

DECLARATION

MOL Plc. Corporate Governance Report in accordance with Budapest Stock Exchange Corporate Governance Recommendations

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MOL Hungarian Oil and Gas Public Limited Company (hereinafter: “MOL” or “Company”) has always been committed to implementing the highest standards of corporate governance structures and practices. This is not only with regard to national expectations but also with reference to the continually evolving and improving standards of good governance on an international level. As a result MOL is geared towards shareholders’ interests, whilst taking into account the interests of a broader group of stakeholders inevitably necessary to enhance the creation of exceptional value for MOL’s shareholders and society.

Among other things, the voluntary approval of the declaration on the Budapest Stock Exchange Corporate Governance Recommendations by the Annual General Meeting in 2006, before the official deadline, served as testament to the Company’s commitment to corporate governance. In addition, MOL made a declaration concerning the application of the corporate governance recommendations of the Warsaw Stock Exchange prior to the admission of its shares to the Warsaw Stock Exchange in December 2004. The Company submits its declaration on this topic to the Budapest Stock Exchange every year, reviews the compliance with the Recommendation of the Warsaw Stock Exchange and in case of any change, publishes it.

MOL’s corporate governance practice meets the requirements of the regulations of the Budapest Stock Exchange and the relevant capital market regulations. MOL also subjects its policies to regular review to ensure that they take account of the continually evolving international best practice in this area.

1. THE OPERATION OF THE BOARD OF DIRECTORS

1.1. Brief presentation of the operation of the Board of Directors

MOL’s Board of Directors acts as the highest managing body of the Company and as such has collective responsibility for all corporate operations.

The Board’s key activities are focused on achieving increasing shareholder value with also consideration to other stakeholders’ interest; improving efficiency and profitability and ensuring transparency in corporate activities and sustainable operation. It also aims to ensure appropriate risk management, environmental protection and conditions for safety at work.

All decisions related to corporate governance which do not fall within the exclusive competence of the General Meeting or other corporate bodies by law or the Articles of Association belong to the competence of the Board of Directors.

Given that MOL and its subsidiaries effectively operate as a single economic unit, the Board is also responsible for enforcing its aims and policies and for promoting the MOL culture throughout the entire Group.

1.2. The distribution of responsibilities and tasks between the Board of Directors and the management.

Operation of the Board of Directors

The Board acts and adopts resolutions as a collective body.

The Board adopted a set of rules (Charter) to govern its own activities in 1991, when the Company was founded; these rules were updated in February, 2022 to ensure continued adherence to best practice standards.

The Charter covers:

- ▶ scope of the authority and responsibilities of the Board,
- ▶ scope of the committees operated by the Board,
- ▶ the scope of the information required by the Board and the frequency of reports,
- ▶ main responsibilities of the Chairman and the Deputy Chairman,
- ▶ order and preparation of Board meetings and the permanent items of the agenda, and
- ▶ decision-making mechanism and the manner in which the implementation of resolutions is monitored,
- ▶ rules on conflict of interest.

Members of the Board of Directors shall sign an Annual Declaration on Conflict of Interest in accordance with the form approved by the Board of Directors simultaneously with accepting their membership, and in every calendar year 30 days prior to the date of the annual general meeting. If any conflict of interest specified in the Charter of the Board of Directors occurs with respect to the member of the Board of Directors, such member shall report in Ad hoc Declaration on Conflict of Interest to the Corporate Governance and Remuneration Committee.

The Board of Directors reviewed the publications and the publication processes of MOL Plc. and concluded that the company has robust and efficient processes in place to ensure full compliance with the BSE Corporate Governance Recommendations.

Relationship with the Board of Directors and MOL Group organisations

The governance of the Company is carried out in line with standardised corporate governance principles and practice, and within its framework, starting from 1 February, 2019 authorities and tasks related to the operation of the Company, furthermore certain responsibilities and tasks of strategic importance from the view of Company operations are divided between two top management committees, the Chief Executives' Committee ("CEC") and the Management Committee ("MC").

A consistent document prescribes the distribution of decision-making authorities between the Board of Directors and the Company's organisations, defining the key control points required for the efficient development and operation of MOL Group's processes.

Control and management of MOL Group is implemented through business and functional organisations. To enhance corporate governance MC provides a direct link between the CEC and the Company's work organization, vast majority of the topics discussed by the MC are related to the core operation of the Company. The Chairman of the MC is the Group Chief Executive Officer, its members are the Group Chief Financial Officer, the Group Exploration & Production Executive Vice President, the Group Downstream Executive Vice President, the Group Consumer Services Executive Vice President, the Chief Executive Officer of SLOVNAFT, a.s., the President of the Management Board of INA d.d., the MOL Hungary Managing Director, the Group Human Resources Vice President and the Group Strategic Operations and Corporate Development Executive Vice President.

The CEC, being the regular forum of the three level 1 leaders of the Company, is established with the aim of adopting strategic decisions which do not belong in the competency of the Board of Directors or the general meeting. The CEC examines and supervises matters to be submitted the Board of Directors, furthermore renders preliminary opinion on certain proposals submitted to the Board of Directors. The Chairman of the Chief Executives' Committee is the Chairman-CEO, its members are the Group Chief Executive Officer and the Deputy Chief Executive Officer.

Additionally, the CEC and the MC operate as decision-making bodies in all questions delegated to their competence by internal regulations and which do not belong in the capacities of the Board of Directors or the general meeting in accordance with the laws and the Articles of Association.

Each member of the MC and the CEC shall have one vote, decisions of the forums are passed with a simple majority of the votes.

2. INTRODUCTION OF THE MAIN MANAGEMENT BODIES

2.1. Board of Directors

The majority of the members of the Board of Directors are non-executive directors (7 out of 11 members), thus ensuring the independence of the Board from the work organization.

In the course of 2022, 7 members of the Board of Directors were independent in accordance with their related declaration (based on NYSE and EU recommendations).

Members of the Board of Directors in 2022 and their status of independence (professional CVs of members are available on the Company's website):

Name	Status	Mandate
Zsolt Hernádi, Chairman	non-independent	Elected by the General Meeting to be member of the Board of Directors from 24 February, 1999
Dr. Sándor Csányi, Deputy Chairman	independent	Elected by the General Meeting to be member of the Board of Directors from 20 October, 2000
Zsigmond Járai	independent	Elected by the General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. János Martonyi	independent	Elected by the General Meeting to be member of the Board of Directors from 1 July, 2014
József Molnár	non-independent	Elected by the General Meeting to be member of the Board of Directors from 12 October, 2007
Dr. László Parragh	independent	Elected by the General Meeting to be member of the Board of Directors from 29 April, 2010
Dr. Anthony Radev	independent	Elected by the General Meeting to be member of the Board of Directors from 30 April, 2014

Dr. Martin Roman	independent	Elected by the General Meeting to be member of the Board of Directors from 29 April, 2010
Talal Al-Awfi	independent	Elected by the General Meeting to be member of the Board of Directors from 30 April, 2019
JUDr. Oszkár Világi	non-independent	Elected by the General Meeting to be member of the Board of Directors from 1 May, 2011
Dr. György Bacsa	non-independent	Elected by the General Meeting to be member of the Board of Directors from 23 December, 2021

2.2. Supervisory Board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders (general meeting). Members of the Supervisory Board shall be elected by the general meeting for a definite period, but for a maximum of five (5) years. The Supervisory Board currently consists of 13 members. In accordance with the Civil Code, 1/3 of the members shall be representatives of the employees, accordingly currently five members of the MOL Supervisory Board are employee representatives while the other eight external persons are appointed by the shareholders.

The members of the Supervisory Board and their independence status:

Zoltán Áldott, Chairman	non-independent
Dr. Attila Chikán*	independent
Dr. Anett Pandurics, Deputy Chairperson	independent
Ilona Dávid*	independent
Dr. Lajos Dorkota	independent
Norbert Izer**	independent
Kaderják Péter	independent
Vladimír Kestler*	independent
András Láncki	independent
Ivan Mikloš	independent
Márton István Nagy	independent
Piroska Bognár*	non-independent (employee representative)
Bálint Péter Kis***	non-independent (employee representative)
Tibor István Ördög*	non-independent (employee representative)
Dr. Sándor Puskás	non-independent (employee representative)
Kálmán Serfőző***	non-independent (employee representative)
Csaba Szabó	non-independent (employee representative)
András Tóth	non-independent (employee representative)

* The mandate of Dr. Attila Chikán, Ilona Dávid, Vladimír Kestler, Piroska Bognár and Tibor István Ördög has expired on 31 May 2022.

** Norbert Izer was elected by the 2022 Annual General Meeting as member of the Supervisory Board from 15 July 2022

*** Bálint Péter Kis and Kálmán Serfőző were elected by the 2022 Annual General Meeting as members of the Supervisory Board from 1 June 2022

The Chairman of the Supervisory Board is a permanent invitee to the meetings of the Board of Directors, Finance and Risk Management Committee and Sustainable Development Committee meetings.

Regular agenda points of the Supervisory Board include the quarterly report of the Board of Directors on the Company's operations and the reports of Internal Audit and Corporate Security, furthermore it is informed on other relevant topics. In addition, the Supervisory Board reviews the proposals for the Annual General Meeting.

2.3. Management members CEC and MC

Members of the CEC:

Zsolt Hernádi	Chairman-CEO (C-CEO)
József Molnár	Group Chief Executive Officer (GCEO)

Dr. Oszkár Világi	Deputy Chief Executive Officer (DCEO); C-CEO, SLOVNAFT, a.s.
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Members of the MC:

József Molnár	Group Chief Executive Officer (GCEO)
Lana Faust Križan	Group Human Resources Vice President
Sándor Fasimon*	President of INA d.d. Management Board until 27 September 2022
Berislav Gašo	Group Exploration & Production Executive Vice President
Péter Ratatics	Group Consumer Services Executive Vice President, MOL Hungary Managing Director until 12 October 2022, President of INA d.d. Management Board from 28 September 2022
Marek Senkovič	CEO of SLOVNAFT, a.s.
József Simola	Group Chief Financial Officer (GCFO)
Gabriel Szabó	Group Downstream Executive Vice President
Dr. György Bacsa***	Group Strategic Operations and Corporate Development Executive Vice President, MOL Hungary Managing Director since 13 October 2022

* Member of the MC until 27 September 2022

2.4. Presentation of the committees' structures

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

The committees are preparatory, advisory, opinion-forming and proposal-preparing bodies of the Board of Directors and have prior opinion-forming rights, as set out by MOL Group's List of Decision-making Authorities, in certain questions belonging to the competency of the Board of Directors and in those which are delegated to the competency of respective executive members of the Board of Directors, as the executive management of the Company.

The responsibilities and the rules of procedure of the committees are determined by the Board of Directors based on the proposal of the chairmen of the committees.

The Chairman of the Board of Directors may also request the committees to perform certain tasks.

The members and chairmen of the committees are elected by the Board of Directors. The majority of committee members are non-executive and independent.

The Board operates the following committees and allocates responsibilities to the various committees as follows:

Corporate Governance and Remuneration Committee

Members and dates of appointment to the committee (professional CVs of members are available on the Company's website):

- ▶ Dr. Sándor Csányi - chairman, 17 November, 2000
- ▶ Zsolt Hernádi, 8 September, 2000
- ▶ Dr. Martin Roman, 4 June, 2010
- ▶ Dr. Anthony Radev, 30 May, 2014
- ▶ Dr. János Martonyi, 1 July, 2014

The Chairman of the Board of Directors is a permanent member of the Corporate Governance and Remuneration Committee.

Responsibilities:

- ▶ Analysis and evaluation of the activities of the Board of Directors,
- ▶ issues related to Board/Supervisory Board membership,
- ▶ promoting the contact between shareholders and the Board,
- ▶ procedural, ethical and regulatory issues,
- ▶ reviewing corporate processes, procedures, organisational solutions and compensation and incentive systems and making recommendations on the implementation of best practices.

Finance and Risk Management Committee

Members and dates of appointment to the committee (professional CVs of members are available on the Company's website):

- ▶ Zsigmond Járai – chairman, 4 June, 2010
- ▶ Dr. László Parragh, 20 February, 2014
- ▶ Dr. Anthony Radev, 30 May, 2014
- ▶ Talal Al-Awfi, 30 May, 2019
- ▶ József Molnár, 8 September, 2022

The Chairman of the Board of Directors, the Chairman of the Supervisory Board and the Chairperson of the Audit Committee are permanent invitees to the meetings of the Finance and Risk Management Committee.

Responsibilities:

- ▶ Review of financial and related reports,
- ▶ monitoring the efficiency of the internal audit system,
- ▶ review of the scope and results of the planning and audit,
- ▶ monitoring of the risk management system,
- ▶ monitoring the liquidity position of the Company, the financial and operational risks and the management thereof, review of the operation of Enterprise Risk Management (ERM) system,
- ▶ monitoring the independence and objectivity of the external auditor.

Sustainable Development Committee

Members and dates of appointment to the committee (professional CVs of members are available on Company website):

- ▶ Dr. László Parragh – Chairman, 30 May, 2014
- ▶ József Molnár, 5 September, 2013-8 September, 2022
- ▶ Dr. János Martonyi, 1 July, 2014
- ▶ Dr. György Bacsa, 8 September, 2022

The Chairman of the Board of Directors, the Chairman and Deputy Chairperson of the Supervisory Board are permanent invitees to the meetings of the Sustainable Development Committee.

Responsibilities:

- ▶ To review, evaluate and comment for the Board of Directors on all proposals related to sustainable development (SD),
- ▶ to monitor the development and implementation of all SD related policies (e.g. HSE, Code of Ethics, etc.) and discuss ethical issues,
- ▶ to supervise the progress on the strategic focus areas of SD in MOL Group,
- ▶ to request and discuss reports from business divisions and subsidiaries about their SD performance,
- ▶ to review sustainability related data and information of external reports.

Audit Committee

Members of the Audit Committee and dates of their appointment (professional CVs of current members are available on the Company's website):

- ▶ Dr. Attila Chikán* - chairman, 27 April, 2006
- ▶ Ilona Dávid*, 1 June, 2017
- ▶ Ivan Mikloš, 1 May, 2016
- ▶ Dr. Anett Pandurics, 30 April, 2019, chairperson since 27 June, 2022
- ▶ Márton István Nagy, 1 May 2021
- ▶ Norbert Izer, 15 July, 2022

* The mandate of Dr. Attila Chikán and Ilona Dávid as members of the Audit Committee expired on 31 May 2022.

In 2006, the general meeting appointed the Audit Committee comprised of independent members of the Supervisory Board. The Audit Committee strengthens the independent control over the financial and accounting policy of the Company.

The independent Audit Committee's responsibilities include the following activities among others:

- ▶ providing assistance to the Supervisory Board in supervising the financial report regime, in selecting an auditor and in working with the auditor, reviewing and monitoring the independence of the statutory auditor, monitoring the effectiveness of the Company's internal audit and risk management systems and make recommendations if necessary;
- ▶ carrying out the tasks of the audit committees of its subsidiaries which are consolidated by the Company, operate as public limited companies or issue securities admitted to trading on regulated market, if the relevant laws allow that and the subsidiary in question does not operate a separate audit committee.

3. SPECIFYING THE NUMBER OF MEETINGS WHICH THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND COMMITTEES HELD IN THE GIVEN PERIOD, COMPLETED WITH ATTENDANCE RATES

3.1. Report of the Board of Directors on its 2022 activities

In 2022, the Board of Directors held 6 meetings with an average attendance rate of 94%. Attendance to the Board of Directors meetings during 2022 is set out in the table below:

	Number of Meetings	Attendance Ratio
Total	6	94%
Zsolt Hernádi	6	100%
Dr. Sándor Csányi	6	100%
Zsigmond Járai	5	83%
Dr. János Martonyi	6	100%
József Molnár	6	100%
Dr. László Parragh	6	100%
Dr. Anthony Radev	5	83%
Dr. Martin Roman	5	83%
Talal Al-Awfi	5	83%
JUDr. Oszkár Világi	6	100%
Dr. György Bacsa	6	100%

Alongside regular agenda items, such as reports by the committees' chairmen on the activities pursued since the last Board meeting, the Board of Directors received updates on key strategic issues as well as an overview of capital market developments and individually evaluated the performance of each of the company's business units.

The Board of Directors respectively paid attention to the follow-up of the industry macro trends, the treatment of the challenges driven by the external environment, the financial and operational challenges caused by the pandemic situation and the strategy update process.

Detailed description of the Board's activity related to climate change can be found in Point 12.

3.2. Supervisory Board

In 2022 the Supervisory Board held 6 meetings with an 93% average attendance rate. Attendance to the Supervisory Board meetings during 2022 is set out in the table below:

	Number of Meetings	Attendance Ratio
Total	6	93%
Zoltán Áldott	6	100%
Dr. Attila Chikán*	3	100%
Ilona Dávid*	3	100%
Dr. Lajos Dorkota	6	100%

Norbert Izer**	2	100%
Péter Kaderják	6	100%
Vladimír Kestler*	2	67%
András Láncki	5	83%
Ivan Mikloš	6	100%
Márton István Nagy	1	17%
Dr. Anett Pandurics	6	100%
Piroska Bognár*	3	100%
Bálint Péter Kis***	3	100%
Dr. Sándor Puskás	6	100%
Tibor István Ördög*	3	100%
Kálmán Serfőző***	3	100%
Csaba Szabó	6	100%
András Tóth	6	100%

* The mandate of Dr. Attila Chikán, Ilona Dávid, Vladimír Kestler, Piroska Bognár and Tibor István Ördög has expired on 31 May 2022.

** Norbert Izer was elected by the 2022 Annual General Meeting as member of the Supervisory Board from 15 July 2022.

*** Bálint Péter Kis and Kálmán Serfőző were elected by the 2022 Annual General Meeting as members of the Supervisory Board from 1 June 2022.

3.3. Other committees

Report of the Audit Committee on its 2022 activities

In 2022, the Audit Committee held 6 meetings with a 75% average attendance rate. Attendance to the Audit Committee meetings during 2021 is set out in the table below:

	Number of Meetings	Attendance Ratio
Total	6	75%
Dr. Attila Chikán*	3	100%
Ilona Dávid*	3	100%
Norbert Izer**	1	50%
Ivan Mikloš	6	100%
Dr. Anett Pandurics	6	100%
Márton István Nagy	0	0%

* The mandate of Dr. Attila Chikán and Ilona Dávid has expired on 31 May 2022.

** Norbert Izer was elected by the 2022 Annual General Meeting as member of the Audit Committee from 15 July 2022

In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor's work and the regular monitoring of Internal Audit, the Committee reviewed the major risk factors of the Company, considering the changed international financial situation and the status reports on risk management actions attached to these factors. The Audit Committee continuously monitored the Company's financial position. The Audit Committee reviewed the materials of the Annual General Meeting (i.e. financial reports, statements of the auditor). The Audit Committee participated in the procedure of selecting an auditor and made a recommendation to the Supervisory Board regarding the appointment of the auditor.

Information related to the operation of the committees of the Board of Directors can be found in Point 5.

4. A PRESENTATION OF THE WORK DONE BY THE BOARD OF DIRECTORS, THE SUPERVISORY BOARD AND THE MANAGEMENT AS WELL AS THE CONSIDERATIONS FOR ASSESSING THEIR INDIVIDUAL MEMBERS

The Board of Directors – with the aim of quality improvement - formally evaluates its own and its committees' performance from operation efficiency perspective on a yearly basis, furthermore continuously reviews its own activity. The result of the evaluation is discussed by the Board of Directors.

The Supervisory Board annually evaluates its performance simultaneously with the approval of the work plan for next year.

4.1. Performance evaluation of the Chief Executives' Committee (CEC) and the Management Committee (MC)

The aim of MOL's remuneration system is to provide incentives for the top management to carry out the company's strategy and reward them for the achievement of strategic goals through a combination of short-term and long-term incentives. Remuneration plays an important role in supporting the achievement of the individual, divisional and corporate goals. Through the design of its incentive schemes, MOL aims to ensure that executive remuneration is in compliance with and supports the strategic goals of the company thus ensuring the alignment of the interests of the executives with those of our shareholders.

The remuneration of CEC and MC consists of three key pillars:

- ▶ Annual Base Salary (BS): fixed annual amount paid to the individuals
- ▶ Short-Term Incentive (STI): annual incentive, based on individual and company performance
- ▶ Long-Term Incentive (LTI): an incentive that promotes performance driven culture enhances the focus on strategy which is in compliance with the interests of shareholders

The incentive scheme of the top management comprised the following elements in 2022:

4.1.1 Short Term Incentive system (STI)

Short term Incentive is calculated as % of the annual base salary which is defined in line with the complexity level of the position and it is further depending on Corporate, Divisional (valid for MC members) and Individual performance for the relevant year. Final calculation is the multiplication of all defined factors and the amount of the Short term Incentive is based on the evaluation of both company's performance, as well as the performance of the given manager.

Based on the decision making system of MOL Group the annual performance of CEC is evaluated by the Corporate Governance and Remuneration Committee (CGRC) with the final approval of the members of Board of Directors. The performance of MC is evaluated by the CEC and CGRC.

Performance criteria of the annual short-term incentive

The short-term incentive framework was designed to include key focus areas in a mix of financial and non-financial KPIs in order to achieve the targets of MOL Group and MOL Plc. The choice of the performance measures reflects a desire from the Corporate Governance and Remuneration Committee to assess the participants based on a broad range of corporate and divisional measures that mirrors the corporate strategy and its related KPIs.

Financial KPIs:

Executive employees' focus is to deliver the MOL Group level EBITDA (which is also the MOL Group corporate target) and other relevant financial indicators defined annually by Group Financial Planning & Reporting. Other relevant financial targets may contain efficiency, investment and cost-related indicators. In 2022, the key focus of the Chief Executives' Committee members was to deliver the EBITDA and free cash-flow targets to achieve the 2030+ strategic targets of MOL Group.

Non-financial KPIs:

Safety is a number one Group priority, which is why the Corporate Governance and Remuneration Committee consistently defines divisional SD&HSE (Sustainable Development and Health, Safety and Environment) related performance indicators. Hence in 2022, MOL Group set the fulfillment of Total Recordable Injury Rate (TRIR) as this shows the commitment for conducting safe, sustainable and compliant operations at all times.

For CEC members, the following individual targets were set:

- Further implement the MOL Group 2030+ Strategy and form strategic vision for 2050 with special focus on the climate change effects and execution of Group strategy for certain operating areas,
- Drive further enhancement of the new operational model, reflecting COVID-19 and post-COVID changed market conditions,
- Efficient execution of supervisory activities by encouraging constant revision and simplification of governance structure and processes,

- Focus on and support increasing employee engagement based on the action plans built on the 2021 employee survey, to ensure making MOL Group the best choice of employees along with collaborative culture and employee experience, diversity and inclusion and driving talent management throughout the organisation,
- Promote life-saving rules across MOL Group,
- Further enhance sustainability aspects of MOL Group operations, efficiency development of the Exploration and Production area in Central European region, transformation of fuels in Downstream and creation of the Circular Economy area in IBS division.

For MC members the individual targets set were aligned with the 2022 business plan and priorities for the given Division / organizational area with high focus on the following topics:

- Delivery of set business plans and planned projects,
- Transformation of operating models (where applicable) and increase of the operating efficiency with focus on implementation of the cost optimizing projects, to realize respective division's business strategy (e.g.: strategic portfolio management, decarbonization projects, digitalization projects, etc.),
- People and leadership targets (e.g. developing leadership culture, increase of employee engagement in respective domains, efficient performance and talent management, etc.).

The applied performance indicators reflect the intention of the Corporate Governance and Remuneration Committee to assess the participants based on a broad range of corporate and divisional measures.

Measurement & validation of the performance metrics

Chief Executive Committee members' annual performance is evaluated by the Board of Directors with the prior approval of the Corporate Governance and Remuneration Committee. The performance of MC members is evaluated by Chief Executive Committee with the prior approval of the Corporate Governance and Remuneration Committee. Target achievement of financial KPI's is based on the evaluation proposal of the Financial Planning & Reporting organization and is also approved by the relevant Governance bodies.

Executive employees have no deferral period or any clawback provision regarding their short-term incentive.

4.1.2 Short-term Share Ownership Program

CEC, MC members and top management can choose a share ownership scheme instead of their short-term incentive in each year, which is operated via a legal entity independent from MOL Plc., called MOL Plc. Employee Share Ownership Program Organization in compliance with the provisions of the so-called Employee Share Ownership Program (Munkavállalói Rész tulajdonosi Program, 'MRP') legislation.

The primary aim of this voluntary short-term share ownership program is to incentivize the top management to achieve the strategic targets of MOL Group in line with the shareholders' interests.

Program characteristics:

- Joining the program is voluntary
- The basis of the entitlement is a certain number of shares equal to the short-term incentive entitlement converted to shares with the December average MOL Plc. share price before the target year
- Final payout is based on the overall performance evaluation, consisting of the Corporate, Divisional and Individual payout rates
- Condition for the payment in shares from MRP Organization is that the MOL Plc. share price shall be higher at the end of the performance period than it was at the beginning of the performance period
- The payment is due in MOL Plc. shares from MRP Organization if share price condition is met. If the share price condition is not met and the average share price at the end of the performance period is lower than share price at its beginning, the payout of the incentive is due in cash with normal taxation rules and in the currency defined in the agreement with the Executive Employee employed by MOL Plc.

4.1.3 Long-term Incentive

The purpose of the long-term incentive system is to enhance individual performance to enable future growth of MOL Plc. and MOL Group financial performance and improvement of efficiency by taking into account shareholder interests.

The long-term incentive framework was reviewed in the last quarter of 2020. Starting from 1 January 2021, Restricted Share Plan is applied instead of the previously applicable Long term Incentive schemes which remained valid only from the aspect of payout of the gained entitlements for period until end of 2020.

The new long-term incentive was introduced to create even stronger link to the the strategic targets of MOL Group, shareholders' interests and long-term incentivization and retention of top management. The long-term incentives are managed and paid out in accordance with personal scope and other conditions either through MRP program or in line with the provisions set in internal policies.

4.1.3.1 Restricted Share Plan

The program is a 3-year share-based incentive based on MOL corporate and individual performance with the following characteristics:

- New cycle starts in each year on a rolling scheme with a 3-year performance period and payments due in 4th year
- Corporate performance (MOL Group EBITDA) and individual performance are evaluated during the performance period and taken into consideration when defining final Long term Incentive entitlement
- Final payout is also corrected with dividend equivalent after year1 and year2 to represent a real shareholder position
- Condition for the payment in shares from MRP Organization is that the MOL Plc. share price is higher at the end of the performance period than it was at the beginning
- The payment is due in MOL Plc. shares from MRP Organization if share price condition is met. If the share price condition is not met and the average share price at the end of the performance period is lower than share price at its beginning, the payout of the incentive is due in cash with normal taxation rules and in the currency defined in the agreement with the Executive Employee employed by MOL Plc.

4.1.3.2 Absolute Share Value Based Remuneration (expiring)

The basis of the remuneration is initial share option entitlement defined as per managerial levels. The incentive pays at a selected date within the redemption period and the payout is calculated as a difference between a past strike price and a selected spot price, defined in a number of shares. The remuneration is paid either in MOL shares from MRP Organization or in cash.

Overview:

Absolute Share Value Based Remuneration	Strike Price	Redemption Period
2019	3 052 HUF	1 Jan 2021-31 Dec 2022
2020	2 918 HUF	1 Jan 2021-31 Dec 2023

4.1.3.3 Relative Market Index Based Remuneration (expiring)

The program is a 3-year share-based incentive using the MOL Plc. comparative share price methodology with the following characteristics:

- The target is the development of MOL's share price compared to relevant and acknowledged CEE regional and industry specific indices
- The expected payout amount is additionally linked to individual short-term performance, as the potential payout is adjusted by the individual payout ratio resulting from the annual performance evaluations for each participant . This ensures that constant individual over-performance on a long-term basis is rewarded and the consequences of long-term underperformance are managed
- The basis of the remuneration is an initial share entitlement defined as per managerial levels. The remuneration is paid either in MOL shares from MRP Organization or in cash

The following chart provides an overview about the latest Performance Share Plan results for the 3-year programs:

Program period	Company performance – comparative share price index			Final payout ratio
	Year 1	Year 2	Year 3	
2019-2021	0%	0%	0%	0%
2020-2022	0%	0%	298.74%	99.58%

Performance measures of the long-term incentive plans

Long-term incentive plan is linked to share price and dividend payment reflecting the Board's strategic priority on reaching continuous and sustainable value creation. Through its long-term incentives schemes, MOL prioritizes providing its shareholders with a return on their investment through both the appreciation of the share price as well as through the payment of dividends.

As MOL competes on a regional basis as well as with the global emerging market Oil & Gas sector companies, so the relative share based remuneration measured MOL performance to a relevant regional, and an industry specific benchmark index that incorporate share prices of such companies. As such, MOL's incentive system provides competitive remuneration to executives and future investors on regional and global markets taken in broader meaning as well.

5. A REPORT ON THE OPERATION OF EACH COMMITTEE

5.1 Report of the Corporate Governance and Remuneration Committee on its 2022 activities

In 2022 the Corporate Governance and Remuneration Committee held 5 meetings with a 92% average attendance rate. Attendance to the committee meetings in 2022 is set out in the table below:

	Number of Meetings	Attendance Ratio
Total	5	92%
Dr. Sándor Csányi	5	100%
Zsolt Hernádi	5	100%
Dr. Martin Roman	4	80%
Dr. Anthony Radev	4	80%
Dr. János Martonyi	5	100%

In addition to the issues of corporate governance, remuneration and the composition of the management, the Committee discussed a number of key strategic and results-related topics prior to their presentation to the Board of Directors for discussion.

5.2 Report of the Finance and Risk Management Committee on its 2022 activities

In 2022, the Finance and Risk Management Committee held 5 meetings with an 92% average attendance rate. Attendance to the committee meetings in 2022 is set out in the table below:

	Number of Meetings	Attendance Ratio
Total	5	92%
Zsigmond Járai	5	100%
Dr. László Parragh	5	100%
Dr. Anthony Radev	5	100%
Talal Al-Awfi	3	60%
József Molnár*	1	100%

* József Molnár was elected by the Board of Directors as member of the Finance and Risk Management Committee from 8 September 2022

In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance to the auditor's work and the regular monitoring of the internal audit, the committee reviewed the major risk factors of the Company, considering the international financial situation and the status reports on risk management actions attached to these factors.

5.3 Report of the Sustainable Development Committee on its 2022 activities

In 2022, the Sustainable Development Committee held 4 meetings with a 100% attendance rate. Attendance to the committee meetings in 2022 is set out in the table below:

	Number of Meetings	Attendance Ratio
Total	4	100%
József Molnár*	2	100%
Dr. László Parragh	4	100%
Dr. János Martonyi	4	100%
Dr. György Bacsa*	2	100%

* Dr. György Bacsa was elected by the Board of Directors as member of the Sustainable Development Committee from 8 September 2022

The Committee evaluated the accomplishment of the sustainability related actions taken in 2022 furthermore formed opinion on the annual Sustainable Development Report and on thematic reports submitted by selected business units. External evaluations made about MOL Group's sustainability performance were also reviewed with highlighted attention on the company's performance in CDP, MSCI, EcoVadis and Sustainalytics ESG ratings.

6. A DESCRIPTION OF THE SYSTEM OF INTERNAL CONTROLS, AN EVALUATION OF THE ACTIVITIES PERFORMED IN THE GIVEN PERIOD

6.1. Internal control

Compliance & Ethics

MOL Group is committed to pursue ethical, fair and compliant conduct in all activities. In order to achieve the above aims MOL Group operates its Ethics Program and Compliance Plan within Group Strategic Operations and Corporate Development organization. Furthermore, in order to enforce the Code of Ethics and Business Conduct, the independent and objective operation on daily basis belongs to the competence of the Ethics Council, to ensure independence when investigating ethics related complaints.

Ethics activities include the operation of the whistleblowing system ('SpeakUp!'), conducting internal inspections/investigations, preparation of risk analysis, reports.

While taking the specific nature of business into consideration, compliance function reviews the operation and activity of business and functional units and ensures awareness raising in main risk areas. Following the evaluation of the relevant risk factors the organization provides recommendations to enhance compliance and provides assistance for their execution.

Trainings provided on ethical and compliance rules, principles and values aim to raise awareness of employees, they fulfil a preventive function as well.

Compliance and ethics functions carry out all tasks and responsibilities in accordance with the laws of each country, taking EU and international expectations as minimum standards. The organization's competence covers the whole Group through group and local compliance experts (flagships) and ethics officers.

The organization reports compliance activities annually to the Supervisory Board, whilst ethics activities are annually reported to the Supervisory Board, the Board of Directors and simultaneously to the Sustainable Development Committee.

In 2022, 21 investigations were conducted in main risk areas (Competition law, GDPR, Sanctions, AML and Consumer protection),. Awareness raising was provided especially in key areas of focus (Sanctions, Competition and GDPR). From the start of Russia-Ukraine conflict the full capacity of Compliance team (Group-wide) was dedicated to the new and rapidly developing sanctions, emphasis will continue to be put on this area (in addition to other main risk areas).

In 2022, there were 102 ethics reports. The 2020 decrease was most likely a result of the coronavirus, 2021 data showed similar statistics to what we have seen before the pandemic, in 2022 there was no significant change compared to the previous year.

Internal Audit

Internal Audit provides an independent and objective evaluation of financial, operational and control activities, business and functional processes executed within the whole MOL Group and reports on the adequacy of internal controls, the level of compliance with internal and external regulations directly to the Finance and Risk Management Committee, Audit Committee and Supervisory Board following the acknowledgement of the audit reports by the MC and the CEC.

There are no restrictions placed upon the focus and scope of internal audit's work, the scope of the Internal Audit function within MOL Group covers all operations including any activities and subsidiaries controlled by MOL Group. The Director of the Group Internal Audit and OD&CG unit is responsible for determining the scope of internal audit reports.

The main focus of Internal Audit is to review business and functional processes executed within the whole MOL Group, and to identify, understand, test and evaluate associated controls to ensure that identified risks are mitigated in the most favorable cost-benefit ratio from a business perspective.

Internal Audit applies standard risk assessment principles when evaluating the inherent risk of processes and residual risk derived from control weaknesses. The applied MOL Group internal audit risk assessment principles were approved by the Finance and Risk Management Committee and the Audit Committee.

Internal Audit operates under an audit plan approved by the Supervisory Board and pre-agreed with the Finance and Risk Management Committee and Audit Committee at the end of the year for the next one. If there is a request to modify the approved annual audit plan during the year or to conduct an extra audit not listed in the audit plan, the C-CEO has the authority to approve any mid-year modifications to the annual audit plan.

To provide the independence of the Internal Audit and Compliance function the Director of Group Internal Audit and OD&CG is accountable to the Finance and Risk Management Committee, Audit Committee and the Supervisory Board and has direct access to their chairmen (for daily operational matters the Director reports directly to the Group Strategic Operations and Corporate Development Executive Vice President of MOL Group). The Supervisory Board shall form opinion on the appointment and recall of the Director of Group Internal Audit and OD&CG.

MOL Group Internal Audit unit shall be organized and operated according to the professional auditing and internal audit ethical standards of the Institute of Internal Auditors (IIA), the authoritative body for internationally recognized internal audit standards.

6.2. Integrated corporate risk management function

As operators in a high-risk industry MOL Group is committed to manage and maintain its risks within acceptable limits.

The aim of MOL Group Risk Management is to keep the risks of the business within acceptable levels and safeguard the resilience of its operations as well as the sustainable management of the company. For this purpose, as an integral part of our corporate governance structure, MOL Group has developed a comprehensive Enterprise Risk Management (ERM) system which focuses on the organisation's value creation process, meaning factors critical to the success and threats related to the achievement of objectives but also occurrence of risk events causing potential impact to people, assets, environment or reputation. Within the ERM framework all significant risks throughout the whole Group are identified, assessed, evaluated, treated and monitored, covering all business and functional units, geographies as well as projects, taking into consideration multiple time horizons.

Regular risk reporting to top management bodies, including the Board of Directors with its committees provides oversight on overall the risk profile and the largest risks as well as assurance that updated responses, controls, and appropriate mitigation actions are set and followed.

The Group faces financial, operational and strategic risks, including but not limited to the below.

Risks/processes	Risk description	Risk mitigation methods
Market and financial risks		
Commodity price risk	The Group is exposed to commodity price risk on both the purchasing side and the sales side. The main commodity risks stem from its long positions in crude oil, refinery margin and petrochemical margin.	<ul style="list-style-type: none"> • Integrated business model • Continuous monitoring • When necessary, commodity hedging instruments to mitigate other than 'business as usual' risks or general market price volatility
Foreign exchange (FX) risk	The Group has FX exposure due to mismatch of currency composition of cash inflows and outflows, investments, debts.	<ul style="list-style-type: none"> • Monitoring FX risk and balancing the FX exposures of the operating & investment cash flow with the financing cash flow exposures when necessary and optimal
Interest rate (IR) risk	MOL Group has a mixture of floating and fixed interest rate debts. Floating rate debt are subject to interest rate changes.	<ul style="list-style-type: none"> • Continuous monitoring • Adequate mix of funding portfolio

Risks/processes	Risk description	Risk mitigation methods
		<ul style="list-style-type: none"> When necessary, interest rate swap hedging instruments to mitigate risks
Credit risk	MOL Group provides products and services with deferred payment terms to eligible customers which exposes it to credit risk.	<ul style="list-style-type: none"> Diversified customer portfolio Customer evaluation model, continuous monitoring Group-wide credit insurance program
Financing/Refinancing risk	MOL Group has significant debt outstanding. Inability to refinance those or inability to draw down funds could cause liquidity problems.	<ul style="list-style-type: none"> Diversified funding sources/instruments Diversified, balanced, and decently long maturity profile Investment grade rating (BBB-) supports smooth capital markets access
Operational Risks		
Physical asset and process safety and equipment breakdown risk	Process Safety Event (Major Industrial accident) due to loss of mechanical integrity, technical, technological or operational issues, process maintenance difficulties, lack of competent human resources.	<ul style="list-style-type: none"> Comprehensive HSE activities, a group-wide Process Safety Management system including asset related operational risk management process Preventive & Predictive maintenance (Uptime program) with thorough equipment criticality assessment behind Group-wide insurance management program
Crude oil and gas supply risk	Crude supply disruption (insufficient quantity or quality) can disrupt refineries and petchem sites continuous operation.	<ul style="list-style-type: none"> Crude oil-supply diversification strategy implemented; Emergency reserves available
Critical material, equipment or service supply risk	Disruption in critical (raw) materials and/or equipment and/or services may cause delays in operation and/or increase costs	<ul style="list-style-type: none"> Stock management Supplier management Sourcing and supply chain diversification
Exploration & Production reserve replacement	Higher than expected decline and failure to replace reserves.	<ul style="list-style-type: none"> Production optimization programs and organic reserve replacement activities are both focus areas of Exploration & Production operations
Cyber risk	Global trends showing steadily growing frequency and intensity of Cyber-attacks / incidents as well as more specified Cyber Crime Groups targeting Industrial Control System's weaknesses, which may have increasing economic impact and relevance on MOL Group. UA-RU conflict: significant investment on attacking methods by all stakeholders, which can be potential threat in the future.	<ul style="list-style-type: none"> Continuous improvement of cyber security capabilities Continuous supervision of cyber security risks (Group and opco level) ensuring the protection of the confidentiality, integrity and availability of data Cyber security is built into all the MOL Group products and services Continuous education of employees and partners.
Fraud Risk	Fraudulent activities (external & internal fraud) may cause significant financial and reputational losses	<ul style="list-style-type: none"> Control functions on local and group level Anti-Fraud Awareness (Newsletter, Mandatory trainings) Anti-Fraud & Investigation procedures, dedicated Team
Pandemic Risk	Pandemics may significantly adversely affect the Group's business environment, including price and demand on the Group's products and services, availability of contractors, subcontractors as well as raw materials, creditworthiness of credit customers, availability of the Group's key personnel.	<ul style="list-style-type: none"> Crisis Management plans in place Our Group Pandemic Preparedness Framework methodology instruction was issued in January 2023, summarizing not only the WHO general approach but entire MOL Group internal experiences of last 2-3 years, ensuring a life-proof and working framework to manage any possible further endemic/ pandemic situations. Continued and sustainable practices defined, adjusted to country local measures and company internal circumstances
Strategic risks		
Regulatory and sanctions risk	MOL has significant exposure to a wide range of laws, regulations and policies on the global, the European and the individual country level, that	<ul style="list-style-type: none"> Continuous monitoring of new regulations and sanctions Strengthened compliance process

Risks/processes	Risk description	Risk mitigation methods
	may change significantly over time and may even require the Group to adjust its core business operation.	<ul style="list-style-type: none"> • Participation in legislative processes, consultations • Adopting MOL strategy in response to changes
Country risk	The international presence of MOL Group contributes to diversification but also exposure to country specific risk at the same time. Government actions may be affected by the elevated risk of economic and, in some regions, (geo)political crisis, increasing their impact on MOL's operations.	<ul style="list-style-type: none"> • Continuous monitoring of the (geo)political risk, compliance with local regulations and international sanctions. • Investment opportunities are valued with quantifying of country risk in discount rate
Reputation risk	MOL, as a major market player and employer in the region with a sizeable operational footprint, operates under special attention from a considerable number of external stakeholders.	<ul style="list-style-type: none"> • Stakeholder governance processes introduced to monitor and adjust to any reputational risks
Climate change risk	Transition and physical risks associated with climate change have the potential to negatively impact MOL's current and future revenue streams, expenditures, assets and financing.	<ul style="list-style-type: none"> • MOL Group's transformational strategy • Several operational steps taken to mitigate physical risks emanating from climate change
Capex Project Execution Risk	Projects are delayed or less profitable than expected or unsuccessful for numerous reasons, including cost overruns, higher raw material or energy prices, longer lead time in equipment deliveries, limited availability of contractors and execution difficulties.	<ul style="list-style-type: none"> • Disciplined stage gate process across Capex project pipeline • Dedicated team to identify risks at earlier stages, plan for mitigation or avoidance by linking potential risks with schedule and budget to build realistic estimates and following it up through the project lifecycle • Supplier selection criteria, audits
Human Capital Risk	The Group's ability to implement its 2030+ Strategy is dependent on the capabilities and performance of its people, management, experts and technical personnel. Unavailability of skilled workforce may lead to disruptions in the operation.	<ul style="list-style-type: none"> • HR framework to attract, develop, reward and retain employees • Capability development for all employee levels to ensure future-proof skillset • Intergenerational collaboration to enhance internal knowledge transfer • Focus on digital transformation, and employee experience • Developing innovative and collaborative culture • Working environment and conditions framework in order to attract and retain diverse talents
Inflation Risk	Increase in material and service prices impacting opex and capex	<ul style="list-style-type: none"> • Stock management, contracting strategy

ESG risks are covered and considered as part of the following topics (including but not limited to): Climate Change, Human Capital, Physical asset and process safety and equipment breakdown risk, Cyber Risk, Fraud Risk, Pandemic Risk, Regulatory and sanctions risk.

The Russian – Ukraine conflict has contributed to the increase of several risks of the Group:

- **Supply-related risks:** in order to mitigate the oil-supply risk, the Group has elaborated the crude diversification strategy; alternative crude slate was defined, relevant capex projects defined and started. Supply chain difficulties may also have an impact on several materials, inputs to the Groups processes, which is mitigated by stock, supply chain and supplier management actions.
- **Regulatory and sanctions risks:** MOL Group has been continuously and closely monitoring the sanctions imposed against Russia as well as countersanctions. and strengthened the compliance processes. With the energy crisis in several countries where the Group operates price caps and extra (solidarity) taxes were introduced which had material financial impact on the Group.
- **Inflation risks, rising energy and raw material prices:** the Group faced elevated risk, which have been mitigated with active market intelligence, conscious stock management and contracting strategy.

Risk Review Process in 2022

Risk owners in the Group identified, analyzed and evaluated their major risks in 2022 – both on medium-term and long-term time horizon - and defined and/or updated the relevant mitigation plans where it has been necessary. Risk reports have been discussed by the Finance and Risk Management Committee of the Board of Directors.

Main risk management tools

As described above, as a general risk management framework, we operate an Enterprise Risk Management system.

Hedging Policy: to ensure the profitability and the financial stability of the Group, financial risk management is in place to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured regularly by using a complex model based on advanced statistical methods and are managed – if and when necessary - with hedging measures.

Insurance Policy: transferring the financial consequences of our operational risks is done by insurance management, which represents an important risk mitigation tool to cover the most relevant exposures and liabilities arising out of our operations. Insurance is managed through a joint program for the whole Group to exploit considerable synergy effects.

Crisis and Business Continuity Management: following best industry practice and focusing on low probability high potential risks that could disrupt our operations, value chain and cash generation, MOL Group has implemented and is currently working to integrate a crisis management and business continuity program in order to reduce recovery times within tolerable limits for processes critical to our business.

TCFD disclosure on Risk Management

Climate change related risks are covered within the ERM framework, both in the long-term and mid-term risk review process.

Top-down approach is taken to identify and assess risks affecting the long-term strategy of the Group. Climate change risk, including transition and physical risks are assessed, together with mitigation plans within the strategic risk review process. Sponsorship, oversight of management of such risks sits with executive leadership, while operative leaders directly reporting to executive leadership are nominated as risk owners, who are responsible for assessment, mitigation of these risks. Strategic risk reports are discussed by the Finance and Risk Management Committee of the Board of Directors.

Within the bottom-up mid-term risk process several climate change related individual risks (regulatory changes, demand for fossil fuels, legal risks, risks on physical assets) are and may be identified and reviewed regularly. Various organizational levels and geographies are involved in the process, with the aim of covering all material risks, including climate related ones. Operative managers are nominated as risk owners, being responsible for assessing and mitigating the relevant risks. Aggregated, consolidated risk report is discussed by the Finance and Risk Management Committee of the Board of Directors.

Risk owners, with the involvement of subject matter experts, assess risks taking into consideration the probability of occurrence and the potential impact on the Group's objectives. Depending on the level of risk acceptable for the Group, risk owners define appropriate mitigation plans.

MOL Group's ESG risk management activity is evaluated by several ESG ratings (including MSCI, CDP, Sustainalytics) which show the high performance based on industry benchmarks.

Climate-related aspects are also part of corporate processes: MOL Group measures the carbon footprint of its products, as well as ESG indicators are part of the management remuneration scheme (e.g. TRIR, CO₂, and other relevant strategic objectives) and also includes CO₂ emission estimates in project planning and approval documents. In parallel, a monitoring system has been operated to register and forecast project-related CO₂ emissions. For more on our governance around climate see Chapter 7.

Identified climate change related risks

- ▶ Identified **transition risks** include a) **policy and legal risks** (actions that attempt to constrain activities that contribute to climate change and/or actions that encourage adaption/limitation of climate change, including stricter emission rules and carbon pricing), b) **technological risks** (innovation that supports transition to a low carbon world, including increasingly efficient and lower consumption in transportation), c) **market risks** (shift in supply/demand for certain products and services due to changes in customer preferences: decline in demand for the fossil fuel, and technology), and d) **reputational risks** (stakeholder pressure). MOL Group's long-term strategy seeks not only to **mitigate risks** associated with the transition to a low carbon economy, but to capitalize on opportunities created by it.

- Identified **physical risks** include a combination of both **acute risks** (extreme rainfall and flooding), as well as **chronic risks** (extreme heat, fluctuating water levels and drought). If any of these events were to occur, they could have an adverse effect on the Group's assets, operations and staff. MOL Group has incurred and is likely to continue incurring additional costs to protect its assets, operations and staff from physical risks. To the extent such severe weather events or other climate conditions increase in either frequency, severity or both, MOL Group may be required to adjust its operations and incur costs that could adversely affect its financial position.

MOL Group operates Risk Engineering program, where the potential impacts of water related events analyzed in main Downstream sites. Below is presented a high level overview of water related risks.

Physical risk	Risk description		Risk mitigation
Flood Risk & Sea Level Rise	Major Downstream sites are located near to rivers, sea. Flood risk level is considered as low, as the sites' parameters/design provides enough mitigation capacities (which is supported by risk engineering reports): insurance cover is in place.		
	Danube Refinery	The refinery site borders the River Danube. The site is far above sea level.	The site process is far above the river level, and the site is located outside of a river flood hazard area.
	MOL Petrochemicals Tiszaújváros	The site is located about 1 km west of the Tisza River, and the site is far above sea level.	Control measures in place that would allow for the sacrificial flooding of nearby agricultural land to manage this risk.
	Bratislava Refinery	The site's western perimeter is approximately 0.8 km from the River Danube. The site is far above sea level.	No event so far (in 2022 flood, site was 1 m above highest water level). Gates in industrial water inflow/outflow canal, emergency & Crisis management plans, possibility of employing mobile flood defenses.
	Rijeka Refinery	The site is located on the Adriatic Sea, with the minimum elevation being 4 m above mean sea level.	There are no rivers or creeks in the area.
Fluctuating water level, drought risk	In case of drought event low level of Duna/Tisza rivers may hinder barge transport. Very low level of Danube may lead to lack of industrial water supply from the river.		Railroad transportation can be applied as an alternative transport. Monitoring, review of the system's capability.
Extreme rainfall	Water collecting pits may overflow in extreme rainfalls which may lead to contamination of receiving water body.		Site reviews and mitigation actions (e.g. channel connection supervision, regular cleaning of collecting chambers) are in progress.
Earthquake	Certain assets of the Group are located on earthquake area.		Crisis plans and insurance cover are in place.

7. INFORMATION ON WHETHER THE AUDITOR PERFORMED ANY ACTIVITIES NOT RELATED TO AUDITING.

MOL Group was audited by PwC in 2022 and by EY in 2021, excluding FGSZ Zrt. and some other non-significant subsidiaries.

Within the framework of the audit contract, the auditor performs an audit of consolidated and statutory financial statements, and interim financial statements of MOL Plc. The auditors ensure the continuity of the audit by scheduling regular fieldworks during the year, participating in the meetings of MOL's governing bodies and through other forms of consultation.

PwC network provided non-audit services for MOL Group in the amount of HUF 139.3 mn in 2022. The non-audit services provided by the auditor complied with the Policy for Services Provided by the External Auditor (FPR1.2_MI1_v1_ENG).

8. AN OVERVIEW OF THE COMPANY'S PUBLICATION POLICY AND ITS INSIDER TRADING POLICY.

8.1. An overview of the Company's publication policy

In its publication policy, MOL Plc. applies the disclosure rules prescribed by law, the Corporate Governance Recommendations of the Budapest Stock Exchange and the Company's Articles of Association.

The company places great emphasis on presenting its short- and long-term goals on a regular basis, periodically publishes presentations on its long-term strategy and explains its short-term objectives in detail in its annual and halfyear reports. In addition to the halfyear and annual report required by law, it publishes quarterly reports on its operational and financial results four times a year.

The guidelines for the nomination of members of the Board of Directors and the Supervisory Board available on its website.

Risk factors affecting the company's operation and management, as well as the company's risk management principles are constantly updated in its annual and semi-annual reports

It makes relevant information on employees and other stakeholders, corporate governance practices, the structure of the corporate governance system and the ownership structure available on its website.

Formal channels of communication with shareholders include regular announcements, the annual report, the half-year report and quarterly earnings reports, furthermore extraordinary announcements. Regular and extraordinary announcements are published on MOL's website (<https://molgroup.info/en/investor-relations/investor-news>), on the Budapest Stock Exchange (primary exchange), on the Warsaw Stock Exchange and on the Capital Market Information Disclosure System operated by the National Bank of Hungary (Magyar Nemzeti Bank). Moreover we send e-mail announcements to those who subscribed to the distribution list of e-mail announcements of Investor Relations and to the international and domestic media. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting. Regular There is continuous communication with the company's investors and analysts, currently mainly through online channels. Furthermore, investors are able to raise questions or make proposals at any time during the year, including the Company's general meeting. Investor feedbacks are regularly reported to the Board of Directors.

8.2. Principles of insider trading policy

MOL Group is committed to the fair trade of financial instruments admitted to public trading.

MOL Group employees are expected:

- ▶ not to acquire or dispose of MOL or other company's shares or other financial instruments for their own account or for the account of a third party, directly or indirectly, do not withdraw or modify orders related to the above financial instruments, do not give order or instruction for this, do not induce another person to do so and do not suggest or accept decisions connected to the above financial instruments, if they are in possession of insider information,
- ▶ not to disclose insider information to persons not belonging to MOL Group except they are empowered in writing to do so,
- ▶ to be careful when disclosing insider information even within the employees of MOL Group, to hand over information only in the possession of a permission and to the extent necessary to carry out work,
- ▶ to protect insider information from accidental disclosures to the public.

All employees of MOL participate in regular, annual recurring training on the rules related to the prohibition of insider trading and the handling of insider information. Employees regularly take exams on the knowledge they have acquired in education.

The Insider Committee of MOL decides on matters related to the registration, delay, publication of insider information and other insider related questions.

9. AN OVERVIEW OF THE METHOD OF EXERCISING SHAREHOLDER RIGHTS.

9.1 Shareholder's rights regarding participation in the General Meeting and voting rights

In accordance with Act V of 2013 on the Civil Code (hereinafter: "Civil Code") the shareholders have the right to participate, to request information and to make remarks and proposals at the General Meeting. Shareholders are entitled to vote, if they hold shares with voting rights. Shareholders having at least one per cent of the voting rights may request the Board of Directors to put an item to the agenda of the General Meeting. Where a group of shareholders together controlling at least one per cent of the votes in the Company propose certain additions to the agenda in accordance with the provisions on setting the items of the agenda, or table draft resolutions for items included or to be included on the agenda, the matter proposed shall be construed to have been placed on the agenda if such proposal is delivered to the Board of Directors within eight days following the time of publication of notice for the convocation of the General Meeting, and the Board of Directors publishes a notice on the amended agenda, and on the draft resolutions tabled by shareholders upon receipt of the proposal. The conditions to participate in the general meeting are published in the invitation to the general meeting. Invitations to the general meeting are published on the Company's website according to the Articles of Association.

Voting rights on the General Meeting can be exercised based on the voting rights attached to shares held by the shareholders. Each "A" Series share entitles its holder to one vote. The actual voting power depends on how many shares are registered by the shareholders participating in the General Meeting.

Shareholders can exercise their right at MOL General Meetings either in person or by nominee. In addition, our company gives the opportunity to represent themselves through a Proxy card in accordance with the Articles of Association. An internet subsite containing materials for the general meeting serves to facilitate participation (<https://molgroup.info/en/investor-relations/annual-general-meeting>) which contains several information, including a location map, the conditions for participation, the general meeting documents, and the power of attorney templates.

Condition of participation and voting at the General Meeting for shareholders is that the holder of the share(s) shall be registered in the Share Register. The depository shall be responsible for registering the shareholders in the Share Register pursuant to the instructions of such shareholders in line with the conditions set by the general meeting invitation. According to Article 8.6 of the Articles of Association: „Each shareholder – at the shareholder’s identification related to the closing of the share registry prior to the next general meeting –, shall declare whether he, or he and any other shareholder belonging to the same shareholder group as specified in Articles 10.1.1 and 10.1.2 holds at least 2% of the Company’s shares, together with the shares regarding which he asks for registration.” If the conditions described in the previous sentence are met, the shareholder requesting registration is obliged to declare the composition of the shareholder group taking into account the provisions of Articles 10.1.1 and 10.1.2

Furthermore, the shareholder shall, on the request of the Board of Directors, immediately identify the ultimate beneficial owner with respect to the shares owned by such shareholder. In case the shareholder fails to comply with the above request or in case there is reasonable ground to assume that a shareholder made false representation to the Board of Directors, the shareholder’s voting right shall be suspended and shall be prevented from exercising it until full compliance with the above said requirements.

According to Article 10.1.1 of the Articles of Association: „No shareholder or shareholder group (shareholder group defined in Article 10.1.2 of Articles of Association) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company’s request as depository or custodian for the Company’s shares or securities representing the Company’s shares.

9.2 Relationship with the shareholders

The Board is aware of its commitment to represent and promote shareholders’ interests, and recognises that it is fully accountable for the performance and activities of the MOL Group. To help ensure that the Company can meet shareholders’ expectations in all areas, the Board continually analyses and evaluates developments, both in the broader external environment as well as at an operational level.

MOL has an Investor Relations department which is responsible for the organisation of the above activities as well as for the day-to-day management of MOL’s relationship with its shareholders (contact details are provided in the “Shareholder Information” section at the end of the annual report). Extensive information is also made available on MOL’s website (<https://molgroup.info/en>), which has a dedicated section for shareholders and the financial community. MOL has always paid special attention to provide a considerably wide range of information to the capital markets, in line with international best practice. Therefore Investor Relations Department of MOL is continuously renewing its website (direct link at: <https://molgroup.info/en/investor-relations>). The aim of the development is to make the website even more user-friendly, in line with the intention to continuously improve our services. These enable us to meet the expectations of our shareholders, analysts and other capital market participants more effectively.

In 2022 MOL participated in 8 conferences in the U.S. and Europe, having more than 100 meetings at which met with 145 potential and existing shareholders and bondholders.

10. A BRIEF PRESENTATION OF THE RULES FOR THE CONDUCT OF THE GENERAL MEETING

Voting rights on the general meeting can be exercised based on the voting rights attached to shares held by the shareholders. Each “A” Series share entitles its holder to one vote. The actual voting power depends on how many shares are registered by the shareholders participating in the general meeting.

Shareholders can exercise their right at MOL General Meetings either in person or by nominee. In addition, our company gives the opportunity to represent themselves through a Proxy card in accordance with the Articles of Association. An internet subsite containing materials for the general meeting serves to facilitate participation (<https://molgroup.info/en/investor-relations/annual-general-meeting>) which contains several information, including a location map, the conditions for participation, the general meeting documents, and the power of attorney templates.

Condition of participation and voting at the general meeting for shareholders is that the holder of the share(s) shall be registered in the Share Register. The depository shall be responsible for registering the shareholders in the Share Register pursuant to the instructions of such shareholders in line with the conditions set by the general meeting invitation. According to Article 8.6 of the Articles of Association: „Each shareholder – at the shareholder’s identification related to the closing of the share registry prior to the next general meeting –, shall declare whether he, or he and any other shareholder belonging to the same shareholder group as specified in Articles 10.1.1 and 10.1.2 holds at least 2% of the Company’s shares, together with the shares regarding which he asks for registration.” If the conditions described in the previous sentence are met, the shareholder requesting registration is obliged to declare the composition of the shareholder group taking into account the provisions of Articles 10.1.1 and 10.1.2.

Furthermore, the shareholder shall, on the request of the Board of Directors, immediately identify the ultimate beneficial owner with respect to the shares owned by such shareholder. In case the shareholder fails to comply with the above request or in case there is reasonable ground to assume that a shareholder made false representation to the Board of Directors, the shareholder’s voting right shall be suspended and shall be prevented from exercising it until full compliance with the said requirements.

According to Article 10.1.1 of the Articles of Association: „No shareholder or shareholder group (as defined in Article 10.1.2 of Articles of Association) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company’s request as depository or custodian for the Company’s shares or securities representing the Company’s shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder’s rights represented by the shares and securities deposited with them do not fall within the limitations specified here below).”

In accordance with Act V of 2013 on the Civil Code (hereinafter: “Civil Code”) the shareholders have the right to participate, to request information and to make remarks and proposals at the general meeting. Shareholders are entitled to vote, if they hold shares with voting rights. The shareholders having at least one per cent of the voting rights may request the Board of Directors to add an item to the agenda of the general meeting. Where a group of shareholders together controlling at least one per cent of the votes in the Company propose certain additions to the agenda in accordance with the provisions on setting the items of the agenda, or table draft resolutions for items included or to be included on the agenda, the matter proposed shall be construed to have been placed on the agenda if such proposal is delivered to the Board of Directors within eight days following the time of publication of notice for the convocation of the general meeting, and the Board of Directors publishes a notice on the amended agenda, and on the draft resolutions tabled by shareholders upon receipt of the proposal. The conditions to participate in the general meeting are published in the invitation to the general meeting. Invitations to the general meeting are published on the company website according to the Articles of Association. The ordinary general meeting is usually held in April, in line with the current regulations.

The ordinary general meeting, based on the proposal of the Board of Directors approved by the Supervisory Board, shall have the authority to determine profit distribution, i.e. the amount of the profit after taxation to be reinvested into the Company and the amount to be paid out as dividends. Based upon the decision of the general meeting, dividend can be paid in a non-cash form as well.

The starting date for the payment of dividends shall be defined by the Board of Directors in such way as to ensure a period of at least 10 working days between the first publication date of such announcement and the initial date of dividend distribution. Only those shareholders are entitled to receive dividend, who are registered in the share register of the Company on the basis of shareholders identification executed on the date defined by the Board of Directors and published in the announcement on the dividend payment. Such date relevant to the dividend payment determined by the Board of Directors may deviate from the date of the general meeting deciding on the payment of dividend.

11. PRESENTATION OF THE ISSUER’S COMPLIANCE WITH SECTION IV. OF ACT 67 OF 2019 ON THE INCENTIVISATION OF LONG-TERM SHAREHOLDER PARTICIPATION AND HARMONIZATION OF PARTICULAR OTHER ACTS (SRD ACT).

The Board of Directors of MOL Plc. on the basis of Section 3:268 (2) of Act V of 2013 on the Civil Code proposed and put on the agenda of the Annual General Meeting convened for 30 April 2020 the Remuneration Policy to an advisory vote. Based on the authorization granted by Section 9 (2) of the Government Decree 102/2020. (IV. 10.) the Board of Directors on behalf of the Annual General Meeting of MOL Plc. adopted by a unanimous decision the Remuneration Policy and according to Section 18 of Act LXVII of 2019 on Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonization purposes made available free of charge on the homepage of MOL Plc. (<https://molgroup.info/en/about-mol-group/main-governance-documents>).

The Remuneration Policy of the Company has been applied from the 2021 business year in compliance with Section 29 (3) of the SRD act.

The Board of Directors on the basis of Sections 19-22 of the SRD act proposed and put the Remuneration Report on the agenda of the 2022 Annual General Meeting.

12. GOVERNANCE AROUND CLIMATE RELATED RISKS AND CHALLENGES

12.1. Board oversight of climate related issues risks and challenges

The Board of Directors is responsible for defining the main business objectives of the Group as well as to review and approve the Group's business strategy, including the premises and assumptions upon which the strategy was created. MOL Group's long-term transformational strategy was created based on climate related risks and challenges, which means that the Board of Directors (and its committees) consider a wide range of Climate-related risks and challenges as an integral part of its roles and responsibilities, both when it reviews and approves strategy, also when it reviews risk management policies, and business plans as well as setting the organization's performance objectives. Furthermore, the Board and its committees are tasked with monitoring and overseeing progress against goals and targets, including climate related ones. The Board of Directors is informed and continually updated on climate related risks and challenges via regular reporting through various channels. This includes quarterly and yearly reports from senior management on a broad number of issues affected by climate change, including macro trends, legislation, environment, capital markets etc. The Board of Directors took part in the revision of compliance of MOL Group 2030+ Strategy (adopted in February 2021) with the newly introduced EU Fit for 55 regulation. For more information on the strategy of MOL Group and the role of climate change, refer to section 5 of the Integrated Annual Report.

In addition, to the BoD, two committees have been assigned climate-related responsibilities: the Sustainable Development Committee (SDC), and the Finance and Risk Management Committee (FRC). Both committees directly deal with specific climate change related matters. To ensure integrated management of sustainability related issues across the Group, including but not limited to climate change, the SDC monitors and oversees progress against sustainability related goals and targets. At least four times a year, the Group Vice President of Health, Safety & Environment reports to the SDC on progress against sustainability related goals and on climate-related issues, while the Investor Relations & ESG coordination Manager informs this Committee on various emerging sustainability-related issues and trends. Furthermore, impact of climate change related risk and opportunities at Group, divisional, country and site level are reported to the Committee each quarter through a number of deep-dive presentations. The FRC on the other hand is tasked with monitoring, among other things, the financial and operational risks as well as the methodology and management of risks, furthermore the operation of Enterprise Risk Management (ERM) system. Both long-term strategic risk assessments and mid-term risk report is submitted to the FRC. Climate change is a strategic risk for MOL Group and is part of the Group's ERM system, and therefore reported and presented separately to members of the FRC. More information can be obtained from the section 12.2.

12.2. Management's role in assessing and managing climate risks and challenges

Part of the role and responsibilities of the executive management include assessing and managing climate-related risks and challenges, as well as executing the approved strategy. In terms of organizational structure, responsibility for climate change does not reside in a single department or person. Responsibilities for climate change related matters are dispersed through a wide number of roles across the Group. Several functions at Group level analyze climate change related risks and challenges. These include but are not limited to the Group Strategy (climate change implications on strategy), Chief Economist (sustainability and climate change macro trends), Public and EU Regulatory Affairs (global and regional climate change related legislation), HSE department (analysis and mitigation of environmental risks, tracking environmental performance), and Investor Relations (ESG developments in capital markets). Furthermore, all divisions monitor and assess climate-related risks and challenges as an integral part of their roles and responsibilities in executing and designing their strategies. Executive management is informed and regularly updated on climate related risks and challenges via regular reporting through various channels, from both the before mentioned HQ based Group level functions as well as divisional management.

Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, by completing the following tables, the company declares to what extent it applied in its own practice of corporate governance the recommendations and suggestions formulated in the different points of the Corporate Governance Recommendations (CGR) published by the Budapest Stock Exchange Ltd.

By reviewing the tables, market participants may receive information on the extent to which the corporate governance practice of different companies meets certain requirements included in the CGR, and may easily compare the practices of the different companies.

The Recommendations contain both recommendations that are binding for all issuers and non-binding proposals. Issuers may derogate both from binding recommendations and non-binding proposals. In the event of derogation from the recommendations, issuers are required to publish and justify the derogation in their corporate governance reports ('comply or explain'). This enables issuers to take industry and company-specific requirements into account. Accordingly, even issuers derogating from the recommendations can comply with corporate governance requirements under specific circumstances. Concerning the proposals, issuers should indicate whether they apply a given guideline or not, and they can also explain any derogation from the proposals.

The basic principle and purpose of the corporate governance report is to have companies give a report of their previous business year and to reveal the measure of their compliance with the Recommendations. The Recommendations may, however, include recommendations and proposals relating to events which did not occur at the issuer in the given period. In accordance with the current practice, these 'event type' questions can be answered with 'YES' also when the relevant event did not occur in the business year (for instance, no dividend was paid, or no shareholders' comments were received for the proposals to be submitted prior to the General Meeting) if the Company would have responded to the occurrences of such events as set forth in the Recommendations, in line with the provisions of its Articles of Association or its practices. In a situation like that, the solution that comes closest to the principle of transparent operation is for the issuer to select YES and also to add an explanation that though the event in question did not occur in the previous business year, there are appropriate mechanisms in place to handle it.

Level of compliance with the Recommendations

The Company indicates whether it follows the relevant recommendation or not, and if not, briefly explains the reasons why it did not follow that specific recommendation.

1.1.1. Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes

No

Explanation:

1.1.2. Is the Company's Articles of Association available on the Company's website?

Yes

No

Explanation:

1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes

No

Explanation: Shareholders may exercise their shareholder rights in the General Meeting through a Nominee and may also be represented through Proxy-card, the terms of which shall be published in the general meeting notice on the company's website. According to the Articles of Association of the Company, the participation at the General Meeting via electronic communication devices is not possible.

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes

No

Explanation:

1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

Yes

No

Explanation:

1.2.3. Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

Yes

No

Explanation:

1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)

Yes

No

Explanation:

1.2.7. For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

Yes

No

Explanation:

1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in accordance with the regulations and its function. (Answer Yes, if not)

Yes

No

Explanation:

1.3.4. By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange regulations?

Yes

No

Explanation:

1.3.5. Did the Company publish on its website within 3 working days following the General Meeting the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting, or an official statement explaining why it refrained from giving answers?

Yes

No

Explanation:

1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or motion relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

Yes

No

Explanation: In 2022 one proposal has been received from a shareholder which did not justify the ordering of a recess.

1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members. (Answer Yes, if not)

Yes

No

Explanation: With the exception of the employee representative members of the Supervisory Board, given that the General Meeting is obliged to elect the representatives nominated by the Works Council.

1.3.8.2. For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

Yes

No

Explanation: There was no such event in 2022.

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

<u>Yes</u>	No
<u>Explanation:</u> There was no such event in 2022.	
1.3.10. Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.1.1. Do the Company's publication guidelines cover the procedures for electronic, online disclosure?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.1.2. Does the Company design its website by considering the aspects of disclosure and the informing of investors ?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.2.1. Does the Company have an internal publication policy in place which covers the processing of the information listed in Section 1.6.2 of the Recommendations document?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.2.2. Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.2.3. Did the Board of Directors/Governing Board assess the efficiency of the publication processes?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.2.4. Did the Company publish the findings of the efficiency assessment of the publication process?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.3. Did the Company publish its annual company event calendar?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.4. Did the Company publish its strategy, business ethics and policies regarding other stakeholders?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.5. Did the Company publish the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website?	
<u>Yes</u>	No
<u>Explanation:</u>	
1.6.6. Did the Company publish all relevant information about the work of the Board of Directors / Governing Board and the Supervisory Board, and the management, the assessments of these and the changes in the current year?	
<u>Yes</u>	No

Explanation:

1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

Yes

No

Explanation:

1.6.9.1. Did the Company publish its guidelines relating to the trading of its shares by insiders?

Yes

No

Explanation:

1.6.9.2. Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company, as well as the extent of their interest under the share-based incentive system in the annual report or in some other way?

Yes

No

Explanation:

1.6.10. Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

Yes

No

Explanation:

2.1.1. Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

Yes

No

Explanation:

2.2.1. Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational structure, the actions for arranging and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

Yes

No

Explanation:

2.2.2. Does the Company publish the procedure used for nominating Board of Directors / Governing Board members and the principles for determining their remuneration?

Yes

No

Explanation:

2.3.1. Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

Yes

No

Explanation:

2.4.1.1. Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

Yes

No

Explanation:

2.4.1.2. Do the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

Yes

No

Explanation:

2.4.2.1. Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes

No

Explanation: According to the company's practice, the proposals are available to members 7 days prior to the board meetings. Shorter period can happen only in exceptional cases.

2.4.2.2. Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

Yes

No

Explanation:

2.4.3. Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

Yes

No

Explanation:

2.5.1. Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

Yes

No

Explanation:

2.5.2. Does the composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations?

Yes

No

Explanation:

2.5.3. Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks to be carried out as members of the respective boards?

Yes

No

Explanation:

2.6.1. Did the Governing Board / Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

Yes

No

Explanation:

2.6.2. Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

Yes

No

Explanation:

2.6.3. Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

Yes

No

Explanation:

2.6.4. The Supervisory Board of the Company does not have any members who has held a position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

Yes

No

Explanation: In 2022 there was only one member of the Supervisory Board, who held any position in the Board of Directors or in the management of the Company in the previous five years.

2.7.1. Did members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

Yes

No

Explanation:

2.7.2. Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

Yes

No

Explanation:

2.7.3. Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

Yes

No

Explanation: The members of the Board shall make a statement at their election regarding their corporate or management role in a company other than a company belonging to the Group.

According to the Charter of the Board of Directors, the Board of Directors informs the Corporate Governance and Remuneration Committee of the Board of Directors if he or she has received a membership or management membership request from a company not belonging to the Group. The Chairman of the Supervisory Board participates in the meetings of the Board of Directors as a permanent invitee .

According to the Charter of the Supervisory Board, a member of the Supervisory Board informs the Supervisory Board if he or she has received a membership or management membership request from a company not belonging to the group.

2.7.4. Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes

No

Explanation:

2.8.1. Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

Yes

No

Explanation:

2.8.2. Does Internal Audit have unrestricted access to all information necessary for carrying out audits?

Yes

No

Explanation:

2.8.3. Did shareholders receive information about the operation of the system of internal controls?

Yes

No

Explanation:

2.8.4. Does the Company have a function ensuring compliance (compliance function)?

Yes

No

Explanation:

2.8.5.1. Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

Yes

No

Explanation:

2.8.5.2. Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

Yes

No

Explanation:

2.8.6. With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

Yes

No

Explanation:

2.8.7. Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

Yes

No

Explanation:

2.8.8. Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

Yes

No

Explanation:

2.9.2. Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports ?

Yes

No

Explanation: The financial report was discussed on the meeting of the Finance and Risk Management Committee of the Board of Directors prior to the meeting of the Board of Directors.

Level of compliance with the Proposals

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No). The Company can also explain any derogation from it.

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes

No

Explanation: Shareholders may exercise their shareholder rights in the General Meeting through a Nominee and may also be represented through a shareholder form (Proxy-card), the terms of which shall be published in the general meeting notice on the company's website. According to the Articles of Association of the Company, the participation at the General Meeting via electronic communication devices is not possible.

1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

Yes

No

Explanation: No such General Meeting took place in 2022.

1.2.5. Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

Yes

No

Explanation:

1.3.1.1. Were the Board of Directors/Governing Board and the Supervisory Board represented at the General Meeting?

Yes

No

Explanation:

1.3.1.2. In the event the Board of Directors/Governing Board and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

Yes

No

Explanation:

1.3.2.1. The Articles of Association of the Company does not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.(Answer Yes, if not)

Yes

No

Explanation:

1.3.2.2. The Articles of Association of the Company does not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)

Yes

No

Explanation:

1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

Yes

No

Explanation:

1.4.1. In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

Yes

No

Explanation: The dividend is paid on the starting day of dividend payment to those shareholders who had provided all the necessary information and documentation. Following this date, dividend is paid monthly to those shareholders providing the necessary documentation.

1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11?

Yes

No

Explanation:

1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

Yes

No

Explanation:

2.9.1. Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

Yes

No

Explanation: