

### ETHICS CASES 2020

In 2020, MOL Group continued to move towards prevention and awareness raising by continuous communication towards employees and managers. Ethics articles were regularly published on the intranet, new ethics training materials were prepared which aimed to detail a specific ethics topic in order to prevent ethical misconduct. MOL Group Ethics Council and INA Ethics Council coordinates a whistleblower system called 'SpeakUp!', via which ethics reports can be filed. All reports are handled with confidentiality, anonymous reporting is also available.

#### Main preventive measures:

- In 2020, the MOL Business Partner Code of Ethics (BPCE) was component of 96,6% of all supplier contracts, 100% of service station operator contracts and 89,5% of sponsorship and corporate giving contracts.
- 100% of Mol Group employees were covered by the Code of Ethics and Business Conduct and ethics training and test was mandatory for everyone.

#### Ethics case management:

Grievances and ethics reports can be filed on different ways: via MOL Group's whistleblower system, 'SpeakUp!' which is available in Hungarian and in English language, the Ethics Council operates a 24/7 hotline with an answering machine and reports are received by email and by post as well. The below statistics include all ethics reports received via the mentioned channels.

Cases are inspected by the Ethics Council if the whistleblower files a report or the concerned function escalates the case to the Ethics Council, thus the Ethics Council statistics does not mirror every – typically minor, common or trivial – internal ethical, compliance or security misconduct's investigations.

In 2020, the total number of ethics reports submitted via MOL Group's whistleblower program and to INA Ethics Council was 78, a decrease compared to the 116 received in 2019. This is likely a result of COVID, the focus point of people has changed, number of employees working from home has increased and people got in touch with each other less.

In past years, several Retail complaints were submitted to the Ethics Council; this has changed with the set up of a separate Retail complaint system, therefore customers can submit their grievances directly to the Retail organization. In 2019 there were still Retail complaints submitted via 'SpeakUp!', for 2020 this number reset to zero. 28 reports were submitted by external sources such as ex-employees, suppliers, business partners, customers, 42 reports were filed by MOL Group employees and there were 8 anonymous reports. Reports were received from 10 countries.

The number of actual investigations was 51, which means that in 27 cases no investigation was conducted. This is mainly because of lack of information in the filed report which made it impossible to conduct an investigation.

In 18 cases, the Ethics Council found the allegations proven and identified ethics misconduct. In 3 cases, the contract was terminated, in one case demotion was applied, 3 written and 7 verbal warnings were issued. In 8 cases training was applied.

Overall, the most, 5-5 misconducts were identified in **violation of privacy and personal data and inappropriate communication with external partners/customers cases**.

In the former, the result was 2 verbal warnings, 2 written warnings and 1 termination of contract. In the latter, the outcome was 2 trainings, 2 verbal warnings and a termination of contract.

4 misconducts were identified in **harassment** cases. 1 training, 1 verbal warning, 1 written warning and a demotion was applied.

There was 1 verbal warning issued due to **unfair employment practice** and for **fraud/theft (internal)**.

There was 1 termination of employment applied for **fraud/theft (external)** and 1 training for **breach of social media policy**.

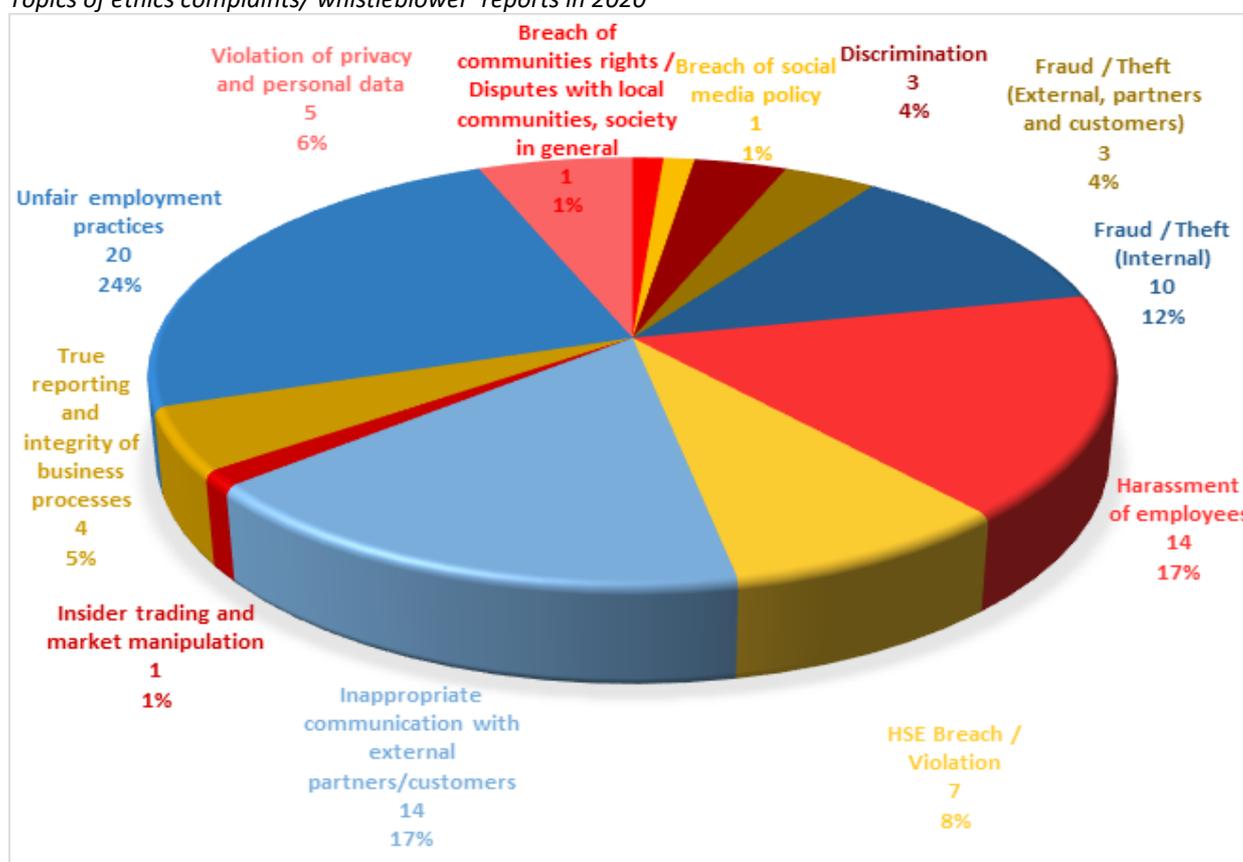
# MOL Group

## Details of Ethics Cases

### Ethics Cases

|                       | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|------|------|------|------|------|------|------|
| <b>Ethics Reports</b> | 88   | 90   | 93   | 137  | 126  | 116  | 78   |
| o/w Internal          | 51   | 42   | 66   | 65   | 53   | 47   | 42   |
| o/w External          | 37   | 48   | 27   | 72   | 73   | 69   | 28   |
| Anonymous             | -    | -    | -    | -    | -    | -    | 8    |
| <b>Investigations</b> | 61   | 58   | 63   | 85   | 82   | 96   | 51   |
| <b>Misconducts</b>    | 22   | 27   | 26   | 47   | 34   | 35   | 18   |

### Topics of ethics complaints/'whistleblower' reports in 2020



## ETHICS CASES 2019

In 2019, MOL Group continued to move towards prevention and awareness raising by continuous communication towards employees and managers. Ethics articles were regularly published on the intranet, new ethics training materials were prepared which aimed to detail a specific ethics topic in order to prevent ethical misconduct. MOL Group Ethics Council and INA Ethics Council coordinates a whistleblower system called 'SpeakUp!', via which ethics reports can be filed. All reports are handled with confidentiality, anonymous reporting is also available.

### Main preventive measures:

- In 2019, the MOL Business Partner Code of Ethics (BPCE) was component of 91,4% of all supplier contracts, 97,6% of service station operator contracts, 100% of JV agreements and 97,9% of sponsorship and corporate giving contracts.
- 98% of Mol Group employees were covered by the Code of Ethics and Business Conduct and ethics training and test was mandatory for everyone.

# MOL Group

## Details of Ethics Cases

- The annual ethics e-learning material was updated and re-designed.

### Ethics case management:

Grievances and ethics reports can be filed on several ways: via MOL Group's whistleblower system, 'SpeakUp!' which is available in Hungarian and in English language, the Ethics Council operates a 24/7 hotline with an answering machine, and reports are received by email and by post as well. The below statistics include all ethics reports received via the mentioned channels.

Cases are inspected by the Ethics Council if the whistleblower files a report or the concerned function escalates the case to the Ethics Council, thus the Ethics Council statistics does not mirror every – typically minor, common or trivial – internal ethical, compliance or security misconduct's investigations.

In 2019, the total number of ethics reports submitted via MOL Group's whistleblower program and to INA Ethics Council was 116, a decrease compared to the 126 received in 2018. In past years, several Retail complaints were submitted to the Ethics Council; this has changed with the set up of a separate Retail complaint system, therefore customers can submit their grievances directly to the Retail organization, but in 2019 there were still Retail complaints submitted via 'SpeakUp!'. The goal is to minimize this number.

69 reports were submitted by external sources such as ex-employees, suppliers, business partners, customers, 47 reports were filed by MOL Group employees. Reports were received from 10 countries.

The number of actual investigations was 96, which means that in 20 cases no investigation was conducted. This is mainly because of lack of information in the filed report which made it impossible to conduct an investigation.

In 35 cases, the Ethics Council found the allegations proven and identified ethics misconduct. In 5 cases, the employment contract was terminated and in 1 case the service station operator contract was terminated, 11 written and 12 verbal warnings were issued. Besides, some cases ended with refund to the customer and/or apology letter and/or refund.

Overall, the most, 15 misconducts were identified in **harassment/inappropriate communication** cases. The result was 4 verbal warnings, 3 written warnings, 6 apology letters to customers and 3 termination of employment.

6 misconducts were identified in **fraud/theft/misuse of company assets cases**. 2 refund for customers, 2 verbal warnings and 2 written warnings were issued.

There were 3 written warnings and a termination of a service station operator contract in **unfair employment** cases. There was 1 verbal and 1 written warning in **sexual harassment** cases.

There was 1 written warning and 1 termination of employment in **conflict of interest** investigations.

Furthermore, there was 1 termination of employment regarding **discrimination/unethical performance evaluation**, 1 verbal warning for **violation of privacy**, 1 verbal warning for **bossing/violation of dignity** and 1 verbal warning and education for violation of **confidentiality/intellectual property**.

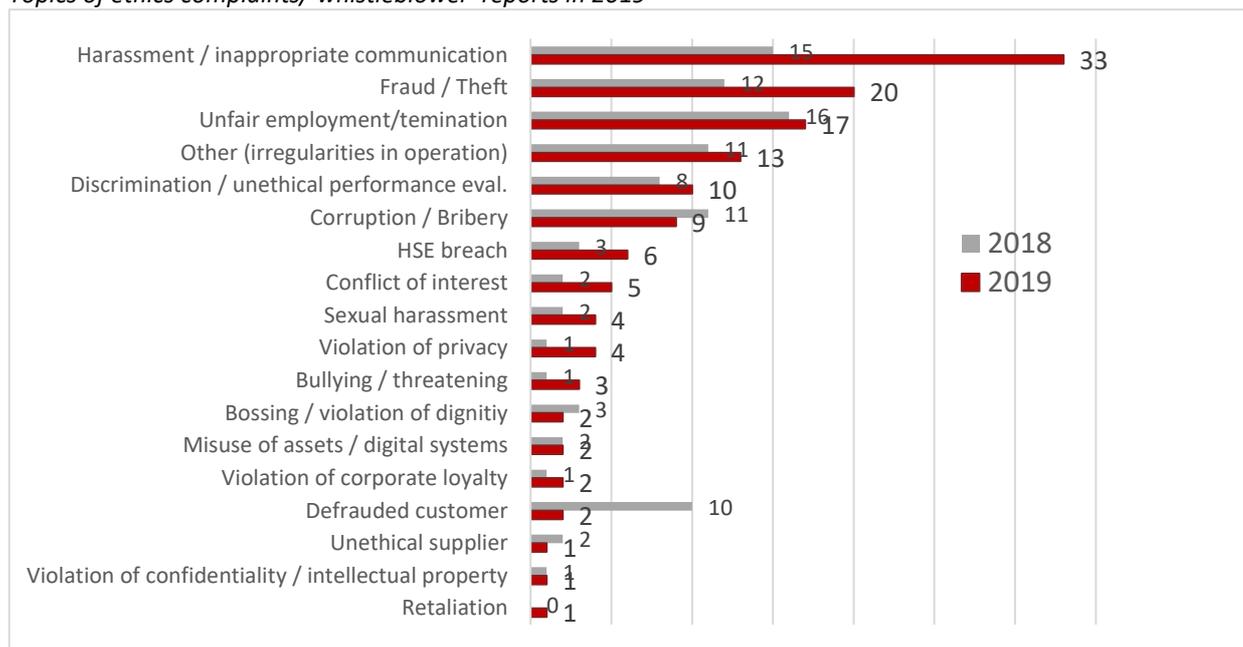
### Ethics cases

|                       | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|------|------|------|------|------|------|
| <b>Ethics Reports</b> | 88   | 90   | 93   | 137  | 126  | 116  |
| o/w Internal          | 51   | 42   | 66   | 65   | 53   | 47   |
| o/w External          | 37   | 48   | 27   | 72   | 73   | 69   |
| <b>Investigations</b> | 61   | 58   | 63   | 85   | 82   | 96   |
| <b>Misconducts</b>    | 22   | 27   | 26   | 47   | 34   | 35   |

# MOL Group

## Details of Ethics Cases

Topics of ethics complaints/'whistleblower' reports in 2019



### ETHICS CASES 2018

Within the ethics management system, MOL Group places special emphasis on communicating its ethical values in their value chain and ethics training in MOL Group subsidiaries in order to prevent ethical misconducts. Furthermore, MOL Group Ethics Council and INA Ethics Council coordinates grievance and 'whistle-blower' report and investigations, manage whistle-blower protection and ethics-related consultancy, provide general compliance decision-making support.

#### Main preventive measures

- ▶ During 2018, the MOL Business Partner Code of Ethics (BPCE) was component in 93.7% of all supplier contracts, 99.9% of service station operator partner contracts, 100% of JV agreements and 99.8% of sponsorship and corporate giving contracts.
- ▶ An updated BPCE was rolled out, which further deepens MOL Group's engagement with business partners, suppliers and contractors in ethical business conduct and respecting human rights, whilst also helping with the achievement of UN SDG 16 of building strong, effective and accountable institutions.
- ▶ Ethics trainings, mainly e-learning, of the CoEBC addressing all the topics covered by the Code were successfully completed by employees in 48 companies of the MOL Group. During 2018, eLearning, classroom courses, managerial presentations, service station employee trainings and other ethics training events totalled 23406 hours.

#### Ethics case management

Cases of misconduct are detected and investigated using various mechanisms throughout the Group by applying the principle of subsidiarity. Cases are inspected by the Ethics Council if the whistle-blower has turned to, or the concerned function escalates the case to the Ethics Council, thus the Ethics Council statistics does not mirror every – typically minor, common or trivial – internal ethical, compliance or security misconduct's investigations. Data of cases handled by MOL Group and INA Group Ethics Councils are consolidated below. Data on specific issues can be found in the corresponding chapters of this report. Data on fraud, theft, misappropriation and other potential criminal offence cases not needing elevated ethics procedure due to triviality, thus managed directly by Security, can be found at the end of this section.

Grievances and whistle-blower reports are handled confidentially, while the online (web-based) submission process is publicly available in English and in Hungarian and anonymous reports are accepted as well. In addition, the Ethics Council operates a 24/7 hotline with an answering machine.

# MOL Group

## Details of Ethics Cases

The combined number of ethics concern reports submitted via MOL Group's whistleblower program 'Speak Up!' and to INA Ethics Council reached 126 during 2018 (o/w 47 were retail customer related complaints), a decrease from the 137 cases registered in 2017. The decrease came mainly on the back of a lower number of internal report cases (53 in 2018 against 65 in 2017), as the proportion of ethics concern reports arriving from external (non-MOL Group company employee) stakeholders increased by one, reaching 73 for 2018.

The majority of the external reports were submitted by customers (77%), service station operators', suppliers', subcontractors' employees (8,5%), unknown or unidentifiable anonym whistle-blowers (8%), business partners, bidders and service station operators (3,2%), job applicants and union (1,6%), concerned local residents (0,8%) and a shareholder (0,8%). Reports were received from 11 countries.

As a result of the overall decrease in ethical case reports, the number of investigations undertaken during 2018 registered a slight decrease compared to 2017.

Regarding 38 ethics concern reports an investigation was justified (not considering the retail customer complaints where all was investigated), and in 19 cases ethical misconduct was verified by investigations conducted based on ethics concern reports in 2018. Consequences of confirmed misconduct (including misconducts at service stations) were 6 cases of termination of employment, as well as 10 written and 11 verbal warnings, financial penalties, bonus reductions and numerous corrective measures incl. follow-up audits and staff trainings. In 2018, stakeholders sought ethics related advice in 3 instances on ethical questions of conflicts of interests, gift and hospitality acceptance.

### Ethical Cases

|                       | 2014 | 2015 | 2016 | 2017 | 2018 | 2018 W/O RETAIL CUSTOMERS |
|-----------------------|------|------|------|------|------|---------------------------|
| <b>Ethics Reports</b> | 88   | 90   | 93   | 137  | 126  | 79                        |
| o/w Internal          | 51   | 42   | 66   | 65   | 53   | 52                        |
| o/w External          | 37   | 48   | 27   | 72   | 73   | 27                        |
| <b>Investigations</b> | 61   | 58   | 63   | 85   | 82   | 38                        |
| <b>Misconducts</b>    | 22   | 27   | 26   | 47   | 34   | 19                        |

The most frequent topics of ethics concern reports were insufficient service towards the customer, unfair employment and/or termination, harassment and inappropriate communication, and fraud/theft. The topics of ethics concern reports are shown in the table below.

### Topics of ethics complaints/'whistle-blower' reports in 2018

| Topics   | 2017 | 2018 |
|--|------|------|
| Insufficient service / Impoliteness with customer    | 15   | 29   |
| Unfair employment / termination                      | 22   | 16   |
| Harassment / Inappropriate communication             | 16   | 15   |
| Fraud / Theft  | 7    | 12   |
| Corruption / Bribery                                 | 4    | 11   |
| Defrauded customer                                   | 10   | 10   |
| Discrimination / unethical performance evaluation    | 12   | 8    |
| HSE Breach   | 8    | 3    |
| Bossing/violation of dignity                         | 3    | 3    |
| Unfair market behaviour / abuse of dominant position | 5    | 3    |
| Defamation   | 2    | 3    |
| Misuse of assets / digital systems                   | 1    | 2    |
| Misleading customer information                      | 4    | 2    |
| Unethical supplier                                   | 1    | 2    |

# MOL Group

## Details of Ethics Cases

|  |    |    |
|--|----|----|
| Sexual harassment                                    | 1  | 2  |
| Conflict of interest                                 | 0  | 2  |
| Bid rigging / tender evaluation                      | 0  | 2  |
| Human rights violation / suppressing local community | 0  | 2  |
| Bullying/threatening                                 | 3  | 1  |
| Violation of confidentiality/intellectual property   | 3  | 1  |
| Violation of corporate loyalty                       | 0  | 1  |
| Violation of privacy                                 | 0  | 1  |
| Workplace violence                                   | 1  | 0  |
| Retaliation  | 1  | 0  |
| Other (irregularities in operation)                  | 13 | 11 |

Overall, ethical misconduct was proved in 34 cases, the topic of which were impoliteness with customer / Insufficient service (9), Fraud / Theft / Misuse of corporate assets (6), Defrauding / damaging customer by mistake (5), HSE breach / negligence (3), Sexual harassment (2), Harassment / Threats / Unethical communication (2), Unethical employment practice (2), Breach of corporate loyalty (damaging reputation on social media, defaming company and colleagues) (2), Privacy violation (1), Confidentiality breach (1) and Corruption (1). In most of these cases, the consequence was a written warning and action plan for compliance awareness and culture development. In further cases the violation of the Code of Ethics and Business Conduct resulted in termination of work contract (4), criminal report (2), entry ban from MOL premises (2), process change and corrective measures (4), and in verbal warning in 2 cases.

In 2018, stakeholders sought advice from the Ethics Council in 3 instances on ethical questions. regarding conflict of interest and gifts & hospitality. The Ethics Council annually reports about ethics-related cases to the Board of Directors' Sustainable Development Committee and to the Supervisory Board and publishes in internal publications and on the web (anonymized) details about the established cases of misconduct to raise awareness.

Regarding security reports, in 2018 from the total of 1120 investigations, MOL Group Security identified 565 cases of misconduct (51%). 81% of cases of misconduct were committed at service stations, 14,5% involved misuses of corporate property, breaches of security rules or fraud at MOL Group companies, 2% involved conflicts of interest, and 3% related to security risks that concerned business partners.

### Security investigations, 2018

|   | TOTAL | Group | MOL | Slovnaft | INA |
|---|-------|-------|-----|----------|-----|
| <b>Security Investigations</b>  | 1120  | 137   | 561 | 197      | 225 |
| <b>Misconducts</b>  | 565   | 41    | 315 | 124      | 85  |
| o/w committed at service stations   | 456   | 0     | 297 | 112      | 47  |
| o/w misuses of corporate property, breaches of security rules or fraud at MOL Group companies | 82    | 21    | 13  | 11       | 37  |
| o/w conflicts of interest   | 9     | 4     | 4   | 0        | 1   |
| o/w security risks that concerned business partners   | 18    | 16    | 1   | 1        | 0   |

MOL includes: Hungary, Romania, Serbia, Slovenia.

INA: includes Bosnia and Croatia.

Slovnaft: includes Slovakia, Czech R., Austria and Poland

### ETHICS CASES 2017

Within the ethics management system, MOL Group places special emphasis on communicating the Code of Ethics and ethics training.

- ▶ MOL Group Code of Ethics and Business Conduct (updated in 2016 based on Ethics Management System third-party audit) was rolled out with comprehensive communications and training campaign.
- ▶ A total of 14,691 estimated hours of ethics training /eLearning courses were successfully deployed in MOL Group
- ▶ MOL Business Partner Code of Ethics was updated and published
- ▶ New 'Template Code' was published for business partners supporting them in implementation of own codes
- ▶ Supplier pre-screening and pre-qualification including ethics and compliance risk assessment went live.
- ▶ Based on previously completed group-level human rights risk assessment and vulnerable group identification, human rights "due diligence" process implementation feasibility assessment was started at International E&P.
- ▶ MOL Group published on its website a report on payments to governments in countries where it has exploration and production activities

Group Ethics Officer (a member of the MOL Group Compliance and Ethics unit) on behalf of MOL Group Ethics Council coordinates grievance and 'whistle-blower' report and investigations, manages whistle-blower protection and ethics-related consultancy, provides general compliance decision-making support. For INA Group Ethics Council operative support is provided by HR organization, operation is managed directly by INA Group Ethics Council chairperson.

Cases of misconduct are detected and investigated using various mechanisms throughout the Group by applying the principle of subsidiarity. Cases are inspected by the Ethics Council if the whistle-blower has turned to, or the concerned function escalates the case to the Ethics Council, thus the Ethics Council statistics does not mirror every – typically minor, common or trivial – internal ethical, compliance or security misconduct's investigations. Data of cases handled by MOL Group and INA Group Ethics Councils are consolidated below. Data on specific issues can be found in the corresponding chapters of this report. Data on fraud, theft, misappropriation and other potential criminal offence cases not needing elevated ethics procedure due to triviality, thus managed directly by Security, can be found at the end of this section.

Grievances and whistle-blower reports are handled confidentially, while the online (web-based) submission process is publicly available in English and in Hungarian and anonymous reports are accepted as well. In addition, the Ethics Council operates a 24/7 hotline with an answering machine.

The number of reports submitted via 'Speak Up!' and to INA Ethics Council and the number of investigations has been continuously increasing over the last five years. Compared to the 93 ethics-related complaints/reports submitted in 2016, a higher number (137 including retail customer complaints or 110 excluding these) was received by MOL Group and the INA Group Ethics Councils in 2017. This continuous increase indicates an improvement in awareness about ethics and compliance by internal and external stakeholders, which is in line with the group's visibility and awareness arising strategy. The proportion of ethics-related reports arriving from external (non-MOL Group company employee) stakeholders increased (30% of the total in 2016; 52% in 2017) as improved 'SpeakUp!' web-site visibility at mol.hu website encouraged Hungarian customers to submit satisfaction issues regarding retail service stations and host attitudes here. These were channelled to customer services, and only consumer protection compliance monitoring was kept. Excluding retail customer complaints, the proportion of ethics concern report from external sources was 25.5% in 2017, showing a slight decrease compared to 2016.

External reports were submitted by customers (53%), service station operators', suppliers', subcontractors' employees (12.5%), former employees and job applicants (12.5%), contractual partners and service station operators (8%), and concerned local residents, land owners (4%). In 8% of external reports, the submitter's relationship with MOL Group was not revealed, since whistle-blowers have the option not to disclose such details.

Ethics reports were received from 7 countries. In the Top 3 were Hungary with 69% of the cases (of which one fourth concerned retail customer complaints), Croatia (13%) and Pakistan (6%).

#### Ethics Cases

|                       | 2013 | 2014 | 2015 | 2016  | 2017 | 2017 W/O RETAIL CUSTOMERS |
|-----------------------|------|------|------|-------|------|---------------------------|
| <b>Ethics Reports</b> | 81   | 88   | 90   | 93*** | 137  | 110                       |
| o/w Internal          | 56   | 51   | 42   | 66    | 65   | 65                        |

# MOL Group

## Details of Ethics Cases

|                       |    |    |    |     |      |    |
|-----------------------|----|----|----|-----|------|----|
| o/w External          | 25 | 37 | 48 | 27  | 72   | 35 |
| <b>Investigations</b> | 45 | 61 | 58 | 63  | 85   | 66 |
| <b>Misconducts</b>    | 25 | 22 | 27 | 26* | 47** | 33 |

\* Restatement: Investigations which commenced in 2016 and closed in 2017 revealed additional two cases of misconduct, resulting in a total of 26 case of misconduct for 2016.

\*\*As of the end of 2017 12 (2 at INA) investigations were ongoing, 1 suspended until court proceeding is over.

\*\*\* In 2016 Ethics Concern Reports contained 8 retail customer complaints.

The most frequent topics of ethics concern reports are shown in the table below.

### Topics of ethics complaints/'whistle-blower' reports in 2017

| Topics  | 2016 | 2017 |
|---|------|------|
| Unfair employment / termination                             | 6    | 22   |
| Harassment / Inappropriate communication                    | 24   | 16   |
| Insufficient service / Impoliteness                         | 5    | 15   |
| Discrimination / unethical performance evaluation           | 14   | 12   |
| Defrauded customer  | -    | 10   |
| HSE Breach  | 2    | 8    |
| Fraud / Theft   | 14   | 7    |
| Abuse of MOL's dominant position                            | 0    | 5    |
| Corruption / Bribery  | 3    | 4    |
| Misleading customer information                             | 2    | 4    |
| Other (incl. defamation, violation of confidentiality etc.) | 27   | 29   |

Regarding 66 ethics concern reports an investigation was justified (not considering the retail customer complaints where all was investigated), and in 33 cases ethical misconduct was verified by investigations conducted based on ethics concern reports in 2017. Ongoing cases at the end of 2017: 12 at MOL and 2 at INA. Consequences of confirmed misconduct included eight cases of termination of employment and two cases of terminations of partner contracts, as well as 11 written and 3 verbal warnings, financial penalties, bonus reductions and numerous corrective measures incl. follow-up audits and staff trainings.

In 2017, stakeholders sought advice from the Ethics Council in 7 instances on ethical questions. The Ethics Council annually reports about ethics-related cases to the Board of Directors' Sustainable Development Committee and to the Supervisory Board, and publishes in internal publications and on the web (anonymized) details about the established cases of misconduct to raise awareness.

Regarding security reports, in 2017 from the total of 1358 investigations, MOL Group Security identified 632 cases of misconduct (47%). 83% of cases of misconduct were committed at service stations, 12% involved misuses of corporate property, breaches of security rules or fraud at MOL Group companies, 2% involved conflicts of interest, and 3% related to security risks that concerned business partners.

### Security investigations, 2017

|   | TOTAL | Group | MOL | Slovnaft | INA |
|---|-------|-------|-----|----------|-----|
| <b>Security Investigations</b>  | 1358  | 37    | 600 | 435      | 286 |
| <b>Misconducts</b>  | 632   | 8     | 239 | 294      | 91  |
| o/w committed at service stations   | 524   | 0     | 203 | 271      | 50  |
| o/w misuses of corporate property, breaches of security rules or fraud at MOL Group companies | 75    | 3     | 21  | 11       | 40  |
| o/w conflicts of interest   | 14    | 1     | 13  | 0        | 0   |

|   |    |   |   |    |   |
|---|----|---|---|----|---|
| o/w security risks that concerned business partners | 19 | 4 | 2 | 12 | 1 |
|---|----|---|---|----|---|

MOL includes: Hungary, Romania, Serbia, Slovenia.

INA: includes Bosnia and Croatia.

Slovnaft: includes Slovakia, Czech R., Austria and Poland

## ETHICS CASES 2016

Within the ethics management system, MOL Group places special emphasis on communicating the Code of Ethics and ethics training.

- ▶ In 2016 MOL Ethics Management System third party audit was completed with result showing strong institutions, outstanding system design and good compliance with the set processes promoting ethical behaviours, in addition fields and topics of improvement opportunities were identified.
- ▶ Deeper assessment and understanding of human rights-related risks in the value chain was started by completing the first group level human rights risk assessment and vulnerable group identification.
- ▶ Public websites of MOL Group ethical commitment, the Ethics Management System and 'Speak Up!' compliance and ethics whistle-blowing were updated providing more transparent and more comprehensive information.
- ▶ MOL Group Code of Ethics was reviewed and an updated Code of Ethics and Business Conduct was elaborated
- ▶ The second-highest number of ethics concern reports were filed in International Upstream, proving the effective uptake of the grievance mechanism by target audiences
- ▶ A total of 11,970 hours of ethics training, eLearning courses were successfully deployed in MOL Group (including MOL Plc., 48 MOL Group companies and 16 companies consolidated by INA d.d.).

### Ethics cases

The Group Ethics Officer (a member of the Group Compliance and Ethics unit) coordinates responses on behalf of the Ethics Council to grievances and reports addressed to the Ethics Council via the 'Speak Up!' whistle-blowing system, investigations into ethics-related issues, whistle-blower protection and ethics-related questions, and provides general decision-making support.

Cases of misconduct are detected and investigated using various mechanisms throughout the MOL Group by applying the principle of subsidiarity. Cases are inspected by the Ethics Council only if the whistle-blower has turned to (or the concerned functionary escalates the case to) the Ethics Council, thus the Ethics Council statistics does not mirror every – typically minor or trivial – internal ethics, compliance or security investigations. Data about these cases can be found in the corresponding chapters of this report. Data about cases managed by Security can be found at the end of this section.

Grievances and whistle-blower reports are handled confidentially, while the (web-based) grievance submission process is publicly available in English and in Hungarian and anonymous reports are accepted as well. In addition, the Ethics Council operates a 24/7 hotline with an answering machine.

The number of reports submitted via 'Speak Up!' and ethics investigations has increased over the last five years. Compared to the 90 ethics-related complaints/reports submitted in 2015, a higher number (93) were received by MOL Group and the INA Group Ethics Councils in 2016. This continuous increase indicates an improvement in awareness about ethics issues by internal and external stakeholders, in line with our strategy. The proportion of ethics-related reports arriving from external (non-MOL Group company employee) stakeholders decreased (53% of the total in 2015; 30% in 2016) for two reasons: first, this year less anonymous reports, which were previously counted statistically as external reports, were submitted; second, the 'Speak Up!' website update provides more precise information about compliance and ethics issues, thus minor customer satisfaction issues emerging from retail can be channelled directly to customer services.

External reports were primarily submitted by customers (37%), suppliers, supplier subcontractors and employees (22%), concerned other third party, citizens (11%), and former service-station partners and employees (11%). One report/grievance was filed by a former employee and one by a shareholder (8%). In 11% of external reports, the relationship with MOL Group was not revealed, since whistle-blowers have the option not to disclose such details.

Ethics reports were received from 11 countries. Hungary (38%) and Croatia (11%) – the counties with the largest MOL Group operations – and also Pakistan (22%) are top of the list. The latter figure (relating to Pakistan) is probably connected with the weaker rule-of-law, and the tendency to seek alternative forms of justice where possible.

# MOL Group

## Details of Ethics Cases

The most frequent topics of ethics complaints are shown in the table below.

*Topics of ethics complaints/'whistle-blower' reports in 2016*

| Topics  | Share of ethics reports in 2016 [%] |
|---|-------------------------------------|
| Harassment / Inappropriate communication          | 24                                  |
| Fraud / Theft                                     | 14                                  |
| Discrimination / unethical performance evaluation | 14                                  |
| Unlawful employment / termination                 | 6                                   |
| Misuse of assets / digital systems                | 5                                   |
| Insufficient service / Impoliteness               | 5                                   |
| Conflict of interests                             | 4                                   |
| Bullying / Threatening                            | 4                                   |
| Corruption / Bribery                              | 3                                   |
| Unethical supplier                                | 3                                   |
| Defamation  | 2                                   |
| HSE Breach of rules                               | 2                                   |
| Workplace violence                                | 2                                   |
| Misleading information                            | 2                                   |
| Biased tender evaluation                          | 2                                   |
| Sexual Harassment                                 | 2                                   |
| Violation of privacy                              | 1                                   |
| Other   | 2                                   |

Regarding ethical reports, in 63 cases an investigation was considered justified, and in 24 cases ethical misconduct was verified (Ongoing cases at the end of 2016: 12 in MOL; 1 in INA Ethics Council).

Consequences for ethical misconduct included the termination of six employment contracts and one supplier contract, eight written disciplinary notices, and two verbal disciplinary warnings. In three cases the Ethics Council made recommendations about how to correct and improve business processes, and in one case the Ethics Council ordered a customer to be reimbursed. Regarding three complaints concerning fake job offers made by fraudsters in the name of MOL, criminal charges were initiated. One employee with theft-related disorders who had caused minor damage to colleagues was ordered to attend therapy. There were no confirmed cases of corruption but in one case of a confirmed conflict of interest, disciplinary measures were initiated.

In 2016, stakeholders sought advice from the Ethics Council in 7 instances, all of whom received satisfactory replies. The Ethics Council annually reports about ethics-related cases to the Board of Directors' Sustainable Development Committee and to the Supervisory Board, and publishes in internal publications and on the web (anonymized) details about the established cases of misconduct to raise awareness about ethical norms.

Regarding security reports, in 2016 from the total of 1,222 investigations, MOL Group Security identified 578 cases of misconduct (47.3%). 70.3% of cases of misconduct were committed at filling stations, 28% involved misuses of corporate property, breaches of security rules or fraud at MOL Group companies, 1% involved conflicts of interest, and 0.7% related to security risks that concerned business partners. As a result of the revealed conflicts of interest, managers who exercised employer's rights were informed so that consequences could be determined for individuals. Within MOL Group's filling station network, we distributed financial penalties to distributors and terminated the operational contracts/employment contracts of some station attendants. When criminal offences were committed against MOL Group companies, charges were pressed against the perpetrators.

### ETHICS CASES 2015

#### Ethics

Within the ethics management system, MOL Group places special emphasis on communicating the Code of Ethics and ethics training.

- ▶ The Code of Ethics has been translated into Ukrainian and is now available to employees and external stakeholders in 13 languages (English, Bosnian, Croatian, Polish, Hungarian, German, Italian, Russian, Romanian, Serbian, Slovakian, Slovenian and Ukrainian).
- ▶ The Business Partner Code of Ethics is a component of 98% of supplier contracts.
- ▶ An ethics awareness-raising poster campaign against harassment, discrimination and corruption was continued at all MOL Group companies.
- ▶ Ethics eLearning courses – addressing all topics covered by the Code – were successfully completed by employees with Intranet access at Slovnaft Česká republika, Papoil, MOL Retail, MOL Čerpací stanice, MOL Romania, MOL Slovenija, and partly at MOL Plc. and MOL Ltd.
- ▶ 100% of managers and 96% of employees have attended an annual presentation and discussion delivered by direct managers on actual ethics related achievements and ethics cases. 100% of level 1-4 managers have published an ethics statement via the Intranet to make it publicly available and to increase transparency.
- ▶ In order to raise ethical awareness in retail networks, tailor-made trainings were conducted for service station operator partners and attendants in Slovakia and Hungary. Special ethics training was conducted for managers in Croatia.
- ▶ Based on estimates, eLearning and ethics presentations delivered by managers and filling station training events totalled 14,855 hours. See detailed HIGHLIGHTS, FIGURES AND CASES

#### Ethics cases

Compared to the 88 ethics-related complaints/reports submitted in 2014, a higher number of 90 were received by MOL Group and the INA Group Ethics Council this year. The continuous increase in the number of reports concerning possible ethical misconducts indicate for us improvement in the ethical awareness of internal and external stakeholders. The proportion of ethics complaints and reports arriving from external (non-MOL Group company employee) stakeholders is increasing (53% in 2015).

External reports were primarily submitted by customers (23%), supplier's employees (19%), former employees (14%), suppliers (10), and local communities/citizens (6%). Further reports or grievances were filed by tender bidder, shareholder and journalist one by each (6%). In 19% of external reports – due to the option for submitting anonymous reports – connection with MOL Group was not indicated. Ethics reports were received from 8 countries. Among the top 3 countries of complaint origin there is Hungary and Croatia due to the largest MOL Group operations there, but the second highest number of cases originated from and Pakistan which is in connection with the weaker rule of law in the country and the tendency of seeking alternative justice. The most frequent topics of the ethics complaints were harassment/bad communication (25%), fraud and theft (13%), corruption and bribery (10%), discrimination (6%), conflict of interest (6%). The table below shows how the ethics reports are divided based on topics.

#### Topics of ethics-related reports in 2015

| Topics                             | Share of total number of reports |
|------------------------------------|----------------------------------|
| Harassment / bad communication     | 25%                              |
| Fraud/Theft                        | 13%                              |
| Corruption/Bribery                 | 10%                              |
| Discrimination                     | 6%                               |
| Conflict of interest               | 6%                               |
| Insufficient service /Impoliteness | 4%                               |
| HSE breach                         | 3%                               |
| Bullying/Threatening               | 3%                               |

|                           |     |
|---------------------------|-----|
| Defamation                | 3%  |
| Misuse of digital systems | 2%  |
| Forced labour             | 2%  |
| Violation of privacy      | 2%  |
| Insider trading           | 1%  |
| Vandalism                 | 1%  |
| Other                     | 14% |

In 58 cases launching investigation was justified and in 25 cases ethical misconduct was verified. (Ongoing cases: 13 in MOL; 1 in INA).

In 2015 the most common types of ethical misconducts involved minor frauds and thefts committed on service stations like consuming of shop goods and coffee from vending machines without paying resulting in written disciplinary notices, but it also occurred that a service station attendant applied unfair FX rate for a customer paying with Euro. In one case a carpool manager made false statement to the police on behalf of a MOL Group company in order to save a friendly co-worker from traffic violation charges committed with company pool car. A manager attempted to acquire travel cost reimbursement in cash after car usage knowing that the fuel costs were already covered by company fuel card. An employee provided fake university degree upon entry and false data on work attendance later on. In two cases acts of corruption was revealed: in one case an employee was invited by a supplier for a conference and additional leisure time days, but failed to report it to line manager, failed to register the absence as a business trip or vacation and also failed to register the invitation in the gifts & hospitality register. In another case a manager accepted a high value car from an owner of a service provider as a wedding gift since they were also relatives, but failed to register it in the gifts & hospitality register and also failed to preliminary report the conflict of interest. In one case a retail mystery shopping service provider's agent was in conflict of interest with a service station but failed to report it and provided biased evaluation, therefore the agent was excluded from performing any activities for MOL. A service station operator applied unethical employment practice by permanently employing attendants in co called simplified employment causing that the attendants received no social security status. Two managers forced an employee to sign termination with mutual agreement with threats. A service station attendant published an intentionally humorous notice on the wall of the service station which was in effect humiliating for male co-workers. A contractor's repairman sexually harassed a service station attendant. A MOL contractor's employee complained that that the employer does not provide the sufficient personal safety gear, which was found justified by audit. A defamatory letter concerning a filling station attendant was sent out to numerous business partners by an ex-MOL employee disclosing personal details. Threatening tone was used by a MOL representative towards a business partner. A service station operator partner had intimidating attitude. An employee acted in offensive manner on an off-site event. In three cases inappropriate communication, abusive, harassing or insulting language and spreading humiliating rumours were revealed; these cases also involved misuse of corporate digital systems.

Consequences for the ethical misconducts include the following: termination of employment in 7 cases, written disciplinary notices were issued in 9 cases and verbal disciplinary notices given in 2 more while cash penalties were awarded to filling station operating partners in 2 cases. In the remaining cases the Ethics Council ordered customer reimbursement, anger management training, apology, publication of extraordinary communiqué on certain ethics and compliance issues and gave process improvement recommendations to avoid further misconducts. In 2 confirmed corruption cases termination of employment and exclusion of two suppliers was applied. In 1 case of confirmed conflict of interests the contribution of a supplier's agent was excluded from all MOL Group orders.

In 2015 stakeholders sought advice at the Ethics Council in 13 instances concerning ethical questions or dilemmas and received 100% satisfactory reply. The Ethics Council regularly reports about ethics related cases to the Executive Board and Supervisory Board and annually publishes on the web the established misconducts in an anonymous form to raise awareness of ethical norms.

Regarding security reports, in 2015 from the total of 1,241 investigations MOL Group Security identified 562 cases of misconduct (45.2%). The increase in the number of investigations compared to last year is due to the launch of a more systematic conflict of interest investigation process in Croatia. 71.4% of misconduct cases were committed at filling stations, 13% were thefts and frauds in MOL Group companies, 8.4% involved misuse of corporate property or breaches of security rules, 4.6% involved conflicts of interest and 2.6% related to security risks that concerned business partners. As a result of the revealed conflicts of interest, the managers who exercised the employer's rights were informed so that consequences could be determined for individuals. Within MOL Group's filling station network, we distributed financial penalties to distributors and terminated the operational contracts/employment contracts of some

# MOL Group

## Details of Ethics Cases

station attendants. When criminal offences were committed against MOL Group companies, charges were pressed against the perpetrators.

### ETHICS CASES 2014

#### Ethics

**Within the ethics management system, MOL Group places special emphasis on communicating the Code of Ethics and ethics training.**

- ▶ The Code of Ethics has been translated into Ukrainian and is now available to employees and external stakeholders in 13 languages (English, Bosnian, Croatian, Polish, Hungarian, German, Italian, Russian, Romanian, Serbian, Slovakian, Slovenian and Ukrainian).
- ▶ The Business Partner Code of Ethics is a component of 99% of supplier contracts.
- ▶ An ethics awareness-raising poster campaign against harassment, discrimination and corruption was launched at all MOL Group companies.
- ▶ Ethics eLearning courses – addressing topics such as human rights and corruption – were successfully completed by employees with Intranet access at INA Group, MOL-Russ, Slovnaft Czech Republic s r. o., SLOVNAFT Polska S. A., MOL Romania, Geoinform Ltd., Petrolszolg Ltd., and Tifon d.o.o.
- ▶ 94% of our employees have attended an annual ethics presentation that is delivered by managers. Level 1-4 managers have published an ethics statement via the Intranet to make it publicly available and to increase transparency.
- ▶ In order to raise awareness of ethics-related issues in the supply chain, special ethics-focused training was conducted for filling station operators and attendants in the Czech Republic, Bosnia and Herzegovina, Croatia, Hungary, Romania, Serbia, Slovakia and Slovenia.
- ▶ Based on our estimates, eLearning and ethics presentations delivered by managers and filling station training events totalled 26,490 hours.
- ▶ In addition to ethics investigations and an assessment of ethics-related measures and country and company risk, internal ethics auditing continued this year at 10 subsidiaries and organizational units.

#### Ethics cases

The Ethics Council is responsible for ensuring that all MOL Group employees comply with the Code, thus the Council, among its other responsibilities, replies to questions that are raised and conducts internal investigations. This year the Council primarily assisted in resolving ethics-compliance issues associated with harassment/inappropriate communication, theft/fraud and discrimination.

Compared to the 81 ethics-related complaints/reports reported in 2013, a higher number, 88 were reported to MOL Group and the INA Group Ethics Council in 2014. The higher number of potential ethical breaches indicates an improvement in the ethical awareness of employees at an increasing number of MOL Group companies. The same trend can be observed with external stakeholders.

- ▶ Ethics reports were received from 8 countries, including Iraq and Pakistan, which is a sign of the effective group-level rollout of the ethics management system
- ▶ 58% of the reports were received from internal stakeholders and 42% were filed by external stakeholders (this represents an increase of external reports of 11% year-on-year).
- ▶ External reports were primarily submitted by customers (27%), former employees (24%), and local communities/citizens (22%). 19% were filed by suppliers/business partners and 1% were received from shareholders.

#### Topics of ethics-related reports in 2014

| Topics                                   | Share of total number of reports |
|--|----------------------------------|
| Harassment / inappropriate communication | 34%                              |
| Discrimination                           | 8%                               |
| Theft/fraud                              | 11%                              |
| Misuse of digital system                 | 2%                               |

|                      |     |
|----------------------|-----|
| Corruption/bribery   | 5%  |
| Conflict of interest | 2%  |
| Breach of HSE norms  | 3%  |
| Unethical supplier   | 5%  |
| Other                | 30% |

88 reports were received in total, from which 61 were investigated by the Ethics Council in 2014. Out of the 61 investigations, ethical misconduct was substantiated in 16 cases and 19 investigations are in progress. In addition, the Ethics Council initiated 3 investigations in 2013 that were completed in 2014. Of these cases, ethical misconduct was substantiated in two cases concerning bribery and making false entries in statements.

Consequences for the ethical misconduct revealed by the Ethics Council include the following: termination of employment in 3 cases, written disciplinary notices were issued in 9 cases and verbal disciplinary notices given in 4 more while cash penalties were awarded to filling station operating partners in 2 cases. Transfer to another workplace was suggested in 2 cases. Customer reimbursement, termination of partner contract and an apology were requested in 1 case each. In the bribery case all the business associations and subcontractors associated with the shareholders and/or senior managers of the company have been blacklisted and excluded from future MOL Group tenders for a period of 99 years. In the remaining cases, the Ethics Council recommended that the awareness of ethical norms should be raised. The Ethics Council regularly reports about ethics related cases to the Executive Board and Supervisory Board and takes the necessary measures to raise awareness of ethical norms.

In 2014, the most common types of cases involved inappropriate communication. The style of some managers was found to be offensive and insulting by a number of our colleagues and a manager failed to involve their direct manager in a performance evaluation and to provide the daily, up-to-date information required to perform their duties: this conduct was considered malicious behaviour. There were some cases of inappropriate and disturbing e-mail communication between employees, harassing phone calls on official cell phones, verbal attacks, threats and cursing. A filling station attendant talked to a customer impolitely. Due to the lack of formal communication with a supplier the company became convinced from information derived from hearsay and rumours that it had fallen out of favour. A manager forwarded an e-mail to a supplier without authorisation. A number of cases of misconduct associated with low value fraud and impropriety by filling station attendants were detected (such as misuse of the loyalty card of a customer, the addition of the price of unpurchased newspapers to the cost of a purchased motorway vignette, borrowing of money from the cash registry and being caught stealing on a video surveillance system). A guarantee fund was not released on time to a former filling station employee. The amount that should have been released was incorrectly calculated.

Cases of falsification included when a project leader and an employee reported a piece of work to be unfinished. The settlement documentation for the supplementary work was missing. An employee failed to report changes in the data that constitute the basis of expense reimbursement settlements, therefore HR failed to cancel an expense reimbursement payment for commuting to work.

Violations of HSE standards were identified when a manager failed to report a "near-miss" HSE incident. Other cases of ethical misconduct included the violation of personal rights which occurred when a manager placed a video recording tool in a unisex changing room without the approval of colleagues. A MOL Group supplier placed a significant amount of money in a greetings card envelope which was to be given to a professional buyer during a year-end courtesy visit. The IT system (e-mail) was used for private purposes (i.e. a civil initiative). In 2012 we extended the scope of data supply related to ethics cases to the breaches of ethical norms identified by MOL Group Corporate Security.

In 2014, of the total of 877 investigations, MOL Group Security identified 427 cases of misconduct (48.6%). 67.2% of the cases concerned misconduct at filling stations, 27.4% were thefts and frauds from MOL Group companies, 3% involved misuse of corporate property or breaches of security rules, 1.87% were conflicts of interest and 0.5% were security risks that concerned business partners. As result of the disclosed conflicts of interest the managers who exercised the employer's rights were informed so that consequences could be determined for individuals.

At the MOL Group filling station network, financial penalties for distributors, the termination of contracts to operate and the termination of the employment contracts of station attendants took place. When criminal offences were committed against MOL Group companies, charges were pressed against the perpetrators.

### ETHICS CASES 2013

#### Ethics

Within the ethics management system we lay special emphasis on communicating our Code of Ethics and ethics training and we started internally auditing the system in 2013.

- ▶ We have translated the Code of Ethics into Bosnian and it is now available to employees and external stakeholders in 12 languages (English, Bosnian, Croatian, Polish, Hungarian, German, Italian, Russian, Romanian, Serbian, Slovakian and Slovenian).
- ▶ The Business Partner Code of Ethics is a component of 87% of supplier contracts. The Code has been amended and now states that MOL Group does not support the unethical practice of chain debt.
- ▶ The Ethics Council issued a position statement on harassment/inappropriate communication to increase awareness of ethical norms. We also published an article on human rights in MOL's scientific journal.
- ▶ Ethics eLearning courses – addressing topics such as human rights and corruption – were successfully completed by employees with Intranet access at INA d.d., MOL Plc., MOL Serbia, MOL-Russ, SLOVNAFT a.s., SLOVNAFT Polska S. A., as well as at TVK Plc. 99% of our employees attended the annual ethics presentation that is delivered by managers.
- ▶ Level 1-4 managers have published an ethics statement via the Intranet to make it publicly available and to increase transparency. Based on estimates, eLearning and ethics presentations delivered by managers totalled 20,096 hours.
- ▶ Within our monitoring system, in addition to ethics investigations and an assessment of ethics measures and country and company risk, we started an internal ethics audit this year in which TVK Plc. achieved a score of 100%.
- ▶ In a survey conducted by Transparency International about anti-corruption measures and the transparency of reporting of large enterprises operating in Hungary, MOL Plc. and TVK Plc. achieved an outstanding score of 96%.

#### Ethical cases 2013

The Ethics Council is responsible for ensuring that all MOL Group employees comply with the Code, thus the Council, among its other responsibilities, replies to questions that are raised and conducts internal investigations. This year the Council primarily assisted in resolving ethics compliance issues associated with harassment, conflicts of interest and filling station attendant responsibilities.

Compared to the 49 ethics-related complaints/reports reported in 2012, a higher number (81) were reported to MOL Group and the INA Group Ethics Council in 2013. The higher number of potential ethical breaches indicates an improvement in the ethical awareness of employees at an increasing number of MOL Group companies. The same trend can be observed with external stakeholders.

- ▶ Ethics reports were received from 8 countries, including Iraq and Pakistan, which is a sign of the effective group level rollout of the ethics management system.
- ▶ 69% of the reports were received from internal stakeholders and 31% were filed by external stakeholders (this represents an increase of 17% year-on-year).
- ▶ External reports were primarily submitted by customers (38%) and suppliers/business partners (38%). 19% were filed by employees and 4% were received from local communities/citizens.

#### Topics of ethics-related reports in 2013

| Topics                                   | Share of total number of reports |
|--|----------------------------------|
| Harassment / inappropriate communication | 32%                              |
| Discrimination                           | 21%                              |
| Theft/fraud                              | 10%                              |
| Misuse of digital system                 | 6%                               |
| Corruption/bribery                       | 5%                               |
| Conflict of interest                     | 4%                               |
| Breach of HSE norms                      | 3%                               |

|                    |     |
|--------------------|-----|
| Unethical supplier | 2%  |
| Other              | 17% |

81 reports were received in total from which 45 were investigated by the Ethics Council in 2013. Out of the 45 investigations, ethical misconduct was substantiated in 24 cases and 3 investigations are in progress. In addition, the Ethics Council initiated 6 investigations in 2012 that were completed in 2013. Of these cases, ethical misconduct was substantiated in one case concerning the endangering of reputation.

Consequences for ethical misconduct revealed by the Ethics Council include the following: termination of employment in 2 cases, 20% wage reduction for 1 month in one case and 5 months in another, written disciplinary notices were issued in 16 cases and verbal disciplinary notices given in 3 more, cash penalties were awarded to filling station partners in 3 cases and an apology was requested in 2 cases. In the remaining cases, the Ethics Council recommended that the awareness of ethical norms be raised. The Ethics Council regularly reported on ethics related cases to the Executive Board and took the necessary measures to raise awareness of ethical norms.

In order to raise awareness, since 2011 the Ethics Council makes cases investigated and closed with ethical misconduct found substantiated available to all stakeholders of the Company.

In 2013, most frequent case types included **low value frauds and improprieties** by filling station attendants, such as rejecting bank card payment, returning less change upon cash payment, failing to issue cash receipts, recording currency exchange transactions, manipulating coffee vending machines. A number of misconducts associated with **misuse of digital systems** were identified, where employees used corporate electronic systems and assets for private purposes by distributing offensive or pornographic content via the messaging system or company mobile phones. **Cases of negative discrimination** included an article distributed within the internal messaging system that placed female managers in a false light, a manager engaged in a humiliating behaviour towards an employee based on his ethnic origin, and an internal press coverage published prior to Workers' Council elections violated the right to equal opportunities. Cases involving **inappropriate communication** included conversations between employees using an offensive tone, managers raised their voice and used inappropriate language towards subordinates, employees engaged in humiliating behaviour towards managers, a filling station partner engaged in inappropriate communication towards a customer, cynical tone that could be found insulting by others was used in a training material. **Other cases of ethical misconduct** included requesting, authorising and performing services as a favour, accepting low value cash-type gifts, searching personal belongings of an employee, as well as cases of chain debts towards subcontractors.

In 2012 we extended the scope of data supply related to ethics cases to breaches of ethical norms identified by MOL Group Corporate Security.

Of the 1437 cases investigated within MOL Group in 2013, MOL Group Corporate Security found 526 cases of fraud (36.6%). Of these, 62.4% related to fraud at a filling station, 28.5% related to misuse of company property or non-compliance with property protection norms, 8.2% were violations of conflicts of interest rules and 0.9% were security risks related to business partners.

Due to the conflicts of interest identified, orders to terminate the legal relationship identified as causing the conflict were issued in 3 cases and permission to maintain such legal relationships for a specified term was issued in 1 case. Across MOL Group's filling station network, 3 operational contracts and 41 employment contracts were terminated.

## ETHICS CASES 2012

### Ethics

In 2012 within the ethics management system we laid special emphasis on communicating our Code of Ethics and conducting ethics training.

- ▶ The modified Code of Ethics was made accessible in 11 languages (English, Hungarian, Slovak, Croatian, Italian, Romanian, German, Polish, Slovene, Serbian and Russian)
- ▶ Extending the previous Supplier Code of Ethics, the MOL Group [Business Partner Code of Ethics](#) was further elaborated. We are striving to make it part of every contract
- ▶ The separate intranet site of the Ethics Council was developed. It contains MOL's Code of Ethics and related training and monitoring materials. It is possible there to directly report ethical breaches and ask ethics-related questions
- ▶ An Internet reporting system which supports the handling of external grievances was created

- ▶ New ethics-related e-learning materials and presentations were drawn up. They deal, among other things, with human rights and corruption issues. This e-learning was successfully undertaken by employees at IES, MOL Romania, MOL Slovenija, Slovnaft Ceska and MOL Austria, and employees from Russian, Iraqi and several Hungarian companies who had intranet access also took part. This e-learning and the managerial presentations took, according to our estimates, a total of 17,400 hours.
- ▶ 24 ethics officers were appointed at companies which employ more than 200 employees, and 5 ethics officers at smaller companies
- ▶ An assessment of ethical risks by country was conducted for 14 countries and, in order to increase transparency as a new element of the system, managers made a public statement on the intranet about how they had personally give an presentation on ethics to their employees

### Ethics cases

The task of the Council is to ensure that all MOL Group employees comply with the Code, thus among other tasks the Council replies to questions that are raised and conducts investigations. This year, many questions related in particular to the acceptance of gifts, gift registers and conflicts of interest were received.

In 2012, the MOL Group and INA Group Ethics Council received a total of 49 notifications compared to 38 in 2011. The increasing number of notifications is considered to be a positive result as it shows how the ethical awareness of our employees has soared throughout the companies of the MOL Group. The same tendency can be recognized with our external stakeholders.

The Ethics Council performed investigations for 34 cases from the 49. Ethical misconduct was proven in 13 cases out of these 34. Furthermore, the Ethics Council initiated 3 investigations in 2011 which were finalised in 2012. Among these cases ethical misconduct was proven in 1 case which concerned verbal harassment and the storing of pornographic images.

The consequences of ethical misconduct, as revealed by the Ethics Council, were termination of an employee contract in 1 case, written warnings in 6 cases, verbal warnings in 2 cases, an apology was suggested in 1 case and the need to raise awareness of the norms was suggested by the Ethics Council in the other cases. The Ethics Council regularly reports all ethical issues to the Executive Board and takes measures to raise awareness.

The most common topics for notification were ethical cases connected with employees, particularly with harassment. The table below shows the topics of the notifications and investigations and the results of the investigations, by stakeholder group.

*Ethical notifications received and investigations conducted, by stakeholder group (2012)*

| Notification                            | Investigation | Ethical misconduct           |
|---|---------------|------------------------------|
| <b>Stakeholders: Customers</b>          |               |                              |
| Harm to customer                        | Yes           | No                           |
| <b>Stakeholders: Shareholders</b>       |               |                              |
| Endangering of the company's reputation | No*           | -                            |
| Theft, misappropriation (4)             | Yes (4)       | No (4)                       |
| Inappropriate time keeping (2)          | Yes (2)       | Yes (1), No (1)              |
| Fraud                                   | yes           | Ongoing                      |
| IT Security                             | Yes           | No                           |
| Unauthorized site visit                 | Yes           | Yes                          |
| <b>Stakeholders: Employees</b>          |               |                              |
| Harassment (21)                         | Yes (13)      | Yes (5), No (7), Ongoing (1) |
| Unfair process (2)                      | Yes (2)       | Yes (1), No (1)              |
| Discrimination (7)                      | Yes (4)       | No (2), Ongoing (2)          |
| Inappropriate working conditions        | Yes           | No                           |

# MOL Group

## Details of Ethics Cases

|   |                  |                 |
|---|------------------|-----------------|
| Endangering of personal rights  | No (1)*, Yes (1) | Ongoing (1)     |
| Unethical behaviour as a private person   | Yes              | Yes             |
| Endangering of good reputation  | Yes              | Ongoing         |
| Dissatisfaction with work (2)   | No               | -               |
| <b>Stakeholders: Health, safety and environmental protection (HSE) and protection of property</b> |                  |                 |
| Alcohol problems  | Yes              | No              |
| Safety  | Yes              | No              |
| Breaches of HSE norms   | Yes              | Yes             |
| Disclosure of confidential business information (2)   | Yes (2)          | Yes (1), No (1) |
| <b>Stakeholders: Government affairs and involvement of politics</b>                               |                  |                 |
| Political activity (2)  | Yes (2)          | Yes (1), No (1) |
| <b>Stakeholders: Local communities and society in general</b>                                     |                  |                 |
| -   | -                | -               |
| <b>Stakeholders: Suppliers and business partners</b>  |                  |                 |
| Inappropriate quality of work   | Yes              | No              |
| Corruption (4)  | Yes (4)          | Yes (1), No (3) |
| Conflict of interest (2)  | Yes (2)          | Yes (1), No (1) |
| Discrimination  | No*              | -               |
| <b>Stakeholders: Competitors</b>  |                  |                 |
| -   | -                | -               |

*\*The Ethics Council considered that there were no sufficient grounds for an ethics investigation or the Ethics Council was not competent to investigate the given case.*

In order to promote awareness of ethical issues the Ethics Council has published information about cases of proven ethical misconduct in detail since 2011. A detailed description of the published cases can be read on our website.

Since 2012 we have been extending the scope of the data provided in connection with ethical cases. This summary contains not only details of the grievances received by the Ethics Council but cases of breaches of the Code of Ethics revealed by Corporate Security.

Beyond the cases within the competency of the Ethics Council in 2012, from 1039 investigations MOL Group Corporate Security revealed 681 cases of misconduct (65.5%). 63.7% of the cases involved misconduct at filling stations, 31.6% were misuses of corporate property or breaches of security rules, 3.5% were conflicts of interest and 1.2% were security risks encountered with the circumstances of business partners.

In 2012, as the result of the cases of ethical misconduct investigated by Corporate Security, 3 written warnings were issued and 5 contracts of employment were terminated. As a result of conflicts of interest, 10 orders to terminate the relationship causing the conflict were issued and in one case permission to maintain the relationship for a defined term was issued. Within the MOL Group filling station network 6 operational contracts and 70 contracts of employment were terminated.

### Ethical misconducts disclosed in 2012 were the following:

**Release of confidential business information** – Before the end of a tender an employee notified the current supplier about the probable loss of the tender.

**Breach of HSE norms** – A manager did not inform the employees and the trade unions correctly about the greater danger occurred, and did not ensure adequate training.

**Unauthorized site visit** – Two employees visited unauthorized site.

**Corruption suspect** – A manager negotiated with the representative of a supplier beyond work time, which was

denied despite the evidence.

**Unethical behaviour as a private person** – Instead and without the knowledge of his ex-wife, an employee collected the child support that posted by MOL to her.

**Unfair process** – A manager called in her employee to receive her written disciplinary notice from sick leave during endangered pregnancy.

**Inappropriate time registration** – Several managers (though agreed to shift swaps) have not accurately tracked it, so there were some significant deviations between reported time registration data vs. actual working hours.

**Conflict of interest** - A manager was working for his wife’s company without informing the manager exercising employer’s rights about it.

**Political activity** – Several employees forwarded an e-mail in the corporate mail system, which contained information about an indirect political persuasion.

**Storage of pornographic images** - A manager and an employee of MOL Group received and forwarded e-mails contain pornographic images in the corporate mail system.

**Harassment** – During an excursion beyond working hours a drunken employee behaved with his colleagues aggressively.

**Harassment** - A manager required preparing the kitchen cleaning schedule; based on it the staff should wash the dishes of the others, which some of them felt humiliating.

**Harassment** - A manager did not properly communicate to the subordinates, did not explain the unusual actions that contributed to the creation of a negative work environment.

**Harassment** - An employee regularly sent aggressive and offensive text messages to his leaders after working hours and at weekends.

**Harassment** - A manager regularly shouted at his colleagues and used vulgar expressions which breached the employees.

**Harassment** - A manager repeatedly acted grossly and in a humiliating way with his colleagues.

## ETHICS CASES 2011

### Ethics

In 2011, through the ethics management system, we laid special emphasis on communicating the modified Code of Ethics:

- ▶ A new, more user-friendly design was employed;
- ▶ Every employee of the MOL Group received the modified Code of Ethics electronically and was provided with information about the main modifications of the Code;
- ▶ Several articles were written explaining the key modifications to the code in MOL’s internal magazine ‘Panorama’;
- ▶ The Code was uploaded and made accessible through the intranet and on the website of the MOL Group;

### Ethics cases

The ethical cases reported to the Ethics Council of MOL Group and INA are summarized below. The task of the Council is to ensure that all MOL Group employees comply with the Code. Among its other work, therefore, the Council replies to questions that are raised and conducts investigations. In 2011 the main topic of the questions were ethical notification opportunities and job contracts.

In 2011 the Ethics Council received 38 notifications altogether. The Ethics Council performed investigations in 20 cases out of the 38. In five cases (out of the 20) MOL’s Corporate Security department was asked to conduct investigations. Ethical misconduct was proven in two out of the 20 cases.

Besides this, we strive to make Code of Ethics a component of all contracts. In 2011 3 contractual relationships were discontinued due to the unethical behaviour of the supplier and 1 company was ejected from a tendering process.

The increase in the number of notifications shows that the ethical awareness of our employees has risen across the MOL Group. The same tendency can be recognized with our external stakeholders.

*Ethical notifications received and investigations conducted by stakeholder group (2011) (Several notifications and investigations concerned more than one stakeholder):*

| Notification                   | Investigation | Ethical misconduct |
|--------------------------------|---------------|--------------------|
| <b>Stakeholders: Customers</b> |               |                    |
| -                              | -             | -                  |

# MOL Group

## Details of Ethics Cases

| <b>Stakeholders: Shareholders</b>   |                            |                 |
|---|----------------------------|-----------------|
| Fuel theft (2)  | Security investigation (2) |                 |
| Unfair market behaviour   | _*                         | -               |
| Shareholder interest  | _*                         | -               |
| <b>Stakeholders: Employees</b>  |                            |                 |
| Preparation of derogatory document  | Ethical investigation      | Yes             |
| Discrimination (9)  | Ethical investigation      | No (4)          |
| Intimidating behaviour (5)  | Ethical investigation      | No (3), Ongoing |
| Harrasment (3)  | Ethical investigation      | No (3)          |
| Un-ethical recruitment process (3)  | Ethical investigation      | Ongoing (2), No |
| Sexual harrasment   | Ethical investigation      | Ongoing         |
| Un-ethical business decisions   | Ethical investigation      | No              |
| Fear of being dismissed from the workplace  | _*                         |                 |
| Utilization of employees knowledge and skills   | _*                         |                 |
| Information about potential innovative solutions  | _*                         |                 |
| Dissemination of personal data  | _*                         |                 |
| Offering new work contract as a result of planned organizational changes                          | _*                         |                 |
| Improper communication  | _*                         |                 |
| Protection of dignity   | _*                         |                 |
| Possibility of retaliation  | _*                         |                 |
| <b>Stakeholders: Health, safety and environmental protection (HSE) and protection of property</b> |                            |                 |
| Alcohol problems  | Security investigation     | No              |
| Drug abuse  | Security investigation     | No              |
| Non-compliance with smoking regulations (2)   | _*                         |                 |
| Safety  | _*                         | -               |
| <b>Stakeholders: Government affairs and involvement of politics</b>                               |                            |                 |
| -   | -                          | -               |
| <b>Stakeholders: Local communities and society in general</b>                                     |                            |                 |
| -   | -                          | -               |
| <b>Stakeholders: Suppliers and business partners</b>  |                            |                 |
| Conflict of interest  | Security investigation     | Yes             |
| <b>Stakeholders: Competitors</b>  |                            |                 |
| -   | -                          | -               |

\* The Ethics Council considered the referral unfounded or was incompetent in the case, therefore did not further investigate.

In order to promote ethical awareness the Ethics Council made public some cases where ethical misconduct was proven in 2011. The published cases are as follows:

**Preparation of a derogatory document** -One of the managers from MOL Group prepared some educational material which contained humorous pictures and text in order to raise awareness. However, the document was found insulting by many. The investigation found evidence to substantiate the following breach of the Code of Ethics: 'It is a requirement imposed on MOL Group employees not to publish or disseminate materials or jokes which might offend people.' The Ethics Council did not propose a penalty for breaching the Code of Ethics, but reminded all the parties concerned that they should be more careful when using humorous statements as they may be considered insulting to others.

**Conflict of interest** - One of the managers from the MOL Group, as a private person, started to use the services of a company with whom he had previously established a relationship as part of his job at the company. The investigation found evidence to substantiate the following breach of the Code of Ethics: "As a MOL Group employee you must obtain written authorisation from the relevant manager exercising employer's rights in advance regarding any relationships established with competitors, customers or suppliers where conflicts of interest can be assumed to exist". As a consequence of the case, the manager concerned received a verbal warning, and ceased the use of the service as a private person. The manager was then excluded from the tendering process for the service.

The Ethics Council regularly report all ethical issues to the Executive Board and take measures to raise employee awareness of issues of concern.