

MOL Group Corporate Governance Code

2017

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CORPORATE GOVERNANCE CODE

The Board of Directors (the "Board") of **MOL Hungarian Oil and Gas Public Limited Company** ("MOL" or the "Company") has adopted this Corporate Governance Code.

OUR COMMITMENT

MOL 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.

MOL is committed to the highest corporate governance standards of transparency and accountability towards its investor audience, in order to attract and retain the long-term interest of investors and reflect MOL's pre-eminent position and awareness in the field of corporate governance, both among its peers in Central and Eastern Europe and within a broader international context.

GENERAL

The Company

MOL Plc. is incorporated in Hungary being registered as a public company limited by shares by the Metropolitan Court in Budapest acting as Court of Registration. The MOL shares are listed mainly on the Budapest Stock Exchange (BSE); moreover, MOL shares are also listed on the Warsaw and the Luxembourg Stock Exchange. MOL shares are also traded in the US OTC and International Order Book (London) systems. MOL primarily follows the Corporate Governance Principles set out in Hungary and, in a wider context, the corporate governance standards and related statutory and regulatory requirements applied in the European Union.

MOL Group

MOL Group is a leading integrated oil and gas group in Central Europe. The efficient integration of MOL Group comprises the successful orchestration of group-level business and functional units and the operations of its member companies by taking into account the Company's governance principles and values.

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 MOL Group, to approve actual corporate governance actions and to exercise effective governance and control rights.

Voting Rights

The Company is strongly committed to the equal treatment of shareholders.

The Company's share capital comprises ordinary shares and one piece of registered, preferential voting share.

In accordance with the Hungarian laws the one piece of preferential voting share entitles the holder thereof to preferential rights as specified in the Company's Articles of Association. These preferential rights however shall always be in full conformity with the relevant requirements laid down in the laws of Hungary and the European Union.

Voting Procedure

All shareholders registered into the Share Register may vote at the General Meeting. MOL's Articles of Association shall not impose voting thresholds for actions by holders of its common stock higher than the standard requirements under Hungarian law and shall not restrict the ability of shareholders to act through a representative: a proxy or a nominee.

In accordance with the Hungarian Law the Company's Articles of Association may limit the maximum number of votes exercisable by one shareholder group and impose certain disclosure obligations in respect of the actual shareholding and composition of the shareholder groups helping the minority shareholders' interests and ensuring the transparent shareholder structure.

Shareholders may exercise shareholder's rights via representatives. Executive officers, supervisory board members and the Company's auditor may not function as a representative of a shareholder.

Shareholder Proposals

In accordance with the Hungarian laws a group of shareholders together controlling at least one per cent of the votes in the Company, at any time, shall be entitled request that the General Meeting be convened, indicating the reason and the purpose thereof, in addition within eight days following the time of publication of notice for the convocation of the General Meeting, they shall be entitled to ask in writing the Board of Directors to put a specific issue onto the agenda of the General Meeting, furthermore may submit resolution proposals with respect to the points of the agenda.

Shareholders present at the General Meeting may at all times ask for information in issues on the agenda, and to offer comments and proposals, and the Board of Directors shall provide the required information.

Investor Relations

The Board of Directors is committed to support permanent development of dialogue with shareholders, and makes its best in order that shareholders can get easy and timely access to all essential company-related information so that they can exercise their rights of control. A specific organisational unit shall be designated for ensuring equal treatment of shareholders regarding access to information, and this unit shall be responsible firstly for providing information to shareholders on business performance, results and strategy, and, secondly, for conveying the investors' feedback to the Board of Directors.

BOARD OF DIRECTORS

Role of the Board of Directors

The Board of Directors, as MOL supreme managing body acting under collective responsibility, and its most outstanding role, dominating its objectives and activities, is to increase shareholder value with considerations onto other stakeholders' interest; to improve profitability and efficiency, to ensure transparency in operations, to manage risks, and to guarantee conditions for the protection of environment and safety at work.

The Board of Directors shall during its activities follow, in addition to the relevant legal requirements, also the Hungarian and international corporate governance standards.

The Board members are committed to act and proceed in conformity with the Company's best interest.

The Board's Main Responsibilities

The Board's responsibilities cover without limitation the following main areas in respect of the corporate governance:

- Determining the Company's main economic and business goals; corporate strategy; approval of business and financial plans, major capital expenditures, acquisitions, outsourcing and divestitures;
- Ensuring the integrity of financial and accounting reports;
- Defining principles of the remuneration for executives, monitoring executive performance, initiating corrective measures if necessary;
- Managing conflicts of interest;
- Defining risk-management guidelines to ensure that risk factors are identified and that internal control mechanisms, as well as appropriate regulatory and monitoring systems, are in place to handle those risks, as well as compliance with legal requirements;
- Defining guidelines regarding the company's social responsibility;
- Continuous oversight of the effectiveness of corporate governance;
- Maintaining contacts with the Supervisory Board.

Board Structure

Board composition

The Articles of Association prescribes the minimum and maximum numbers of the Board members, which currently provide that the Board may have not less than 3 and no more than 11 members. When deciding on the number of directors and composition of the Board it is essential to ensure the appropriate level of professional expertise and the appropriate ratio – a majority- of independent directors.

The Board shall consist of non-executive and executive directors.

The Board shall elect a Chairman and a Vice Chairman from among its members.

Independence

The appropriate level of Board independence, through the majority of non-executive members, ensures that the Board of Directors performs its duties more effectively in Company's strategic interest, taking into consideration the interests of all stakeholders.

MOL's own independence criteria are determined in accordance with the best international practices and recommendations of the European Union and the New York Stock Exchange. Pursuant to the directors' declarations the majority of Board members are independent, i.e. they have no business, family or other relation with the Company, its controlling shareholder or management that might lead to any potential conflict of interest.

Conflict of interest

To avoid any potential conflict of interest, directors and officers shall report to the Board the acceptance of any seat on the Board of Directors, Supervisory Board or in the senior management of any other company. In case the non-existence of a conflict of interest cannot be decided without ambiguity the Board shall resolve the matter after reviewing it in the Corporate Governance and Remuneration Committee.

Members of the Board of Directors shall sign a formal annual and ad hoc declaration on conflict of interest in accordance with the charter of the Board.

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.

Directors shall not be entitled to participate in decision-making for resolutions that have effect onto their persons.

Director Selection; Qualifications

Selection

If vacancies occur between the General Meetings, the Board shall nominate candidates for election at the next General Meeting of shareholders. It is the candidates' responsibility to accept the membership and be aware of obligations and duties of membership.

Qualifications

It is expected that each member of the Board is literate in business and/or legal matters.

Orientation of new directors

The new directors, in case they are not employees of the Company, receive a thorough orientation with respect to the Company's operation.

Sophisticated directors

All board members continuously follow with attention the company's operations and businesses.

Operation of the Board

Working plan

The Board operates in accordance with a working plan and it usually approves such plan at the last meeting of the previous year, though it may amend the plan mid-year as it is needed. Any member of the Board is entitled to make amendments to the working plan.

Decision-making

The Board of Directors normally renders decisions on its regular meetings. The Board normally shall hold a regular meeting at least every three months, but additional meetings may be scheduled as required. In case an urgent decision is necessary the Chairman may request decision-making applying other methods as described in the charter.

Attendance

It is expected that each director shall make every effort to attend each Board meeting in person and each meeting of any committee on which he or she sits. Attendance by telephone or videoconference is permitted if necessary. No representation is permitted.

The Chairman of the Supervisory Board and the Group General Counsel shall be regularly while other managers, subject to the issues of the agenda, ad hoc invited to the Board meetings; and shall also attend committee meetings if required.

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.

Confidentiality

The members of the Board shall keep the strictest secrecy of any information, data, reports or opinion elaborated, discussed or otherwise received in connection with their service as the directors of the Company.

Public Relations

The Chairman represents and speaks on behalf of the Board of Directors in public affairs. The Chairman is entitled to appoint any member of the Board to speak ad-hoc on behalf of the Board in certain occasions.

Sessions of Non-executive Directors

If necessary, non-executive members of the Board may hold separate meetings to form unbiased judgment on a certain matter. The executive directors shall be present at these meetings only if invited by the non-executive directors.

Director Responsibilities

The Board Members shall manage the operations of the Company independently, based on the primacy of the Company's interests. In this capacity the Board Members shall discharge their duties in due compliance with the relevant legislation, the Articles of Association and the General Meeting's resolutions. The Board Members may not be instructed by the shareholders, and their competence may not be negated by the General Meeting.

The Board Members shall be held liable for damages caused to the Company resulting from their management activities in accordance with the provisions on liability for damages caused by breach of contract, the provisions of the relevant laws shall also be applicable to other liability issues concerning the Board Members.

Performance and Effectiveness Evaluation

The Board of Directors and its committees annually evaluate their own performance and effectiveness, and development actions are conceived if necessary.

The Board shall at least annually overview and evaluate the performance of executives who belong to the Board's scope of competence, as the employer, vis-à-vis the company's objectives and goals, pursuant to the appraisal report of the Corporate Governance and Remuneration Committee.

BOARD COMMITTEES**Role of the Committees**

The Board operates committees to increase the efficiency of the Board's operations, and to provide the appropriate professional background for decision making.

General Rules

These Committees have the right to discuss and comment on preliminary resolutions concerning issues specified in the Decision-making and Authorities List, which sets out the division of authority and responsibility between the Board and the executive management.

- The responsibilities 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 chairs of the Committees are elected by the Board of Directors. The majority of the committee members is non-executive and independent.

The Board can also appoint ad hoc committees for the performance of specific tasks, in addition to its standing committees.

Committee Reports

The chairman of each Board committee shall report to the Board on the activities of his or her committee with a pre-defined frequency, but at least on the ordinary Board meeting after each committee meeting, hearing or decision-making immediately.

Standing Committees

For the time being the standing committees of the Board are Corporate Governance and Remuneration Committee, the Financial and Risk Management Committee, and the Sustainable Development Committee.

Corporate Governance and Remuneration Committee

The majority of the Corporate Governance and Remuneration Committee members qualify as independent and non-executive.

The primary task of the Corporate Governance and Remuneration Committee is to assist the work of the Board in respect of the appropriate implementation and observance of the corporate governance standards. The Corporate Governance and Remuneration Committee is responsible for the elaboration, overview and evaluation of the compensation plans and long-term incentive scheme within the Company. The Corporate Governance and Remuneration Committee evaluates the work of the executives who belong to the Board's scope of competence, as the employer at least annually and submits its well-reasoned evaluation report for discussions and approval to the Board of Directors. Executive members of the Committee shall not participate at discussions or decisions on the evaluation or compensation of the executives who belong to the Board's scope of competence, as the employer. .

Finance and Risk Management Committee

The Finance and Risk Management Committee shall consist solely of non-executive and financially and/or legally literate directors.

The Company maintains a Finance and Risk Management Committee for the purpose of assisting the Board's oversight of the company's financial statements, risk management activities, its internal audit function and its independent auditors. Group Internal Audit shall report to the Finance and Risk Management Committee and to the Supervisory Board directly and on the appointment or removal of its head the Finance and Risk Management Committee and the Supervisory Board should take a stand.

Sustainable Development Committee

The majority of the Sustainable Development Committee members qualify as independent and non-executive.

The primary task of the Sustainable Development Committee is to ensure the integrated management of SD (Sustainable Development) issues on the levels of units and MOL Group. The Committee shall analyse the Company's long-term economic, environmental and social criteria to operate under in respect of the relevant regulations, requirements and best international practice. The Committee shall evaluate the Company's sustainability results and practices taking into account the results of the international SD evaluations. The management of the Company's business divisions and subsidiaries ad hoc reports on their activities regarding SD related issues on the meetings of the Committee.

SUPERVISORY BOARD

Role of the Supervisory Board

The Supervisory Board supervises the management of the Company for the Company's supreme body.

Independence

The Supervisory Board shall act as an independent body. Members of the Supervisory Board may not be instructed in their capacity as such by their employers or the shareholders of the Company.

The majority of the Supervisory Board members are independent in line with the definition of Act V of 2013, the Civil Law. Members of the Supervisory Board shall not be employed by the company, with the exception of the

employees' representatives. One-third of the Supervisory Board members shall comprise the employee representatives in accordance with the Hungarian laws.

Chairman and Deputy Chairman

The Supervisory Board shall elect a chairman and deputy chairman from among its members. The chairman convenes the meetings of the Supervisory Board. The Chairman represents the Supervisory Board in communications with the Board of Directors as well as in public affairs.

Meetings

Decisions of the Supervisory Board shall be passed either in a meeting or in writing without a meeting as defined in its charter.

Frequency

In order to perform their duties, the Supervisory Board meets at designated times outlined in its workplan. In addition, in the case of any extraordinary event or matter, they ensure their discussion in due time and make the appropriate decisions. Any member of the Supervisory Board may request in writing to convene such a meeting, indicating the reason and the purpose thereof.

Attendance, quorum

The Supervisory Board shall have quorum if two-thirds of its members, but at least three members are present. The Supervisory Board shall pass resolutions by simple majority.

Representation is not admissible.

Relation with the Board of Directors

The Chairman of the Supervisory Board shall be a permanent invitee to the meetings of the Board of Directors. The Chairman and the Deputy Chairman of the Supervisory Board shall be a permanent invitees to the meetings of the Finance and Risk Management Committee and the Sustainable Development Committee. In addition, the Supervisory Board is regularly informed by the Board of Directors of the Company's financial, operational performance and status of the Business Control System.

Supervisory Board's Rights

The Supervisory Board may inspect the books and documents of the Company.

Supervisory Board may request information from the members of Board of Directors and senior managers. In case of a written request, the addressee shall provide for the requested information in written form within 8 (eight) working days.

If the Supervisory Board is of the opinion that the activity of the Board of Directors is in violation of applicable laws or regulations, the Articles of Association or the resolutions of the General Meeting, or is in any way contrary to the interests of the Company or the shareholders, it shall convene the extraordinary General Meeting and submit a proposal on the agenda.

Group Internal Audit shall report to the Finance and Risk Management Committee and to the Supervisory Board directly and on the appointment or removal of its head the Finance and Risk Management Committee and the Supervisory Board should take a stand. The Supervisory Board shall approve the Internal Audit Plan.

Liabilities

Supervisory Board members shall be held liable for damages caused to the Company resulting from their omission of supervisory responsibilities in accordance with the provisions on liability for damages caused by breach of contract.

AUDIT COMMITTEE

MOL shall maintain an Audit Committee from the independent members of the Supervisory Board and with the primary responsibility for provide assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor, and in working with the auditor. Audit Committee shall review and monitor the independence of the statutory auditor, as well as monitor the effectiveness of the Company's internal audit and risk management systems and make recommendations if necessary.

The Audit Committee also performs 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.

The Audit Committee shall have at least three members and maximum eight members, who shall be elected by the General Meeting. Only independent members of the Supervisory Board may be elected to the Audit Committee.

RISK MANAGMENT

MOL Group has a developed risk management function as an integral part of its corporate governance structure. This activity is consistent with MOL's well-defined responsibility for risk and crisis management, our extensive risk definitions, the applications of risk mapping, quantification, stress testing and sensitivity analysis for all financial and non-financial risks and our well-defined risk response strategy. As part of this incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM) which is extended to all the businesses of MOL Group and takes into account the portfolio effects as well. ERM integrates financial and operational risks along with a wide range of strategic risks.

GOVERNANCE OF THE COMPANY

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

Performance and Business Control System support corporate governance and optimal and efficient operation of business processes. The Performance Control System (value control) is used to ensure the integrated operations of organisational units. This is based on reporting targets actually achieved vs. targets planned (plan vs. actual), and the Performance Management System. Strategic, Business and Annual Plans (Financing Plan, Performance Requirements) contain Group level objectives and also cover each Business and Functional Unit, in addition the Performance Management System (PMS), Reporting System and mandatory Feedbacks complete set of management tools ensuring planning processes.

The Business Control System is a framework that includes compliance of the organisational structure with MOL Group business processes, Group Guidelines - that determine main Process Areas and the lower-level procedures and processes within them -, management accountability and on-going review of all of the above by the Internal Audit.

The Business Control System comprises a set of management tools designed to achieve MOL Group goals, continuously improve process operation efficiency, identify and mitigate risk and manage responsibility towards shareholders, employees, consumers, suppliers and society as a whole. These are all inseparable parts of MOL Group Business Management. MOL Group business objectives constitute the basis of the integrated Business Control System containing Organisational and Operational control, Communication and human relations, Direction/Governance mechanisms and Monitoring. Business control mechanisms must be applied effectively and in a results-oriented manner in the normal course of business that is a key task for managers.

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 efficiently developing and operating MOL Group processes.

Control and management of MOL Group shall be implemented through business and functional organisations. The Executive Board shall be responsible for harmonising their activities.

Executive Board, hereinafter „EB”

The EB is a forum for decision preparation and its role is to provide a direct link between the Board of Directors and the Company's staff and at the same time canalize the matters submitted to the full Board. The EB renders preliminary opinions and advises the Board members on certain proposals submitted to the full Board, the EB is also responsible for the oversight of the execution of the Board's 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.

The members of the EB are:

Chairman-CEO (C-CEO), who is the chairman of the EB
Group Chief Executive Officer (GCEO), who is the deputy chairman of the EB
Group Chief Financial Officer (GCFO)
Executive Vice President, Exploration and Production
Executive Vice President, Downstream
President of the Management Board, INA d.d.
Chief Executive Officer, Slovnaft a.s.
Chief Operating Officer MOL Plc.
Group Innovative Businesses and Services Executive Vice President

The EB makes its decisions with simple majority of votes, no member's vote prevails over another member's. The details of the decision-making are described in the Company's Regulation on Description of Tasks and Responsibilities.

Various co-ordination forums and committees that consist of representatives of business and functional areas support the work of the EB.

CEO(-s)

In case the Chairman of the Board is at the same time the employee of the Company, the Company shall have one or two Chief Executive Officers.

The Chief Executive Officer(s) shall be responsible for the Company's operative management and direction in accordance with the Articles of Association, and the resolutions adopted by the General Meeting and the Board of Directors. The rules for exercising employer's rights over the employees belonging to the Company's labour organisation shall be defined by the Chief Executive Officer in internal regulation. In case the Company has two Chief Executive Officers, the Chairman-CEO shall be entitled to define the rules for exercising employer's rights.

The CEO(-s) is/are empowered with the following main authorities:

- management of the implementation of the MOL Group's strategy approved by the Board,
- business development management,
- manage and co-ordinate the operation of the businesses,
- co-ordinate between business strategies,
- define and assess the performance and effectiveness targets of the businesses,
- enforcement of corporate governance practice,
- MOL Group's representations towards all authorities, government agencies, courts and financial institutions and in industrial relations,
- development, maintenance and improvement of corporate governance principles,
- management of MOL Group's financial activities,
- supervision of group-level risk management,
- operation of business control system,
- management of plan development,
- internal audit program monitoring.

If the company has two CEO-s, the Board of Directors shall decide on the distribution of responsibilities between them.

DIRECTOR AND SENIOR MANAGEMENT COMPENSATION

The director and management compensation structure was developed so that the director and senior management compensation systems can be harmonised.

The compensation processes aim at comprehensive transparency and ensure that the remuneration levels reflect compensation standards.

The remuneration and incentive system create consonant interest for MOL managers with shareholders' aims, through setting targets that incite the increase of the long term profitability of the Company.

The guidelines and rules formulated by the Board of Directors shall be assessed by the Supervisory Board, and shall be approved by the General Meeting, paying attention to the opinion of the Supervisory Board.

The General Meeting has the authority to approve the compensation system applicable onto the directors. The General Meeting has delegated this authority onto the Board of Directors for elaborating the details of the long-term incentive scheme for the senior management, and its operation for employees in senior positions. The Board of Directors shall approve the proposed system pursuant to the recommendations of the Corporate Governance and Remuneration Committee.

CODE OF ETHICS AND BUSINESS CONDUCT

Business Conducts' Standards

MOL has adopted a comprehensive Code of Ethics and Business Conduct applicable in the entire MOL Group setting the values and ethical standards in respect of the business conducts within MOL Group, as well as in engagement with all stakeholders and partners other than group members, and applies ethical standards of business conduct set is a Business Partner Code of Ethics onto external stakeholders. Executives and employees in all MOL Group member companies are obliged to comply with the provisions of the Code and the companies' stakeholders are also expected to follow these values and ethical standards. The Corporate Governance and Remuneration Committee shall present an annual report to the full Board of Directors on eventual ethical issues related to Board members and their compliance with the applicable ethical standards.

Ethics Council

The fundamental mission of the Ethics Council is to ensure ethical operations of MOL Group and to coordinate planned ethical development at each MOL Group member company. The Council shall consist of a chairman, who is an external expert independent of the organization, and other permanent members appointed by the Chairman-CEO from the employees and external experts of MOL Group companies. The Council's activities shall be supported by a Group Ethics Officer appointed at Group level Compliance & Ethics organization and by ethics officers appointed at MOL Group member companies.

The Ethics Council adopts its own charter and rules of procedure. It approves proposals for revision and the revision of the Code of Ethics and Business Conduct in effect as appropriate. Accepts resolutions on ethics concern reports investigated by or with the supervision of ethics officers and responds to ethical queries that are submitted to the Ethics Council by employees and internal or external stakeholders of MOL Group. It controls the communication and training of the Code of Ethics and Business Conduct and operates an ethics monitoring system. As a part of an integrated report the Council prepares a report to the Supervisory Board, summarising the most important ethical issues the work performed, the results and findings, the ethical issues occurred since the last meeting.

Any person can initiate the launch of an ethical investigation if s/he identifies a behaviour or action that is in conflict with the Code of Ethics and Business Conduct at any company or filling station belonging or in the course of activity connected to MOL Group. Any employee can report irregularity(ies) to his/her manager, HR partner, any lawyer of MOL Group or even as an anonym report directly to the Ethics Council or to the 'Speak-Up!' whistleblowing system operated by Group Compliance & Ethics or directly to the Group Ethics Officer or to the ethics officer appointed at MOL Group member companies without jeopardizing his or her position in MOL Group.

The Ethics Council Rules of Procedure present in details the reporting process, and it is well-known for every employee as well as accessible for external stakeholders.

The present document is a summary of corporate governance standards and practice in place in MOL. You can find other and more detailed corporate governance information on MOL homepage under:

<http://molgroup.info/en/investor-relations/corporate-governance/main-cg-documents>

Budapest, 2017

**For and on behalf of the Board of Directors
of MOL Hungarian Oil and Gas Public Limited Company**