

CORPORATE GOVERNANCE CODE

**Of MOL Hungarian Oil and Gas
Public Limited Company**

2010

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CORPORATE GOVERNANCE CODE

The Board of Directors (the "Board") of **MOL Hungarian Oil and Gas Public Limited Company** ("MOL" or the "Company") has adopted this Corporate Governance Code.

OUR COMMITMENT

MOL has always been committed to implementing the highest standards of corporate governance structures and practices. This is not only with regard to national expectations but also with reference to the continually evolving and improving standards of good governance on an international level. As a result MOL is geared towards shareholders' interests and keeps strengthening the economic, environmental and social performance in contributing to sustainable development and achieving long-term corporate sustainability, whilst taking into account the interests of a broader group of stakeholders inevitably necessary to enhance the generation of exceptional value for MOL's shareholders and people.

MOL is committed to the highest corporate governance standards of transparency and accountability towards its investor audience, in order to attract and retain the long-term interest of investors and reflect MOL's pre-eminent position and awareness in the field of corporate governance, both among its peers in Central and Eastern Europe and within a broader international context.

GENERAL

The Company

MOL Plc. is incorporated in Hungary being registered as a public company limited by shares by the Metropolitan Court in Budapest acting as Court of Registration. The MOL shares are listed mainly on the Budapest Stock Exchange (BSE); moreover, MOL shares are also listed on the Warsaw and the Luxembourg Stock Exchange. MOL shares are also traded in the US OTC and International Order Book (London) systems. MOL primarily follows the Corporate Governance Principles set out in Hungary and, in a wider context, the corporate governance standards and related statutory and regulatory requirements applied in the European Union.

MOL Group

MOL Plc. heads the MOL Group, a leading integrated oil and gas group in Central Europe. The efficient integration of MOL Group comprises the successful orchestration of group-level business and functional units and the operations of its member companies by taking into account the Company's governance principles and values.

SHAREHOLDERS

General Meeting

The General Meeting is the supreme body of the Company consisting of the totality of shareholders. The General Meeting, as the main decision-making body, enables shareholders to make decisions on issues that are of a material nature concerning the operations of MOL Group, to approve actual corporate governance actions and to exercise effective governance and control rights.

Voting Rights

The Company is strongly committed to the equal treatment of shareholders.

The Company's share capital comprises ordinary shares and one piece of registered, preferential voting share.

In accordance with the Hungarian laws the one piece of preferential voting share entitles the holder thereof to preferential rights as specified in the Company's Articles of Association. These preferential rights however shall always be in full conformity with the relevant requirements laid down in the laws of Hungary and the European Union.

Voting Procedure

All shareholders registered into the Share Register may vote at the General Meeting. MOL's Articles of Association will not impose voting thresholds for actions by holders of its common stock higher than the standard requirements under Hungarian law and will not restrict the ability of shareholders to act through a representative: a proxy or a nominee.

In accordance with the Hungarian Law the Company's Articles of Association may limit the maximum number of votes exercisable by one shareholder group and impose certain disclosure obligations in respect of the actual shareholding and composition of the shareholder groups helping the minority shareholders' interests and ensuring the transparent shareholder structure.

The proxy of the shareholders cannot be the independent auditor, the senior officers or the member of the Company's Supervisory Board or Board of Directors.

Shareholder Proposals

In accordance with the Hungarian and European laws and standards shareholders holding minimum one percent of votes will be entitled to ask in writing the Board of Directors to put a specific issue onto the agenda of the General Meeting, as well as shareholders holding minimum five percent of shares will be entitled to ask at any time to convene the Company's General Meeting.

Shareholders present at the General Meeting may propose counterproposals as long as these remain within the scope of the originally proposed resolution.

Shareholders present at the General Meeting may at all times ask for information in issues on the agenda, and to offer comments and proposals, and the Board of Directors shall provide the required information.

Investor Relations

The Board of Directors is committed to support permanent development of dialogue with shareholders, and makes its best in order that shareholders can get easy and timely access to all essential company-related information so that they can exercise their rights of control. A specific organisational unit will be designated for ensuring equal treatment of shareholders regarding access to information, and this unit will be responsible firstly for providing information to shareholders on business performance, results and strategy, and, secondly, for conveying the investors' feedback to the Board of Directors.

BOARD OF DIRECTORS

Role of the Board of Directors

The Board of Directors, as MOL supreme managing body acting under collective responsibility, and its most outstanding role, dominating its objectives and activities, is to increase shareholder value with considerations onto other stakeholders' interest; to improve profitability and efficiency, to ensure transparency in operations, to manage risks, and to guarantee conditions for the protection of environment and safety at work.

The Board of Directors will during its activities follow, in addition to the relevant legal requirements, also the Hungarian and international corporate governance standards.

The Board members are committed to act and proceed in conformity with the Company's best interest.

The Board's Main Responsibilities

The Board's responsibilities cover without limitation the following main areas in respect of the corporate governance:

- Determining the Company's main economic and business goals; corporate strategy; approval of business and financial plans, major capital expenditures, acquisitions, outsourcing and divestitures;
- Ensuring the integrity of financial and accounting reports;
- Defining principles of the remuneration for executives, monitoring executive performance, initiating corrective measures if necessary;
- Managing conflicts of interest;

- Defining risk-management guidelines to ensure that risk factors are identified and that internal control mechanisms, as well as appropriate regulatory and monitoring systems, are in place to handle those risks, as well as compliance with legal requirements;
- Defining guidelines regarding the company's social responsibility;
- Continuous oversight of the effectiveness of corporate governance;
- Maintaining contacts with the Supervisory Board.

Board Structure

Board composition

The Act IV of 2006, the Company Law prescribes the minimum and maximum numbers of the Board members, which currently provide that the Board may have not less than 3 and no more than 11 members. When deciding on the number of directors and composition of the Board it is essential to ensure the appropriate level of professional expertise and the appropriate ratio – a majority- of independent directors.

The Board will consist of non-executive and executive directors.

The Board will elect a Chairman and a Vice Chairman from among its members.

Independence

The appropriate level of Board independence, through the majority of non-executive members, ensures that the Board of Directors performs its duties more effectively in Company's strategic interest, taking into consideration the interests of all stakeholders.

MOL's own independence criteria are determined in accordance with the best international practices and recommendations of the European Union and the New York Stock Exchange. Pursuant to the directors' declarations the majority of Board members are independent, i.e. they have no business, family or other relation with the Company, its controlling shareholder or management that might lead to any potential conflict of interest.

Conflict of interest

To avoid any potential conflict of interest, directors and officers shall report to the Board the acceptance of any seat on the board or in the senior management of any other company. In case the non-existence of a conflict of interest cannot be decided without ambiguity the Board shall resolve the matter after reviewing it in the Corporate Governance and Remuneration Committee.

Members of the Board of Directors shall sign a formal declaration on conflict of interest in accordance with the charter of the Board.

The executive directors supply their mandate on a full-time basis; accordingly any executive member of the Board of Directors will serve on the boards of other companies only to the extent that, in the judgment of the Board, such services do not detract from the directors' ability to devote the necessary time and attention to MOL.

Directors will not be entitled to participate in decision-making for resolutions that have effect onto their persons.

Director Selection; Qualifications

Selection

If vacancies occur between the General Meetings, the Board will nominate candidates for election at the next General Meeting of shareholders. It is the candidates' responsibility to accept the membership and be aware of obligations and duties of membership.

Qualifications

It is expected that each member of the Board is literate in business and/or legal matters.

Orientation of new directors

The new directors, in case they are not employees of the Company, receive a thorough orientation with respect to the Company's operation.

Sophisticated directors

All board members continuously follow with attention the company's operations and businesses.

Operation of the Board

Working plan

The Board operates in accordance with a working plan and it usually prepares and approves such plan at the beginning of the year, though it may amend the plan mid-year as it is needed. Any member of the Board is entitled to make amendments to the working plan.

Decision-making

The Board of Directors normally renders decisions on its regular meetings. The Board normally shall hold a regular meeting at least every three months, but additional meetings may be scheduled as required. In case an urgent decision is necessary the Chairman may request decision-making applying other methods as described in the charter.

Attendance

It is expected that each director will make every effort to attend each Board meeting in person and each meeting of any committee on which he or she sits. Attendance by video or teleconference is permitted if necessary. No representation is permitted.

The Company's director of law will be regularly while other managers, subject to the issues of the agenda, ad hoc invited to the Board meetings; and will also attend committee meetings if required.

Quorum

The Board shall have a quorum if no more than three members are absent from the meeting.

Confidentiality

The members of the Board shall keep the strictest secrecy of any information, data, reports or opinion elaborated, discussed or otherwise received in connection with their service as the directors of the Company.

Public Relations

The Chairman represents and speaks on behalf of the Board of Directors in public affairs. The Chairman is entitled to appoint any member of the Board to speak ad-hoc on behalf of the Board in certain occasions.

Sessions of Non-executive Directors

If necessary, non-executive members of the Board may hold separate meetings to form unbiased judgment on a certain matter. The executive directors will be present at these meetings only if invited by the non- executive directors.

Director Responsibilities

The Company will be responsible and liable for any and all damages caused to any third party by a director acting in his capacity.

Members of the Board shall act and perform their duties as directors as generally expected from persons holding such offices giving priority to the Company's interests and in accordance with the general provisions of the Civil Law be liable for any damage caused to the Company by accountably breaching the laws, Articles of Association and resolutions adopted by the General Meeting, and their corporate governance obligations.

Performance and Effectiveness Evaluation

The Board of Directors and its committees annually evaluate their own performance and effectiveness, and development actions are conceived if necessary.

The Board will at least annually overview and evaluate the performance of executives who belong to the Board's scope of competence, as the employer, vis-à-vis the company's objectives and goals, pursuant to the appraisal report of the Corporate Governance and Remuneration Committee.

BOARD COMMITTEES

Role of the Committees

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

General Rules

The Board shall have the right to appoint its committees and/or its members to prepare reports and/or proposals on specific areas of work and tasks, but this will not entitle such members to implement actions towards the working organisation and will not change the collective decision-making mechanism. The scope of the committees' responsibility will be primarily be defined in their respective charters. The Board shall adopt decisions to appoint the committee members. The majority of the committee members shall be non-executive and independent.

The Board can also appoint ad hoc committees for the performance of specific tasks, in addition to its standing committees.

Committee Reports

The chairman of each Board committee shall report to the Board on the activities of his or her committee with a pre-defined frequency, but at least on the ordinary Board meeting after each committee meeting, hearing or decision-making immediately.

Standing Committees

For the time being the standing committees of the Board are Corporate Governance and Remuneration Committee, the Financial and Risk Management Committee, and the Sustainable Development Committee.

Corporate Governance and Remuneration Committee

The majority of the Corporate Governance and Remuneration Committee members qualify as independent and non-executive.

The primary task of the Corporate Governance and Remuneration Committee is to assist the work of the Board in respect of the appropriate implementation and observance of the corporate governance standards. The Committee will review and provide a prior opinion to strategic issues affecting the Company or the Group before they are discussed on the Board meeting. The Corporate Governance and Remuneration Committee is responsible for the elaboration, overview and evaluation of the compensation plans and long-term incentive scheme within the Company. The Corporate Governance and Remuneration Committee evaluates the work of the executives who belong to the Board's scope of competence, as the employer at least annually and submits its well-reasoned evaluation report for discussions and approval to the Board of Directors. Executive members of the Committee shall not participate at discussions or decisions on the evaluation or compensation of the executives who belong to the Board's scope of competence, as the employer. .

Finance and Risk Management Committee

The Finance and Risk Management Committee will consist solely of non-executive and financially and/or legally literate directors. At least one member of the Finance and Risk Management Committee must have accounting or related financial management expertise or any equivalent financial sophistication.

The Company maintains a Finance and Risk Management Committee for the purpose of assisting the Board's oversight of the company's financial statements, risk management activities, its internal audit function and its independent auditors. Internal Audit will report to the Finance and Risk Management Committee directly and the appointment or removal of its head requires the consent of the Finance and Risk Management Committee.

Sustainable Development Committee

The majority of the Sustainable Development Committee members qualify as independent and non-executive.

The primary task of the Sustainable Development Committee is to ensure the integrated management of SD (Sustainable Development) issues on the levels of units and MOL Group. The Committee will analyse the Company's long-term economic, environmental and social criteria to operate under in respect of the relevant regulations, requirements and best international practice. The Committee will evaluate the Company's sustainability results and practices taking into account the results of the international SD evaluations. The management of the Company's business divisions and subsidiaries ad hoc reports on their activities regarding SD related issues on the meetings of the Committee.

SUPERVISORY BOARD

Role of the Supervisory Board

The Supervisory Board supervises the management of the Company for the Company's supreme body.

Independence

The Supervisory Board shall act as an independent body. Members of the Supervisory Board may not be instructed in their capacity as such by their employers or the shareholders of the Company.

The majority of the Supervisory Board members are independent in line with the definition of the Company Law. Members of the Supervisory Board shall not be employed by the company, with the exception of the employees' representatives. One-third of the Supervisory Board members will comprise the employee representatives in accordance with the Hungarian laws.

Chairman and Deputy Chairman

The Supervisory Board shall elect a chairman and deputy chairman from among its members. The chairman convenes the meetings of the Supervisory Board. The Chairman represents the Supervisory Board in communications with the Board of Directors as well as in public affairs.

Meetings

Decisions of the Supervisory Board will be passed either in a meeting or in writing without a meeting as defined in its charter.

Frequency

In order to perform their duties, the Supervisory Board meets at designated times outlined in its workplan. In addition, in the case of any extraordinary event or matter, they ensure their discussion in due time and make the appropriate decisions. Any member of the Supervisory Board may request in writing to convene such a meeting, indicating the reason and the purpose thereof.

Attendance, quorum

The Supervisory Board shall have quorum if two-thirds of its members, but at least three members are present. The Supervisory Board shall pass resolutions by simple majority.

Representation is not admissible.

Relation with the Board of Directors

The chairman of the Supervisory Board will be the permanent invitee to the meetings of the Board of Directors and the Finance and Risk Management Committee. In addition, the Supervisory Board is regularly informed by the Board of Directors of the Company's financial and operational performance.

Supervisory Board's Rights

The Supervisory Board may inspect the books and documents of the Company.

The Supervisory Board also can raise questions in writing to the Board of Directors and senior members of the Company's Management, who shall provide the Supervisory Board with their well-reasoned written answer within eight working days. If the Supervisory Board does not agree with the answer it has the right to submit the question for discussions in the General Meeting.

If, in the judgment of the Supervisory Board, the activity of the Board of Directors is contrary to the law or the Articles of Association or a resolution adopted by the General Meeting, or otherwise materially infringes on the interests of the company or its shareholders, the Supervisory Board shall call an extraordinary General Meeting, if no satisfactory solution is reached after it has raised its well-reasoned objections to the Board.

Liabilities

Supervisory Board members shall bear unlimited, joint and several liability for damages caused to the Company through the violation of their supervisory obligation.

AUDIT COMMITTEE

MOL will maintain an Audit Committee from the independent members of the Supervisory Board and with the primary responsibility for overseeing the company's financial statements; making proposals for the independent auditors, and monitoring permanent performance of the later.

The Audit Committee will have at least three members, who will be elected by the General Meeting. Only independent members of the Supervisory Board may be elected to the Audit Committee.

RISK MANAGEMENT

MOL Group has a developed risk management function as an integral part of its corporate governance structure. This activity is consistent with MOL's well-defined responsibility for risk and crisis management, our extensive risk definitions, the applications of risk mapping, quantification, stress testing and sensitivity analysis for all financial and non-financial risks and our well-defined risk response strategy. As part of this incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM) which is extended to all the businesses of MOL Group and takes into account the portfolio effects as well. ERM integrates financial and operational risks along with a wide range of strategic risks.

GOVERNANCE OF THE COMPANY

The governance of the MOL Group is carried out in line with standardised corporate governance principles and practice, and, within its framework, the Board of Directors will meet its liabilities for the integrated corporate governance by defining the responsibilities and accountabilities of the Executive Board, established by the Board and securing the corporate operative activities, operating and organisational procedures, as well as standardised system for target-setting, reporting and audit (performance control system and business control system).

A consistent document prescribes the distribution of decision-making authorities between the Board of Directors and the company's organisations, defining the key control points required for efficiently developing and operating MOL Group processes.

Control and management of MOL Group will be implemented through business and functional organisations. The Executive Board will be responsible for harmonising their activities.

Executive Board, hereinafter „EB”

The EB is a forum for decision preparation and its role is to provide a direct link between the Board of Directors and the Company's staff and at the same time canalize the matters submitted to the full Board. The EB renders preliminary opinions and advises the Board members on certain proposals submitted to the full Board, the EB is also responsible for the oversight of the execution of the Board's resolutions.

The members of the EB are:

Chairman-CEO, who is the chairman of the EB
GCEO, Group Chief Executive Officer, who is the deputy chairman of the EB
GCFO, Group Chief Financial Officer,
Executive Vice-President (Managing Director) of Exploration and Production Division,
Executive Vice-President (Managing Director) of Refining and Marketing Division, and
Executive Vice-President of Corporate Center.

The EB is a decision preparation forum where each member has an obligation to express his opinion, on the basis of which final decision is made by the Chairman-CEO. In case of a difference of opinion between the Chairman-CEO, GCEO or GCFO, the decision shall be made by the Board of Directors.

Various co-ordination forums and committees that consist of representatives of business and functional areas support the work of the EB.

CEO(-s)

In case the Chairman of the Board is at the same time the employee of the Company, the Company shall have one or two Chief Executive Officers. If the company has two CEO-s, the Chairman-CEO is the head of the organisation empowered for exercising the employer's rights.

The CEO(-s) is/are empowered with the following main authorities:

- management of the implementation of the MOL Group's strategy approved by the Board,
- business development management,
- manage and co-ordinate the operation of the businesses,
- co-ordinate between business strategies,
- define and assess the performance and effectiveness targets of the businesses,
- enforcement of corporate governance practice,
- MOL Group's representations towards all authorities, government agencies, courts and financial institutions and in industrial relations,
- development, maintenance and improvement of corporate governance principles,
- management of MOL Group's financial activities,
- supervision of group-level risk management,
- operation of business control system,
- management of plan development,
- internal audit program monitoring.

If the company has two CEO-s, the Board of Directors shall decide on the distribution of responsibilities between them.

DIRECTOR AND SENIOR MANAGEMENT COMPENSATION

The director and management compensation structure was developed so that the director and senior management compensation systems can be harmonised.

The compensation processes aim at comprehensive transparency and ensure that the remuneration levels reflect compensation standards.

The remuneration and incentive system create consonant interest for MOL managers with shareholders' aims, through setting targets that incite the increase of the long term profitability of the Company.

The guidelines and rules formulated by the Board of Directors shall be assessed by the Supervisory Board, and shall be approved by the General Meeting, paying attention to the opinion of the Supervisory Board.

The General Meeting has the authority to approve the compensation system applicable onto the directors. The General Meeting has delegated this authority onto the Board of Directors for elaborating the details of the long-term incentive scheme for the senior management, and its operation for employees in senior positions. The Board of Directors will approve the proposed system following consultations with the

Supervisory Board and pursuant to the recommendations of the Corporate Governance and Remuneration Committee.

CODE OF ETHICS

Business Conducts' Standards

MOL has adopted a comprehensive code of ethics applicable in the entire MOL Group setting the standards in respect of the business conducts of all officers, directors, and employees. Each director is expected to be familiar with and to follow these standards. The Corporate Governance and Remuneration Committee will ensure compliance with the applicable standards of business conduct with respect to an executive officer or director and will report its findings to the full Board of Directors.

Ethical Council

The Ethical Council of the MOL Group will support compliance with the ethical standards regarding members of the organisation. The Council will consist of a chairman, who is an external expert independent of the organization hierarchy, and other permanent members appointed by the Executive Board from the employees of the MOL Group companies and external experts.

The Ethical Council prepares its own rules of operation which are approved by the Executive Board. It reviews the Code of Ethics in effect, and makes a proposal for a revision as appropriate. It investigates and responds to individual complaints that can be submitted by any employee and internal or external stakeholders of MOL Group to the Ethical Council. It controls the communication and training of the Code and operates an ethics monitoring system. It prepares a report to the Executive Board half-yearly about the work performed, the results and findings, the ethical issues occurred, and submits recommendations as required.

Whistle Blowing Procedure

Any employee can report irregularities to his/her superior or anonymously directly to the Ethical Council without jeopardizing his or her position in MOL Group. The Whistle Blowing procedure is included in detail in the Code of Ethics, and it is available and known to all employees.

The present document is a summary of corporate governance standards and practice in place in MOL. You can find other and more detailed corporate governance information on MOL homepage under: http://www.mol.hu/en/about_mol/investor_relations/corporate_governance/

Budapest, 2009

**For and on behalf of the Board of Directors
of MOL Hungarian Oil and Gas Public Limited Company**

Dr. Sándor Csányi

Vice Chairman of the Board of Directors

Dr. Miklós Dobák

Member of the Board of Directors