

MGP

▶ MOLGROUP PANORAMA

Think. Create. Move.

December 2014
Fifth Issue



THE SUSTAINABILITY RESPONSIBILITY ISSUE

CHAIRMAN'S LETTER

Lesson learned –
change is positive

SDWC: TEAM FOR THE FUTURE

Achieve optimum
effectiveness

GROUP SUPPLY & SALES

Gearing up for growth

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MOL Group Panorama – The Internal Magazine of MOL Group

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MOL Group SD strategy 2011-2015: achieves and maintains internationally-acknowledged leading sustainability performance position in the top

20%



MOL Group has reported its SD performance in its integrated **ANNUAL REPORT** since 2008



20 analysts are engaged by MOL Group to evaluate its sustainability performance since 2008, including almost all of the most credible global sustainability/ESG **ANALYSTS** and rating agencies

55

OPCO-LEVEL ANNUAL PLANS ON SUSTAINABILITY ACTIONS



3,760

total volunteering hours per year

Key cross-border donation programs:
Talent Support – HU, SK, RO
Child Healing – HU, RO
Green Belt – HU, SK, RO, HR, IT



Top program support criteria: cross-border; **value-creating**; sustainable development focused



Green Belt program: more than 2.7 million m² recovered in three countries – 197,551 trees, shrubs and flowers planted



József Molnár
Group CEO

Zsolt Hernádi
Chairman & CEO

DEAR MOL GROUP COLLEAGUES AND MGP READERS,

The last month of the year always seems to arrive all of a sudden and we quickly find ourselves looking back at our achievements and major milestones. Looking back at 2014, we have to admit that it was a good year for MOL Group. But an end means a beginning too since we can now look to see what new possibilities the coming year may hold. Future opportunities should inspire us to achieve outstanding results through committed hard work. This edition of our magazine focuses on Sustainability and Responsibility as MOL Group

continuously strives to operate in a sustainable way and be a responsible member of society. As a company, we are very proud to stand behind local champions of sport, culture and education. Being a responsible company is a must and not just another thing we do outside our business. Responsible operations also bring results we can rely on. 2014 has seen great successes and we have reached significant milestones we can be proud of. Evaluating a year is always a starting point and not only because we can close one chapter and start

a new one. Today, we are celebrating MGP's first birthday and hold the latest issue in our hands. By now we've all become accustomed to the magazine giving us the interesting news items we need to know about in detail. Open it, browse through it with curiosity and be open to the 2014 overview that highlights key areas affecting us all, so let's peruse the magazine and explore the world of MOL Group!

Enjoy a good read!

Lesson learned – change is positive

Zsolt Hernádi, Chairman & CEO, provides an overview of 2014

First allow me to underscore that 2014 was a good year for MOL Group. We have transitioned into becoming a genuinely forward-looking company. In the past, we were always in the habit of talking a lot about “changes and challenges”, which sounded like we enjoyed blaming external obstacles and hiding behind difficult times. What I’m really proud of now is that the company has managed to change its mind-set. Now we are the ones who set challenges for ourselves, we are the ones who push ourselves to newer and higher levels and standards. So, in a nutshell, we’ve put ourselves into first gear. We’ve shaken up our organisation with fresh initiatives. In 2013, through the “Glocal project”, we created a new structure and a new way of working in the Group. In 2014, we began to eliminate a ‘growing pains’, and through our “Fast Forward” project we’re now working on “fine-tuning” our processes and structures. We’re in line with our time targets and I’m convinced that, in the end, we’ll have a leaner and faster organisation than we have right now.

UPSTREAM – CHALLENGES & OPPORTUNITIES

Upstream is certainly an area that can be called challenging, although I still insist on looking at it as an area filled with opportunities requiring a new approach every day. You need to be brave and smart to make investments, as well as to find further opportunities for growth. We’ve entered a new region with our North Sea activities and we have significantly increased the quality and quantity of our work in Pakistan and the Kurdistan

Region of Iraq. In both of the latter countries, we’ve reached new milestones, so I really would like to say ‘thank you’ to our teams there. These milestones could have never been reached if there hadn’t also been a cultural change in our Exploration & Production. This means not just a breath of fresh air, but very positive year-end figures.

DOWNSTREAM – COMMON STRATEGY

Downstream has found its way too, by that I mean that it has greatly improved its busi-

ness in the best possible way. Now, there’s still a lot of work to do of course. An example of this would be to back up our words with actions concerning our next efficiency program. I’m also very happy that we now have a singular Downstream strategy and I expect a lot from our new quality-centric approach to retail business. With the acquisition of around 200 service stations in three CEE countries, we’ve started fresh business ventures in the surrounding countries, which requires a huge integration effort. This is definitely a challenge and will result in considerable change, especially in the Czech Republic and Romania. In 2014, Downstream has delivered positive results and I’m very satisfied with the entire team.

2014 – MILESTONES

There are many worth mentioning, but let me remark on some really memorable ones, such as INA’s significant modernisation program. INA today operates 190 modernised service stations and the renovation program will continue. INA also reported – for the first time in ten years – an increase in crude oil production from mature domestic fields. Additionally, gearing decreased again from 25.8% to 24.3%.

At the same time, INA invested HRK 665 million in the first six months of the year.

This is outstanding. I mention this first because our colleagues at INA are working under intense pressure in an unpredictable regulatory environment. We’ve realised this and sincerely appreciate such achievements amid difficult conditions. The fact that INA was awarded the “Best Corporate Governance Award” by World Finance magazine is a pleasing achievement. I dare not forget to mention that I’m very happy that the Izabela gas field has begun production.

Secondly, I’m very proud of our achievements in the Kurdistan Region of Iraq. We’ve grown fast there and we have come to an agreement over the

Akri-Bijeel Field development plan with the Ministry of Natural Resources, KRG just one example out of many that our team in Erbil is successfully working on. The start of Shaikan crude oil exports is another positive story. The acquisition of the North Sea assets is also a great example of our progress.

Thirdly, I would like to mention our business in Pakistan. We’re delighted about our significant oil discovery in the Ghauri Block in the Punjab Province of Pakistan. I’m also happy with our very necessary progress in

the HSE area and enjoyed looking at the UPPP recruiting campaign, a brilliant joint initiative of HR, Corporate Communications and Upstream. I’m proud not only of the fantastic result with around 3,000 students participating, but also of the quality of the program, which had an international best-in-class approach. This is the new MOL Group I want to see in 2015 as well. I have to stop here unfortunately, but last and not least, I want to mention the start of constructing Slovnaft’s new polyethylene producing unit (LPDE4) and, of course, the successful transformation of the Mantova

refinery into a modern logistics hub. As you see, 2014 was full of positive news and our third quarter results already prove that we’re on the right track.

2015 – EXPECTATIONS

We need to preserve our current momentum so as to grow further, manage our processes properly and maximize our profitability. I have no doubt that 2015 will also be a good year for MOL Group. I can feel the fresh breeze and mind-set change in the Group and I look forward to hearing about all the new ideas that we as a team generate each day. I have never felt better than right now about the future of MOL Group. In 2015, our Functional Units will adopt the new working model and all 29,000 employees will work in an even more business-oriented and service-oriented way. I’m still not satisfied with our processes. We have to be much leaner. Anyone hoping that the “good old days” will return, has no future in MOL Group. We want to be and will be leaner and – what is even more important – we want less administration. MOL Group has begun this journey already and will not wait for latecomers.

Financially we’re in a strong position. We watch the marketplace carefully for business opportunities and definitely want to be ahead of our peers. I want MOL Group to diversify even more and expand the value chain. We dared to change in 2014 and were successful. So the lesson is learned: change is positive!

Lastly, I would like to talk about shareholder value. Here, we’ll have to work hard in 2015. Yes, the financial markets are challenging at the moment, but do we really promote shareholder value culture? Do all of us contribute with all our work to our shareholder value approach? I believe we need to work on this to achieve a higher valuation of MOL Group in the financial markets.

MOL Group has always been a challenger company. In terms of scale and resources, we’ve always been David versus Goliath and so it will remain in the future, but we can compete by being more nimble, more flexible and more creative. This is it what I expect in 2015 from of our 29,000 employees.



“ We are the ones who set challenges for ourselves, we are the ones who push ourselves to newer and higher standards. So, in a nutshell, we’ve put ourselves into first gear. ”

MOL GROUP

YEAR 2014

"The Mantova Refinery conversion has been successfully completed. Logistics Hub operations officially started in October. We have launched the new business model, integrated the Italian OpCos and presented the new logo, which reflects the MOL Group brand harmonisation model; all are important achievements that establish a new beginning."

"Slovnaft has successfully and safely proceeded with construction of the year's key investment – a new polyethylene LDPE4 production facility. We are nearly finished with increasing the Adria oil pipeline's capacity. The company is now focused on new service station acquisitions. Forbes magazine has ranked us among the TOP 5 brands in Slovakia."

"MOL Hungary performed remarkably well in 2014. Our Downstream delivered 80% of group DS EBITDA. We ensure further value creation in Upstream realising potential with new concessions. By launching MOL Hungary Service Center, we support businesses more efficiently. Currently we are focusing on developing a corporate culture that places stakeholder, customer and employee engagement first."

"After several years of financial consolidation, the management's main aim now is to discover INA's optimal growth strategy. We've increased our investments and launched new projects despite an unfavourable external environment and regulatory burdens. We will continue to further improve INA's position in domestic and regional marketplaces."

"We are completing our three-year efficiency improvement program this year and the improvement achieved is currently in the target range, which is an essential part of our latest good result. I'm very pleased that our organisation has clearly understood the challenges confronting us and, together with management, we have identified our common values and developed our strategic direction for the next three years."

"A significant E&P 200KBDOE Program achievement is organisational restructuring and redefining the way in which it operates, thus empowering staff Group-wide. This success has already been clearly demonstrated by our results, but we aren't stopping here. E&P is now entering a new phase whereby all of us, as one team, work for enhanced performance under clearly defined strategic imperatives."



MAURIZIO MIGLIAROTTI
CEO – IES

OSZKÁR VILÁGI
CEO AND CHAIRMAN OF
THE SLOVNAFT BOARD OF DIRECTORS

SÁNDOR FASIMON
COO – MOL HUNGARY

ZOLTÁN ÁLDOTT
PRESIDENT OF THE
INA MANAGEMENT BOARD

FERENC HORVÁTH
EVP – GROUP DS

ALEXANDER DODDS
EVP – GROUP E&P

MOL GROUP DELEGATION IN KURDISTAN

A high-level MOL Group delegation visited the Kurdistan Region of Iraq in the second week of November to meet leaders of the Regional Government, including President Masoud Barzani, Prime Minister Nechirvan Barzani, Foreign Minister Falah Mustafa Bakir and Minister of Natural Resources Dr. Ashti Hawrami. MOL Group's field development plan for the Akre-Bijeel Block had recently been approved and so the two parties discussed further cooperation, including sponsorship programs. One such program is the permission to excavate one of the most important sites in Kurdish history, Dwin Castle and its surroundings, signed by Pázmány Péter Catholic University and the Directorate of Antiquities in Erbil. As part of its visit, the delegation also took part in the opening ceremony of the Consulate General of Hungary in Erbil and then visited MOL Kalegran's office to unveil its new corporate design.

In the photo, left to right:
Majdi Ahmad, Managing Director – MOL Kalegran,
Ferenc Horváth, EVP – Group DS,
Dr. Tibor Szatmári, Ambassador of Hungary to Iraq,
Dr. Ashti Hawrami, Minister of Natural Resources,
Kurdistan Regional Government,
Szabolcs I. Ferencz, SVP – Group Corporate Affairs,
Alexander Dodds, EVP – Group E&P,
Péter Wintermantel, Senior Expert – Project
Management, Group Business Development



COMPLETED ACQUISITION OF LUKOIL SERVICE STATIONS

MOL Group has successfully completed the takeover of the LUKOIL Czech Republic s.r.o. business including 44 LUKOIL service stations. This step will significantly contribute to improving MOL Group's market share and its intention of becoming a leading retailer selling fuel and non-fuel goods and services. The company currently operates 192 service stations under the Slovnaft, Pap Oil and Lukoil brands in the Czech Republic. These are planned to be united in the course of 2015 under two strong brand names. "MOL Group significantly strengthened its retail position by acquiring LUKOIL's service stations in the Czech Republic, which will help us to grow further and also to become the number one choice for customers. Through this deal, we are currently represented by three brands – Slovnaft, Pap Oil and LUKOIL in the Czech marketplace. Our aim is to introduce the MOL brand, which already identifies our service stations in Hungary, Romania, Serbia, Slovenia and Austria, while retaining the current Pap Oil brand" – commented Lars Höglund, SVP – Group Retail.



ETHICS WITHOUT BORDERS

MOL Group's Code of Ethics stresses that business leaders have a special responsibility for creating and maintaining the culture of ethical work behaviour. Being aware of what this involves can help us do our jobs according to ethical norms. As in previous years, in November, all managers were asked to present the main messages of the Code of Ethics to their teams.

ETHICS WITHOUT BORDERS

STAND FOR THE CODE OF ETHICS AND SAY NO TO CORRUPTION, HARASSMENT AND DISCRIMINATION

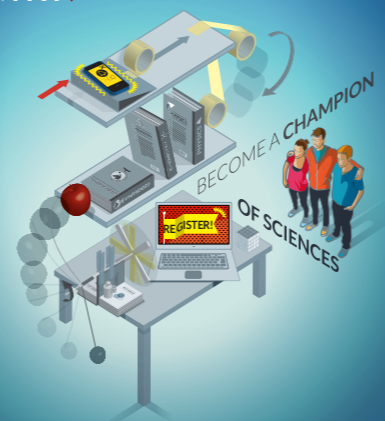


MOLGROUP

THINK. CREATE. MOVE.

CALL FOR ENTRY

FRESHHH JUNIOR



TEAM UP WITH YOUR FRIENDS AND BECOME THE CHAMPIONS OF NATURAL SCIENCES

Apply for the Freshhh Junior online competition and solve challenging tasks in Mathematics, Physics, Chemistry, Biology and Geography. The best teams will have the chance to prove their knowledge in a live final and win valuable prizes.

REGISTER ONLINE AT www.junior.freshhh.net by 27 November 2014!

Find us on Facebook www.facebook.com/junior.freshhh

MOLGROUP

JUNIOR FRESHHH 2014 COMPETITION

MOL Group launched its online competition for secondary school talents, Junior Freshhh 2014, in November. Three-person student groups competed not just for fun, but also for valuable prizes and the genuine experience gained. Based on the great experience enjoyed in Hungary and then Slovakia, Junior Freshhh also debuted in Croatia this year. MOL Group has organised its online competition among secondary school students since 2010. Over the last four years, more than 8,200 students in 2,763 teams from 517 secondary schools have participated in the program. In cooperation with secondary school teachers, MOL Group aims to motivate pupils to engage in natural sciences and develop them in their fields of interest from the very beginning.

Slovnaft and MVM make non-binding bid to purchase Slovenské elektrárne shares

Slovnaft and the MVM Group have made a joint non-binding bid for the purchase of 66% of Slovakian Slovenské elektrárne (SE) a.s shares, currently owned by ENEL SpA. The bid is in-line with Slovnaft's overall long-term business strategy of maintaining and further strengthening its position in the regional energy market by diversifying its oil and gas portfolio. With this regional partnership, the vertically-integrated energy company, MVM Group, aims to develop further and expand its business portfolio in the CEE region. Acquiring this stake in SE will strengthen the CEE Region's security of supply of both electricity and natural gas, thus contributing to the development of the EU's single energy market.

News in brief

THE GLOBAL CORPORATE CHALLENGE CONTINUES

This year, MOL Group joined the Global Corporate Challenge (GCC). GCC is a 12-month health promotion programme run globally among corporations that advocates personal responsibility for one's own health. The first part of the program was a 100-day competition between teams of seven. Just before the Christmas Holidays, MOL Group participants will take more steps for 16 days at 16 mystery locations.

SUCCESSFUL BIDDING IN THE 28TH UK SEAWARD LICENSING ROUND

MOL Group has been offered four licences, all as operator, on the UK Continental Shelf as part of the UK's 28th licensing round. All licences offered have Drill or Drop well obligations and are located in central and northern areas of the UK North Sea.

ALL ABOUT FUEL CARDS IN ONE PLACE

MOL Group card management has launched a new website to raise awareness of MOL Group's fuel cards and provide information for both potential and existing customers. Visit the site here: www.molgroupcards.com

SUPPLIER DAY IN ABERDEEN

MOL Energy UK recently ran a supplier engagement day in Aberdeen, to familiarise offshore suppliers with MOL Group, lead them through how MOL Energy UK aims to collaborate with them, and listen to their concerns. Around 90 senior executives from all parts of the supply chain attended the day, which included roundtable sessions on the major supply chain issues in the North Sea. The UK team will now be looking to build stakeholder relationships next year as MOL Energy UK moves towards being a full operator in 2016.

SUMMIT OF MOL GROUP REPRESENTATIVES ACTIVE IN INDUSTRY ASSOCIATION

Around 60 colleagues from across MOL Group came together at the 9th Summit to discuss how their work in EU and international associations assists the business and can shape EU and national policy. Presentations on recent advocacy actions and achievements were followed by thematic discussion groups. Key points identified were early action at the EU level to have greater impact, building credible relationships with national officials, and expert analysis assisting such actions.

MOL Group significantly strengthens its financial status through a Credit Facility Agreement
MOL Group has signed a USD 1.55 billion revolving credit facility agreement with a group of 15 banks. The new facility refinances the EUR 500 million revolving credit facility that expired in September 2014, as well as the USD 545 million revolving credit facility agreement concluded in April 2013. In this new deal, MOL Group achieved competitive conditions with a margin of 115 basis points. This new facility has been arranged with a group of MOL Group main relationship banks. The tenor of the Agreement is 5 years with 1+1 year extension options. This new facility further enhances MOL Group's financial profile and liquidity position and contributes strongly to preserving its existing commercial banking partnerships, while introducing new lenders at the same time. The Agreement was coordinated by Crédit Agricole Corporate & Investment Bank and ING Bank NV, with Bank of America Merrill Lynch being the facilitator. József Simola, MOL Group CFO, commented on the deal: "I am proud that MOL Group has again proved to be among the top borrowers in the region. Originally, our intention was just to refinance the expiring EUR 500 million revolving credit facility, but due to a great response from the marketplace, we contracted a significantly higher amount at a substantially lower price level. The deal shows that the market has confidence in MOL Group and respect for its healthy risk profile."

PROACTIVE MODE OF SUPPORT

Social responsibility, sponsorship and donations are key parts of MOL Group's business strategy – an interview with Szabolcs I. Ferencz, SVP – Group Corporate Affairs and Ágnes Kelenvölgyi, Head of Corporate Giving & Internal Communications.

SZABOLCS I. FERENCZ

Szabolcs, you were appointed SVP – Group Corporate Affairs to lead Public Affairs, Strategy and Corporate Communications three years ago. When the Group-level support strategy is developed, who plays the key role in determining its main direction?

At first sight, one would think that corporate support activities are a simple issue. Simply put, all we do is provide cash for various projects. In reality, however, the process is actually fairly complex. The best example is Upstream, because it has a long-term strategy. So, to support its operations, we have to develop a sponsorship and donation plan that can be flexibly adjusted year by year, whereas for long-term programs the key goal is to provide support that leaves "traces" behind in the life of a given community and thus creates genuine value. Accordingly, the Public Affairs and Sponsorship teams work in tandem and jointly identify and analyse local stakeholder projects and areas that need our support. MOL, as an international company, has already left Central Europe behind and, while retaining its leading role in the region, entered new markets where it strives to win leading positions as a new player. We can only support such efforts if we cooperate closely with the relevant businesses. The secret of success lies in true teamwork.

2014 has witnessed major changes in MOL Group sponsorship and donation activities. What have you experienced so far?

I would, in general, like to point out that we have shifted to a proactive mode of support. In practice, this means that, before we create a support strategy and action plan for a given country, we seriously consider not only the results of previous surveys, analyses and research, but we also carry out personal consultations and interviews in the field with local stakeholders. To support this approach, we have also developed the Group-level Social Engagement Handbook, which provides a background to stakeholder analyses when decisions on specific support issues are taken.



What are the main targets?

In addition to earlier European target countries, we are also present in Russia and Kazakhstan and in the Middle East, the Kurdistan Region of Iraq, Pakistan and Oman. In these countries, we focus particularly on the genuine needs of local communities. For example, in Kurdistan we support construction of roads and community buildings as well as the renovation of schools and archaeological excavation projects. Additionally, we apply the principle of "the best investment is in human capital" by launching scholarship programs for Kurdish students so they can continue their education and higher learning at Hungarian universities. In Pakistan, we participate in providing aid for refugees in distress as humanitarian actions

“The Public Affairs and Sponsorship teams work in tandem and jointly identify and analyse local stakeholder projects and areas that need our support.”

and we have established an eye clinic and provide support to its operations there. In Russia, we primarily support community initiatives in the Samara and Buguruslan regions, through the reconstruction of kindergartens, schools and sports facilities.

ÁGNES KELENVÖLGYI

Ágnes, what factors are considered when MOL Group decides whom and what to sponsor?

First of all, what I am really proud of, as a leader of this department, is that MOL, as a responsible company, analyses every single application. We do not leave any request unanswered. This of course does not mean that we can support all applicants, but our team finds it extremely important to understand fully and answer all incoming requests. In case we decide to support a project, we focus on three principles.

The first is the general social interest and, within that, the need for and acknowledgement of talented people, maintenance of national and oil-industry traditions - "just do it rather than talk about it" - and the involvement of local communities. The second consists of stakeholder relations and environmental protection: embracing the concept of a responsible corporation that supports local community initiatives in its operating areas, as well as indirectly benefitting employees as well as conserving the environment.

The third is our business-like approach, including our product and service orientation, maximum publicity, effectiveness, recognition of quality and performance, dependence on results, preparation, transparency, trust and consistency.

What are the areas where sponsorships and donations can be most useful?

Due to MOL Group's presence in the international arena, we dedicate particular attention to cross-border programs and are proud that MOL Group has successfully launched several regional projects. Our programs aimed at the development of children and to support young talents running in three countries. In the field of sport, we support the international MOL Ice Hockey League and, with regard to community initiatives, we launched the

Green Belt program 8 years ago and today it is running in five countries. When we develop outlines for our support activities, one of the key considerations is to support success stories that are popular in any given country and which allow us to reach deeper layers of society, for example ice hockey in Slovakia, football in Croatia and highly successful individual sportspeople and Olympic champions like Áron Szilágyi in sabre and Dániel Gyurta in swimming. At MOL Group level, motorsport is obviously the focus and we have been sponsoring Norbert Michelisz for three years in the World Touring Car Championship in 11 countries across four continents.

“We are proud that MOL Group has successfully launched several regional projects. Our programs aimed at the development of children and to support young talents running in three countries.”

What projects are the closest to your heart?

Well, it is difficult to name one, because we cannot compare fans' enthusiasm in an ice hockey match to watching a successful performance by Norbert Michelisz on TV or to supporting children in need. The value we create is always the common platform. One of the most memorable events for me was to open a six-classroom elementary school in the village of Junala in the Kurdistan Region of Iraq and provide the children with better learning conditions.

PROVEN EXECUTIVES HELP DEVELOP THE LEADERS OF TOMORROW

Interview with Dr. Anthony Radev, Director of the newly founded SEED management school.



Tell us about the establishment of this new business school and who you would recommend SEED to?

SEED was established as an answer to business demand, since MOL Group, OTP Bank and other, leading companies in the region felt the need to set up a business school to offer their managers a top-quality educational development platform. It's a school of business for business. Our school has a strong CEE focus and our courses will be held throughout the region. All managers from regional companies who want to learn to become better leaders are welcome.

How does SEED follow traditional management schools and what else does it offer?

SEED is unique in two respects. The first is that today, leaders are developed by proven executives and the new way to achieve this is through experiential learning instead of traditional academic lecturing. The second is that SEED, with its regional focus, provides a valuable regional networking opportunity, while networks gained at

Western European and US management schools are of limited usefulness after returning to the CEE region.

Who are the famous executives and business experts committed to help SEED students to develop?

A prominent group of very successful and acknowledged senior managers stands behind our initiative to share their experiences with SEED "students" like György Beck, Chairman of Vodafone Hungary, Zsolt Hernádi, Chairman & CEO, MOL Group and István Majoros, former Senior Manager of Learning, McKinsey. Members of the Faculty have proven track records with more than 20 years of CEO experience.

How was the experience of the first Boot Camp, held in September 2014, received?

First feedback was very positive. The four-day course was built upon three pillars: personal improvement, development of people leadership skills and the enhancement of the participants' strategic approaches. After mapping the present skills of the managers, each of them received a mentor and coach to work on a tailor-made development plan. As a unique and popular element of the follow-up, participants of the Boot Camp needed to readdress their unit's strategy under the supervision of their mentors.

Where do you see SEED in five years' time?

I hope that, if you ask me in five years' time, our "students" will answer instead of me. In 5 years we plan to expand the scale of our education and in addition to executive training we plan to start full-time MBA and Master courses as well. Our ultimate goal is to build up a top-notch business school in the CEE that will significantly raise the competitiveness of Hungary and the whole region as well.

GREEN BELT

- TOGETHER FOR GREENER COMMUNITIES



A new world in two words: Green Belt. Facts, numbers and aims for MOL Group's greenest program. The Green Belt program began in 2006 in Hungary, Slovakia and Romania, and Croatia and Italy joined this cross-country initiative in 2014.

WHAT'S THE AIM?

To create more green spaces by projects that support the cooperation of local communities and strengthen general environmental awareness.



WHAT ARE THE CONDITIONS?

Applicants agree to create a minimum of 1500 m² green space, of which 60% is covered by native plants. They also ensure that the established green area is sustained in the long term and is open and available to all visitors.

WHO CAN APPLY?

Communities in cities, villages and small towns, condos and civil organisations can submit their applications to establish a greener environment locally.

8 YEARS, 5 COUNTRIES,
 MORE THAN 700 INITIATIVES CREATED
 A TOTAL OF 2,789,585 m²

GREEN SPACES WITH THE HELP OF MORE THAN
150,000
 VOLUNTEERS THROUGH THE GREEN BELT PROGRAM



SPONSORSHIP, DONATIONS & SOCIAL INVESTMENTS

AT A GLANCE

MOL Group established the New Europe Foundation (Új Európa Alapítvány) in 2006 in Hungary to launch its key initiatives: MOL Talent Support and the MOL Child Healing Programs. These programs were soon followed by cross-border projects in Slovakia coordinated by our partner organisation the Central European Foundation and in Romania by the Foundation for Communities.

TALENT SUPPORT

HUNGARY

Since 2005, more than 1700 young sportspeople, artists and their teams have received support in excess of EUR 1,408,000



ROMANIA

Since 2006, over 2000 young talented individuals have been supported with more than EUR 535,000 in total



SLOVAKIA

Since 2007, more than 300 talented individuals have been supported with almost EUR 500,000



TALENTY NOVI EÚROPY

CEP

Šport

CHILD HEALING PROGRAM

- ▶ **WHAT IS THE AIM?** To support programs that help the development of children who are chronically ill, live with disabilities or are at risk.
- ▶ **WHO CAN APPLY?** Non-profit organisations offering a great variety of alternative therapies and methods that have been developed by professionals.
- ▶ **WHICH PROGRAMS ARE SUPPORTED?** Nearly all the areas of art therapy: drama, dancing, fine arts and film. However, animals, such as dogs and horses, are also successfully involved in these therapies.

ROMANIA

Over 90 programs were supported during the last 5 years that involved healing approximately 7000 children for a total of EUR 410,000



HUNGARY

More than 320 rehabilitation programs 'healing' more than 78,000 children since 2005 for a total of EUR 1,406,000 so far

CHAMPIONS & ROLE MODELS

OUTSTANDING PERFORMANCES FIRST DISCOVERED VIA THE TALENT SUPPORT PROGRAM

ÁRON SZILÁGYI
Olympic sabre champion



DÁNIEL GYURTA
Olympic swimming champion



NORBERT MICHELISZ
4th place in 2014, best Honda driver of the World Touring Car Championship



TÍMEA BABOS
Wimbledon finalist in tennis doubles



DANUTA KOZÁK
Olympic kayak champion

SLOVNAFT CUP
180 teams, the winner advances to the European Cup

TEAMWORK & PARTNERSHIP



CROATIAN FOOTBALL TEAM
Participated in the FIFA World Cup

SLOVNAFT ARENA
The most popular multifunctional arena (sport and culture) in Bratislava

SUCCESSES ON TWO WHEELS
Stefan Svitko, most successful motorcyclist on Dakar Rally



CROATIAN FOOTBALL TEAM
Participated in the FIFA World Cup

SLOVNAFT ARENA
The most popular multifunctional arena (sport and culture) in Bratislava



INTERNATIONAL MOL ICE HOCKEY LEAGUE
The best teams from 3 countries, with more than 170,000 fans watching approximately 180 matches during the 2013/2014 season

COMMUNITY PROJECTS IN E&P COUNTRIES



KURDISTAN, PAKISTAN, RUSSIA & CIS

- ▶ Water store & community hall at Gujar village
- ▶ Road construction in Bakrman
- ▶ Support for refugee families in Kurdistan
- ▶ Free Eye Camp in Pakistan
- ▶ Community Cricket Tournament in the TAL Block
- ▶ Relief aid to North Waziristan
- ▶ Renovation of the House of Culture in Novo Ustmanovo
- ▶ Children's Clinic in Uralsk

JOINT FORCES BY OUR COLLEAGUES



- ▶ Building playgrounds for orphans in Romania
- ▶ Volunteering for flood victims in Croatia, Serbia and BiH
- ▶ Cleaning up the shore of Mantova Lake
- ▶ Renovation of Children's Home in Budapest
- ▶ Cleaning the Danube in Bratislava



COMMUNITY SERVICE & TRANSPORT

THANKS!
Community service projects for high school students



BUBI
The new bike-sharing system of Budapest

CULTURE & EDUCATION



TANKCSAPDA
Hungary's most famous rock band celebrated its 25th anniversary with a tour in 15 countries, with more than 60 concerts in front of approximately 210,000 fans



MUZSIKÁS
Extraordinary music lessons with the Muzsikás folk band – 60 schools and 70 performances to 15,000 children

The new Upstream organisation

The E&P 200KBDOE Program was launched in September 2013 to fundamentally renew production and simultaneously change the way MOL Group Exploration & Production operates by optimising its processes and setting clear targets and accountabilities. Now that the Program's Implementation Phase has come to an end, Alexander Dodds, EVP – Group E&P, gives an overview of key achievements in 2014 and talks about objectives for 2015.



In retrospect, how would you sum up the objectives of the 200KBDOE Program this year?

When we decided to set the production target at 200,000 barrels of oil equivalent per day, we addressed our key strategic imperatives. Ultimately, we found that the most important pillars were people, portfolio and processes. I must say I'm very pleased with the progress we've made so far.

Our people are the most important resource that we have in our organisation. There were some clear gaps in this area we needed to address within the Program's framework, especially with regard to leadership, career development opportunities and open communication.

Regarding processes, they were inefficient and cumbersome, so instead of adopting a top-down strategy, which meant that people at the working level didn't really get the chance to contribute, we decided to build a bottom-up strategy. This is how we will develop our business targets moving forward.

What are some of the key developments and lessons learned in the 2014 Program?

One of the main achievements is that we restructured the organisation and were able to recruit senior-level experts and experienced managers. We went from an asset-based

organisational structure to a regional-based one, and that allowed us to be more efficient in terms of how we make use of our people and how we manage our processes. For example, members of the old Integrated Field Application (IFA) team in Budapest, which was basically a service provider in our organisation, were reconstituted to the Field Operations and to the Exploration & Business Development organisations. We now have a new operating model in place for MOL Group E&P, introducing the stage-gate process, along with significantly improved project management processes and introducing the Program Management Office centrally. I feel that's been a significant step forward and a significant improvement for us as an organisation and something that we should be proud of this year.

How will the Program continue into 2015?

As we progress into 2015, the E&P 200KBDOE Program will continue and what will then be phased in is the Troubleshooting & Performance Evaluation Phase of the program. I chose this title because "The Troubleshooters" was the name of a very successful TV show back in the 1970s that looked at different oil businesses and how they could change their business models to make their companies more successful. This



HR WORKSTREAM

Group HR, together with Group E&P and Schlumberger consultants, has been working on designing the program activities to ensure technical development of E&P staff. Implementation will be rolled out starting in early 2015.

CORE ACTIVITIES

► Strengthening and development of technical capabilities

Technical career paths with associated competence models and learning curriculum have been set up as an alternative to managerial career ladders to recognise technical staff. We are building Communities of Technical Excellence (CoTE) to improve knowledge management and increase collaboration.

► Development of leadership capabilities

Through a series of interviews and an all E&P staff survey, we aim to identify the leadership skills of MOL Group E&P leaders and work on developing them. With Group E&P senior leadership, we have worked out E&P values and behaviours and selected anchor programs to drive desired cultural change in the organisation.

► Identification and mobilisation of resources

Strategic Workforce Planning (SWP) will ensure better understanding of the long-term workforce dynamics as it focuses on long-term planning and forecasting of workforce needs, taking into account Group E&P business plan activities. Tactical Workforce Planning (TWP) will enable us to have more targeted strategies about how to close existing gaps.

“Our targets are clear: zero HSE incidents, 200 kbdoe production with at least 10% to 15% production growth annually, flat to declining unit OPEX, at least 100% reserve replacement annually, and more efficient CAPEX spending.”

phase is about how we're going to improve MOL Group E&P together, delivering better results, both from a Functional and Business Unit perspective. Our targets are clear: zero HSE incidents, 200 kbdoe production with at least 10% to 15% production growth annually, flat to declining unit OPEX, at least 100% reserve replacement annually, and more efficient CAPEX spending.

Are there any program focus areas already identified or immediate next steps in January?

Overall, the focus should be on collaboration. If we don't collaborate as teams in our separate Business and Functional Units, we will not achieve what we need to for the

long term. We need to come together as one team in the end. This and only this will move us forward, together.

Our immediate concern is to stay focused on delivering the business and the primary focus has got to be our people. It is very important that we give each other constructive feedback, driven by negative and positive performance. I don't mean negative in the context of complaining or blaming. I mean presenting to individuals, teams, colleagues and managers what is not working and explain to them individually or as a team how we could improve the way we address such issues. I expect to see a lot more of that collaborative, honest and open communication already happening by the beginning of the year.

EMPLOYEE PHOTO CONTEST MARKS THE OCCASION OF INA'S 50TH BIRTHDAY

On the occasion of INA's 50th anniversary, INA Corporate Communications organised a photo contest entitled "INA THEN AND NOW", inviting employees to send in their pictures of INA. More than 500 photographs were submitted and the best photos were awarded HRK 1,000 to spend on the INA Card. The winners of the contest were Davorin Stilinović – E&P, Igor Pešun – R&M, Josip Salopek – E&P, Zlatko Čolak – Retail and Ante Brnić – Retail. All of the submitted photographs were published on the INA intranet and an exhibition was mounted at INA's headquarters.

Igor Pešun, Control Room Operator, Refinery Sisak



MOL ROMANIA RECOGNISED THREE TIMES

MOL Romania has received the "Multinational company of the year" award from Wall-street.ro, one of the most influential business news portals in Romania. The company was also listed among the most valuable 100 companies in Romania by the leading business daily, Ziarul Financiar. The publication noted that MOL Romania would exceed EUR 1 billion in turnover this year after posting EUR 979 million last year. Kinga Daradics, CEO – MOL Romania was among the most admired CEOs in a ranking by the leading business daily, Business Magazin, as a result of votes sent in by hundreds of CEOs. Kinga Daradics, appearing for the first time, was ranked 36. Moreover she came 7th among the most admired female CEOs in Romania.



MOL's Hungarian portfolio will expand with a new concession

MOL has also obtained the right to conclude a mining concession contract in the second round of bidding in Hungary. This will mean MOL can conduct oil exploration, appraisal and production activities in the East Okány area. This concession fits in well with the MOL Hungary Program, the strategic goal of which is to acquire new exploration blocks in the region. East Okány is located in the east of Hungary, where MOL already has significant exploration and production experience and currently runs 11 producing fields. The mandatory work program presented in the bid involves drilling two exploratory wells in 2015 and 2016 in the 400 km² area. As far as we know at the moment, these wells will hopefully initially confirm the presence of 2 million barrels of oil equivalent.

SUPERBRANDS FOR SLOVNAFT

Slovnaft has been awarded both the 2014 Slovakian Superbrands Award and the 2014 Slovakian Business Superbrands Award by an expert brand council based on a survey carried out by the GfK agency. The awarding of strong brands was created more than 15 years ago in the United Kingdom. Since then it has spread to 90 countries and gained worldwide recognition. Forbes magazine ranked the Slovnaft brand 5th in its first-ever ranking of Slovakian brands. After the introduction of new MOL Group and MOL Hungary brand identities, Slovnaft has also refreshed its "look" which will be presented to the public for the first time during the winter sale at service stations.



IES RESTARTS LOADING ACTIVITIES FROM MANTOVA LOGISTICS DEPOT

In October IES revived truck loading activities on the Mantuan site. The fuel IES now markets was first discharged at Pontile San Leonardo in Venice and was then pumped 100 kilometers by pipeline to the IES Mantuan terminal in the Po Valley. From its strategic position, the new logistics hub now serves north and central Italy. With its new business model, IES is on track to becoming a strong market player in the country.



INTERNATIONAL "FUELS" SYMPOSIUM

The 47th international symposium "GORIVA 2014" (Fuels) was held by the Croatian fuel and lubricants association, GOMA, in Šibenik, Croatia. More than 100 oil and lubricant experts from ten countries discussed recent developments in production, distribution and ways to profitability in a challenging marketplace. INA was represented by board member Davor Mayer and a number of experts. Opening the conference, Mayer congratulated GOMA on its 50th anniversary and reviewed major issues facing the oil business, particularly refining. For years, INA has been the main sponsor of the event and other companies such as MOL, Slovnaft and VURUP have also contributed to the success of the event through presentations and keynote speeches.

News in brief

TWO NEW SERVICE STATIONS IN HUNGARY

At the end of November, one of the busiest roads in Hungary, Route 4 near Cegléd, saw the opening of two new MOL service stations complete with Corner Bistro hot food services.

TIFON POWERS AND REWARDS

From 3 November until 28 December 2014, Tifon and Samsung will hold a contest. Every customer filling up with 20 or more litres can participate in a weekly draw to win attractive prizes.

FIRE DRILL AT A MOL SLOVENIJA SERVICE STATION

MOL Slovenija has traditionally held fire drills and this year's was at Murska Sobota in October. The aim is to regularly review the necessary steps to be taken in the event of an accident that causes a fire at a service station.

TATRA SUMMIT IN BRATISLAVA

New investments, economic growth and the future of the European Union were the key topics of the Tatra Summit, held in November in Bratislava. This, one of the largest economic conferences in Central Europe, was attended by over 300 participants. Slovnaft supported The Tatra Summit Investment Forum which was part of the event for the first time.

INA SUSTAINABILITY REPORT PUBLISHED

INA has published its 2013 Sustainability Report, giving information on the company's governance and environmental, social and economic performance. On this occasion, the chairman of the management board stressed the company's strong awareness of its influence on the environment and society in general. The Sustainability Report is available on INA's web site.

ROOM FOR YOUR IDEAS

INA has launched a project called "Room for your ideas" which hands over INA premises that are not in use to interested legal entities or people. The goal is to contribute to the development of quality projects in local communities.

DRILLING A WATER WELL IN THE AKRE-BIJEEL SUB-DISTRICT

Another demonstration of MOL Kalegran's commitment to assist local communities is the provision of clean water, thus further improving MOL Kalegran's reputation among communities and the Ministry of Natural Resources.

PICK PACK POINTS NOW INSTALLED AT MOL SERVICE STATIONS

As a new service, MOL Hungary has introduced Pick Pack Points at 95 service stations from which to post and collect packages. This package management service can be used instead of home delivery when ordering goods through web warehouses. The goal is that MOL customers will be able to do everything "under one roof" and not just fill up their tanks when visiting a MOL service station.

HR STRATEGY BUILT ON BUSINESS OBJECTIVES

In 2014, HR continued its transformation to become a strategic partner to Business. In 2015, HR will reinforce global standards at MOL Group level.

HR priorities are built around key business objectives so as to address the specific needs of E&P and DS. We envision MOL Group HR as a trustworthy and credible business partner that provides flexible and relevant solutions; we always strive to create sustainable value and achieve the Company's strategic goals in collaboration with the Business.

In 2015, HR will continue strengthening its core platforms and reinforcing global standards at MOL Group. With technology the enabler, we continue to improve HR systems. Our priorities comprise four key pillars – those of effective organisation, talent, capability development, reward as well as recognition, to obtain a balanced portfolio overall in 2015."

ZDRAVKA DEMETER BUBALO
VP – Group HR

2014 IN NUMBERS

14 technical job families create the foundation for the 200KBDOE Program's HR workstream technical capability development tools with the ultimate objective of shortening Time-to-Autonomy for accelerated delivery of Group E&P strategic objectives.

17% of LEAD leadership development program participants have been promoted already. LEAD was recognized by the Asia Employer Branding Institute who awarded MOL Group's leadership development program with its Training & Development Excellence Award. The program was globally recognised for the second time this year following the Leadership 500 Award by HR.com in April. In addition to LEAD, Intensity, a modular leadership program, was launched in November.



20,000 followers on LinkedIn – thank you for following us and sharing our stories and successes. MOL Group's visibility significantly increased and strengthened our employer brand, consequently we achieved better access to the best candidates.

972 teams registered for UPPP, a new international talent acquisition program that aims to secure our talent pipeline for Exploration & Production. Most registered from Pakistan, the Kurdistan Region of Iraq, UK, Hungary and Croatia.

230 graduates from 11 countries and 24 companies joined MOL Group as Growww 2014 program participants. This year, the winning Serbian team of our Freshhh global online student competition also joined us. The program has proved to be a great way of making MOL Group's talent pipeline secure. Today, 21% of HQ employees are ex-Growwwers. Freshhh and Growww are recognized by the ERE Recruiting Excellence Award as the Best College recruiting programs globally.

successfactors[™]
An SAP Company

MOL GROUP INTRODUCES SUCCESSFACTORS

An integrated, global IT platform launched in mid-December 2014 for managing Annual People Cycle (APC) processes in MOL Group. This system covers the three pillars of APC: Performance Management, Career and Succession Planning and Development Planning. SuccessFactors will be available for all managers and senior experts across the whole MOL Group and for all the employees in MOL Group Headquarters. Further roll out across MOL Group is planned in the coming years.



HR SITE LAUNCHED ON THE INTRANET

Visit the HR site on the Group Portal to receive more insight and direction throughout your career at MOL Group. All aspects are covered from performance through rewards to development. You will also find key HR data and recent news here.

SDWC: TEAM FOR THE FUTURE

The Sustainable Development Working Committee (SDWC) brings together internal stakeholders and keeps MOL Group leaders engaged and focused on SD strategic objectives.

Corporate Sustainability is the management of our Company's environmental, social and economic impacts, both external and internal. There is no need to emphasise how important it is to pay attention to the relevant principles in our daily work too, as these are a precondition of long-term MOL Group financial success. Corporate Sustainability started as a voluntary commitment to improve the public image of companies almost 20 years ago. But it is no longer voluntary: it is now clearly expected of all major companies, even among investor communities. It is not just a communications tool any more – our audiences value reports on it just as much as they value the performance behind it.

Some things have not changed though. Executive-level commitment and continuous discussion on the subject are still essential factors in making a company create step-changes in its sustainability performance. That is why MOL Group decided, one and a half years ago, to establish the Sustainable Development Working Committee (SDWC) comprised of senior executive-level members covering the entire organisation and monitoring all high-level directions and action plans.

All the members represent different Business or Functional Units, but they come together with a common goal: to raise, discuss, select, prioritise and build on development ideas together to achieve optimum effectiveness.



“The SDWC is a great team of MOL Group leaders who believe that for the future success of the company, we have to address long-term challenges. These may not always be very significant in financial terms, but are definitely important to our stakeholders. We meet on a regular basis to share knowledge, find new improvement opportunities and move things forward together.”

DONNA DARZENTAS
SVP – Group SD & HSE



EXAMPLES OF ITEMS ON THE SDWC 2013–2014 AGENDA

- Endorsement of and support for the corporate volunteering concept and Diversity Roadmap
- Discussion on supplier pre-qualification
- Presentation of the “Future reloaded” communication concept
- Review of the SD content of the Annual Report
- Launching business continuity management
- Endorsement of key annual SD action plans (~30 per year)

“On the SDWC we try to share ideas on non-financial best practices which are important for our operations as well. A good example is the planned comprehensive Supplier Qualification Project which will help us select those suppliers who can provide the highest level of compliance with our expectations in terms of financial, safety and quality performance.”

KRISTÓF TERHES
VP – Group Corporate Services

“Sustainable Development has taken a substantial step forward in recent years. Today, rather than simply something that is produced in the dark bowels of a company, it is in the forefront of major decisions and undertakings and now spans the thought processes and culture of mature companies. Behind every activity there has to be a deep consideration and understanding of strategic issues, which is crucial for further self-development.”

SZABOLCS I. FERENCZ
SVP – Group Corporate Affairs



“The SDWC is a collaborative environment in which ideas are surfaced and further developed. A few successful initiatives have already been launched, such as HQ Volunteering, our diversity framework and the Women's Leadership Network. Together with other programs, these all contribute to improved Sustainability performance. From the HR perspective, Human Capital must be the focus when addressing talent acquisition, capability development, performance culture, and encouraging a diverse and engaged workforce.”

ZDRAVKA DEMETER BUBALO
VP – Group HR



“Sustainability and the valuable contribution of the SDWC are fundamental factors in the success of our new Retail strategy which aims at ambitious organic and inorganic growth in the coming years. We know for certain that only those strategic directions that are sustainable in the long term will be successful and bring about the desired results.”

LARS HÖGLUND
SVP – Group Retail



“Throughout my business trips, at home and abroad, it's very important for me to convey and reinforce MOL Group's commitment to making each community in which we operate a better place to live. It is my sincere hope that my role on the SDWC underpins this commitment.”

MIKE PAUSCHE
SVP – Group Field Operations



“SD is not only about fulfillment of expectations, primarily those of external stakeholders, but it can be very powerful in leading the way to attaining a competitive edge as well.”

JOSEF STOPPACHER
VP – Group E&P Engineering

“We live in a world of constrained resources and so it is evident that long-term business success is strongly connected to a holistic approach to Sustainability. Thus, we need to consider all aspects of how we do business. The SDWC brings various different areas together to try to reflect the actual contribution and potential of technology improvements as well as future refining products and technologies.”

THOMAS RAETSCH
Group DS Technology & Development,
Product Development & Innovation Manager

Success through sustainability

Corporate sustainability is, in certain respects, an extremely simple and logical issue. Interview with Pál Kapusy, Manager – MOL Group Environment & Sustainability.

Since when has Sustainable Development been the focus of MOL Group? Since the very beginning, of course, otherwise we would not be sitting here and talking... However, 2007 was a critical milestone because since then MOL has supported SD with conscious coordination at the Board of Directors level when a separate Committee to supervise this activity was established.

Isn't the issue of sustainability a particularly exciting one in an energy company as compared to a telecom company or a bank?

The question that inevitably emerges here is whether we can talk about sustainability at all in a company where the resource, as the basis of the company, is not renewable i.e. it is depleting. As a matter of fact, the activities we perform at MOL Group ought not to be called "Sustainable Development" but "Corporate Sustainability" because, when you think about it, SD is really a global concept applicable to the entire Earth, so that mankind can ensure we can do justice to the generations to come. On the other hand, a profit-oriented company listed on the stock exchange obviously cannot take over say Greenpeace's role, since that would not be responsible towards its shareholders. So today, corporate sustainability means that companies – and this varies by industry sector – are carefully focusing on environmental, social and long-term economic issues, closely monitoring risks and looking for new opportunities for further expansion.

SUSTAINABILITY IN THE OIL AND GAS INDUSTRY

Since fossil reserves will not be endlessly available, SD analysts usually focus on the following factors in the area of sustainability:

- Reserve Life Index and Reserve Replacement Rate
- Share of gas within reserves and production (gas is a cleaner fuel than oil, its transportation is less risky and fewer pollutants are emitted into the environment during gas production and consumption)
- Research, development and use of alternative sources of energy

But how could the interests of shareholders, consumers and society in general all be taken into account at one and the same time?

This is exactly the purpose of the sustainability approach, i.e. to try to balance stakeholder demands as much as possible. This means, in practice, to be more conscious in monitoring stakeholder feedback and needs. For example, we ask employees every two years how committed they are and how they see the company. We hold consultations with trade unions and we focus on local communities, which is particularly important in E&P. We also monitor customer requirements and measure their satisfaction and, of course, we cooperate with the regulatory authorities. We were also surprised that MOL shareholders are more and more interested in our sustainability performance. Corporate



“Shareholders are more and more interested in our sustainability performance.”

sustainability is, in certain respects from certain aspects, an extremely simple and logical issue. If a company has committed employees, satisfied clients, no environmental problems, no industrial accidents, talented colleagues at work, diversity of employees and management and so on, then its chances of success will be much higher than in a company where all these are missing.

Which MOL Group initiative, launched in 2014, would you highlight as being in the spirit of sustainability?

It is difficult to select a single initiative since we increasingly focus on introducing our processes and programs as widely and efficiently as possible in every company in the Group. But if I must highlight one then it is the supplier qualification system, currently under preparation, where the key goal is

to integrate the various existing pre-qualification systems into one comprehensive system that is internationally seen as best in class. Qualification will not only cover the traditional economic and legal factors but sustainability too, including HSE and ethical issues. In simple words, the purpose is that MOL can, in the future, cooperate with suppliers who themselves work in a more sustainable manner and thus are in a position to mitigate risks assumed by MOL Group when other companies such as drilling, construction or fuel-shipping partners act on MOL's behalf.

Where are we now versus our competitors? Where do we have to develop more? How can our progress be measured?

We are among the best companies, both in the region and in emerging markets. In 2011, MOL Group set the strategic target of

reaching an internationally-recognised position in sustainability by 2015. This meant being in the top 20% in the industry. We have almost delivered this result since MOL is ranked in the upper quartile by three out of the five leading rating companies. As a matter of fact, we are almost in the prestigious Dow Jones Sustainability Index group in which we are placed in the top 21%.

How do you maintain continuous dialogue and information flow about sustainability within the company?

Sustainability organisation means that you have coordinators in place at every level from the most senior governance bodies down to the smallest subsidiary. We held our annual workshop in November where representatives of MOL Group companies from various countries shared best practices and harmonised actions planned for 2015.

VOCABULARY

CORPORATE SUSTAINABILITY:

The proactive management of all risks and opportunities caused by the long-term impact of our everyday operations on the economy, the environment and society in general.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Almost a synonym to Corporate Sustainability: a process to integrate social, environmental, ethical, human rights and consumer concerns into business operations and core strategy in close collaboration with stakeholders.

ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE):

A term used by investors and analysts who use Sustainability to assess a company's effectiveness in managing non-financial impacts.

SRI ('SOCIALLY RESPONSIBLE INVESTMENT' OR 'SUSTAINABLE AND RESPONSIBLE INVESTMENT'):

An investment strategy that seeks to consider both financial return and social good. It is based on the concept that companies with good sustainability performances also outperform their competitors financially, over the long term.

BETTER TO ASK A LAWYER TWICE...

Laws and regulations are part of practically all segments of our lives – even if one does not always realise it. One of the oldest maxims is that “not knowing the law does not exempt you from its consequences”.

MOL Group Legal is an international team of experienced professionals who work on a wide array of complex legal issues, ranging from commercial law cases through financial law, transaction-related legal issues and contracting to dispute resolutions. Their most important role is to support and advise MOL Group business and functional units on various important legal issues, to supervise and coordinate the activities of the Flagship Legal Departments, to monitor the engagement and work of external legal counsels, and to keep managers and employees informed of relevant regulatory changes, as well as to advise on required action.

MOL Group Legal, as company lawyers, are here to help all employees to best perform in their everyday work through abiding by the necessary legal rules that set the boundaries of the playing field. The Group Legal team ensures that MOL Group’s actions are fully aligned and consistent with applicable legal regulations by providing guidance to managers and employees on their duties, responsibilities and powers under the Law, as individual employees acting on behalf of the Company.

Besides supporting central functional and business units, the Group Legal team also provides legal advice on issues related to Exploration & Production, Mergers & Acquisitions and Banking & Finance.



DIANNA L. KYLES
GROUP SENIOR LEGAL COUNSEL

NORBERT PETŐ
EXTERNAL LAWYER

TÍMEALADI
GROUP LEGAL COUNSEL

PÁLKARA
GROUP GENERAL COUNSEL

JUDITTÓTH
GROUP SENIOR LEGAL COUNSEL

FLORIAN SIEBERLL. M.
HEAD OF E&P LEGAL

KATALIN MIKLÓS NÉ KOVÁTS
ASSISTANT TO GROUP GENERAL COUNSEL

SÁNDOR RÉZMAN
GROUP LEGAL COUNSEL

CSILLA KARÁDI
GROUP LEGAL COUNSEL

WHAT ARE THE MOST IMPORTANT PRIORITIES OF GROUP LEGAL?

- ▶ Executing a legal strategy that generates value for the business
- ▶ Understanding and supporting all business aspects, business and strategic goals of the company
- ▶ Efficiency in supervising external counsels' work
- ▶ Ensuring prompt response to regulatory/legislative issues

40

Jurisdictions where MOL Group companies operate; in-house lawyers are present in 10 jurisdictions.

683

New acts introduced altogether in 2013 and 2014 in Hungary, the Republic of Croatia and the Slovak Republic.

HUF 22.6 billion

The value of litigations where members of MOL Group acted as defendants (as of 31 December 2013).

GEARING UP FOR GROW THE PACE FOR THE NEXT

TH AND SETTING THREE YEARS

MOL Group Supply & Sales aims to leverage growth potential and develop trading capabilities. Interview with Ábel Galácz, SVP – Group Supply & Sales.

Since 2011, you've been SVP – Group Supply & Sales, covering supply, logistics and wholesale. What challenges have you faced since you took this position?

The task at hand was very clear: we had to find our answer to a drastically changed external environment. Refining margins collapsed, market demand was shrinking rapidly and the volatility of prices increased significantly. We knew from the beginning that in order to survive we needed to focus on the things that are under our control. We will never be able to influence crude or product prices or economic cycles, as these are

truly external factors. However, we are in full control of our own operational efficiency and our relationships with customers and suppliers.

Across Downstream, we defined and implemented a complex set of efficiency actions: the New Downstream Program.

Supply & Sales took a big chunk of these commitments: we revisited our headcount in sales and logistics and made difficult, but necessary decisions in several countries. We reviewed our supply relationships and adjusted all major conditions to fully reflect our buying power and challenged ourselves on sales margins to make sure

that we left no money on the table. We also identified new sources of profitability, most importantly in derivatives trading. For a long time, Downstream was suffering from increased price volatility, but this new activity allowed us to capture value in price fluctuations using asset-backed structures, thus keeping risks under strict control.

The crisis also reconfirmed that our most important asset is our relationship with the customer. This relationship is secured and developed by our committed professionals whose task is to make sure that we can leverage our unique asset base to the maximum extent for the benefit of our customers.

Downstream defined a new strategy for the upcoming years in which a key goal is to sell more than what is produced in MOL's refining and petrochemicals units. Can you elaborate on the rationale behind this target?

The underlying concept is that we have a unique position and capabilities in sales and logistics, thus it is our duty to continue capturing market positions regardless of whether we have enough product from our own sources or not. As part of the Downstream strategy we have created "country concepts" for each market where we are present or plan to build a presence.

A key driver behind these action plans is to leverage our growth potential in each market, either in volume or in margin revenue. These strategies are already being implemented locally, while the group team is making sure that supply is secured from the most optimal source. Development of our trading capability is key to the success of this strategy.

Would you mention an example of this new direction?
Our Italian concept, where we decided to transform the Mantova operations from refining into a pure

supply and sales activity. We have a traditional presence and a strong customer base in Northern Italy, which we will continue to develop by leveraging our efficient logistics access to the seaborne product market via pipeline. After a year of preparation, our local colleagues received the first cargo of diesel into Mantova; the product was bought from a refinery in the United States.

MOL also started buying crude oil from new sources. What is the experience with these alternative grades?

The changing price differentials and supply patterns of specific grades opened up the opportunity for a certain degree of crude selection in our landlocked refineries. The Adria pipeline connects us to the seaborne market. Via this channel, we have already tested five different grades and brought over half a million tonnes of crude oil into the Danube Refinery. The economics of these deliveries proved that we are on the right track.

TIMELINE 2014

- JANUARY**
▶ **ITALY:** kicking off transformation of the Mantova refinery into a logistics hub, switching operation to third-party supply
- MAY**
▶ **DEFINITION** of new Supply & Sales strategy – creating a unique sales concept for each country, setting the pace for the next three years
- ▶ **MOL GROUP** buys Eni's Czech, Slovak and Romanian businesses including significant wholesale positions
- JUNE**
▶ **ROMANIA:** first product cargo arrived in Constanta port to diversify supply for our Romanian wholesale activities
- AUGUST**
▶ **MOL GROUP** buys Lukoil businesses in the Czech Republic
- ▶ **FIRST TANKER** carrying 80,000 tonnes of crude oil from the Kurdistan Region of Iraq arrived into the port of Omišalj
- OCTOBER**
▶ **ROMANIA:** MOL Group's own fuel terminal in Giurgiu finalised the third phase of the upgrade
- ▶ **ITALY:** first product vessel arrived to the Venice port to supply the transformed Mantova operation
- NOVEMBER**
▶ Natural Gas Supply & Sales Unit was established to capture synergies related to natural gas positions within the Group

GROUP SUPPLY & SALES MANAGEMENT TEAM



50 years of INA

INA celebrates its 50th anniversary this year.



INA IN NUMBERS

- **1964 – INA was founded** through the merger of Naftaplin Zagreb, Rijeka Oil Refinery and Sisak Oil Refinery.
- From the initial 2.2 Mt of refining capacity, in **1979 the capacity of INA Refineries increased to 15 Mt**, owing to the inauguration of the Urinj plant at the Rijeka Oil Refinery in 1965, increasing the capacity of the Sisak Refinery and construction of the Zagreb Refinery plant at Žitnjak in 1971.
- In 1980, Naftaplin recovered **three million tonnes** of black gold from oil wells.
- From 1980 until 1990, INA was the biggest company in Yugoslavia. In 1990 its total revenue amounted to 10% of the overall Croatian economy.
- The biggest oil equivalent **production** in INA's history was in 1988 and amounted to **5.1 Mt**: 3.04 Mt of oil and 2.1 billion cubic meters of gas.

• **For half a century**, INA has conducted exploration and production projects in Croatia and in twenty foreign countries. 45 oil and 30 gas fields have been equipped and put into operation, around 4,500 discovery and development wells have been constructed, as well as approximately 1,200 producing oil wells with over 4,000 km of pipelines and more than 200 producing gas wells, oil field facilities and plants. Over 105 Mt of oil and condensate,

and more than 70 billion cubic meters of natural gas, with a value of over **EUR 30 billion have been produced**.

- From 2008 until 2014 **HRK 16.5 billion was invested** in all three main lines of INA's business (more than HRK 10 billion in exploration and production and more than HRK 5 billion in refineries system development).
- There are close to **13,000 employees** in INA Group.

* since 2008



THINK.CREATE.MOVE.

FIRST YEAR OF MGP



As MGP arrives at its one year anniversary, I'm glad to see that it has come to serve as a guide to MOL Group for our readers both inside and outside the company. I would like to thank the MGP editorial board and all of the contributors who throughout this year forged a team across different companies, businesses and locations to bring you the latest and most interesting updates about MOL Group.

Dominic Köfner
Vice President – Group Corporate Communications



MOL Group Panorama – December 2014
SUSTAINABILITY AND RESPONSIBILITY
– Sponsorship, donation & social investments

MOL Group Panorama – October 2014
PETROCHEMICALS – An important pillar of the Downstream value chain

MOL Group Panorama – July 2014
DOWNSTREAM – From refinery to service station

MOL Group Panorama – March 2014
UPSTREAM – The way of oil from the exploration block

MOL Group Panorama – December 2013
WELCOME – MOL Group around the world



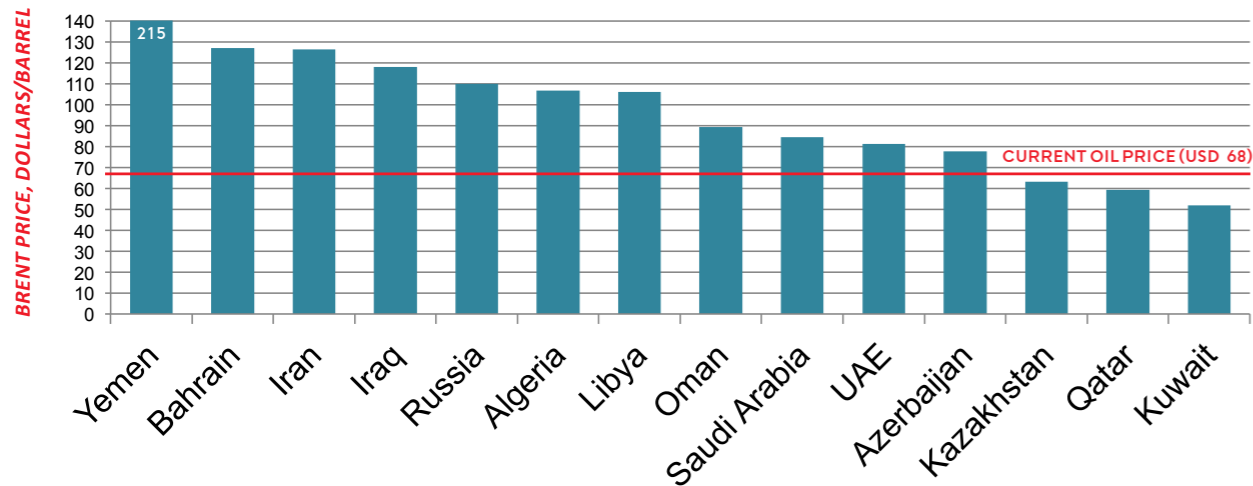


The Expert's Column.

The Chief Economist Team's insight and guide to today's trends and tomorrow's developments. Read more at barrelperday.com

THE PLUMMETING PRICE OF OIL AND PUTIN'S ENERGY EMPIRE

BUDGET BREAK-EVEN OIL PRICES FOR MAJOR OIL EXPORTERS



The price of a barrel of Brent Crude oil has plunged below USD 70 at the time of writing, down from above USD 100 just a few months ago.

Why is this happening and what are the consequences?

In a nutshell, the price of oil is falling because suddenly (or not even so suddenly, see our blog posts at barrelperday.com) there is a lot of oil in the marketplace.

1. The shale oil boom is still going strong in the United States where oil production growth is currently about twice that of global demand growth. This production increase will continue for at least the next few years.

2. There are fewer supply disruptions at the moment in politically unstable places (even Libya is able to continue producing despite the ongoing fighting there), as opposed to significantly more disruptions over the past few years.

3. Global oil demand growth is lower than was previously expected as the global economy is slowing down, including the economy of China, the great oil guzzler of the last decade.

4. Additionally, it seems there is a fourth point that complements the previous three: Saudi Arabia has decided not to intervene despite falling prices, meaning they are not cutting their production to achieve their former target of USD 100/bbl. Apparently they do not like losing battles and learned from their experiences in the 1980s. This passivity could change, but would probably only provide a temporary respite.

If lower oil prices are maintained – which looks increasingly likely, at least for the short to medium run – consumers will benefit. This benefit is equivalent to roughly 1% of GDP for Central European countries at current prices, and could boost demand for other goods and services as well as lower interest rates further.

On the other hand, producing countries are in pain. For most of them, current oil prices are not enough to balance their budgets and at current prices that includes even Saudi Arabia, where the break-even price of oil is around USD 80/bbl. This may lead to political unrest and a renewed wave of oil supply disruptions over time.

Russia, especially, is in trouble: it needs to rewrite its budget completely. It would need oil at around USD 110 for it to balance the books. Moreover, its liquid foreign currency reserves are not that much greater (less than USD 200bn) than the amount of corporate debt due to mature by the end of 2015 (USD 150bn). Not only will falling energy prices hit the current account, but capital flight is at a serious level – it is likely that the outflow will be well above USD 100bn this year.

Russia has just dropped its controversial plans to build the South Stream pipeline. This reveals that Russia has suddenly ceased to be the energy world's sugar daddy. It will have no resources for economic expansion. Instead, it will have its hands full trying not to go bankrupt. We'll leave it to the readers' imaginations what this means for the financing of the proposed second nuclear power plant in Paks, Hungary...

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Slovnaft

MOL GROUP, RECOMMENDED BY TOMORROW ▶



TAKING CARE OF THEIR FUTURE, TODAY

We improve standards of living in local communities across the regions in which MOL Group operates. Building schools, roads and drilling water wells are advances that future generations can benefit from.

For more information visit our website: molgroup.info

Follow us on   

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