



TVK Plc.

MEMBER OF THE MOL GROUP

**TVK Group
Corporate Governance Report
in accordance with Budapest Stock Exchange
Corporate Governance Recommendations**

TVK has always been committed to apply the highest standards of corporate governance structure and practice. The basis of that is using such corporate governance system that meets the national and even the international expectations. TVK submits its declaration on Corporate Governance practice in line with the Corporate Governance Recommendations issued by the Budapest Stock Exchange (BSE) each year since 2004. The Board of Directors accepts and does its best to observe the Recommendations in the course of running the Company and its operations.

The corporate governance of TVK Plc. complies with the requirements of the Budapest Stock Exchange, the guidelines of the Hungarian Financial Supervisory Authority and the relevant capital market regulations. Furthermore TVK regularly reviews the principles it applies in order to comply with international best practices in this area of the business as well. 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. A separate section of the TVK website (www.tvk.hu) is devoted to corporate governance and where the company publishes its corporate governance policy, convocations to the general meeting, articles of association, and Code of Ethics.

Board of Directors

TVK's Board of Directors acts as the highest governance 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, improving efficiency and profitability, and ensuring transparency in corporate activities. It also aims to ensure appropriate risk management, environmental protection, and conditions for safety at work.

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

The principles, policies and goals take account of the Board's specific and unique relationship with TVK's shareholders, the executive management and the Company. The composition of the Board reflects this with the majority (five of seven members) made up of non-executive, non-independent directors.

The members of the Board of Directors and their independence status (professional CVs of the members are available on corporate homepage):

Name	Position	Date of assignment	Independence status
György Mosonyi	Chairman of the Board	26.04.2002	independent
Ferenc Horváth	Deputy Chairman of the Board	01.05.2011	non-independent
Gyula Gansperger	Board member	20.04.2006	independent
Miklós Kamarás	Board member	01.05.2011	independent
Dr. Péter Medgyessy	Board member	20.04.2006	independent
Dr. Zoltán Nagy	Board member	01.05.2011	independent
Zsolt Pethő	Board member	17.04.2012	non-independent

Operation of the Board of Directors

The Board acts and makes resolutions as a collective body.

The Board adopted a set of rules (Charter) to govern its own activities when the company was founded (on December 31, 1991); these rules are regularly updated to ensure continued adherence to best practice standards.

The Board Charter covers:

- scope of the authority and responsibilities of the Board,
- provision of information to the Board, 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.

Members of the Board have signed a declaration on conflict of interest and they have reported their position as director in the Board to their employer or principal as regards other key management positions.

The Board of Directors and its Committee reviews continuously its activity on a yearly basis.

Report of the Board of Directors on its 2012 activities

In 2012, the Board of Directors held 4 meetings with an average attendance rate of 92%. Regular agenda items on the meeting are reports by the CEO on the activities pursued since the last Board meeting, an overview of petrochemical market and the current situation of the company.

The Board of Directors respectively paid highlighted attention to the improving efficiency, cost-cutting, decreasing external environment effects, production and sales improvement, market grabbing and product development, and capital expenditure projects.

Committees of the Board of Directors

Certain specific tasks are carried out by the Board's Committees. The following rules do apply to the Committees, created by the BoD.:

These Committees have the right to approve preliminary resolutions concerning issues specified in the Decision-making and Authorities List, which sets out the division of authority and responsibility between the Board and the executive management.

- The responsibilities of the Committees are determined by the Board of Directors.
- The Chairman of the Board of Directors may also request the Committees to perform certain tasks.

The members and chairs of the Committees are elected by the Board of Directors.

Currently, the Board allocates responsibilities to the following Committee:

Finance and Audit Committee:

Members and dates of appointment (professional backgrounds of members are available on company homepage):

Name	Position	Date of assignment
Ferenc Horváth	Chairman	01.05.2011
Miklós Kamarás	Member	01.05.2011
Dr. Zoltán Nagy	Member	01.05.2011

Responsibilities: The committee is responsible for promoting the efficiency of the Board regarding issues related to finance, risk management and financial audit as well as for matters designated to it by the Board.

Report of the Audit Committee on its 2012 activities

In 2012, the Finance and Audit Committee held 4 meetings with a 100% average attendance rate. The regular agenda items included the audit of all public financial reports, providing assistance with the auditor's work and the regular monitoring of internal audit.

Relationship between the Board and the Executive Management:

The Matrix of Decision Making Competencies (MDMC) specifies the powers and competencies delegated by the Board to the Management in an attempt to ensure the most efficient enforcement of the business, HSEQ, ethics, risk management and internal control policies specified by the Board. The objective of the MDMC is to maximise the shareholder value of the Company and to capture unambiguously the decision-making powers and competencies so as to reach operational and financial excellence.

The role of the MDMC is to "translate" corporate governance rules by capturing the key decision making point in operating the business and the related competences in the organization. Hence the MDMC identifies the major control points required for efficient process development and operation.

Senior management

Members and dates of appointment (professional backgrounds of members are available on company homepage):

Name	Position	Date of assignment
Zsolt Pethő	Chief Executive Officer	01.06.2011
Gyula Hodossy	Chief Financial Officer	01.07.2007 – 15.07.2012
Balázs Sándor	Chief Financial Officer	16.07.2012
Krisztina Petrényiné Szabó	Polymer Marketing and Sales Manager	01.10.2009 - 24.07.2012
Tivadar Vályi Nagy	Petrochemical Production Manager	01.07.2007
János Bóta	Head of Petrochemical Technology and Project Development	01.08.2007 – 31.12.2012
Adrienn Ráczné Bodnár	Head of Human Resources	03.01.2012

Note:

As from July 15, 2012 Balázs Sándor is the Chief Financial Officer of TVK Plc.

As from July 25, 2012 Zsolt Pethő deals with the duties of Polymer Marketing and Sales Manager.

Incentives provided for non-executive directors

The basis of the effective incentive scheme for non-executive directors was approved by the ordinary Annual General Meeting (AGM) in 2007.

- **Fixed remuneration:**

A resolution of the Annual Ordinary General Meeting at April 19, 2007 provided that effective as of the day of the Annual General Meeting those Board members who are not employed by TVK Plc. or any other subsidiaries of MOL Group should receive the time proportionate net payment per year of their mandate as follows:

- Board members 50,000 EUR/year
- Chairman 75,000 EUR/year

- **Other benefits:**

Non resident Board members who are non – Hungarian citizens and have to travel to Hungary to attend the meetings shall receive EUR 1,500 for a maximum of fifteen meetings attended in person.

Incentive system for the top management

The Board evaluates the performance of the management of the Company individually and at company level once a year and sets the responsibilities and the related targets of achievement for management for the given period according to the system of incentives.

Operating a system of compensation and adopting practical solutions in line with the strategy of the company is a guideline for developing the structure of performance evaluation and remuneration in a way that it may be used efficiently for attaining the objectives of the Company whilst giving priority to motivating key employees in the organisation. In case of managers of the company, in all financial year, performance goals, relevant to the business strategy are

determined, and these are evaluated by the one level higher manager, in case of the senior management it is done by the CEO.

Other fringe benefits: These include company optional benefits (Cafeteria), cars (also used for private purposes), life insurance, accident insurance, travel insurance, liability insurance, and an annual medical check up.

Principles and framework of the Company's long-term incentive scheme for senior employees

According to Section 302 of the Company Act, "it is the exclusive competence of the members' meeting to bring obligatory or non-obligatory decisions about the long-term remuneration and the guidelines or frameworks of the long-term incentive system related to the senior officers, supervisory board members and employees in managerial positions, depending on the provisions of the Articles of Association".

The General Meeting has already decided on the remuneration of senior officers with the GM resolutions of 15/2010. (04.15.).

Regarding its senior employees and management, TVK Plc. operates such an incentive system that encourages in short term the achievement of the annual financial indexes and the personal tasks and serves the interest in increasing the share price in long run, while it also creates long-term and sustainable interest in improving profitability.

The long-term incentive system consists of two parts: the incentive based on share options (option incentive) and the incentive built on profit sharing (or based on added value).

The option incentive is a cash-based wage incentive, calculated annually based on the call option related to the MOL shares, which operates in 5-year (2+3 years) periods starting annually. The term of the option is 5 years. The first year of every option period is the year which the incentive aims at. The waiting period lasts till the end of the second year, during this period there is no chance to redeem the incentive. Incentive can be redeemed only in the last three years.

The incentive built on profit sharing encourages the long-term sustainable increase of profitability based on the "methodology of added value", thus ensuring that interests of those participating in the incentive system are the same as the interests of the shareholders of the Company. The incentive built on profit sharing is a cash-based wage incentive, calculated annually based on the increase in the added value acknowledged by the extent of the determined base incentive in comparison with the over-cost result of the invested capital.

The extent of the incentive built on profit sharing is determined according to the classification categories belonging to the managerial levels.

Supervisory Board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders.

The Articles of Association of TVK provides that the Supervisory Board of the Company should have at least three, but no more than fifteen members. At present the Supervisory Board has five members. As provided in the Company Act, 1/3 of the members of this body include

employee representatives, hence two members of the Supervisory Board of TVK represent employees and there are three non-executive members appointed by the shareholders.

The members of the Supervisory Board and their independence status (professional backgrounds of members are available on company homepage):

Name	Position	Date of assignment	Independence status
László Gyurovszky	SB chairman	22.06.2007	independent
Dr. Gyula Bakacsi	SB member	19.04.2007	independent
Dr. György Bíró	SB member	19.04.2007	independent
László Réti	SB member SB deputy chair	29.04.2010 13.05.2011	non-independent (employee representative)
Turóczy Judit	SB member	21.04.2011	non-independent (employee representative)

In 2012, the Supervisory Board held 4 meetings with an average attendance rate of 70%.

Remuneration of the members of the Supervisory Board

According to the resolution of the Annual General Meeting held on April 19, 2007, effective as of the day of the Annual General Meeting the Supervisory Board members should receive the net payment per month of their mandate as follows:

- Board members 1,000 EUR/month
- Chairman 1,500 EUR/month

Non resident Supervisory Board members who are non – Hungarian citizens and have to travel to Hungary to attend the meetings shall receive EUR 500 for a maximum of fifteen meetings attended in person.

Audit Committee

In 2007, 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:

- providing opinion on the report as prescribed by the Accounting Act,
- auditor proposal and remuneration,
- preparation of the agreement with the auditor,
- monitoring the compliance of the conflict of interest rules and professional requirements applicable to the auditor, co-operation with the auditor, and proposal to the Board of Directors or General Meeting on necessary measures to be taken, if necessary,
- evaluation of the operation of the financial reporting system, proposal on necessary measures to be taken, and
- providing assistance to the operation of the Supervisory Board for the sake of supervision of the financial reporting system.

Members of the Audit Committee and dates of appointment (professional backgrounds of members are available on company homepage):

Name	Position	Beginning of assignment
László Gyurovszky	AC chairman	22.06.2007
	AC member	19.04.2007
Dr. Gyula Bakacsi	AC deputy chair	22.06.2007
	AC member	19.04.2007
Dr. György Bíró	AC member	19.04.2007

Report of the Audit Committee on its 2012 activities

In 2012, the Audit Committee held 4 meetings with an 83% average attendance rate. In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance with the auditor's work and the regular monitoring of internal audit, the Committee also devoted a considerable amount of time to the following topics:

- control of financial and relevant reports,
- observation of the effectiveness of internal audit system,
- ensuring the independency and objectivity of the external auditor.

External auditors

The auditor is elected by the General Meeting of TVK.

Ernst & Young Könyvvizsgáló Kft. acts as the auditor of TVK since 2003. The Ordinary Annual General Meeting held on April 17, 2012 elected Ernst & Young Könyvvizsgáló Kft. once again as auditor of the Company and an agreement was concluded for auditing the annual reports closing the business year of 2012. The engagement is in force until the conclusion of the Ordinary Annual General Meeting held in 2013 to decide on the approval of the 2012 annual reports.

The audit agreement provides that Ernst & Young Kft. should audit the consolidated and non-consolidated annual reports drawn up under the Accounting Act and the consolidated and non-consolidated annual reports drawn up under International Financial Reporting Standards (IFRS, formerly IAS). The aforementioned financial statements have been audited as required by National Audit Standards, International Standards of Auditing and the provisions of the Accounting Act and any other acts and laws on auditing. The auditors ensure the continuous nature of performing the audit assignment by working on site and by participating at the meetings of key TVK bodies as well as through other forms of consultation.

Furthermore, the auditor reviews the quarterly stock exchange flash report but issues no auditor's statement, as flash reports are not fully audited.

In 2012, Ernst & Young Kft. also delivered other services to TVK Plc. as follows: Supervised the data of TVK's Hungarian subsidiaries supplied to the consolidation. (In case of the foreign subsidiaries the operational process became significantly simplified, therefore the control of the accounting process was made by the Accounting department of the company.)

Fees Paid to Auditors, 2011-2012 (HUF million)

	2011	2012
Fee for the audit of TVK Plc.	35.1	35.1
Other audit related services	4.2	4.2
Validation of NRTA project	0.5	0.6
Total	39.8	39.9

The Board of Directors does not think that any of the services rendered by Ernst & Young Kft. under the aforementioned titles jeopardise its independence as auditor.

Internal audit

TVK's Internal Audit is independent from the operative management, it is directly under the CEO. Internal auditor of the company is assigned by the CEO. Main duties are as follows:

- Exhibition and analysis the real- and essential economic risk factors.
- Evaluation the status of control mechanisms designed for risk management, development of proposals for risk-reduction and monitoring the accepted proposals.
- Exhibits the risks that endanger the attainment of strategic objectives.
- Evaluates the corporate mechanisms connected to external changes.
- Examines the internal norms.
- Provides data for the annual actualization of risk-plan.

The Internal Audit reports to the Board of Directors quarterly and to the Audit Committee yearly at least once.

Relationship with the shareholders, insider trading

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 TVK 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.

Formal channels of communication with shareholders include the Annual Report and Accounts and the quarterly results reports, as well as other public announcements made through the Budapest Stock Exchange (primary exchange) and the London Stock Exchange. Regular and extraordinary announcements are published on PSZÁF (Hungarian Financial Supervisory Authority) publication site and on TVK's homepage. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting and extraordinary General Meetings. 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.

TVK's Investor Relation specialist is responsible for the organisation of the above activities as well as for the day-to-day management of TVK's relationship with its shareholders (contact details are provided in the company's homepage). Extensive information is also made available on TVK's website (www.tvk.hu), which has a dedicated section for shareholders and the financial community.

TVK Group is committed to the fair marketing of publicly-traded securities. Insider dealing in securities is regarded as a criminal offence in most of the countries in which we carry out business. Therefore, we require not only full compliance with relevant laws, but also the avoidance of even the appearance of insider securities trading and consultancy.

TVK Group employees:

- should not buy or sell shares in TVK or any other company while in possession of insider information,
- should not disclose insider information to anyone outside the company, without prior approval,
- should be careful, even with other TVK Group employees, should disclose insider information to a co-worker when they have permission to do so and if it is necessary to do their job,
- should protect insider information from accidental disclosure.

Exercise of shareholders' rights, general meeting participation

Voting rights on the general meeting can be exercised based on the voting rights attached to shares held by the shareholders. Every ordinary share entitles the holder thereof to have one and one hundredth vote. The actual voting power depends on how many shares are registered by the shareholders participating in the general meeting.

A 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 depositary 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.

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 company homepage. The ordinary general meeting is usually held in late April, in line with the current regulation.

The ordinary general meeting, based on the proposal of 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.

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 published by the Board of Directors 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 general meeting deciding on the payment of dividend. However, the date of the shareholder identification made in compliance with the regulations of KELER in respect of the dividend payment shall not take place more than five working days after the general meeting passing a resolution on the payment of dividend.

Integrated Risk Management

The aim of risk management in TVK is to support corporate operations to be as safe as possible. The risk management policy of the company handles significant risks associated with its business activities.

The risk management guidelines covering the management of foreign exchange rate and commodity price risks, as well as property damage, business interruption, liability, customer, technical, safety, compliance and environmental risks.

Since 2006, the Enterprise Risk Management (ERM) system has been applied to manage risks at MOL Group level. The ERM is a widely accepted risk management method that also contributes to the corporate value creation as a decision-supporting tool thereby enhancing the protection of the shareholder value. The central idea behind the concept is the application of a common method in a consolidated way to calculate and manage the variety of (financial, operating, compliance and strategic) risks. During the ERM process potential risks are identified and the risk-return relationships of individual divisions, projects and decisions become comparable, which contributes to developing a culture of risk awareness within the organization. The measurement of risks facilitates the identification of the root causes of risks and contributes to a greater awareness of different risk types. As a result, senior management can get a firmer grip on the risks that influence corporate profits and can determine the elements of risk to be retained and those ones that require mitigation actions.

Moreover, with a well-defined risk appetite, ERM helps to set up a business portfolio with optimum risk-return features by taking risk analysis results into account in the decisions on capital allocation.

ERM also sets the framework for developing business continuity plans, crisis management and other risk management activities. In 2009 the framework of Business Continuity Management was prepared at MOL Petrochemical Division. This aims to shorten the period of returning to normal operations after a high impact operational breakdown and will also highlight issues and areas must be developed.

The prices of the most important feedstock used by the company and the olefin and polymer products produced by TVK are pegged to the global market prices of the same products. From economic point of view TVK has a net long position in EUR, while it has net short USD and HUF cash flow positions.

In 2012, TVK did not conclude any derivative transactions to hedge against foreign exchange rate risks however short-term hedge deals were done in order to manage the commodity risk exposure. The company had no open foreign exchange futures positions as of December 31, 2012.

The credit facilities of the company were denominated in EUR in order to reduce the foreign exchange rate risk embedded in the operation.

The company covers most of its trade receivables with credit insurance to mitigate liquidity risk. Also, it carefully examines the credit worthiness of the prospective customers and assesses whether or not the conditions for continuous payment are attainable before signing a new contract.

In order to exploit opportunities of the portfolio effects TVK's financial risk exposures (e.g. commodity, FX rates, interests rates) are managed on MOL Group level.

Enclosure: Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations

Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, by completing the following tables, the Board of Directors of Tisza Chemical Group Public Limited Company (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 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.

Level of compliance with the Recommendations

The company should indicate whether it applies the relevant recommendation or not, and in the case of a negative answer, it should provide the reasons for not applying the given recommendation.

R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.

Yes (Complies)

No (Please explain)

R 1.1.2 The company applies the "one share - one vote" principle.

Yes (Complies)

No (Please explain)

Note: According to the item 17.6 Articles of Associations, every ordinary share with a par value of HUF 1,010 (i.e. one thousand ten forint) entitles the holder thereof to have one and one hundredth vote.

R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.

Yes (Complies)

No (Please explain)

R 1.2.9 Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.

Yes (Complies)

No (Please explain)

The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.

Yes (Complies)

No (Please explain)

The proposals included the explanation of the effects of the decision. Though the Supervisory Board analyses all proposals, which fall within the exclusive scope of authority of the Company's General Meeting, it submits written report only on the annual financial statements of Board of Directors and the related business report and the proposal distribution of the profit after taxation.

R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.

Yes (Complies)

No (Please explain)

R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.

Yes (Complies)

No (Please explain)

Written comments made on the items on the agenda were published two working days prior to the general meeting.

Yes (Complies)

No (Please explain)

R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.

Yes (Complies)

No (Please explain)

R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.

Yes (Complies)

No (Please explain)

R 2.3.1 The Managing Body held meetings regularly, at times designated in advance.

Yes (Complies)

No (Please explain)

The Supervisory Board held meetings regularly, at times designated in advance.

Yes (Complies)

No (Please explain)

The rules of procedure of the Managing Body provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies)

No (Please explain)

The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies)

No (Please explain)

R 2.5.1 The Board of Directors / Supervisory Board of the company has a sufficient number of independent members to ensure the impartiality of the board.

Yes (Complies)

No (Please explain)

R 2.5.4 At regular intervals (in connection with the CG Report) the Board of Directors / Supervisory Board requested a confirmation of their independent status from those members considered independent.

Yes (Complies)

No (Please explain)

Members of the Supervisory Board registered as independent made their declaration of independence in connection with this corporate governance report.

R 2.5.6 The company disclosed on its website the guidelines on the independence of the Board of Directors / Supervisory Board, as well as the criteria applied for assessing independence.

Yes (Complies)

No (Please explain)

The company did not disclose on its website the guidelines on the independence and the criteria applied for assessing independence of the Supervisory Board. The company adapts the Company Act rules relevant to the independency.

R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).

Yes (Complies)

No (Please explain)

R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.

Yes (Complies)

No (Please explain)

Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Yes (Complies)

No (Please explain)

The supervisory board (audit committee) deals with the tasks, defined in its rules of procedures. Transactions which fell outside the normal course of the company's business, and their terms and conditions were approved as according to the conditions defined in the MOL Group's Matrix of Decision Making Competencies (MDMC) .

R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.

Yes (Complies)

No (Please explain)

According to the charter of the Board of Directors, a member of the Board of Directors informs the Board of Directors, if he/she receives an offer of Board membership or an offer of an executive management position in a company which is not part of the company group. However, Members of the Supervisory Board made declaration if of their they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group. Following this date, they are obliged to notify the company if there is a change in their status. The company discloses in every year the actual professional backgrounds of members on company homepage and annual report, which includes the executive management positions in other companies.

R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.

Yes (Complies)

No (Please explain)

The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.

Yes (Complies)

No (Please explain)

R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

Remuneration guidelines was accepted by the General Meeting based on the BoD proposal: The remunerations of the Board of Directors and Supervisory Board were approved by the resolutions of 20/2007 and 24/2007 on the Annual General Meeting in 2007. The General Meeting has already decided on the long term incentive scheme of senior officers with the GM resolutions of 15/2010. (04.15.).

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes (Complies)

No (Please explain)

The Supervisory Board did not issue a written opinion, but reviewed the documents on the remuneration guidelines earlier.

The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.

Yes (Complies)

No (Please explain)

R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

No (Please explain)

R 2.7.2.1 The Supervisory Board prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

No (Please explain)

R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.

Yes (Complies)

No (Please explain)

It is the responsibility of the Board of Directors to monitor the performance of and determine the remuneration for the CEO. It is the responsibility of the CEO to monitor the performance of and determine the remuneration for the II. level managers of the management.

The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.

Yes (Complies)

No (Please explain)

R 2.7.4 The structure of share-incentive schemes were approved by the general meeting.

Yes (Complies)

No (Please explain)

Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).

Yes (Complies)

No (Please explain)

R 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting.

Yes (Complies)

No (Please explain)

The Remuneration Statement includes information about the remuneration of individual members of the Managing Body, the Supervisory Board, and the executive management.

Yes (Complies)

No (Please explain)

R 2.8.1 The Managing Body or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.

Yes (Complies)

No (Please explain)

Operation is governed by group level risk management regulations that define corporate risk management guidelines and responsibility matrix on group level. The Board of Directors receives continuous information about risk management issues.

The Managing Body requests information on the efficiency of risk management procedures at regular intervals.

Yes (Complies)

No (Please explain)

The Managing Body took the necessary steps to identify the major risk areas.

Yes (Complies)

No (Please explain)

R 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.

Yes (Complies)

No (Please explain)

The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.

Yes (Complies)

No (Please explain)

R 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4

Yes (Complies)

No (Please explain)

R 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.

Yes (Complies)

No (Please explain)

R 2.8.6 The company created an independent Internal Audit function which reports to the Audit Committee / Supervisory Board.

Yes (Complies)

No (Please explain)

The Internal Audit reported at least once to the Audit Committee / Supervisory Board on the operation of risk management, internal control mechanisms and corporate governance functions.

Yes (Complies)

No (Please explain)

R 2.8.7 The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee / Supervisory Board.

Yes (Complies)

No (Please explain)

The Internal Audit reports to the Board of Directors quarterly and to the Audit Committee yearly at least once.

As an organisation, the Internal Audit function is independent from the executive management.

Yes (Complies)

No (Please explain)

R 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.

Yes (Complies)

No (Please explain)

Internal Audit schedule was submitted to the Board of Directors and Audit Committee as an information. See 2.8.7. points.

R 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.

Yes (Complies)

No (Please explain)

The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.

Yes (Complies)

No (Please explain)

R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.

Yes (Complies)

No (Please explain)

R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.

Yes (Complies)

No (Please explain)

R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.

Yes (Complies)

No (Please explain)

The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".

Yes (Complies)

No (Please explain)

R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

R 3.1.6.1 On its website, the company disclosed duties delegated to the Nomination Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

There is no Nomination Committee operating at the company. According to legal regulations it is not mandatory to operate Nomination Committee.

R 3.1.6.2 On its website, the company disclosed duties delegated to the Remuneration Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company. According to legal regulations it is not mandatory to operate Remuneration Committee.

R 3.2.1 The Audit Committee / Supervisory Board monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.

Yes (Complies)

No (Please explain)

R 3.2.3 The Audit Committee / Supervisory Board received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.

Yes (Complies)

No (Please explain)

R 3.2.4 The Audit Committee / Supervisory Board requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4

Yes (Complies)

No (Please explain)

R 3.3.1 There is a Nomination Committee operating at the company.

Yes (Complies)

No (Please explain)

There is no Nomination Committee operating at the company. According to legal regulations it is not mandatory to operate Nomination Committee.

R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.

Yes (Complies)

No (Please explain)

There is no Nomination Committee operating at the company.

The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.

Yes (Complies)

No (Please explain)

There is no Nomination Committee operating at the company.

The Nomination Committee evaluated the activity of board and executive management members.

Yes (Complies)

No (Please explain)

There is no Nomination Committee operating at the company.

The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.

Yes (Complies)

No (Please explain)

There is no Nomination Committee operating at the company.

R 3.4.1 There is a Remuneration Committee operating at the company.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company. The Board of Directors is responsible for monitoring CEO's performance and the determination of the remuneration of the CEO. CEO is responsible for monitoring the performance and the determination of the remuneration of the II, level managers of the management.

R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company. The Board of Directors is responsible for monitoring CEO's performance and the determination of the remuneration of the CEO. CEO is responsible for monitoring the performance and the determination of the remuneration of the II, level managers of the management.

R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company. The Board of Directors is responsible for monitoring CEO's performance and the determination of the remuneration of the CEO. CEO is responsible for monitoring the performance and the determination of the remuneration of the II, level managers of the management.

The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company.

The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company.

R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company.

R 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company.

R 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company.

R 3.4.4.3 The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company.

R 3.4.7 The majority of the members of the Remuneration Committee are independent.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee operating at the company.

R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.

Yes (Complies)

No (Please explain)

There is no Remuneration Committee or Nomination Committee operating at the company.

R 3.5.2 The Managing Body carried out the duties of the Remuneration and Nomination Committees and disclosed its reasons for doing so.

Yes (Complies)

No (Please explain)

The duties of the Remuneration and Nomination Committees regarding the remuneration of the CEO are carried out by the Board of Directors, while these duties in case of II. Level managers are carried out by the CEO, in accordance with the regulation of the company's Articles of Association and the Charter of the Board of Directors.

R 3.5.2.1 The Managing Body carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.

Yes (Complies)

No (Please explain)

The duties of the Remuneration and Nomination Committees regarding the remuneration of the CEO are carried out by the Board of Directors, while these duties in case of II. Level managers is carried out by the CEO; in accordance with the regulation of the company's Articles of Association and the Charter of the Board of Directors.

R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.

Yes (Complies)

No (Please explain)

R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.

Yes (Complies)

No (Please explain)

R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.

Yes (Complies)

No (Please explain)

The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.

Yes (Complies)

No (Please explain)

R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.

Yes (Complies)

No (Please explain)

R 4.1.5 The company published its corporate events calendar on its website.

Yes (Complies)

No (Please explain)

R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.

Yes (Complies)

No (Please explain)

R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.

Yes (Complies)

No (Please explain)

R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board and on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.

Yes (Complies)

No (Please explain)

R 4.1.10.1 The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.

Yes (Complies)

No (Please explain)

The Company considered legal regulations.

R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

No (Please explain)

R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.

Yes (Complies)

No (Please explain)

R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.

Yes (Complies)

No (Please explain)

R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.

Yes (Complies)

No (Please explain)

The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

Yes (Complies)

No (Please explain)

R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.

Yes (Complies)

No (Please explain)

Level of compliance with the Suggestions

The company should indicate whether the relevant suggestion of the CGR is applied or not (Yes / No)

S 1.1.3 The company has an investor relations department.

Yes No

S 1.2.1 The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)

Yes No

S 1.2.2 The company's articles of association are available on the company's website.

Yes No

S 1.2.3 The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).

Yes No

S 1.2.4 Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.

Yes No

S 1.2.5 The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.

Yes No

S 1.2.6 Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.

Yes No

S 1.2.7 The voting procedure applied by the company ensured unambiguous, clear and fast decision making by shareholders.

Yes No

S 1.2.11 At the shareholders' request, the company also provided information on the general meeting electronically.

Yes No

S 1.3.1 The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.

Yes

No

S 1.3.2 The Managing Body and the Supervisory Board were represented at the general meeting.

Yes

No

S 1.3.3 The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.

Yes

No

S 1.3.4 The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.

Yes

No

S 1.3.5 The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.

Yes

No

S 1.3.6 The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.

Yes

No

S 1.3.7 The company published a press release and held a press conference on the decisions passed at the general meeting.

Yes

No

S 1.3.11 The company's general meeting decided on the different amendments of the articles of association in separate resolutions.

Yes

No

S 1.3.12 The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.

Yes

No

S 1.4.1 The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.

Yes

No

S 1.4.2 The company disclosed its policy regarding anti-takeover devices.

Yes

No

S 2.1.2 The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.

Yes

No

S 2.2.1 The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.

Yes

No

S 2.3.2 Board members had access to the proposals of a given meeting at least five days prior to the board meeting.

Yes

No

In case of Board of Directors the answer is yes. While in accordance with the rules of Charter of Supervisory Board, all proposals was sent to Supervisory Board members three days before the meeting. The Company acts in accordance with the charters of the bodies.

S 2.3.3 The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.

Yes

No

S 2.4.1 The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.

Yes

No

S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2

Yes

No

S 2.4.3 Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme.

Yes

No

S 2.5.2 The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.

Yes

No

S 2.5.3 The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.

Yes

No

S 2.5.5 The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.

Yes

No

S 2.7.5 The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.

Yes

No

S 2.7.6 In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.

Yes

No

S 2.8.2 The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.

Yes

No

See note 2.1.8.

S 2.8.10 When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10

Yes

No

S 2.8.12 The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee / Supervisory Board.

Yes

No

S 2.9.1 The rules of procedure of the Managing Body, the Supervisory Board and the committees cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.1 The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.2 The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.3 The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.1.4 The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.

Yes

No

S 2.9.4 The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.

Yes

No

S 2.9.5 The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.

Yes

No

S 3.1.2 The chairmen of the Audit Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

S 3.1.2.1 The chairmen of the Nomination Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

S 3.1.2.2 The chairmen of the Remuneration Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.

Yes

No

S 3.1.4 The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.

Yes

No

S 3.1.5 The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5

Yes

No

S 3.2.2 The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company.

Yes

No

S 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.

Yes

No

There is no Nomination Committee operating at the company.

S 3.3.4 The majority of the members of the Nomination Committee are independent.

Yes

No

There is no Nomination Committee operating at the company.

S 3.3.5 The rules of procedure of the Nomination Committee includes those details contained in 3.3.5

Yes No

There is no Nomination Committee operating at the company.

S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.

Yes No

There is no Remuneration Committee operating at the company.

S 3.4.6 The Remuneration Committee exclusively consists of non-executive members of the Managing Body.

Yes No

There is no Remuneration Committee operating at the company.

S 4.1.4 The disclosure guidelines of the company at least extend to those details contained in 4.1.4

Yes No

The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.

Yes No

S 4.1.7 The company's financial reports followed IFRS guidelines.

Yes No

S 4.1.16 The company also prepares and releases its disclosures in English.

Yes No

Date: March 21, 2013

György Mosonyi

**Chairman
of the Board of TVK Plc.**

Ferenc Horváth

**Deputy Chair
of the Board of TVK Plc.**