

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

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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.