

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

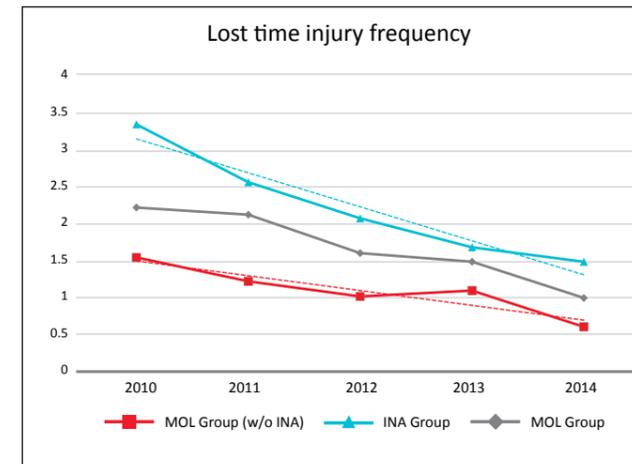
Workforce Safety

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.

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) |



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]

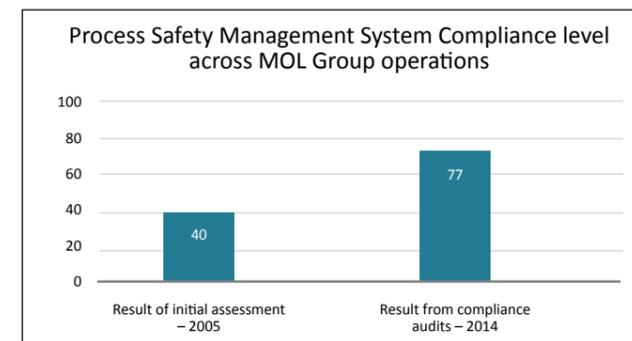
| TYPE OF EVENT | MOL GROUP | HUNGARY (MOL, TVK) | SLOVAKIA | CROATIA | ITALY | E&P INTERNATIONAL |
|---------------|-----------|--------------------|----------|---------|-------|-------------------|
| PSE TIER 1 | 13 | 6 | 1 | 5 | 0 | 0 |
| PSE TIER 2 | 21 | 10 | 5 | 5 | 0 | 1 |
| PSE TIER 1+2 | 33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