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DIRECTORS’ REPORT

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About OMV

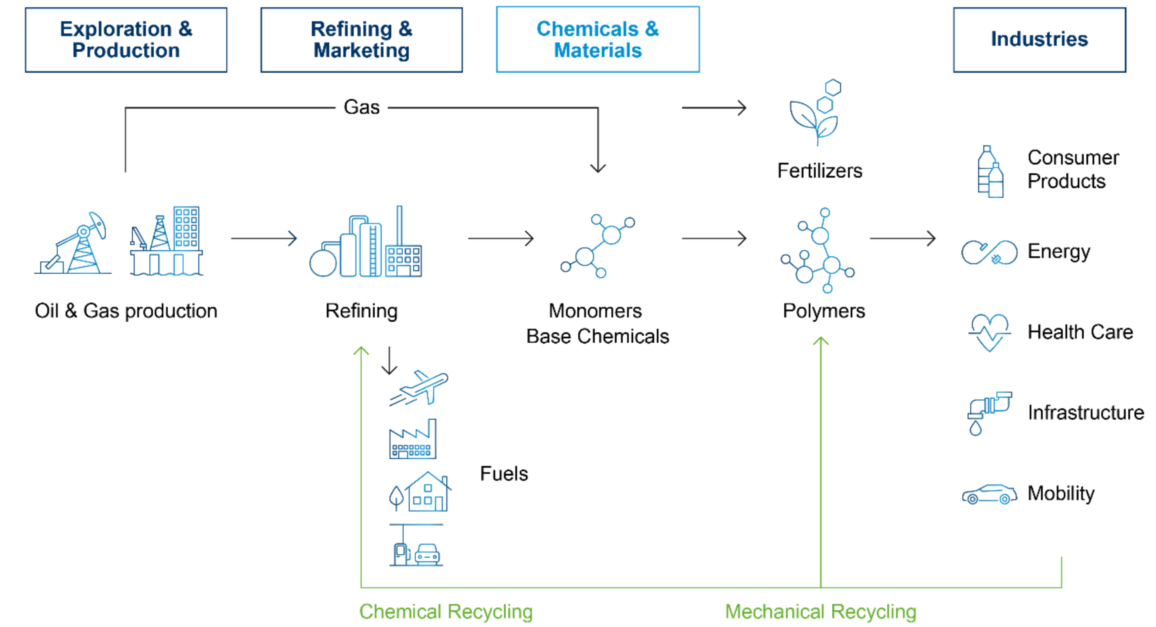
OMV produces and markets oil and gas as well as chemical products and solutions in a responsible way and develops innovative solutions for a circular economy. In 2021, Group sales amounted to EUR 36 bn. With a year-end market capitalization of around EUR 16 bn, OMV is one of Austria's largest listed industrial companies. The majority of its roughly 22,400 employees work at its integrated European sites.

In Exploration & Production, OMV explores, develops, and produces oil and gas in its four core regions of Central and Eastern Europe, the Middle East and Africa, the North Sea, and Asia-Pacific and produces gas in a JV in Russia[1]. Daily production was 486 kboe/d in 2021 (2020: 463 kboe/d). While natural gas accounted for 59% of total production, liquids amounted to 41%.

In Refining & Marketing, OMV operates three refineries in Europe, Schwechat (Austria) and Burghausen (Germany), both of which feature integrated petrochemical production, and the Petrobrazi refinery (Romania). In addition, OMV holds a 15% share in ADNOC Refining and in ADNOC Global Trading. OMV's total global processing capacity amounts to around 500 kbbl/d. Fuels and other sales volumes in Europe were 16.3 mn t in 2021 (2020: 15.5 mn t) and the retail network consists of around 2,100 filling stations[2]. The natural gas sales volume was 196.4 TWh in 2021 (2020: 164.0 TWh). OMV owns gas storage facilities with a capacity of 30 TWh, holds a 65% share in the Central European Gas Hub (CEGH), and operates a gas-fired power plant in Romania.

In Chemicals & Materials, OMV, through its subsidiary Borealis, is one of the world's leading providers of advanced and circular polyolefin solutions with total polyolefin sales of 5.9 mn t in 2021 (2020: 5.9 mn t), and a European market leader in base chemicals, fertilizers[3] and plastics recycling. The Company supplies services and products to customers worldwide through Borealis and its two important joint ventures: Borouge (with ADNOC, based in the UAE) and Baystar™ (with TotalEnergies, based in the US).

Our value chain



[1] OMV decided to not pursue any future investments in Russia. As a result, Russia is no longer considered one of OMV's core regions.

[2] On December 14, 2020, OMV and EG Group reached an agreement for the acquisition of 285 filling stations in Germany by EG Group. The transaction is subject to required regulatory approvals and the closing is expected in 2022. On February 4, 2021, OMV announced its intention to sell its business in Slovenia. The closing of this transaction is expected in 2022.

[3] On February 2, 2022, Borealis received a binding offer from EuroChem for the acquisition of its nitrogen business including fertilizer, melamine and technical nitrogen products.

Strategy

OMV will transform from an integrated oil, gas, and chemicals company into a leader in innovative sustainable fuels, chemicals, and materials, leveraging opportunities in the circular economy. The Group aims to become a net-zero emissions company by 2050 for all three scopes of greenhouse gas emissions. By taking this path, OMV expects to deliver an operating cash flow excluding net working capital effects of around EUR 6 bn by 2025 and at least EUR 7 bn by 2030, a ROACE of at least 12%, and will continue its progressive dividend policy.

Market outlook

Toward the end of the last decade, global warming and climate change took center stage as some of the most pressing global challenges of our times. In addition, the COVID-19 pandemic significantly impacted the energy markets in 2020. The disruption of supply and demand dynamics has led to the current energy price escalation. It has also accelerated the emergence of sustainability as a mega trend to tackle the challenges of climate change and, consequently, the energy transition. The ultimate objective of the energy transition is to reduce the greenhouse gas (GHG) footprint of the global energy system to achieve net-zero emissions and limit the global temperature rise to no more than 1.5°C by 2050.

The goal of achieving net-zero emissions by 2050 has emerged as a global consensus and is poised to become the new norm and license to operate for corporations. A total of 136 countries representing more than 77% of global carbon emissions and 80% of GDP have made some form of net-zero commitment as of November 2021. Businesses around the world have reacted and pledged to achieve net-zero by 2050. These include leading oil and gas, and chemical companies. The European Union is committed to transforming its net-zero objective into the EU's Climate Law.

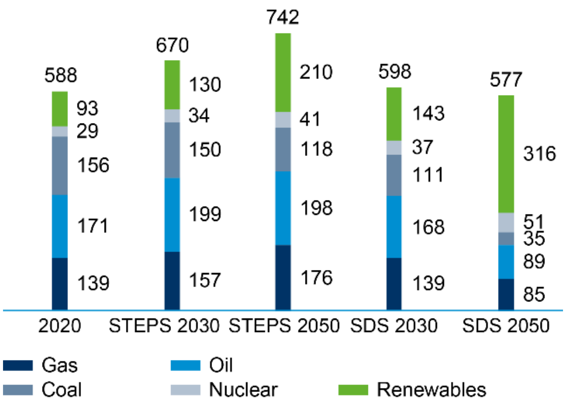
The demand for fossil-based commodities will change dramatically due to the restructuring of the global economy and the adaptation of consumer behavior to the net-zero path. While fossil-based energy products will face decline, new business and growth opportunities will open up in adjacent areas, as demand will increase for solutions that can reduce GHG emissions. These are, for example, natural gas as a transition energy source, renewable energy, biofuels, hydrogen, carbon capture, utilization & storage, or CCU/S, geothermal, value chain extension toward more valuable products such as chemicals and polymer solutions, and growing developments toward a circular economy. This expected shift to novel solutions demands investment in low-GHG-emissions technologies, and circular economy solutions, where great potential is assumed even though the business models are still uncertain.

Despite all the efforts aimed at reducing GHG emissions and generating strong growth in renewables, the oil and gas sector is anticipated to remain the main source of primary energy in the next decade. Based on the International Energy Agency World Energy Outlook (IEA WEO) 2021, total energy supply grows by 1.3% per year from 2020 to 2030 in the IEA Stated Policies Scenario (STEPS), reaching 670 exajouls (EJ) by 2030, whereas oil and gas demand growth compared to renewables is roughly split equally. The IEA STEPS assumes a fossil fuels share of 75% in the global energy mix in 2030, and 66% in 2050. This expected growth trajectory might change, if current announcements regarding emissions targets materialize, leading to a decline of fossil fuel demand and supply. This trend is in accordance with the IEA Sustainable Development Scenario (SDS) of the WEO 2021, showing a potential path toward fulfillment of the UN climate goals, factoring in high political ambitions.

Note: The financial targets for 2025 are based on the following market assumptions: Brent oil price of USD 65/bbl, THE (Trading Hub Europe) gas price of EUR 22/MWh, refining indicator margin Europe of USD 4.3/bbl, ethylene/propylene indicator margin Europe of EUR 430/t, polyethylene/polypropylene indicator margin Europe of EUR 420/t. The financial targets for 2030 are based on the following market assumptions: Brent oil price of USD 70/bbl, THE (Trading Hub Europe) gas price of EUR 24/MWh, refining indicator margin Europe of USD 4.3/bbl, ethylene/propylene indicator margin Europe of EUR 500/t, polyethylene/polypropylene indicator margin Europe of EUR 480/t.

World total primary energy supply

In EJ



Source: IEA World Energy Outlook 2021

While oil consumption is expected to decline in mature markets such as North America and Europe, global growth beyond 2030 will stem from Asia, the Middle East, and Africa. Peak oil demand is anticipated in the coming decade. Natural gas, on the other hand, which leads to 10–30% lower GHG emissions compared to oil products, will provide a reliable and resilient fuel choice for the energy transition. This will lead to an increase in its demand, with strong momentum from industry and, in particular, the construction sector.

Given the above-mentioned trends, the refining business model in Europe will face declining fossil fuel demand, triggered by the decarbonization of road transportation. Consequently, this sector will have to respond strategically to this circumstance. The retail segment will be resilient but will shift increasingly from fuel to EV charging, hydrogen, and convenience. The share of biofuels, and especially advanced biofuels, an additional enabler for meeting net-zero targets, is expected to increase sharply until 2030. This will be triggered by regulations and end-users, especially in hard-to-electrify segments, such as marine, aviation, and heavy-duty transport.

Oil demand for chemical production is expected to increase, primarily originating from rising demand in emerging markets and closely linked to GDP development. Approximately 80% of chemical and plastic demand growth will be concentrated in emerging markets, mainly Asia, until 2030 and beyond. This region represents most of the global population growth and the corresponding potential for improving living standards. Average oil demand for chemical products in emerging markets is expected to expand at the rate of above 1% above global GDP growth until 2030.

For mature markets such as Europe, North America, and Japan, demand growth is anticipated to remain healthy in the long term, in line with economic development, but growth rates are expected to slow.

Polyolefins are the largest market segment in producing plastic goods. Demand for virgin polyolefins continues to grow at a rate above global GDP until 2030, driven by the Asian market. Polyolefins remain essential for various industries, including packaging, construction, transportation, healthcare, pharmaceuticals, and electronics.

The key success factor for medium- to long-term sustainable business models is growth in renewable feedstocks, bioplastics, and the development of circular solutions. Recycled polyolefin demand is expected to grow at a rate significantly above global GDP until 2030, with Asia having the largest share.

Over the next decade, key focus areas for the plastics industry will be continued improvement in waste collection, the redesign of plastics and their applications for increased recyclability, and improvements in recycling technologies . Global recycling rates are projected to increase from 17% today to 20% by 2030, while Europe is expected to see even higher recycling rates.

Based on the market development outlook, as described above, OMV developed two forward-looking energy market frameworks. OMV's base case scenario is built on the IEA Stated Policies Scenario (STEPS) taken from the World Economic Outlook and adjusted based on an assumption that the EU, the United States, China, Japan, and South Korea (with a two-year delay for political alignment and measuring effectiveness) follow the IEA Sustainable Development Scenario (SDS) and meet the Paris Agreement targets. OMV's stress case is built on the IEA SDS Scenario, where the entire world reaches the Paris Agreement commitment of net-zero by 2070. The SDS is used for downside sensitivity analysis to generally understand how the existing and future portfolio will perform in this business scenario. In this scenario, global oil markets will start a continuous downward production trend, with a significant gradient toward 2040, and natural gas markets will peak in 2030 with a strong decline thereafter. European gas demand is expected to decline by 25% by 2030, with a strong phaseout until 2050.

Strategic cornerstones

OMV will transform from an integrated oil, gas, and chemicals company into a leader in innovative sustainable fuels, chemicals, and materials, leveraging opportunities in the circular economy. An integral part of the Group's strategy is its ambition to become a net-zero emissions company by 2050 for Scope 1, 2, and 3 emissions. In view of the ongoing transformation in the energy industry and a global goal of net-zero emissions, OMV builds on its strengths and seizes opportunities to position itself competitively.

2030 strategic priorities

- Become a net-zero emissions company by 2050; reduce Scope 1 and 2 emissions by 30% and Scope 3 emissions by 20% by 2030
- Develop into a global leader in specialty polyolefin solutions
- Establish a global leadership position in circular economy solutions
- Become a leading European producer of sustainable fuels and chemical feedstocks
- Reduce fossil production and shift to gas
- Enhance OMV's shareholder value: deliver growth with strong financials and continue the progressive dividend policy

The Chemicals & Materials business will be the core growth engine of the Group. OMV aims to become a global leader in specialty polyolefin solutions, with a significantly stronger position in the Middle East, Asia, and North America. The Group will strengthen its existing polyolefins business, while also building a strong and diversified chemicals and materials portfolio, by expanding into adjacent businesses and new product groups. To achieve this, OMV will target investments and initiatives that improve its returns and carbon footprint. Moreover, OMV will expand its geographical reach, pursuing high-growth markets, such as Asia and North America. This will be achieved through in-market investments and partnerships based on differentiated technologies and application portfolios. Furthermore, the Company will diversify its presence beyond polyolefins by entering into specialty chemicals and materials to build leadership positions.

An important pillar of OMV's strategy is the ambition to become a leader in renewable and circular chemicals and materials. The Group will capture the potential of emerging renewable and circular markets by leveraging its integrated technology platform and end-to-end position to develop innovative products and new business models. The circular economy is crucial for a long-term sustainable chemical business. Thus, a transformation toward an economically viable commercial scale is needed. In this context, the Group's target is to deliver around 2 mn t of sustainable C&M products by 2030.

OMV also aims to become a leading, innovative producer of sustainable fuels and chemical feedstocks. As a result, the Western European refineries will reduce their crude distillation throughput by 2.6 mn t and shift to an increased chemical feedstock share of 24% by 2030. The plan is to increase production of renewable fuels and sustainable feedstocks to approximately 1.5 mn t instead. In Marketing, OMV aims to become the first choice of our customers for energy, mobility and convenience, focusing on the sale of sustainable aviation fuels, building an EV recharging network, and growing its non-fuel retail business.

In the Exploration & Production business, OMV is focusing on maximizing the value and harvesting cash. E&P will reduce gradually its fossil production to below 400 kboe/d by 2030, with an overweight on gas. In the same time, OMV will make significant investments into the low-carbon solutions, namely in around 10 TWh renewable energy (e.g., geothermal) and around 5 m t p.a. of CCS capacity by 2030 to reduce its GHG footprint. The E&P business will act as a cash engine for the Group and will support the transformation.

The gas sales and logistics business excluding OMV Petrom will be consolidated in the E&P business starting 2022. Toward the end of the decade, equity gas contribution to the Gas Sales business portfolio will decrease due to natural fields decline, and will be predominantly replaced by primarily traded green gas products in order to reduce the carbon intensity of the product portfolio.

OMV is committed to becoming a net-zero emissions company by 2050 (Scopes 1, 2, and 3) and has set interim targets for 2030 and 2040, with well-defined actions to meet the targets by 2030. By 2030, OMV aims to reduce its Scope 1 and 2 emissions by 30% and its Scope 3 emissions by 20%. The Group also aims to reduce its intensity in energy supply by 20% by 2030. This will be achieved by decreasing fossil fuel sales, increasing zero-carbon energy sales, increasing polyolefins recycling and sustainable feedstocks and products, as well as using neutralization measures such as CCS.

This path will enable OMV to deliver operating cash flow excluding net working capital effects of around EUR 6 bn by 2025 and at least EUR 7 bn by 2030, a ROACE of at least 12% in the mid- and long term, and continuation of its progressive dividend policy. These are supported by sound capital allocation priorities and a strong balance sheet, with a mid/long-term leverage ratio of below 30%.

Building on its current strengths and a vision of leadership in technology and innovation, OMV will be well positioned to thrive sustainably in a world with low GHG emissions. This strategy enhances OMV's shareholder value, as its transformation path allows for a sustainable growth business model, showing the Group's commitment to cutting GHG emissions, delivering strong financials, and maintaining its progressive dividend policy.

Chemicals & Materials

2030 strategic priorities

- Develop into a global leader in specialty polyolefin solutions
- Grow in attractive markets with a particular focus on North America and Asia
- Grow sustainable polyolefin production to up to ~40% of total polyolefin production in Europe
- Establish a leading position in renewable and circular economy solutions
- Diversify portfolio by entering adjacent products and new product groups

Demand for chemical products will continue to grow ahead of global GDP, even in a low GHG emission world. Virgin polyolefin demand is expected to grow slightly above GDP with a CAGR (2021–2030) of 3.6%. The majority of this demand growth stems from high-growth markets in Asia and is associated with a variety of different end-user markets and applications, providing a natural hedge against the volatility of individual industries. Recycled polyolefins are projected to grow with a CAGR (2021–2030) of 11.7%, significantly above GDP, thanks to strong end-market commitments especially in the consumer goods sector, increasing regulatory pressure, and the need for end-of-life solutions for plastic waste.

Polyolefins play a critical role as eco-efficient enablers for a sustainable future, e.g., making lighter weight automotive solutions and packaging that reduces food waste and increases shelf life possible. The current linear value chain in polyolefins faces significant challenges: mismanaged and unmanaged waste, environmental pollution, unnecessary emissions, and microplastic accumulation. Turning the value chain from a linear to a circular model will be one of the priorities for a sustainable chemicals business going forward. However, this requires a profound transformation to enable scale at attractive profitability. Current feedstock accessible directly from recycling is limited. For this reason, tapping into up- and downstream feedstocks, primarily through partnerships, is critical to ensuring sufficient access to plastic waste. Partnerships with brand owners and retailers ensure attractive long-term offtake agreements with green product premiums. In addition, the future operating model needs to be set up to rapidly respond to changing customer and regulatory demands, with a primary focus on the advanced European landscape but also on the ability to quickly roll out successful blueprints globally.

OMV aims to strengthen its polyolefins business by building on existing strengths and capabilities and fully exploiting competitive advantages to grow into adjacent markets, targeting investments and initiatives that improve returns and decreases the Group's carbon footprint.

Chemicals & Materials has a strong pipeline of organic growth projects in Europe, Middle East and North America.

Key growth initiatives include:

- Expansion of propylene capacities in Europe (Kallo plant, 2023)
- Expansion of the Burghausen naphtha-based steam cracker (2022)
- Expansion of Borouge JV through Borouge 4 – building an ethane-based steam cracker of 1.5 mn t and polyolefin plants with a capacity of 1.4 mn t. Steam cracker and polyolefin plants expected to start at the end of 2025.
- Expansion of North American footprint through Baystar JV, building a 1 mn t ethane-based cracker and expanding the polyethylene plants capacity to 1 mn t annual capacity. The steam cracker and the polyolefin plants expected to start in 2022.

Chemicals & Materials business targets to strengthen its polyolefin and specialty product portfolio, securing attractive margins. The business aims to grow in Asia and aims to strengthen its North American footprint via organic and inorganic investemnts. In addition, to further broaden its portfolio, Chemicals & Materials aims to tap into adjacent pockets of value creation and develop a broader diversified chemicals leadership position, primarily through M&As.

Key growth initiatives include:

- Build polypropylene position in North America
- Grow in differentiated specialty products
- Grow in Asia in specialty polyolefins and circular solutions

In addition to overall market attractiveness, strategic fit, and value creation, key investment criteria for potential diversification opportunities are sustainability and geographical footprint. A continued focus on innovation will be essential to maintaining technology leadership.

OMV aims to become a leader in renewable and circular chemicals and materials. To reach this goal, the Group plans to capture emerging renewable and circular market potential by leveraging its integrated technology platform and end-to-end position to establish new products and novel business models.

The aim is to deliver approximately 2 mn t p.a. of sustainable products by 2030 to reduce product carbon footprint and meet OMV's emission targets. This will be accomplished by accelerating ongoing (advanced) mechanical and chemical recycling initiatives in Europe as well as by using bio feedstocks. The sustainable products will be the result of the increasing use of bio-feedstocks for polyolefins and the broader chemicals portfolio, and leveraging the close integration with OMV's Refining & Marketing business. Building on its European sustainability leadership, Chemicals & Materials will utilize its global footprint to expand circular economy solutions globally with existing joint ventures, new growth platforms, and additional partnerships across Asian and North American assets.

OMV's C&M business will be the major growth engine of the group. With a portfolio of various growth initiatives, it will balance sustainability, risk, and returns and strengthen resilience against market dynamics. The C&M strategy has significant growth and value creation potential.

Total organic investments in Chemicals & Materials will average EUR 0.9 bn p.a., EUR 0.3 bn p.a. of which will be allocated to sustainable and CO_2 emissions reduction projects.

Refining & Marketing

2030 strategic priorities

- Reduce crude distillation throughput by 2.6 mn t while growing the production of renewable mobility fuels and sustainable chemical feedstocks to approximately 1.5 mn t
- Produce and market at least 700,000 t of sustainable aviation fuels
- Invest in a EV charging network and significantly increase margin contribution from Retail non-fuel business
- Significantly reduce absolute Scope 1, 2, and 3 emissions

Going forward, R&M is reshaping its product portfolio, building on renewable mobility fuels and sustainable chemical feedstocks. The company is focusing on safe, innovative, and ecologically and economically sustainable operations. As a result, R&M will enable transformation to low-carbon operations and sales while maintaining strong profitability.

European fossil refining market potential will decrease significantly up to 2030, as both volumes and refining margins are expected to be under pressure driven by the pace of the energy transition in Europe. In the same time horizon, strong growth will materialize for renewable mobility fuels as well as sustainable chemical feedstocks. Refining will proactively decrease crude oil distillation throughput in the Schwechat and Burghausen refineries, from 12.9 mn t in 2019 to approximately 10.3 mn t in 2030, in line with changing demand patterns. This adaptation will significantly reduce heating oil and diesel product output by 2030, while increasing the chemical yield to around 24% for the Western refineries. To leverage the opportunities of the ongoing energy transition, the refining division is developing a sustainable production portfolio for renewable fuels and sustainable chemical feedstocks, such as the co-processing of biogenic feedstocks in Schwechat, reaching approximately 1.5 mn t in total by 2030. In this context, the sourcing of bio-feedstocks will be a critical success factor.

OMV will optimize the interface between oil and chemicals with a focus on the integrated Schwechat and Burghausen sites by reconfiguring plants and sites to maximize high-value fossil resources and a growing share of sustainable feedstocks for chemicals production. OMV will continue to operate its three European refineries in Austria, Germany, and Romania as one integrated system, optimizing asset utilization and maximizing margins. Furthermore, the company is implementing energy and operational efficiency measures within the existing refinery assets to maintain a leading cost position in Europe.

OMV's goal with its international, non-operated refining positions in UAE (ADNOC Refining) and Pakistan (PARCO) is to improve their commercial performance. The focus in the short to mid-term will be on operational excellence as well as performance culture at each asset. In the mid- to long-term, OMV will evaluate commercial options for the production of sustainable mobility fuels and assess strategic options for capital reallocation.

The Marketing & Trading activities in Europe secure OMV's customer and market access. In line with changing demand patterns, as well as regulatory obligations, OMV will gradually transform its product portfolio to include more sustainable fuels and services by 2030, thereby increasing the resilience of its product mix. OMV will build a growing business for sustainable aviation fuels (SAF) in central Europe by establishing new market positions in the vicinity of planned production sites, such as in Belgium and in Romania. OMV Marketing & Trading will market at least 700,000 tons of SAF by 2030. OMV will aim to grow SAF sales volumes significantly beyond the planned regulatory framework and will target the growing voluntary compliance market. Simultaneously, Marketing & Trading will sustain its position of bitumen and marine fuel oil to safeguard refinery utilization, while continuing to evolve these products to lower GHG emissions.

In Retail Mobility & Convenience, OMV intends to further develop existing market potential by significantly growing the non-fuel business sector. New gastronomy and service concepts, as well as cooperation in the food logistics sector, are expected to significantly increase the volume and margin of the non-fuel business by 2030. In parallel, the company will further increase its premium fuel share to more than 30% as a differentiator and significant margin generator by 2030. OMV Retail Mobility & Convenience will expand into e-mobility, building a leading position in out-of-home Electric Vehicle (EV) charging locations such as highway and transit refilling stations, as well as convenience hubs. With a total investment in this segment of more than EUR 400 mn by 2030, OMV will grow the profitability of the retail business as well as monetize the value of its assets.

Total organic investments in the R&M business will average at EUR 1 bn p.a. in 2022–2030, EUR 0.5 bn p.a. of which will be allocated to sustainable and carbon emissions reduction projects.

With this new strategy, OMV will accelerate attainment of its goal of lowering GHG emissions by reducing fossil fuels, stepping up the production and marketing of renewable fuels and sustainable chemical feedstocks, as well as implementing energy efficiency measures.

Exploration & Production

2030 strategic priorities

- Portfolio managed as a robust cash generator to support the Group's transformation
- Production of at least 450 kboe/d is expected by 2025 and below 400 kboe/d by 2030, with an overweight on gas[1]
- Production cost below USD 7/boe
- Low-carbon business solutions developed, with around 10 TWh in renewable energy (e.g., geothermal) and 5 mn t p.a. CCS, to significantly reduce absolute and relative GHG emissions
- Portfolio optimization measures will be evaluated

In the context of the ongoing energy transition and to support OMV Group's transformation, E&P will be managed as a robust cash generator and will focus on further upgrading its competitive asset portfolio, concentrating on the four core regions: Central and Eastern Europe, the North Sea, Middle East and Africa, and Asia Pacific. The shift of the hydrocarbon portfolio to gas will continue, with further divestment of non-core positions to improve efficiency, while the low-carbon business will be ramped up to achieve a material contribution by the end of the decade.

Boosting value delivery and cash generation are the main goals and criteria for managing and developing the portfolio of oil and gas assets, with a strong emphasis on gas. The delivery over the mid-term of key projects in the portfolio such as the Neptun Development in Romania, Jerun in Malaysia, and Umm Lulu SARB Phase 2 plateau extension in the UAE will support strong cash generation by and beyond 2025. With the current portfolio, OMV expects to maintain production levels of at least 450 kboe/d, with around 60% gas by 2025.[1] Thereafter, OMV expects to reduce its oil and gas production levels to below 400 kboe/d by 2030, keeping the overweight on gas.[1] The production decline will occur primarily in the second part of the decade, as no new large-scale projects (re-)developments are being pursued. In order to sustain the above-mentioned production levels, ramp up the low-carbon business, and deliver strong cash generation, E&P anticipates a total annual average CAPEX over the decade of around EUR 1.6 bn, EUR 0.6 bn of which is earmarked

[1] The contribution from Russia is estimated to be around 80 kboe/d in 2025 and to be around 40 kboe/d in 2030. In light of the latest developments, OMV decided not to pursue any future investments in Russia and initiated a strategic review of the interest in Yuzhno Russkoye, including the possibility to divest. As a result, Russia is no longer considered one of OMV's core regions. Any potential impact from this strategic review is not reflected in this target.

for low-carbon activities. OMV's exploration and appraisal activities are being streamlined further, and the total annual average budget is expected to be around EUR 0.2 bn over the decade. Toward the end of the decade, oil and gas CAPEX and E&A expenditures will be reduced, thereby allowing for more capital to be allocated toward ramping up the low-carbon business and the broader OMV transformation.

E&P plans to reinforce the competitiveness of its portfolio and resilience against market volatility amid the rapidly changing demands of the oil and gas industry. The strong focus on operational excellence, fostered by digitalization and agile ways of working, in addition to portfolio optimization, will ensure that production cost remains below USD 7/boe beyond 2025.

The Gas sales business and logistics excluding OMV Petrom will be consolidated in the E&P business starting 2022. Over the next decade, European production will decline, while demand is expected to remain resilient. To close the supply-demand gap, OMV will continue to complement its own natural gas production in Norway, Austria, and Romania with long-term gas supply contracts from Russia and is working to identify and develop additional sources of supply. The equity gas contribution to the Gas sales business will decrease significantly toward the end of the decade in Northwestern region due to natural fields decline, and will largely be replaced with green gases, such as biogas and hydrogen, primarily obtained through trading, to reduce the carbon intensity of its product portfolio. New equity gas volumes from the Romanian Neptun project will keep volumes high in the Southeastern region. OMV will also aim to direct an increasing share of its natural gas sales to customers from non-energy sectors, such as the chemicals industry, to further reduce its Scope 3 portfolio emissions.

The Group will explore a range of opportunities and portfolio choices that enhance cash flow generated by the current Exploration and Production business and support a potential accelerated transition to sustainable fuels, chemicals, and materials. These opportunities may include capturing the full value potential of the asset base, e.g., low carbon business potential, maintaining reservoir production excellence and optimizing costs as well as assessing and developing joint venture opportunities for selected assets without excluding inorganic options.

To reduce its operations carbon footprint, E&P will pursue the phase out of routine gas flaring and venting, reduce fugitive methane emissions, and introduce portfolio optimization measures. In addition, renewable energy projects will also be pursued for the purpose of powering OMV's own operations, such as the photovoltaic plant developed with VERBUND in Schönkirchen, Austria. To achieve overall reduction of both absolute and relative GHG emissions from its product portfolio, E&P will leverage its existing asset base and core skills to deliver financially strong low-carbon business projects. Available opportunities will be captured to build up geothermal heat capacity that generates up to 9 TWh p.a. by 2030. In addition to geothermal, a minimum of 1 TWh from renewable power will be developed in OMV core regions with favorable sun and wind conditions to serve captive demand, thereby reducing Scope 2 emissions by OMV's own operations. E&P will further tap its existing reservoirs and (sub-)surface capabilities to implement opportunities that lead to a CCS storage capacity of approximately 5 mn t p.a. of CO_2 net to OMV by 2030. In addition, further opportunities where E&P can leverage its strengths and capabilities are being explored, e.g., hydrogen and energy storage, and will potentially be pursued in consideration of OMV strategic priorities.

Decarbonization strategy

2030 strategic priorities

- Reduce OMV Group Scope 1 and 2 emissions by 30%
- Reduce OMV Group Scope 3 emissions by 20%
- Reduce OMV Group's carbon intensity of energy supply by 20%

OMV is committed to achieving net-zero emissions (Scopes 1, 2, and 3) by 2050, with interim targets for 2030 and 2040. OMV is awaiting the publication of the science based targets (SBT) methodology for the oil & gas sector to evaluate its new targets against the SBT requirements with the ultimate ambition to get them approved by the Science Based Target initiative (SBTi). OMV targets are set at an absolute and intensity level with the ultimate goal of achieving net-zero emissions in Scopes 1, 2, and 3 by 2050. For Scope 1 and 2, OMV aims for an absolute reduction of 30% by 2030 and of 60% by 2040. For the defined categories in Scope 3, OMV aims at the reduction by 20% by 2030 and by 50% by 2040. In terms of reducing the carbon intensity of energy supply, OMV intends to achieve a decrease of 20% by 2030 and 50% by 2040.

These emission reductions can only be achieved with considerable effort and capital allocated: The Group has earmarked organic investments of more than EUR 13 bn for this purpose. All business units will build on their existing strengths and know-how on this transformation journey. Three key initiatives will be undertaken to achieve the targeted reductions by 2030:

- Decrease in fossil fuel sales: Significant decrease in fossil fuels and a less steep decline in natural gas sales
- Increase in zero-carbon energy sales: significant increase in sustainable and biobased fuels, green gas sales, build-up of photovoltaic electricity capacity for captive use as well as geothermal heat
- Increase in Chemicals & Materials recycling and sustainable feedstocks and delivery of approximately 2 mn t p.a. of circular products: recyclate production substituting fossil chemicals and materials production and production from biogenic feedstock

Besides these efforts, neutralization measures will be necessary. OMV anticipates that it will use 5.0 mn t of CCS capacity across all business units. All energy purchases will be 100% renewable. The inorganic growth of the Chemicals & Materials business will be executed in line with OMV decarbonization targets with either decarbonization pathways in place or to be implemented following a possible acquisition.

Finance

2030 strategic priorities

- Generate operating cash flow excluding net working capital effects of EUR ~6 bn by 2025 and EUR ≥7 bn by 2030
- Target a ROACE ≥12% in the mid- and long term
- Ensure sound capital allocation priorities: organic CAPEX, dividend, inorganic growth, and deleveraging[1]
- Maintain strong balance sheet, with a mid/long-term leverage ratio below 30%
- Continuously deliver on the progressive dividend policy

The Group's financial strategy aims to increase the company's value and shareholder return, while ensuring a robust balance sheet, along with a financially resilient portfolio that thrives in a low-carbon world and has attractive growth potential well into the future. The value-driven finance strategy operates on a clear framework for enabling long-term profitable and resilient growth and aims to achieve a ROACE of at least 12%, positive free cash flow after dividends, a strong balance sheet, with a mid/long-term leverage ratio of below 30%, a Clean CCS Operating Result of at least EUR 5 bn by 2025 and EUR 6 bn by 2030, increasing clean CCS net income attributable to shareholders, operating cash flow excluding net working capital of around EUR 6 bn by 2025 and at least EUR 7 bn by 2030, as well as a progressive dividend policy.

When building its financial plan, OMV set a sound capital allocation policy: first, investing in its organic portfolio; second, paying attractive dividends; third, pursuing inorganic spending for an accelerated transformation; and fourth, deleveraging[1]. In its capital allocation, the Group focuses on selecting the most competitive and resilient projects. The defined investment criteria include hurdle rates and payback periods by business reflecting respective risk and return profiles, as well as testing projects for their resilience and break-even versus relevant market KPIs.

To achieve its strategic goal, OMV plans a yearly organic CAPEX around EUR 3.5 bn for the period from 2022 to 2030. Overall, the Group is allocating more than EUR 13 bn, in total, for 2022–2030 to achieve its ambitious decarbonization targets. In addition, OMV will consider inorganic growth in areas of strategic importance. However, this will depend on the Group's indebtedness headroom. Moreover, the Group's portfolio of assets can provide options through divestments to accelerate strategy execution when attractive acquisition targets in targeted growth areas become available.

The Group's strategy, supported by disciplined capital allocation, will enable OMV to generate increasing and resilient cash flows and higher earnings. These solid financials ensure a strong balance sheet for the Group. In its financial framework, OMV has made a significant commitment to ensuring a robust balance sheet and a investment-grade credit rating. The Company aims to achieve a leverage ratio of below 30% for mid- and long term. Depending on portfolio measures, the leverage ratio can exceed 30%, however this will then be followed by a deleveraging program to ensure the balance sheet is strengthened.

During the strategy period, OMV will continue to deliver on its progressive dividend policy. The Group therefore aims to increase the dividends every year, or to at least maintain dividends at the respective previous year's level. This underlines the Group's commitment to its progressive dividend policy.

[1] Depending on the leverage ratio of OMV, the order between inorganic growth and deleveraging can reverse.

Sustainability

We are committed to building a sustainable world worth living in – for everyone. Sustainability and circularity lie at the center of our Group strategy. We aim to become a net-zero business by 2050, accelerate the energy transition, and proactively expedite the transition from a linear to a circular economy. We build positive relationships with our employees, communities, suppliers, and other stakeholders, including by addressing social and economic effects of the transition to an environmentally sustainable economy. Our Sustainability Framework is built around the three pillars Environmental, Social, and Governance (ESG).

Our Strategy 2030 is underpinned by this sustainability framework, with all business decisions being informed by our ambition to become a net-zero business. Within this sustainability framework, we have established five strategic focus areas: Climate Change; Natural Resources Management; Health, Safety & Security; People; and Ethical Business Practices. For each of these focus areas, we have formulated concrete commitments, targets, and actions to be achieved by 2030, which mark OMV's contribution to the UN 2030 Agenda for Sustainable Development.

OMV's sustainability targets and commitments

Climate Change

- **Commitments:**
  - OMV continuously improves the carbon efficiency of its operations and product portfolio. OMV is fully committed to supporting and accelerating the energy transition, and aims to become a net-zero business by 2050 or sooner.
- **Targets 2025:**
  - Reduce carbon intensity of operations (Scope 1) by ≥30% vs. 2010
  - Reduce carbon intensity of product portfolio (Scope 3) by >6% vs. 2010
  - Achieve at least 1 m t CO_2 reductions from operated assets in 2020–2025
  - Achieve an E&P methane intensity of 0.2% or lower
- **Targets 2030:**
  - Reduce Scope 1 and 2 emissions by ≥30% vs. 2019
  - Reduce Scope 3[1] emissions by ≥20% vs. 2019
  - Reduce carbon intensity of energy supply by ≥20% vs. 2019
  - Achieve an E&P methane intensity of 0.1% or lower
  - Zero routine flaring and venting of associated gas as soon as possible, however, no later than 2030
- **Targets 2040:**
  - Reduce Scope 1 and 2 emissions by ≥60% vs. 2019
  - Reduce Scope 3[1] emissions by ≥50% vs. 2019
  - Reduce carbon intensity of energy supply by ≥50% vs. 2019

Natural Resources Management

- **Commitments:**
  - OMV is fully committed to taking action on responsible natural resources management and will proactively expedite the transition from a linear to a circular economy.
  - OMV aims to minimize environmental impacts by preventing water and soil pollution, reducing emissions, efficiently using natural resources, and avoiding biodiversity disruption.
- **Targets 2025:**
  - Triple volume of recycled polyolefins to 350 kta
  - Increase waste reuse and recycling from operations
  - Reduce freshwater withdrawal
- **Targets 2030:**
  - Produce approx. 2,000 kta sustainable (includes recycled and biobased) polyolefins
  - Reduce natural resources use by cutting oil and gas production levels to below 400 kboe/d and by reducing crude distillation throughput by 2.6 mn t
  - Increase reuse and recycling of waste from operations
  - Reduce freshwater withdrawal

[1] The following scope 3 categories are included: category 11 – Use of sold products for OMV's energy segment, category 1 – Purchased goods (feedstocks), and category 12 – End of life of sold products for OMV's non-energy segment.

Health, Safety, and Security

- **Commitments:**
  - Health, safety, and security have the highest priority in all activities. OMV is fully committed to proactive risk management in realizing its HSSE vision of "ZERO harm – NO losses."

- **Targets 2025:**
  - Achieve a Total Recordable Injury Rate (TRIR) of around 1.0 per 1 mn hours worked
  - Achieve zero work-related fatalities
  - Maintain leading position in Process Safety Event Rate

- **Targets 2030:**
  - Stabilize the Total Recordable Injury Rate (TRIR) at below 1.0 per 1 mn hours worked
  - Achieve zero work-related fatalities
  - Maintain leading position in Process Safety Event Rate

People

- **Commitments:**
  - OMV is committed to building and retaining a talented expert team for international and integrated growth. We embrace our difference(s) and use our diversity of thought and experience as a catalyst for growth and creativity.
  - OMV is committed to ensuring fair treatment and equal opportunities for all employees, and has zero tolerance for discrimination and harassment of any kind.
  - As a signatory to the United Nations Global Compact, OMV is fully committed to the UN Guiding Principles on Business and Human Rights, and aims to contribute to the UN's 2030 Agenda for Sustainable Development by pursuing a social investment strategy that addresses local needs and the SDGs.
  - OMV is committed to contributing to a Just Transition for our employees and communities, and addressing social and economic effects of the transition to an environmentally sustainable economy.

- **Targets 2025:**
  - Increase share of women at management level to 25%
  - Keep high share of executives with international experience at 75%
  - Train all OMV Group employees in human rights
  - Assess Community Grievance Mechanism of all sites against UN Effectiveness Criteria

- **Targets 2030:**
  - Increase share of women at management level to 30%
  - Min. 20% female Executive Board members (stretch target 30%)
  - Increase share of international management to 65%
  - Keep share of executives with international experience at 75%
  - Increase average number of annual learning hours to a min. of 30 hours per employee
  - Increase support for employees with disabilities at our main locations
  - Conduct Human Rights Assessment in high-risk country business for all OMV Group operations and develop action plans every five years
  - Direct at least 1% of Group investment per year toward social goals (based on previous year's reported net income attributable to stockholders of the parent) by 2030

Ethical Business Practices

- **Commitments:**
  - OMV strives to uphold equally high ethical standards at all locations. We aim to earn our stakeholders' confidence by implementing a high standard of corporate governance and by maintaining high standards of transparency and predictability.
  - OMV is committed to implementing sustainable procurement, which means caring about the environmental, social, and economic impacts of the services and goods the Company intends to purchase.

- **Targets 2025:**
  - Be an active member of TfS and run sustainability evaluations for all suppliers covering >80% of Procurement spend
  - Engage with suppliers covering 80% of Procurement spend and assess their carbon footprint as a foundation to define and run joint low-carbon initiatives
  - Promote awareness of ethical values and principles: conduct in-person or online business ethics trainings for all employees

- **Targets 2030:**
  - Extend sustainability evaluations to all suppliers covering 90% of Procurement spend
  - Ensure all suppliers covering >80% of Procurement spend have carbon reduction targets in place

Climate Change

OMV recognizes climate change as one of the most important global challenges and fully supports the goals set forth by the Paris Climate Change Agreement. OMV integrates risks and opportunities related to climate change impacts into the development of the Company's business strategy and the planning of operational activities. In this regard, OMV continuously improves the carbon efficiency of its operations and product portfolio, and is fully committed to supporting and accelerating the energy transition. We aim to become a net-zero business by 2050 or sooner.

OMV implements measures aimed at optimizing its operational processes, increasing energy efficiency, reducing flaring and venting, and reducing methane emissions through leakage detection and improvement of asset integrity. We will continue phasing out routine flaring and venting as soon as possible, but no later than 2030, as part of OMV's commitment to the World Bank's "Zero routine flaring by 2030" initiative. For instance, in Yemen, one of our most flaring-intense operations, we commissioned two gas engines for power generation at the central processing facilities in December 2021. The gas engines will support the reduction of flaring as they will consume gas which was previously flared. They will also replace diesel generators, which further reduces GHG emissions. We are also increasingly turning to renewable sources of electricity to power our operations. In 2021, Borealis installed its first solar photovoltaic rooftop array for generating electricity for production purposes at the Borealis plant in Monza (Italy). The company has also signed long-term renewable energy supply deals for its assets in Sweden and Belgium.

A cornerstone of our climate strategy is increasing the share of zero-carbon products in our product portfolio as well as decreasing fossil fuel sales. Oil and gas production will be decreased to below 400 kboe/d by 2030.

OMV focuses on high-quality refinery products such as low-emission premium fuels and feedstocks for the chemical industry. We aim to increase polyolefins recycling and gradually replace fossil polyolefins production with production from biogenic feedstock. In addition, we also plan to significantly increase sustainable and biobased fuels and green gas sales, as well as build up renewable electricity production to around 10.0 TWh (including geothermal, solar/wind). We aim to step up the production of renewable fuels and sustainable chemical feedstocks to approximately 1.5 m t per year, including producing and marketing at least 700,000 t of sustainable aviation fuels per year.

For instance, OMV and Austrian Airlines (AUA) are producing and using regional Sustainable Aviation Fuel (SAF) in Austria. The two companies agreed on the production and fueling of 1,500 t of SAF in the coming year 2022. The use of 1,500 t of SAF by Austrian Airlines will reduce carbon emissions by around 3,750 t. This is equal to the CO_2 emissions of 333 Vienna–London flights with a typical short to medium-haul AUA aircraft (Airbus A320).

Our climate targets can only be achieved with considerable effort and capital allocation. OMV Group has earmarked investments of more than EUR 13 bn for this purpose. All business units will build on existing strengths and expertise in this transformation journey.

In 2021, OMV achieved an outstanding CDP Climate Change score of A– (Leadership) for the sixth time in a row. With its CDP Climate Change score, OMV is among 20 companies in the global oil and gas sector that achieved a leadership score and among the top 7 companies across all sectors in Austria.

Business principles and social responsibility performance

Business ethics and compliance

OMV is a signatory to the UN Global Compact and has a Code of Business Ethics in place that applies to all employees. Although we are headquartered in Austria – a country with high business ethics standards – we operate in several countries in the Middle East, North Africa, Asia-Pacific, and Central and Eastern Europe that are defined as high risk by the Transparency International Corruption Perception Index. We strive to avoid the risks of bribery and corruption that are specific to our sector. We also highly value our reputation. Therefore, our highest priority is ensuring uniform compliance with our business ethics standards wherever we operate. Compliance with ethical standards is a non-negotiable value that supersedes any business interest. Absolute commitment to this objective is embedded at all levels at OMV from top management to every employee. Our business partners are also expected to share the same understanding of and commitment to ethical standards. Every Company activity, from planning business strategy to daily operations, is assessed for compliance with ethical standards, such as the Code of Conduct and Code of Business Ethics.

A dedicated cross-regional compliance organization ensures that OMV standards are consistently met across the Group. In 2021, 16,020 OMV Group employees were trained in business ethics. This number is composed of 9,020 e-learnings and 477 face-to-face trainings at OMV, and 5,996 CodeOne e-learnings and 527 in-person trainings at Borealis. The Integrity Platform provides an anonymous whistleblower mechanism for OMV employees and external stakeholders, such as suppliers. They can use this platform to report issues relating to corruption, bribes, conflicts of interest, antitrust law, or capital market law. In 2021, the scope of the Integrity Platform was expanded, and the platform can now also be used to make reports of perceived violations in the following legal areas: public procurement, environmental protection, product and food safety and consumer protection, corporate tax regulations, and data protection.

Supplier Compliance

Implementing sustainable procurement means caring about the environmental, social, and economic impacts of the goods and services the Company intends to purchase. OMV has a Code of Conduct in place that ensures that suppliers support OMV's principles. It is of paramount importance to our organization to be fully compliant with all applicable legal requirements, as well as with our internal safety, environmental protection, and human rights standards while managing our supply chain. OMV has a process in place to ensure that parties sanctioned by the EU or international organizations, such as the United Nations, are not accepted as procurement partners.

To mitigate supply chain risks including forced labor, slavery, human trafficking, and corruption, OMV imposes the legal requirements and internal rules and standards applicable to OMV on its suppliers. Our suppliers and supply chain partners are obligated to sign and fully comply with the content of the Code of Conduct. In addition, our suppliers must accept the General Conditions of Purchase, which further detail our business standards (e.g., labor rights), as an integral part of our contractual agreements. OMV reserves the right to terminate relationships with suppliers if non-compliance is discovered or not addressed in a timely manner.

Supplier prequalification is a part of pre-contractual activities during which OMV collects information from a potential supplier for the purpose of evaluating compliance with our HSSE and other sustainability requirements. The goal of the prequalification process is to screen potential suppliers before bringing them on board or during the tender stage to ensure that only those suppliers who meet our HSSE and sustainability standards can be considered for future collaboration. Following prequalification, Procurement together with business representatives select the best suppliers based on a predefined set of commercial, legal, HSSE, and technical criteria during a tender process. In 2021, we started embedding sustainability elements into the evaluation matrix (e.g., technologically innovative elements, carbon emissions, energy efficiency KPIs) in several pilot projects.

OMV conducts supplier audits as part of the prequalification process and/or during contract execution. The aim of the audits is to measure the performance of our suppliers and define actions that will enable them to optimize their performance and meet OMV requirements. Among the focus areas of the audits are the financial stability of our suppliers, their strategy and organization, and the supply chain sustainability (e.g., human rights, carbon management, environmental management, certifications, and social responsibility). In 2021, we added a new cybersecurity dimension to our supplier audits. We also perform yearly subject-specific audits on topics such as process safety, quality, and efficiency.

In 2021, OMV joined Together for Sustainability (TfS) and expanded the membership held by Borealis since 2017 to Group level. Together for Sustainability, a joint initiative and global network of 34 chemical companies, sets the *de facto* global standard for environmental, social, and governance performance of chemical supply chains. The TfS program is based on the UN Global Compact and Responsible Care® principles.

OMV aims to build on Borealis' expertise and cover a broader range of ESG assessments of our suppliers in the coming years. Becoming a TfS member will help OMV to further embed sustainability in day-to-day business operations and cascade sustainability requirements in our supply chain.

We aim to continuously manage and decrease the carbon emissions of our purchased goods and services. For this reason, OMV became a CDP Supply Chain member in 2021. As part of CDP Supply Chain, OMV invited around 140 suppliers to answer the CDP Climate Change questionnaire in 2021. In addition to reporting their emissions, we asked the suppliers whether they have carbon reduction targets in place and invited them to share with us any initiatives or projects to reduce carbon emissions in which they would like us to participate. A total of 63% of suppliers assessed by CDP Supply Chain have declared that they have climate targets in place.

Human Rights

Human rights are universal values that guide our conduct in every aspect of our activities. Our responsibilities in the area of human rights include, but are not limited to, equality and non-discrimination, decent wages, working hours, employee representation, security, primary healthcare, labor rights in the supply chain, education, poverty reduction, land rights, and free, prior, and informed consultation. OMV respects and supports human rights as described in the Universal Declaration of Human Rights and in internationally recognized treaties, including those of the International Labour Organization (ILO). We have been a signatory to the UN Global Compact since 2003 and are fully committed to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We fully support the aims of the UK Modern Slavery Act 2015 and are committed to operating our business and supply chain free of forced labor, slavery, and human trafficking. OMV considers human rights to be an important aspect of our risk management approach, which is integrated into our decision-making processes. OMV recognizes its responsibility to respect, fulfill, and support human rights in all business activities and to ensure that OMV does not become complicit in any human rights abuses as defined under current international law.

We conduct human rights risk assessments at country level to identify and assess ongoing and emerging human rights impacts and the resulting potential risks relevant to OMV business activities in the country in order to prevent and mitigate human rights risks and impacts. A total of 980 employees received training on human rights topics through the e-learning tool and in-person training sessions (2020: 2,304). As professional training is essential to ensure compliance with our human rights commitment, we have set ourselves the goal of training all employees in human rights topics by 2025. In addition, internal awareness campaigns on human rights were implemented. In 2021, seven incidents of human rights grievances were reported (2020: 0), related to aspects such as working hours and rest times and alleged cases of bullying, harassment, defamation, unfair treatment and disrespectful behavior.

Community Relations and Development

OMV maintains an active partnership with local communities in all countries in which the Company does business and is committed to adding value to these societies. As part of OMV's stakeholder dialogue, we have implemented community grievance mechanisms at all operating sites. In 2021, OMV registered 884 grievances (2020: 812) from the community grievance mechanisms. All of the grievances were handled in accordance with OMV's localized Community Grievance Management (CGM) procedures, which stipulate a stringent approach to systematically receiving, documenting, addressing, and resolving grievances in all of the countries where we operate.

OMV has set the goal of aligning the CGM system at all sites with the effectiveness criteria of the United Nations Guiding Principles. We are striving to achieve this target by conducting assessments that include reviews of management processes and consultations with internal and external stakeholders. The assessments result in recommendations and tailored action plans to improve grievance management at site level. The action plans are implemented by local management and monitored by headquarters. The sites already assessed represent 99% of all registered grievances at OMV in 2021.

For more information about OMV's Environmental, Social, and Governance (ESG) ratings and the indices in which OMV is included, see the chapter OMV on the Capital Markets.

For management approaches and performance details for all material topics, see the stand-alone OMV Sustainability Report. This report also serves as the separate consolidated non-financial report of OMV Aktiengesellschaft in accordance with section 267a of the Austrian Commercial Code (UGB).

Health, Safety, Security, and Environment

Health, safety, security, and protection of the environment are key values at OMV. The integrity of OMV's operating facilities, loss prevention, proactive risk management, and climate change mitigation are essential for attaining OMV's HSSE vision of "ZERO harm – NO losses."

HSSE Strategy

To achieve this vision, OMV Group's HSSE Strategy was established as an integral part of the OMV Sustainability Strategy. The HSSE Strategy focuses on the cross-functional goals of strong HSSE commitment and leadership, increased efficiency and effectiveness of HSSE processes, management of HSSE risks, and skilled people, as well as subject matter goals in the areas of

- Health: improve the ability to work through integrated health management
- Safety: build on sustainable safety for people and plants
- Security: protect people, assets, and reputation from emerging malicious intentional threats
- Environment: minimize the environmental footprint throughout the entire lifecycle of activities

Health, safety, and security

In 2021, the combined Lost-Time Injury Rate (LTIR) for OMV employees and contractors was 0.57 (2020: 0.32), and our combined Total Recordable Injury Rate (TRIR) was 0.96 (2020: 0.60). We are deeply concerned about three work-related fatalities, all three related to road transportation activities of contractor companies in Austria and Romania. Managing the COVID-19 pandemic remained a high priority in 2021 on top of routine HSSE management. We focused primarily on learning from incidents throughout the whole Company: Videos, alerts, and communication campaigns were used to reach out to all employees.

In Exploration & Production, the TRIR was 0.92 (2020: 0.58). Tragically, two contractor employees died in two fatal work accidents in 2021. We also encountered 19 High Potential Incidents (HiPos) that could have resulted in serious or even fatal injuries under slightly different circumstances. All fatalities and HiPos have been thoroughly investigated, and measures were put in place to prevent reoccurrence. Contractor management was and continues to be a focus area in our HSSE efforts. We continued to focus on process safety management, and various initiatives ensured the reliability of production.

The HSSE performance of Refining & Marketing in 2021 was overshadowed by a road accident resulting in a fatality of a contractor employee. Efforts therefore went into a broad awareness campaign about road transportation safety and the development of an enhanced framework of safety requirements for future logistics contractors. Another focus area was the implementation of the process safety roadmap including two external process safety management assessments in the refineries. We encountered 23 HiPos. The TRIR in 2021 was 0.56 (2020: 0.59). Special emphasis during the year was placed on leadership engagement, safety culture, contractor management, and training on various emergency and crisis management scenarios.

In Chemicals & Materials, OMV Group's definitions and incident reporting criteria were fully rolled out to Borealis. These are more stringent than those used previously. The business division achieved a TRIR of 2.24 (2020, Borealis only: 3.89). Occupational safety initiatives focused on further rolling out a virtual Life Saving Rules training, preventing employees from becoming infected with COVID-19, and achieving ISO 45001 certification for Borealis. Regarding process safety, the focus was on introducing the Process Safety Rules, starting a Quantitative Risk Assessment Study for hydrocarbon processing activities at Porvoo and developing a concept to improve quality of process hazard assessments. Borealis continued the positive downward trend of process safety events from 19 in 2020 to 16 in 2021.

OMV Group safety performance

In mn hours worked

	2021	2020
Company		
Lost-Time Injury Rate	0.70	0.43
Total Recordable Injury Rate	1.18	0.83
Contractors		
Lost-Time Injury Rate	0.51	0.27
Total Recordable Injury Rate	0.85	0.48
Total (Company and contractors)		
Lost-Time Injury Rate	0.57	0.32
Total Recordable Injury Rate	0.96	0.60

Employee wellbeing and health are the foundation for successful company performance as they are core elements of ensuring the ability to work. The year 2021 was dominated by the worldwide COVID-19 pandemic. Our medical teams and service providers were challenged to support the emergency management teams in updating and implementing pandemic preparedness plans, guidelines, and health information while also supporting COVID-19-infected employees at home and in hospitals. In addition, OMV continued its long tradition of offering healthcare and preventive health programs, such as cardiovascular disease prevention programs, voluntary health checks, vaccinations (mainly flu and in some countries COVID-19), and virtual health hours, which far exceed local statutory requirements.

During 2021, the COVID-19 pandemic also brought significant challenges to safety management. At operational level, we implemented preventive and business-continuity-related measures such as strictly separated teams in key areas, hygiene measures, and constant awareness building. Despite travel limitations and thanks to digital communication and collaboration tools, we conducted several key safety-related activities:

- We continued broad communication about the Life Saving Rules by means of videos with senior management statements to remind our employees about simple rules to prevent the hazards that have the greatest potential to cause serious injuries.
- All incidents at level 3 and above and HiPos were investigated, and lessons-learned reports were communicated throughout the organization. Improvement initiatives were developed and closely monitored with our HSSE reporting tool Synergi.
- As part of our Safety Culture program, we conducted several workshops on "making HSSE personal" at different levels of the organization. The half-yearly meetings with the program owner were conducted online.
- Contractor HSSE management is key to OMV Group's safety performance. We updated our group-wide regulation and continued training of beneficiaries and procurement staff on the internal regulations framework. We conducted strategic supplier meetings with the main contractors to share information, experience, and expectations.
- We further developed a harmonized set of KPIs and a dashboard for process safety. We supported and followed up on the implementation of process safety road maps in our ventures, assets, and refineries. In our new Integrated Risk Register, we implemented a novel approach for analyzing and prioritizing process safety risks in order to ensure that investments effectively lead to a significant reduction of risks. The OMV Group process safety network, a large online collaboration platform, grew further (>200 participants), and gathered quarterly to exchange information and experiences in virtual meetings. Senior management also attended.
- We undertook a deep analysis and review of 15 group-wide effective HSSE regulations and our cloud-based HSSE reporting tool in order to prepare and achieve progress on a systematic alignment between OMV Group and Borealis.

An unstable geopolitical environment combined with complex and enduring regional conflicts remained a consistent security focus throughout 2021. Corporate Security continued to monitor these geopolitical situations, accelerating OMV's understanding of strategic events, to proactively identify any emergent threat that might intersect with business planning. This included incidents of armed conflict, civil unrest, targeted activism, and criminality at local, national, regional, and international levels.

Our crisis management and resilience procedures assisted in the effective management of the COVID-19 pandemic in 2021. Local Emergency Management Teams worked closely with their corporate counterparts to ensure local responses aligned with the Company's pandemic strategy.

We updated our proven security management system in 2021, enabling us to anticipate or respond to a broad spectrum of geopolitical, regional, or isolated security incidents. The security risk assessment platform continued to provide real-time oversight of asset risk exposure levels as influenced by geopolitical or security events. Despite various geopolitical and pandemic challenges, Corporate Security continued to deliver global operational support, governance, and oversight, and will maintain a comparable and effective security strategy allowing OMV to operate despite converging asymmetric threats.

OMV is committed to upholding human rights in all activities. To this end, OMV aims to join the Voluntary Principles on Security and Human Rights (VPSHR), an initiative focused on human rights, public safety and security, and the interaction between companies and private and public security. Corporate Security will undertake a VPSHR pre-qualification review to determine the feasibility of attaining full accreditation in the coming years.

Environmental management

Due to the nature of its operations, OMV has an impact on the environment. The Group strives to minimize that impact at all times, particularly in terms of spills, energy efficiency, greenhouse gas (GHG) emissions, as well as water and waste management. OMV aims to optimize processes to use natural resources as efficiently as possible and to reduce emissions and discharges.

In 2021, there were 3 major hydrocarbon spills (level 3 out of five levels; 2020: 2). The total volume of hydrocarbon spilled increased compared to the previous year. OMV continues to improve its oil spill response preparedness and capabilities.

Key environmental actions and achievements in 2021:

- Our operations in Yemen implemented new water management plans. The wastewater treatment plants were upgraded, now allowing the treated water to be used for irrigation in a very arid environment.
- At the Schwechat refinery, more than 800,000 m^3/year of water, which is equivalent to more than 5% of average annual water consumption, are being conserved, most of it from a new control concept for the cooling water in a heat exchanger group in the ethylene plant.
- At the Petrobrazi refinery, the tank modernization program continued with the installation of internal floating membranes or double sealing of six product tanks and the commissioning of one new tank, contributing to the reduction of volatile oganic compounds (VOC).
- OMV Petrom completed the surface abandonment of 718 wells and 30 facilities in the E&P division. A total of 184,000 t of contaminated soil were treated in our bioremediation plants, and 14,500 t of metallic scrap were recycled by authorized companies.
- The modernization of the Ghercești tank farm at Asset Oltenia was completed, including the installation of two new tanks with a vapor recovery system. In addition to the optimization of the oil treatment process, environmental impacts were reduced considerably (VOC emissions). The improved water system will save up to 5,000 m^3 water per year.
- Borealis became a member of the UN Global Compact and signed the UN Sustainable Ocean Principles. These commit companies to restoring and maintaining a healthy and productive ocean. Moreover, Borealis has initiated Project STOP, a pioneering program to support cities in developing and emerging countries to establish cost efficient, effective, and more circular waste collection systems. Read more on the Project STOP website.
- We continued to implement biodiversity initiatives, such as our green areas project in arid locations in Tunisia. Starting by planting 512 trees in Waha in 2020, we continued expanding to Nawara with 1,200 trees in 2021. The project includes an irrigation system. The goal is to provide recreation areas to improve the wellbeing of personnel and visitors, and to promote forestation.

Employees

We know that it is the combined 22,400 employees of OMV who turn the Group's strategy into results and success. We are proud of the results we have achieved together. Trust and pride in the organization fuel our employees' energy and determination to tackle challenges and to focus on innovative solutions to make us even stronger.

OMV's People Strategy

In 2021, the COVID-19 situation again required considerable additional focus from our organization's HR function. We continue to build on our strategic priorities to unlock our organization's full potential and to strengthen the foundation for growth and success:

- Increase engagement with employees
- Increase organizational agility
- Increase focus on diversity and inclusion
- Ensure OMV remains a great place to work

Highlights of 2021

Our employees once again showed outstanding flexibility and commitment to the Company in this challenging year marked by COVID-19. During the coronavirus pandemic, many new employment-related measures were implemented to protect the health, well-being, and economic situation of our employees. By closely monitoring the constant legislative output, we succeeded in maintaining full labor law compliance while also offering our staff new options to help with their pandemic-induced personal situations and needs. Employees were offered various new solutions (depending on the local jurisdiction) to combine work duties and care obligations more flexibly. All employees were provided the option to work from home where practically and technically feasible.

We developed virtual collaboration programs and remote leadership capabilities to ensure organizational agility and excellence and to make OMV a great place to work during these challenging times. Our new manager training was delivered completely virtually, and a new program called Remote Leadership supported our executives and managers in managing remote teams of employees either working from home or in a different country. OMV's culture and performance were safeguarded by growing our leaders' virtual and remote collaboration skills. We developed the Working from Home Guide, which is an online guide containing tips and tricks for improving virtual teams through the use of technology. Learning Collections were provided to assist employees with leadership during times of crisis as well as managing stress and virtual work. Information and advice are regularly provided on all employee-relevant questions. Free psychological support was offered to all employees, enabling them to talk to a professional about coping with the pandemic. Based on the wish expressed by our staff to keep working from home as the "new normal," a flexible home office policy was introduced in 2021.

In 2020, we introduced an employee engagement strategy whereby we check in with our employees on how they are doing and how they are dealing with the pandemic situation. With the second OMV quick poll launched at the end of 2021, we wanted to further strengthen the culture of listening in our company and gather feedback on diversity, equal opportunities, and an inclusive environment at OMV. The poll's findings will play an important part in developing our new Group-wide Diversity, Equity, and Inclusion Strategy for 2030.

In 2021, there was a focus on mandatory, legally binding, business-critical, and low-cost learning consisting of e-learning, online learning through our partnership with LinkedIn Learning, and virtual courses/webinars. Leadership training focused on first-time leaders, women in leadership, and managing remote and hybrid teams. Another priority was supporting staff in developing their virtual skills, for example by offering virtual facilitation courses. In terms of business skills, the focus was on sales training and, as before, on graduating new cohorts from our Integrated Graduate Development (IGD) Program.

Number of training participants[1,2]

	2021[3]	2020[4]
Austria	5,632	3,662
Romania/Rest of Europe	13,762	10,914
Middle East/Africa	709	769
Rest of the World	784	699
Total	**20,887**	**16,044**

Money spent on training per region[1]

In EUR

	2021[3]	2020[4]
Austria	2,672,471	1,512,514
Romania/Rest of Europe	5,094,527	2,477,244
Middle East/Africa	342,242	134,197
Rest of the World	243,485	225,262
Total	**8,352,725**	**4,349,217**

[1] Excluding conferences and trainings for external employees
[2] Number of employees who received at least one training
[3] Excluding DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft., SapuraOMV Upstream, DYM Solutions, MTM, Ecoplast and Rosier
[4] Excluding Avanti GmbH, Borealis Group, DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft. Gas Connect Austria GmbH, and SapuraOMV Upstream

In 2021, we launched the New Parent Program in Austria focused on equipping future parents with information on parental leave and part-time models, the related long-term financial aspects, and things to consider when returning to work. The program's target group includes male as well as female employees to encourage more equal distribution of childcare responsibilities.

We are working on new HR strategies and a new HR purpose in line with the Company's new strategy. Over the past year, the HR teams from OMV Petrom, OMV, and Borealis have collaborated increasingly to share best practices and find a common way forward. Great synergies have been unlocked in recruitment, provider sharing (e.g., LinkedIn digital learning), and training programs on the oil, gas, and chemical industries.

Diversity

During 2021, OMV continued to be strongly committed to delivering its Diversity Strategy. Dedicated diversity targets were established in 2018 as part of our Sustainability Strategy 2025. This enabled us to set clear commitments in this area and measure improvement in the two main focus areas defined: Gender Equality and Internationality. Our focus on diversity is also being actively nurtured throughout the organization today, supported by a range of trainings, activities, and awareness campaigns, including a Diversity & Inclusion Week held in March and built around International Women's Day. We also continued our series of online events with external guest speakers on relevant diversity topics such as remote leadership, working across cultures, and the intersection of inclusion and technology.

We designed and implemented targeted training programs, such as SHEnergy, a blended-learning program for women at OMV, to support women's leadership skills. The program focuses on active inclusion skills and also emphasizes the power of mentoring and networking in developing female leaders.

As a result, the percentage of women in the Group is about 27% (2020: 25%). A total of 20.9% (2020: 20.7%; excluding Borealis) of employees in management and executive positions are female.

Employee key figures

At the end of 2021, OMV Group employed 22,434 persons. Compared with 2020, the number of employees decreased by 11.30%.

Employees

		2021[1]	2020
Employees by region			
Austria		5,762	3,938
Rest of Europe		15,074	12,539
Middle East & Africa		634	587
Rest of the World		964	974
Borealis Group		–	7,253
Total number of employees		**22,434**	**25,291**
Diversity			
Female	in %	27	25
Male	in %	73	75
Female Executives	in %	15[2]	15[3]
Number of nationalities		**101**	**101[4]**

[1] Regional split available for OMV Group including Borealis as of January 1, 2021
[2] Executives include OMV Senior Vice Presidents and OMV Petrom and Borealis Group Board members
[3] Excluding Avanti GmbH, Borealis Group, DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft. Gas Connect Austria GmbH, and SapuraOMV Upstream
[4] Excluding Avanti GmbH, DUNATÀR Köolajtermék Tároló és Kereskedelmi Kft. Gas Connect Austria GmbH, and SapuraOMV Upstream

OMV Group Business Year

In 2021, OMV recorded a clean CCS Operating Result of EUR 6.0 bn, representing the highest clean CCS Operating Result in OMV's history. Furthermore, an all-time record cash flow from operating activities excluding net working capital effects of EUR 8.9 bn was achieved, leading OMV to a whole new level of cash generation. As a consequence organic free cash flow before dividends came in at EUR 4.5 bn, stemming from a strong operational performance coupled with a positive market environment.

Business environment

After the exceptional situation in 2020 marked by COVID-19, the world developed along a solid economic recovery path. Nevertheless, the year was shaped by unequal vaccination access and differing vaccination rates, new and more infectious COVID-19 mutations (Delta and Omicron), recurring regional lockdown periods, and strong economic policy support.

Many raw materials and commodities were impacted by global supply and demand disruptions, leading to exceptionally tight markets and significantly elevated prices. After more than seven years, inflation reached new highs and raised concerns about loose monetary policy and interest rates. In 2022, significant uncertainty remains, and the global pandemic will continue to have an adverse effect on the economy. Climate change and global decarbonization policies gained more political momentum, showing the need for a smooth energy transition in the mid to long run.

Global economic output increased by 5.9% in 2021 (–3.1% in 2020), surpassing pre-crisis levels based on a strong economic recovery in Asia. All sectors reliant on contact-intensive interactions (tourism, travel, hospitality, culture, and entertainment) recovered partly but remained adversely affected. Employment in advanced economies was strongly impacted by short- to medium-term containment measures but recovered nearly fully to 2019 levels thanks to strong economic policy support.

Global trade rebounded by more than 9% in 2021 (after –8.2% in 2020). Developments were influenced by substantial distortions along global supply chains with extraordinary implications on industrial production and trade in various sectors.

The varying regional speed of pandemic waves has led to huge disparities in economic performance on different continents. In Europe, the economic recovery path was significantly impacted by containment effects with Eurozone's gross domestic product (GDP) increasing by 5.2% in 2021 (after –6.4% in 2020) but still lagging behind pre-crisis levels. In the emerging and developing Asian countries, this figure grew by 7.2% (after –0.9% in 2020), especially due to rigorous vaccination, quarantine, and contact tracing measures and enabled a return to pre-crisis growth levels.

The economic environment in Central and Eastern European countries kept pace with the EU average, with GDP increasing between 2.7% (Germany) and 7.2% (Croatia), mostly above 2019 levels. The difference in GDP growth rates can also be attributed to the differing regional duration and scale of lockdowns and sector composition in country's GDP. Massive government spending in all countries supported the economic recovery, however this increased national debt to record levels.

Germany's GDP increased by 2.7% in 2021. This was the result of domestic COVID-19 restrictions as well as disruptions in raw material imports impacting the industry sector (especially the automotive industry). In Austria, GDP grew by 4.1% in 2021 amid stronger lockdown restrictions and the affected tourism and service sectors accounting for a larger share of the economy. Romania's economy expanded by 6.8% based on the recovery of the industrial sector and the continued strengthening of the service sector (especially retail, transportation, and information and telecommunications).

Inflation rates have increased rapidly worldwide. Eurozone inflation stood at an average of 2.2% in 2021 and showed monthly peaks in the fourth quarter of 2021, while US inflation rose to levels around 7% at the end of 2021. In most cases, rising inflation reflects pandemic-related supply/demand mismatches and higher commodity prices compared to their low baseline from a year ago.

In 2021, global oil demand recovered by 5.6 mn bbl/d. However, it is still 3% below 2019 levels. As a result of the continental divergence of COVID-19 pandemic waves, the Asian continent has already surpassed pre-crisis level in 2021, in contrast to many other countries, which remain below 2019 levels. European oil demand grew by 0.7 mn bbl/d in 2021.All major oil products saw growth in 2021 as soon as COVID-19 containment restrictions were eased. Road transportation fuels, including gasoline and gasoil/diesel increased by around 3.1 mn bbl/d globally and jet fuel/kerosene recovered slowly by 0.5 mn bbl/d with air travel and mobility restrictions still in effect. It will take at least until 2022 for jet demand to return to 2019 levels when global tourism fully recovers.

Increasing oil output kept pace with the global demand recovery, helped by a clear steer of the OPEC+ alliance. OPEC+ member states agreed to a stepwise normalization of oil production throughout 2021, which was implemented with a high production compliance rate and supported by geopolitical constraints in some countries. Most of OPEC supply growth came from Saudi Arabia and Libya, which rapidly increased production after domestic constraints. US crude oil production was up slightly in 2021, however, a production time lag following an increasing rig count is expected to materialize in 2022 (still limited by shareholder expectations and financial limitations). Whereas Iran and Venezuela remained affected by US sanctions and infrastructure constraints, Iran nevertheless was able to increase its production by a sizeable measure relative to the 2020 average.

The price of Brent crude increased from around USD 55/bbl at the beginning of 2021 to some USD 74/bbl by the end of the year, driven by the global recovery of economic activity, particularly in Asia, and effective OPEC+ supply management. This was also fueled by the positive sentiment around vaccination rollout programs and economic stimulus measures in many countries. New infection waves and mutations of COVID-19 confirmed the uncertainty about the recovery path and led to short-term market volatility. Overall, the average Brent crude price was nearly USD 71/bbl in 2021.

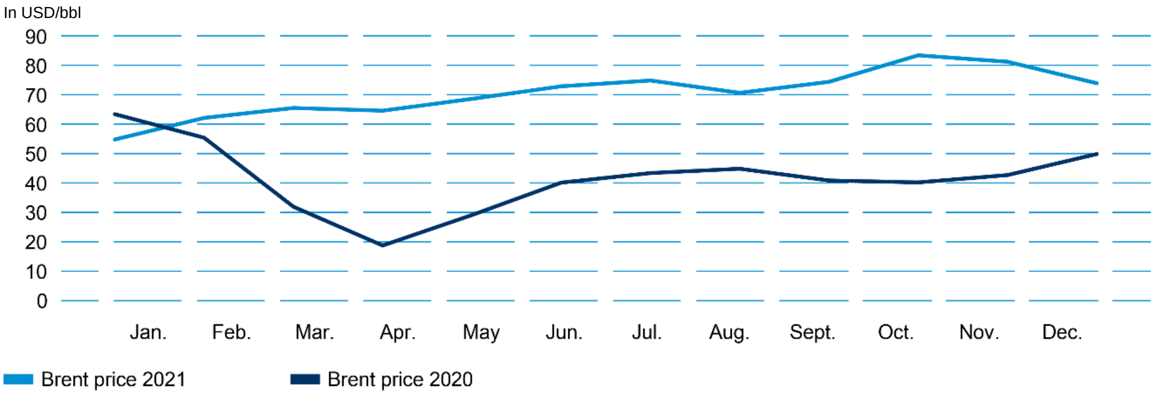
Oil product demand in the Central and Southeast European countries relevant to OMV followed the European recovery trend. Transportation fuel demand grew by around 3.6% for gasoline and diesel and by more than 27% for jet fuel in the relevant markets in 2021. Austria's market volume reached more than 10 mn t (+ 3.2% compared to 2020), with demand for fuels up and demand for heating oil decreasing due to the rebounding price levels and declining stocks. The Romanian oil product market grew faster than the EU average by 7.4% compared to 2020.

Low commodity prices and an unstable financial and liquidity environment continued to trigger reduced oil and gas investments in 2021 (approximately –30% compared to 2019). This trend will most likely have to be compensated for in the coming years to ensure the required oil and gas production for covering future global oil demand.

Global demand for natural gas recovered above pre-crisis levels in 2021. However, the global natural gas supply (mainly LNG exports) continued to rise significantly, stimulated by an investment cycle in recent years. In the first half of 2021, Asian demand exceeded expectations due to a cold winter and a strong economy, and led to tight markets globally. In Europe, gas prices soared to new levels of around EUR 40/MWh during the summer period. The combination of low storage volumes and tight supply conditions to Europe escalated during autumn and led to record natural gas prices of EUR >180/MWh before year-end. Moreover, Nord Stream 2, a new supply corridor to Europe, has not been put into operation. Overall, the average CEGH gas price was roughly EUR 46/MWh 2021.

In Austria, natural gas demand grew by 7.3% in 2021, while natural gas imports and domestic production dropped by –8.5% and –11.5%, respectively. This was compensated for by higher storage withdrawal rates (+50%), in particular due to a temporary cold spell in late spring.

Crude price (Brent) – monthly average



Financial review of the year

Key financials

In EUR mn (unless otherwise stated)

		2021	2020	Δ
Sales revenues[1]	in EUR mn	35,555	16,550	115%
Clean CCS Operating Result[2]	in EUR mn	**5,961**	**1,686**	**n.m.**
Clean Operating Result Exploration & Production[2]	in EUR mn	2,837	145	n.m.
Clean CCS Operating Result Refining & Marketing[2]	in EUR mn	1,001	996	1%
Clean CCS Operating Result Chemicals & Materials[2]	in EUR mn	2,224	519	n.m.
Clean Operating Result Corporate & Other[2]	in EUR mn	(62)	(47)	(31)%
Consolidation: elimination of inter-segmental profits	in EUR mn	(39)	74	n.m.
Clean CCS Group tax rate	in %	36	32	4
Clean CCS net income[2]	in EUR mn	3,710	1,026	n.m.
Clean CCS net income attributable to stockholders of the parent[2,3]	in EUR mn	**2,866**	**679**	**n.m.**
Clean CCS EPS[2]	in EUR	8.77	2.08	n.m.
Special items[4]	in EUR mn	**(1,315)**	**(220)**	**n.m.**
thereof Exploration & Production	in EUR mn	(398)	(1,282)	69%
thereof Refining & Marketing	in EUR mn	(509)	22	n.m.
thereof Chemicals & Materials	in EUR mn	(396)	1,049	n.m.
thereof Corporate & Other	in EUR mn	(12)	(9)	n.m.
CCS effects: inventory holding gains/(losses)	in EUR mn	418	(416)	n.m.
Operating Result Group	in EUR mn	**5,065**	**1,050**	**n.m.**
Operating Result Exploration & Production	in EUR mn	2,439	(1,137)	n.m.
Operating Result Refining & Marketing	in EUR mn	922	592	56%
Operating Result Chemicals & Materials	in EUR mn	1,828	1,568	17%
Operating Result Corporate & Other	in EUR mn	(74)	(56)	(33)%
Consolidation: elimination of inter-segmental profits	in EUR mn	(51)	83	n.m.
Net financial result	in EUR mn	(194)	(175)	(11)%
Group tax rate	in %	42	(69)	111%
Net income	in EUR mn	2,804	1,478	90%
Net income attributable to stockholders[3]	in EUR mn	**2,093**	**1,258**	**66%**
Earnings Per Share (EPS)	in EUR	6.40	3.85	66%
Cash flow from operating activities	in EUR mn	7,017	3,137	124%
Free cash flow before dividends	in EUR mn	5,196	(2,811)	n.m.
Free cash flow after dividends	in EUR mn	4,199	(3,690)	n.m.
Organic free cash flow before dividends[5]	in EUR mn	4,536	1,273	n.m.
Organic free cash flow after dividends	in EUR mn	3,539	394	n.m.
Gearing ratio excluding leases	in %	22	41	(19)
Leverage ratio	in %	21	32	(11)
Capital expenditure[6]	in EUR mn	2,691	6,048	(56)%
Organic capital expenditure[7]	in EUR mn	2,650	1,884	41%
Clean CCS ROACE	in %	13	5	8
ROACE	in %	**10**	**8**	**2**

[1] Sales revenues excluding petroleum excise tax

[2] Adjusted for special items and CCS effects; further information can be found in Note 4 – Segment Reporting – of the Consolidated Financial Statements

[3] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

[4] The disclosure of special items is considered appropriate in order to facilitate the analysis of the ordinary business performance. To reflect comparable figures, certain items affecting the result are added back or deducted. Special items from equity-accounted companies and temporary hedging effects for material transactions are included.

[5] Organic free cash flow before dividends is cash flow from operating activities less cash flow from investing activities excluding disposals and material inorganic cash flow components (e.g., acquisitions)

[6] Capital expenditure including acquisitions

[7] Organic capital expenditure is defined as capital expenditure including capitalized exploration and appraisal expenditure and excluding acquisitions and contingent considerations.

Notes to key financials

Clean CCS Operating Result

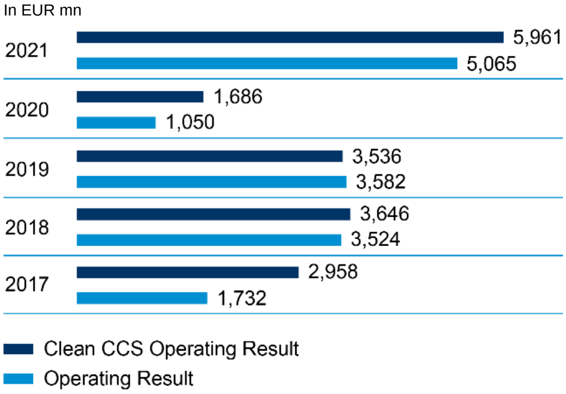
Special items and CCS effects

In EUR mn

	2021	2020	Δ
Clean CCS Operating Result[1]	**5,961**	**1,686**	**n.m.**
Special items	**(1,315)**	**(220)**	**n.m.**
thereof: personnel restructuring	(30)	(39)	22%
thereof: unscheduled depreciation / write-ups	(1,297)	(1,084)	(20)%
thereof: asset disposal	223	19	n.m.
thereof: other	(210)	885	n.m.
CCS effects: inventory holding gains/(losses)	**418**	**(416)**	**n.m.**
Operating Result Group	**5,065**	**1,050**	**n.m.**

[1] Adjusted for special items and CCS effects

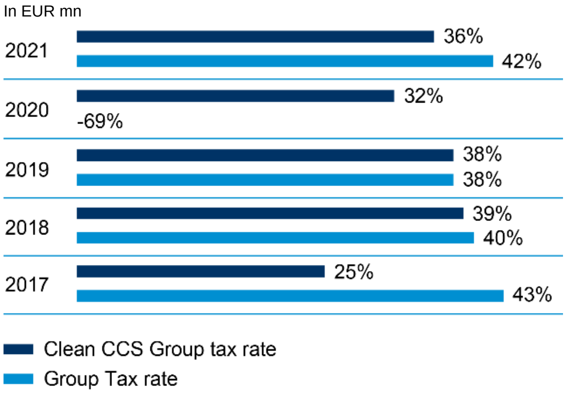
Clean CCS Operating Result



Operating Result adjusted for special items and CCS effects, details of which are depicted in the table on the left.

2021 performance:
With almost EUR 6 bn OMV achieved an all-time record clean CCS Operating Result in 2021. All three business segments contributed significantly based on a strong operational performance, a favorable market environment as well as a result of the full consolidation of Borealis.

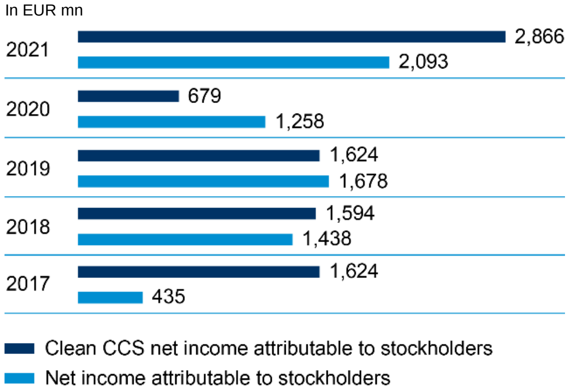
Clean CCS Group tax rate



Group tax rate adjusted for special items and CCS effects. It represents the average rate at which the Group's profit before tax is taxed.

2021 performance:
Coming in at 36% the clean CCS Group tax rate increased by 4 percentage points compared to 32% in the previous year, stemming from an increased contribution from Exploration & Production, in particular from countries with a high tax regime.

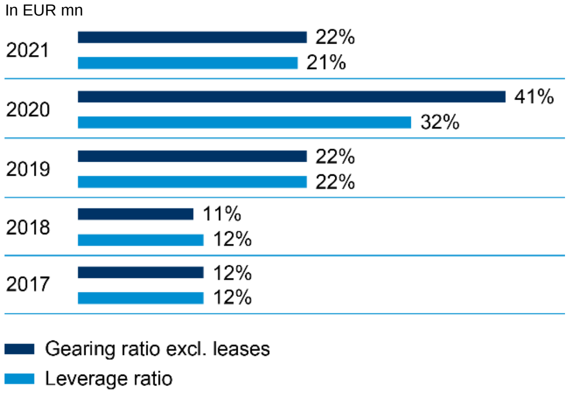
Clean CCS net income attributable to stockholders



Net income attributable to stockholders, adjusted for the after-tax effect of special items and CCS.

2021 performance:
The clean CCS net income attributable to stockholders in the amount of EUR 2.9 bn increased significantly compared to EUR 679 mn in 2020 following the strong Operating Result.

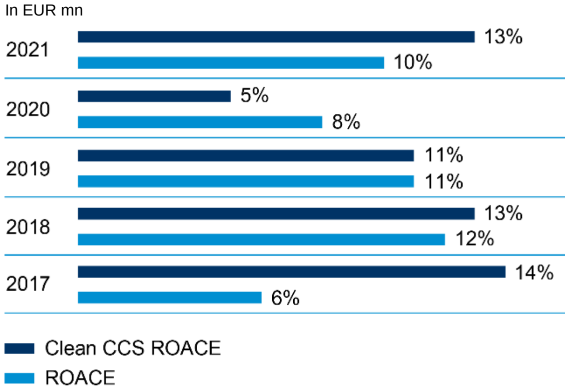
Gearing ratio excl. leases & leverage ratio



Net debt (interest-bearing debts including bonds less liquid funds) excluding leases divided by equity, expressed as a percentage. The leverage ratio is calculated by dividing net debt incl. leases through equity plus net debt incl. leases.

2021 performance:
OMV's strong financial performance as well as the successful divestment program have led to a continuous deleveraging throughout the year, resulting in a gearing ratio excluding leases of 22%, thus even surpassing the target level of 30%.

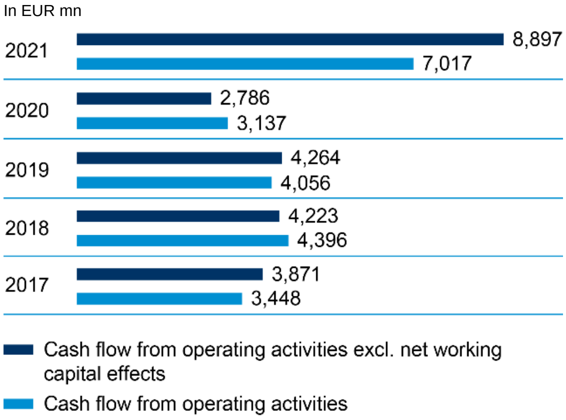
Clean CCS ROACE



The clean CCS Return on Average Capital Employed (%) is calculated as Net Operating Profit After Tax (NOPAT - as a sum of current and last three quarters) adjusted for the after-tax effect of special items and CCS, divided by average capital employed (equity including non-controlling interests plus net debt).

2021 performance:
Driven by an outstanding operational performance OMV was able to deliver a record clean CCS NOPAT of EUR 3.8 bn, thus further increasing the clean CCS ROACE up to 13% in 2021 despite higher average capital employed.

Cash flow from operating activities excl. net working capital effects

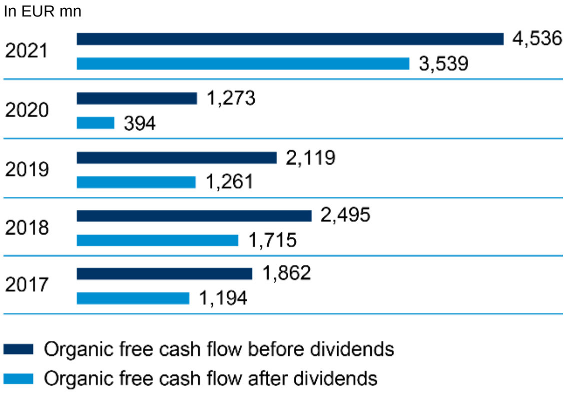


Amount of cash OMV Group generates through its ordinary business activities which excludes effects from net working capital positions

2021 performance:

The all-time record operating cash flow excl. net working capital effects came in at EUR 8.9 bn well above the EUR 2.8 bn from 2020, mainly due to a strong operational performance, a favorable market environment as well as higher dividend contributions from equity-accounted investments and the contribution from the fully consolidated Borealis.

Organic free cash flow

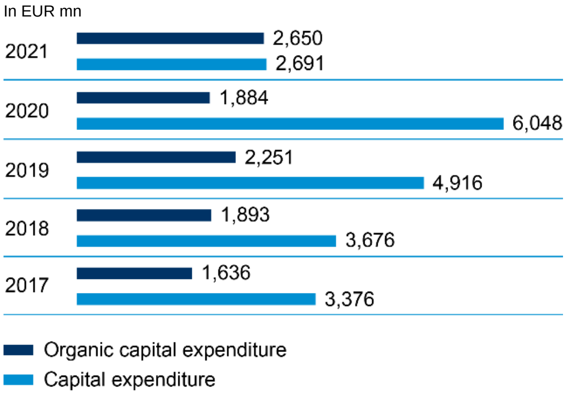


Amount by which operating cash flow exceeds its working capital needs and capital expenditures. The organic free cash flow after dividends is cash flow from operating activities less cash flow from investing activities excluding disposals and material inorganic cash flow components (e.g. acquisitions).

2021 performance:

A record organic free cash flow before dividends of EUR 4.5 bn was recorded in 2021, thus being considerably above prior years level. This was mainly due to the outstanding cash flow from operating activities in 2021.

Organic capital expenditure



The amount is defined as capital expenditure including capitalized exploration and appraisal expenditure, excluding equity injections into at-equity and fully consolidated companies, acquisitions and contingent considerations.

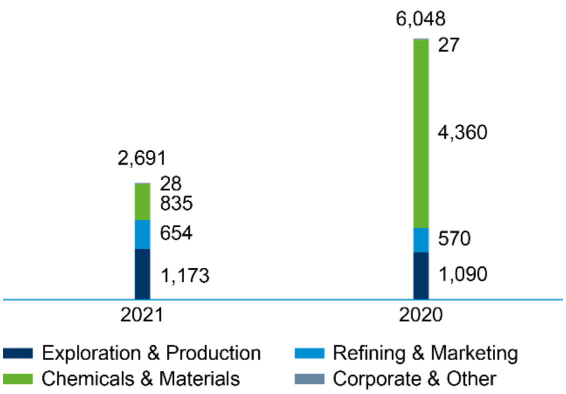
2021 performance:

Organic capital expenditure increased by 41% to EUR 2.6 bn compared to EUR 1.9 bn in 2020, mainly due to the full consolidation of Borealis.

Capital Expenditure (CAPEX)

Total CAPEX

In EUR mn



The increase in **Exploration & Production** CAPEX was mainly related to investments in Norway, New Zealand and Malaysia.
The increase in **Refining & Marketing** CAPEX was driven by investments in the European refineries and retail stations.

Chemicals & Materials CAPEX decreased as capital expenditure in 2020 was mainly related to the acquisition of an additional 39% stake in Borealis, yet, besides the effect from the Borealis acquisition, Chemicals & Materials CAPEX have been higher, mainly driven by the investments into the PDH plant in Kallo.

The **reconciliation** of total capital expenditure to the **investments as shown in the cash flow statement** is depicted in the following table:

Capital expenditure[1]

In EUR mn

	2021	2020	Δ
Total capital expenditure	**2,691**	**6,048**	**(56)%**
+/– Changes in the consolidated Group and other adjustments	(33)	(3,954)	99%
– Investments in financial assets	(33)	(156)	79%
Additions according to statement of non-current assets (intangible and tangible assets)	**2,624**	**1,938**	**35%**
+/– Non-cash changes	(127)	21	n.m.
Cash outflow from investments in intangible assets and property, plant and equipment	**2,497**	**1,960**	**27%**
+ Cash outflow from investments, loans and other financial assets	382	194	97%
+ Acquisitions of subsidiaries and businesses net of cash acquired	—	3,880	n.m.
Investments as shown in the cash flow statement	**2,879**	**6,034**	**(52)%**

[1] Includes expenditures for acquisitions as well as equity-accounted investments and other interests; adjusted for capitalized decommissioning costs, exploration wells that have not found proved reserves, borrowing costs and other additions that by definition are not considered capital expenditure

Notes to the cash flow statement

Summarized cash flow statement

In EUR mn

	2021	2020	Δ
Cash flow from operating activities excluding net working capital effects	8,897	2,786	n.m.
Cash flow from operating activities	7,017	3,137	124%
Cash flow from investing activities	(1,820)	(5,948)	(69)%
Free cash flow	5,196	(2,811)	n.m.
Cash flow from financing activities	(2,977)	2,808	n.m.
Effect of exchange rate changes on cash and cash equivalents	(25)	(66)	n.m.
Net (decrease)/increase in cash and cash equivalents	2,195	(69)	n.m.
Cash and cash equivalents at beginning of period	2,869	2,938	(2)%
Cash and cash equivalents at end of period	**5,064**	**2,869**	**77%**
thereof cash disclosed within assets held for sale	14	15	(7)%
Cash and cash equivalents presented in the consolidated statement of financial position	**5,050**	**2,854**	**77%**
Free cash flow after dividends	**4,199**	**(3,690)**	**n.m.**

Cash flow from operating activities amounted to EUR 7,017 mn, up by EUR 3,880 mn compared to EUR 3,137 mn in 2020. This was primarily attributable to an improved market environment and the contribution of Borealis, partly offset by negative effects from net working capital components.

Cash flow from investing activities showed an outflow of EUR (1,820) mn in 2021, compared to EUR (5,948) mn in 2020 as 2020 included a cash outflow of EUR (3,870) mn related to the acquisition of an additional 39% stake in Borealis AG. Cash flow from investing activities in 2021 comprised cash inflows of EUR 443 mn related to the divestment of Gas Connect Austria, EUR 290 mn related to the sale of the stake in the Norwegian oil field Wisting as well as EUR 94 mn related to the sale of the shares in Kom Munai LLP and Tasbulat Oil Corporation LLP (Kazakhstan).

Cash flow from financing activities showed an outflow of EUR (2,977) mn compared to an inflow of EUR 2,808 mn in 2020. The deviation was mainly related to repayments of bonds in 2021 (EUR 1.55 bn), while 2020 contained the issuance of bonds of EUR 3.25 bn and hybrid bonds of EUR 1.25 bn.

Notes to the income statement

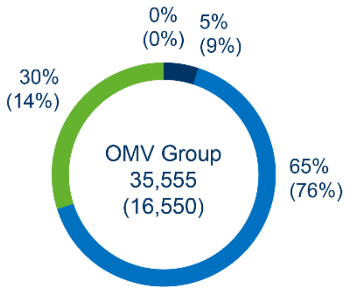
Summarized income statement

In EUR mn

	2021	2020	Δ
Sales revenues	35,555	16,550	115%
Other operating income and net income from equity-accounted investments	1,533	1,915	(20)%
Total revenues and other income	**37,087**	**18,465**	**101%**
Purchases (net of inventory variation)	(20,257)	(9,598)	111%
Production and operating expenses incl. production and similar taxes	(4,302)	(2,218)	94%
Depreciation, amortization, impairments and write-ups	(3,750)	(2,418)	55%
Selling, distribution and administrative expenses	(2,746)	(1,896)	45%
Exploration expenses	(280)	(896)	(69)%
Other operating expenses	(688)	(389)	77%
Operating Result	**5,065**	**1,050**	**n.m.**
Net financial result	**(194)**	**(175)**	**11%**
Profit before tax	**4,870**	**875**	**n.m.**
Taxes on income and profit	(2,066)	603	n.m.
Net income for the year	**2,804**	**1,478**	**90%**
thereof attributable to hybrid capital owners	94	84	12%
thereof attributable to non-controlling interests	617	136	n.m.
Net income attributable to stockholders of the parent	**2,093**	**1,258**	**66%**
Effective tax rate (%)	42	(69)	111

Sales to third parties 2021 (2020)

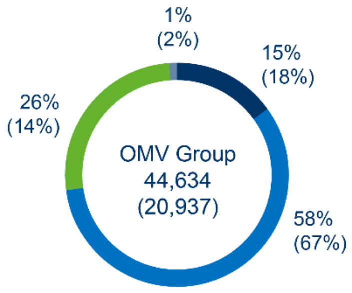
In EUR mn if not otherwise stated (prior year)



Exploration & Production	1,884	(1,527)
Refining & Marketing	23,148	(12,651)
Chemicals & Materials	10,509	(2,368)
Corporate & Other	14	(4)

Total not consolidated sales 2021 (2020)

In EUR mn if not otherwise stated (prior year)



Exploration & Production	6,712	(3,705)
Refining & Marketing	25,928	(13,996)
Chemicals & Materials	11,618	(2,884)
Corporate & Other	376	(352)

Sales revenues increased mainly due to additional revenues stemming from the full consolidation of Borealis as well as higher gas sales volumes and substantially higher market prices, especially gas prices. The sales split by geographical areas can be found in the Notes to the Consolidated Financial Statements (Note 4 – Segment Reporting).

Other operating income decreased from EUR 1,877 mn in 2020 to EUR 933 mn in 2021. 2020 was mainly impacted by EUR 1,284 mn gains from revaluation and recycling effects related to the previously held at-equity share of 36% in Borealis. This effect was partly offset in 2021 with EUR 261 mn gains from the sale of the stake in the Norwegian oil field Wisting.

Net income from equity-accounted investments increased from EUR 38 mn in 2020 to EUR 600 mn in 2021 mainly due to the positive contribution of Abu Dhabi Polymers Company Limited (Borouge) and Borouge Pte. Ltd. Both investments are held by Borealis and therefore the deviation is mainly impacted by the full consolidation of Borealis since October 29, 2020.

Depreciation, amortization, impairments and write-ups increased mainly due to the full consolidation of Borealis leading to higher depreciation charges, the impairment losses recognized for the nitrogen business unit of Borealis and the impairment of the at-equity accounted investment ADNOC Refining. Details can be found in the Notes to the Consolidated Financial Statements (Note 7– Depreciation, amortization, impairments and write-ups).

The decrease of exploration expenses was mainly related to the impairments booked in 2020 as OMV updated its mid-term plan and revised its long-term planning assumptions in 2020.

Net financial result decreased chiefly due the lower net interest result which was partly offset by an improved foreign exchange result. For further details refer to the Notes to the Consolidated Financial Statements (Note 11 – Net financial result).

The **effective tax rate** increased from (69%) in 2020 to 42% in 2021. The 2020 effective tax rate was significantly affected by income from tax synergies from the acquisition of additional shares in Borealis that led to write-up of deferred tax assets in the Austrian tax group (among other effects). For further details on the Group's effective tax rate, please refer to Note 12 – Taxes on income and profit – of the Consolidated Financial Statements.

Notes to the statement of financial position

Summarized statement of financial position (condensed)

In EUR mn

	2021	2020	Δ
Assets			
Non-current assets	33,724	35,695	(6)%
Current assets	18,595	12,112	54%
Assets held for sale	1,479	1,464	1%
Equity and liabilities			
Equity	21,996	19,899	11%
Non-current liabilities	17,216	18,020	(4)%
Current liabilities	13,677	10,616	29%
Liabilities associated with assets held for sale	909	736	24%
Total assets/equity and liabilities	**53,798**	**49,271**	**9%**

Non-current assets:

Intangible assets and property, plant and equipment decreased by EUR 916 mn compared to 2020 impacted by held for sale classifications, especially of the nitrogen business unit of Borealis.

Equity-accounted investments decreased by EUR 1,434 mn to EUR 6,887 mn driven by EUR 1,876 mn dividend distributions from Abu Dhabi Polymers Company Limited (Borouge) as well as by EUR 669 mn impairment of the investment in ADNOC Refining, partly offset by positive result contributions especially from Abu Dhabi Polymers Company Limited (Borouge) as well as positive FX impacts.

Assets held for sale and liabilities associated with assets held for sale increased mainly due to the reclassification of the nitrogen business unit of Borealis and the retail network in Slovenia to held for sale. This effect was partly offset by the sale of the Gas Connect Group. For further details please refer to Note 20 – Assets and liabilities held for sale – of the Consolidated Financial Statements.

Equity (including non-controlling interest) rose by 11% in comparison to 2020.

Non-current liabilities were impacted mainly by repayment of EUR 800 mn bonds. For further details please refer to Note 24 – Liabilities – of the Consolidated Financial Statements.

Exploration & Production

In the Exploration & Production business segment, OMV delivered excellent performance while reshaping its portfolio in line with the focus on increasing the share of natural gas in production. Despite COVID-19-related restrictions, production reached 486 kboe/d, the production cost stood at USD 6.7/boe, and the clean Operating Result increased substantially.

At a glance

		2021	2020	Δ
Clean Operating Result	in EUR mn	2,837	145	n.m.
Special items	in EUR mn	(398)	(1,282)	69%
Operating Result	in EUR mn	2,439	(1,137)	n.m.
Capital expenditure[1]	in EUR mn	1,173	1,090	8%
Exploration expenditure	in EUR mn	210	227	(8)%
Exploration expenses	in EUR mn	281	896	(69)%
Production cost	in USD/boe	6.67	6.58	1%
Total hydrocarbon production	in kboe/d	486	463	5%
Total hydrocarbon sales volumes	in kboe/d	462	439	5%
Proved reserves as of December 31	in mn boe	1,295	1,337	(3)%
Average Brent price	in USD/bbl	70.91	41.84	69%
Average realized crude oil price[2]	in USD/bbl	65.60	37.97	73%
Average realized natural gas price[2,3]	in EUR/MWh	16.49	8.94	84%

[1] Capital expenditure including acquisitions.
[2] Average realized prices include hedging effects.
[3] The average realized gas price is converted to MWh using a standardized calorific value across the portfolio of 10.8 MWh for 1,000 cubic meters of natural gas.

Financial performance

The **clean Operating Result** rose sharply from EUR 145 mn to EUR 2,837 mn in 2021. Exceptionally strong market effects of EUR 2,282 mn as a consequence of substantially better oil and gas prices were reinforced by very positive operational effects of EUR 507 mn. They could be achieved thanks to the return to full operations in Libya, revised OPEC quota restrictions in the United Arab Emirates, and the commissioning of a new natural gas field in Tunisia. Sales volumes followed the production development. Depreciation increased by EUR 97 mn in line with production increases.

Net **special items** amounted to EUR (398) mn in 2021 (2020: EUR (1,282) mn), which were mainly related to temporary hedging effects. While net special items in 2020 were mainly related to the impairments triggered by OMV's revision of its long-term Brent crude oil price planning assumptions, the 2021 amount was impacted by the EUR (383) mn value adjustment of receivables connected to certain E&P assets. The **Operating Result** reached EUR 2,439 mn (2020: EUR (1,137) mn).

Production cost excluding royalties was flat at USD 6.7/boe in 2021 (2020: USD 6.6/boe).

The **total hydrocarbon production volume** increased by 23 kboe/d to 486 kboe/d. Libyan production was at full capacity during almost the entire period, while it had been severely affected by a force majeure situation for most of the previous year. Output in the United Arab Emirates grew on the back of revised OPEC quota restrictions and in Tunisia after the commissioning of a new natural gas field. Natural decline in Romania and Austria, the full divestment of operations in Kazakhstan in May 2021, and lower natural gas extraction in New Zealand stifled production growth to some extent. **Total hydrocarbon sales volumes** rose to 462 kboe/d (2020: 439 kboe/d), following the production development.

In 2021, the **average Brent price** reached USD 70.9/bbl, a substantial growth of 69%. The Group's average realized crude price improved by 73%. The **average realized gas price** in EUR/MWh advanced by 84%.

Capital expenditure including capitalized E&A was raised to EUR 1,173 mn in 2021 (2020: EUR 1,090 mn), rebounding from the previous austerity-induced level. Organic capital expenditure was primarily directed at projects in Romania, Norway, and New Zealand. **Exploration expenditure** was EUR 210 mn in 2021, a reduction of 8% compared with 2020. It was mainly related to activities in Norway, Romania, and at SapuraOMV.

Production

	2021				2020			
	Oil and NGL	**Natural gas[1]**		**Total**	Oil and NGL	Natural gas[1]		Total
	in mn bbl	in bcf	in mn boe	in mn boe	in mn bbl	in bcf	in mn boe	in mn boe
Romania[2]	22.4	129.9	24.0	46.4	23.4	146.5	27.1	50.5
Austria	3.6	20.6	3.4	7.0	3.8	24.9	4.2	8.0
Kazakhstan[2]	0.7	0.7	0.1	0.8	2.1	2.0	0.3	2.5
Norway	15.3	102.3	17.0	32.3	15.1	97.5	16.2	31.3
Libya	12.0	–	–	12.0	2.4	–	–	2.4
Tunisia	0.9	17.3	2.9	3.8	0.6	7.0	1.2	1.7
Yemen	1.1	–	–	1.1	1.3	–	–	1.3
Kurdistan Region of Iraq	1.0	15.6	2.6	3.6	1.0	14.6	2.4	3.4
United Arab Emirates	10.8	–	–	10.8	8.4	–	–	8.4
New Zealand	3.5	51.8	8.6	12.1	3.8	57.7	9.6	13.4
Malaysia[2]	1.7	64.5	10.8	12.4	2.7	53.3	8.9	11.6
Russia	–	210.6	35.1	35.1	–	208.4	34.7	34.7
Total	**72.9**	**613.2**	**104.6**	**177.5**	**64.7**	**612.0**	**104.7**	**169.4**

[1] To convert natural gas from cf to boe, the following conversion factor was applied in all countries: 1 boe = 6,000 cf. In Romania, the following factor was used: 1 boe = 5,400 cf.

[2] The figures above include 100% of all fully consolidated companies.

Portfolio developments

In 2021, the COVID-19 pandemic continued to affect the global economy and energy demand. Although the pandemic continued to pose operational challenges in all production assets, OMV made significant progress with implementing its E&P strategy. It aims to increase the share of natural gas over that of crude oil and reduce carbon intensity across the portfolio. SapuraOMV completed the sale of all mature oil assets in Peninsular Malaysia in August, and in December, OMV divested its 25% share in the Wisting oil discovery in Norway. Further portfolio optimization milestones were the divestment of all E&P assets in Kazakhstan in May and of 40 marginal fields in Romania in December. In New Zealand, OMV continues to work toward completing the sale of its 69% stake in the Maari oil field.

Central and Eastern Europe

OMV Petrom continued its portfolio optimization efforts in 2021 with the sale of 40 onshore oil and gas fields in Southeastern Romania. OMV Petrom also sold all of its holdings in E&P assets in Kazakhstan.

Negotiations for a production-sharing contract for Block II off the shore of the Republic of Georgia were successfully concluded. A seismic campaign is in preparation there for 2022.

In Romania, we drilled 36 new wells and sidetracks (2020: 63), and 695 workover jobs were performed. The first total shutdown of the Petromar asset was successfully and safely finalized in October. In September and October, modernization and upgrades as well as necessary maintenance work were performed at the offshore platforms and the Midia terminal.

In Austria, phase 1 of the country's largest ground-mounted photovoltaic plant commenced operations in January. It generated 12.1 GWh of carbon-neutral electricity for in-house use from January to December. The second and final construction phase started in Q4/21. This phase will raise generation capacity to a total of 15.32MWp and is expected to go online in Q3/22. Once fully operational, the plant will generate around 14.25 GWh of electricity. A three-week turnaround at the Aderklaa sour gas plant was finalized in May. Thanks to a new inspection method, the turnaround interval was extended to six years.

Phase 1 of the Smart Oil Recovery (SOR) drilling workover campaign was finalized. Eight new wells started production at the end of January 2022.

Middle East and Africa

In 2021, the Middle East and Africa region delivered strong results. Operations were safe and remained undisrupted, and all key projects continued as planned, despite the impact of COVID-19 and the tense geopolitical situations in Libya, Tunisia, and Yemen.

In Libya, production remained stable for almost the entire year. In mid-January 2022, we were able to lift the force majeure that had to be declared on crude oil exports from two Libyan ports following a political dispute in December 2021.

In the United Arab Emirates, drilling continued at the SARB and Umm Lulu fields. This allowed the production ramp-up to continue despite OPEC quota restrictions.

While Yemen's security situation continuously poses significant challenges, OMV was able to complete the workover campaign in Block S2 and commission two power generation units for the central processing facility in Q4/21.

In Tunisia, the production rate at the Nawara natural gas field was stabilized in 2021, owing to the building of operational capabilities and the implementation of digital technologies.

North Sea

In line with the strategy of reducing the product portfolio's carbon intensity, OMV sold its entire 25% stake in the Wisting oil discovery. The economic effective date of the transaction is January 1, 2021.

The Hywind Tampen project is on track to deliver initial power to Gullfaks in 2022. Upon completion, it will be the world's first wind farm to power offshore platforms and reduce CO_2 emissions by 200,000 t per year.

The concept selection for the Iris/Hades development was confirmed in November 2021.

A number of developments were completed in 2021 that will extend plateau production for the Gudrun and the Edvard Grieg fields. These include two tie-ins to the Gudrun field, a new extended well test at the Rolvsnes field, a tie-back to the Solveig field, and three new infill wells to the Edvard Grieg platform that were put into production.

Russia

In October 2021, the Yuzhno-Russkoye field reached the important milestone of full Turonian reservoir development with the commissioning of the last of a total of 88 wells. Together with the 12 wells in the first start-up complex commissioned in 2019, 100 wells are now in operation and produce the hard-to-recover natural gas of the field's Turonian reservoir.

A further step to maintain the production level of the field was the successful launch of a new booster compressor station.

Asia-Pacific

In line with its strategy, SapuraOMV sold all of its interests in various mature oil-producing assets located offshore Peninsular Malaysia. The effective date of the transaction is January 1, 2021.

The Jerun natural gas project is progressing according to plan. Detailed engineering is well on track, and the first deliveries of structural steel have arrived at the fabrication yard.

In New Zealand, OMV continued the redevelopment and optimization of the Māui and Pohokura natural gas assets.

The Pohokura onshore well intervention was successfully completed. The Māui natural gas field re-development in New Zealand is on track, with the Māui A Crestal Infill completed and the Māui B IRF Phase 3 progressing well.

OMV's divestment of its 69% share in the Maari oil field is expected to close in 2022.

Key projects

Neptun (Romania, OMV 50%)

In 2021, Romanian state-controlled natural gas company Romgaz made a binding offer to acquire ExxonMobil's 50% stake in the Neptun Deep license offshore Romania. OMV Petrom will become operator of the project once Romgaz completes the takeover, expected for 2022. Preparations for the ownership take over are underway. OMV Petrom maintains a keen interest in seeing the Black Sea resources developed. However, the final investment decision depends on a range of factors including a stable and competitive fiscal framework. Changes to the Romanian offshore law are expected to be effected during 2022.

Other major projects (Romania, OMV 100%)

At the Petromar asset, a new offshore well was put into production in March and set a record for the longest section drilled offshore by OMV Petrom measuring 2,902 m.

A number of installations were added to Petromar as part of a rejuvenation program, including new cranes, a new helideck, and new gas-to-power installations.

The Enhanced Oil Recovery (EOR) pilot project that was initiated at the Moldova asset was extended and the initial results, water cut decrease in certain production wells, were observed. Encouraged by the results of this pilot, a full field application in another field in the Muntenia Vest asset has been launched. These projects aim to increase recovery from these mature assets by injecting a viscous water mixture into the reservoir.

Nawara (Tunisia, OMV 50%)

We were able to stabilize production at the Nawara natural gas field in 2021. The building of operational capabilities and the implementation of digital technologies were the key success factors. A new gas discovery that had been made late in 2019 was connected to Nawara's Central Processing Facility (CPF).

Umm Lulu and SARB (United Arab Emirates, OMV 20%)

Uninterrupted operations were maintained at the Umm Lulu and Satah Al Razboot (SARB) fields. Drilling activities also continued in both fields. This allowed production to continue to ramp up despite the OPEC quota restrictions.

Ghasha concession (United Arab Emirates, OMV 5%)

The Ghasha concession is being developed as three projects in parallel, namely Hail & Ghasha, the Dalma project (containing several fields in the Dalma area), and the Deep Gas Development (also containing several fields). Dalma is expected to deliver first gas in 2025, with the field eventually producing around 54 kboe/d of natural gas. The award of the Engineering Procurement and Construction (EPC) contracts in November was a major milestone for the Ghasha concession. The construction of ten artificial islands is progressing as planned.

Khor Mor (KRI, OMV 10%)

The Khor Mor field achieved steady production exceeding expectations. The capacity expansion project is progressing as per plan with early civil engineering works completed. The project is on track for first gas in 2023.

Gullfaks (Norway, OMV 19%)

In 2021, the Equinor-operated Gullfaks field delivered strong production volumes, mainly due to reduced natural gas injection. Phase 1 of the Hywind Tampen construction (consisting of 11 floating wind turbines) was finalized in Q2/21. The generation output of 5 out of the 11 turbines will be used to reduce natural gas-fired power generation at Gullfaks. The project is on track to deliver first power in 2022. Once the construction of the substructures is complete in spring 2022, the windmills will be assembled and towed to the field.

Gudrun (Norway, OMV 24%)

Phase 2 of the Gudrun field redevelopment is delayed due to COVID-19-induced personnel restrictions offshore. First water injection from the new wells is scheduled to start in mid-2022.

Edvard Grieg (Norway, OMV 20%)

The Edvard Grieg field produced above expectations in 2021 due to higher export capacity availability. Three infill wells were completed during the year to support production capacity.

In Q3/21, production from the nearby Solveig field commenced. The Solveig field is developed with seabed installations tied to the Edvard Grieg platform for further processing. In addition, the extended well test from the Rolvsnes field commenced in early August. These two near-field tiebacks to Edvard Grieg will extend its plateau production phase. Edvard Grieg is the first field in the world to be awarded the CarbonClear certification, Intertek's new independent upstream carbon intensity certification for oil and gas producers.

Hades/Iris (Norway, OMV 30%)

Hades/Iris is the first OMV-operated development project in Norway. The concept selection was approved by all license partners in November and will allow the project to progress toward front-end engineering and design (FEED) studies. OMV is planning to make the final investment decision (FID) in late 2022 and submit the plan for development and operations (PDO) to the authorities by year-end 2022 to take part in temporary Norwegian tax incentives. Production start-up is expected in 2026.

SK408 (Malaysia, OMV 40%)
In Malaysia, the phase 1 development of the SK408 license (the Gorek, Larak, and Bakong fields) continued to produce at a high level.

Phase 2 of the license, the Jerun project, received the JV's final investment decision in March 2021. The main engineering, procurement, construction installation, and commissioning (EPCIC) contract could thus be awarded shortly after. Construction started in September, and the main construction milestones for 2021 were met.

Māui A Crestal Infill (New Zealand, OMV 100%)
The Māui A Crestal Infill (MACI) project is part of a NZD 500 mn investment in the Māui and Pohokura fields and is critical for ensuring the security of New Zealand's domestic energy supply. All six wells were completed as planned.

Māui B IRF Phase 3 (New Zealand, OMV 100%)
The project scope of the Māui B IRF Phase 3 infill drilling comprises drilling, completion, tie-in and commissioning of five sidetrack wells on the Māui B platform. The commissioned rig arrived in New Zealand and is expected to commence the drilling campaign in Q1/22.

Exploration and appraisal highlights

In 2021, OMV drilled eight exploration and appraisal wells in six different countries, six of which were completed and four were classified as discoveries.

OMV Petrom drilled one exploration well in Romania resulting with an oil discovery, evaluation is ongoing.

OMV finalized three exploration wells in Norway in 2021. While Eidsvoll in the southern North Sea proved dry, Solveig Seg D and Ommadawn were oil discoveries. The commercial options for these discoveries are under evaluation, and results are expected in 2022.

In New Zealand, OMV drilled the MA-14B (Māui East) exploration well and discovered natural gas.

The SapuraOMV-operated Eagle-1 drilling in Australia was completed in June 2021. The well did not discover any producible hydrocarbons.

The drilling of one well in Tunisia and one in the United Arab Emirates was still ongoing at year-end. These are expected to be finalized in 2022.

A 3D seismic survey was started in Romania in Q4/21 and completed in Q1/22. As a result of the Schönkirchen 3D seismic survey, a drilling opportunity was identified in Austria and will be developed further in 2022.

Exploration and appraisal expenditure decreased to EUR 210 mn in 2021 (2020: EUR 227 mn). New exploration license applications were submitted in Norway and Malaysia, focused on infrastructure-led natural gas opportunities. License award announcements are expected in Q1/22.

Reserves development

Proved reserves (1P) as of December 31, 2021, decreased to 1,295 mn boe (thereof OMV Petrom: 419 mn boe), with a one-year Reserve Replacement Rate (RRR) of 77% in 2021 (2020: 102%). The three-year rolling average RRR is 105% (2020: 138%). Proved reserves were added through successful drilling and development activities in Malaysia, New Zealand, and Norway, and improvement in reservoir performance in Norway, Romania, and the United Arab Emirates. These additions were offset to some extent by divestments in Kazakhstan, Romania, and Malaysia. The improvement in global oil prices also had a positive impact on the proved reserves position as of the end of 2021. Proved and probable reserves (2P) decreased to 2,197 mn boe (thereof OMV Petrom: 680 mn boe), impacted by the divestments in Kazakhstan, Romania, and Malaysia.

Innovation and new technologies

OMV's E&P strategy is to apply state-of-the art technologies developed in-house to well-maintained assets to pilot these technologies and to promote rapid global implementation. The current focus of research and development is on improving recovery rates and extending the lifetimes of mature fields. Technologies that OMV successfully implements are made available to the public at the OMV Innovation&Technology Center (ITC) in Austria.

Smart Oil Recovery (SOR) is an innovative method to optimize Enhanced Oil Recovery (EOR) in mature reservoirs like the Austrian Matzen field from 40% up to 60%. The life of the field is extended by injecting viscous salt water into the reservoir. The drilling workover campaign of SOR Project Phase 1 covering eight wells was finalized successfully and production commenced in Q1/22.

The Tech Center & Lab Teams in Austria and OMV Petrom Upstream Laboratories (ICPT) in Romania support all OMV assets globally as a center of excellence for analysis, testing, technology research, and consulting. In 2021, a new product line –geochemical modelling – was developed, and the first alkali viscous saltwater pilot was set up.

Digitalization

In 2018, the E&P Business Segment announced a vision to become a digital frontrunner in the industry and launched its digitalization initiative – DigitUP. The COVID-19 pandemic has reinforced the importance of digitalization within the operational processes and has been a catalyst for accelerating the digital transformation around the world. As part of the DigitUP program, E&P continued digitalizing its operations. These activities ranged from AI-driven data analytics in subsurface applications to increasing value-driven decisions and reducing project development time. In addition the use of robotics and remote real-time operation supported systems to increase production and drilling efficiency, while reducing HSSE risks at the same time.

In 2021, the DigitUP program portfolio began transitioning from conceptualizing and piloting projects to deploying the technology in our fields, with some 40% of a total of 100+ projects slated for deployment. A dedicated program was established at our largest operated venture, OMV Petrom Romania, to facilitate the arrival of technology at the assets in the field. The digitalization journey is supported by change management activities and continuous cultural and diversity programs throughout the entire OMV Group.

To fully seize the potential of these initiatives, E&P set up a public cloud infrastructure to increase flexibility, security, and performance globally, and equipped our employees with a "future-proofed" skill set to enable a completely new way of working.

In Austria, OMV implemented an AI-driven application that systematically and automatically detects production system underperformance at all levels. It helps with reaching maximum production capacity by making use of data-driven AI modelling. The resulting production gain for OMV's first asset is estimated at 0.5% per year above the current production level.

A new integrated planning, economics, portfolio, and reserves management system was rolled out to 400 employees in all E&P countries. The solution improves collaboration across functions by way of integrated workflows and consistent data, and supports major E&P business processes for diverse disciplines. Full integration of the application and the seamless flow of data across business functions enables faster, higher-quality calculations.

A cloud-based document record and management system was commissioned at all OMV E&P locations. Over 5 mn business critical documents were secured, allowing the business to collaborate globally across the organization. This has significantly reduced the search time for retrieving information that is required for day-to-day operations.

The strategic partnership between OMV and Schlumberger started in 2020. A new solution integrates the results from drilling projects into a single, shared database, allowing teams in all areas –operations, geology, petrophysics, or completions – to work across the same platform, with the most up-to-date data and insights at their fingertips. In 2021, well-planning teams in Romania and Austria were able to access and visualize offset-well data more easily, without having to research past reports. As a result, eight wells were mapped out in the time it would normally take to plan one.

Improving the safety of personnel in areas of higher risk exposure is a key objective for the use of robots. They can complete repetitive tasks more precisely and quickly than their human counterparts. In addition, they offer operational benefits since they can perform tasks where personnel have limited opportunity to intervene, particularly in hard-to-reach areas. In 2021, an autonomous inspection robot was tested in Austria, and there are plans to deploy it at other OMV E&P assets, too.

Refining & Marketing

OMV's Refining & Marketing business refines and markets fuels and natural gas. It operates three inland refineries in Europe and holds a strong market position in the areas where its refineries are located, serving a strong branded retail network and commercial customers. In the Middle East, it owns 15% of ADNOC Refining and ADNOC Global Trading.

At a glance

		2021	2020	Δ
Clean CCS Operating Result[1]	in EUR mn	1,001	996	1%
thereof ADNOC Refining & Trading	in EUR mn	(11)	(107)	90%
thereof gas	in EUR mn	252	337	(25)%
Special items	in EUR mn	(509)	22	n.m.
CCS effects: inventory holding gains/(losses)[1]	in EUR mn	430	(425)	n.m.
Operating Result	in EUR mn	922	592	56%
Capital expenditure[2]	in EUR mn	654	570	15%
OMV refining indicator margin Europe[3]	in USD/bbl	3.67	2.44	50%
Utilization rate refineries Europe		88%	86%	2
Fuels and other sales volumes Europe	in mn t	16.34	15.45	6%
thereof retail sales volumes	in mn t	6.40	5.88	9%
Natural gas sales volumes	in TWh	196.39	164.01	20%

Note: As of Q1/21, the Downstream business segment was split into Refining & Marketing and Chemicals & Materials. For comparison only, 2020 figures are presented in the new structure.

[1] Adjusted for special items and CCS effects; further information can be found in Note 4 – Segment Reporting – of the Consolidated Financial Statements

[2] Capital expenditure including acquisitions

[3] Actual refining margins realized by OMV may vary from the OMV refining indicator margin due to factors including different crude oil slate, product yield, and operating conditions.

Financial performance

The **clean CCS Operating Result** was stable at EUR 1,001 mn (2020: EUR 996 mn). Stronger refining margins, improved performance by ADNOC Refining & Trading, and higher demand were offset almost entirely by a lower contribution from margin hedges and a weaker result from the gas business and oil trading. The **OMV refining indicator margin Europe** increased by 50% to USD 3.7/bbl (2020: USD 2.4/bbl), mainly as a consequence of a stronger macro environment. Substantially higher gasoline, naphtha, and jet cracks were only partly offset by weaker diesel cracks, which only rebounded toward the end of the year. In 2021, the **utilization rate of the European refineries** reached a resilient level of 88% (2020: 86%). At 16.3 mn t, **fuels and other sales volumes in Europe** increased by 6%, mainly on account of robust demand recovery. In the commercial business, demand for jet fuel and diesel grew thanks to the easing of travel restrictions, while margins remained fairly constant, pushing up sales volumes. The result from the retail business improved despite lower margins, following an increase of 9% in retail sales quantities, as well as due to a higher contribution from the non-fuel business.

In 2021, the contribution of **ADNOC Refining & Trading** came in at EUR (11) mn (2020: EUR (107) mn), mainly due to better operational performance and a higher refining margin environment. The result was further improved by ADNOC Global Trading following its successful launch at the end of 2020.

The result of the **gas business** declined by 25% to EUR 252 mn (2020: EUR 337 mn), mainly following the divestment of Gas Connect Austria to VERBUND at the end of May 2021. In addition, higher storage, CO_2, gas, and energy expenses, as well as a negative impact from power forward contracts lowered the result. The ability to benefit from high market volatility through supply and sales contracts, higher revenues from the electricity balancing market, and the one-off revenues following the reversal of certain provisions partly compensated for this development. **Natural gas sales volumes** rose significantly from 164.0 TWh to 196.4 TWh, thanks to primarily higher sales quantities in Germany and the Netherlands. This was partially offset by lower sales in Romania.

Net **special items** amounted to EUR (509) mn (2020: EUR 22 mn) and were primarily related to an impairment in ADNOC Refining amounting to EUR (669) mn, which was due to lower assumed refining margins and production volumes. This was partially offset by the effect of commodity derivatives. **CCS effects** of EUR 430 mn were recorded in 2021 as a consequence of a substantially higher crude oil price level, while CCS effects in 2020 amounted to EUR (425) mn following the sharp drop in crude oil prices. The **Operating Result** of Refining & Marketing increased significantly to EUR 922 mn (2020: EUR 592 mn).

Capital expenditure in Refining & Marketing amounted to EUR 654 mn (2020: EUR 570 mn). Organic capital expenditure in 2021 was predominantly related to investments in the European refineries and retail stations.

Business overview

R&M refines and markets fuel products in Central and Eastern Europe as well as in the Middle East through OMV's 15% interest in ADNOC Refining and ADNOC Global Trading. OMV's European downstream business model is characterized by a high degree of physical integration along the value chain from crude supply to refining, retail, and commercial sales. Total fuels and other sales volumes Europe amounted to 16.34 mn t in 2021. Commercial fuel customers are mainly from industrial transportation and construction sectors and account for more than 60% of the sales volume, while the strongly branded retail network comprising 2,088 filling stations accounts for the remaining sales volumes. OMV owns gas storage facilities with a capacity of 30 TWh, holds a 65% share in the Central European Gas Hub (CEGH), and operates a gas-fired power plant in Romania. Natural gas sales volumes amounted to 196.4 TWh.

Refining including product supply and sales

The year 2021 has been a story of two halves with regards to refining margins. The first half of the year was characterized by depressed margins and low product cracks across the board as demand was still under significant pressure. The second half of 2021 is a story of recovering margins and a strong upside, with various factors contributing to the improvement in refining economics.

In terms of the different products, naphtha prices in a way defied the trend of the two different halves and were strong throughout 2021 as petrochemical demand remained resilient. Naphtha cracks rose to unprecedented levels in the autumn months. This can be attributed to the demand for naphtha in gasoline blending and to LPG use growing significantly because of rising prices for competing petrochemical feedstock. This led to certain levels of switching away from LPG towards naphtha as feedstock for petrochemicals, which supported naphtha demand. The gasoline market started recovering in summer as demand especially in Europe and the US was approaching pre-pandemic levels and continued receiving a boost from Hurricane Ida-related supply disruptions in the United States in autumn.

On the middle distillate side, the start of the year was characterized by a supply overhang and high global inventories, which kept both diesel and jet cracks depressed. An upside was only seen toward the autumn months when diesel demand picked up from the transportation, industrial, and agricultural sector and jet demand grew as a result of a slight improvement in global travel, although it remained far from typical levels. Toward the end of the year, the jet market came under renewed pressure with the emergence of the new COVID-19 variant, Omicron. In fact, jet demand in 2021 was only around 65% of the pre-COVID-19 level, while other road transportation fuels were very close to 2019 levels (approximately 95%+). Nevertheless, refining margins at the end of 2021 remained solid as Brent prices fell.

High gas prices in the second half of 2021 also put pressure on operating costs at some refineries. Natural gas is needed for hydrogen production, which is used in the hydrocracking and desulphurization processes.

In the markets served by OMV's Schwechat and Burghausen refineries, we saw higher demand in fuels versus 2020 and sustained very high demand in petrochemicals. Fuels demand in Romania also showed an increase versus 2020 following higher diesel demand. OMV's European refineries therefore achieved a high utilization rate of 88%.

Despite the challenging environment and unstable demand during the year, commercial sales were ahead of expectations in many areas. Well-executed price management, in both futures and spot markets, enabled delivering margins above the previous year. In some product segments, volumes and margins even exceeded pre-COVID-19 levels, thanks to a strong boost from OMV rapidly capitalizing on local market opportunities. Throughout the year, a strong focus was set on understanding customer needs and increasing customer satisfaction. To closely reflect the market developments and market outlook, OMV's commercial products and services are being expanded, including launching several new, more sustainable products.

ADNOC Refining & Trading

Alongside majority shareholder ADNOC (65%) and Eni (20%), OMV remains a strategic partner in ADNOC Refining after acquiring 15% of the company's shares at the end of July 2019. In 2021, ADNOC Refining operated its major refinery in Ruwais, which is the world's fourth largest refining complex with integrated petrochemicals, and its Abu Dhabi refinery, which closed at the end of 2021 as part of ongoing efficiency and competitiveness improvement initiatives.

In comparison to 2020, ADNOC Refining's business performance in 2021 benefitted from better operational performance and a higher margin environment, particularly in the second half of the year.

With the same ownership structure as ADNOC Refining, ADNOC Global Trading (AGT) has the mission to trade the majority of ADNOC Refining's export volumes of products as well as to supply non-domestic crudes, condensates, and other liquids for processing.

AGT extends the successful Refining & Marketing business model into key geographies and to strategic partners. By continuously optimizing trade flows, it allows ADNOC Refining to access attractive non-domestic feedstock sources, maximize netback for products on global markets (e.g., Asia-Pacific), and implement best practices such as risk management.

In 2021, AGT continued on a solid ramp-up trend, closing the first year of operations overall according to plan.

Refining capacities 2021

In kbbl/d

Schwechat (Austria)	204
Burghausen (Germany)	79
Petrobrazi (Romania)	86
ADNOC Refining (United Arab Emirates)[1]	138
Total	**507**

[1] Equivalent to OMV's 15% share in ADNOC Refining

Retail

Despite an ongoing challenging environment due to the COVID-19 pandemic, the retail business set a new record Operating Result in 2021. The retail business again proved to be a stable outlet for refinery products and a strong cash generator. Total sales partially recovered to 6.4 mn t, equivalent to approximately 7.9 bn l, strongly supported by a growing cards business. At the end of the year, the network comprised 2,088 filling stations (2020: 2,085). OMV continues to focus on its proven multi-brand strategy. The OMV brand is positioned as a premium brand, with VIVA representing a strong shop, gastronomy, and service offering. This is rounded out by the unmanned and value-for-money concepts of the Avanti and Petrom brands. This strategy has continued to deliver solid results, and profitability per site has increased. Sales of OMV's premium MaxxMotion-brand fuels continued to be strong, thus contributing to record margins and proving the premium-quality advantage, even during the COVID-19 crisis. The non-fuel business, including VIVA convenience stores and car washes, continued to perform well (especially the former), growing about 10% compared to 2020 (excluding the Petrom branded network in Romania where a third-party store partnership with Auchan was introduced). The focus on high-quality products and services in the premium filling station network remains one of OMV's key differentiators.

In June 2021, a divestment agreement was signed with MOL Group for OMV Slovenia comprising the sale of 119 filling stations. This follows the OMV Group strategy of focusing the retail business on countries where OMV has a strong market position and refinery integration. The closing of the divestment of the OMV network in Germany is expected in 2022; OMV has agreed to sell 285 filling stations to EG Group.

In July 2021, OMV and VERBUND reached an agreement on the sale of OMV's 40% stake in Smatrics, a joint venture in electromobility, to VERBUND.

Gas supply, marketing, and trading

OMV markets and trades natural gas in nine European countries and in Turkey. In 2021, natural gas sales volumes amounted to 196.4 TWh (2020: 164.0 TWh), an increase of 20%. The foundation for natural gas sales growth is a diverse supply portfolio, which consists of equity gas and a variety of international suppliers. In addition to mid- and long-term activities, short-term activities at the main international hubs (VTP, THE, TTF, PSV) complement OMV's dynamic supply portfolio.

OMV Gas Marketing & Trading GmbH's (OMV Gas) sales activities are focused on a diverse and resilient customer portfolio in the large-scale industry and municipality segments. OMV Gas conducts sales activities in Austria, Germany, Hungary, the Netherlands, and Belgium, where 2021 sales amounted to 156.2 TWh, up 36% over 2020. Italy, Slovenia, and France are covered by opportunistic origination activities. Increased sales were achieved despite the very challenging and competitive market environment as margins remained under pressure.

In 2021, the European gas market was characterized by unprecedented high gas prices and significant volatility. This situation is expected to continue.

In Romania, OMV Petrom's gas and power activities delivered a record Operating Result, reflecting strong power business performance and the optimization of both product and customer portfolios. Natural gas sales volumes to third parties reached 38.4 TWh in 2021, a decrease compared to 47.8 TWh in 2020. In 2020, ANRE initiated a gas release program in Romania, whereby natural gas producers are obligated to offer 40% of their production volume to the centralized markets.

In Romania, net electrical output increased to 4.8 TWh in 2021 (2020: 4.2 TWh), with the Brazi power plant contributing approximately 8% of Romania's electricity production. The plant is also an important player on the power balancing market.

In 2021, OMV Gas again improved the capacity utilization of the Gate regasification terminal. Furthermore, the LNG business provides an additional natural gas source to meet OMV's ambitious sales growth targets in Northwest Europe, while enhancing supply security for OMV's geographically diverse supply portfolio. The LNG business also supports portfolio integration of the supply, marketing, and trading businesses.

Gas logistics

OMV operates gas storage facilities in Austria and Germany with a storage capacity of 30 TWh. Additionally, OMV holds a 65% stake in the Central European Gas Hub (CEGH), the leading gas trading hub in Central and Eastern Europe. On May 31, 2021 OMV closed its divestment of its entire 51% stake in Gas Connect Austria to VERBUND.

In 2021, a long cold season that lasted until April reduced the storage levels all over Europe to historically low levels. High global demand, based on recovery from the pandemic and shortage of supply, led to an inverse summer/winter spread, with summer prices exceeding winter prices. Unprecedented volatility of prices across the entire energy complex dominated the market. European storages reached their highest filling levels at the end of October (77%) and decreased to 55% at year-end.

At the Central European Gas Hub, 749 TWh of natural gas was nominated at the Virtual Trading Point (VTP) in 2021. This volume corresponds to approximately nine times Austria's annual gas consumption. The EEX CEGH Gas Market traded total volumes of 231 TWh in Austria, an increase of 35%, and 28 TWh in the Czech Republic, an increase of 117%.

OMV is a financing partner of the Nord Stream 2 project. OMV's total payments under the financing agreements for Nord Stream 2 amounted to around EUR 729 mn. Nord Stream 2 AG announced mechanical completion of the offshore part of the first line on June 10, 2021, and of the second line on September 10, 2021. The first fill of technical gas was completed for the first line on October 18, 2021, and for the second line on December 29, 2021. Following the announced US sanctions on Nord Stream 2 AG on February 22, 2022, OMV will recognize a value adjustment charge of EUR 987 mn (loan plus accrued interest as of December 31, 2021) due to the fact that receivables from Nord Stream 2 AG may be unrecoverable. Please refer to Note 37 „Subsequent Events" of the Financial Statements for the most recent developments of the Russia-Ukraine crisis and the expected impact on OMV Group's financials.

Innovation and new technologies

OMV actively explores alternative feedstock, technologies, and fuels with the aim of developing a well-diversified, competitive future portfolio. Efforts and resources focus on chemical recycling for post-consumer plastic waste. Additional attention is given to the production of conventional and advanced biofuels, synthetic fuels, and green hydrogen as future fuels for the hard-to-electrify transportation segment, and as precursors for sustainable chemicals.

OMV has taken important steps in 2021 for reducing the carbon footprint of the fuels product portfolio by launching the new innovative fuels OMV EcoMotion Diesel and OMV EcoPerform Diesel for business customers. OMV EcoMotion Diesel contains up to 33% renewable components. Thanks to this high share of biocomponents and carbon offsetting of the remaining share, this 100% carbon-neutral diesel is the first of its kind in Austria.

OMV has also taken steps to implement the Co-Processing technology in the Schwechat refinery. This technology enables OMV to process biogenic feedstocks (e.g., domestic rapeseed oil) together with fossil-based materials in an existing refinery hydrotreating plant during the fuel refining process. The final investment decision amounting to around EUR 200 mn for converting a refinery plant to produce 160,000 t of biofuels per year was made in 2020. This will reduce OMV's carbon footprint by up to 360,000 t by substituting fossil diesel. Operations are scheduled to begin by 2023.

OMV signed a supply contract with AustroCel Hallein to supply OMV with advanced bioethanol totaling up to 1.5 mn l per month starting in January 2021. This will reduce emissions by around 45,000 t of CO_2 per year.

Unlike conventional biofuels, advanced fuels do not compete with food production. The amount that can be blended into the fuel pool is not capped, as is the case with waste-based fuels. The principal sources of advanced fuels include biomass fraction from mixed municipal or industrial waste, straw, animal manure, or residues from forestry and wood processing as well as waste streams. OMV is developing its own proprietary technology to convert one of these biomasses into advanced fuel. The next step is a pilot plant at the Schwechat refinery. OMV also collaborates with technology providers, industry partners, and academic institutions to produce advanced biofuels at scale.

While the above bio- and synthetic products will predominantly be sold as fuels initially due to a mandated market, they can also be used as chemical feedstock.

OMV and its partners working on the UpHy project intend to produce green hydrogen for use in both the mobility sector and the refining process. OMV is developing an electrolysis plant at the Schwechat refinery for this purpose, to be powered with renewable electricity, to produce zero-carbon hydrogen. The green hydrogen will initially be used for fuel hydrogenation. However, the ultimate goal is to develop commercial hydrogen fuel cells for transportation applications such as commercial buses and trucks. As a pioneer in hydrogen mobility, OMV operates five hydrogen filling stations in Austria. In 2020, OMV together with Daimler Trucks AG, IVECO, Shell, and the Volvo Group launched the H2Accelerate program. These partners are committed to creating the conditions necessary for a mass-market roll-out of hydrogen trucks in Europe. Fleets are expected to operate first in regional clusters and along European high-capacity corridors. Over time, the clusters are going to be interconnected into a pan-European network.

OMV opened its first LNG filling station for heavy-duty trucks in Himberg in September 2021. This is another step toward the future of alternative fuels and sustainable mobility underpinned by the freedom provided by technological solutions.

During 2021, OMV continued installing photovoltaic panels on filling stations in multiple countries. They have now been installed on 170 filling stations with the aim of continuing this expansion in 2022. The panels reduce the carbon footprint of filling stations and improve the economic efficiency of operations.

Digitalization

In 2021, OMV continued its digitization journey. Several digital projects have been implemented, creating immediate value and accelerating our business strategy implementation.

Predictive analytics is an integral part of our refineries and enables OMV to achieve its goals faster. As an example of this, the first phase of predicting the cleaning schedule of heat exchangers went live. This project will generate annual savings of EUR 1.7 mn thanks to data-driven optimization and contribute significantly to our sustainability strategy by preventing carbon emissions totaling 25,000 t per year.

Additional projects improved the performance of OMV's Refining business. These included the digitalization of the shift book to optimize the efficiency of maintenance planning and the visualization of steam cracker assets in a 3D digital twin, which will speed up turnaround activities.

The expected overall benefit of up to EUR 11 mn over the next five years clearly shows that digitalization is already generating tangible value in OMV's Refining business.

In Marketing, the team kicked off a digital customer journey, which will grow sales and service activities as well as further improve customer experience using the latest Salesforce platform. Combined with a new customer portal as a one-stop shop for all requests, invoices, and orders, we deliver a single platform covering end-to-end customer interactions.

Personalized offers and experiences for our retail customers developed using data-driven insights boosted loyalty growth significantly. In 2021, personalized offers resulted in a 18% spend increase and 75% reduction in the churn rate of OMV's loyalty program participants.

The new mobile payment concept in retail aims to virtualize the B2B card and move towards a fully digital end-to-end experience to meet the emerging needs of a fast, simple, and secure fuel supply. The integration of this service into the new B2C mobile app will take customer experience to the next level.

The new state-of-the-art digital outdoor payment terminal was launched successfully in seven selected filling stations (five in Romania, one in Austria, and one in Slovenia), which led to reduced waiting time and increased customer satisfaction. A steady growth in number of transactions at the new terminals was registered; almost 25% of all transactions were paid by using the new digital service already.

OMV is a European market pioneer in switching to SAP's latest enterprise resource planning system, S/4HANA. This is one of the backbones of OMV's future digitalization activities and sets new standards for data management, business process automation, and digitalization in finance, supply, logistics, refining, sales, and retail.

The automation of business processes replaced approximately 250,000 hours of manual work for total hours freed up valued at over EUR 2.5 mn per year.

Projects applying artificial intelligence unlocked an additional business value of more than EUR 1.2 mn. Examples of such projects include decreased sample testing costs in our refinery laboratories and the prevention of stock shortages as a result of an improved fuel sales forecast in our retail network considering seasonality and COVID-19 effects.

Chemicals & Materials

In the Chemicals & Materials segment, OMV is now one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers[1], and plastics recycling. The Company supplies services and products to customers around the globe through Borealis and its two joint ventures: Borouge (with ADNOC, based in the UAE and Singapore) and Baystar (with TotalEnergies, based in the United States).

At a glance

		2021	2020	Δ
Clean Operating Result	in EUR mn	2,224	519	n.m.
thereof Borealis excluding JVs	in EUR mn	1,437	219	n.m.
thereof Borealis JVs	in EUR mn	534	81	n.m.
Special items	in EUR mn	(396)	1,049	n.m.
Operating Result	in EUR mn	1,828	1,568	17%
Capital expenditure[1]	in EUR mn	835	4,360	(81)%
Ethylene indicator margin Europe	in EUR/t	468	435	8%
Propylene indicator margin Europe	in EUR/t	453	364	25%
Polyethylene indicator margin Europe	in EUR/t	582	350	67%
Polypropylene indicator margin Europe	in EUR/t	735	413	78%
Utilization rate steam crackers Europe		90%	73%	17
Polyolefin sales volumes	in mn t	5.93	5.95	(0)%
thereof polyethylene sales volumes excl. JVs	in mn t	1.82	1.76	3%
thereof polypropylene sales volumes excl. JVs	in mn t	2.13	2.12	1%
thereof polyethylene sales volumes JVs[2]	in mn t	1.25	1.30	(4)%
thereof polypropylene sales volumes JVs[2]	in mn t	0.74	0.77	(4)%

Note: As of Q1/21, the Downstream business segment was split into Refining & Marketing and Chemicals & Materials. For comparison only, 2020 figures are presented in the new structure. Following the closing of the acquisition of the additional 39% stake on October 29, 2020, Borealis is fully consolidated in OMV's figures and the at-equity contributions stemming from Borealis JVs are reported separately.

[1] Capital expenditure including acquisitions, notably the acquisition of an additional 39% stake in Borealis in Q4/20 for USD 4.68 bn

[2] Pro-rata volumes of at-equity consolidated companies

Financial performance

The **clean Operating Result** more than quadrupled to EUR 2,224 mn (2020: EUR 519 mn), mainly attributable to substantially higher European polyolefin margins, positive inventory valuation effects, and the full consolidation of Borealis.

The contribution of OMV base chemicals increased, mainly fueled by higher ethylene and propylene indicator margins. The **ethylene indicator margin Europe** grew by 8% to EUR 468/t (2020: EUR 435/t), while the **propylene indicator margin Europe** increased by 25% to EUR 453/t (2020: EUR 364/t). Both saw strong demand throughout the year, in particular in the second half. Propylene indicator margin was able to benefit from a demand recovery in the automotive sector.

The **utilization rate of the European steam** crackers operated by OMV and Borealis improved significantly by 17 percentage points to 90% in 2021 (2020: 73%). 2020 was impacted by the unplanned outage of the Stenungsund steam cracker that began in Q2/20.

The contribution of **Borealis excluding JVs** soared by EUR 1,219 mn to EUR 1,437 mn (2020: EUR 219 mn), primarily due to the outstanding performance of the polyolefin business and increased contributions from the base chemicals and nitrogen businesses. The Borealis base chemicals business improved largely on account of positive inventory valuation effects and higher capacity utilization at the Stenungsund steam cracker. The polyolefin business saw an unprecedented rise in results, which was driven by a steep increase in margins and positive inventory valuation effects, but also benefited from higher volumes. The **polyethylene indicator margin Europe** increased by 67% to EUR 582/t (2020: EUR 350/t) while the **polypropylene indicator margin Europe** saw a stronger increase, by 78%, to EUR 735/t

[1] On February 2, 2022, Borealis received a binding offer from EuroChem for the acquisition of its nitrogen business including fertilizer, melamine and technical nitrogen products.

(2020: EUR 413/t). Both indicator margins were supported by strong demand in the European markets coupled with a tightening supply-demand balance. In particular at the beginning of 2021, a heavy maintenance season limited regional supply while logistic constraints throughout the year inhibited additional supply from outside of Europe. **Polyethylene sales volumes** improved by 3%, while **polypropylene sales volumes** grew by 1% compared to 2020. The energy and healthcare industries in particular drove demand, while volumes in the consumer industry softened. The contribution from the nitrogen business grew compared to 2020, mainly due to positive inventory effects and a positive effect from the reclassification as an asset held for sale.

The contribution of **Borealis' JVs** grew substantially to EUR 534 mn in 2021 (2020: EUR 81 mn). The full consolidation of Borealis and the subsequent separate reporting of the JVs were the main factors in this increase, while much higher polyolefin prices in the Asian markets and in the United States fueled the result. Polyethylene and polypropylene sales volumes generated by the JVs decreased by 4% compared to 2020, mainly on account of lower Borouge sales volumes due to logistics constraints in Asia. Baystar sales volumes remained stable in 2021 despite being impacted by the Texas freeze in the first quarter of 2021.

Net **special items** amounted to EUR (396) mn (2020: EUR 1,049 mn) and were mainly related to the impairment of the nitrogen business of Borealis. In 2020, net special items were mainly related to a step-up in the valuation of the previously owned 36% share in Borealis. The Operating Result of Chemicals & Materials grew to EUR 1,828 mn compared to EUR 1,568 mn in 2020.

Capital expenditure in Chemicals & Materials amounted to EUR 835 mn (2020: EUR 4,360 mn). Capital expenditure in 2020 was mainly related to the acquisition of an additional 39% stake in Borealis for USD 4.68 bn. In 2021, besides ordinary running business investments, organic capital expenditure predominantly related to investments for the construction of the new propane dehydrogenation plant in Belgium by Borealis.

Business overview

The Chemicals & Materials segment was established at the beginning of 2021, following the acquisition of the majority stake in Borealis at the end of 2020. OMV substantially grew its chemical business and extended the value chain into polymers with this acquisition. Through its subsidiary Borealis, OMV is now one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers, and plastics recycling.

The segment comprises base chemicals production integrated with the refineries in Austria and Germany operated by OMV; the Borealis business of base chemicals, polyolefins, and fertilizers; and the joint ventures Borouge and Baystar. With a strong European footprint and activities through Borealis and its two joint ventures, Borouge (with ADNOC, based in the UAE and Singapore) and Baystar (with TotalEnergies, based in the United States), the Group is active in over 120 countries.

Base chemicals

Base chemicals are building blocks for the chemical industry and are transformed into plastics, packaging, clothing, and many other consumer products.

While the OMV-operated steam crackers in Schwechat and Burghausen mainly use naphtha as a feedstock, the steam crackers operated by Borealis in Stenungsund and Porvoo feature high feedstock flexibility and are able to use naphtha, butane, ethane, propane, or LPG mix as feedstock. In Kallo, Borealis runs a propane dehydrogenation unit based on 100% propane feedstock.

OMV Group produces base chemicals such as olefins (ethylene and propylene), aromatics, butadiene, high-purity isobutene, benzene, phenol, and acetone.

- Olefins (ethylene and propylene) are important chemical building blocks to produce, among other things, polyolefins (polyethylene and polypropylene), which are in turn used to manufacture a wide variety of consumer and industrial products.
- Aromatics such as benzene are used as starting materials for consumer products, including clothing, pharmaceuticals, cosmetics, computers, and sports equipment.

- C4s (e.g., butadiene, butenes) are used in a variety of applications, with butadiene primarily used in manufacturing synthetic rubber, making it a fundamental material for the tire and automotive industries. Butenes are used in specialty chemicals, such as oxo-alcohols for plasticizers and as polyols for coatings and synthetic lubricants.
- High-purity isobutene is a feedstock for key chemical products like adhesives, lubricants, and vitamins.
- Phenol and acetone are sold mainly to the polycarbonate and epoxy resin industries. Phenol is also used in phenolic resins and in caprolactam. Acetone is also an ingredient in solvents and MMA for PMMA (plexiglass).

In general, the 2021 market environment for base chemicals was characterized by a recovery from COVID-19, bad weather conditions in the US Gulf Coast region, and logistics constraints throughout the whole year.

In comparison to 2020, high feedstock prices drove prices for base chemicals upwards in 2021 and did not negatively impact indicator margins. In Q1/21, margins remained at 2020 levels, but strongly recovered for all products from Q2/21 onward. This development was attributable to overall robust base chemicals demand in all derivates and received particular support from continued strong global demand in polyolefins. Propane dehydrogenation (PDH) margins remained at a satisfactory level, despite increasing propane prices, as the demand for propylene remained elevated. In the second half of 2021, ethylene and propylene indicator margins remained at high levels. Toward the end of the year, contract prices reached all-time highs due to strong demand and a tight supply amid high power and natural gas prices.

Butadiene indicator margins also improved again in Q2/21, reflecting a recovery in the automotive sector. However, recovery was limited due to supply chain constraints, in particular regarding the availability of semiconductor chips. It was mainly the weak Asian demand that negatively impacted butadiene margins in the last quarter of 2021.

Demand for benzene was healthy throughout the year. Prices, and consequently margins, showed high volatility, mainly on account of supply/demand balances. Due to weather events in the United States and unplanned plant outages, peak margins were reached in Q2/21. Despite a weak fourth quarter, the average indicator margin for benzene in 2021 by far outpaced levels seen in 2020.

Polyolefins

Following the acquisition of the majority stake in Borealis, OMV Group extended its value chain to polymers and became one of the world's leading providers of advanced and circular polyolefin solutions. Through Borealis, the Company is the second largest polyolefin producer in Europe and among the top ten producers globally.

Borealis operates seven polyolefin plants located in Schwechat, Stenungsund, Porvoo, and Burghausen, where they are integrated with steam crackers, as well as in Beringen and Kallo, where they are integrated with the existing PDH facility, and in Antwerp. In addition, Borealis operates several compounding plants in Europe, the United States, South Korea, and Brazil.

The value-add polyolefin products manufactured by Borealis are the foundation of many valuable plastics applications that are an intrinsic part of modern life. Advanced Borealis polyolefins have a role to play in saving energy along the value chain and promoting more efficient use of natural resources. Borealis works closely with its customers and industry partners to provide innovative plastics solutions that create value in a variety of industries and segments. These solutions make end products safer, lighter, more affordable, and easier to recycle. In short: They enable more sustainable living. Borealis offers advanced polyolefins for virgin and circular economy solutions, servicing the following key industries: consumer products, energy, healthcare, infrastructure and mobility.

In 2021, margin development in the polyolefins industry was affected by high demand and limited supply. Toward the end of 2020, demand had started to improve, following government economic policies meant to stimulate the economy after COVID-19 containment measures. This trend continued in 2021, where margin development in the polyolefins industry was affected by high demand paired with limited supply. These supply/demand imbalances were caused by a combination of multiple factors. At the end of 2020, force majeure caused multiple EU producers to halt operations at a time when stock levels are normally kept low for the year-end, resulting in pressure on customers. Furthermore, the situation worsened at the beginning of 2021 due to three key factors. Firstly, a number of plants paused their operations to perform routine maintenance, which in many cases was rescheduled from 2020. Secondly, an unprecedented winter storm impacted polyolefin production capacity in the US state of Texas. Thirdly, logistics constraints restricted the ability to redirect volumes toward imbalanced markets.

The above-mentioned capacity constraints, combined with disruption in the shipping industry, exacerbated supply scarcity throughout Q2/21, until eventually imports – mainly from the Middle East – started increasing, offering some relief to the market.

From Q3/21 onwards, new dynamics continued to impact the market. A sudden feedstock, material, and utilities cost increase, as well as the spread of new COVID-19 variants, followed by subsequent containment measures, led to high levels of market uncertainty.

The Borealis polyolefins segment was able to continue serving its customers successfully throughout this period, offering high-quality products and a highly secure supply.

Renewables and circular chemicals

Plastics continue to play a vital role in the economy and in our business, making our life more efficient, convenient, and safe. Yet, when insufficient effort is made to recover and reuse plastics, most of them end up in landfills. The vision of a circular economy – where we optimize resource efficiency and reuse, recycle and repurpose endlessly – is both a business imperative and an opportunity. Demand for recycled plastics is growing due to increasing public awareness of the importance of using resources sustainably for a climate-neutral future.

The circular economy opens up new ways to reinvent the economy in the interest of preserving natural capital and minimizing waste. OMV and Borealis are pursuing various initiatives in mechanical and chemical recycling, design for recycling (DfR), and circular polyolefins, manufactured with second generation renewable feedstock. While mechanical recycling has proven to be effective and will likely remain the eco-efficient method of choice in the foreseeable future, chemical recycling will play an increasing role to complement mechanical recycling.

Early 2021, Borealis and TOMRA announced the operational start of their advanced mechanical recycling demo plant in Lahnstein, Germany. This is a state-of-the-art plant that processes both rigid and flexible plastic waste from households. The purpose of this demo plant is to generate high-quality material fit for use in highly demanding applications. Technical success will set the groundwork for a commercial-scale advanced mechanical recycling plant.

To expand and accelerate its chemical recycling activities, Borealis took a minority stake in Renasci N.V., a provider of innovative recycling solutions and creator of the novel Smart Chain Processing (SCP) concept. The SCP concept is a proprietary method (EP patent application approved) of maximizing material recovery to achieve zero waste. As part of the agreement, Borealis will source a projected 20 kt of circular pyrolysis oil annually from Renasci's Oostende facility to produce chemicals and polyolefins based on chemically recycled feedstock. The Group also plans to purchase mechanically recycled material. Borealis will collaborate closely with Renasci to advance and scale-up the SCP technology. This includes developing facilities which operate entirely on household waste as feedstock.

In December 2021, OMV took a major step in scaling up its chemical recycling capacities by making the final investment decision to build a chemical recycling demo plant based on its proprietary ReOil® technology. The plant has a capacity of 16,000 t p.a. The feedstock will consist mainly of polyolefins and will be sourced in Austria in close cooperation with local waste management companies. Examples of such plastic waste include food packaging, plastic cups, lids from takeout coffee, and confectionery packaging. This is OMV's next step toward an industrial-scale plant with a processing capacity of up to 200,000 t/year planned for 2026.

Fertilizers, melamine, and technical nitrogen products

OMV, through its subsidiary Borealis, is a leading European manufacturer and distributor of fertilizers, technical nitrogen products, and melamine: The Company is Europe's third largest nitrogen fertilizer manufacturer and the world's third largest melamine producer by production capacity utilized. Borealis produces and then distributes and supplies fertilizers and technical nitrogen products each year via its commercial organization, Borealis L.A.T. This comprises more than 60 warehouses across Europe and has an inventory capacity of over 700,000 t.

In 2020, OMV Group announced that it had started the divestment process for the nitrogen business unit, which includes fertilizers, technical nitrogen, and melamine. The Company's share (77.5%) in Rosier, which operates the production sites in the Netherlands and Belgium, is not being considered in this sales process. In February 2022, Borealis received a binding offer from EuroChem for the acquisition of its nitrogen business.

Joint ventures

Borouge

Established in 1998, Borouge is a true success story of the long-term partnership with ADNOC. The joint venture has successfully combined the leading-edge Borstar® technology with competitive feedstock and access to growing Asian markets.

Through Borouge, the Group's footprint reaches all the way to the Middle East, the Asia-Pacific region, the Indian subcontinent, and Africa. Production company Borouge ADP (Borealis 40%, ADNOC 60%) is based in the United Arab Emirates, while Borouge PTE, which handles sales and marketing (Borealis 50%, ADNOC 50%), is headquartered in Singapore. The company employs over 3,000 people, serving customers in 50 countries.

In 2021, Borouge recorded another successful year of production, optimizing operations with the available feedstock. Continued focus on innovation and commercial excellence, supported by an elevated market price environment, enabled Borouge to achieve higher prices compared to 2020.

Baystar (Borealis 50%, TotalEnergies 50%)

Baystar is a joint venture between TotalEnergies Petrochemicals and Refining USA, Inc. (TEPRI), a wholly owned subsidiary of TotalEnergies SE and Novealis Holdings LLC (Novealis), a wholly owned subsidiary of Borealis AG.

TotalEnergies contributed its award-winning Bayport facilities to the JV and will be the operator of the cracker in Port Arthur. Borealis brings its proprietary Borstar® technology to North America for the first time along with the Bayport site for unique polyethylene grades for the most demanding applications.

Baystar achieved a record net profit in 2021 supported by favorable market conditions. The record result was achieved despite the negative impact from winter storm Uri, which hit Texas in February 2021, resulting in overall lower sales and production volumes compared to previous years. Baystar's readiness efforts have progressed through the year as the Baystar organization prepares to become a fully integrated 1 mn t polyethylene company with the start-up of the ethane cracker and Borstar Bay 3 plant.

Growth projects

Despite the ongoing adverse effects of the pandemic, Borealis has been able to make meaningful progress on its important global growth projects in the Middle East, North America, and Europe in 2021.

Borouge's fifth Borstar polypropylene plant (PP5) was started up successfully in February 2022. It increases Borouge's current production capacity to around 5 mn t/year. Despite COVID-19-related disruptions, the project was completed on time and without cost overruns.

In November 2021, Borealis and ADNOC signed a USD 6.2 bn final investment agreement to build the fourth facility at the Borouge polyolefin manufacturing complex in Ruwais (UAE). Borouge's expansion is vital for serving growing customer demand for differentiated polyolefins solutions in energy, infrastructure, and advanced packaging in Asia, Africa, and the Middle East. After completion of the Borouge 4 expansion, Borouge will be the world's largest single-site polyolefin complex. Cutting-edge technologies will be employed to improve energy efficiency and reduce emissions. The plan is to eliminate continuous flaring altogether. The new facility will draw on renewable energy sources to power some of its operations. An exploratory study currently underway will determine whether the installation of a carbon capture unit could lower Borouge 4 emissions by up to 80%.

In the state of Texas in the United States, the Baystar™ growth project will add more than 1 mn t of annual polyolefin production capacity and, most crucially, enable Borealis to supply locally manufactured Borstar products to its North American customers for the first time. The unusually hard winter freeze that hit the region in 2021 had adverse effects on nearly all petrochemical operations on the Texas Gulf Coast, and the Baystar project was no exception. While start-up of the new ethane-based steam cracker has been delayed, on-site construction of the polyethylene unit is continuing apace.

The new world-scale PDH plant under construction in Kallo (Belgium) adjacent to the existing PDH facility, it is planned to begin operations in 2023. With an investment of around EUR 1 bn, this is among the largest projects in the petrochemical industry in Europe today, and the largest ever for Borealis on the continent. A stellar safety record has been achieved despite the enormity of the project, which includes delivery of one of the largest single pieces of equipment ever shipped in one piece to the Port of Antwerp.

In July, Borealis announced it had acquired a 10% minority stake in Renasci N.V., a Belgium-based provider of innovative recycling solutions and creator of the novel Smart Chain Processing concept. This purchase was subsequent to an earlier offtake agreement with Renasci to source around 20 kt per year of circular pyrolysis oil, a product of chemical recycling which can be used as feedstock. Taken together, the agreements help accelerate the shift to plastics circularity in an eco-efficient way.

Innovation and new technologies

OMV's ReOil® proprietary thermal cracking technology was developed to meet the European Commission's targets for the circular economy and to fulfill future packaging recycling quotas. The ReOil® plant at the Schwechat refinery, which has a capacity of 100 kg/h, has been recycling post-consumer and post-industrial plastics into synthetic crude oil in a pyrolysis process since 2018. This synthetic crude is then processed mainly into monomers and other hydrocarbons in the Schwechat refinery. The pilot plant has been running for a total of 13,000 hours since its commissioning and thus enabled an improvement in the thermal cracking process and supported the further scale-up of the ReOil® technology. OMV and Borealis are pursuing the clear ambition of becoming a leading player in chemical and mechanical recycling technologies.

At Borealis, innovation is fundamental for contributing to the circularity of polyolefins and creating a more sustainable way of life. It also helps the Group improve its competitiveness and enhance its efficiency and sustainability – and therefore has a direct impact on people, the planet, and profit. The change in Borealis' ownership structure and subsequent partnership with OMV has further increased the Group's focus on the circularity of polyolefins and the availability of renewable hydrocarbons.

In the polyolefins business, our innovation activities concentrate on providing solutions to societal challenges as defined in the United Nations Sustainable Development Goals. Examples include best-in-class materials for producing water and gas pipes, insulation for cables, and capacitor film used for transporting goods.

In the Polyolefins business unit, key achievements in 2021 included:

- Infrastructure: The PE100 RC Pipe product family was completed with the introduction of colored and low-sagging grades, offering performance that is among the best in the market and enabling the even wider application of PE pipes in the construction industry.
- Consumer products: The stiff/tough film product FX1003 was launched. The product performs at least as well as the best available materials on the market and has a superior ability to blend with post-consumer recyclates.
- Circular economy solutions: Borealis launched the white, 100% post-consumer recyclate grade AH1040MO-90, which has been developed for injection molding for houseware products and large thin-wall packaging items.

The polyolefins business commercially launched 47 new products, beating its "21 in 2021" target. Achieving these launches in such a challenging year demonstrates that Borealis is a market leader in innovation and remains true to its purpose of reinventing for more sustainable living.

Similarly, in the base chemicals business, Borealis looks to find innovative approaches for using new feedstock sources, improving resource efficiency, and reducing energy consumption and flaring, which in turn reduces emissions of greenhouse gases and other substances such as dust. These activities also include CO_2 avoidance and CO_2 utilization opportunities, as well as chemical recycling.

During 2021, Borealis launched six new grades produced with renewable feedstock material as part of the Bornewables™ portfolio. Bornewables offer product properties equal to fossil-based products. This allows our partners to have a quick and easy transition from fossil-based polypropylene to a renewable feedstock-based polypropylene.

Borealis entered into collaborations with various organizations with complementary competencies in 2021. The aim here is to accelerate Borealis' progress towards achieving circularity in manufacturing and using polyolefins, and reducing its carbon footprint. The following are the main partnerships:

- Borealis reached an agreement with Renasci Oostende Recycling NV to acquire the entire output of its chemical recycling plant. The first quantities of the raw material obtained through chemical recycling were successfully processed at the Porvoo cracker during a test run in September 2021. Borealis expects to establish regular supply of the recycled material, which will be used as an important source of raw materials for polyolefins production.
- Together with TOMRA and Zimmerman, the Group has started a state-of-the art recycling plant to produce recyclates that perform very close to a virgin material.
- Borealis has an extensive patent portfolio, comprising around 8,300 granted patents and around 3,000 pending patent applications. In 2021, Borealis filed 133 new priority patent applications, which further contribute to safeguarding Borealis' proprietary technologies and protecting its licensees. Many patents also protect products and applications.

Digitalization

Stepping up digitalization in Chemicals & Materials is one of the key drivers for transformation. Not only will it increase the Group's productivity and improve customer experience, it will also support achieving sustainability goals. In particular, digital solutions for the circular economy of plastics will become more important in achieving the Group's carbon neutrality journey.

For that reason, in 2017 Borealis decided to implement a Digital Program, which led to the creation of the Borealis Digital Studio in 2018. The Digital Studio is Borealis' creative and agile enabler for developing smart solutions for customers and employees. It works closely with the IT department and consists of a diverse, cross-functional team of digital professionals, including designers, usability experts, business analysts, software developers, and engineers. Its mission is supporting the Group's businesses to adapt to a rapidly changing environment and keeping Borealis sustainably profitable by creating digital, innovative solutions that have a positive impact on the Group's people and business, and the environment. Adding value is key when creating digital solutions, and end-users are always at the heart of the process, as the solutions are built both with and for them, following the agile methodology.

The online portal for polyolefins customers (MyBorealis) supports customer service representatives and sales managers in their daily interactions with customers. It puts easy order management at the customer's fingertips, along with a complete library of order, product, and complaint documentation. The application works around the clock, providing instant access to up-to-date information, with ordering fully integrated with supply chain and IT processes. A single global portal supports eight languages, allowing organizations in Europe, North America, and South America to use it. By the end of 2021, 18% of the order volume was via the portal, up from 14% at the start of the year.

In 2021, a project to explore the possibilities of using autonomous robots was kicked off. The activities suited to such robots, such as carrying out inspections, are being researched in a proof of concept to assess the feasibility of this kind of solution. Technologies such as virtual reality (for safety training and technical instructions/training), smart glasses (for remote assistance in the field), and 3D technology (for printing machinery parts) are also in the prototype-building or set-up phase.

Interactive Safety Training for the Five Life Saving and Process Safety Rules is an innovative gamified interactive learning solution that helps employees and contractors learn the rules through remote training and tests. The training combines a 3D-modelled plant environment, an engaging story, and motivating gamification elements to simulate scenarios, enabling better knowledge retention and faster learning than traditional methods. Employees learn the Life Saving Rules and Process Safety Rules in a very immersive way and can apply theory to practice without stopping production or risking actual injury. Around 14,000 training modules have already been completed across the entire Borealis workforce.

Projects relating to circular economy solutions (CES) are ongoing to explore collaboration opportunities with start-up companies, to create product and digital solutions for scalable and traceable closed-loop material flows, and to reuse systems (e.g., coffee cups and food trays). These systems use a digital platform built by the Borealis Digital Studio and give the necessary data insights to maximize reuse, accommodate closing the loop, and recycle plastic waste once it can no longer be reused and reaches the end of its life. The systems thereby create new and profitable business solutions.

Outlook

Market environment

In 2022, OMV expects the average Brent crude oil price to be around USD 75/bbl (2021: USD 71/bbl). For 2022, the average realized gas price is anticipated to be above EUR 25/MWh (2021: EUR 16.5/MWh).

Group

In 2022, organic CAPEX is projected to come in at around EUR 3.5 bn[1] (2021: EUR 2.6 bn), including non-cash effective CAPEX related to leases of around EUR 0.6 bn.

Exploration & Production

OMV expects total production to be around 470 kboe/d in 2022 (2021: 486 kboe/d).

Organic CAPEX for Exploration & Production is anticipated to come in at around EUR 1.3 bn in 2022 (2021: EUR 1.1 bn).

Exploration and Appraisal (E&A) expenditure is expected to be around EUR 220 mn in 2022 (2021: EUR 210 mn).

Refining & Marketing

The OMV refining indicator margin Europe is expected to be around USD 4.5/bbl in 2022 (2021: USD 3.7/bbl).

In 2022, fuels and other sales volumes in OMV's markets in Europe are projected to be slightly higher than in 2021 (2021: 16.3 mn t). Retail and commercial margins are forecast to be slightly below those in 2021.

In 2022, the utilization rate of the European refineries is expected to be around the prior-year level (2021: 88%). Turnarounds are planned at the Schwechat refinery in the second quarter and at the Burghausen refinery in the third quarter.

In 2022, natural gas sales volumes are projected to be slightly below the 2021 level (2021: 196.4 TWh).

Organic CAPEX in Refining & Marketing is forecast at around EUR 0.8 bn in 2022 (2021: EUR 0.6 bn).

Chemicals & Materials

In 2022, the ethylene indicator margin Europe is expected to be around the 2021 level (2021: EUR 468/t). The propylene indicator margin Europe is expected to be around the 2021 level (2021: EUR 453/t).

In 2022, the steam cracker utilization rate in Europe is expected to be slightly below the 2021 level (2021: 90%). Turnarounds are planned at the Stenungsund steam cracker in the second quarter and at the Burghausen steam cracker in the third quarter.

In 2022, the polyethylene indicator margin Europe is forecast to be around EUR 400/t (2021: EUR 582/t). The polypropylene indicator margin Europe is expected to be around EUR 600/t (2021: EUR 735/t).

In 2022, the polyethylene sales volumes excluding JVs are projected to be above the 2021 level (2021: 1.82 mn t). The polypropylene sales volumes excluding JVs are expected to be slightly above the 2021 level (2021: 2.13 mn t).

Organic CAPEX related to Chemicals & Materials is predicted to be around EUR 1.3 bn in 2022 (2021: EUR 0.8 bn).

For information about the longer-term outlook, see the Strategy chapter.

[1] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

Risk Management

Like the oil, natural gas, and chemical industry as a whole, OMV is exposed to a variety of risks – including market and financial risks, operational risks, and strategic risks. The Group's risk management processes focus on identification, assessment, and evaluation of such risks and their impact on the Group's financial stability and profitability. The objective of these activities is to actively manage risks in the context of the Group's risk appetite and defined risk tolerance levels in order to achieve OMV's long-term strategic goals.

It is OMV's view that the Group's overall risk is significantly lower than the sum of the individual risks due to its integrated nature and the fact that various risks partially offset each other. The balancing effects of industry risks, however, can often lag or weaken. OMV's risk management activities therefore focus on the net risk exposure of the Group's existing and future portfolio. The interdependencies and correlations between different risks are also reflected in the Company's consolidated risk profile. Risk management and insurance activities are centrally coordinated at the corporate level by the Treasury and Risk Management department. This department ensures that well-defined and consistent risk management processes, tools, and techniques are applied across the entire organization. Risk ownership is assigned to the managers who are best suited to oversee and manage the respective risk.

The overall objective of the risk policy is to safeguard the cash flows required by the Group and to maintain a strong investment-grade credit rating in line with the Group's risk appetite.

OMV is closely monitoring the development of the consequences of the COVID-19 pandemic and regularly evaluating the impact on the Group's cash flow and liquidity position.

OMV monitors the increasing geopolitical tensions and deepening crisis between Russia and Ukraine on a continuous basis and regularly reviews the potential impact on our business activities and assets. In particular, OMV assessed and continues to assess the risks related to international sanctions on Nord Stream 2 AG and the impact on repayment of the loan provided to Nord Stream 2 AG by OMV. From today's point of view no direct impact on OMV's Russian equity gas production is expected. However, OMV continues to monitor potential restrictions to related dividend flows. The credit risk portfolio associated with counterparties and banks located in Russia and / or potentially targeted by international sanctions (or restrictions on international money transfers) is under close review. International trade restrictions and sanctions could also lead to a further devaluation of the Russian Ruble against the Euro and the US Dollar. Disruptions in Russian commodity flows to Europe could result in further increases in European energy prices and accelerate the risk of cost inflation. From today's point of view, OMV does not expect natural gas exports from Russia to stop. In the event of short-term gas supply disruptions from Russia, OMV can use the remaining gas in storage to supply customers and has access to other liquid gas market hubs in Europe. In such an event, an emergency team will be set up based on pre-defined internal processes. This emergency team will continuously analyze and evaluate the situation so that appropriate measures can be taken if necessary. It is also responsible to communicate and coordinate all activities with the Austrian regulator e-control. Please refer to Note 37 „Subsequent Events" of the Financial Statements for the most recent developments of the Russia-Ukraine crisis and the expected impact on OMV Group's financials.

Enterprise-Wide Risk Management

Financial and non-financial risks are regularly identified, assessed, and reported through the Group-wide Enterprise Wide Risk Management (EWRM) process.

The main purpose of OMV Group's EWRM process is to deliver value through risk-based management and decision-making which is ensured by applying a "three lines of defense model" (1. business management, 2. risk management and oversight functions, 3. internal audit). The assessment of financial, operational, and strategic risks helps the Group leverage business opportunities in a systematic manner. This ensures that OMV's value grows sustainably. Since 2003, the EWRM system has helped enhance risk awareness and improve risk management skills across the entire organization, including at subsidiaries in more than 20 countries. OMV Group is constantly enhancing the EWRM process based on internal and external requirements such as, for example, newly developing ESG (Environmental, Social, and Governance) reporting standards and frameworks.

A cross-functional committee chaired by OMV Group CFO with senior management members of the OMV Group – the Risk Committee – ensures that the EWRM process effectively captures and manages material risks across OMV Group.

The process is facilitated by a Group-wide IT system supporting the established individual process steps: risk identification, risk analysis, risk evaluation, risk treatment, reporting, and risk review through continuous monitoring of changes to the risk profile. The overall risk resulting from the bottom-up risk management process is computed using Monte Carlo simulations and compared against planning data. This is further combined with a top-down approach from the senior management view to capture risks associated with the Group's strategy. The process also includes companies that are not fully consolidated. The EWRM process uses common risk terminology and language across OMV Group to facilitate effective risk communication, whereby ESG risks play a key role in the OMV risk taxonomy. Twice a year, the results from this process are consolidated and presented to the Executive Board and the Audit Committee. In compliance with the Austrian Code of Corporate Governance, the effectiveness of the EWRM system is evaluated by the external auditor on an annual basis. The key financial and non-financial risks identified with respect to OMV's medium-term plan are:

- Financial risks including market price risks and foreign exchange risks
- Operational risks, including all risks related to physical assets, production risks, project risks, personnel risks, IT risks, HSSE, and regulatory/compliance risks
- Strategic risks arising, for example, from climate change, changes in technology, risks to reputation, or political uncertainties, including sanctions

Financial Risk Management

Market price and financial risks arise from volatility in the prices of commodities including the market price risks from European Emission Allowances, foreign exchange (FX) rates, and interest rates. Also of importance are credit risks, which arise from the inability of a counterparty to meet a payment or delivery commitment. As an oil, gas, and chemical company, OMV has a significant exposure to oil, natural gas, and chemical prices. Substantial FX exposures include the USD, RON, NOK, NZD, SEK, and RUB. The Group has a net USD long position, mainly resulting from oil production sales. The comparatively less significant short positions in RON, NOK, NZD, SEK, and RUB originate from expenses in local currencies in the respective countries.

Management of commodity price risk, FX risk, European Emission Allowances

The analysis and management of financial risks arising from foreign currencies, interest rates, commodity prices, European Emission Allowances, counterparties, liquidity, and insurable risks are consolidated at the corporate level. Market price risk is monitored and analyzed centrally in respect of its potential cash flow impact using a specific risk analysis model that considers portfolio effects. The impact of financial risks (e.g., commodity prices, currencies) on OMV Group's cash flow and liquidity are reviewed quarterly by the Risk Committee, which is chaired by the CFO and comprises the senior management of the business segments and corporate functions.

In the context of commodity price risk and FX risk, the OMV Executive Board decides on hedging strategies to mitigate such risks whenever deemed necessary. OMV uses financial instruments for hedging purposes to protect the Group's cash flow from the potential negative impact of falling oil and natural gas prices in the E&P segment.

In the downstream business (including Refining & Marketing as well as Chemicals & Materials segments), OMV is especially exposed to volatile refining and chemical margins and natural gas prices, as well as inventory risks. Corresponding optimization and hedging activities are undertaken in order to mitigate those risks. Those include margin hedges as well as stock hedges. An optimization, trading, and hedging risk control governance system defines clear mandates including risk thresholds for such activities. In addition, Emission Compliance Management ensures a balanced position of emission allowances by selling the surplus or covering the gap.

Management of interest rate risk

To balance the Group's interest rate portfolio, loans can be converted from fixed to floating rates and vice versa according to predefined rules. OMV regularly analyzes the impact of interest rate changes on interest income and expense from floating rate deposits and borrowings. Currently the effects of changes in interest rates are not considered to be a material risk.

Management of credit risk

Significant counterparty credit risks are assessed, monitored, and controlled at the Group and segment level using predetermined credit limits for all counterparties, banks, and security providers. The procedures are governed by guidelines at OMV Group level. Based on the high economic uncertainty resulting from the COVID-19 pandemic, special attention is paid to early warning signals like changes in payment behavior.

Operational risks

The nature of OMV's business operations exposes the Group to various health, safety, security, and environmental (HSSE) risks. Such risks include the potential impact of natural disasters as well as process safety and personal security events. Other operational risks comprise risks related to the delivery of capital projects or legal/regulatory non-compliance. All operational risks are identified, analyzed, monitored, and mitigated following the Group's defined risk management process.

Control and mitigation of assessed risks take place at all organizational levels using clearly defined risk policies and responsibilities. The key Group risks are governed centrally to ensure the Group's ability to meet planning objectives through corporate directives, including those relating to health, safety, security, environment, legal matters, compliance, human resources, and sustainability.

Pandemic risk

The global outbreak of the COVID-19 pandemic continues to have a major impact on global economic development. Increases in COVID-19 cases around the world following the emergence of new virus variants combined with disruptions in supply chains and high price inflation could lead to delays in expected demand recovery. The consequences of the COVID-19 pandemic and other disruptions currently being observed, as well as the extent and duration of the economic impact, cannot be reliably estimated at this time. OMV is responding to the situation with targeted measures to safeguard the Company's economic stability and the secure supply of energy. The health and wellbeing of every employee is the top priority.

ESG risk

OMV puts a special emphasis on five Sustainability Strategy areas: HSSE, Carbon Efficiency, Innovation, Employees, Business Principles, and Social Responsibility. OMV Executive Board members regularly (at least quarterly) discuss current and upcoming environmental, climate, and energy-related policies and regulations; related developments in the fuels and natural gas markets; the financial implications of carbon emissions trading obligations; the status of innovation project implementation; and progress on achieving sustainability-related targets. OMV focuses on assessing the potential vulnerabilities of the Company to climate change (e.g., water deficiency, droughts, floods, landslides), the impact of the Company on the environment, and the mitigation actions that will ensure a successful transition to a low-carbon environment (e.g., carbon emission reductions, compliance with new regulatory requirements).

IT risks

As OMV's activities rely on information technology systems, the Group may experience disruption due to major cyber events. Security controls are therefore implemented across the Group to protect information and IT assets that store and process information. IT-related risks are assessed, monitored regularly, and managed actively with dedicated information and security programs across the organization. OT (Operational Technology) related risks are reflected in the assessment of process safety risks.

Strategic risks

In order to identify strategic risks which might have potential long-term effects on the Company's objectives, OMV continuously monitors its internal and external environment.

Personnel risks

Through systematic employee succession and development planning, Corporate Human Resources targets suitable managerial employees to meet future growth requirements in order to mitigate personnel risks.

Political and regulatory risks

In certain countries in its portfolio, OMV's operations are exposed to geopolitical risks, including expropriation and nationalization of property; restrictions on foreign ownership; civil strife and acts of war or terrorism; and political uncertainties in particular related to Libya, Yemen, Russia, and Tunisia, as well as other countries where OMV operates and has financial investments. However, OMV has extensive experience in dealing with the political environment in emerging economies. Also, possible regulatory changes may lead to disruptions or limitations in production or an increased tax burden. OMV continuously observes political and regulatory developments in all markets that affect OMV's operations. Country-specific risks are assessed before entering new countries.

OMV also evaluates the risk of potential US or EU sanctions and their impact on planned or existing operations. OMV will ensure to stay in full compliance with all applicable sanction laws. In particular, risks due to political and regulatory developments both inside and outside Europe with potential unfavorable effects on the Nord Stream 2 project and on OMV's activities in Russia and the Black Sea region are regularly assessed and monitored.

Climate change-related risks

OMV consistently evaluates the Group's exposure to risks related to climate change in addition to the market price risk from European Emission Allowances. Such risks comprise the potential impact of acute or chronic events like more frequent extreme weather events, or systemic changes to our business model due to a changing legal framework, or substitution of OMV's products due to changing consumer behavior. OMV recognizes climate change as a key global challenge. We thus integrate the related risks and opportunities into the development of the Company's business strategy. Measures that we implement to manage or mitigate such risks are set out in the relevant sections of this report, particularly in Sustainability and Strategy.

For further details on risk management and the use of financial instruments, please refer to Note 28 of the Consolidated Financial Statements.

For further details on climate-change-related risks and their management, see the OMV Sustainability Report as well as Note 2 of the Consolidated Financial Statements.

For further details on health, safety, security, and environmental risks, please refer to the chapter Health, Safety, Security, and Environment in the Directors' Report.

Other Information

Information required by section 243a of the Unternehmensgesetzbuch (Austrian Commercial Code)

1. The capital stock amounts to EUR 327,272,727 and is divided into 327,272,727 bearer shares of no par value. There is only one class of shares.
2. There is a consortium agreement in place between the two core shareholders, Österreichische Beteiligungs AG (ÖBAG) and Mubadala Petroleum and Petrochemicals Holding Company L.L.C (MPPH), which provides for coordinated behavior and certain limitations on transfers of shareholdings.
3. ÖBAG holds 31.5% and MPPH holds 24.9% of the capital stock.
4. All shares have the same control rights.
5. Employees who are shareholders directly exercise their voting rights at the Annual General Meeting.
6. The Company's Executive Board must consist of two to six members. The Company's Supervisory Board must consist of at least six members elected by the Annual General Meeting and of the members nominated under section 110 (1) of the Arbeitsverfassungsgesetz (Austrian Labor Constitution Act). Resolutions concerning the dismissal of members of the Supervisory Board pursuant to section 87 (8) of the Aktiengesetz (Austrian Stock Corporation Act) require a simple majority of the votes cast. To approve capital increases pursuant to section 149 of the Austrian Stock Corporation Act and alterations of the Articles of Association (except those concerning the Company's objects), simple majorities of the votes and capital represented in adopting the resolution are sufficient.
7.

7.a) As the authorized capital granted by the Annual General Meeting on May 14, 2014 expired on May 14, 2019, the Annual General Meeting decided upon a new authorized capital on September 29, 2020. Specifically, it authorized the Executive Board until September 29, 2025 to increase the share capital of OMV with the consent of the Supervisory Board – at once or in several tranches – by an amount of up to EUR 32,727,272 by issuing up to 32,727,272 new no-par value common voting shares in bearer form in return for contributions in cash. The capital increase can also be implemented by way of indirect offer for subscription after taking over by one or several credit institutions according to Section 153 Paragraph 6 Austrian Stock Corporation Act. The issue price and the conditions of issuance can be determined by the Executive Board with the consent of the Supervisory Board. The Annual General Meeting also authorized the Executive Board, subject to the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the capital increase serves to

(i) adjust fractional amounts or

(ii) satisfy stock transfer programs, in particular long-term incentive plans, equity deferrals or other participation programs for employees, senior employees and members of the Executive Board/management boards of the Company or one of its affiliates), or other employees' stock ownership plans.

In addition, the Supervisory Board was authorized to adopt amendments to the Articles of Association resulting from the issuance of shares according to the authorized capital.

7.b) On May 18, 2016, the Annual General Meeting authorized the Executive Board for a period of five years from the adoption of the resolution, therefore, until including) May 17, 2021, upon approval of the Supervisory Board, to dispose of or utilize stock repurchased or already held by the Company to grant treasury shares to employees, senior employees and/or members of the Executive Board/management boards of the Company or one of its affiliates, including for purposes of share transfer programs – in particular, long-term incentive plans including matching share plans or other stock ownership plans – under exclusion of the general purchasing possibility of shareholders (exclusion of subscription rights). The authorization can be exercised as a whole or in parts or even in several tranches by the Company, by a subsidiary (section 189a, number 7, of the Austrian Commercial Code) or by third parties for the account of the Company.

7.c) On June 2, 2021 the Annual General Meeting authorized the Executive Board for a period of five years from the adoption of the resolution, therefore, until and including June 1, 2026, subject to the approval of the Supervisory Board, to dispose of or utilize repurchased treasury shares or treasury shares already held by the Company to grant to employees, executive employees and/or members of the Executive Board/management boards of the Company or its affiliates including for purposes of share transfer programs, in particular long term incentive plans including equity deferrals or other stock ownership plans, and to thereby exclude the general purchasing right of shareholders (exclusion of subscription rights). The authorization can be exercised as a whole or in parts or even in several tranches by the Company, by a subsidiary (Section 189a Number 7 Commercial Code) or by third parties for the account of the Company.

8. As of December 31, 2021, OMV has outstanding perpetual hybrid notes in the amount of EUR 2,500 mn which are subordinated to all other creditors. According to IFRS, the net proceeds of the hybrid notes in the amount of EUR 2,483 mn are fully treated as equity because the repayment of the principal and the payments of interest are solely at the discretion of OMV.

   On December 7, 2015, OMV issued hybrid notes with an aggregate principal amount of EUR 1,500 mn, in two tranches of EUR 750 mn each:

(i) The hybrid notes of tranche 1, with a first call date in 2021, were called and redeemed at their principal amount (plus interest accrued) on November 30, 2021.

(ii) The hybrid notes of tranche 2 bear a fixed interest rate of 6.250% per annum until, but excluding, December 9, 2025, which is the first call date of tranche 2. From December 9, 2025 (including), tranche 2 will bear an interest rate per annum at the relevant five-year swap rate for the relevant interest period plus a specified margin and a step-up of 100 basis points.

   Interest is due and payable annually in arrears on December 9 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the Annual General Meeting of OMV resolves upon a dividend payment on OMV shares.

   On June 19, 2018, OMV issued a hybrid bond with a principal amount of EUR 500 mn. The hybrid bond bears a fixed interest rate of 2.875% per annum until, but excluding, June 19, 2024. From June 19, 2024 (including), until, but excluding, June 19, 2028 the hybrid notes will bear interest at a rate corresponding to the relevant five-year swap rate plus a specified margin. From June 19, 2028 (including), the notes will bear an interest rate per annum at the relevant five-year swap rate for the relevant interest period plus a specified margin and a step-up of 100 basis points. Interest is due and payable annually in arrears on June 19 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the Annual General Meeting of OMV resolves upon a dividend payment on OMV shares.

   On September 1, 2020, OMV issued hybrid notes with an aggregate principal amount of EUR 1,250 mn, in two tranches (Tranche 1: EUR 750 mn; Tranche 2: EUR 500 mn) with the following interest payable:

(iii) The hybrid notes of tranche 1 bear a fixed interest rate of 2.500% per annum until, but excluding September 1, 2026, which is the first reset date of tranche 1. From the first reset date (including), until, but excluding, September 1, 2030, the hybrid notes of tranche 1 will bear interest per annum at a reset interest rate which is determined according to the relevant five-year swap rate plus a specified margin. From September 1, 2030 (including), the hybrid notes of tranche 1 will bear an interest rate per annum at the relevant five-year swap rate for each interest period thereafter plus a specified margin and a step-up of 100 basis points.

(iv) The hybrid notes of tranche 2 bear a fixed interest rate of 2.875% per annum until, but excluding September 1, 2029, which is the first reset date of tranche 2. From the first reset date (including), until, but excluding, September 1, 2030, the hybrid notes of tranche 2 will bear interest per annum at a reset interest rate which is determined according to the relevant five-year swap rate plus a specified margin. From September 1, 2030 (including), the hybrid notes of tranche 2 will bear an interest rate per annum at the relevant five-year swap rate for each interest period thereafter plus a specified margin and a step-up of 100 basis points.

   Interest is due and payable annually in arrears on September 1 of each year, unless OMV elects to defer the relevant interest payments. The outstanding deferred interest must be paid under certain circumstances, in particular, if the Annual

General Meeting of OMV resolves upon a dividend payment on OMV shares.

The hybrid notes outstanding as of December 31, 2021 do not have a scheduled maturity date and they may be redeemed at the option of OMV under certain circumstances. OMV has, in particular, the right to repay the hybrid notes at certain call dates. Any accrued unpaid interest becomes payable when the notes are redeemed. In the case of a change of control, for example, OMV may call the hybrid notes for redemption or else the applicable interest rate will be subject to an increase according to the terms and conditions of the hybrid notes.

9. The material financing agreements to which OMV is a party and bonds issued by OMV contain typical change of control clauses.
10. There are no agreements between the Company and members of the Executive Board and Supervisory Board or employees regarding the payment of compensation in the event of a public takeover bid.
11. The most important elements of the internal control and risk management system regarding the accounting process are the following: Governance for the internal control system is defined by internal corporate regulations (ICS Directive and its Annexes). Corporate Internal Audit controls the compliance with these principles and requirements through regular audits, based on the annual audit plan approved by the Audit Committee of the Supervisory Board, or through ad hoc audits.

    The results of those audits are presented to the Audit Committee of the Supervisory Board. For the main "end-to-end" processes (e.g. purchase-to-pay, order-to-cash), Group-wide Minimum Control Requirements are defined. Based on a defined time plan, the implementation and the effectiveness are being monitored. The establishment of Group-wide standards for the preparation of annual and interim financial statements by means of the corporate IFRS Accounting Manual is also regulated by an internal corporate regulation. The Group uses a comprehensive risk management system. The essential processes of the financial reporting system have been identified and analyzed. In addition, the effectiveness of the risk management system is regularly evaluated by external auditors. The results of the evaluation are reported to the Audit Committee of the Supervisory Board.

12. In accordance with section 267a (6) of the Commercial Code, a separate consolidated non-financial report will be issued.

Subsequent events

Please refer to Note 37 in the Consolidated Financial Statements.

Vienna, March 9, 2022

The Executive Board

Alfred Stern m.p.
Chairman of the Executive Board,
Chief Executive Officer and
Executive Officer Chemicals & Materials

Johann Pleininger m.p.
Deputy Chairman of the Executive Board
and Executive Officer Exploration & Production

Reinhard Florey m.p.
Chief Financial Officer

Elena Skvortsova m.p.
Executive Officer Marketing & Trading

Martijn van Koten m.p.
Executive Officer Refining