.

Regular reporting to top management provides oversight on top risks and assurance that updated responses, controls, and appropriate mitigation actions are set and followed by the Executive Board. The main risk drivers of the Group

Risks are categorised to ensure effective risk reporting and consistent responses for similar or related risks.

- a) Market and financial risks include, but are not limited to:
 - i. **Commodity price risk:** MOL is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks stem from the integrated business model with downstream processing more crude and selling more than our equity crude oil production. We monitor this risk in order to support our strong financial position and capacity to fund operations and investments. When necessary, we consider commodity hedging to eliminate risks other than 'business as usual' risks or general market price volatility.
 - ii. **Foreign exchange (FX) risk:** Business operation is economically driven mainly by USD. MOL's current FX risk management policy is to monitor the FX risk, and to balance the FX exposures of the operating cash flow with the financing cash flow exposures when necessary and optimal.
 - iii. **Credit risk:** MOL Group provides products and services to a diversified customer portfolio - both from business segment and geographical point of view - with a large number of customers representing an acceptable credit risk profile. MOL Group's risk management tracks these risks on a continuous basis, and provides support to the sales processes in accordance with MOL Group's sales strategy and ability to bear risk.

- b) Operational risks include, but are not limited to:
 - i. **Physical asset safety and equipment breakdown risk:** High asset concentration in Downstream is a significant risk driver. The potential negative effects are mitigated by comprehensive HSE activities and a group-wide insurance management program.
 - ii. **Crude oil supply risk:** Crude supply disruption is a major risk factor for the Downstream business, as it can hamper continuous operations. In order to mitigate this risk, supplies of crude oil via pipelines are currently diversified with regular crude cargo deliveries from the Adriatic Sea.
 - iii. **Cyber risk:** Cyber risk needs attention and effective management to ensure the company is able to monitor, detect and respond to cyber threats. MOL has adapted and changed the way it deals with cyber defence and cyber threats (people, process and technology): a clear vision and strategy has been set up to manage cyber incidents with end-to-end ownership and accountability.

- c) Strategic risks include, but are not limited to:
 - i. **Regulatory risk:** MOL has significant exposure to a wide range of laws, regulations, environmental and government policies that may change significantly over time. Due to the economic, and also in some regions political crisis, the risk of potential government actions increased, as well as potential impact of such decisions.

- ii. **Country risk:** The international portfolio requires proper management of country risk exposures, therefore possible political violence, compliance with local regulations or sanctions are monitored to enhance the diversification effect in the investment portfolio.
- iii. **Reputation risk:** Reputation of energy industry players has been in the focus of media for the past years due to extreme negative events. MOL, as a major market player in the region, operates under special attention from a considerable number of stakeholders, and we are constantly seeking to meet our responsibilities towards them.
- iv. **Climate change risk:** The effects of climate change have the potential to adversely impact MOL's current operations. As a response, MOL Group launched its 2030 Strategy based on the expected decrease in demand for fossil fuels, primarily driven by a combination of electrification and digitalization of transportation, energy and fuel efficiency gains, as well as changes in consumer behaviour and advances in technology. MOL Group's transformational strategy is meant as a response to the fast-developing consequences of global warming and climate change. Several measures have already been taken at group and divisional level in the past, and actions are ongoing. For more details, go to the Notes on Sustainability Performance.

Main risk management tools

Enterprise Risk Management is a framework covering business units and functional units, which ensures incorporation of risks faced by the company into risk maps. The risk assessment activity supports stable and efficient operation by identifying key risks that threaten the achievement of company objectives and require specific attention by top management through strengthened controls or execution of mitigation actions.

To ensure the profitability and the financial stability of the group, financial risk management is in place to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured regularly by using a complex model based on Monte Carlo simulation, and are managed – if necessary - with hedging measures.

Transferring of the financial consequences of our operational risks is done by insurance management, which represents an important risk mitigation tool used to cover the most relevant exposures and liabilities arising out of our operations. Insurance is managed through a joint program for the whole group to exploit considerable synergy effects.

Following best industry practice and focusing on low probability high potential risks that could disrupt our operations, value chain and cash generation, MOL Group has implemented and is currently working to integrate a crisis management and business continuity program in order to reduce recovery times within tolerable limits for processes critical to our business.

Besides providing information on the most imperative risks that MOL Group faces, risk management also supports the top management and the Board of Directors to take more educated decisions on capital allocation for major CAPEX projects.

7. Prohibition of insider trading

MOL Group is committed to the fair trade of securities admitted to public trading.

MOL Group employees are expected:

- not to acquire or dispose of MOL or other company's shares or other financial instruments for their own account or for the account of a third party, directly or indirectly, do not withdraw or modify orders related to the above financial instruments, do not give order or instruction for this, do not induce another person to do so and do not suggest or accept decisions connected to the above financial instruments, if they are in possession of insider information,

- not to disclose insider information to persons not belonging to MOL Group except they are empowered in writing to do is,
- to be careful when disclosing insider information even within the employees of MOL Group, to hand over information only in the possession of a permission and to the extent necessary to carry out work,
- to protect insider information from accidental disclosures to the public.

Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, by completing the following tables, the company declares to what extent it applied in its own practice of corporate governance the recommendations and suggestions formulated in the different points of the Corporate Governance Recommendations published by the Budapest Stock Exchange Ltd.

By reviewing the tables, market participants may receive information on the extent to which the corporate governance practice of different companies meets certain requirements included in the CGR, and may easily compare the practices of the different companies.

Level of compliance with the Recommendations

The company should indicate whether it applies the relevant recommendation or not, and in case of a negative answer, it should provide the reasons for not applying the given recommendation.

R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.

Yes (Complies)

No (Please explain)

R 1.1.2 The company applies the "one share - one vote" principle.

Yes (Complies)

No (Please explain)

"B" series share is a voting preference share held by Hungarian National Asset Management Inc. presently. Par value of "A" series shares is – as a result of the share split executed in 2017 – HUF 125, while the par value of "C" series shares is HUF 1,001, but the rights attached to these shares, taking into account the different par value, are identical. Currently all "C" series shares are held by MOL.

According to the Articles of Association, no shareholder or shareholder group may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares. This voting limitation was approved by a general meeting held in 1995 and since that time all of our investors purchased shares knowing this limitation.

R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.

Yes (Complies)

No (Please explain)

R 1.2.9 Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.

Yes (Complies)

No (Please explain)

The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.

Yes (Complies)

No (Please explain)

R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.

Yes (Complies)

No (Please explain)

In 2017 before the general meeting no comments were received to the items on the published agenda.

R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.

Yes (Complies)

No (Please explain)

Written comments made on the items on the agenda were published two working days prior to the general meeting.

Yes (Complies)

No (Please explain)

In 2017 before the general meeting no comments were received to the items on the published agenda.

R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.

Yes (Complies)

No (Please explain)

R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.

Yes (Complies)

No (Please explain)

R 2.3.1 The Managing Body held meetings regularly, at times designated in advance.

Yes (Complies)

No (Please explain)

The Supervisory Board held meetings regularly, at times designated in advance.

Yes (Complies)

No (Please explain)

The rules of procedure of the Managing Body provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies)

No (Please explain)

The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies)

No (Please explain)

R 2.5.1 The Board of Directors / Supervisory Board of the company has a sufficient number of independent members to ensure the impartiality of the board.

Yes (Complies)

No (Please explain)

R 2.5.4 At regular intervals (in connection with the CG Report) the Board of Directors / Supervisory Board requested a confirmation of their independent status from those members considered independent.

Yes (Complies)

No (Please explain)

R 2.5.6 The company disclosed on its website the guidelines on the independence of the Board of Directors/ Supervisory Board, as well as the criteria applied for assessing independence.

Yes (Complies)

No (Please explain)

R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).

Yes (Complies)

No (Please explain)

R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.

Yes (Complies)

No (Please explain)

Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Yes (Complies)

No (Please explain)

According to MOL's practice, these transactions are approved by the Board of Directors, with the simultaneous notification to the chairman of the Supervisory Board.

R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.

Yes (Complies)

No (Please explain)

Board members declare at the time of their appointment, if they have Board membership or an executive management position in a company which is not part of the company group. According to the charter of the Board of Directors, a member of the Board of Directors informs

the Corporate Governance and Remuneration Committee of the Board of Directors, if he/she receives an offer of Board membership or an offer of an executive management position in a company which is not part of the company group. The chairman of the Supervisory Board participates in Board meetings as permanent invitee.

According to the charter of the Supervisory Board, a member of the Supervisory Board informs the Supervisory Board, if he/she receives an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.

R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.

Yes (Complies)

No (Please explain)

The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.

Yes (Complies)

No (Please explain)

R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes (Complies)

No (Please explain)

The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.

Yes (Complies)

No (Please explain)

R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

No (Please explain)

R 2.7.2.1 The Supervisory Board prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

No (Please explain)

R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.

Yes (Complies)

No (Please explain)

The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.

Yes (Complies)

No (Please explain)

R 2.7.4 The structure of share-incentive schemes were approved by the general meeting.

Yes (Complies)

No (Please explain)

Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).

Yes (Complies)

No (Please explain)

R 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting.

Yes (Complies)

No (Please explain)

The company provided detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also published the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, was published simultaneously with the annual general meeting announcement.

The Remuneration Statement includes information about the remuneration of individual members of the Managing Body, the Supervisory Board, and the executive management.

Yes (Complies)

No (Please explain)

The company provided detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also published the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, was published simultaneously with the annual general meeting announcement.

R 2.8.1 The Managing Body or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.

Yes (Complies)

No (Please explain)

The Managing Body requests information on the efficiency of risk management procedures at regular intervals.

Yes (Complies)

No (Please explain)

The Managing Body took the necessary steps to identify the major risk areas.

Yes (Complies)

No (Please explain)

R 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.

Yes (Complies)

No (Please explain)

The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.

Yes (Complies)

No (Please explain)

R 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4

Yes (Complies)

No (Please explain)

R 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.

Yes (Complies)

No (Please explain)

R 2.8.6 The company created an independent Internal Audit function which reports to the Audit Committee / Supervisory Board.

Yes (Complies)

No (Please explain)

The Internal Audit reported at least once to the Audit Committee/ Supervisory Board on the operation of risk management, internal control mechanisms and corporate governance functions.

Yes (Complies)

No (Please explain)

R 2.8.7 The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee / Supervisory Board.

Yes (Complies)

No (Please explain)

As an organisation, the Internal Audit function is independent from the executive management.

Yes (Complies)

No (Please explain)

R 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.

Yes (Complies)

No (Please explain)

R 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.

Yes (Complies)

No (Please explain)

The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.

Yes (Complies)

No (Please explain)

R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.

Yes (Complies)

No (Please explain)

R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.

Yes (Complies)

No (Please explain)

R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.

Yes (Complies)

No (Please explain)

The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".

Yes (Complies)

No (Please explain)

R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

R 3.1.6.1 On its website, the company disclosed duties delegated to the Nomination Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

Corporate Governance and Remuneration Committee manages issues related to the composition of the Board of Directors/Supervisory Board, furthermore to the remuneration matters of the Company.

R 3.1.6.2 On its website, the company disclosed duties delegated to the Remuneration Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

Corporate Governance and Remuneration Committee manages issues related to the composition of the Board of Directors/Supervisory Board, furthermore to the remuneration matters of the Company.

R 3.2.1 The Audit Committee / Supervisory Board monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.

Yes (Complies)

No (Please explain)

R 3.2.3 The Audit Committee / Supervisory Board received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.

Yes (Complies)

No (Please explain)

R 3.2.4 The Audit Committee / Supervisory Board requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4

Yes (Complies)

No (Please explain)

R 3.3.1 There is a Nomination Committee operating at the company.

Yes (Complies)

No (Please explain)

The Corporate Governance and Remuneration Committee manages issues related to the composition of the Board of Directors and the Supervisory Board. Therefore at the following questions on Nomination Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.

Yes (Complies)

No (Please explain)

The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.

Yes (Complies)

No (Please explain)

The Nomination Committee evaluated the activity of board and executive management members.

Yes (Complies)

No (Please explain)

The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.

Yes (Complies)

No (Please explain)

R 3.4.1 There is a Remuneration Committee operating at the company.

Yes (Complies)

No (Please explain)

The tasks of the Remuneration Committee are carried out by the Corporate Governance and Remuneration Committee. Therefore at the following questions on Remuneration Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.

Yes (Complies)

No (Please explain)

R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.

Yes (Complies)

No (Please explain)

The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.

Yes (Complies)

No (Please explain)

The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.

Yes (Complies)

No (Please explain)

R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.

Yes (Complies)

No (Please explain)

R 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.

Yes (Complies)

No (Please explain)

R 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.

Yes (Complies)

No (Please explain)

R 3.4.4.3 The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.

Yes (Complies)

No (Please explain)

R 3.4.7 The majority of the members of the Remuneration Committee are independent.

Yes (Complies)

No (Please explain)

R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.

Yes (Complies)

No (Please explain)

The Board of Directors has decided on the establishment of permanent committees and specified their duties in order to increase the efficiency of its operations and to strengthen its professional justification. According to the BoD decision, the Corporate Governance and Remuneration Committee performs the tasks of the Nomination Committee and Remuneration Committee.

R 3.5.2 The Managing Body carried out the duties of the Nomination Committee and disclosed its reasons for doing so.

Yes (Complies)

No (Please explain)

The duties of the Remuneration and Nomination Committees are carried out by the Corporate Governance and Remuneration Committee.

R 3.5.2.1 The Managing Body carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.

Yes (Complies)

No (Please explain)

The duties of the Remuneration and Nomination Committees are carried out by the Corporate Governance and Remuneration Committee.

R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.

Yes (Complies)

No (Please explain)

R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.

Yes (Complies)

No (Please explain)

R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.

Yes (Complies)

No (Please explain)

The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.

Yes (Complies)

No (Please explain)

R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.

Yes (Complies)

No (Please explain)

R 4.1.5 The company published its corporate events calendar on its website.

Yes (Complies)

No (Please explain)

R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.

Yes (Complies)

No (Please explain)

R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.

Yes (Complies)

No (Please explain)

R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board.

Yes (Complies)

No (Please explain)

R 4.1.10.1 The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.

Yes (Complies)

No (Please explain)

The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management. However, there was no information on the criteria considered when evaluating individual members.

R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

The company provided detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also published the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, was published simultaneously with the annual general meeting announcement.

R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.

Yes (Complies)

No (Please explain)

R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.

Yes (Complies)

No (Please explain)

R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.

Yes (Complies)

No (Please explain)

The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

Yes (Complies)

No (Please explain)

R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.

Yes (Complies)

No (Please explain)

Level of compliance with the Suggestions

The company should indicate whether the relevant suggestion of the CGR is applied or not (Yes / No)

S 1.1.3 The company has an investor relations department.

Yes

No

S 1.2.1 The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)

Yes

No

S 1.2.2 The company's articles of association are available on the company's website.

Yes

No

S 1.2.3 The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).

Yes

No

S 1.2.4 Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.

Yes No

S 1.2.5 The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.

Yes No

S 1.2.6 Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.

Yes No

In 2017 before the general meeting no comments were received to the items on the published agenda.

S 1.2.7 The voting procedure applied by the company ensured unambiguous, clear and fast decision making by shareholders.

Yes No

S 1.2.11 At the shareholders' request, the company also provided information on the general meeting electronically.

Yes No

S 1.3.1 The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.

Yes No

S 1.3.2 The Managing Body and the Supervisory Board were represented at the general meeting.

Yes No

S 1.3.3 The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.

Yes No

S 1.3.4 The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.

Yes No

The company has not made any further requirements above those set by the law.

S 1.3.5 The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.

Yes

No

S 1.3.6 The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.

Yes

No

S 1.3.7 The company published a press release and held a press conference on the decisions passed at the general meeting.

Yes

No

S 1.3.11 The company's general meeting decided on the different amendments of the articles of association in separate resolutions.

Yes

No

S 1.3.12 The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.

Yes

No

S 1.4.1 The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.

Yes

No

The dividend was paid on the starting day of dividend payment to those shareholders who had provided all the necessary information and documentation. Following this date, dividend is paid monthly to those shareholders providing the necessary documentation.

S 1.4.2 The company disclosed its policy regarding anti-takeover devices.

Yes

No

S 2.1.2 The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.

Yes

No

S 2.2.1 The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.

Yes

No

S 2.3.2 Board members had access to the proposals of a given meeting at least five days prior to the board meeting.

Yes

No

S 2.3.3 The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.

Yes

No

S 2.4.1 The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.

Yes

No

S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2

Yes

No

S 2.4.3 Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme.

Yes

No

S 2.5.2 The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.

Yes

No

S 2.5.3 The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.

Yes

No

S 2.5.5 The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.

Yes

No

S 2.7.5 The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.

Yes

No

S 2.7.6 In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.

Yes

No

S 2.8.2 The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.

Yes

No

S 2.8.10 When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10

Yes

No

S 2.8.12 The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee / Supervisory Board.

Yes

No

The company's auditor receives regular information on the risk management system and the risk management operations, and it can follow and monitor these activities. During the audit process the audit reviews and analyses the risk management system and the efficiency of the risk management operations for its own purposes, but it does not issue a report on such audits to any external party (e.g. Audit Committee).

S 2.9.1 The rules of procedure of the Managing Body cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.1 The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.2 The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.

Yes

No

Audit Committee did not employ any external advisor in 2017.

S 2.9.1.3 The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.

Yes

No

Corporate Governance and Remuneration Committee did not employ any external advisor in 2017.

S 2.9.1.4 The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.

Yes

No

Corporate Governance and Remuneration Committee did not employ any external advisor in 2017.

S 2.9.4 The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.

Yes

No

S 2.9.5 The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.

Yes

No

S 3.1.2 The chairmen of the Audit Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

The Audit Committee regularly informs the Board of Directors on the above mentioned subject.

S 3.1.2.1 The chairmen of the Nomination Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

Corporate Governance and Remuneration Committee regularly informs the Board of Directors on the above mentioned subject.

S 3.1.2.2 The chairmen of the Remuneration Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

Corporate Governance and Remuneration Committee regularly informs the Board of Directors on the above mentioned subject.

S 3.1.4 The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.

Yes

No

S 3.1.5 The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5

Yes

No

S 3.2.2 The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company.

Yes

No

S 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.

Yes

No

There was a self-evaluation on the operation and suitability of the Board of Directors in 2017.

S 3.3.4 The majority of the members of the Nomination Committee are independent.

Yes

No

S 3.3.5 The rules of procedure of the Nomination Committee includes those details contained in 3.3.5.

Yes

No

S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.

Yes

No

The company provided detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. It also published the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person, in relation to this position, was published simultaneously with the annual general meeting announcement.

S 3.4.6 The Remuneration Committee exclusively consists of non-executive members of the Managing Body.

Yes

No

S 4.1.4 The disclosure guidelines of the company at least extend to those details contained in 4.1.4

Yes

No

The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.

Yes

No

S 4.1.7 The company's financial reports followed IFRS guidelines.

Yes

No

S 4.1.16 The company also prepares and releases its disclosures in English.

Yes

No