

NOTES TO THE SUSTAINABILITY PERFORMANCE

1. CLIMATE CHANGE

General aim: Manage risks and opportunities related to climate change

ACHIEVEMENTS:

- A geothermal concession contract for the Jászberény area was signed by MOL Group Joint Venture CEGE (65% MOL share) in 2014. Project plans include starting a 2 year exploration program that will establish and test a system composed of one pair of wells.
- Analysis of the most important 50 energy efficiency projects, many of them from the New Downstream Program, shows that compared to the baseline year 2011, the emission of 320 thousand tonnes of CO₂ was avoided by Exploration and Production and Downstream production operations. These projects alone resulted in an annual financial savings of almost HUF 13bn in 2014.
- 47% of total direct CO₂ emissions in the Exploration and Production division is related to the venting of the CO₂ that is produced together with hydrocarbons and released to the atmosphere. This was significantly reduced from 419 thousand tonnes in 2013 to 361 thousand tonnes in 2014 as a result of the Enhanced Oil Recovery (EOR) program at INA which came into operation at the end of 2014.

CHALLENGES:

- Decreasing number of potential energy efficiency programs with short return on investment.

Climate change is one of the most important megatrends to impact the business environment of the company. MOL Group's efforts are primarily focused on managing risks and exploiting the potential opportunities associated with Climate Change. The overall approach is described in the Climate Change Statement of MOL Group which is publicly available on the website.

1.1. FUTURE PRODUCT PORTFOLIO

Related objectives:

- "Maximize the share of low-carbon products and services"
- "Start implementation of first geothermal project in Upstream"

MOL Group is committed to increasing the share of low-carbon products and services it offers. MOL Group has launched and continues to work on a series of R&D projects which are designed to reduce the life-cycle emissions of its products. Aside from optimizing the

standard product portfolio, MOL Group puts special focus on developing and using technologies that use non-edible or waste-based feedstocks to produce advanced renewable fuels and refinery streams. Integrating renewable energy into our operations is considered to be a promising option. Moreover, MOL Group is continuously monitoring the ongoing development of different emerging technologies which may have huge potential to reduce the carbon footprints of the products in the future.

Non-food based renewable fuels

Over the last year, major R&D efforts were put into three early stage projects for converting cellulosic feedstock into liquid fuels or fuel components, with special focus on advanced pyrolysis approaches and further product upgrading. The work will continue in the next year, supported by external research partners and academia.

For short-term compliance with renewable energy targets considering future indirect land use change (ILUC), the viability of technological alternatives for processing GHG-efficient waste fats and oils (namely, renewable diesel blending and production using hydrotreatment) were investigated. A decision about their implementation is expected to be made in 2015 following completion of the detailed technical and economical assessment.

Some pre-existing renewable energy research projects that concern the use of edible or waste feedstocks (such as algae to oil, waste plastic-based fuel and biogas production) were discontinued, mainly due to the currently unfavourable economic situation. Nevertheless, the related R&D field is being continuously monitored and the situation will be reconsidered if major advances in technology occur to improve the economics of these processes, or if existing legislative burdens are reduced.

Thinking ahead, MOL Group has also commenced exploring future energy carriers by evaluating project ideas for storing renewable energy and converting it to transportation energy.

MOL Truck Diesel

This high quality, CO₂-efficient product was introduced to market in 2013. In the course of 2014, the formula of truck diesel was further developed to improve the product's GHG-efficiency.

Chemically stabilized rubber bitumen

After the introduction of this product to market in 2013 MOL Group gained a substantial achievement in this field in 2014 when the product received ECO-label certification. Moreover, sales of the product increased to 250% of the preceding year, allowing MOL Group to re-use 25,000 waste-tyres for the production of this outstanding

quality product. A significant step forward was also made in terms of the application of the product: for the first time in road construction history of Hungary, rubber bitumen was applied to all three road-layers to the full satisfaction of the road construction company (Villány, Hungary).

Biofuels

MOL Group is not directly involved in the production of biofuels. However, both MOL Plc. and Slovnaft have minority shares in joint ventures involved in the production of biodiesel. These companies operate independently from MOL Group and are considered as financial investments.

In 2014 MOL and Slovnaft purchased approximately 450 million litres of biocomponents (a similar quantity to 2013), including biodiesel and bioethanol, from the aforementioned joint ventures and third parties. The biodiesel includes both first generation biofuels and biofuels produced using waste feedstock.

The biofuel purchased in 2014 is in compliance with the sustainability criteria defined in the ISCC certification system. This independent and globally-applicable certification system ensures that emissions of greenhouse gases are reduced. Attainment of ISCC certification indicates that the biofuel complies with the requirements of the EU Renewable Energy Directive (RED).

Geothermal developments (E&P)

MOL Group considers geothermal energy to be an investment opportunity in the field of renewable energy. The geological and engineering knowledge and technological similarities between certain phases of hydrocarbon extraction and the geothermal energy projects may create an advantage for oil and gas companies in this field, and in Central Eastern Europe there is clear potential for the development of geothermal infrastructure from a geological perspective.

Following successful bidding in 2013, a concession contract for the Jászberény area was signed by MOL Group Joint Venture CEGE (65% MOL share) in 2014. Project plans include the commencement of a 2 year exploration program that will establish and test a system composed of one pair of wells. Energy production capacity and opportunities will be defined on condition of successful testing.

Renewable energy production at MOL Group is otherwise only related to supplying own operations on a minor scale, e.g. by generating solar power at remote E&P locations.

1.2. ENERGY EFFICIENCY AND GHG EMISSIONS

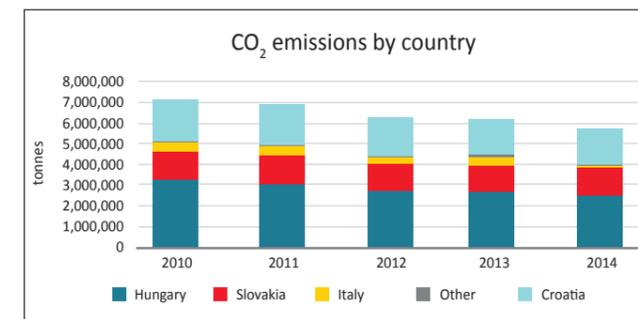
GHG emissions

Related objective:

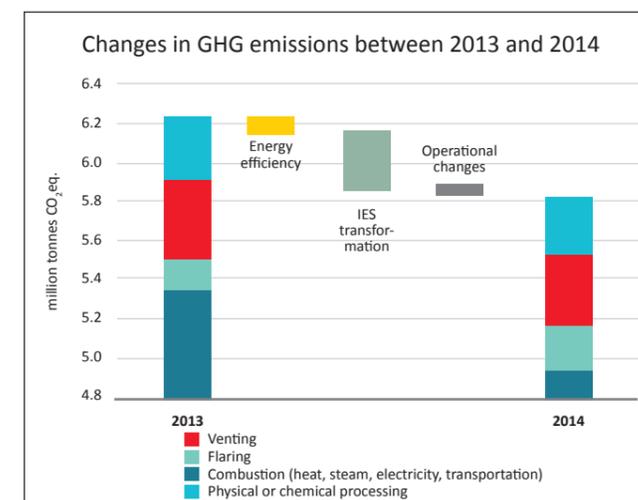
- "Ensure all sites move up one decile in their sectoral CO₂ benchmarks from current positions in Downstream".
- "Reduce CO₂ intensity of operations by 20% by end of 2017 (in tCO₂/toe) in Upstream."

Total direct GHG emissions from MOL Group activities amounted to 5.81 million tonnes of CO₂ equivalent in 2014, which is 7% lower than in 2013 when 6.23 million tonnes of CO₂ equivalent were emitted

and 20% lower compared with the 2010 baseline year (7.14 million tonnes). The single largest component in GHG emissions is carbon dioxide (CO₂) the emission of which is shown in the chart below in country breakdown.



This overall decrease is a result of both lower production volumes and energy efficiency measures, as shown in the chart below. The single most important reason for the decrease in emissions in 2014 was the transformation of the IES refinery into a logistics hub, resulting in a reduction of 284 thousand tonnes of emissions.



The primary sources of the GHG emissions of MOL Group are refining and petrochemical operations. To better monitor performance, in 2010 MOL Group introduced the CONCAWE – Solomon CO₂ intensity indicator (CWT – Complexity Weighted Tonnes). This indicator is production-based but can be modified according to the complexity of the refinery. The results presented below indicate a slight improvement in carbon intensity (3%) for the refining sector when compared with 2011. With regard to petrochemical sites, the tracking of CO₂ intensity is done through monitoring the production of high value chemicals (HVC) while for the exploration and production facilities, the company tracks CO₂ intensity using OGP standard kg CO₂/toe.

Notes to the sustainability performance

CO₂ intensity (production-weighted average) of refineries and petrochemical sites of MOL Group [GRI EN16]

YEAR	2010	2011	2012	2013	2014	CHANGE 2011-2014 (%)
Refining (t CO ₂ /kt of CWT)	N.A.	36.64	36.43	35.59*	35.54	(3.00)
Petchem (t CO ₂ /t HVC)	1.011	1.032	1.031	1.020	1.020	0.89

*2013 data has been restated here due to re-calculation of the CWT indicator in Rijeka

Change in CO₂ intensity by refinery (t CO₂/kt of CWT) and by petrochemical site (t CO₂/t HVC)* [GRI EN16]

SITE	REFINING					PETROCHEMICAL	
	DUNA REFINERY (MOL)	SLOVNAFT (SLOVNAFT)	MANTOVA (IES)	SISAK (INA)	RIJEKA (INA)	TVK	SPC
Change (%) 2014/2010	(1.48)	(3.00)	3.96	32.45	(37.64)	(1.0)	16

A significant factor in direct GHG emissions is the venting of CO₂ from Exploration and Production operations in Croatia. 47% of total direct CO₂ emissions in Exploration and Production division are related to the venting of CO₂ that is not a direct product of combustion or flaring but is produced together with hydrocarbons and released to the atmosphere. The total volume of vented CO₂ decreased significantly from 419 thousand tonnes in 2013 to 361 thousand tonnes in 2014. The decrease is a result of the Enhanced Oil Recovery (EOR) program at INA, one of the most important MOL Group investment projects in Croatia which went online in October, 2014. This project involves applying one of the so-called tertiary methods of enhanced oil recovery to increase the quantity of recoverable oil and to permanently dispose some of the CO₂ that is produced. In 2014, over 51,386 tonnes of CO₂ were re-injected.

Scope 3 GHG emissions (from product use, crude supply and business travel)

Scope 3 GHG emissions by origin (t CO₂) [GRI EN17]

EMITTED BY	SOURCE OF EMISSION	2012	2013	2014
Customers	Use of purchased refinery products (t CO ₂)	50,305,352	51,060,438	48,486,612
Customers	Use of purchased natural gas (own production) (t CO ₂)	7,528,676	6,566,103	6,025,497
MOL Group	Business trips (t CO ₂)	3,943	4,414	2,984
Suppliers	Production of crude oil (purchased from external sources) (t CO ₂)	1,722,810	1,399,445	1,179,981
Total		59,560,780	59,030,400	55,695,074

The calculation of CO₂ emissions related to product use and services (Scope 3) was further developed in 2014. Now the data cover not only sold products and business travel but also crude oil deliveries that are purchased. Due to relatively unchanged refined product sales, as well as the decrease in natural gas production, scope 3 emission amounted to almost 55.7 million tonnes of CO₂ (a decrease compared to last year's emissions of 59.0 million tonnes).

Although accounting for a small share of total MOL Group emissions, business trip-related CO₂ emissions are also tracked and reported. These business travel-related emissions accounted for 2,984 tonnes of CO₂ equivalent in 2014.

Energy Efficiency

Related objective: "Decrease Downstream production energy consumption by 5% by end of 2014"

Oil and gas production is an energy intensive industry. Exploration and production, refining and petrochemicals all consume large amounts of energy. As a result, increasing the efficiency of energy consumption is a key factor in business success. Even though making financial savings is the main priority of such projects, their GHG emission-reducing impact is also significant. MOL Group continuously improves the monitoring of its achievements to reduce CO₂ emissions. The target of reducing energy consumption in Downstream production business by 5% until the end of 2014 (compared to 2011 baseline) was achieved, the overall decrease in energy consumption was 18.6% in the period. Total decrease is a result of several factors, such as changes in production or portfolio and also energy efficiency measures.

Analysis of the 50 most important energy efficiency-improving projects shows that, compared to the baseline year 2011, an estimated 320 thousand tonnes of CO₂ emissions were avoided in Exploration and Production and Downstream production operations. Energy efficiency projects

alone resulted in financial savings of almost HUF 13bn. The one-off emission reduction in 2014 (compared to previous years) is 85 thousand tonnes of CO₂ with related financial savings of approximately HUF 3bn. Exploration and Production activities are responsible for less than 10% of overall Group-level consumption. However, with decreasing production levels in Central Eastern Europe, efficiency measures are still necessary to maintain intensity levels and the efficiency of production. In 2014, further projects were implemented which included replacing old and inefficient pieces of equipment and utilizing the benefits of process-optimization measures. Significant achievements were also made with the utilization of associated petroleum gas in Russia (detailed information about this project is provided in the chapter of this report about Gas Leakages).

The Refining and Petrochemicals activities of MOL Group are the largest consumers of energy in the operations, accounting for almost 90% of Group-level energy consumption (including both direct and indirect energy), while energy bills are the single largest operational cost items for Downstream business. Accordingly, energy efficiency has been in the focus of the Group-level New Downstream Program that was designed to significantly reduce energy use in the period 2011-2014 and will continue to be the focus of efforts. Energy efficiency-related activities which made the greatest energy consumption and emission reductions were usually related to improvements in energy-intensive technologies (e.g. replacement of a de-ethanizer reboiler, optimization of a distillation column influx), improvements in energy production and transfer (boiler efficiency improvements, reductions in losses from the steam network) and reductions in flaring. In line with MOL Group's ongoing efforts to further improve the efficiency of its assets and reduce GHG emissions, planning of the implementation of an Energy Management System (based on the ISO 50001 standard) has started at TVK Plc. and MOL Plc. in 2014, with certifications expected for 2015. Besides meeting legal obligations, implementation of the Energy Management System will increase energy awareness and facilitate energy efficiency improvements by creating a common framework for the companies' energy management activities and by facilitating the incorporation of energy management prin-

ciples into everyday organizational practices. Similar energy audit systems are already in place in Slovakian operations and are being planned by the Croatian INA Group.

Additional to the most important business related activities, minor improvements are continuously being made at our other assets such as MOL's filling station network, office buildings and warehouses. One good example is the future service station concept of MOL Group. The first service station to use energy efficient and renewable technologies was built in Budapest in 2011 and received the Energy Globe National Award for its architectural concept in 2014. Similar stations are planned for Croatia and Slovakia as well (as a part of the "Energy for the Future" project, INA in Croatia plans to rebuild one filling station in Zagreb and one in Split according to this concept). MOL Group also continues to mitigate CO₂ emissions related to use of products and services (scope 3) through efficiency measures such as reducing the number of short and long haul flights which are taken by using E-Systems (e.g. audio & video-conferencing) and car-sharing schemes.

Gas leakages

Gas leakages or losses in the oil and gas industry include those that result from the flaring and venting of hydrocarbons.

Flaring refers to the controlled burning of unused hydrocarbon for technical or safety reasons. The gas flared in Exploration and Production is 'associated petroleum gas' (APG) while in Downstream some of the gas generated during the refining process is flared for safety reasons. Oil and gas leakages are considered to be losses of valuable material that represent operational inefficiency.

Flared gas represents only a small fraction of the total amount produced and processed by MOL Group, but it is not insignificant in terms of quantity. As a result, projects have been carried out to reduce emissions to the environment and minimize losses.

CO₂ generated from flaring accounts for around 3% of the total direct GHG emissions of MOL Group. The amount of gas flared during MOL Group's activities is shown in the tables below:

Flaring in E&P activities in 2014 (where MOL Group is operator) [GRI OG6]

	MOL E&P	INA E&P	PAKISTAN	RUSSIA	KURDISTAN REGION OF IRAQ	TOTAL
Flared hydrocarbon volume (m ³)	4,559,085	17,650,653	2,500,661	2,916,490	832,368	28,459,257
CO ₂ (tonnes)	11,413	32,846	15,004	8,633	2,414	67,896

BaiTex (Russia) commissioned a gas turbine (of 1.8 MW capacity) in 2014 in order to increase APG utilization to 95% and to facilitate the use of excess gas for power generation. The project reduced CO₂ by 572 tonnes in 2014.

At Matyushkinskaya Vertical (Russia) gas engines were installed to utilize associated gas to both produce electricity and reduce MOL Group's environmental impact. Their utilization level has reached more than 80%.

In the Kurdistan region of Iraq, controlled flaring of H₂S is still continuing, at least until the appropriate solution (re-injection or other) is finally made technically feasible and is approved. For this reason an H₂S system audit was conducted at the production and drilling & well operations services to detect high risk activities and to eliminate any potential emergency situations that may arise.

Flaring in Downstream activities in 2014 [GRI OG6]

	MOL	SLOVNAFT (REFINING + PETRO- CHEMICALS)	IES	INA (RIJEKA+SISAK REFINERIES)	TVK	TOTAL
Flared hydrocarbon volume (tonnes)	6,210	8,403	1,946	20,751	6,955	44,265
CO ₂ (tonnes)	11,709	25,239	5,897	65,889	21,485	130,219

Total CO₂ emissions from flaring increased considerably at our Downstream business in 2014 to 130,219 tonnes (up from 106,806 tonnes in 2013). This increase is primarily due to turnarounds and to the increased number of shut-downs and start-ups at some of the sites. Nevertheless, activities to reduce flaring from our normal operating processes continued. Some examples are listed below.

Despite the overall increase, major projects were undertaken to reduce flaring at Downstream. In our Hungarian Petrochemical plant TVK, one project designed to decrease flaring resulted in a reduction of 1,159 tonnes of CO₂ emissions. In July 2014 at the Danube Refinery a flare gas recovery system was implemented for the FCC and GOK-3 flares. The flare gas recovery system reduced CO₂ emissions by 3,174 tonnes. Moreover, at the Rijeka and Sisak refineries flare top replacement projects were also carried out to reduce flaring.

2. ENVIRONMENT

General aim: Reduce environmental footprint

ACHIEVEMENTS:

- ▶ Since 2010 SO₂ emissions dropped by 60%, and NO_x emissions decreased by 40%
- ▶ In the Kurdistan Region of Iraq, comprehensive research into the water situation was undertaken for Akri-Bijell K10 Block. Although the study concluded that the Block was not affecting any water-stressed areas, all existing and potential operational locations and activities were analysed and the most relevant activities that could be taken to protect water sources have been incorporated into an operational plan.
- ▶ MOL Group undertook a group-wide assessment process to identify sensitive areas rich in biodiversity. Out of 162 sites surveyed, only 8 sites are located in biodiversity critical areas (6 Upstream and 2 Downstream), while 35 of our Exploration and Production operations are close to, or in, Natura 2000 sites. Furthermore, a Biodiversity Action Plan that covers the period 2014-2016 has been developed for our Pakistani operations.

CHALLENGES:

- ▶ To meet all the requirements defined in integrated environmental permits (IPPC) INA will have to implement a significant number of projects by 2018.

2.1. AIR EMISSIONS

Related objective: "Decrease VOC emissions by implementing LDAR methodology"

In 2010, MOL Group defined the specific objective of measuring and reducing fugitive volatile organic compound (VOC) emissions. This is because MOL Group operates a wide range of oil and gas technol-

ogies and equipment, and the industry itself, is considered to be a significant source of such emissions. Correspondingly, in 2014 MOL Group continued to run and extend its LDAR (leak detection and repair) program.

The program has made significant improvements for several years to Slovnaft, IES and MOL refineries and petrochemical sites (TVK), so in 2014 efforts were made to extend the program to INA refineries and also extend the scope of the program to other operational areas.

Accordingly, during a pilot project at the Hungarian logistics operation MOL started to create a comprehensive VOC emission sources inventory, taking into account all the emissions from tanks and fugitive emissions from leaks. VOC emissions were calculated and in the coming years the model will be extended to all of our logistics operations. Additionally, in 2014 across the entire MOL Group retail network vapour recovery units (VRU) were verified, checked and maintained (as required) in order to prevent air pollution.

Although at the units covered by the LDAR programme VOC emissions have significantly decreased, overall MOL Group emissions increased in 2014 by 25% when compared with 2010. MOL Group continues to extend the scope of VOC measurements across the group, as explained above.

The industry is also a source of SO₂, NO_x, CO and PM emissions and preventive measures have been taken to reduce the quantity of these as well. As result of the investments at the production units, compared to the 2010 baseline emission year SO₂ emissions were reduced by 59% and NO_x emissions by 40% in 2014.

The quantity of PM emissions in 2014 was similar to that of 2010, but a significant reduction on 2013 was made (66%). The same applies to CO emissions which were reduced in 2014 by 46% compared with 2013, but an increase was registered (42%) compared to 2010. These variations are the result of the incorporation of air emission related data for Russian operations into Group reporting in 2011, and air protection measures introduced at the same operations from 2012-2013.

Total air emissions (excl. GHG) by type (tonnes) [GRI EN21]

YEAR	2010	2011	2012	2013	2014	CHANGE 2010-2014 (%)*
SO ₂	13,142	10,625	7,878	5,776	5,368	(59)
NO _x (Nitrogen Oxides)	7,874	7,531	6,839	6,057	4,715	(40)
VOC (Volatile Organic Compound)	4,211	4,901	4,501	5,643	5,251	25
CO (Carbon Monoxide)	1,599	3,295	2,889	4,248	2,275	42
PM (Particulate Matter)	361	492	460	552	367	2
TOTAL	27,187	26,844	22,567	22,276	17,976	(34)

*Y2014 data are compared to the baseline year for our strategy: 2010

MOL Group continued its efforts to reduce emissions from stationary sources in 2014. At the Zala Refinery in Hungary, as well as the Rijeka Refinery in Croatia, fuel switching projects have been implemented (natural gas replaced fuel oil). For example at the Rijeka Refinery total SO₂ emissions decreased in 2014 by 2.6% compared to 2013.

At the Slovnaft Refinery, the air emission measurement visualization software was upgraded and as a result real-time interventions can be made in the case that air emissions exceed the desired levels. The project to reconstruct one of the AVD (Atmospheric Vacuum Distillation) units reduced SO₂ emissions with an estimated 60 tonnes/year. We constantly monitor air emissions at all our exploration and production facilities situated outside the European Union with a view to reducing our environmental impact and protecting local communities. At our Russian operations a new associated gas (APG) turbine has been put into operation. 95% of the associated gas is now utilized for electricity production. At the same time, greener alternatives have been planned, for example, for well testing operations at Kalegran B.V. By using special burning equipment the hydrocarbons and other components that are produced are burnt at a higher

temperature with greater efficiency, resulting in less emissions of methane (CH₄), heavier components and H₂S to the environment. Additionally, the visual impact of well testing activities is reduced (a reduction in fumes) and less particulate matter is emitted.

2.2. WATER MANAGEMENT

Related objective:

- "Reduce total water withdrawals by 5%"
- "Improve water management techniques in water-stressed areas"

Water withdrawals

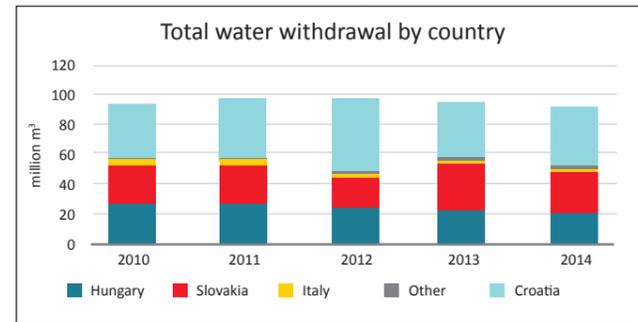
A variety of types of water sources are used by MOL Group for its operational activities: surface and groundwater, sea water, the municipal water supply system and wastewater that comes from production activities or other organizations. Improving water efficiency not only reduces our environmental footprint but often leads to reductions in operating costs.

Total water withdrawals, by source (thousand m³) [GRI G4-EN8]

YEAR	2010	2011	2012	2013	2014	CHANGE 2010-2014 (%)*
Municipal Water Supplies or Other Water Utilities	3,523	3,478	2,839	2,682	2,177	(38)
Surface Water Withdrawals	68,512	72,795	77,744	79,967	80,919	18
Ground Water Withdrawals	12,571	12,785	13,887	11,869	10,755	(14)
Rainwater Collected and Stored	565	487	16	0	188	(67)
Wastewater from Other Organizations	6,794	6,383	2,274	0	91	(99)
Total water withdrawals	91,967	95,930	96,762	94,518	94,130	2

*Y2014 data are compared to the baseline year for our strategy: 2010

Total water withdrawals (million m³) by country



In 2014, MOL Group's total water withdrawal was 94.13 million m³ which represents a slight increase of 2% as compared to 2010 (91.97 million m³).

We continue to implement a variety of initiatives in order to keep the Group on track to achieve its water withdrawal-related targets:

- Finalization of the closed cooling system at Hajdúszoboszló site (Hungarian E&P) in the first half of 2014 has reduced the site's water withdrawal by 66% (from 3,121,632 m³ to 1,069,234 m³)

Amount of contaminants (tonnes) [GRI G4-EN22]

YEAR	2010	2011	2012	2013	2014	CHANGE 2010-2014 (%)*
Total Petroleum Hydrocarbons (TPH)	75	57	73	63	95	27
Chemical Oxygen Demand (COD)	2,376	2,094	1,743	1,712	1,647	(31)
Biological Oxygen Demand (BOD)	582	568	419	417	471	(19)
Solid Substances (SS)	1,055	1,038	688	609	873	(17)

* Y2014 data are compared to the baseline year for our strategy: 2010

Reduced discharges are partly a result of the shutdown of some operations (for example, the IES refinery) and the following activities:

- The revamping of one of the AVD units at our Slovakian operations included the building of a new sewage system as well as installation of a better cleaning system for chemical waste water.
- At Rijeka Refinery, passive sea protection measures have been improved (through installation and maintenance of protective booms and underwater installations).

The increase in TPH may be explained by the increased production volumes at our Pakistani operations, as well as technological issues at the Sisak Refinery in Croatia.

Produced water

Significant amounts of produced water have to be managed at our

Quantity of produced water from Exploration & Production activities in 2014 (m³) [GRI OG5]

	EU OPERATIONS	NON EU OPERATIONS	TOTAL MOL GROUP
Amount of produced water	9,777,819	1,753,526	11,531,345
Total amount of re-injected produced water	10,837,128	1,315,734	12,152,862

compared to 2013. Moreover, with this new system annual cost savings of ca. HUF 40mn can be made.

- The quantity of drinking water used at Sisak Refinery was reduced in 2014 by 23.8% compared to the previous year as a result of repairs to the municipal water network.

Efforts to reduce water consumption are ongoing in our Retail segment as well. For example, in Slovenia modern water and chemical-efficient car washing systems have been installed at filling stations. Due to this initiative and other water-saving measures water consumption decreased by 900 m³ in 2014 compared to 2013, although the number of customers increased by 15% and two new filling stations were added to the network.

Water discharges

To protect surface water bodies, no untreated water is discharged by MOL Group.

In 2014, compared with 2010, the total amount of contaminants in discharged water was reduced.

exploration and production facilities. During 2014, over 11 million m³ of water was produced (9.7 million m³ in EU countries and 1.7 million m³ in non-EU countries). In order to minimize MOL Group's impact, the company aims to re-inject, whenever feasible, the produced water.

Compared to 2013, the amount of produced water at our EU operations has decreased due to the impact of efficiency projects, while in non-EU countries it has increased due to greater volumes of production. In order to address this issue, a pilot-project for injecting produced water was introduced in Pakistan in October 2014. (so far, the total volume of water that has been injected is approx. 5,595 m³). The system's injection capacity is 3,000 bbl (approx. 480 m³) of produced water per day. Before re-injection, the produced water must be treated to reduce the concentration of TDS to below 500ppm. For this purpose, a produced water treatment plant that uses a reverse osmosis method has been constructed.

Water-stressed areas

MOL Group considers water scarcity to be a serious issue, and as such has been taking measures to decrease the water demand of its operations.

Started in 2013, a comprehensive piece of research into water resources was finalized in 2014 for one of the operational blocks in Pakistan considered to be located in a water scarce area. The study covered TAL block and assessed available (groundwater and surface) water sources that might be affected by MOL Group's future water-intensive drilling operations. It also covered main water basin recharge and discharge patterns to ensure a sustainable supply of water throughout the TAL block. The main recommendations of the study have been already included in MOL Pakistan operational plans for 2015.

During 2014, in the Kurdistan Region of Iraq, a comprehensive water study was undertaken for Akri-Bijell K10 Block (operated by Kalegran B.V.). The study concluded that the Block does not affect any water-stressed areas and no such areas are situated in the immediate vicinity of the block. However, all existing and potential operational locations and activities were analysed during the study and the most relevant activities for protecting water sources were incorporated into an operational plan. It is also supported by the new Social Investment Strategy was developed in 2014 for Kalegran B.V. in which water is identified as a key areas for development.

None of our CEE exploration and production facilities are situated in water-stressed areas.

Unconventional Exploration and Production

Unconventional exploration techniques such as fracking have revolutionised the energy industry but prompted environmental and community concern. The first concern is that fracking uses huge amounts of water that must be transported to the fracking site, at significant environmental cost. The second worry is that potentially carcinogenic chemicals may escape and contaminate groundwater around the fracking site. There are also worries that the fracking process can cause small earth tremors.

MOL Group is not specifically involved in unconventional exploration, but, realizing the sensitivity of the issue, has defined a set of environmental standards for responsibly undertaking limited fracking activities for enhancing the production of conventional fields.

Waste generation and treatment (tonnes) [GRI G4-EN23]*

YEAR	2010	2011	2012	2013	2014	CHANGE 2010-2014 (%)**
Hazardous Waste	92,918	89,895	82,331	60,528	80,866	(13)
Non-hazardous Waste	77,604	68,783	80,891	185,528	170,970	120
Total Waste	170,522	158,678	163,222	246,056	251,836	48
Waste Disposed/Landfilled	80,202	74,656	76,867	86,574	102,413	28
Waste Reused/Recycled	90,320	84,023	86,355	159,482	149,423	65
Total Waste	170,522	158,679	163,222	246,056	251,836	48
Ratio of reused/recycled Waste	53%	53%	53%	65%	59%	12

*Data for waste included above include operational, remediation and construction waste.
**Y2014 data are compared to the baseline year for our strategy: 2010

These requirements encompass stakeholder concerns, water / land use and protection, well integrity, the use of chemicals and other risks which may be anticipated from specific risk studies. MOL and its subsidiary INA have successfully undertaken fracking on a few pre-existing wells during which all risks were managed during the entire life cycle of the activity, from contracting to completion of the wells for production.

2.3. WASTE MANAGEMENT, SPILLS AND SITE REMEDIATION

Waste management

Related objective: "Increase the proportion of recovered waste (remediation waste excl.) by 5% by the end of 2015"

MOL Group is a vertically-integrated oil and gas company which means the types of waste it generates are very diverse as well. The company's daily operations produce a wide range of solid and liquid wastes (including oily sludge, waste chemicals and spent catalysts, etc.). The total amount of waste generated in 2014 increased compared to 2010 (by 48%). The increase can be explained by reference to the following projects:

- A construction project started in 2013 at our Slovakian operation which continued throughout 2014. It generated more than 52,000 tonnes of non-hazardous waste, while hazardous waste at the same facility was generated through maintenance and tank-cleaning activities and soil remediation projects at the logistic depots.
- The conversion process of the IES refinery into a logistics depot also increased the amount of hazardous waste generated at this site by more than 1,800 tonnes, and non-hazardous waste by more than 1,700 tonnes.
- At our Croatian Exploration and Production operations, hazardous waste increased by more than 12,000 tonnes compared with 2013 due to remediation activities related to two significant oil spills to the environment (see the chapter on Spills for more details), as well as the final disposal of old chemical inventory.

Despite the overall increase, at the MOL Group level the waste recovery rate improved in 2014 compared with 2010 by 6%.

Notes to the sustainability performance

Several initiatives have impacted MOL Group's waste generation and waste recycling figures. They include the following:

- At the Hungarian Exploration and Production operation MOL has started to use the crushed concrete which is created from demolition projects to build remediation storage boxes or for repairing roads which lead to wells.
- There was a significant increase in the quantity of hazardous waste produced at exploration and production facilities in Croatia, partially due to two significant spills to environment, as described in the respective chapter of this report.
- At the Slovakian operation, more than 30 tons of catalysts were sent to metal recovery, precious metal parts will be used during manufacturing of new catalysts while silver was sold making ca. EUR 10,000 revenue.
- The company continue to recover the used oil that is produced by the lubricant units in accordance with the principle of product

Drilling mud produced in 2014 (tonnes) [GRI OG7]

	EU OPERATIONS	NON EU OPERATIONS	TOTAL MOL GROUP
Hazardous waste from aqueous (water-based) drilling mud and cuttings	559	0	559
Hazardous waste from non-aqueous drilling mud and cuttings	0	3,260	3,260
Non-hazardous waste from aqueous drilling mud and cuttings	25,594	30,472	56,066

Drilling mud treatment in 2014 (tonnes) [GRI OG7]

	EU OPERATIONS	NON EU OPERATIONS	TOTAL MOL GROUP
Aqueous (water-based) drilling mud and cuttings – waste for deep well injection, onshore disposal	5,111	24,018	29,129
Aqueous (water-based) drilling mud and cuttings – recovered, recycled	21,042	1,260	22,302
Aqueous (water-based)drilling mud and cuttings – offshore disposal	0	0	0
Non-aqueous drilling mud and cuttings – waste for deep well injection, onshore disposal	0	0	0
Non-aqueous drilling mud and cuttings – recovered, recycled	0	3,260	3,260
Non-aqueous drilling mud and cuttings – offshore disposal	0	0	0

Spills

Protecting communities as well as the natural and built environment from accidental pollution in areas in which MOL Group operates is one of the top priorities for the company. Accordingly, regular maintenance and inspection campaigns are conducted and emergency response plans are in place and constantly updated for each of our sites. Spill prevention measures are considered to be a priority when we design and operate our facilities. In the case that we detect any spills, all the measures necessary to restore the pre-spill status of the affected areas are immediately taken.

In 2014, a total of 5 spills to environment (of above 1 m³) with a total

hydrocarbon volume of 193.5 m³ were recorded across the MOL Group; a decrease in the number of spills on last year. The two largest spills were recorded at our Croatian operations. The first one, a spill of 70 m³ of hydrocarbons, was due to human error and polluted over 1000 m² of soil and water. The second one, caused by an attempt at theft through making an illegal connection, involved 100m³ of hydrocarbons, polluted 2000 m² of soil and 7 km of water course. In both cases, immediate remediation activities commenced and the soil and water were fully cleaned up.

- MOL's campaign for the collection of used cooking oil from households (using the retail network in three countries – Slovakia, Hungary and Romania) continued in 2014. 390 tonnes of used cooking oil were collected and recycled in 2014 (an increase of about 30% compared with the 228 tonnes collected in 2013).
- At MOL Pakistan a small incinerator was installed and 383 tonnes of waste was incinerated during 2014. The advantages of the incinerator include the ability to better control emissions and hygienically treat waste.

The Group's environmental standards define its policy related to managing drilling mud and include regulations about mud selection, waste minimisation, recycling and responsible disposal. Relevant data about this topic are presented below.

In addition, 12 other spills to environment occurred as a result of off-site road accidents (11 in Pakistan and 1 in Hungary). In all cases the contaminated soil was remediated. (Information about the corrective

measures we have taken to improve hazardous material road transportation can be found in the chapter of this report on Road Safety.) Although MOL Group does not operate any off-shore installations it ensures that measures are in place to protect marine ecosystems in the vicinity of operations that are located near the coast (e.g. Croatia, Rijeka Refinery).

Remediation

In 2014 MOL Group continued to implement a group-wide remediation programme that is designed to eliminate historical pollution. At our Hungarian operations, approximately HUF 959 million (USD 4.2 million) was spent on the management of environmental damage at 202 sites. In 2014, 15 remediation sites were closed, and as compared with 2010, the environmental liabilities have been reduced with 32.2%.

At Slovnaft the remediation programme continued at 8 logistic and 5 retail sites. Remediation work, including post-monitoring activities, was successfully concluded at 1 logistics site (Bratislava-Rača) and 2 filling stations. Total spending on the remediation programme in 2014 was HUF 732 million (2.48 million EUR) compared with HUF 1.1 billion (USD 4.9 million) in 2013. At the Rijeka Refinery, remediation activities that are designed to protect the sea and coastal area have been carried out continuously since 1993. During 2014, 514 m³ of hydrocarbons were pumped out from under the ground. Remediation projects continue to be implemented at Italian operations too. In 2014 a total of 1.2 million EUR (HUF 354 million) was spent on remediation activities and the capability of the supernatant recovery system was increased in the Belleli area with the addition of 6 piezometers equipped with dedicated automatic oil-skimmers.

Concerning international exploration and production sites, in Russia, 4.8 ha of mud pits were eliminated and 21.5 ha of land was restored to its original state at the Matyushkinskaya Vertical fields. In Baitex, almost 38 ha of land were also restored to their original status. In Paki-

stan, a total of 3,628 tonnes of oil-based mud was treated through a bioremediation process. Treated mud is re-used as a filling material for road construction.

Remediation and environmental liabilities are of particular importance when operational sites are abandoned. MOL Group focuses on optimizing its operations that affects our assets as well. In 2014 no major site was abandoned. The largest site affected by operational changes is IES in Italy where refining activity has now been stopped. This site will however continue to operate as a logistics depot. In international exploration and production areas drilling sites (but no operational sites) have been opened and closed. A case study about site restoration in Oman can be found here.

2.4. BIODIVERSITY

Related objective: "Implement Biodiversity Action Plans for all critical operation sites"

Due to the nature of the activities of the oil and gas industry, they have both direct and indirect impacts on biodiversity. Direct impacts are in general easier to control, which is why in 2014 the focus continued to be on taking action locally. MOL Group operates in diverse environments around the world, in some cases in sensitive areas that may host protected or endangered species, contain ecosystems of biological or geographical value, or in landscape-protected areas. In 2014 a group-wide assessment was conducted to identify potentially sensitive areas which should be the focus of the future. In total, 162 sites were surveyed.

Most affected by their protected status are Upstream sites. Only 8 sites are in biodiversity-critical areas (6 Upstream and 2 Downstream), while 35 Upstream operations are located close to or within Natura 2000 sites (European nature conservation area category). Two of the Upstream operations are situated in water-stressed areas (see chapter on Water) while one can be found in a water-protected landscape.

	E&P/NOT E&P	CROATIA	HUNGARY	SLOVAKIA	ITALY	INTERNATIONAL E&P
Number of sites	E&P	50	23	not relevant	not relevant	13
	Downstream	32	28	13	3	not relevant
Acreage of sites km ²	E&P	4,432	24,234*	not relevant	not relevant	33,527*
	Downstream	6.2	18.45	9.53	0.52	not relevant
Number of sites - Natura2000 risk	E&P	17	18	not relevant	not relevant	0
	Downstream	0	0	0	1	0
Number of sites - biodiversity critical	E&P	5	1	not relevant	not relevant	3
	Downstream	0	2	0	0	not relevant
Acreage of biodiversity critical area	E&P	71	14	not relevant	not relevant	6,617
	Downstream	0	0	0	0	not relevant

*Includes area of concession.

The Hungarian exploration and production facilities often happen to be in or near protected areas. To reduce their impact, MOL is working in close cooperation with the National Parks Administration in order to carefully plan drilling or decommissioning activities. In 2014 a new wells inventory was made in order to identify which sites are operating in or near Natura 2000 sites and three new Natura2000 datasheets were developed in 2014. The goal of this initiative was to integrate the provisions of the management of Natura 2000 sites into day-to-day activity at the respective sites. MOL Group works to protect biodiversity not only around its production sites but also within them by creating and improving conditions for protected species.

Initiatives involving stakeholders include at Slovnaft the cooperation with BirdLife Slovakia to protect the Martin (Delichon Urbicum) which continued in 2014 when 50 new artificial nests were created or the Hungarian Ornithological and Nature Conservation Society's participation in protecting the Peregrine Falcon that is nesting around the Algyó Gas facility.

MOL Group pays special attention to its operations outside the EU. MOL Group standard practice is to ensure that exploration and production sites go through an environmental and social impact assessment process before they are allowed to start operating, even when this is not a legal requirement. In Pakistan, a Biodiversity Action Plan that covers the period 2014-2016 has been developed and more than 2000 trees have been planted around the gas-processing facilities. Afforestation projects continued in 2014 at our Russian operation too, resulting in the creation of more than 37 ha of softwoods and conifers.

2.5. HSE PENALTIES

In 2014 MOL Group paid penalties for Health, Safety and Environment-related breaches of rules in 24 cases, resulting in a total of HUF 18 million.

The largest single penalty (HUF 8.9mn) was given to TVK Plc. in Hungary. The penalty resulted from an increase in water pollution (the level of adsorbable organic halogens (AOX) in effluent exceeded the permitted limit due to leakage of an Olefin-2 heat exchanger). As a consequence, operations were suspended leading to a more significant financial impact than the penalty itself. A project has already been implemented which with the aim of addressing the root cause of the problem.

Other penalties represent minor costs and are in most cases related to administrative issues such as incorrect site documentation.

Own staff Injury frequency rates [GRI G4-LA6]

STAFF LTIF	2010	2011	2012	2013	2014	CHANGE 2013-2014 (%)
MOL Group w/o INA	1.6	1.2	1.0	1.1	0.6	(83)
INA Group	3.4	2.6	2.1	1.7	1.5	(13)
Total MOL Group	2.3	2.2	1.6	1.5	1.0	(50)

3. HEALTH AND SAFETY

General aim: Ensure operational HSE excellence

ACHIEVEMENTS:

- > The number of personal injuries among employees and contractors reached its lowest level ever in 2014. The own staff LTIF is now 1.0 which is a significant decrease compared to 2013 when it was 1.5.
- > Improved level of compliance in process safety (77% compliance with PS standards according to internal cross audits) due to ongoing, robust PSM program with top management oversight.
- > MOL Group participated for the first time in the Global Corporate Challenge, an international health promotion initiative involving over 800 employees from more than 10 countries.

CHALLENGES:

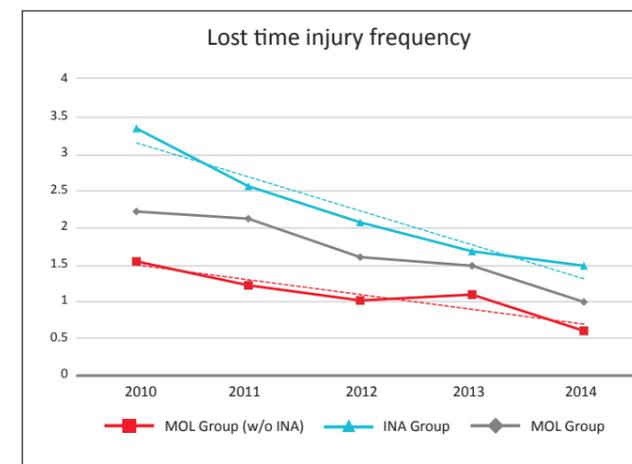
- > One contractor employee at one of our sites suffered fatal injuries during the disassembly of a crane during maintenance activity.
- > Transportation of hydrocarbons in Pakistan (mainly by road) represents a high risk and requires dedicated risk-reduction programs. Unfortunately, three serious contractor road accidents occurred during the transportation of hydrocarbons in 2014.

3.1. PERSONAL SAFETY

Workforce Safety

Related objective: "Implement programs that aim for zero incidents"

The number of personal injuries among our employees and contractors reached its lowest level ever in 2014. It was also the first year when MOL Group used total reportable injury rate (TRIR) as the key leading indicator instead of lost time injury frequency (LTIF). The reason for this is that the company is committed to focusing not only on accidents that result in days away from work, but on any workplace injury that requires medical attention. We regret to report the sad loss of a contractor employee at one site who suffered fatal injuries during the disassembly of a crane during maintenance activity. Controlling off-site activities that are carried out by contractors is a far larger challenge; this was proven when four contractor employees lost their lives in road accidents related to the transportation of hydrocarbons in Pakistan and Hungary.



The Life Saving Rules, an industry-standard program focusing on the most important safety rules whose violation is likely to result in serious injury or fatality went fully live in 2014 across all operations. This resulted in a decrease in the identification of safety violations during regular site inspections of our staff and contractors. To make compliance with the Life Saving Rules easier, we have launched various related safety programs.

- The multi-year 'Fall Protection' program aims to review workplaces at all operational sites, define needs (such as installation of hardware and purchase of fall arresting systems), prioritise them based on a risk assessment (how often work is carried out, the extent of the hazard), design and install hardware and train affected employees about the use of various fall-protection equipment.
- The 'Lockout/Tagout' program, still in its pilot phase at most facilities, is focused on preventing accidents by applying an industry-standard procedure that ensures that plant or equipment is free from hazardous energy sources before work commences, and that these sources are clearly marked and physically disabled from accidentally starting up. The process is an integral part of the Permit to Work system.
- We have launched an obligatory program to ensure that those who usually wear glasses to improve their eyesight wear protective types of eyewear.

Significant safety achievements at MOL Group's operational sites include the following:

The largest of the highly hazardous sites, Danube Refinery, celebrated its 3rd consecutive year without an own employee LTI in November 2014. Important milestones were also reached at our Pakistan operations: 1,588 safe work-days were completed by company staff; this marks the 4th consecutive year without an LTI. Moreover, 7 million LTI free man-hours were completed at the country's major investment project, the construction of the Makori gas-processing facility. In the Kurdistan Region of Iraq, Kalegran B.V. has now operated for over 998 days and contractors have completed 645 days without LTI. Construction work at the LDPE-4 unit at Slovnaft also successfully reached a first 1 million working hours milestone without any LTI, successfully tackling the challenge represented by simultaneous work phases and the presence of a high number of contractor employees. The conversion of facilities at IES in Italy represented a significant challenge from a safety point of view, but as a result of the strong focus on safety and

close cooperation with contractors, no LTIs occurred either for IES staff or contractors.

Besides Group-level unified programs, subsidiaries also operate several local programs which have delivered excellent results. For example, a new system for reporting 'near miss', 'unsafe conditions' and 'unsafe acts' was launched at Slovnaft and has significantly improved near miss reporting (more than 320 records in 9 months). In July, Croscos (Croatian drilling service company) set-up a STOP Work Policy and implemented it across all the Croscos worksites. As a part of this program, every employee who identifies an unsafe condition or act has the right to STOP Work. The program is being rolled out at other operations as well.

Road Safety

Road transportation is still one of the highest safety risks of our operations considering the high mileage driven by own and contractor employees, often under challenging road conditions and different local driving cultures.

Unfortunately, three serious contractor road accidents occurred during transportation of hydrocarbons in 2014. In Hungary, a road tanker rolled over on a highway, causing a major fire and killing the driver, while in Pakistan two road tanker collision accidents resulted in the deaths of three contractor employees. In response we have started drawing up a comprehensive road safety program. The program covers best practices such as journey management, GPS tracking (including monitoring of driving behaviour), practical and theoretical training, fleet standards and Road Transportation Life Saving Rules and stringent contractor management.

In Hungary, MOL prepared its first Highway Code training and mandatory exam for employees who drive company cars or their own cars for company purposes. The aim of the new online training program is to keep MOL employees updated about current regulations and safe driving practices. INA's Road Safety Program continued in 2014 with a focus on training personnel and extending the program to other INA subsidiaries. A total of 188 INA employees were trained in practical safe driving. A safety inspection system for vehicles was introduced at Kalegran B.V. and road safety was further improved with the launch of an e-learning system with 6 modules for relevant employees about compliance with dangerous goods/materials transportation. In Pakistan, where the most serious accidents happened, on top of the training new HSE pre-screening and HSE pre-qualification criteria were introduced for contractors involved in road transportation. This also includes the re-evaluation of existing contractors.

Contractor Safety

Related objective: "Improve contractor HSE management program"

In 2014 the focus of contractor safety management was on the implementation of the revised group Contractor Safety regulatory framework. In addition to supporting and controlling local implementation, several corporate-recommended practices were elaborated to facilitate smooth rollout of penalty management, post-evaluation of Contractors and Single Service Companies and the carrying out of on-site audits and inspections. As an update to contractor pre-and post-evaluation, the basis of a new bonus-malus system was created.

Number of safety supplier pre-qualification audits by major MOL Group companies in 2014 [GRI G4-LA14]

COMPANY	HUNGARY (MOL, TVK)	SLOVAKIA	CROATIA	ITALY	E&P UPSTREAM	TOTAL
Number of safety supplier pre-qualification audits	265	45	42	21	33	406

Throughout MOL Group several initiatives are ongoing to improve contractor safety management. Out of the almost 700 new contracts considered high risk from an HSE point of view, 400 were covered by pre-qualification audits performed by MOL Group's experts at our contractors' facilities. The proportion of pre-qualified contractors will be further increased with the launch of the Supplier Qualification System (SQS) that will introduce an industry best-practice platform. Besides pre-qualification, post-evaluation and consequence management is also important. In 2014, 2 contracts were cancelled due to the breaches of HSE norms.

As a new initiative, MOL Plc. dedicated its "Contractor HSE award" to two different contractors for the first time in 2014. This award is a newly-launched incentive program designed to acknowledge the efforts of contractors with the best HSE performance and awareness of relevant HSE procedures.

Other achievements by MOL Group companies in 2014 include the following:

- At CROSCO all contractor employees working on the project "Class Renewal Labin 2014" successfully completed an HSE induction course prior to the start of activities.
- At MOL Pakistan, 100% PPE compliance was enforced for all drilling, civil & mechanical contractors.
- The Russian operation at BaiTex implemented Contractor HSE management elements into daily operations (tendering, selection and control); HSE Pre-qualification bidding and pre-qualification audits were conducted for all high and medium HSE risk contractors.
- Slovnaft established a new PPE rental system for contractors and visitors with the aim of ensuring that the correct, certified personal protective equipments (PPE) are worn by all parties during operations.

3.2. HEALTH PROTECTION AND PROMOTION

Occupational Health

Related objective: "Implement programs to ensure healthy workplace"

Similarly to previous years, no occupational illnesses were recorded in 2014. A comprehensive health protection and promotion gap analysis was conducted across operations which included an industrial hygiene risk assessment, fitness-for-duty medical evaluations and an examination of medical emergency processes, ergonomics, and rehabilitation practices in order to facilitate the identification of shortcomings and the drawing up of action plans for their elimination.

MOL Group became a signatory of the WASH at the Workplace Pledge in 2014. The World Business Council on Sustainable Development

(WBCSD) founded the Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace in order to address the issue of ensuring the vital human right of access to safe drinking water and sanitation. The initiative is designed to ensure appropriate access to safe WASH for all employees in all premises that are under direct company control.

Following the previous year's practice, and based on psycho-social risk assessments, tailor-made workplace stress reduction training sessions were provided for dedicated groups of employees.

The cytogenetic program – the leading monitoring program used by the oil industry – was also continued: a total of 110 employees were examined in Hungary (MOL). The company intensified its efforts to introduce measures to completely eliminate even the possibility of staff being exposed to carcinogenic chemicals.

Stress management is a highlighted area of occupational health, and several local programs are designed in MOL Group and its subsidiaries to reduce the stress levels of employees. Slovnaft won 2nd place for Efficient Management of Psychological Risks in the Good Practice Awards organized in cooperation with EU-OSHA and the Slovak National Labour Inspectorate. The aim of this award is to reward best practices in stress management and reducing psychological risks. MOL Plc. in Hungary continued offering its tailor-made workplace stress reduction training to dedicated groups of employees. At the same time, our 'Less Stress' campaign was run at INA to raise awareness about stress and to teach employees how to manage stress in their private lives, at the (single, local) workplace level, as well as at the corporate level.

The implementation of a Company Health Care Plan for 2014 in Kalegran resulted in an improvement in the absence rate locally.

Workplace Health Promotion

MOL Group participated for the first time in the 'Global Corporate Challenge', an international health promotion initiative with over 800 employees from more than 10 countries. Our employees finished above the industry average, having walked a daily average 14,705 steps and having burnt off 192 thousand MJ energy in total.

Over 10,000 employees participated in a wide range of Workplace Health Promotion programs in 2014 across our operations. These covered topics such as cardiovascular health, food intolerances, rheumatological health, musculoskeletal and cancer screenings, movement-based activities and vaccinations. These areas of focus have become standard with the increased emphasis on raising employee health awareness over the past years. Additional efforts include the rollout of healthy menus at several catering units (developed with dietary specialists), family health days and office stress-reduction programs.

3.3. PROCESS SAFETY AND EMERGENCY PREPAREDNESS

Process Safety Management

Related objectives: "Strengthen facility safety, improve rating in benchmarks"

Process Safety Events (PSE) at major MOL Group companies in 2014 [GRI OG13]

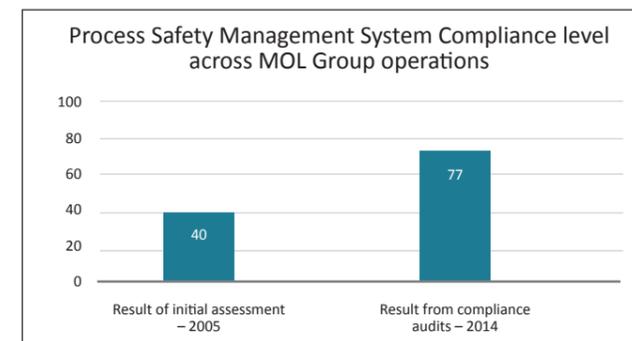
TYPE OF EVENT	MOL GROUP	HUNGARY (MOL, TVK)	SLOVAKIA	CROATIA	ITALY	E&P INTERNATIONAL
PSE TIER 1	13	6	1	5	0	0
PSE TIER 2	21	10	5	5	0	1
PSE TIER 1+2	33	16	6	10	0	1

The main goal of process safety management (PSM) is the establishment and operation of an efficient management system which prevents technology-related process incidents and protects people, assets and environment against harm. MOL Group started implementing its PSM system back in 2006. MOL Group's PSM-related aspiration is to continuously decrease the number and severity of process incidents and be in the top 25% of CONCAWE and OGP benchmarks according to company performance. Process Safety Management is a recognised issue of importance for top executives as well, as was demonstrated by the fact that MOL Group CEO personally participated in 6 site audits where achievements and future challenges were discussed with local staff.

In 2014 there were 33 Process Safety Events (PSEs) in MOL Group, which is 12 fewer events than 2013 when the total number of TIER 1+2 events was 45.

Evaluation and assessment of the local level implementation of PSM system is done via PSM Cross Audits (Compliance audits) that are performed by internal MOL Group experts and specialists who are independent from the audited site. In 2014 there were 17 cross audits (which included remote operations in MOL Pakistan, Russia, etc.). Overall PSM implementation level is continually improving.

In 2014 an external assessment of process safety-related practices and technical solutions was undertaken at the Duna Refinery (Hungary). This assessment is done annually at different locations based on an approved plan that was drawn up by MOL Group and its insurer. The results, which show that the company risk rating is continuously improving, contributed (among other factors) to a nominal 15% decrease in Group level insurance premium costs.



Several measures have been taken to improve PSM performance:

- To support local businesses to implement Group-level requirements, 8 new recommended practices about different PSM elements were issued.
- To enhance knowledge-sharing, a Best Practice Workshop was held in 2014. External experts from international companies, including peers and competitors, also presented examples of good practice and experience; this cooperative event demonstrates that making improvements in safety is not a field of competition but a common goal of the industry.
- The most important achievements at local operations included Alarm Management improvement (a long-term project) and the improvement of the integrity of safety-critical process equipment (maintenance) by implementing new, internationally-recognized and accepted practices, especially at MOL Plc. and Slovnaft.

Emergency preparedness and response

In 2014, MOL Group continued its efforts to improve emergency preparedness by ensuring that a sufficient amount of technical and human resources are dedicated to the task, proportionate to the size of the potential risk.

The most significant improvement in emergency preparedness was achieved by Slovnaft where investments totalling EUR 3.2 million CAPEX were made. The scope of the investment included the purchase of new firefighting trucks – including combined fire-extinguishing vehicles, tank truck fire engines, high quality PPEs for firefighters, etc. After the implementation of this project, the currently-available technical resources now meet the highest level expectations of the oil and gas industry.

One of the most interesting emergency response drills was carried out at the INA storage depot at Solin, where the emergency scenario was based on a gasoline spillage and fire during tanker ship loading. The emergency response drill was performed in cooperation with external stakeholders (municipal fire brigades, etc.)

To continuously improve emergency preparedness and response, all high-risk incidents are evaluated and an assessment is made of whether the emergency response was appropriate for minimizing the potential consequences.

In 2014 there were no serious or significant problems identified during HSE - related emergency response/interventions.

4. HUMAN CAPITAL

General aim: "Capitalise on human resources"

ACHIEVEMENTS:

- MOL Group has been recognised numerous times at an international level for its HR programs. Commendations include the United States-based ERE Recruiting Excellence Award for Freshhh and Growww talent acquisition programs, the Asia Employer Branding Institute's Training & Development Excellence Award, and the Leadership 500 Award by HR.com for MOL's 'LEAD' leadership development program.
- MOL Group launched an integrated IT platform for performance management, career and succession planning and development planning as part of its Annual People Cycle. The state-of-art cloud solution enables improved talent management across MOL Group and contributes to the achievement of the company's goals.
- A new international Exploration and Production talent acquisition program (UPPP) was launched in 2014. A total of 972 teams entered the program from various countries, including Pakistan, the Kurdistan Region of Iraq, the UK, Hungary and Croatia. The new, three-phase program is designed to make sure that MOL benefits from the talent pipeline in a very technical field where there has been a global shortage of professionals.
- To address Exploration and Production-specific challenges, a comprehensive program has been initiated. The HR workstream relies on technical job families with the ultimate objective of shortening Time-to-Autonomy and accelerating the delivery of Group E&P strategic objectives.

CHALLENGES:

- Attracting professionals with a geoscience and/or engineering background to secure a steady supply of talent for sustained growth.
- MOL Group recognizes that the professional development of the petroleum-related workforce is crucial to its future success in the oil & gas industry.

4.1. ATTRACTING TALENT

Related objectives:

- "Talent acquisition approach tailored to attract young professionals with geosciences and engineering background hence secure talent pipeline for Exploration & Production"
- "Implement programs to ensure early engagement of the young generation pursuing paths into the Oil & Gas industry"

The aim of MOL Group's employer branding strategy is to promote the company as the employer of choice to the defined and desired target groups. Employer branding is designed to address the talents who the company needs and wants to recruit and retain. Through talent acquisition and retention, the main purpose of employer branding is to stimulate business growth and achieve strategic goals. A segmented approach is followed according to the different target group (e.g. E&P professionals, engineers, IT professionals, etc) under a common overall employer branding framework. To create both a credible and desirable brand position, MOL Group

conducts vigorous communication campaigns via various channels to present the company as an employer of choice. For example, talent acquisition programs are promoted through multitouch point campaigns which involve all the relevant social media and PR tools. MOL Group has redesigned and re-launched all of its pre-existing key communication platforms (Website, Intranet portal, corporate newsletter and magazine, etc.) to articulate to employees its value proposition (EVP) and to promote its achievements and positive practices, in line with brand strategy. As social media is becoming an increasingly important tool in modern recruiting practices, MOL Group has enhanced its efforts with this form of media, using LinkedIn as a primary social media channel, while Facebook, Twitter and Youtube are also used to reach the relevant target population.

Further to the above-mentioned efforts, our current employees are considered to be the best brand ambassadors. MOL Group encourages and trains its employees to build and update their personal LinkedIn profiles. Employees are empowered to communicate on behalf of the company and to promote and share its news as this type of communication can effectively reach out to prospective candidates in a way that formal, orchestrated messaging might struggle to achieve. MOL Group's achievements with employer branding are recognized globally. The company won the ERE Recruiting Excellence Award for its talent acquisition programs Freshhh and Growww, judged to be the Best College Recruiting Programs globally in 2014.

Educational partnerships

The oil and gas industry is facing an increasing skills gap due to the large number of experienced professionals who are retiring and the lack of natural science experts on the global labour market. As an independent industry player, MOL Group is responding to the shortage of talents by initiating several talent acquisition programs that target students from secondary schools and universities.

- Secondary school concept: To start engaging young talents at an early stage, MOL Group maintains close and regular contact with secondary schools to promote natural sciences and build a long-term relationship that will strengthen the talent pipeline. In major locations where MOL Group operates. In 2014 'MyMentor' program continued hence 16 professors were selected out of more than 1200 nominations in the countries of Hungary, Croatia and Slovakia. Junior Freshhh was launched for the first time in Croatia. Altogether almost 1500 teams registered throughout the 3 countries of Hungary, Croatia and Slovakia.
- University concept and partnerships: MOL Group is committed to supporting education in STEM areas (science, technology, engineering and mathematics) and boosting the number of graduates in these fields. For this reason, MOL Group continued its strategic partnerships with universities and faculties from relevant fields, and its sponsoring of student associations.

Existing talent acquisition programs

Freshhh: this is MOL's innovative online student competition that targets university students across the globe who are potential future employees of MOL Group. The most talented students have the opportunity to secure direct entry into MOL Group's Growww graduate selection process. Since the competition started in 2007, more than 15,000 students have participated. In 2014, a record number

(1570) of three-member teams have applied to enter the competition. The winners of Freshhh 2014 were the team 'Amcord' from Serbia who then entered Growww 2014 to start their careers at MOL Group.

Number of participants in MOL's Freshhh competition

	2010	2011	2012	2013	2014
Number of teams	580	596	694	887	1570
Number of countries	25	62	58	60	76
Number of universities	117	217	251	253	258

Growww: a one year long graduate program which is designed to secure sufficient talent to accommodate MOL Group's business needs. Retention of Growwwers has remained above 80% since the program started in 2007; a figure that demonstrates that outstanding performance is a crucial part of the concept. Growww also promotes diversity: the proportion of female participants is set at a minimum of 40% at a group-level. 2014 was the eighth consecutive year of the program and a record number of 24 MOL Group companies participated in Growww.

PIMS Academy: This is MOL Group's post-graduate course which is run in co-operation with the Hungarian University of Pannonia, Faculty of Information Technology. It is designed to educate specialists to deal with the complex challenges of the global O&G supply chain. In 2014 seven international candidates completed the course and now all of them are employed by MOL Group companies.

New talent acquisition programs in 2014:

UPPP is MOL Group's new Exploration & Production dedicated talent acquisition program which was launched in October 2014. UPPP's target group consists of university students from the fields of geosciences and petrotechnical studies from selected universities. Even in its first year UPPP achieved impressive results regarding talent attraction with 972 registered three-member teams from 14 countries and 27 specifically-targeted, prestigious universities. After the online competition component of the program, the best-performing students are offered careers at MOL Group. The 18 month UPPP Technical Placement Program provides a unique start to the careers of top talents by offering them business and technical development opportunities, HQ exposure and on-site experience with Exploration and Production operations. The aim of the Technical Placement Program is not only to ensure that graduates will join Exploration and Production operations with a thorough knowledge of their field but also to increase their motivation to engage with their future job with MOL Group.

4.2. RETAINING AND REWARDING EMPLOYEES

Related objective:

- "Boost pay for performance culture of MOL Group by providing a competitive and motivational reward scheme, that encourages outstanding business results."
- "Integrated Annual People Cycle incorporates performance and career management resulting in a structured approach to development and succession planning"

MOL Group acknowledges that talent market is especially scarce in the industry, and while setting measures to increase its talent attraction capability, also focuses on retain talent pool and its competitive edge. At the same time headcount efficiency has been gradually improved in recent years. 2014 headcount trends (decreased from 28,769 to 27,499) followed MOL Group strategic directions.

Key measures among other took place in INA and subsidiaries that resulted in headcount decrease. Further to that IES in Italy went through a major organizational redesign in line with the transformation of the refinery into a logistics hub. Retail service station operating model change resulted in outsourcing employees in Serbia and Slovenia.

Competitive compensation

MOL Group compensation schemes are designed to reinforce a merit-based culture by clearly setting apart great results from average and poor outcomes with the goal of motivating personnel to continuously raise the performance bar

In the frame of the above, MOL Group implemented a Total Remuneration approach in 2014. This international principle helps structure major compensation elements, including the Annual Base Salary, Short- and Long Term Incentives and Benefits that together represent MOL Group's compensation strategy.

The major cornerstone of the compensation and benefits architecture is the use of HAY methodology, the most widely-recognized job evaluation method, applied worldwide by over 10 000 companies. Using the HAY method enables the company to create and manage a single, transparent and consistent system that builds a sense of fairness and promotes the accountability-based rewarding of employees. MOL Group in 2014 issued single, transparent, group-level job evaluation methodology and grading guidelines for the purpose of harmonizing job grades and compensation outcomes. In 2014 HAY coverage reached almost 90%.

MOL Group adopted a 'dragging' compensation policy in 2013. The policy implements the principle that compensation (which is based on HAY grades and the outcomes of performance appraisals) should exceed the local market average, while taking into consideration the local company's available financial resources and other limitations.

Notes to the sustainability performance

Ratio of corporate minimum wage to local minimum wage at significant (more than 100 employees*) operating locations (%) [GRI G4-EC5]

COUNTRY (MAIN COMPANY)	2014
Austria (Roth Heizöle GmbH)	100%
Bosnia Herzegovina (Energopetrol d.d.)	101%
Croatia (INA d.d.)	135%
Hungary (MOL Plc.)	144%
Italy (IES S.p.A.)	100%
Romania (MOL Romania PP s.r.l.)	162%
Pakistan (MOL Pakistan Ltd.)	460%
Russia (BaiTex LLC)	220%
Serbia (MOL Serbia d.o.o.)	100%
Slovakia (Slovnaft a.s.)	105%
Slovenia (MOL Slovenija d.o.o.)	100%

*MOL Kalegran B.V. (Kurdistan region of Iraq) has a headcount over 100 but since there is no official local minimum wage in the country it is excluded from the table.

MOL Group has a strict guideline that all employees are entitled to equal compensation regardless of gender, age and nationality. Group-level compensation policies are made transparent and published in Group and local regulations that are made accessible to all employees. Company-level rules are also defined by Collective Agreements (CA).

Short and long term incentives

In order to achieve superior performance, both employee and management compensation is closely tied to performance.

The short-term incentive system differentiates between employee and managerial performance incentives, both of which are connected to the annual target-setting of individual and company goals and annual payouts.

The recently-redesigned Long-Term Incentive Plan (LTI), in line with global best practice, directly links senior and top managerial gains to the long-term strategic interests of shareholders through its two main pillars: Stock Options and Performance Share Plan. The Stock Option program enhances share price increases in absolute terms, while the Performance Share Plan links MOL Group's relative share performance with regional and sector benchmark indices over a 3 year time horizon.

Benefits

Wellbeing is perceived as being of the highest value to employees and is maintained across the Group by increasing Total Remuneration value with competitive benefit schemes. Local legislation, the tax environment and competitiveness on local markets are considered together with overall Group-level consistency when basic benefit elements are defined. The most important elements are the following:

- In most of MOL group's operational areas, social and pension funds exist and employees are covered by them. Such schemes are usually state-controlled but partially private systems also exist.

96% of MOL Group employees are covered by pension contributions which are either paid by the employer or employee – the amounts paid differ by country, based on local legislation. In certain areas of operation employees may choose to contribute to a voluntary pension fund and are allowed by law to use a part or the whole of their fringe benefits (provided by the company) for this purpose.

- Life and accident insurance is available to employees in more than 50 companies, providing one-off payments to employees in the case of 'term life' and accidental events, with 24 hour worldwide coverage.
- MOL Group provides travel insurance for employees who travel on business trips to cover any medical expenses related to accidents and sicknesses that may occur during business trips, with auxiliary assistance service. This benefit is considered to be a basic care component for business-related assignments.

Annual People Cycle

At MOL Group, performance management establishes a culture of high performance in which each employee and each organization takes responsibility for continuously improving business processes and their own skills. Individual targets should be aligned with organizational targets and ensure that employees uphold corporate core values.

The Annual People Cycle (APC) is MOL Group's performance management framework which integrates all the annually recurring standardized HR processes. It ensures that performance management, career and development planning is done in a fair, consistent and transparent way and that employees are working with the right objectives in mind. In 2014 MOL Group implemented a state-of-the-art technological process as a supporting application for APC: a SuccessFactors product which has been proven to be user-friendly and easy to maintain. Its current implementation facilitates a beneficial compromise between corporate HR processes and user-focused visual technology. A clean, updated employee database on the source side and processes that use this data contained within Success Factors are flawlessly united in a web of connective sub modules. The first phase of the APC project incorporates Employee Profile, Performance Management, Calibration, Goal Management, Succession and the Compensation modules.

Elements of the Annual People Cycle are described hereafter.

The Managerial Performance Management System (MPMS) consists of three target elements and their evaluation: corporate, divisional, and individual targets. Besides the key financial indicators, sustainable development, health, safety, environment and HR-related targets are also considered among the targets which are consistently cascaded down the organization from the top management team to lower managerial levels. Meeting SD&HSE and HR targets is mandatory for all MOL Group managers. HR targets focus on APC completion and employee engagement.

The Employee Performance Management System (EPMS) ties corporate objectives to individual performance through a differentiated employee bonus payout, in line with the outcomes of performance evaluation. MOL Group is working to extend EPMS, with the aim of covering all of the companies within the Group. An EPMS system was implemented to INA in 2014 involving approx. 5000 employees.

Employees covered by a predefined and standardized performance appraisal process (%) [GRI G4-LA11]

EMPLOYEE CATEGORY	COVERAGE OF EMPLOYEES BY PERFORMANCE APPRAISAL PER YEAR				
	2010	2011	2012	2013	2014
Executive/ Top Management	100%	100%	100%	100%	100%
Middle/ General Management	100%	100%	100%	100%	100%
First Line Management/ Supervisor	100%	85%	85%	100%	100%
Specialist groups	78%	48%	64%	64%	70%
Employees (below HAY 18)	73%	40%	41%	42%	51%

Career Management System (CMS) & Development processes enable the organization to identify and retain talent. At the same time, managerial succession plans can be drawn up and employee development activities bought in line with MOL Group business strategy. MOL Group's talent pool is reviewed annually in the course of People Review Meetings, where managers of respective areas define their plans for increasing bench strength and identifying development opportunities for talents.

Number of participants in career management system and development processes [GRI G4-LA11]

APC PROCESS	NR. OF PARTICIPANTS PER YEAR			
	2011	2012	2013	2014
CMS & Development	1,320	1,535	2,000	2,100

Employee engagement

Engagement refers to a state of emotional and intellectual involvement and commitment that leads people to do their best work. Employee engagement at MOL Group goes beyond how much people like being part of their organization, which is represented by their satisfaction. One of the principal tools used at MOL Group to measure employee engagement is the Roundtable Survey. At MOL Group engagement is measured biannually and considered to be an important business indicator. Throughout the process MOL Group promotes the safe reporting of views. The most recent survey was conducted in 2012/2013.

Based on the results of the last employee engagement survey we defined actions for improvement (over 1400 individual actions globally). Throughout 2014 we monitored and measured the completion of these activities on a regular basis and celebrated successes as they occurred. By the end of 2014 the majority of activities had been completed.

Also, in the last quarter of 2014 MOL Group conducted a Pulse Check with several focus groups in order to evaluate the overall success of the action plans and to define additional opportunities for improvement.

Employee engagement survey results (%)

EMPLOYEE ENGAGEMENT RESULTS	2008*	2010	2012/13
Coverage	90	90	96
Response rate	50	64	62
Engagement level	67	70	47*

* The engagement methodology changed in 2012 due to the engagement of a new service provider. As a result, the Engagement level data in the table do not show the trend in engagement from 2010 to 2012 since the basis of calculation is different. Compared to 2010 results, the difference is a 2% point decrease.

4.3. DEVELOPMENT OF HUMAN CAPITAL

Related objectives:

- "Build Leadership capabilities, fill technical competency development gaps and have a global leadership competency framework"
- "Develop MOL Group's human capital through creating environment in which employees adhere to highest performance standards, learn and apply innovative ideas, competencies, skills and co-operate for collective business success."

MOL Group's strategic transformation, the increasing speed of change and the need for efficiency improvements in Downstream and capability upgrades in Exploration and Production require new skills and capabilities. As a result, the development of human capital is considered to be a fundamental pillar of MOL Group's success.

Training and development data for MOL Group [GRI G4-LA9]

	2011	2012	2013	2014
Average training time per employee (hours)	21	18	22	24
Average cost of training per employee (th HUF)	51	54	57	76
Average hours of training per employee group (hours)				
Executive/Top management	56	38	19	52
Middle/General management	47	31	34	53
First line management/Supervisor	44	29	40	52
Specialist groups	33	28	37	38
Other employees	19	16	20	21
Average training cost per employee group (th HUF)				
Executive/Top management	688	571	464	1,107
Middle/General management	265	325	287	854
First line management/Supervisor	165	220	207	368
Specialist groups	122	138	127	200
Other employees	37	37	42	61

Learning and development objectives

MOL Group values, promotes and facilitates employee skills development as a key driver for meeting its strategic goals. In 2013-2014 MOL Group started to build a completely new global learning program portfolio and launched mission-critical global people development programs to support the strategic transformation of MOL Group. These learning interventions focused on two subjects:

1. Strengthening technical capabilities. To meet the oil and gas challenges of the 21st century, professionals at all levels need to acquire fresh skill sets.
2. Building Leadership capabilities. Leadership choices and the quality of these choices have a tremendous impact on safety and productivity at both the individual and organizational level. Besides equipping present leaders with the necessary new skill-sets, MOL Group is building its next generation of global leaders via its unique talent programs

Technical capability building

MOL Group recognizes that the development of petroleum professionals' skills is crucial to future success. The global outlook confirms that oil and gas industry is about to enter into a new era when a very different demographic situation will be experienced, while new technologies and scales will demand the acquisition of more skills.

Employees enrolled in Technical Competency Measurement (number of people)

	2010	2011	2012	2013	2014
Exploration & Production	380	630	650	750	850
Downstream	0	230	500	750	950
HSE	0	0	30	30	300
Total	380	860	1,180	1,530	2,100

Knowledge intensity is increasing, along with business complexity. MOL Group must therefore work to promote innovation and the acquisition of new technical skills with reduced time-to-autonomy in technical job roles to ensure it is successful in tomorrow's oil and gas industry environment. Whereas skills are strategic enablers, without people with right skills operational excellence cannot be achieved, and, what is worse, operations may entail a high level of HSE risk that is unacceptable to MOL Group.

To ensure that employees acquire the right skills, as well as achieve functional and technical excellence so they are able to do their jobs according to the standards and meet business needs, MOL Group introduced a Technical Competency Model and related development process 5 years ago. Access to training is driven by the need identified through Technical Competency Development processes, and structured and well-planned training modules are available to our expert pool based on their technical competency requirements and gap analysis, while progress is tracked against learning objectives.

The methodology behind the system is provided by PetroSkills, the leading oil and gas industry training company. Adoption of PetroSkills' Technical Competency System has significantly speeded up the implementation process and enabled adjustment to conform to industry benchmarks. In 2014 the program was rolled-out to Downstream Logistics and the entire pool of HSE experts.

Leadership development

MOL Group maintains its focus on its leadership population in order to equip them with the knowledge and skills they need to achieve the Group's business objectives and secure its future, even in extreme market conditions.

To ensure constant flow through its leadership pipeline, MOL Group launched LEAD - its leadership education program for the Group's top talents - in 2013, partnering with the well-acknowledged regional Cotrugli School of Business (Croatia) and the globally-renowned Thunderbird Global School of Management (USA). LEAD is organized around three nested leadership talent pools.

While still ongoing, in 2014 LEAD proved to be of great assistance in strengthening the Group's management. 30% of all participants had been promoted by the end of 2014. Further, the quality of the program design has been verified by external benchmarks. In 2014 LEAD won the Leadership 500 Excellence Award and Asia's Training & Development Excellence Award for Best Leadership Development Program in two categories: Middle and Top Management.

To provide learning opportunities to all of MOL Group's managers and to define Group-wide common leadership practices, MOL Group launched Intensity, its modular leadership development program, in co-operation with Management Centre Europe (MCE), the largest provider of talent development programs in Europe and the Middle East.

Intensity provides a selection of courses that are organized into a matrix based on the level of leadership (from Individual Contributors awaiting a management role through Senior Leaders) and key leadership competencies. Managers can pick the right course based on their actual development needs which are identified by the outcomes of the annual performance management cycle. Intensity is designed to efficiently integrate knowledge into the workplace by offering pre and post-course activities and a blended learning solution.

Local specific needs may be addressed by locally initiated programs, in line with the group level direction. An example is the Hungarian Downstream operation where leadership succession program has been running for 2 years now. There have been 17 participants who not only completed courses but have been leading projects as well. The estimated and expected financial benefit of these projects in total is almost HUF 3bn.

Trade unions and collective bargaining agreements (%) [GRI G4-11]

	2010	2011	2012	2013	2014
Employees represented by trade unions	94.5	94.8	94.8	96.0	94.4
Employees covered by collective bargaining agreements	94.5	95.0	91.7	90.1	88.7

Division-specific development programs

MOL Group Exploration and Production has defined the strategic objective of expanding its Exploration and Production portfolio internationally, increasing production significantly and becoming a sizeable and reputable international player. The Global oil and gas outlook confirms that without strong people fundamentals basics and new technical skills, business growth is will be at risk. A holistic HR program that efficiently addresses each component of the people challenge was launched in 2014. Finalization of the design and implementation of the program activities is planned for 2015. Program elements will include identification of future resource needs, building a Technical Career Ladder as an alternative to a managerial path, development of a uniform E&P Technical Learning Curriculum, boosting innovation and knowledge sharing across organizations using Communities of Technical Excellence and strengthening leadership capabilities.

ADVancE is a 4-month-long internal training program for Downstream which increases the understanding of selected DS experts of the entire MOL Group DS supply chain by supplying them with comprehensive knowledge about each area using a 'connect the dots' approach. In 2014, MOL Group developed the content and organized the program. Participants have already been selected by Group Downstream top management. The first ADVancE program will run in H1 2015.

Another important program in Downstream business is our Production Rotation Program. Selected participants (appointed by managers) spend 1-2 months at a site that is different from their current workplace. The main aim of this Program is to ensure that professional refining-related knowledge and expertise is shared throughout the Group, as well as to create a strong and efficient social network among Group Downstream Production sites. MOL Group launched its DS Production Rotation Program in 2011 and since then more than 90 people have participated from all 4 refineries. In 2014, 28 refinery experts were invited to join this Program.

4.4. COMMITMENT TO FAIR EMPLOYMENT

Related objective: "Enhance responsible employer practices to ensure the engagement and diversity of the workforce"

Employee relations

The freedom of association and collective bargaining is considered to be of fundamental importance to MOL Group.

The European Works Council (EWC) ensures the representation of employees at a MOL Group level and keeps them informed on an ongoing basis about decisions taken in different countries which are within its competence. On MOL's supervisory board, employee representatives (one third of all members) are delegated by the EWC. The European Works Council contains members from all major subsidiaries that operate in Europe, but it also has contact points in Russia and Pakistan. The EWC has one general meeting a year, and holds one meeting at least once a year together with MOL Plc.'s Hungarian Works Council.

At MOL Plc. (Hungary) employee representatives are invited to Collective Agreement (CA) negotiations, professional discussions about CA-related issues, a commenting process related to the activities of the Employer and works councils meetings (on a monthly basis). In 2014 a total of 53 sessions took place with the objective of promoting the sharing of information. Further to that, 30 meetings took place which involved discussions and/or negotiation about specific topics.

The Works Council of INA (Croatia) was established in 2011 and has 25 member trade unions with which the Employer maintains a regular dialogue. One assembly organized by the Works Council was held in 2014, while 22 regular meetings were held with social partners and 6 meetings were held with trade unions (which resulted in agreement about 3 social clauses for workers). Approximately 35 negotiation-focused meetings were held in 2014, including the involvement of managers of certain business segments.

In Slovnaft (Slovakia), the fundamental agreement between employer and employees takes the form of a Collective Agreement. 36 meetings took place between employer representatives and trade unions in 2014.

In October 2013, MOL Group announced its intention to transform IES Mantua refinery into a logistics hub. Beginning in 2014, IES negotiated and reached agreements with Trade Unions and external parties (including the Ministry of Economic Development, Lombardy Region, Mantova Municipality) about the transformation and re-industrialization of company activities. Meetings at which trade unions and external stakeholders participated were regularly held throughout 2014 in order to ensure that the activities so far implemented by the company that concern employment levels, reindustrialization processes and environmental issues continue to be monitored.

Part-time employment at MOL Group

	2010	2011	2012	2013	2014
Part-time employees (number of people)	191	261	293	263	282
Proportion of part-time employees to total workforce	0.59%	0.83%	0.99%	0.91%	1.03%

Employee representation organizations and the Company – as employer – have signed MOL Plc.'s II. Equal Opportunity Plan for the next 2 years (2013 – 2015) which covers Hungarian operations.

The plan covers all the employees of MOL Plc. and pays special attention to upholding the rights of employees on maternity leave, single parents, parents with two or more children under age ten, employees with any kind of disability or who are over the age of 50, and those who belong to a national or ethnic minority. The main purpose of the plan is to improve the working and employment conditions of these employee groups and to focus on meeting their special needs. As a result, a new initiative was launched: the "Layette benefit" contribution. MOL Plc.

The Health and Safety of employees is an integral part of agreements and discussions with trade unions. At MOL Plc. a works safety update is a standard agenda item for Works Council meetings, while 38 employee representatives work in four safety-at-work committees or independently. Safety-at-work representatives have the responsibility to review that labour conditions are safe, they participate in the investigation of incidents, in risk assessments and in the elaboration of work orders. In Slovnaft, employee interests concerning health and safety are represented by more than 100 employee representatives from separate departments who are appointed based on the proposals of trade unions. At INA in 2014 there existed a total of 29 safety-at-work committees and subcommittees, while 79 safety-at-work commissioners are also active.

Diversity and inclusion

MOL Group promotes a culture of diversity, creating an environment that allows our global workforce of diverse backgrounds, experiences and perspectives to contribute to achieving results without boundaries. Accordingly, the company continues to internationalize organizations, advocate high-quality knowledge transfer between different generations and to embrace the diversity that promotes creativity and innovation. By doing so, MOL Group attracts, engages and retains top talents that create greater value for our business. MOL Group is committed to ensuring equal opportunities in recruitment, career development, promotion, training and reward processes for all employees.

Internationalization is clearly evident at MOL Group's HQ, where 14% of all employees, representing 23 nationalities, are non-Hungarian. Moreover, more than 360 of our colleagues are working on international assignments. Meanwhile, the proportion of female Growww program participants is at around 36% (an increase of 16% compared to 2013). A women's leadership network, a new forum for supporting knowledge and skills transfer and networking, has been established at MOL Group. The first formal meetings have already been held in 2014. In Hungary, MOL introduced flexible working arrangements for its employees in 2014 as a pilot project at a few units. These arrangements support flexitime and working from home. This program fosters diversity and supports a better employee work-life balance, hence increasing employee commitment and entrepreneurship.

not only keeps contact with employees who are on maternity leave but after their return to work, as far as possible, MOL Plc. offers them flexible working arrangements and the opportunity to occasionally work from home.

In terms of rehabilitation procedures, MOL Group pays special attention to employees whose ability to work has changed and those with disabilities. If any of MOL's employees become disabled, then the Company will always investigate further employment options. The Company operates a rehabilitation committee to support this process.

The Company has assessed the positions at MOL Plc. that can be filled by employees whose ability to work has changed. Additionally, new recruitment channels for employees with disabilities have been identified and can now be used. In 2014, 15 employees with changed working ability were employed by MOL Plc, which also resulted in savings of 11,766,900 HUF in rehabilitation contributions.

Some other great achievements that support our Diversity & Inclusion strategy include the buddy and mentor program for Growww participants. At INA we collected local applications for scholarships for children, for Homeland War veterans and other planned scholarships and work life balance initiatives.

One of our most significant achievements in the field of diversity is the fact that a first group of female employees at MOL Pakistan (7 newly-hired female trainee engineers) were put through the Growww Program in 2013 and continued to work for MOL Group in 2014.

5. COMMUNITIES

General aim: enhance trust and credibility among stakeholders

ACHIEVEMENTS:

► In the Kurdistan Region of Iraq, MOL Kalegran has completed the identification of high priority social issues, stakeholder concerns and the social impacts related to its operations. The outcome of the process is a Stakeholder Engagement & Social Investment Strategy that forges a renewed social compact between the Company and its host community.

► MOL Group Volunteers' Club - a platform for Corporate Volunteering - was launched by MOL Group headquarters as a long-term initiative to give back to society in the regions where the company operates.

CHALLENGES:

► New internal regulations that are designed to standardise the principles and processes of stakeholder engagement have been drawn up. The implementation of this Group Practice in 2015 is expected to improve understanding and the management of stakeholder issues and perceptions.

5.1. COMMUNITY RELATIONSHIPS

Related objectives:

- "Develop a group level social engagement plan by 2012"
- "All countries have an annually updated social engagement plan implementing key pillars of engagement"

Community engagement

MOL Group has been improving its community engagement practices gradually in the last year, in line with the continuous expansion of its international operations. Since 2013, Annual Corporate Communications Plans have been created for all countries where the company operates, and at the end of 2014 MOL Group issued its Social Engagement Group Practice guidelines that must be implemented by all member companies and all relevant sites/operations. They provide guidance about the principles and practices of social engagement and help companies to identify and involve stakeholders. They also contain guidance about interacting with local community stakeholders, including opinion leaders, municipalities, associations, non-profit organisations and foundations when carrying out normal business operations. In 2015, individual company/site/operation-level Social Engagement strategies and action plans will be prepared according to this group level guidance document.

The nature of the community engagement strategies of MOL Group and its member companies are highly dependent on the location of the business operations. The most common activities we engage in are maintaining site-level relationships, holding public hearings and implementing initiatives in common with stakeholders.

One of the crucial topics in community engagement processes is the environmental impact our sites have on communities. MOL Group has to manage both the real impacts of its operations and community perceptions about them. In 2014, sites received 114 complaints related to environmental issues (49% of the complaints concerned European sites while the others were related to our international Exploration and Production operations). Such grievances are taken seriously and have been or are being resolved.

European operations

MOL Group's European sites were typically put into operation decades ago and therefore already have established relationships with local communities and stakeholders. They are widely-accepted and our communication activity relates to routine engagement activities and concrete issues such as the nature of new investments.

Moreover, during general engagement practices that concern European operations the emphasis is also on engaging communities and the broader society in ways that shape people's attitudes and ways of thinking about how sustainability can be promoted. One example of this is our used cooking oil collection campaign which now operates across 3 countries. This campaign helps the general public to dispose of their hazardous household waste in an environmentally-friendly way at one of our filling stations. The campaign has now been running for 3 years at 230 filling stations. The program has generated since its start a financial return in the range of EUR 300,000 – all of which is returned to the promotional campaign to increase environmental benefits.

MOL Plc., with its focus on actively involving communities in 2014, became the main sponsor of Budapest's first bike-sharing system ('MOL Bubi'). The support we provide means the program has significantly greater ability to reach its target audience and the main company stakeholders than any other conventional communications tool.

Moreover, MOL Plc. continued its program of 'Management Roadshows' in which top managers visit all the major sites in Hungary twice

Notes to the sustainability performance

a year to meet with local authorities, municipalities and communities in order to strengthen trust and discuss current issues. To improve our capability to react better to any community concerns that arise, a social media monitoring system has also been introduced.

Slovnaft's focus has been on increasing awareness of the company among local stakeholders as a socially responsible business. As part of its commitment to transparent operations, our "Responsible Neighbour" campaign continues to provide local communities with information about MOL's activities. We share information about flares, water treatment, smoke, smells and noise – the most important issues that affect the lives of those who live in proximity to the Refinery.

INA systematically continues to make an effort to recognise the specific needs of local communities, while communication is centred on the public debates that are regularly held in the process of environmental impact assessment and obtaining environmental permits.

Non-European operations

In International Upstream countries MOL Group has "carte blanche" to develop its image. Accordingly, to build strong relationships with local communities the basic needs (education, infrastructure, drinking water supply and healthcare) of the general public must be considered. MOL Group has various methods in place for surveying and understanding the needs of these local communities and ensuring that the company continues to receive support for its operations. These methods include contracted Community Relations Officers who can be contacted by locals at any time.

MOL Kalegran B.V. operates close to a settled area and interacts with the local community on a regular basis. The issues and topics in which the local community is interested are diverse, but the chief concern is livelihoods of locals. To identify key areas and to address all relevant issues a Social Impact Assessment and Stakeholder Engagement & Social Investment Strategy has been developed, based on a comprehensive study carried out by external experts. In the Kurdistan region of Iraq, drilling & well operations and production can potentially have significant negative impacts on local communities due to the high hydrogen-sulfide (H₂S) content of the associated gas. To mitigate this risk and avoid any hazardous situations that may occur, special measures were taken during site selection, equipment design and the preparation of operational emergency response plans, as well as off-site emergency response plans for critical sites which involve nearby

local communities. MOL Kalegran's community relations officers have regular meetings with the local community, local authorities and Mukhtars (village heads), prior to the start-up of any significant operations such as well tests, production or flaring.

5.2. SOCIAL INVESTMENTS

Related objectives: "Develop a comprehensive and effective social investment management system, including local social investment plans, with measurable targets in each country of operation"

Through donations and social investment MOL Group aims to create value for stakeholders and be responsible to future generations. Accordingly, MOL Group has supported educational programs and talented young people, health and environment initiatives using 0.32%¹ of its EBITDA.

European operations

MOL Group aims to strengthen its social investment portfolio and to cooperate better with its partners to measure business and community benefits. To this end, a best-in-class tool - which uses London Benchmarking Group (LBG) methodology - has been adopted in MOL, Slovnaft, INA, TVK and MOL Romania to manage and report about social investment. MOL Group plans to further extend the use of this tool in 2015 to international Upstream companies.

In Central Europe MOL Group members are well-established brands and companies carry out annual corporate giving awareness surveys to understand the needs of society. In 2014 the survey was conducted with the involvement of more than 8000 stakeholders. According to the survey results, health care and health promotion were top of the public's 'wish list': 87% of stakeholders would donate to promote healthy lifestyles and help prevent disease. Second on the list was education (78%) and third, environment protection (74%). Identifying and supporting talents was also in the top 5 (49%).

MOL Group's corporate giving budget is aligned with its business activities and public expectations. Results of MOL Group's internal data collection processes show that 42% of the donations tracked in the LBG data collection toolkit focus on supporting education and young people, while 10.3% are spent on improving health. 25.8% of the total corporate giving budget is aligned with MOL's business

interests; e.g. supporting cooperation with the most important customers, initiating projects where Exploration and Production activities are undertaken and cooperating with professional organizations accounted for.

The social investments of MOL Group companies in Central Europe are carried out through foundations which support talented young people in arts and sports, as well as those which support health care and provide special therapy for chronically ill children. The majority of social investment (86% in Hungary, 50% in Slovakia, 100% in Romania and 60% in Croatia) is made through such organizations.

In Hungary, Slovakia, Romania and Croatia MOL Group also supports local environmental initiatives through Green belt programs.

Non-European operations

In international exploration and production operations MOL Group always strives to understand local community needs and create tailor-made social investment action plans for each area. E&P community relationship officers survey and identify the needs of local communities and select between local community requests on the basis of our central objectives and by consulting with governmental stakeholders. MOL Pakistan continued its social investment program in 2014 with a focus on healthcare and education. Another Free Eye Camp was held at Saradhana village in the Haripur District, where 825 patients were treated, and refurbishment of the Federal Government Girls College Thanda Pani in District Islamabad is now complete. Furthermore, several water network and irrigation projects were supported to improve the living conditions of communities who live around our operations. They include the following:

- Construction of a check dam at Ahmadi Banda in Karak District - started in 2014, will be completed in 2015.
- Extension of Minor-1 from Sanda Fateh Khan Dam (Irrigation Project) at Hoti Banda in Kohat District - completed in 2014.
- Drinking Water Supply Scheme at Bakha Banda in Karak District.

In the Kurdistan Region of Iraq, donations and social investment projects in 2014 included the building of a new (6-year) school, a youth center and the construction of a community hall and water project.

Moreover, a Stakeholder Engagement & Social Investment strategy has been prepared to ensure the most efficient and targeted use of donations in the future. In the proposed Social Investment Strategy the main areas identified are water development initiatives, agricul-

ture (including livestock farming), education, youth empowerment and tourism. Project planning has already started; implementation will follow in the coming years.

Additionally, in the Kurdistan Region of Iraq - in order to help refugees fleeing from ISIS - a humanitarian aid package was developed and distributed by MOL Group through local suppliers with the support of the Ministry of Natural Resources and local authorities. It was specifically targeted at refugees located in the operational block Akri-Bijell.

In Russia, according to the conditions of the license agreement Matyushkinskaya Vertical donated HUF 14.2mn (RUB 2mn) for the social and economic improvement of the Aleksandrovsky area.

Volunteering

The current volunteering platform of MOL Group is rich in activity but somewhat fragmented. Many similar, well-functioning initiatives exist. The total number of volunteering hours undertaken by employees increased considerably due to the launch of the MOL Group Volunteers' Club - a group-wide platform of Corporate Volunteering - in May, 2014. Volunteers will regularly organize events in the future to express their responsibility towards local communities and strengthen employee engagement at the same time. Harmonization of the concept is ongoing and roll-out of the methodology to countries of operation is in progress.

The target for 2015 is to renew this concept and develop a common corporate volunteering platform for all employees.

In 2014 259 members the INA Volunteer Club took part in 19 initiatives. The focus was on ecological and humanitarian projects and projects for children and youth. Volunteers use their own Facebook application whereby fans and visitors can suggest or vote for volunteering projects. Currently, the Club has approximately 350 members and this number is increasing every day. The INA Volunteer Club received a "Recognition for contribution of the business sector to the development of volunteering" award.

There are numerous other voluntary initiatives within MOL Group such as Greenbelt volunteering in Hungary, employee blood donations in many countries, the "Our city" program and the "Collection of Goods for Socially Disadvantaged Families" in Bratislava, and a joint program with the Dévai "Szent Ferenc" Foundation in Romania for renewal-related activities.

Corporate giving in main countries and regions [GRI EC8]

	HUNGARY	SLOVAKIA	CROATIA	ROMANIA	INTERNATIONAL UPSTREAM	ITALY	TOTAL
Donations in cash (million HUF)	809.8	129.7	133.2	198.5	163.3	0.0	1,434.4
In-kind giving (product/services) (million HUF)	0.0	5.1	19.7	0.0	71.0	0.0	95.8
Leverage (million HUF)	1,570.1	-	-	-	-	-	1,570.1

Leverage: according to LBG methodology donations given in accordance with Corporate Tax Optimization shall be accounted for as leverage

Corporate volunteering by employees

	HUNGARY	SLOVAKIA	CROATIA	ROMANIA	INTERNATIONAL UPSTREAM	ITALY	TOTAL
Employee volunteering (hours)	1,672	270	3,752	368	0	0	6,291

¹ Without corporate tax optimization; clean CCS-based EBITDA without Gas Midstream was used in calculations because FGSZ data is not included in social investment data

6. ECONOMIC SUSTAINABILITY

General aim: Focus on responsible operations and long-term economic development

ACHIEVEMENTS:

- The Business Partner Code of Ethics is now a component of 99% of supplier contracts.
- The value of contracts with locally-owned suppliers in our international Exploration and Production activities amounted to HUF 85bn in 2014.
- Security training material for all employees was rolled out across MOL Group in 2014. In Pakistan, Russia and the Kurdistan Region of Iraq the training material includes principles related to the protection of human rights. Training materials were shared with private security contractors (who reported a 100% compliance level), and also with public contractors as recommended training material.

CHALLENGES:

- Implementation and improvement of the new supplier qualification system in 2015.
- In 2014, steps were taken by MOL Group to implement a new and improved process for the pre-qualification of contractors during the procurement process. As part of this process, the procurement of a Supplier Qualification System started with implementation and roll-out planned for 2015.

6.1. CUSTOMERS

Customer satisfaction

Related objective

- “Achieve and maintain a high level of customer satisfaction”
- “Engage with customers in SD-related issues”

MOL Group focuses on building and maintaining a good relationship with both wholesale and retail customers in the regions in which it operates. Wholesale customers purchase about 75% of MOL Group products, while approximately 25% of fuels are sold through the retail network of the company, together with non-fuel products. Based on the results of the 2013 Customer satisfaction survey MOL Group Downstream updated its strategic viewpoint and redefined its vision in 2014 as follows: MOL Group Downstream should be the first choice for customers, fuelling growth while delivering value for people and shareholders. The new strategic direction, called “Customer first”, focuses on markets and customers as the key growth areas. The new approach puts more focus on better satisfying customers than in the past and on ensuring that they stay with the company as clients in the long run. MOL Group would like to enlarge its share of loyal customers by providing them with a unique combination of price, quality and service.

In 2014, MOL Group maintained wholesale customer satisfaction level of 86%. The main drivers of this success were fuel (including

fuel cards) and lubricant customers. At INA wholesale customer satisfaction did not change significantly although considerable progress was made with reducing the number of complaints by wholesale customers. Almost 4 times less complaints were made in 2014 than in 2013.

At Retail, the main channel of communication is personal contact through the network of filling stations themselves, while customer loyalty is also encouraged in the form of a two loyalty card system. A centralized customer service is also in place which is responsible for handling any claims and complaints related to or generated at filling stations through personal contact or via phone.

MOL Group considers legitimate complaints and customer feedback to be useful inputs for improving processes and practices. In 2014 there were 55 million retail transactions in Hungary alone, from which we received 2,423 justified complaints. In Croatia 10,822 calls were received on the free customer line in 2014, 2.19% less than in the previous year.

In Retail operations, customers are locally engaged in sustainability-related initiatives. In 2014 the implementation of preexisting programs continued. They included Cycle Pit Stop (bicycle stands at filling stations), health days (at 5 filling stations in Hungary) the eye-testing program in Croatia (480 tests), and the organizing of fruit markets at which local producers can sell their products.

6.2. SUPPLIERS

Related objective: “Introduce comprehensive supplier risk assessment and have prequalification for at least 80% of the critical suppliers in each subsidiary”

Local suppliers

Employing local people where we operate, as well as hiring local contractors when it is possible, is beneficial to the local economy as the income it generates increases the purchasing power of these communities.

MOL Group understands that hiring local suppliers has multiple benefits and can also be a way of establishing a positive relationship with local communities. As a result, MOL Group contracts with such suppliers whenever it is beneficial, taking into consideration the expectations of local governments also.

In Central Europe local suppliers comprise the absolute majority of all suppliers, with the highest number in Croatia where 93% of suppliers are locally-registered. This makes MOL Group a key component of the economies of these countries. However, in some countries the proportion of local spending has decreased significantly. This is because some large scale investments are being carried out by foreign contractors.

Number of local suppliers [GRI G4-EC9]

CEE / SEE REGION, TOTAL VALUE OF CONTRACTS*	LOCAL SUPPLIERS	TOTAL	RATIO OF LOCAL SUPPLIERS		
	COUNTRY	NO.	NO.	NO.	VALUE
Hungary (MOL Plc.)		13,284	14,202	94%	80%
Hungary (TVK Plc.)		1,303	1,657	79%	65%
Slovakia (SLOVNAFT A.S.)		1,864	2,339	80%	65%
Croatia (INA d.d.)		1,081	1,310	83%	93%
CEE / SEE REGION Total		17,532	19,508	90%	81%
UPSTREAM INTERNATIONAL Total		1,333	1,889	71%	57%
Group total		18,865	21,397	88%	72%

*Locally-registered suppliers

In the countries where we have International Upstream operations, local procurement is especially important because operational sites are very often situated in areas populated by low-income communities. Hiring local contractors and employees therefore strengthens the relationships MOL Group has with all the stakeholders, including local governments and communities. Contracting local suppliers can also be advantageous due to their knowledge of the market.

In countries where MOL Group is only involved in exploration activities the opportunities for hiring local suppliers can be limited due to the special knowledge and technology we require. However, where MOL Group undertakes production activity as well, the proportion of local suppliers is high, especially in the Russian region where the involvement of local enterprises is 100%.

Number of local suppliers in E&P International countries [GRI G4-EC9]

	PAKISTAN	OMAN	KAZAKH-STAN	RUSSIA	KURDISTAN REGION OF IRAQ
Proportion of local suppliers* (to total number)	68%	50%	90%	100%	52%

*Locally-registered suppliers

Having a local supply chain creates the greatest benefits to society and to the local economy when locally-owned small businesses are hired as contractors. The total value of contracts signed between MOL Group and locally-owned (not only locally registered) businesses in 2014 was HUF 85bn (EUR 289mn) in Upstream international countries (Pakistan, Oman, the Kurdistan Region of Iraq, Russia and Kazakhstan).

Supplier management

In 2014 steps were taken by MOL Group to implement a new and improved process for the pre-qualification of contractors as part of the procurement process. As a part of this process, the procurement of a Supplier Qualification System has started with implementation and roll-out planned for 2015.

Moreover, MOL Plc. has started a new sustainability-focused supplier auditing process. This process is designed to review and potentially improve the sustainability-related practices of key strategic suppliers.

6.3. ETHICS AND COMPLIANCE

Related objective: “Implement key pillars of ethics management system (code of ethics, e-learning, managerial presentation, and business partner code of ethics) in all companies and reach 100% coverage”

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

The internal auditing of the system continued in 2014.

- 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 spol. 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.

Notes to the sustainability performance

- 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.

Ethical 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.

Human Rights

MOL Group respects the fundamental human rights which are described in our Group Code of Ethics. Furthermore, it can be stated that MOL Group is not engaged in activities which affect indigenous people. Nevertheless, MOL's modus operandi ensures the safeguarding of the rights of tribal populations.

As part of the continuous improvement of our ethical governance, all country chairmen – as part of their annual ethics-related duties – have to report on the human rights-related risks of the given country they are working in and draw up relevant mitigation plans. In 2014 MOL Group continued to adapt the UN Guiding Principles on Business and Human Rights ('Ruggie framework').

In 2013 MOL Group put in place a new health, safety and environment management system (HSE MS) which includes a new element for managing social impacts more effectively, with a special focus on our international Exploration and Production operations.

Social impact management covers all the potential resettlement issues which may appear at our exploration and production sites. Accordingly, we will gain free prior and informed consent in the event that indigenous people should be relocated from their land. So far there have not been any resettlements at any of our operational international locations.

One specific area of human rights concerns the interaction of external parties with security personnel. During MOL's operations, the security guards that are present are not MOL employees but the staff of the security service provider. MOL's contracts with security services contain the MOL Group Code of Ethics as a binding appendix that the supplier is obliged to accept. It is the supplier's obligation to enforce the provisions of the Code of Ethics and ensure employees abide by them; inter alia, to respect human rights. Since 2013, in the countries with international Upstream operations (Pakistan and the Kurdistan Region of Iraq), security supplier contracts have stipulated that the employees of the security service provider must be educated about human rights. In 2013, MOL Group started developing mandatory security training material for all employees which was rolled out across the company in 2014. In Pakistan, Russia and the Kurdistan Region of Iraq the training material contained principles related to the protection of human rights. Training materials were shared with private security contractors (who reported a compliance level of 100%) and also with public contractors as recommended training material.

Transparency

The most important annual sustainability related disclosure for MOL Group is the integrated Annual Report. However, in addition to this report MOL issues several other types of communication both at a Group and local level to inform external and internal stakeholders about its sustainability performance.

Besides the Annual Report, sustainability summaries have been incorporated into the "Quarterly Flash reports" of MOL Group for more than 1.5 years. The short summaries provide shareholders with information about the key performance indicators and key activities in the field of sustainability.

Some of the major subsidiaries of MOL Group disclose information on their sustainability performance individually. INA Group once again issued a Sustainability Report in 2014. The report has been prepared according to GRI G3.1 guidelines and the Oil & Gas Sector Supplement and is externally verified by two independent parties. The Hungarian petrochemical company TVK integrates sustainability information into its Annual Report.

The transparency initiatives and performance of MOL Group and its member companies received external recognition in 2014. MOL Group's Annual report was shortlisted for the Corporate Register's Corporate Reporting Award in the 'Best integrated report' category for the third time in a row.

In order to ensure that we receive feedback from stakeholders in a systematic way, MOL Group has continued implementing its stakeholder dialogue program about its SD performance in 2013. This program included the following events:

- the executive management of the European Workers' Council (EWC) analysed the workforce-related information published in the MOL Group Annual Report and web pages at the preparation stage of the report;
- In 2014, the second INA Green Forum was organized in Molve. The Forum gathered experts from the field of Exploration and Production, sustainable development, and representatives of the local and academic community in order to disseminate knowledge about sustainable development and to foster the better understanding of EOR processes.
- a 'green day' was organised at Slovnaft for the third time where Slovnaft's experts presented information about environmental and safety issues and CSR topics to NGOs and local authorities.

6.4. ECONOMIC IMPACTS

Direct Economic Impact

The most important economic impacts of MOL Group are related to the distribution of its revenues to its investors, employees and suppliers and through taxes and royalties paid in the countries in which it operates. The data presented in the key sustainability data table of this report is sourced from financial reports, but compiled and calculated according to GRI G4 indicator definitions. The data is therefore not directly comparable with that contained in MOL's financial statements.

MOL Group revenues decreased in 2014 (by 10.5%) compared to the previous year, primarily reflecting the lower Upstream sales volumes (due to a natural decline in mature fields and due to Russian divestitures - ZMB in Q3 2013 and 49% of Baitex in Q1 2014), lower average hydrocarbon prices (due to unfavourable changes in oil and gas prices) and the reduction of the regulated gas price.

The lower transmission revenue at FGSZ due to the negative effect of cuts in public utility charges and lower volumes also reduced Group-level revenue.

Total Downstream revenue was lower, mainly due to 1.2 million tonnes lower own product sales. This negative impact, however, was partly compensated for by the 0.4 million tonnes higher sales of goods. Revenues were also negatively influenced by the decrease in sales prices which followed the steep decline of crude prices in the second half of the year.

Operating costs decreased in 2014 (by 10.2%) compared to 2013. The decrease in material costs was mainly driven by the lower crude price and crude processing related to the turnaround at the Bratislava refinery in Slovakia, the new 'on-demand' operation mode of INA refineries in Croatia and the transformation of the IES refinery in Italy. Lower processing volumes coupled with a fall in energy prices resulted in lower energy costs: the latter's impact was driven by the decrease in average crude price, albeit with couple of months' delay. These cost decreases were offset by the rise in the cost of goods due mainly to the higher volume of third party sales. The accelerated international work programs resulted in higher US exploration costs.

Company cash added value decreased by 12.0%.

Employee wages and benefits increased by 0.2 %. Even though there was a drop in total headcount (from 28,769 people in 2013 to 27,499 by the end of 2014), its impact was offset by salary increases, excess costs and provisions made for headcount reduction.

Payments to capital investors went up, driven by the higher foreign exchange loss on borrowings, cash and cash equivalents, receivables and payables, alongside the higher dividends paid to shareholders.

Payments to governments consist of taxes, with more than half going on mining royalties. The total amount of payments to governments was less than the base level due to a decrease in group-level corporate income tax and in export duties. The slightly higher-than-base-level mining royalties are a consequence of unfavorable changes in royalty regulations in the CEE region (Hungary and Croatia) and Russian divestitures, partly offset by a decline in production and a lower regulated gas price.

In the countries where MOL Group only has Exploration and Production operations, the energy industry (through royalties or production-sharing agreements) may contribute a significant proportion of the revenue of a government. As a result, MOL Group considers it fundamentally important to observe the Extractive Industries Transparency Initiative (EITI) principles and criteria for financial reporting. MOL Group started to support EITI at an international level in 2013 and has been cooperating with EITI in the countries that are implementing the EITI system.

MOL Group has operations or non-operated assets in EITI compliant countries: the Kurdistan Region of Iraq, Cameroon and Kazakhstan.

Indirect Economic Impact

In the main countries where MOL Group has Upstream and midstream operations, the most significant indirect impact of MOL Group on the economies of these countries is through the energy it supplies.

Another area where the company can make a significant positive impact on the societies of host countries is by improving access to infrastructure and energy as a result of our operations.

MOL Pakistan provided financial aid for the construction of a new bridge, thereby improving (and making safer) the connection between the two main provinces of Khyber Pakhtunkhwa and Punjab in Paki-

stan. The project was not only advantageous for local communities but also allowed MOL to optimize its logistics, making possible the use of larger capacity tankers and thereby reducing diesel consumption (by app. 1,400 tonnes/ year) and consequently CO₂ emissions (app. 4,300 tonnes of CO₂/year). The project was finalized in Q1, 2014.

Another example from previous years is that in 2013 MOL Pakistan managed to meet the needs of domestic households and improve their livelihoods by increasing production of LPG in its newly-constructed gas processing facility (Makori GPF).

A more recent example is the construction of a check dam at Ahmadi Banda in the Karak District which was undertaken in 2014 and is due to be completed in 2015. Keeping in mind the scarcity of water in the area, MOL Pakistan has started construction of Water Harvesting Structures to harness rain water and help recharge ground water. Ten water structures including 2 check dams have already been constructed in Karak District in collaboration with the Soil and Water Conservation Department and handed over to local community.

7. ABOUT THE SUSTAINABILITY REPORTING

7.1. OUR APPROACH TO REPORTING

In 2008, as a demonstration of MOL Group's resolve to integrate a sustainability approach into everyday business operations, management decided to merge our Annual and Sustainable Development Reports and move towards an "integrated" reporting approach. Consequently, the company now follows the Triple Bottom Line approach and presents the economic, social and environmental performance of MOL Group in one comprehensive report. From H1 2013 MOL Group also decided to integrate sustainability information into our quarterly management reports.

The sustainability section of the Annual Report contains information about the key achievements, challenges and data from the given year concerning the most relevant sustainability topics for MOL. In addition to this report, one can find a general presentation of MOL's policies, management approaches and other regularly-maintained and updated SD-related information on our website: '<http://molgroup.info/en/sustainability>'. While the audience of the Annual Report is presumed to be our shareholders, investors and sustainability analysts, our webpage is tailored to supplying the information needs of all of our stakeholders.

The sustainability performance data contained within this report were reviewed by Ernst and Young. The assurance process was planned and performed in accordance with the International Federation of Accountants' ISAE3000 standard. For the first time, the audit was also carried out according to AA1000AS standards to strengthen the review of our materiality process.

MOL Group follows the widely-recognised Global Reporting Initiative framework in its sustainability reporting. GRI published the last iteration of its guidelines in 2013. MOL Group has prepared its integrated Annual Report's sustainability content in line with GRI G4 guidelines

for the first time this year. The report also takes note of the GRI G4 Oil and Gas Sector Disclosures.

MOL Group's 2014 Annual Report's GRI G4 in accordance level is 'comprehensive'.

The IPIECA-API 'Oil and Gas Industry Guidance on Voluntary Sustainability Reporting' protocol is also considered when MOL selects and defines its indicators and the content of the report.

The GRI compliance table for MOL Group and a detailed analysis of our compliance with IPIECA and UN Global Principles can be found at this section of our website.

7.1. SCOPE AND BOUNDARY

MOL applies the 'control' approach to consolidating information. The company accounts for almost 100 percent of the sustainability data from operations over which it has control. This includes all companies/operations where MOL or one of its subsidiaries acts as operator.

With HSE data we consider only those operations which might have a significant impact on health, safety and the environment. In 2014, compared to 2013 data there were no significant changes in the scope of the companies covered. HSE-relevant subsidiaries are included in the data collection processes and no major changes occurred with our portfolio. HSE data coverage is 97%, proportional to revenue.

MOL's human resources organisation uses a SAP system to collect – amongst other things – sustainability-related HR data from MOL Group companies. The scope of HR data collection covers subsidiaries with a headcount of greater than 20. In 2014 the HR data collection processes covered 96.4% of operations, in proportion to revenue.

Social investment data is collected from operations and subsidiaries with implemented corporate giving plans. Such plans are established to coordinate social investment spending considering also local community needs and business interest. Data reported covers for 74.6% of operations, in proportion to revenue but includes almost all donations given by MOL Group since not every subsidiaries have donation activity.

The supply chain is not considered to be a material topic for MOL Group. Accordingly, suppliers are not considered in our performance data, with the following exceptions:

- GHG: Scope 2 and 3 emissions
- Contractor fatalities, lost time injuries and frequencies
- Spending on local suppliers

7.2. REPORTING ON JOINT VENTURES

Operated joint ventures by definition fall within the scope of data reporting.

In the case of joint ventures where MOL Group does not act as operator, we do not report sustainability data based on equity share. The only exceptions are for GHG emissions and HSE penalties where in performance tables equity-share-based emissions are reported from MOL Group-related joint venture companies as well.

Concerning non-operated joint ventures, the report and performance data included herein does not include quantified information since MOL Group does not have operational control over these ventures (except for the inclusion of headcount data in the case of financially-

consolidated companies). However, MOL Group hereby declares that it presents any information related to the 2014 sustainability performance of these companies that is found to be material.

Downstream and Midstream Joint Ventures:

- Hungary (Duna Steam Boiler, TVK Power Plant, FGSZ): one employee of FGSZ (100% ownership and financial control, but not operated due to unbundling) suffered a fatal work-related road accident in 2014. This is disclosed separately and is not included in the overall MOL results for the year. Duna Steam Boiler (previously 50% owned by MOL Group) became a 100%-owned subsidiary of MOL Group from the end of 2014 therefore it is foreseen that it will be included in reporting from 2015 onwards.
- Slovakia (Thermal Power Plant): the operator (CMEPS) of the power plant modified its treatment process of two major waste streams creating both environmental and financial benefits. Recovery of precious metals from ashes collected in electrostatic precipitators has now started, while the company has also started to supply the gypsum generated as a by-product of flue gas desulphurization to cement producers instead of landfilling it.

Upstream Joint Ventures:

- Europe (UK): Projects include Broom & Scott/Telford/Rochelle (production phase), Scolty/Crathes (early production phase) and Cladhan and Catcher (development phase). Management systems are in place in these operations to control safety risks related to off-shore exploration and production activities.
- FSU (Kazakhstan): In 2014 H1 the first phase of the exploration program commenced in the Fedorovsky block and operatorship was taken over by a project company (UOG) from MOL. Since then no significant sustainability-related activity has been performed.
- Middle East (Kurdistan Region of Iraq, Pakistan): in Pakistan, MOL has non-operated interests in two blocks (Karak, Ghuri). There are no specific challenges from a sustainability point of view and in both cases the partner companies operate HSE management systems and social engagement schemes. In the Kurdistan Region of Iraq, Gulf Keystone (GKP) is the operator of the Shaikan field. Here, the main challenges are to eliminate gas flaring through reinjection, increase the proportion of the local workforce (currently 76%) and manage local communities. GKP has received an award for its community engagement program.

7.3. MATERIALITY ASSESSMENT

As a basic principle our procedure for the materiality assessment does is not designed to exclude any relevant topics from our reporting. The assessment is designed to ensure that the most material topics are described in more detail, providing our readers with a deeper insight into our sustainability performance. The materiality assessment concept and materiality matrix is summarized in the Management Discussion and Analysis chapter of this report. A short summary of our most material impacts, namely GHG and energy efficiency, prevention and clean-up of spills, ethics and transparency and also occupational and process safety management is also included in the MD&A chapter.

The least material topics in our assessment are suppliers, customers, human rights and biodiversity. We consider the aspects that belong

to these topics as non-material from a GRI G4 reporting point of view and disclose only selected indicators for them.

7.4. NOTES ABOUT SUSTAINABILITY DATA

The sustainability performance indicators presented in this report are mainly based on measurements or calculations, while best available estimations were used where necessary. Data is generated and collected at the local level, calculations are done considering local legislation and aggregation processes are done according to the relevant corporate guidelines. Group-level data is collected through the different businesses or functional divisions. The completeness and accuracy of the reported data is supervised at a corporate level.

Emission factors used in calculations are by principle the factors that are defined in or required by local legislation. At a group level, consolidation phase emission factors are used in scope 2 and scope 3 CO₂ emission calculations (calculated using IEA 'CO₂ emissions from fuel combustion' publication and OGP's 'Environmental Performance Indicators' publication, respectively).

Notes on environmental data:

- MOL Group discharges waste water into surface waters or into municipal sewage systems which is treated depending on site circumstances and local regulations (usually involving mechanical and/or biologically-based treatment but the process may extend to chemical treatment steps where needed). MOL Group does not believe that breaking down this data further according to destination and treatment method is material, therefore it is not reported.
- According to the information provided by contractors, waste disposal methods were classified using European Union guidelines.

Notes on employee engagement data:

- Until 2010 the first 9 questions of our survey were related to the general engagement of employees, rated on a scale of 1-4. The engagement score represented the average result of the answers expressed as a percentage. The methodology used in the 2012-13 engagement survey was slightly different compared to 2010. Engagement was measured using 6 questions on a 6 point scale. A respondent is considered 'engaged' if the average score given is higher than, or equals 4.5. The engagement score represents the proportion of engaged respondents.

Restatements:

- CO₂ emissions have been restated for 2013 due to recalculation of emissions by Upstream division in Hungary.
- CO₂ under ETS data has been restated for 2013 due to corrections made in data reported by Hungarian Refining and Croatian Exploration and Production units
- The amount of produced formation water for 2013 has been restated due to a formerly incorrect calculation
- The scope 3 GHG emission calculation has been extended in 2014 with the GHG emissions related to the production of crude oil used in refining operations. Emission factors are taken from OGP's 'Environmental Performance Indicators' documents. Values for previous years have also been recalculated and restated.
- Customer satisfaction for INA Group regarding year 2013 is here corrected and restated from 88% to 82% due to a reporting mistake last year.
- Number of ethical misconducts in 2013 has been changed from 24 to 26 based on the investigations closed in 2014.

INDEPENDENT AUDITOR'S REPORT (SUSTAINABILITY)

ASSURANCE STATEMENT

Independent assurance statement to MOL management

Ernst & Young Ltd was commissioned to provide assurance over MOL Group's (MOL) 2014 Sustainable Development Reporting (the Report). The Report has been prepared by the management of MOL, which is responsible for the collection and presentation of the information within it. Our responsibility is to MOL's management, and we do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on this independent assurance statement is entirely at its own risk.

THE SCOPE OF OUR ASSURANCE

Our assurance engagement has been planned to assess whether MOL has applied the principles of Inclusivity, Materiality and Responsiveness, as defined by AA1000AS (2008) for a Type 1 assurance engagement, in its approach to Sustainable Development.

Our review of MOL's Sustainable Development data has been designed to meet the requirements of ISAE3000 based on criteria for completeness, consistency and accuracy. We have carried out procedures to meet the requirements for a reasonable assurance engagement for the EU Emissions Trading Scheme (ETS) CO₂ and Lost Time Injury Frequency (LTIF) data, and to meet the requirements for a limited assurance engagement for other Sustainable Development data in the Report.

We have also assessed whether the Report meets the requirements for "Comprehensive" reporting as defined by the Global Reporting Initiative G4 Sustainability Reporting Guidelines.

WHAT DID WE DO TO FORM OUR CONCLUSIONS?

Our activities

1. Interviewed selected MOL executives and senior managers to understand the current status of social, ethical, environmental and health and safety activities, and progress made during the reporting period.

2. Reviewed MOL's approach to determining material issues to be included in the Report by attending meetings on materiality and reviewing the documentary outputs from the process.

3. Reviewed MOL's stakeholder engagement approach at the Group level and during visits to MOL locations.

4. Reviewed a selection of management documentation and reporting tools including templates, guidance documents and databases.

5. Visited four MOL locations to examine the systems and processes in place for data collection and reporting against MOL's reporting definitions and guidance, and to test the accuracy of a sample of reported data at a site level, for a selection of Sustainable Development indicators. The following sites were visited:

- MOL Duna Refinery, Hungary/Százhalombatta
- INA Rijeka Refinery, Croatia/Rijeka
- Geoinform, Hungary/Szolnok
- Baitex, Russia/Buguruslan

6. Tested the consolidation of the data at Group level by:
 - a. Holding interviews with specialists responsible for managing, collating, and reviewing data at corporate level.
 - b. Conducting data walk-throughs of reporting systems to assess the accuracy of calculations and assumptions, including an assessment of the effectiveness of MOL's internal review procedures.
 - c. Performing additional testing procedures in relation to the ETS CO₂ (review of third-party verification reports) and own staff LTIF indicators (verification of data to source documents on a larger sample both at Group and site level, recalculation of the indicator) at both site and corporate level to gain reasonable assurance over these indicators.

7. Reviewed the Report to assess whether:
 - a. The coverage of issues in the Report is consistent with the outputs of MOL's materiality process, and that the descriptions of MOL's approaches to materiality are consistent with our observations.

1 MOL Group's Sustainable Development Report –the SD chapter of MOL Group's Annual Report, the Sustainability section of the Management Discussion and Analysis chapter of MOL Group's Annual Report, the content of the sustainable development part of the corporate website (molgroup.info/sustainability)

2 AA1000AS (2008) – The second edition of the AA1000 assurance standard from the Institute of Social and Ethical Accountability.

3 ISAE 3000 - International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

4 Selected data – Sustainability data described in the section 'Consolidated Sustainability Performance Data (GRI G4)' of the Report.