

**MOL Hungarian Oil and Gas Public Limited Company**

**CHARTER  
OF THE AUDIT COMMITTEE  
of MOL Hungarian Oil and Gas Public Limited Company**

**12 June 2017**

**The audit committee (hereinafter: 'Audit Committee') comprising independent members of the Supervisory Board of MOL Hungarian Oil and Gas Public Limited Company (hereinafter: 'Company') hereby adopts its Charter in accordance with Act V of 2013 on the Civil Code (hereinafter: 'Civil Code') and with the provisions of the Articles of Association of the Company as follows:**

**I. LEGAL STATUS AND SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE**

1. The Audit Committee shall have minimum three and maximum eight members to be elected by the Company's General Meeting from the independent members of the Supervisory Board. Besides the ordinary members of the Audit Committee the General Meeting may elect also an alternate member.

The term of appointment of the Audit Committee members shall last in line with the term of their appointment as members of the Supervisory Board, but for a maximum of five years. The Audit Committee members may be re-elected and recalled at any time.

The Audit Committee shall elect its Chairman (hereinafter: "Chairman") from its members.

2. The Audit Committee shall adopt its own Charter.
3. The members of the Audit Committee shall be independent from the Company. A member of the Audit Committee qualifies as independent if apart from his seat on the Supervisory Board and Audit Committee and apart from any transaction conducted within the Company's usual activities, aiming to satisfy the Audit Committee member's personal needs, he does not have any other legal relationship with the Company.
4. Members of the Audit Committee shall not qualify as independent particularly, if such person
  - a) is an employee of the Company, or formerly was an employee of the Company or affiliated company, for five years following the termination of his/her labour relationship;
  - b) provides services to the Company or affiliated company or its executive officers for consideration as an expert or under other personal service contract;
  - c) is a shareholder of the Company holding directly or indirectly at least thirty percent of the votes, or is a close relative or domestic partner of such shareholder, or provides services to or for the benefit of such persons;
  - d) is a close relative or domestic partner of any – not independent – member of the Company's Board of Directors or any executive employee of the Company or affiliated company;

- e) is entitled to receive any financial benefits based on his committee membership in case of successful operation of the Company, or receives any other form of remuneration from the Company or from an affiliated company other than the remuneration for his Audit Committee or Supervisory Board membership;
- f) is engaged in a partnership with a non-independent member of the Company or affiliated company in another business association based on which the non-independent member attains control;
- g) is the auditor of the Company, the employee or member of the auditor firm, for 3 years following the termination of this relationship;
- h) is an executive officer or an executive employee of a business association, whose independent member of the supervisory board also holds an executive office in the Company or affiliated company.

5. The membership of the Audit Committee shall cease in the following cases:

- if the term of appointment expires,
- with the termination of Supervisory Board membership,
- if the member is recalled,
- if the member resigns,
- if the member deceases,
- in other cases specified in laws (in particular with regard to the occurrence of statutory grounds for refusal or conflict of interest).

6. Alternate member of the Audit Committee

If the Company's General Meeting elects an alternate member of the Audit Committee from the independent members of the Supervisory Board, then such alternate member shall

- participate at the meetings of the Audit Committee as a permanent invitee with the right of consultation;
- replace any ordinary member of the Audit Committee in case of permanent hindrance of such ordinary member for the period of permanent hindrance;
- replace any ordinary member of the Audit Committee in case of termination of membership defined in Article 5, until the General Meeting elects the new ordinary member

Any form of inability and incapacity (e.g. disease) of any member to exercise its duties for longer than ninety days is deemed to be permanent hindrance.

The fact of the hindrance – upon its indication by the affected member – is announced by the Chairman, in the absence thereof, on the basis of any Audit Committee members' proposal the Audit Committee as a body states the fact of the hindrance by simple majority of the present Audit Committee members.

## **II. THE RESPONSIBILITIES OF THE AUDIT COMMITTEE**

### **1. The Audit Committee shall:**

(i) provide assistance to the Supervisory Board:

- a) in supervising the financial reporting system,
- b) in selecting an auditor and
- c) in cooperation with the auditor,

(ii) review and monitor the independence of the statutory auditor,

(iii) monitor the effectiveness of the Company's internal audit and risk management systems and make recommendations if necessary.

### **2. Within the task specified in Article 1 (i) a), Audit Committee shall**

- monitor the process of the financial reporting and make recommendations if necessary,
- monitor the audit of statutory and consolidated financial statements carried out based on the laws, taking into account any findings and conclusions by the authority in charge of the public oversight of auditors made during the quality assurance review.

### **3. Within the task specified in Article 1 (i) b), Audit Committee shall**

- be responsible for the procedure of selecting the auditor,
- validate the report of the Company on the conclusions of the procedure of selecting the auditor,
- make a recommendation to the Supervisory Board regarding the appointment of the auditor.

### **4. Within the task specified in Article 1 (ii), Audit Committee shall**

- approve the provision of permitted non-audit services specified in Audit Reform Regulation<sup>1</sup> and issue guidelines with regard to these services if necessary,
- make decisions in cases defined in Article 6.

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<sup>1</sup> Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC

5. Within the task specified in Article 1 (iii), the Audit Committee shall review the proposed scope and plan of the internal and external audit, and will be entitled to request, upon consultation with the Chairman-CEO, the internal audit organizational unit to conduct ad hoc audits in addition to the internal audit plan approved by the Supervisory Board. The Committee shall receive all internal audit and controlling reports and discuss the reports regarded important, on the meetings, furthermore hears the answers of the Management.
6. When the total fees received by the auditor from the Company in each of the last three consecutive financial years are more than 15% of the total fees of the auditor, then the auditor shall disclose that fact to the Audit Committee and discuss with the Audit Committee the threats to their independence and the safeguards applied to mitigate those threats. The Audit Committee shall consider whether the audit engagement should be subject to an engagement quality control review by another statutory auditor prior to the issuance of the audit report. Where the fees received from the Company continue to exceed 15% of the total fees received by the auditor, the Audit Committee shall decide on the basis of objective grounds whether the auditor may continue to carry out the statutory audit for an additional period which shall not, in any case, exceed two years.
7. The Audit Committee performs - in addition to the tasks defined in the relevant laws and in Article 1 - 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.
8. During its operation, the Audit Committee shall cooperate with the Finance and Risk Management Committee of the Board of Directors.
9. The Audit Committee is entitled to delegate the responsibility of performing certain tasks to any of its members.

### III. OPERATION OF THE AUDIT COMMITTEE

1. The Audit Committee operates in accordance with its own working plan which is prepared with the assistance of the Secretariat of the Board of Directors and the Supervisory Board (hereinafter: "Secretariat") by the end of the previous year but may be amended during the year as required. The Audit Committee shall hold its meeting at the dates according to its working plan prior to the meeting of the Supervisory Board, but at least four times a year.
2. The Secretariat shall convene the meetings of the Audit Committee by sending the invitation and the written materials to be discussed (annexes). The invitation and annexes - regardless of the fact of hindrance - shall also be sent to the alternate member, thus ensuring that the alternate member is fully informed. Any member of the Audit Committee shall be entitled to propose to the Chairman in writing to hold a meeting by giving the reason and purpose thereof, and the Chairman, within eight days following the receipt of such request, shall take an action on convening the meeting of the Audit Committee for a date within thirty days. In case the Chairman fails to do so or he is not able or incapacitated, the member proposing the meeting shall be entitled to convene the meeting.
3. The Chairman shall chair the meetings of the Audit Committee. In case of his hindrance the member appointed by the Chairman – or, in the absence of such decision of the Chairman, the member elected by the present members of the Audit Committee with the simple majority of votes – is entitled to chair the meeting.
4. The auditor(s) of the Company shall be informed about the convocation of the meeting, who may be present at the meetings of the Audit Committee.
5. Chairman of the Finance and Risk Management Committee is permanently invited to attend the meetings of the Audit Committee.
6. The meetings of the Audit Committee shall take place in Hungarian or in English language. The Secretariat shall provide for professional interpreter to be present if necessary.
7. The meetings of the Audit Committee shall be recorded in minutes in Hungarian and English languages. In case of any discrepancies between the two versions, the minutes prepared in the language in which the meeting was held shall prevail. The minutes shall be sent to each member of the Audit Committee and the auditor simultaneously with the invitation and preparatory materials of the next meeting. The minutes shall contain the place, date and language of the

meeting, names of participants, including the title of their participation, items of the agenda, the heard conclusions, results of the voting (indicating “abstain” and “against” votes as well), the approved resolutions, and, if needed, any minority or other opinion if it is reserved even after the approval of the relevant resolution. The minutes shall be authenticated by the Chairman, the member assigned by the Audit Committee and the Secretary of the Board of Directors and the Supervisory Board.

8. The Audit Committee shall have a quorum if two-third of its members, but at least two members - including the alternate member in case of permanent hindrance or termination of membership of the ordinary member – are present.

If any member is not present at the Audit Committee meeting in person, but the absent member is linked to the full meeting by telephone or by video conference, it must be regarded as the absent member would have been present at the Audit Committee meeting. The fact of the participation through telephone or video conference should be recorded in the minutes, and that should be authenticated also by the Audit Committee member participating through telephone or video conference.

9. The resolutions of the Audit Committee shall be adopted with simple majority of votes. In case of a tie vote the proposed resolution shall be regarded as rejected.

10. If any urgent issue arises between two Audit Committee meetings and if the Chairman deems that the issue can - as an exceptional case - be decided without verbal discussion, the Chairman is entitled to order voting in writing. In such event the Chairman, with the assistance of the Secretariat, shall send the proposal and the draft resolution with clear notice (by mail, telefax or e-mail) to the members and inform them on the submission date set by him for the members to return their unambiguous votes in writing (by mail, telefax or e-mail).

In order to determine the quorum the Secretariat shall confirm the delivery of the written proposal and record its result in writing.

Any member of the Audit Committee who fails to meet the deadline set forth by the Chairman shall be disregarded in the determination of the quorum required to adopt the resolution. 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 required for the quorum. The resolution shall be deemed effective 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 arrived.

In the event of a voting procedure under this Article, the Chairman shall determine the result of the voting. The proposals sent and responses received within the course of such voting procedure shall be filed the same way as the documents of ordinary meetings. Minutes shall be taken on the voting in writing, which contains the results of the voting (indicating “abstain” and “against” votes as well), the passed resolutions, and, if needed, any minority or other opinion if it is reserved even after the approval of the relevant resolution. The members of the Audit Committee shall be informed about the result of the voting in writing by sending the minutes and the resolution.

#### **IV. RIGHTS AND OBLIGATIONS, AND THE RESPONSIBILITY OF THE MEMBERS OF THE AUDIT COMMITTEE**

1. The members of the Audit Committee shall act personally, no representation shall be permitted.
2. The Audit Committee is entitled to request information from the members of the Board of Directors and executive employees of the Company on any issues that fall within the scope of authority of the Audit Committee and to inspect the books and documents of the Company. Members of the Audit Committee are entitled to participate in the General Meeting of the Company with the right of consultation.
3. Otherwise, for the competence, rights, legal status and responsibilities of the Audit Committee the provisions of the Civil Code, the Audit Reform Regulation and other relevant laws shall be applied.

#### **V. CLOSING PROVISIONS**

The Audit Committee discussed and approved this Charter on its meeting dated 12 June 2017 and approved application of the provisions contained therein with the effect of 12 June 2017.

Budapest, 12 June 2017

Chairman of the Audit Committee

*Note: The present document is a translation of the Hungarian text, in case of discrepancies between the two texts, the Hungarian version shall prevail.*