

**Charter of the Board of Directors**  
**MOL Hungarian Oil and Gas Public Limited Company**  
**30 May 2019**

## **INTRODUCTION**

The Board of Directors, as MOL Hungarian Oil and Gas Public Limited Company's (in the following: 'MOL Plc.' or 'Company') highest managing body has collective responsibility, manages the Board of Directors' activities and key objectives to increase shareholder value in line with the other stakeholders' interests, improve profitability and efficiency, ensure transparency in operation, manage risks, protect the environment, guarantee healthy and safe working conditions ("the Objectives").

The Board of Directors wants to emphasize that MOL Plc. and its subsidiaries form a coherent whole and assumes the responsibility and obligation for implementing the above Objectives in MOL Group as a whole.

The Board of Directors therefore approves this Charter, guided by the Objectives, to define the responsibilities and operational rules for the Board.

### **I. The scope of the general authorities and responsibilities and the role of the Board of Directors**

1. Pursuant to Section 3:282 subsection (1) of Act V of 2013 (hereinafter the Civil Code), the Board of Directors shall be the supreme management body of the public limited company. The Board of Directors shall have the power to make all decisions related to management of the corporation, excluding those decisions which can only be made exclusively at the General Meeting or other corporate body pursuant to laws or the Articles of Association.
2. The scope of authority and responsibilities of MOL's Board of Directors is defined in the relevant laws and the Company's Articles of Association, the detailed rules are set forth in the List of Decision-making Authorities of the Company.
3. The Board of Directors operates and makes resolutions as a body. It may assign specific responsibilities or tasks to committees in order to improve operational efficiency and professional decisions, as well as occasionally involve external experts to its operations. The decision on the involvement of external experts shall be taken by the Board of Directors or the Chairman of the Board of Directors (in the following: 'Chairman' or 'Chairman-Chief Executive Officer') by determining the tasks and deadlines. Based on this decision the Board's Secretariat (in the following: 'Secretariat') shall ensure that the appropriate contract is concluded.

The Board of Directors shall operate the following permanent committees:

Corporate Governance and Remuneration Committee;  
Finance and Risk Management Committee;

## Sustainable Development Committee

The Board of Directors shall define the responsibilities and operational procedures of committees in accordance with the proposal of the Committee's Chairman. Board charter's sections IV-V. have to be applied for committees' operation as well, where Chairman means Chairman of Committee.

In duly justified cases the Board of Directors may delegate its decision making powers for a defined period of time to the Chairman, to its Committees, or to the certain Board Members, who/which must inform all the Board Members about their decisions without delay.

4. The Chairman-Chief Executive Officer shall report to each Board meeting with the relevant information on main events since the last Board meeting.

The Board of Directors shall define the scope of information reporting required on a monthly and quarterly basis.

5. The Board of Directors shall at least annually, but with the frequency as required, review the List of Decision-Making Authorities.
6. The Board of Directors, or its Chairman is authorized to refer any intra-organizational issues to the Board of Directors for decision, as he deems appropriate at his discretion.
7. The Board of Directors' decisions shall be recorded in writing in the form of resolutions and, in case it is not included in the proposal due to its nature or in case the decision of the Board of Directors derives from the proposed resolution included in the proposal, the Chairman shall generally formulate their text and make action to publish them.
8. The Board of Directors shall maintain working relations with the company's organization through the Chairman-Chief Executive Officer; all resolutions and decisions shall be communicated to the Chairman-Chief Executive Officer for implementation and he shall report to the Board of Directors on the company's affairs. In addition, the Board of Directors, the committees and the Board members shall be entitled to request information or opinion from any unit or employee of the company by informing the Chairman-Chief Executive Officer thereof simultaneously.
9. The Chairman or the Board member appointed by the Chairman shall represent the Board of Directors in front of authorities, state agencies, business partners and the general public.
10. The Board of Directors may ask any Board members to act and proceed at any domestic or international organization or person/entity. Such member shall report on his actions to the Board of Directors on the next meeting.

## **II. Responsibilities of the Board of Directors towards the shareholders**

11. The Board of Directors shall have the responsibility for securing that the Company, in its daily operations, observes the scope of authority reserved exclusively for the general meeting in accordance with Article 12 of the Articles of Association.

12. The Board of Directors shall be responsible for preparing, convening and appropriately holding the annual general meeting. Similarly, the Board of Directors shall convene the extraordinary general meeting if so required by the Civil Code or the Articles of Association.
13. The Board of Directors shall keep the Company's Shareholders Register or shall appoint a third person for such responsibility in accordance with the relevant laws.
14. The Board shall have the authority to suspend the voting right of a shareholder in cases described in Article 8.6 of the Articles of Association.

### **III. The Chairman's and the Deputy Chairman's responsibilities**

15. The Chairman shall control and co-ordinate the Board of Directors' operation. Between Board of Directors' meetings the Chairman shall perform his tasks in the spirit of the Board of Directors' resolutions. In the event the Chairman of the Board of Directors is at the same time also an employee of the Company, the Deputy Chairman of the Board of Directors ("Deputy Chairman") shall be responsible for coordinating the activities of the non-executive Board Members. To perform his work, the Chairman and the Deputy-Chairman shall use the Secretariat and, through the Secretariat, he shall secure the conditions for the Board members' work and the necessary working conditions.
16. The Chairman's main responsibilities and duties are as follows:
  - To oversee contacts with representatives of the shareholders, the government and authorities, as well as with other stakeholders;
  - To secure the Board of Directors' controlling and managing role, and to facilitate/promote the consistent company management;
  - To ensure clear, transparent and mutually accepted distribution of work between the Board of Directors and the Management, and to make proposals for committees in addition to the committees under Article 3.;
  - To prepare and regularly convene the Board of Directors' meetings, provide timely and sufficient information for efficient work, to enforce professional expectations by the Board of Directors and the Management, to enforce the Charter of the Board of Directors, and to prepare proposals for amendments, if required;
  - To prepare issues within the Board of Directors' competence in accordance with the List of Decision-Making and Authorities of the Company;
  - To prepare the management tasks relating to the general meetings.

17. The Deputy Chairman's main responsibilities and duties:

- To oversee relations among non-executive and executive members of the Board of Directors;
- To represent the opinion of the non-executive Board of Directors members within the Company and vis-à-vis third parties;
- To lead the work of the Board of Directors' Corporate Governance and Remuneration Committee;
- General substitution of the Chairman in his absence. The Deputy Chairman shall substitute and act on behalf of the Chairman in the Chairman's absence with full authority, and, in the course of such substitution, the Deputy Chairman shall bear all rights and authorities as entitled onto the Chairman.

18. In the simultaneous absence of the Chairman and the Deputy Chairman, the member of the Board of Directors appointed by the Chairman shall substitute the Chairman with full authority and in the course of such substitution, the member appointed shall bear all rights and authorities as entitled onto the Chairman.

**IV. Operations of the Board**

19. The Board of Directors operates in accordance with a working plan and it usually prepares and approves such plan at the beginning of the year, though it may amend the plan during the year as it is needed. Any member of the Board is entitled to make proposals to the working plan.

20. The working plan shall contain the actions so that mandatory issues to be discussed by the ordinary meetings in accordance with Article 16.1 of the Articles of Association shall be set to the agenda at a specific date (meeting). The Secretariat shall coordinate the appropriate preparatory materials (proposal or report) and even some directions may be given to the relevant work organizations if required.

21. Preparatory materials shall be prepared for the Board of Directors meeting in English language indicating the name(s) of the author(s), and the Chairman-Chief Executive Officer, Group Chief Executive Officer and Group Chief Innovation Officer shall approve such documents. A maximum two-page (subject to the length) executive summary shall be prepared in Hungarian and in English language for the said documents, and, depending on the professional depth of the given material, a glossary introducing the special terms and concepts described in the materials.

22. The preparatory material shall comply with the following minimal requirements in substance, format and scope:

**Management Summary (max. 2 pages):**

business objective, required resources, expected result  
risk identification, proposal for risk management/mitigation  
options for decisions, their impacts and fit to strategy.

**Financial information:**

in line with the nature of the preparatory material.

Resolution proposal (in case of proposals):

it may contain several options, in such event with comparing and evaluating each option and with the Management's proposal.

Appendix (as and if required):

detailed explanation, justification, rationale, benchmarking, methods applied, description of processes, market and competition analysis

The Chairman and the Board Secretary are entitled to define the detailed formal and contentual requirements of preparatory materials.

The data classification rules specified by the Company's relevant regulation are applicable to preparatory materials as well.

23. The Board of Directors shall reject any preparatory materials, found inappropriate, for revision, correction or supplement, and the issue may be again set on the agenda of any subsequent Board meeting.
24. The Secretariat shall support the operations of the Board of Directors, and shall ensure compliance with the Board's Charter and provision of conditions required for the Board's activities, monitor the implementation of the resolutions of the Board of Directors, as well as facilitate and secure the appropriate cooperation between the Board of the Directors and the Management. The manager of the Secretariat is the Secretary of the Board of Directors, and his employment can be established and terminated by the Corporate Governance and Remuneration Committee's approval.

## **V. Meetings of the Board of Directors**

25. The meetings of the Board of Directors are held in English or Hungarian languages. The Secretariat provides for qualified interpreter for the meeting if necessary.
26. The Secretary shall prepare the meetings and shall send letters of invitation for the relevant pre-determined dates or ad hoc date of meetings defined by the Chairman ensuring that members can receive all written preparatory materials prior to the meeting by the date prescribed in the Articles of Association, and shall always send the written preparatory materials electronically – or in printed form on such request - allowing sufficient time for reading and understanding them.
27. Besides board members and the Secretary of the Board of Directors, other persons invited by the Chairman shall participate in the meetings. The Chairman of the Supervisory Board is permanent invitee to the Board meetings. The Board shall invite the Company's auditor to participate in the meeting in an advisory capacity where it debates general meeting agenda items. Any member of the Board of Directors may propose to hold a closed meeting. In such event the Chairman of the Board of Directors may order, with immediate effect, to hold a closed meeting, without any voting process.
28. Quorum

The Board of Directors' meetings shall have a quorum if no more than three members are absent from the total number of members elected by the general meeting. In case there is no quorum at the first meeting a second meeting has to be called within 48 hours.

In the event a member of the Board of Directors shall not participate in the voting process, he shall be disregarded when establishing the quorum for the given voting process. In case the number of members entitled to vote does not reach seven, the Board of Directors meeting shall have a quorum for the given voting process if the majority of the members entitled to vote is present.

29. Participating by telephone or video conference

If any member is prevented of personally attending a Board meeting, but he can participate in the meeting by telephone or video conference call and in the voting process throughout the entire meeting, then he should be deemed as if he personally participated in the Board meeting. The starting and closing dates of such contact should be recorded in the minutes and subsequently signed by the missing member.

30. The Chairman shall chair the meeting, and if the Chairman is absent, the Deputy Chairman or a member appointed by the Chairman shall chair over the meeting. In such capacity the Chairman of the meeting shall define the agenda and secure all conditions for holding the meeting properly.

31. Agenda of the Board meetings

Permanent issues on the agenda of Board meetings:

- to approve the minutes of the previous meeting,
- the Chairman-CEO's report on events since the last meeting,
- report by the Committee chairmen on preliminary resolutions, decisions taken and activities pursued since the last Board meeting,
- to approve the agenda, to determine the timeframe for each item of the agenda,
- to decide on the date and agenda of the next meeting (in case it differs from the working plan).

The Board of Directors shall put on the agenda and discuss all issues submitted by the Chairman.

Members of the Board of Directors shall be entitled to propose any issue not included in the agenda of the Board meeting. The Board of Directors shall decide to discuss the proposed agenda point or not. In the event the Board of Directors decides to discuss the proposed agenda point, the Board of Directors is entitled to discuss it and adopt a resolution regarding it. In case the proposal for discussion was not prepared and submitted in writing, such proposal shall be subsequently sent to each member of the Board through the Secretariat within 4 days following the Board meeting with the content identical with the verbal proposal.

32. Minutes

The minutes on the Board meeting shall be taken in Hungarian and English languages. In case of any discrepancy, the version prepared in the language the meeting was held in shall prevail. The minutes shall be prepared in Hungarian and English in writing (hard copy) and shall be sent together with the invitation and preparatory materials of the next meeting the latest to each Board member and on request, to the persons specified by the Chairman.

The minutes shall contain the place and date of the meeting, the language of the meeting, name of participants, including the title of their participation, items of the agenda, main conclusions and remarks, result and share of voting, the approved resolutions, and, if need be,

any minority or other opinion if it is retained even after the approval of the relevant resolution.

The minutes shall be authenticated by the Chairman, the Director assigned by the Board of Directors and the Secretary of the Board of Directors.

Minority or other opinion shall be attached to the minutes in writing, if so required.

Abstracts shall also be prepared from the minutes, if so required, and to be signed by the Chairman of the meeting.

### 33. Decision-making

The Board of Directors adopts its resolutions on the meeting as a general rule. As the conclusion of discussion of any issue on the agenda, the Chairman shall ask for votes over the draft resolution. If the Chairman proposes the original written draft for voting, this fact shall be recorded in the minutes. If draft(s) was (were) amended in the course of the discussion, then the minutes shall record the final version of the draft resolution word by word, as it was proposed for voting. The sequence of the voting process shall be as it follows: first voting shall be held on the proposed amendments according to the sequence of their submission, then on the amendments approved by voting or, in lack of such amendments, on the full (original) drafts.

### 34. The Board of Directors decides over resolutions by simple majority of votes. In case of a tie vote the proposal shall be considered as refused.

Board member affected or interested in person or in respect of a transaction/business related to the resolution due to conflict of interest as described in Article 44 of this Charter shall not participate in the voting process. Furthermore Board members in possession of insider information arising from other reason than their mandate as a Board member shall not participate in the voting process in respect of the securities transactions being subject of the given resolution. Board members in possession of insider information (besides those included in the proposal) regarding the decision to be adopted or otherwise qualifying as insider person shall not participate in the voting process in respect of resolutions to be passed by the Board of Directors regarding treasury shares or bonds issued by the Company or other related derivatives and other financial instruments. If a Board member is not allowed to vote in an issue, the provisions laid down in Article 28 shall be applied when establishing a quorum.

### 35. Any member if prevented of attending the meeting may vote in advance in writing, through the services of the Secretariat, by the start of the Board meeting as the latest. Such member may exercise this right separately for each item of the agenda, and his vote shall be counted irrespective of his absence, if the meeting otherwise has a quorum and if the draft was proposed in a written document and this proposition was not amended or modified and finally approved in the original form.

### 36. When approving a resolution, the Board of Directors shall also decide on the scope or circle of persons who may get access to such resolution in the Company, or whether the resolution is disclosed for the public.

### 37. Resolutions adopted by the Board of Directors

Resolutions are confidential documents to be used solely for the purposes laid therein or in the preparatory materials. Members of the Board of Directors and persons submitting the proposals shall be notified, allowed to access and request a copy of the resolutions. Other persons inside the working organization are allowed to access or make copies of the resolutions with the authorization of the Board Secretary. The Chairman shall decide on the use of resolutions for purposes other than those laid down or to allow access to the resolutions for persons outside the working organization (except for the access for the auditor for audit purposes).

In case of discrepancy between English and Hungarian versions of the resolutions, the Hungarian version shall prevail in all cases.

The resolutions shall have effect from the date of their approval unless otherwise specified.

Preparatory materials shall be kept by the Company for a maximum of 5 (five) years, resolutions shall be kept by the Company for a maximum of 10 (ten) years, unless otherwise provided for by resolution of the Board of Directors or specified by legislation or if the resolution applies for a period exceeding those specified above.

38. Extraordinary meeting

The Chairman shall at any time be entitled to convene an extraordinary meeting. If it is so proposed by the Deputy Chairman or the Group Chief Executive Officer, or at least two members of the Board of Directors, giving the reason for holding the extraordinary meeting and the issue to be discussed thereof, the Chairman of the Board of Directors shall be obliged to immediately convene the extraordinary meeting. The Board Secretary shall send the letter of invitation, with the proposition attached, so that members receive it at least 8 days prior to the date set for the meeting. In justified cases extraordinary meetings may be convened even at shorter notice pursuant to the joint decision of the Chairman and the Deputy Chairman. Extraordinary meetings shall be otherwise held in accordance with provisions under Section V.

39. Voting in writing

If any urgent issue may arise between two board meetings and if the Chairman deems, based on the written proposition and the draft resolution, that the issue should, as an exceptional case, be decided upon without a verbal discussion, then the Chairman has the right to order a vote in writing. In such event the Chairman – with the assistance of the Secretariat - shall send such proposition in a relevant notice to the members and informs them on the submission date he has set for members to return their unambiguous votes in writing (by mail, telefax or e-mail). A Director who fails to meet the deadline set forth by the Chairman shall be deemed to have not participated in the voting process. Provisions governing the quorum and voting shares required for approving draft resolutions shall also apply onto such votes in writing. Such vote in writing shall be effective if votes have been submitted by the set deadline and in a number as required for the quorum. The resolution shall be deemed as in effect as of the date when the relevant deadline has expired or, if all members have sent their votes by a date prior to such deadline, as of the date when the last vote has arrived.

40. In the event the process described in Article 40 is invoked, the Chairman shall determine the voting results. Minutes shall be kept for votings in writing, which includes the proportion and the result of the votes and the resolutions passed. Minutes of votings in writing shall be signed by the Chairman and and the Board Secretary.

Proposals communicated and responses sent under such process shall be filed the same way as the documents of ordinary meetings.

41. Telephone or video conference

In the event an issue may emerge, which requires an urgent decision, the Chairman of the Board of Directors may ask the Board members to participate in a telephone or video conference, and shall inform each member in writing on the date of such conference and the brief description of issues to be discussed.

Such telephone or videoconference shall be deemed as extraordinary Board meeting provided that the number of participants reached the level otherwise required for the quorum of the Board. In all other aspects provisions governing ordinary Board meeting (i.e. when members personally attend) shall apply to such meetings held by telephone or videoconference.

**VI. Confidentiality obligations of members of the Board of Directors**

42. Members of the Board of Directors shall keep all information related to the Company's business operations as strictly confidential information and business secret.

In respect of the said obligation confidential information (MOL Confidential) and business secret (MOL Secret) shall include any and all data and information, which the internal Data Classification Regulation of the Company so qualifies, as well as any and all issues, data, information and Board of Directors resolutions, which cannot or only partially be disclosed to the public by the Board of Directors' relevant decision.

**VII. Conflict of interest, legal compliance**

43. Members of MOL Board of Directors shall sign a declaration 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 ("Annual Managerial Declaration") which is to be submitted to the Corporate Governance and Remuneration Committee via the secretariat.

44. Any member of Board of Directors shall report in the form approved by the Board of Directors ("Ad hoc Managerial Declaration") via the Secretariat to the Corporate Governance and Remuneration Committee – in advance or at the latest within 15 days, depending on the circumstances of the case – in the event that:

- a. any change occurs in the data provided in the Annual Managerial Declaration, or
- b. a natural or legal person closely associated with him/her establishes regular business relation with the Company or with any member of MOL Group (except for the transactions falling within the scope of everyday activities with ordinary magnitude and made under the standard market conditions) or concludes transactions with a value exceeding 10% of the legal person's income occurred in the previous year, or
- c. any other conflict of interest occurs with respect to him. A conflict of interest under the present subparagraph c) occurs when the private interest of the Board member interferes or may interfere with Company's interest. The Board member shall, together

with submitting the declaration, take the necessary actions to eliminate such conflict of interest.

46. Secretary of the Board of Directors shall be responsible for the preservation of the Annual and Ad-Hoc Managerial Declarations as well as for the transmission thereof to the Corporate Governance and Remuneration Committee and – depending on the content of the declaration, in order to comply with legal requirements (e.g. keeping a register) – to the relevant organizations of the Company.
47. In the cases specified in Article 45. b) and c) the concerned Board member may not take part in the decision-making of the Company/MOL Group related to matter affected by the conflict of interest.
48. If the general meeting has explicitly granted its consent, the members of the Board of Directors may hold a position as executive officer in any other business association with the main business activity identical to the business activity of the Company. The members of the Board of Directors may also be members of the Board of Directors in subsidiaries or affiliates of the Company with main business activity identical to that of the Company without explicit approval of the general meeting.

Budapest, 30 May 2019

Zsolt Hernádi  
Chairman of the Board of Directors

*Note: This document is published in Hungarian and in English while Hungarian is the governing language*