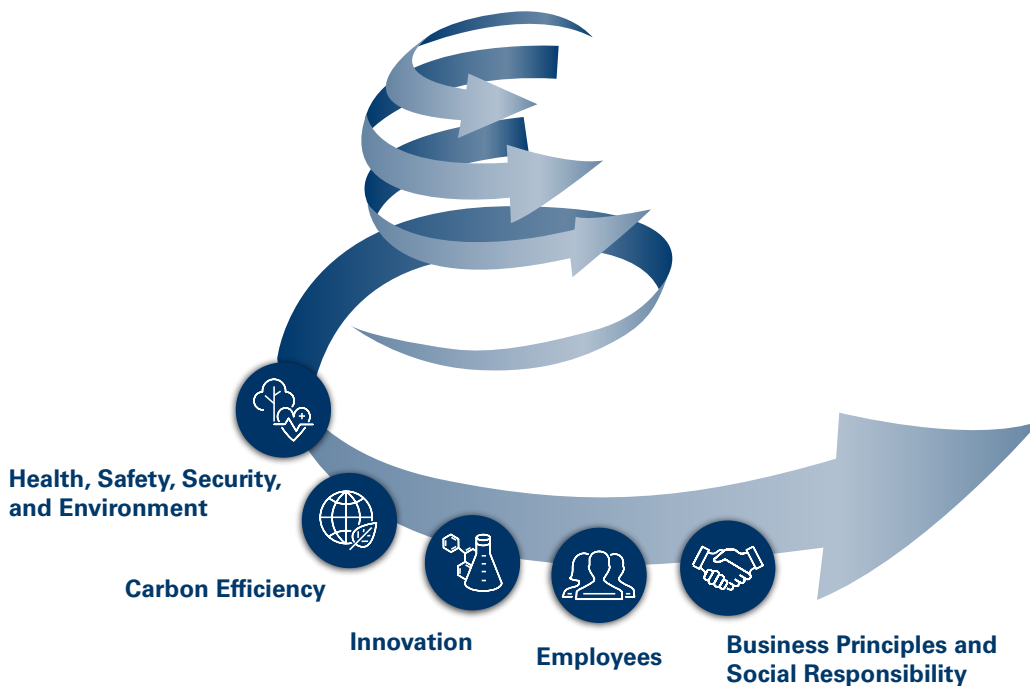


Sustainability Framework

OMV aims to provide a secure supply of affordable energy for the sustainable development of society and the economy while respecting the environment. Conducting business sustainably is crucial for OMV in creating and protecting value in the long term, in building trusting partnerships, and in attracting customers as well as the best suppliers, investors, and employees.

OMV delivers energy responsibly to improve people's lives. Sustainability for OMV means creating long-term value for our customers and shareholders by being innovative and an employer of choice. We conduct our business in a responsible way, respecting the environment and adding value to the societies in which we operate.



Sustainability strategy

Growing demand for energy and accelerating climate change pose immense challenges for the energy sector. The key lies in finding the balance between climate protection efforts, affordable energy, and reliable supply. The economy needs alternative energy systems as well as economically viable and scalable technologies to satisfy the growing demand for energy. Here, OMV will make a significant contribution to the sustainable energy supply for

future generations. To realize its mission of providing energy for a better life, OMV is committed to exploring the full potential of oil and gas at its best by following a responsible approach in producing, processing, and marketing oil and gas and petrochemical products. OMV's responsible approach to business stipulates the prevention and mitigation of sustainability risks associated with OMV's activities.



We also aim to seize the opportunities presented by taking a sustainable approach to business. The 15 measurable targets of the Sustainability Strategy 2025 define the primary direction of OMV's path to sustainability in the very near future. The targets are set in the five focus areas: Health, Safety, Security, and Environment (HSSE); Carbon Efficiency; Innovation; Employees; Business Principles and Social Responsibility. The Sustainability Strategy 2025 constitutes an integral part of the Corporate Strategy 2025 and is the sustainable component of OMV's business ambitions.

The Sustainability Strategy's targets relating to OMV's operations and products are aligned with the production, sales, and product portfolio plans set by the Corporate Strategy. Thus, for example, reducing the carbon intensity of the product portfolio is based on the planned increase in the share of natural gas and the increased weight of petrochemicals, where oil is used as a raw material rather than fuel. The reduction of the carbon intensity of operations is based on the plan to optimize production through innovative technical measures, to further enhance the energy efficiency of operations, and to eliminate routine flaring and venting. The targets related to focus areas that are linked to the social dimension of sustainability – HSSE, Employees, Business Principles and Social Responsibility – round out OMV's mission as a responsible business player. In line with our approach to shaping the future of energy in a sustainable way, OMV intends to allocate significant resources to the implementation of the Sustainability Strategy 2025. For example, up to EUR 500 mn will be invested by 2025 in innovative energy solutions such as ReOil® and Co-Processing. (For more information on ReOil® and Co-Processing, see [Innovation](#).)

In order to step up our development of low-carbon business solutions and technologies, we set up a New Energy Solutions team in 2019. This initially meant consolidating and centrally bundling responsibility for OMV's portfolio of new energy solutions in one department to harmonize results across divisions in the best interests of OMV as a whole. These activities include developing the market for gas-powered vehicles as well as building Austria's largest photovoltaic plant with the power company VERBUND. The latter project will meet 10% of the energy needs of our Upstream production facilities in Austria and reduce our CO₂ emissions by 12,000 t per year.

The mission of the team is to develop and implement low- and zero-carbon energy solutions, i.e., measures for net carbon reduction and new low- and zero-carbon business opportunities. In addition, the team's aim is to find large-scale solutions to reduce, reuse, or store greenhouse gas emissions. A review of carbon efficiency targets was launched with the aim of setting more ambitious targets. A

comprehensive strategy for the New Energy Solutions activities is being prepared, which will be communicated in 2020. (For more details, see [Sustainability governance](#).)

Summary of OMV response to combat climate change

For decades, OMV has pledged to do business economically, ecologically and socially sustainably. We will continue to uphold this commitment as it is the only way to protect and preserve security and prosperity in the long term. More and more people need more and more energy. At the same time, the planet is getting warmer and warmer, making climate protection increasingly important. We are therefore transforming our business model step by step with the aim of reducing the carbon footprint of the Company.

We see oil as a valuable raw material, which should not be burned. We see gas as well as hydrogen as enablers of the energy transition towards a low-carbon energy system.

To achieve this, we draw on our strengths and use many levers to reduce the CO₂ concentration in the atmosphere:

- ▶ With the help of new technologies, we are consistently reducing the CO₂ emissions of our refineries and our oil and gas production.
- ▶ We are increasing the proportion of gas in our total production and contributing to a significant reduction in CO₂ emissions by replacing coal with gas as energy source.
- ▶ We refine oil into high-quality petrochemical products instead of burning it to generate energy.
- ▶ We recycle biogenic and plastic waste into valuable raw materials and are investing EUR 500 mn in these innovations, enabling a circular economy.
- ▶ We are exploring ways to store CO₂ in underground storage facilities and to reuse CO₂ as a raw material for chemical products.
- ▶ We are working on economically viable hydrogen solutions for industry and mobility.

OMV takes climate action in its operations, product and service portfolio, innovations and R&D activities, working environment, and social investments.

Actions in all areas are needed to combat climate change. Further details about all measures are provided in the respective [focus areas](#).

Sustainability commitments and targets



Health, Safety, Security, and Environment (HSSE)

Commitments

- ▶ Health, safety, security, and protection of the environment have the highest priority in all activities.
- ▶ Proactive risk management is essential for realizing OMV's HSSE Vision of "ZERO harm – NO losses."

Targets 2025

Status 2019

Milestones 2020

Fatalities

- | | | |
|--|--------------------------------|--------------------------------|
| ▶ achieve zero work-related fatalities | ▶ zero work-related fatalities | ▶ zero work-related fatalities |
|--|--------------------------------|--------------------------------|

Lost-Time Injury Rate (LTIR)

- | | | |
|--|-------------------------------------|-------------------------------------|
| ▶ stabilize at below 0.30 (per 1 million hours worked) | ▶ 0.34 (per 1 million hours worked) | ▶ 0.34 (per 1 million hours worked) |
|--|-------------------------------------|-------------------------------------|

Process safety

- | | | |
|--|-------------------------------|-------------------------|
| ▶ keep leading position in Process Safety Event Rate | ▶ leading position maintained | ▶ keep leading position |
|--|-------------------------------|-------------------------|

Sustainable Development Goals (SDGs) supported



[Find out more about this material focus area.](#)



Carbon Efficiency

Commitments

- ▶ OMV focuses on improving the carbon efficiency of its operations and product portfolio.
- ▶ OMV is fully committed to acting on climate change mitigation and responsible resource management.

Targets 2025

Status 2019

Milestones 2020

Carbon intensity of operations¹

- | | | |
|------------------------------------|--------------------------|--|
| ▶ reduce by 19% by 2025 (vs. 2010) | ▶ –22% vs. 2010 achieved | ▶ set new target as initial 2025 target achieved ahead of schedule |
|------------------------------------|--------------------------|--|

Carbon intensity of product portfolio²

- | | | |
|-----------------------------------|-------------------------|--|
| ▶ reduce by 4% by 2025 (vs. 2010) | ▶ –4% vs. 2010 achieved | ▶ set new target as initial 2025 target achieved ahead of schedule |
|-----------------------------------|-------------------------|--|

Flaring

- | | | |
|--|--|--|
| ▶ achieve zero routine flaring and venting of associated gas by 2030 | ▶ –37% in Upstream vs. 2010 ³ | ▶ continue with ongoing flaring and venting reduction projects |
|--|--|--|

Sustainable Development Goals (SDGs) supported



[Find out more about this material focus area.](#)

¹ CO₂ equivalent emissions produced to generate a certain business output using the following business-specific metric – Upstream: t CO₂ equivalent/toe produced, refineries: t CO₂ equivalent/t throughput, power: t CO₂ equivalent/MWh produced – consolidated into an OMV Group Carbon Intensity Operations Index, based on weighted average of the business segments' carbon intensity

² The carbon intensity of OMV's product portfolio measures the CO₂ equivalent emissions generated by the use of OMV's products sold to third parties in t CO₂ equivalent/toe sold.

³ Total (including non-routine) flaring and venting.



Innovation

Commitments

- ▶ OMV's innovation efforts focus on optimizing production, exploring high-end petrochemical solutions, developing innovative energy solutions, and embracing digital technologies.
- ▶ Innovation is facilitated by investment and partnerships in the research and development of innovative technological solutions.
- ▶ OMV will invest EUR 500 mn in innovative energy solutions by 2025.

Targets 2025

Status 2019

Milestones 2020

ReOil®

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> ▶ develop ReOil® into a commercially viable, industrial-scale process (unit size of ~200,000 t per year) | <ul style="list-style-type: none"> ▶ 100 t of post-consumer plastic transformed into synthetic crude; 40 days of continued production at the ReOil® plant | <ul style="list-style-type: none"> ▶ 250 t of post-consumer plastic transformed into synthetic crude; further testing at pilot plant in order to support the engineering process of the scale-up to the next-level ReOil® demo plant |
|--|--|---|

Co-Processing

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> ▶ raise the share of sustainable feedstock co-processed in the refineries to ~200,000 t per year by 2025 | <ul style="list-style-type: none"> ▶ Process Design Package finalized for Schwechat refinery; process studies finalized for Petrobrazi refinery | <ul style="list-style-type: none"> ▶ For purposes of gaining further experience and rolling out Co-Processing at OMV Petrom, additional test runs are planned at the Petrobrazi refinery in Romania in 2020 (3,000 t of biogenic feedstock), to be accompanied by final product quality assurance tests in the laboratory. |
|--|--|---|

Enhanced Oil Recovery (EOR)

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> ▶ increase the recovery factor in the CEE region in selected fields by 5–15 percentage points by 2025 through innovative Enhanced Oil Recovery methods | <ul style="list-style-type: none"> ▶ pilot EOR project started in Romania in 2019; result of pilot project in Austria: additional production of about 100 kboe in 2019 | <ul style="list-style-type: none"> ▶ finalize the pilot EOR project in Romania; further mature the full field implementation project in two Matzen field reservoirs |
|--|---|--|

Sustainable Development Goals (SDGs) supported



[Find out more about this material focus area.](#)



Employees

Commitments

- ▶ OMV is committed to building and retaining a talented, expert team for international and integrated growth.
- ▶ OMV is committed to its diversity strategy with a focus on gender and internationality.

Targets 2025

Status 2019

Milestones 2020

Gender diversity

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> ▶ increase share of women at management level⁴ to 25% by 2025 | <ul style="list-style-type: none"> ▶ 19.6% women at management level in 2019 | <ul style="list-style-type: none"> ▶ increased focus on succession planning, recruitment processes, additional female leadership programs, as well as initiatives to promote a diversity culture |
|--|---|---|

International diversity

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> ▶ keep high share of executives with international experience⁵ at 75% | <ul style="list-style-type: none"> ▶ 77% executives with international experience in 2019 | <ul style="list-style-type: none"> ▶ maintain the high share of executives with international experience through succession planning, mobility, and recruitment processes |
|--|--|--|

Sustainable Development Goals (SDGs) supported



[Find out more about this material focus area.](#)

⁴ Management level: executives and advanced career level
⁵ Equal to or greater than three years of living and working abroad



Business Principles and Social Responsibility

Commitments

- ▶ OMV strives to uphold equally high ethical standards at all locations.
- ▶ OMV is a signatory to the United Nations (UN) Global Compact, 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.

Targets 2025

Status 2019

Milestones 2020

Business ethics

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> ▶ promote awareness of ethical values and principles: conduct in-person or online business ethics training for all employees | <ul style="list-style-type: none"> ▶ 514 employees trained in person in 2019; 85% of defined target group for the training cycle 2018–2020; in addition, 11,144 employees absolved the online training on business ethics | <ul style="list-style-type: none"> ▶ reach 90% of defined target group for training cycle 2018–2020 |
|--|--|--|

Local communities

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> ▶ assess Community Grievance Mechanism of all sites against UN Effectiveness Criteria⁶ by 2025 | <ul style="list-style-type: none"> ▶ 5 out of 10 sites in scope assessed | <ul style="list-style-type: none"> ▶ assess two additional sites in 2020 |
|---|---|---|

Human rights

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> ▶ conduct human rights trainings for all employees exposed to human rights risks⁷ by 2025 | <ul style="list-style-type: none"> ▶ 9,241 employees trained (47% of total employees) by end of 2019; 82% of target group trained | <ul style="list-style-type: none"> ▶ 90% of target group trained |
|--|--|---|

Supply chain

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> ▶ increase the number of supplier audits covering sustainability elements to >20 per year by 2025 | <ul style="list-style-type: none"> ▶ 11 supplier audits conducted | <ul style="list-style-type: none"> ▶ conduct >10 supplier audits |
|--|--|--|

Sustainable Development Goals (SDGs) supported



[Find out more about this material focus area.](#)

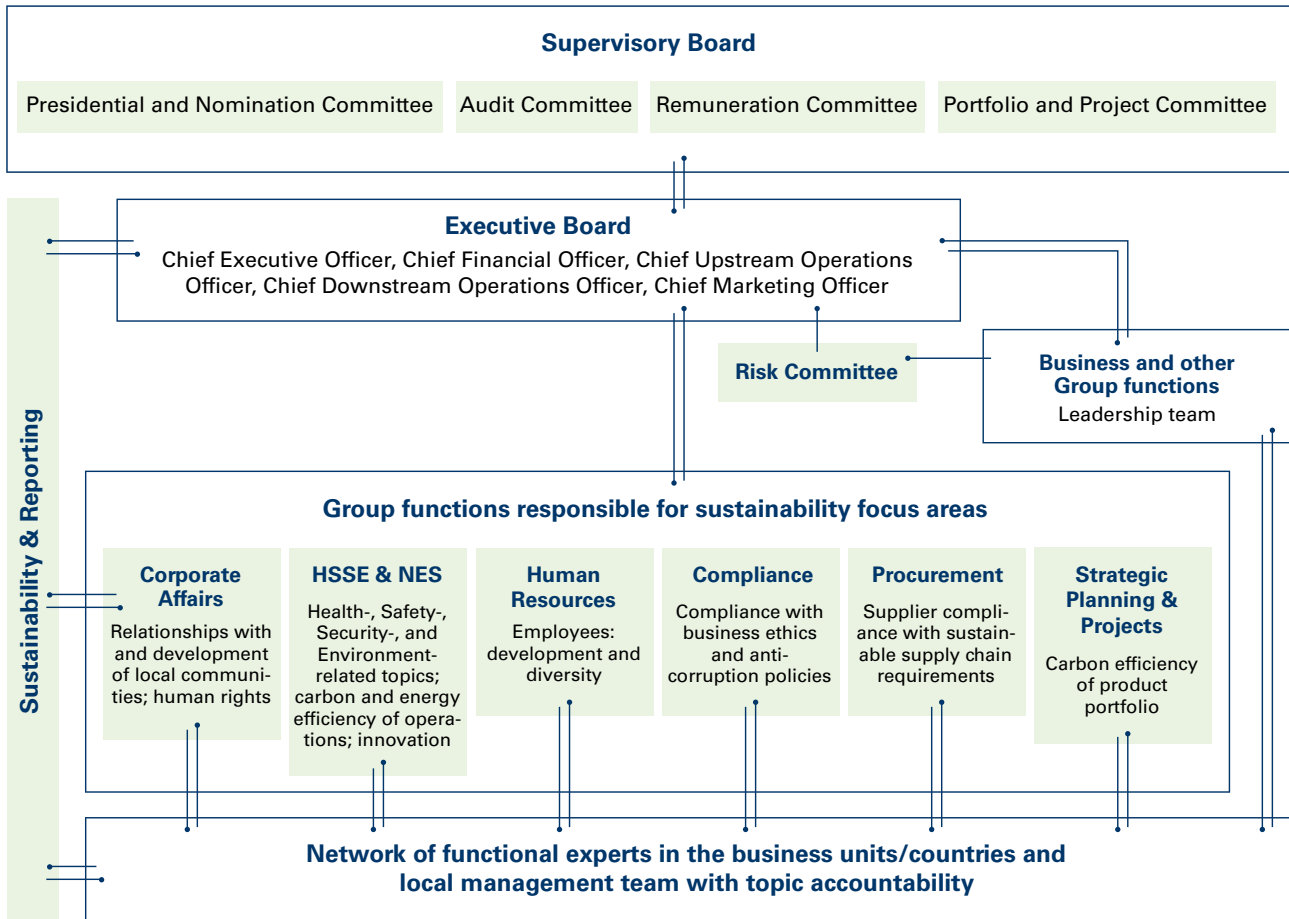
⁶ Legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, based on engagement and dialogue

⁷ 654 employees in corporate functions managing human rights risks as well as the corresponding functions in countries with elevated human rights risks

Sustainability governance

Sustainability-related topics (including issues relating to climate change mitigation) are fully integrated into the overall governance structure of the Company. These topics

have the same weight as any other business consideration and, following the Company's responsible approach to business, are integrated into the daily operation and management processes of the Company.



In the diagram, we map the coverage of the five OMV Sustainability Strategy focus areas (HSSE, Carbon Efficiency, Innovation, Employees, Business Principles and Social Responsibility) by corresponding Group functions. Group functions continuously develop and steer the processes relevant to the implementation of activities relating to social and environmental performance, and propose an action plan to functional experts in related business units on the ground. The functional experts remain in continuous communication regarding progress on the planned implementation. Each Group function reports directly to the Executive Board on the relevant social and environmental issues. They include reporting on progress in the implementation of the Sustainability Strategy targets, presenting important events with regard to the material topics, and submitting for approval the implementation of sustainability initiatives.

In 2019, we expanded the HSSE function to HSSE & New Energy Solutions (NES). HSSE & NES is made up of the HSSE, Carbon Management, NES Scouting & Portfolio Management, and New Energy Technology Development & Implementation departments. HSSE & NES manages the following climate-change-related issues:

- ▶ Making a meaningful transition to low-emission technologies in order to reduce the carbon footprint of our existing business and to develop innovative energy solutions
- ▶ Consolidating responsibility for OMV's portfolio of new energy solutions in one central location to achieve harmonized, cross-divisional results
- ▶ Ensuring close cooperation and joint efforts between Corporate and the business divisions in developing the most promising proposals for efficient carbon reduction

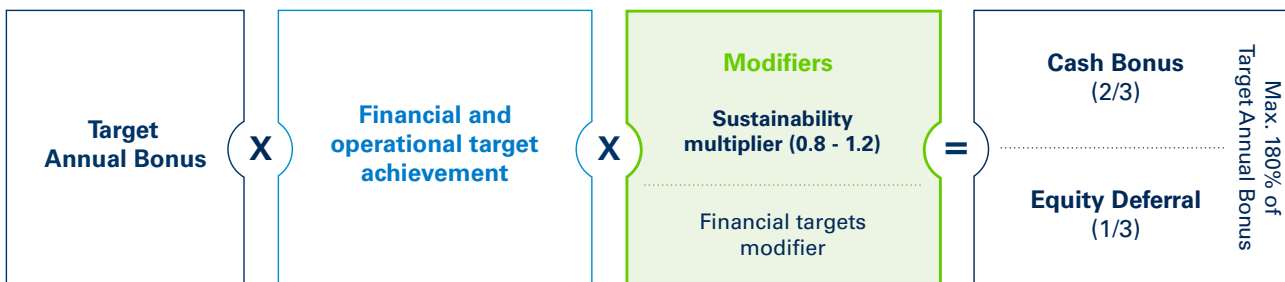
- Promoting a “startup culture” to create the right environment and encourage colleagues to come up with ideas aimed at reducing OMV’s environmental footprint

The Business and Other Group Functions leadership team has a general overview and control over the implementation of all Company functions on the ground, and ensures that environmental and social aspects are integrated into the business activities. The Executive Board reports to the Supervisory Board on a regular and ad-hoc basis. Members of the leadership team also comprise the Risk Committee, chaired by the CFO, which ensures that material financial and non-financial risks are properly identified and managed. (For more information on the risk management process, see the [Annual Report 2019](#) under Risk Management.)

The Executive Board is the highest managing body of the Company. The Supervisory Board appoints members of the Executive Board, monitors and supervises its decisions, and advises the Executive Board on strategy development. The Executive Board approves the Sustain-

ability Strategy as part of the Corporate Strategy and is accountable to the Supervisory Board for its implementation. (For more information on the functions and composition of the Executive Board and Supervisory Board, see the [Annual Report 2019](#) under Consolidated Corporate Governance Report.)

The Supervisory Board appoints among its members qualified expert committees that support the decision-making of the Supervisory Board. The Remuneration Committee is authorized to determine the Executive Board’s remuneration, including the structure of the remuneration system and the actual target achievement. The Executive Board remuneration consists of fixed and variable remuneration elements. The variable remuneration – the Long-Term Incentive Plan (LTIP) and the annual bonus – includes performance criteria related to the Company’s sustainability performance. The sustainability multiplier as part of the annual bonus is determined at the discretion of the Supervisory Board based on a predefined set of criteria that are selected due to their importance for OMV’s sustainability performance.



These criteria include, but are not limited to, the Lost-Time Injury Rate, the number of work-related fatalities of employees and contractors, the number and volume of oil spills, and the Reserve Replacement Rate. The LTIP includes a Health, Safety, Security, or Environmental (HSSE) malus that may be applied to the overall target achievement. In situations where a severe HSSE breach has occurred, the Supervisory Board can reexamine the level of the LTIP payout and, depending on the extent of the infraction, reduce it at its reasonable discretion, if necessary to zero. An external audit of the actual target achievement is performed by the Company’s Group auditor, and the results are communicated to the Remuneration Committee and Supervisory Board. More details on the remuneration structure and the complete list of performance criteria are provided in the [Annual Report](#).

The Sustainability & Reporting department is part of Corporate Affairs and has a Group-wide coordination function. It is responsible for steering, providing advice on, and reporting on sustainability-related topics to internal and

external stakeholders. Sustainability & Reporting steers and coordinates the development and the implementation of the Sustainability Strategy.

With the support of external sustainability experts, OMV evaluated sustainability maturity to fulfill the reporting recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on this evaluation, we further enhanced our disclosure of climate-related financial issues in line with the TCFD recommendations.

We consult with internal and external stakeholders through various engagement channels across different levels of the governance structure. Additional information on the engagement channels is provided in the [Stakeholders’ Engagement Details](#).

The Investor Relations department coordinates the communication of OMV’s sustainability performance and strategy at the request of socially responsible investors (SRIs) with the Sustainability & Reporting department.



OMV presented the newly developed SRI capital market story at an ESG/SRI conference in Paris and engaged with investors from the investor initiative “Climate Action 100+” among others. The SRI presentation is available at: <https://www.omv.com/en/roadshows-and-conferences>

In 2019, senior management performed a half-year review of the progress in relation to the Sustainability Strategy

targets and the status of the initiatives. The status of the Sustainability Strategy targets and a deep dive into carbon management were discussed in a meeting with Supervisory Board, Executive Board and senior management representatives. The Executive Board and Supervisory Board approved the Company’s Sustainability Report.

Our commitment to international sustainable development standards



OMV is a signatory to the United Nations (UN) Global Compact and is fully committed to the UN Guiding Principles on Business and Human Rights. OMV adheres to the recommendations of the OECD Guidelines for Multinational Enterprises – the only government-supported international instrument for responsible business conduct with an integrated grievance mechanism. The recommendations relate mainly to information disclosure, human rights, employment, environment, and anti-corruption efforts.

We continue to support the UN Sustainable Development Goals (SDGs) through our projects and initiatives. The key SDGs supported by OMV through its activities are SDG 7 – Affordable and clean energy, SDG 13 – Climate action, SDG 8 – Decent work and economic growth, and SDG 16 – Peace, justice, and strong institutions.



OMV recognizes that climate change is one of the most important global challenges and acknowledges the goals set forth by the Paris Climate Change Agreement and the EU climate targets. As part of our carbon strategy, we have endorsed the international World Bank initiative “Zero routine flaring by 2030” to end the routine flaring and venting of associated gas during oil production by 2030.

In line with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose, where possible, climate-change-related considerations in the operational elements of governance, strategy, risk management, and metrics and targets. The TCFD Index, published as an annex to this report, outlines disclosures throughout this report that illustrate our reporting in accordance with TCFD Recommendations. OMV is a supporter of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#).



Risks and opportunities management

Like the oil and gas industry as a whole, OMV is exposed to a variety of risks – including market and financial risks as well as operational and strategic risks.

The Group’s risk management processes focus on identification, analysis, and evaluation of such risks and their impact on the Group’s financial stability and profitability as well as on their impact on sustainability matters. The objective of these activities is to actively manage risks in the context of the Group’s risk appetite and defined risk tolerance levels.

For OMV, a risk represents uncertainty regarding Company objectives measured by combining the likelihood or frequency of an event and its consequences, which can result in opportunities or threats to the success of the Company’s sustainable business performance.⁸

Mapping our sustainability risks

When evaluating risks, OMV also assesses any relevant impact OMV activities might have on Environment, Society, and Governance (ESG). We have summarized the potential risks, mitigation measures, and net risks and opportunities of OMV activities, structured by our material topics and related NaDiVeG concerns in the table below. Materiality in this context is defined as issues having a potentially significant impact on the environment or society. For further details on our materiality analysis, see [Reporting on materiality](#).

Material Topic	Risk description ¹	Mitigation measures	Effect description ²
GHG emissions from operations (NaDiVeG: Environmental concerns)	<p>Risk of imbalance between certificates allocated and emissions volumes required by the Company’s activities, resulting in higher costs; generated by the uncertainties about allowance demand and abatement costs</p> <p>Risk of decarbonization policies forcing OMV to operate on a net carbon-neutral basis, triggered by the enforcement of the Paris Climate Change Agreement</p>	<ul style="list-style-type: none"> ▶ Developing and implementing a forward-looking OMV Carbon Trading Strategy ▶ Reducing GHG emissions in OMV’s carbon-intensive facilities by implementing energy efficiency improvements and technology changes ▶ Phasing out routine flaring and venting as a major contributor to reduce GHG emissions ▶ Boosting energy efficiency and reducing internal fuel consumption by increasing renewable energy supplies, such as the Company’s own photovoltaic plants <p>For more details, see Carbon Efficiency of operations</p>	OMV’s 2019 total Scope 1 GHG emissions of 10.63 t CO ₂ equivalent increased the CO ₂ concentration in the atmosphere by about 0.0062 ppm.
Employment and skill development (NaDiVeG: Respect for human rights, Employment & social concerns)	<p>Changes in the law might affect international assignments (global mobility-related risk)</p> <p>Inability to comply with complex legislation in various countries</p>	<ul style="list-style-type: none"> ▶ Constant monitoring of regulations related to immigration and specific labor markets to anticipate any related risks ▶ Obtaining expert advice from external consultants and specialized relocation agencies with in-depth market expertise <p>For more details, see Management of employment and skills development</p>	No relevant impact on environment or society
Energy efficiency (NaDiVeG: Environmental concerns)	Risks of failing to implement energy efficiency projects due to finances or insufficient resources could keep energy consumption at high levels	<ul style="list-style-type: none"> ▶ ISO 50001 certifications for Refining and some Upstream assets <p>For more details, see Energy efficiency</p>	OMV’s 2019 total Scope 1 GHG emissions of 10.63 t CO ₂ equivalent increased the CO ₂ concentration in the atmosphere by about 0.0062 ppm.

⁸ The Austrian Sustainability and Diversity Improvement Act (NaDiVeG) defines risk as a potential negative effect on sustainability originating from the company’s operations, its supply chain, or its products/services.



Material Topic	Risk description ¹	Mitigation measures	Effect description ²
Environmental compliance (NaDiVeG: Environmental concerns)	Non-compliance with environmental and water legislation, or specific internal rules and regulations	<ul style="list-style-type: none"> ▶ Legal compliance register ▶ Legal audits ▶ Trainings ▶ Close collaboration with regulators ▶ CAPEX allocation for legal compliance projects <p>For more details, see Management of Environmental Compliance</p>	No relevant impact on environment or society
Health, safety & security (NaDiVeG: Employment & social concerns)	Risk drivers such as integrity failure or unsafe process safety conditions leading to business interruptions, pollution, accidents involving employees, and deterioration of the Company's reputation	<ul style="list-style-type: none"> ▶ Audits ▶ Risk awareness campaign ▶ Lessons learned (internal incidents or industry experience) ▶ Preventive maintenance <p>For more details, see Health, safety & security</p>	The impact on environment or society is already described in the risk description.
Local communities (NaDiVeG: Respect for human rights, Employment & social concerns)	<p>Not fulfilling the expectations of local communities with regards to economic benefits</p> <p>Deterioration in occupational health and safety in countries where local legislation is less strict</p>	<ul style="list-style-type: none"> ▶ Social Impact Assessment (SIA), including free and prior informed consultation with and consent of local stakeholders ▶ Stakeholder engagement plans ▶ Community grievance mechanisms ▶ Community investments <p>For more details, see Community relations and development</p>	The impact is significantly reduced as OMV applies the same international standards across all the countries where OMV operates.
Low-carbon products and innovation (NaDiVeG: Environmental concerns)	<p>Opportunities unlocked by decarbonization policies forcing OMV to operate and produce fuels on a net carbon-neutral basis</p> <p>Risk that demand for refined fuels may drop due to less carbon-intensive substitute products coming to market</p>	<ul style="list-style-type: none"> ▶ Identifying and developing new business opportunities based on low-/zero-carbon product portfolio by the newly created New Energy Solutions department ▶ Carbon reduction targets integrated into Executive Board remuneration ▶ Strong focus on natural gas sales and petrochemical sales increase <p>For more details, see Carbon Efficiency of the product portfolio</p>	OMV's total GHG emissions from all activities 2019 onward based on current product portfolio and current proven/probable reserves (assuming all of the reserves are produced and burned) amount to estimated 2.17 Gt CO ₂ equivalent, which represents around 0.5% of the total remaining global carbon budget of about 420 Gt CO ₂ equivalent. This would increase the atmospheric CO ₂ concentration by about 0.12 ppm.
Spills management (NaDiVeG: Environmental concerns)	Loss of integrity of a pipeline caused by an unsafe condition resulting in a major accident offshore or onshore (explosion, major fire, major oil spill)	<ul style="list-style-type: none"> ▶ Improving integrity through old pipeline/old facilities replacement programs ▶ preventive maintenance and corrosion programs ▶ Oil spill response plans and emergency preparedness plans <p>For more details, see Spills management</p>	The impact on environment or society is already described in the risk description.



Material Topic	Risk description ¹	Mitigation measures	Effect description ²
Supply chain (NaDiVeG: Respect for human rights, Employment & social concerns)	<p>Risk of poor labor practices in supply management, e.g., failure to pay decent wages in the supply chain (human rights)</p> <p>Supplier pays wages below standards established by international human rights bodies</p>	<ul style="list-style-type: none"> ▶ Training for employees (focus on high-risk countries) ▶ Human Rights Country Entry Check before launching operations in a country as well as regular human rights assessments in our countries of operations ▶ HSSE contractor management, considering human rights aspects (including labor rights) in pre-qualification and auditing phase ▶ ESG supplier assessments ▶ Code of Conduct including labor rights <p>For more details, see Supply chain</p>	<p>The impact is significantly reduced as OMV applies the same international standards across all the countries where OMV operates and complies with minimum local legislation.</p>
Water management (NaDiVeG: Environmental concerns)	<p>Periods of low or no precipitation would lead to inability to access water for normal operations (internal consumption) in areas of low water availability</p>	<ul style="list-style-type: none"> ▶ Improving integrity through old water pipeline/facilities replacement programs ▶ Preventive maintenance ▶ Water management plans ▶ Reduced water consumption and water efficiency improvements ▶ Oil spill response plans and emergency preparedness plans in case of spill event affecting water bodies <p>For more details, see Water management</p>	<p>The impact on environment or society is already described in the risk event.</p>

¹ A risk represents the uncertainty that OMV will not meet its objectives. This is measured by combining the likelihood or frequency of an event and its consequences, which can result in opportunities for benefit (upside) or threats to success (downside).

² Effects refer to positive and negative impacts on environment and society arising from the regular business model or from unplanned events that should not occur during regular operating activities.



Enterprise-wide risk management

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

The main purpose of the OMV Group's EWRM process is to deliver value through risk-based management and decision-making. The OMV Group is constantly enhancing the EWRM process based on internal and external requirements. The process is facilitated by a Group-wide IT system supporting the established individual process steps, guided by the ISO 31000 risk management framework.

The Executive Board is responsible for risk oversight, ensuring that management has put in place a rigorous process for identifying, prioritizing, managing, and monitoring the critical risks affecting the Company. The Executive Board sets, communicates, and implements our risk management culture throughout the OMV Group.

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

The Risk Committee assists and advises the Executive Board on all aspects of financial, operational, and strategic risks (irrespective of their financial or non-financial dimensions). It also provides assurance to the Executive Board that the OMV Group's risk management process is supported with the appropriate tools, policies, and procedures and that risks are identified, measured, and managed in line with the Group's policies and risk appetite.

The role of the Risk Committee is to

- ▶ ensure that effective risk governance is in place and that regular reviews and updates are based on a best practice approach;
- ▶ support OMV's processes for developing its risk appetite and allocating capital and limits across the business;
- ▶ validate the key non-financial and financial risks identified with respect to OMV's medium- and long-term objectives, considering the following risk categories according to OMV's risk taxonomy: operational risks (including all risks related to physical assets, production risks, project risks, personnel risks, IT risks, HSE, climate change, and regulatory/compliance risks), strategic risks (arising, for example, from changes in technology, climate change, risks to reputation, or political uncertainties), and financial risks, including market price risks and foreign exchange risks;
- ▶ review the Group Risk Report and define the overall risk landscape for final submission to the Supervisory Board's Audit Committee;
- ▶ evaluate risk mitigation measures for effectiveness and timely implementation to address major risks and recommend further actions to the Executive Board when risk tolerance levels are exceeded;
- ▶ promote a risk awareness culture within the Company.

The Risk Committee meets at least four times a year, ensuring that risk awareness and prevention are deeply integrated into decision-making processes. The Committee validates the key non-financial and financial risks identified with respect to OMV's medium- and long-term objectives.

In addition to including risks and opportunities in midterm planning at OMV, we believe that creating a risk-aware culture throughout the organization, where everyone is aware of the risks related to their jobs and implements risk management practices on a daily basis, is the most effective way to avoid potentially negative effects, while embracing the opportunities that may arise. To this end, our comprehensive Enterprise-Wide Risk Management (EWRM) program is led by senior management and cascades to every employee of the Company.

Risk management process

The risk management process combines an intensive bottom-up and top-down approach, with every single employee responsible for implementing the most appropriate mitigation strategies for the risks within their sphere of responsibilities. Risks are identified in the bottom-up process during day-to-day business at asset level. Depart-



ment heads are responsible for initiating the risk analysis, which includes selection of the appropriate risk identification techniques. These include not only interviews, workshops, surveys, and analyses of historical losses, but also information on risks documented in risk registers or loss databases. In particular, environmental risks are identified by using approaches such as a standardized environmental risk assessment methodology applying a double materiality approach whenever possible. Risk coordinators and subject-matter experts assist with risk identification. Such risks are then analyzed against a medium-term horizon of three years, including their possible quantitative impact as a deviation of cash flow from the midterm plan and the likelihood of such an impact. Heat maps or risk matrices are used to support the assessment process and serve to identify probability ranges and the related consequences if risks were to materialize.

The top-down risks are analyzed against a longer time horizon of up to seven years and beyond (e.g., in accordance with the life of a project or of a field). With respect to climate change, risks and opportunities include both acute and chronic physical risks, regulatory risk, technology risk, reputational risk, and new market opportunities arising in the long term.

In order to identify such risks, we continuously monitor OMV's internal and external environment and conduct interviews with senior management, subject-matter experts, and Executive Board members. This process complements the bottom-up approach and captures the risks inherent in the strategy. We collect information on root causes, consequences, corresponding risk mitigation actions and their effectiveness, and changes in internal and external factors influencing likelihood. These are assessed in working sessions with senior management and subject-matter experts. As part of the Risk Report, this analysis is discussed at the OMV Executive Board level and presented to the OMV Audit Committee.

All risks with risk ratings exceeding a certain threshold at Group level are included in the Group Risk Report and are considered to be substantive irrespective of their probability. However, the threshold can vary depending on the management focus for that specific risk management measure. In addition, risks are considered to be substantive if they are seen as such by relevant stakeholders, such as local communities, governmental authorities, employees, or suppliers, even when the financial impact is not significant. For further information on engagement with relevant stakeholders, see [Stakeholder Engagement Details](#).

Bottom-up and top-down perspectives are combined to provide a comprehensive risk profile of the organization,

which is taken into consideration when the OMV strategy is developed or updated.

The formal process ("Risk Run") of collecting risk information happens twice per year. The identified risks are aggregated and ranked depending on their impact on our business and then presented to the Risk Committee for review. The short- and long-term impact of risks and opportunities related to climate change are a special focus topic for the Risk Committee in 2020.

The OMV climate change risk management approach aims to meet the TCFD recommendations as well as the double materiality perspective proposed by the EU Non-Financial Reporting Directive. This new approach is being implemented gradually throughout the organization. Climate change risks are growing in importance in light of the oil and gas industry's significant direct impact.

Risk taxonomy

Paying attention to every single risk makes risk management a holistic process. We use common risk terminology and language across OMV in order to facilitate effective risk communication. Environmental, Social, and Governance (ESG) risks, which specifically consider the emerging topic of climate change, are a key element in the OMV taxonomy.

The full spectrum of risks relating to OMV's business, including economic, environmental, and social issues, is analyzed using either a semi-qualitative or quantitative approach and documented in a centralized risk repository. The resulting corporate risk profile provides a holistic view of issues that could affect Company performance in the medium and long term. The profile is therefore integrated into the decision-making process.

According to the OMV risk taxonomy, the following risk categories are considered:

- ▶ 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, climate change, and regulatory/compliance risks
- ▶ Strategic risks arising, for example, from changes in technology, climate change, risks to reputation, or political uncertainties

For reporting purposes, this taxonomy is mapped to various other risk classifications such as NaDiVeG and TCFD.



Financial risk management

Market price and financial risks arise from volatility in the prices of commodities and include market price risks arising from European Emission Allowances, foreign exchange (FX) rates, and interest rates. 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. Such risks also cover the impact of volatile prices for (European) Emission Allowances, where typical mitigation activities like spot, forward, or futures transactions are applied to ensure a balanced position of emission allowances by selling the surplus or covering the gap.

Operational risk management

The nature of OMV's business operations exposes the Group to various Health, Safety, Security, and Environment (HSSE) risks. Such risks include the potential impact from natural catastrophes 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.


OMV focuses particularly 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 gas market; 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 scarcity, droughts, floods, and landslides), the impact of the Company on the environment, and the mitigation actions that will ensure a proper transition to a low-carbon environment (reduction of carbon emissions, compliance with new regulatory requirements, etc.).

Strategic risks

OMV regularly evaluates the Group's exposure to climate-change-related risks in addition to the market price risk from European Emission Allowances. Such risks comprise the potential impact of acute or chronic events, such as 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.

The following emerging climate-change-related risks were identified:

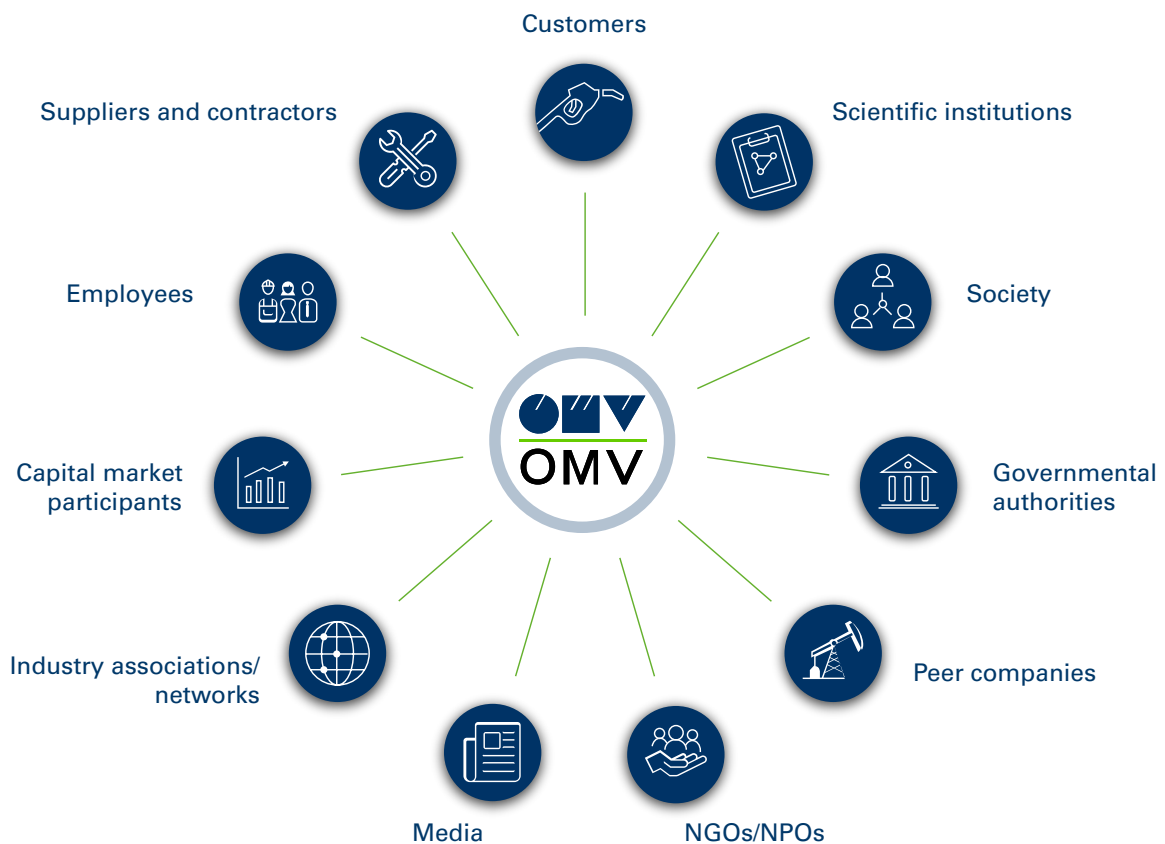
- ▶ Legal risk linked to compliance and the cost of compliance with current regulations related to climate change, such as the EU's emissions trading legislation
- ▶ Emerging climate-change-related regulations aimed at the decarbonization of economic activities, such as future emissions trading programs, CO₂ limits for cars, and legal controls on routine flaring and venting⁹
- ▶ Reduction in the cost of alternative energies leading to a competitive advantage for low-carbon fuels
- ▶ Shift in consumer and investor preferences toward products and investments strongly aligned with the energy transition and offering climate change mitigation solutions
- ▶ Chronic risks for OMV assets in various locations affected by climate change

 For more information on climate change risk management, see [Carbon Efficiency](#). Additional information on major financial and non-financial risks is included in the [Annual Report 2019](#) under Risk Management.

⁹ For example, in an impact analysis we assumed that assets with routine flaring in Romania and Tunisia were temporarily forced to cease production due to regulations. In this scenario, which we consider to be very unlikely, a six-month stoppage would result in an estimated revenue loss of EUR 525 mn, representing around 3% of OMV Group revenues (based on 2018 revenues for crude oil production facilities in Tunisia and Romania, which currently conduct routine flaring).

Stakeholder map

OMV is committed to stakeholder engagement and convinced that mutual respect, transparent behavior, and open dialogue are the best foundations for a good relationship with the various stakeholders we interact with. In our stakeholder engagement approach, we identify and manage relationships with persons, groups, or organizations who might be impacted by our activities or who may have an impact on our business.



See [Stakeholders' Engagement Details](#) for more detailed information on stakeholders and the mechanisms for dialogue and inclusion of their views in OMV's approach.

Reporting on materiality

OMV identifies material content for the Sustainability Report in an extensive and structured process of consultation with the Company's external and internal stakeholders.

The full-scale process of consultation and analysis is repeated every three years, with the most recent one taking place in 2017. A detailed description of the materiality identification process is published separately on OMV's website. In 2019, we reviewed highly material topics identified previously against best industry practices, and also in light of the Environmental, Social, and Governance (ESG) performance issues of interest to ESG rating agen-

cies and socially responsible investors. In light of the reporting requirements of the Austrian Nachhaltigkeits- und Diversitätsverbesserungsgesetz (Sustainability and Diversity Improvement Act; NaDiVeG) and given the diversity-related targets of the OMV Sustainability Strategy 2025, the topic of diversity was defined as material. Full disclosure is provided as required by the GRI.

