Focus Areas

IN THIS CHAPTER

Highlights 2019

Health, Safety, Security, and Environment (HSSE)

Fatalities
0

Freshwater withdrawn in water stressed areas
–61%

Energy savings from implemented projects in refineries
365 TJ

Find out more about this material focus area.

Carbon Efficiency

CDP Climate Change
A–
Leadership

Reduction in carbon intensity of operations vs. 2010
–22%

Increase in natural gas sales volumes
20%

Find out more about this material focus area.

Innovation

Spent on R&D
49 mn
EUR

Post-consumer plastic transformed into synthetic oil
100 t

Strategic cooperations for hydrogen solutions and
14 hydrogen filling stations

Find out more about this material focus area.

Business Principles and Social Responsibility

Employees participated in Business Ethics online training
11,144

OMV employees received training on human rights
47%

Supplier audits with sustainability elements
11

Social and community investments
20.8 mn
EUR

Find out more about this material focus area.

Employees

Share of women at management level
19.6%

Executives with international experience
77%

Training hours across the Group
404,222

Find out more about this material focus area.

Health, Safety, Security, and Environment

Health, safety, security, and protection of the environment (HSSE) are core values that constitute an integral part of our commitment to conducting our business in a responsible way. The essence of prioritizing HSSE is expressed in OMV's HSSE Vision of "ZERO harm – NO losses." The Vision establishes the dependence of OMV's long-term business success on our ability to continually improve the quality of our business activities while protecting people, the environment, assets, and our reputation. The integrity of OMV operating facilities, loss prevention, and proactive risk management are essential for achieving OMV's HSSE Vision.

Vision

- Achieve Group-wide **ZERO Harm – NO Losses**

Mission

- Protect **People, Assets,** the **Environment**

The Vision is embedded in the HSSE Policy. The full text of the HSSE Policy is available on OMV's website.

Key Figures

0
Fatalities

–8%
Energy consumption vs. 2018

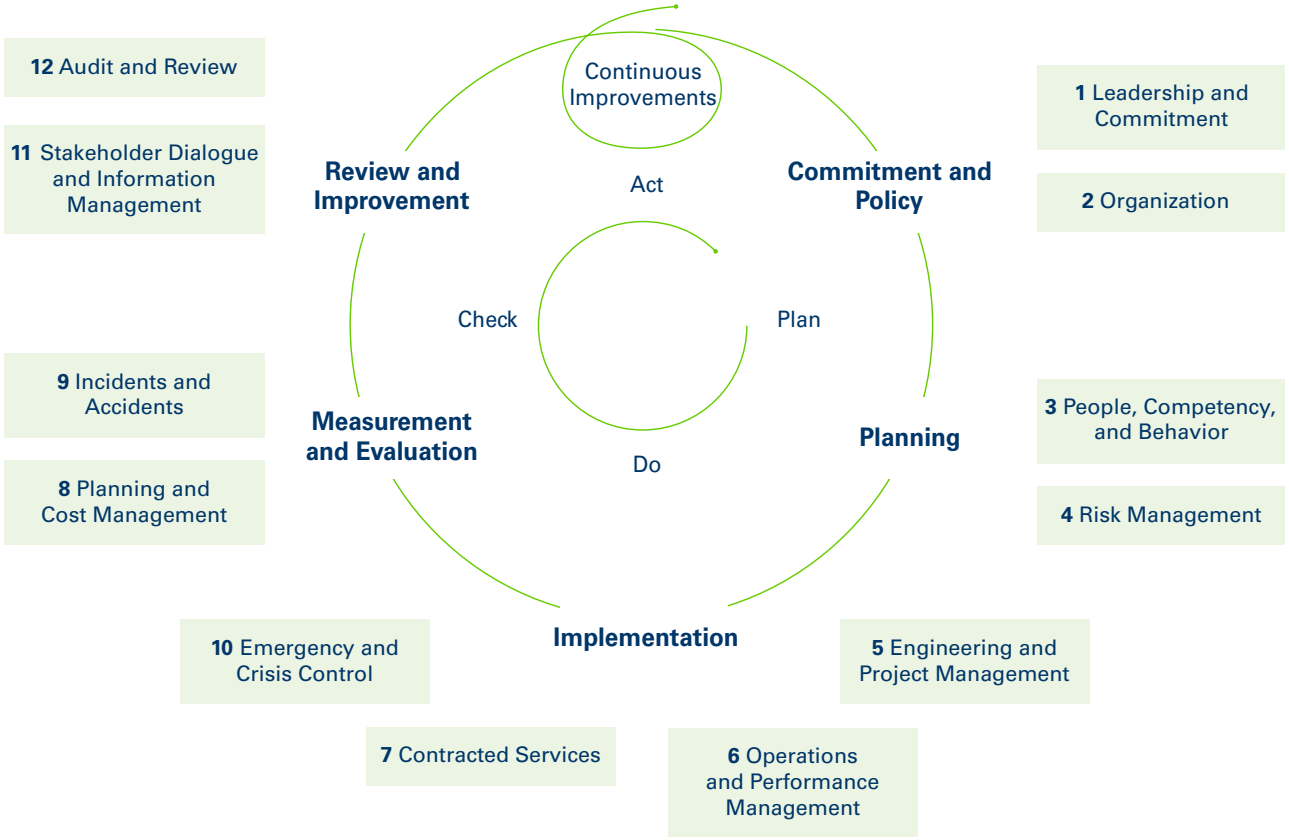
0.34 LTIR
per mn hours worked

Health, Safety, Security, and Environmental Management

Due to a high degree of interdependence between Health, Safety, Security, and the Environment, these concepts are grouped into one single management focus: HSSE. HSSE management is governed by the HSSE Directive, which defines key expectations in compliance with internal HSSE regulations at various levels of the organizational structure as well as across Group and local functions. The Directive sets out the principles and rules for the management of HSSE-related risks and activities throughout the life cycle of Group business and activities, including capital projects, mergers, and acquisitions. The Directive also defines key HSSE responsibilities for all OMV Group employees, partners, and contractors. It additionally contains the HSSE Policy, the Major Accident Prevention Policy, and the Life Saving Rules. It also stipulates the continuous improvement of HSSE performance.

The HSSE Directive defines core aspects of HSSE management, grouped into twelve elements revolving around the "Plan-Do-Check-Act" cycle. For each element, the HSSE Directive defines the approach to follow for effective HSSE management. The HSSE Strategy and its implementation are aligned and fully embedded into the Corporate Strategy and the corporate governance structure.

Core aspects of HSSE management



Based on the HSSE Strategy, a business-specific HSSE Plan was developed for 2019 based on cross-functional and subject-matter goals. Leadership responsibility is assigned to the members of the Executive Board. OMV's HSSE management includes interaction with employees or their representatives (trade unions) as a channel of engagement regarding issues that are particularly important and necessary for improvement. Health, Safety, Security, and Environment (HSSE) Days are organized by the HSSE department for OMV's various units to inform employees about HSSE topics.

Executive Board

Chief Executive Officer & Chief Marketing Officer	Chief Financial Officer	Chief Upstream Operations Officer	Chief Downstream Operations Officer
Safety Culture Program	Carbon Management	Process Safety through Value-Creating Projects	Contractor HSSE Management

Health

Health management

The well-being and physical and mental health of our employees are the foundations for a successful company, since they affect the performance levels of our Company's core asset – human capital. We have established a Group-wide health care standard to ensure a high level of care for our employees' health across the Company. The standard includes preventive initiatives, such as targeted health promotion campaigns, a systematic assessment of health risk mitigation, and curative care.

Health management at OMV is both a strategic and an operational system. Its success depends on leadership, commitment, and participation at all levels and functions in the organization, and on the part of medical specialists and partners as well as employees. The OMV Group Standard for Health describes the main principles, roles and responsibilities, and lines of communication within the OMV Group. The standard provides a framework for managing preventive health measures and curative health care, as well as collaboration among HSSE specialists.

The standard regulates the work of operative medical service providers in relation to providers in the following areas:

- Planning of human resources, medical facilities and services, and local health plans
- Implementation of operational health risk assessment and management, emergency preparedness, health programs and trainings
- Checks and audits of medical suppliers (laboratories, partner clinics, pharmacies), hygiene in food facilities, customer satisfaction
- Reporting
- Collaboration with contractors and subcontractors on health and safety

For example, in the health care standard we have defined the minimum equipment and materials for our clinics – both on land and offshore – like electrocardiogram (ECG), defibrillators, suction units, rescue devices, and emergency medication. It also supplements local legal requirements, allowing us to establish a harmonized level of health care services and access to medical facilities at all OMV sites.

OMV applies its own risk management standard including a thorough assessment of possible risks, including health-related risks. We have therefore developed guidelines – based on international guidelines from IOGP/IPIECA – for health risk assessment that cover such health risks as harm from chemical agents, psychological strain, physical injuries, and others.

A special health audit program developed by the Corporate Health Management department serves as evaluation tool to ensure that our common corporate health care standard is implemented and followed throughout the Group. The program stipulates that all clinics and medical partners be audited every three years, and clinics also report on a self-conducted audit every year. In 2019, 14 clinics in at least 6 countries were audited, and 46 clinics in 17 countries reported on self-performed audit results. Audit results serve as the basis for identifying areas for further improvement and analyzing the effectiveness of our health management approach.

Health promotion activities

Every year we organize health promotion activities, to enhance the knowledge of our employees on health-related issues.

In 2019, we carried out the "Passport for Health" campaign at OMV Petrom for the fourth time. This campaign aims to strengthen the culture of health care to encourage employees to participate in voluntary health programs and to start living a healthy lifestyle. The 2019 campaign covered topics relating to resilience, physical activity, and a healthy diet, with 3,353 participants taking part in these activities.

We also organized a special event at OMV Petrom called "Win Health: ON!". This was a competition where five teams across the country competed in their knowledge of health in a series of theoretical challenges.

Another example of employee interaction with the Health Management System is the Health Circle organized in Gänserndorf, Austria. Twice a year employees gather to address work-related health issues and create customized solutions in collaboration with the local health team. In 2019, the topics included action needed to improve preventive care, collaboration on HSSE Days, training and refresher courses on resuscitation and defibrillator use, vaccination initiatives, preventive care, and other health-related concerns.

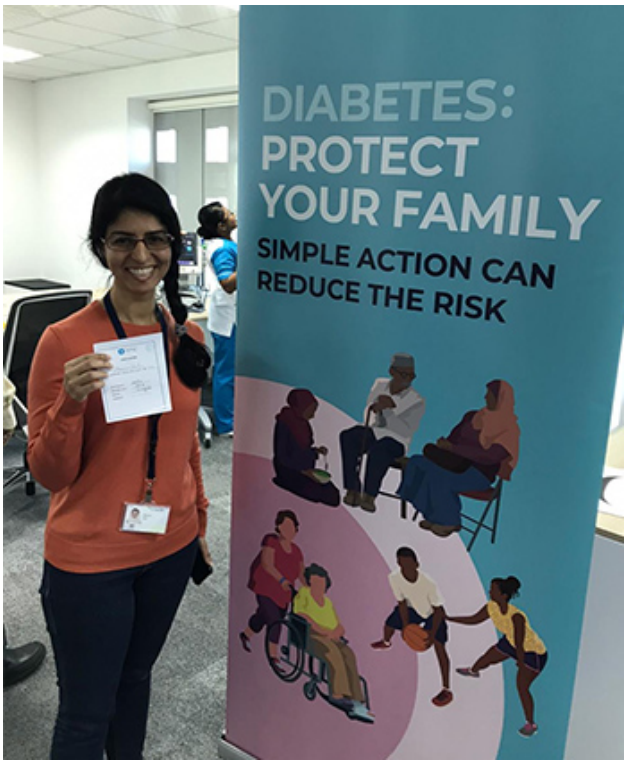
To mitigate occupational health risks, our medical staff carries out specific preventive examinations in accordance with the legal regulations of the countries in which we operate. These exams include blood tests for employees working with specific hazardous substances and hearing tests for employees exposed to noise.

We offer general health screenings for our employees. In addition, we run seasonal campaigns to provide free vaccinations against flu and tick-borne encephalitis in affected areas. In 2019, 32,380 voluntary health screenings, 5,339 vaccinations, 111,457 medical consultations, and 146,700 occupational health examinations were performed and/or organized by OMV medical staff.

Medical facilities

OMV maintains or works with a total of 35 medical units at all locations where we have operating facilities.

OMV maintains or works with a total of 35 medical units at all locations where we have operating facilities. The presence of OMV first aid facilities benefits the local population, as it often provides necessary medical help in remote areas where medical services might not be easily accessible quickly (particularly in Yemen and Kazakhstan). In 2019, OMV first aid facilities assisted around 1,974 individuals in the local population in need of urgent care. From this perspective, our assistance to the local population provides a positive impact outside OMV's operational boundaries, thereby contributing to building a good relationship with our neighbors.



Safety of people and processes

Occupational safety management

OMV aims to adhere to the highest standards to provide its employees and contractors a safe workplace. Our Safety Management System is based on the OMV Group's HSSE Policy, the HSSE Directive, and corporate regulations, such as HSSE Risk Management, Contractor HSSE Management, Management of Hazardous Substances, Personnel Transportation, and Reporting, Investigation, and Classification of Incidents, which provide the framework for safety management. 19% of OMV sites, including all three refineries, have been certified to OHSAS 18001/ISO 45001.

We establish feasible and viable mitigation measures to prevent accidents and to minimize the negative impact on people and the environment when incidents occur. Our regulations stipulate mandatory risk assessments for non-routine work, any changes, and projects as well as regular reviews of the risk assessments of existing installations and Last-Minute Risk Analysis (e.g., in the course of toolbox meetings) prior to every job.

The Major Accident[12] Prevention Policy, which is part of the HSSE Directive, sets out the overall aims and guidelines for controlling the risk of a major accident as part of OMV Group operations and activities for achieving those aims. Acknowledging that the risks of major accidents in onshore or offshore operations related to oil and gas extraction, transportation, refining, and distribution activities are significant, and recognizing that such major accidents can have severe consequences for the environment and affected persons, OMV firmly believes that a strong safety culture is the foundation for all of its operations and relationships with contractors.

Major risks and the respective mitigation measures are evaluated and monitored within the Enterprise-Wide Risk Management (EWRM) process, documented in a Group-wide database (Active Risk Management System; ARMS) and reported to top management biannually or on an ad-hoc basis whenever issues arise. Senior management is directly involved in the review of risks identified as a top priority.

In 2019, we focused on updating the information related to OMV operated assets with the potential for Major Accident Events (MAEs) in ARMS. Special emphasis was placed on facilities that are regulated by (or meet the criteria of) the Seveso III Directive of the European Union (the Directive on the control of major accident hazards involving dangerous chemical substances) and on high-risk pipelines, flowlines, and high-risk wells. We also included facilities in non-EU countries which meet the criteria of the Seveso Directive. Operational integrity assessments and barrier reviews were conducted for these facilities. These assessments not only audited the suitability of existing barriers that are critical for preventing and/or mitigating the impact of a Major Accident Event but also assessed the effectiveness of process safety management implementation. A similar approach will continue in 2020 for assessing other critical facilities in the OMV Group which include, but are not limited to, offshore-operated assets, refineries, operated tank farms, etc. The overall goal is to prevent major accidents and limit the consequences of any accidents that may occur, in line with HSSE's Vision of "ZERO harm – NO losses."

In line with the HSSE Directive, clear roles and responsibilities are defined for all staff, line management, and senior management. Line management is responsible for ensuring that HSSE issues are integrated into all business decisions and activities. They are required to demonstrate commitment and leadership by acting as role models and undertaking appropriate measures to control and manage all HSSE risks in their spheres of responsibility.

All staff is required to be familiar with the HSSE Policy, internal HSSE regulations, and the relevant legislation. They actively contribute to and further develop HSSE awareness as part of the corporate culture, stop and report unsafe or irresponsible acts and conditions, and report any incidents and non-compliance. OMV employees at all levels are regularly trained on their roles and responsibilities. Moreover, our Life Saving Rules are presented and discussed regularly during awareness programs, workshops, management walk-arounds and safety walks, and even at the start of various meetings.

We have a central HSSE reporting tool in place where all incidents, findings, and defined actions are reported and tracked. Over many years, our aim was to increase awareness regarding entries into this reporting tool to boost their quality, create transparency, and improve data owner accountability. Various types of reports are available and regularly distributed in order to create an informed basis for managing HSSE and decision-making.

During 2019, 106,231 (2018: 101,889) unsafe conditions and behavior reports were collected in our reporting system.

All employees and contractors are encouraged to bring to the attention of line management unsafe conditions and behaviors in order to identify and resolve potential issues that might otherwise lead to future accidents. We acknowledge – locally and at Group level – these improvement opportunities raised by employees and contractors.

In 2019, we continued to organize training sessions for 96 persons as Investigation Team Leaders, involving a third-party specialized company to provide them with the necessary information. The aim is to ensure that our Company

12 Major Accident refers to an incident involving an explosion, fire, loss of well control, release of oil, gas, or dangerous substances, serious damage to the installation or connected infrastructure, involving or with a significant potential to cause fatalities or serious personal injury or environmental damage within a large area outside the boundaries, as well as any other incident leading to fatalities or serious injury to five or more persons.

has skilled and knowledgeable people available to find root causes and establish suitable and necessary measures to prevent the occurrence of severe incidents or incidents with a high potential for loss.

We continued integrating technical experts into the investigation teams to better understand and address the root causes of technically complex incidents. At the same time, we remained focused on verifying the effectiveness of actions implemented after severe incidents and High-Potential Incidents (HiPos) in previous years, including process safety incidents.

We used a common HSSE platform to ensure Group-wide sharing of knowledge and takeaways from incidents. A complete collection of case studies and information on incidents from Upstream and Downstream since 2013 is available at Group level for use and communication during safety moments, in toolbox talks, or at HSSE trainings.

The health and safety of the people who work for us are key priorities at OMV. Our Executive Board shows strong leadership and commitment to these goals. In 2019, we defined three focus areas related to safety, with an Executive Board member the owner of each. Biannual sharing sessions were organized between the owners and Upstream and Downstream colleagues to establish a common basis of understanding and to exchange information about safety culture, contractor HSSE management, and process safety through value-creating projects.

We believe that promoting open dialogue and establishing a culture in which health and safety are integrated into every employee's role are effective ways to empower people to work safely. Workers are engaged in launching, implementing, evaluating, and improving health and safety programs. They work closely with their managers to find joint solutions to common problems, which helps managers pinpoint issues, while workers are motivated and encouraged to improve their own safety. In 2019, 180 formal joint health and safety committees comprising management and worker representatives were organized at OMV Group sites.

Education and training are important tools for informing workers and managers about workplace hazards and controls so they can work more safely and be more productive.

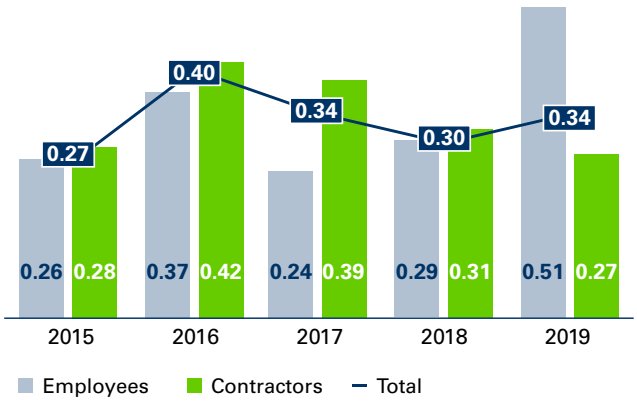
Training topics are defined in part based on an analysis of the incidents' root causes and contributing factors, as well as findings from various HSSE assessments. During 2019, we organized awareness trainings as well as trainings on HSSE roles and responsibilities, hazard identification, and controls. Some of the sessions covered work permits, gas testing, hydrogen sulfide, and hazardous substances, as well as hazards with the potential for serious consequences (such as work at height, excavations, lifting operations, transportation). Awareness on process safety topics was enhanced through the use of computer-based training modules.

A quarterly Petrom Safety Committee meeting and, later on, a quarterly Environmental Committee meeting began to be held regularly at OMV Petrom Board level in order to analyze HSSE-specific performance and projects and define actions to continuously improve HSSE performance.

In 2019, the Lost-Time Injury Rate (LTIR)[13] for our own employees and contractors (combined) per 1 million hours worked was 0.34 (2018: 0.30). Our combined Total Recordable Injury Rate (TRIR)[14] was 0.95 (2018: 0.78).

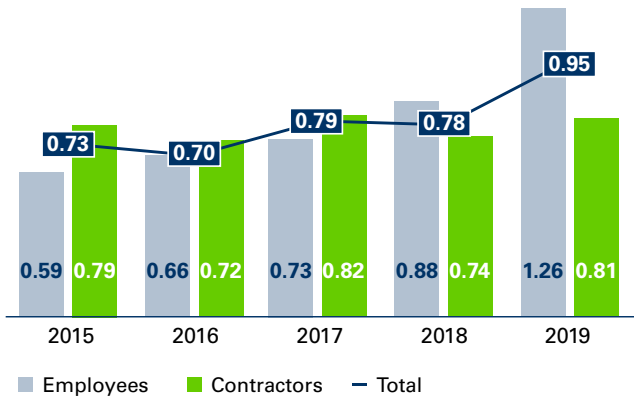
Lost-Time Injury Rate

Per 1 mn hours worked



Total Recordable Injury Rate

Per 1 mn hours worked



13 See Definitions for details
14 See Definitions for details

Sustainability Strategy 2025 targets

Achieve zero work-related fatalities

Stabilize Lost-Time Injury Rate at below 0.30 (per 1 million hours worked)

Status 2019

- Work-related fatalities: zero
- Lost-Time Injury Rate: 0.34

Action plan to achieve the targets

Contractor management

- Improve oversight of contractor activities by periodically reviewing the HSSE performance of key contractors and addressing the concerns during quarterly service quality meetings
- Perform contractor HSSE audits with a strong focus on sub-contractors
- Perform joint HSSE walk-arounds at contractor sites

Safety culture

- Enhance dialogue in HSSE walk-arounds/safety walks
- Develop hazard-awareness activities linked to the HSSE Life Saving Rules to improve employee engagement in identifying hazards and managing risks
- Recognize good performance in HSSE reporting and reward safe behavior at business units and Corporate level
- Organize HSSE trainings for employees and managers with focus on safety leadership and Life Saving Rules

Incident investigation

- Continue sharing experience at Group level through the central platform
- Follow up on actions derived from incident investigations

We continued to concentrate on quality over quantity in terms of reporting, management walk-arounds, safety walks, and action close-out as well as putting our efforts toward bringing safety closer to the hearts and minds of our colleagues. We are focusing more attention on improving our management walk-arounds and safety walks through development of an open dialogue during these, which promotes understanding of the challenges in the operating fields and increases trust between the workforce and management. In this respect, a dedicated number of walk-arounds and safety walks were performed with coaching or in pairs made up of an experienced and a less experienced colleague.

In our operations, we recognized safe behavior and good safety practices to improve the relationship between the workforce and management and to encourage safe behavior in a positive manner. For example, we rewarded good safety practices observed on the spot with vouchers, recognized individuals and teams during quarterly site visits in Refining, organized forums and periodical management meetings in Upstream, and conducted dedicated recognition events, such as the Petrom Annual Safety Excellence Award.

In Upstream, we conducted audits to check compliance with the work permit system in all OMV Petrom Upstream assets. At the same time, we effectively communicated the Life Saving Rules across all MEA countries through extensive Aware Care Talks with own employees and contractors' employees in order to improve daily adherence to these. In Downstream, we launched a pilot for a new electronic permit to work, which will increase the efficiency of the process.

Focus on contractor safety

The safety of our contractors is just as important as the safety of our own employees. For this reason, we have established processes that require contractors to work according to our standards.

Our Contractor HSSE Management Process begins when we issue the scope of work with information about HSSE requirements and the HSSE Key Performance Indicators (KPIs). The process continues through the tender stage with the HSSE prequalification and capability audit. Once the contract terms are agreed and the contract is awarded, before starting work on site, we reinforce our expectations and requirements during HSSE induction, site-specific trainings, and common meetings. During the contract, we monitor our contractors by way of audits, inspections, joint safety walks, service quality meetings, forums, and workshops, using the outcomes to share experience and encourage improvement of our HSSE performance as a team.

In 2019, we continued to integrate contractor organizations into our HSSE audit program and to organize the service quality meetings with key contractors on a quarterly basis, making HSSE an important part of the agenda. In addition, our strengths and weaknesses in HSSE management in our relationships with our contractors and suppliers were discussed during the annual strategic supplier meetings organized by Procurement, as well as in various forums and workshops.

Based on the gap analysis performed in 2018, we issued a new Contractor HSSE Management Standard in 2019. The standard defines the minimum requirements for integrating HSSE issues into all phases of the contract life cycle and into the contractor management process. The standard aims to define a standardized process for the HSSE management of contractors, from selection through contract close-out.

Safety promotion activities

In 2019, we continued to run the Group-wide Safety Culture Program with the main goal of driving change and striving for the best in an environment where safe behavior is a prerequisite for good safety performance.

Protect your and your colleagues' lives

We held three HSSE café sessions at our headquarters in Vienna, one for celebrating the "World Day for Safety and Health at Work," one for promoting the Life Saving Rules, and one on Carbon Management. During these sessions, staff had the opportunity to refresh their knowledge of safety in the head office. We continued the campaign on promoting the use of handrails to encourage safety on stairs and to visibly show commitment to our safety culture.

At OMV Petrom headquarters, various campaigns and events were developed and organized with the main purpose of raising awareness of safety as our first priority. We rolled out the Life Saving Rules at Petrom City through posters, stickers, and an animated training video. We also organized the "Be a Survivor!" road safety campaign and held a "Setting the Tone in Petrom City" event led by OMV Petrom's CEO.

The implementation of the Life Saving Rules continued at the operational sites across the entire Group through trainings and workshops, such as "I ACT" in the countries of the Middle East and Africa region, "Protect Your and Your Colleagues Lives!" at OMV Petrom Downstream, and others.

Based on the takeaways from last year's pilot project launched at Romania's Upstream Asset IX, we conducted the same activities to further integrate the Safety Culture Program into operations at all OMV Petrom Upstream assets. Local employees from various disciplines were organized into working groups assigned to improve implementation of defined Life Saving Rules and to ensure safe behaviors related to those rules in the areas of gas testing, lifting operations, electrical and mechanical isolations, work permits, and others. The teams of multipliers, i.e., employees disseminating the knowledge and skills received in information sessions, were expanded. They continued to train and coach other coworkers and contractors in the field on recognizing hazards and assessing risks on the job.

A dedicated training session for frontline managers was launched at OMV Petrom Upstream and workshops were held with the leadership team at OMV Petrom Downstream to improve safety leadership skills.

The safety culture assessment was extended to other operating sites in New Zealand, Serbia, and Moldova, and to OMV Petrom Aviation.

In early 2019, we cascaded defined actions and targets related to implementation of the Safety Culture Program into all local HSSE plans. The following defined actions and targets were successfully implemented and achieved:

- HSSE walk-arounds, safety walks, and dialogues on site were performed at all sites in accordance with our plans. Some of these involved coaching in order to improve the quality of communication.
- Hazard awareness activities were developed and implemented in accordance with the specific needs of the sites.
- The close-out rate for actions arising from (or related to) level 3+ incidents and HiPos was 97.8% vs. the >80% target.

All of these activities and related indicators were monitored and evaluated on a quarterly basis.

Process safety management

Process safety management is the proactive identification, analysis, and evaluation of risks related to accidental releases of hazardous substances or process accidents that could occur as a result of failures in process technology, procedures, or equipment, and it includes prevention of such releases or accidents. It is applicable to the management of hazards associated with the chemical and physical properties of the substances we handle in our oil, gas, and energy activities.

Tier 1 and Tier 2 key performance indicators provide baseline performance information and are measured each year for a consistent overview of Company process safety performance. In addition, we monitor and report Tier 3 events for a better assessment of the critical barriers at facility level.

The monitoring and reporting of Tier 3 events provides an overview of the weaknesses in critical barriers at facility level. In 2019, the number of Tier 3 Process Safety Events (PSEs) reported was 4,379 (2018: 5,329).

The number of Tier 1 events in 2019 was the same as in the last two years: 4 events.

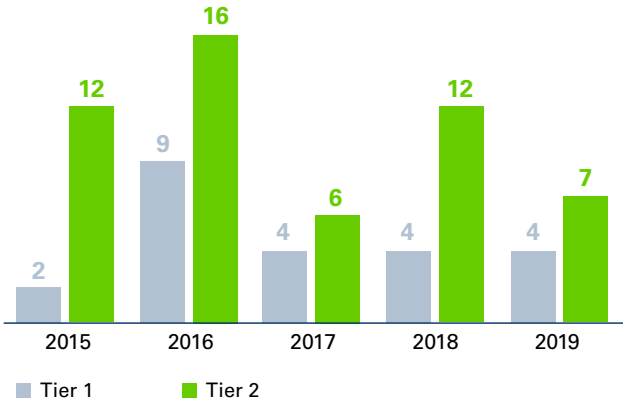
The number of Tier 2 events in 2019 decreased in comparison with 2018 data (2019: 7 events; 2018: 12 events).[15] We continued to perform detailed investigations of process safety incidents and used the outcomes in our learning process.

In Upstream, we focused our process safety efforts on monitoring the maintenance of safety-critical elements and completing regulatory inspections. Our operations achieved significant improvements in 2019: We completed almost 100% of work orders and all regulatory inspections.

15 A Tier 1 Process Safety Event (PSE) is a Loss of Primary Containment (LOPC) with the greatest consequence. A Tier 2 PSE is an LOPC with lesser consequence. A Tier 3 PSE is a so-called "near miss" not leading to actual consequences, or is not classified as Tier 1 or Tier 2. For a more detailed definition of Tier 1, Tier 2, and Tier 3 PSEs, see Definitions.

Process Safety Events, Tier 1 and Tier 2

In number of events



In Downstream, we continue to develop our process safety management activities in the operating units based primarily on process safety information and awareness, employee qualifications, and constant monitoring of process safety performance using a comprehensive set of leading and lagging process safety performance indicators. This year, we completed our series of internal process safety management assessments with an assessment at the Petrobrazi refinery performed by a cross-site and cross-disciplinary team. We also focused our activities on process safety leadership and communication and on the ongoing assessment of the effectiveness of process-safety-relevant regulations in the field.

We began to implement process safety projects in Austria Upstream, adhering to the principle "operate according to needs, not what you are used to." The goal of these projects is to create long-term value by mitigating safety risks and environmental impact. They aim is to reduce pressure, stored inventory, and operating equipment. In addition, these projects will allow us to save fuel, reduce emissions, and increase production wherever possible.

Sustainability Strategy 2025 target

Keep leading position in Process Safety Event Rate

Status 2019

- 0.15[16]

Action plan to achieve the target

- Continue consolidating Major Accident Event (MAE) scenarios for Seveso and offshore facilities as well as for other onshore facilities which meet the criteria of the Seveso III Directive in the Active Risk Management System (ARMS)
- Perform process safety assessments in Downstream and operation integrity assessments in Upstream for verifying key risk control barrier status
- Harmonize process safety KPI reporting across the Group in order to improve the measuring and monitoring process related to process safety, which in turn can be used to improve preventative actions, such as management system revision, training, and facilities engineering improvements

16 The scope of the Process Safety Event Rate performance is limited to events and working hours from entities in the Upstream segment: Austria, Kazakhstan, Malaysia, New Zealand, Norway, Romania, Tunisia, and Yemen; in the Downstream segment: Refining and Petrochemicals, Gas Connect Austria.

Security

Security management

The objective of OMV's security activities is to protect the OMV Group's personnel, assets, information, operations, value, and reputation against any intentional or malicious threats. A still-unstable geopolitical environment in 2019, combined with enduring regional conflicts resulted in an ongoing emphasis by the Security experts on OMV's assets located in the Middle East and North Africa. In addition to the challenges of operating securely in Yemen, Tunisia, and Libya, the enduring threat of terrorist attacks in Europe and elsewhere has remained significant. Political extremism, organized crime, and asymmetric cyberthreats ensure that the Security team continues to maintain a robust yet flexible security strategy to enable OMV to continue operating in such dynamic environments.

The philosophy of using information and protective intelligence as a preventive security instrument remains a fundamental principle of our strategy. It affords the ability to anticipate or instantly respond to a broad spectrum of geopolitical events, regional conflicts, or isolated incidents. Effective interaction with government agencies also augments this approach with the reliable corroboration of facts.

OMV's unique Security Risk Assessment Platform provides real-time oversight of OMV asset risk exposure levels and can be quickly readjusted in response to geopolitical or security events.

The Integrated Travel Security Platform incorporates all OMV ventures and individual travelers, and is used to monitor all international and domestic business travel for security-related events. Mitigation procedures and evacuation contingencies are adapted or activated depending on known or emerging threats.

OMV also utilizes a comprehensive range of security regulations, plans, procedures, measures, and systems as part of a Security Management Standard. This document utilizes IOGP best practice guidelines and other industry best practice (ASIS and UK Security Institute) to enable OMV to more effectively detect, deter, protect, prevent, record, and investigate threats.

All of the above platforms and components form a unique, agile, and proven Security Management System that is regularly reviewed, changed, or enhanced as the situation requires.

In 2019, the Security team at Corporate level continued to deliver operational support to OMV ventures. In addition, in high-risk countries, we have dedicated Country Security Managers and Asset Protection Experts on site to add additional expertise. As the business continues to evolve in the Middle East and Africa region, this will remain an enduring commitment for 2020.

OMV's human rights policies and actions remain crucial in terms of security. Effective community engagement at a local level is a powerful security mitigation measure in regions experiencing conflict or instability. In high-risk countries, OMV's local security and community engagement strategies are tightly integrated, promoting effective policies, mutual respect, and transparency with all local stakeholders. They, in turn, have directly contributed to OMV's stable and secure operating environment in 2019. This cooperation encourages a precautionary approach in early detection and resolution of local grievances.

Our employees responsible for security management constitute part of the target group in the scope of the strategic target of conducting training in human rights. (For more details, see Human rights training.)

Security initiatives

Throughout 2019, the OMV Security function continued to actively enable numerous business initiatives in high-risk or semi-permissible environments.

In the third quarter 2019, OMV Security redeployed into Yemen as the first "expat" rotational field workers into Block S2 since its evacuation in 2015. In the fourth quarter, the Security team was joined by rotational OMV colleagues engaged in technical operations along with third-party service companies to successfully deliver the venture's resumption strategy.

OMV Security teams in Yemen initiated the installation of solar power at the permanent checkpoints and guard positions around its concession in Shabwa, Yemen. Solar power will be used to power the facilities and provide lighting, electricity, and heating while reducing carbon emissions, maintenance, and fuel costs incurred in running fossil-fuel generators.

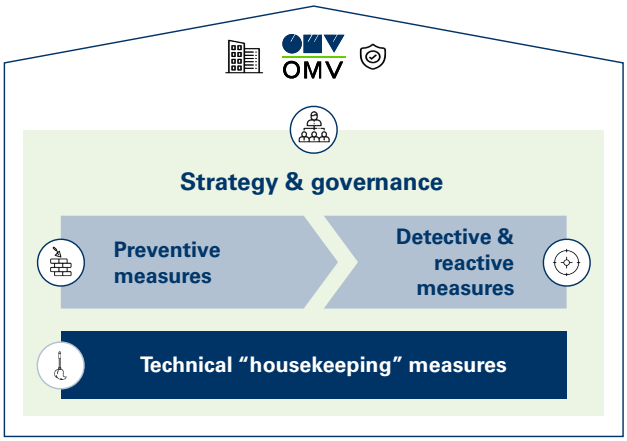
We also try to improve working conditions for our local guards in remote locations, where local infrastructure is not sufficiently developed. Thus, we are extending the water pipeline to the remote checkpoints in Yemen to eliminate the need for time-consuming and expensive daily replenishment via water trucks. Such remote infrastructure initiatives can also be utilized by and benefit the local population, especially nomadic people in tribal communities. For example, OMV Tunisia's Security team at Nawara took the initiative to construct fixed watering points to help the local nomadic camel herdsmen and their herds in an attempt to support the local community and reduce any potential social grievances regarding access to water.

Information security management

In an increasingly interconnected global environment, information is exposed to a rapidly growing variety of risks, threats, and vulnerabilities. OMV invests in information security to protect technology, assets, and critical information as well as to protect our reputation and avoid any damage or monetary loss resulting from unauthorized access to our systems and data.

We build the foundation for a secure environment on clear and actionable standards and processes, supported by well-defined organizational responsibilities in order to implement the increased requirements of cybersecurity. We achieve this with our integrated IT[17] and OT[18] security framework across Corporate, Upstream, and Downstream, which are continually aligning security standards, detailing security requirements, executing tools for security risk assessment and prevention, and setting up contract and incident management.

We rely on a stable foundation of four elements in order to ensure IT and OT security at OMV.



Strategy and governance are essential for setting our direction, providing the relevant security framework, building internal capabilities, pursuing the information security strategy, empowering the security organization, and creating awareness. We train and inform the workforce regarding potential risks and security issues in our everyday business. Furthermore, mandatory and optional trainings equip employees with the tools to handle problems such as phishing or ransomware attempts. In addition, these trainings support employees based on specific advanced information security solutions and processes.

Preventive measures are in place in order to lower the risk of security breaches by introducing new tools, detection strategies, and response plans in order to maintain a strong perimeter. We ensure the stability of our security system's architecture.

Detective and reactive measures are designed to create transparency around existing risks, security gaps, and vulnerabilities. In order to protect our assets and eliminate intruders, we integrate reactive measures to mitigate possible damage and take remediation measures to ensure a fast and total recovery.

Technical "housekeeping" measures ensure a solid foundation with up-to-date hardware and software as well as adequate information security processes. Keeping OMV free from security gaps and potential security risks is essential for the whole business. To achieve this, we implement security patches and offer guidelines in order to provide consistent hardware and software life cycles.

17 Information Technology (IT) is a set of cybersecurity strategies that prevents unauthorized access to organizational assets such as computers, networks, and data. It maintains the integrity and confidentiality of sensitive information, blocking the access of sophisticated hackers.
18 OT Security is defined as Operational Technology (OT) hardware and software that detects or causes a change through the direct monitoring and/or control of physical devices, processes, and events in the enterprise. OT is common in Industrial Control Systems (ICS) such as a SCADA System.

Environment

Environmental management

In striving to minimize the impact of our operations, we particularly emphasize issues of material importance to both OMV and our stakeholders: spills, energy efficiency, greenhouse gas (GHG) emissions, water and waste management.

All topics of material importance related to our environmental impact are managed through a single management approach, governed by general and topic-specific Group regulations, and reported to management accordingly. Specifics regarding the definition of the scope and management of each environmental topic are provided in the corresponding sections: Energy efficiency, Spills management, Water management. Reporting on the management of GHG emissions can be found in the Carbon Efficiency section, since this is a separate focus area of our Sustainability Strategy. As mentioned in the Reporting on materiality section, we also cover the topics of biodiversity and waste management, as these are also important to OMV.

OMV tracks environmental performance in all relevant areas through an annual campaign using suitable IT tools for collecting, validating, and analyzing environmental data. Based on the results of the reporting, OMV can evaluate where our operations have the greatest potential for improvement. Detailed information on the performance of selected environmental indicators is presented under Performance in Detail.

Minimizing environmental impacts by way of water and soil pollution prevention, reduction of emissions, efficient use of energy and natural resources, and avoiding biodiversity disruption is an integral part of the OMV HSSE Policy. In particular, our focus on climate change mitigation as part of our environmental policy led to the inclusion of three related targets in the Sustainability Strategy 2025. (For more information on targets related to reducing GHG emissions, see Carbon Efficiency.)

The principles and rules for environmental management are set out in the OMV Group's HSSE Directive and the OMV Group Environmental Management Standard. The HSSE Directive defines the "environment" as "a natural and human surrounding in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interrelationships."

The OMV Group Environmental Management Standard requires that all relevant OMV businesses and activities (including investment, acquisitions, and divestment) implement an Environmental Management System (EMS) consistent with ISO 14001 and adhere to the minimum requirements listed. All relevant OMV businesses are required to review and update the EMS at least once per year, while a full EMS audit must be carried out either by an external independent auditor or OMV corporate environmental experts every three years for sites not certified to ISO 14001. Internal EMS audits are performed at the local level at least once a year to identify improvement measures.

By 2020, OMV aims to achieve 100% compliance by all operational sites with the OMV Group Environmental Management Standard as well as the requirements of ISO 14001 and ISO 50001. Our intermediate target for 2019 was 70% compliance, which we achieved. In order to achieve this target, we developed and rolled out a self-assessment tool and have defined the units that will undergo the assessment to determine where there are gaps with respect to the system and standards. Following the analysis, the units undergoing the assessment will be required to implement compliance plans defining how they will close the identified gaps.

The Central Integrated Management System (C-IMS) of OMV's Downstream business is certified according to ISO 14001, ISO 9001, ISO 50001, and OHSAS 18001. The OMV Refining and Petrochemicals business, including OMV Petrom power plants and the Petrobrazi refinery, are covered by the C-IMS.

EMS of other OMV business units are externally certified according to the following international EMS standards:

- OMV Deutschland GmbH holds certification according to EMAS III (Eco Management and Audit Scheme).
- Gas Connect Austria is certified according to ISO 14001, ISO 9001, ISO 50001, and OHSAS 18001.
- OMV Tunisia is certified according to ISO 14001 and ISO 50001.
- OMV Petrom Upstream Romania is certified according to ISO 14001, ISO 9001, and OHSAS 18001 for its Maintenance and Gas Pipeline Management System.
- The OMV Petrom Group's Energy Management System is certified according to ISO 50001, and the certification covers all Upstream and Downstream business activities.
- OMV Petrom Marketing S.R.L.'s, OMV Bulgaria OOD's, and OMV Srbija d.o.o.'s OMV branded filling stations; OMV Petrom S.A.'s supply, marketing, and trading activity; and OMV Petrom Gas S.R.L.'s gas supply activity are certified according to ISO 14001.
- The OMV New Zealand Pohokura and Maui activities are certified according to ISO 14001.
- OMV Tunisia's operated assets are certified according to ISO 14001 and ISO 50001.
- DUNATÀR is certified according to ISO 14001.

The Executive Board members are informed regularly, at least quarterly, about present and upcoming environmental, climate, and energy-related policies and regulations; related developments in the fuels and gas market; the financial implications of CO_2 emissions trading obligations; the status of innovation project implementation; and progress on achieving sustainability-related targets. (For a more detailed description of sustainability governance, see Sustainability governance.)

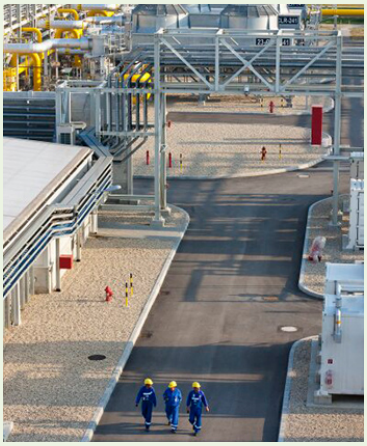
Modernization of the Arad fuel terminal

The Arad fuel terminal is the largest in western Romania and the second largest in the country. We invested EUR 19 mn in the terminal with 32,000 m^3 storage capacity, equipping it with state-of-the-art technologies that reduce environmental impact, enhance safety, and increase operational efficiency as follows:

- Automated management and automated fuel deliveries
- Best available fire protection systems
- Vapor recovery system
- Double-wall and double-bottom tanks with bunds and overfill protection system for fuel tanks
- Watertight concrete platforms and wastewater treatment system

Emissions control projects at the Petrobrazi refinery

Emissions monitoring and control measures are in place at all refineries. These include emissions measurement and monitoring, minimization of diffuse sources through routine testing programs, and connection of particularly emissions-relevant storage tanks to vapor recovery systems. In 2019, we conducted a modernization project at the Petrobrazi refinery in Romania. The best available technology, a closed blowdown system, was implemented during the upgrade of the coker unit, thus eliminating any potential emissions of volatile organic compounds and reducing odor. In addition, two benzene tanks were modernized with an internal floating membrane, cutting benzene emissions by 99%. Six old tanks were put out of service. We also enhanced the air quality monitoring capacity by installing two stations outside the refinery perimeter that monitor sulfur dioxide (SO_2), hydrogen sulfide (H_2S), particulate matter (PM), and the volatile organic compounds (VOC) benzene, toluene, ethylbenzene, and xylene (BTEX). Monitoring results will be provided to authorities and local communities.



Management of environmental compliance

OMV is liable for the impact that our activities have on the environment. Breaching environmental regulations on a national and international level results in both monetary losses and harm to our reputation. Our license to operate depends on compliance with regulations relating to environmental protection, which is also of particular importance to governmental authorities, shareholders, and stakeholders, such as the public and environmental NGOs and NPOs.

In 2019, we recorded only minor fines for environmental breaches, paying no fines above EUR 10,000 in any of our operations.

The OMV Group Environmental Management Standard requires compliance with all applicable environmental laws and regulations, identification of legal and other requirements, development and maintenance of appropriate legal compliance databases, and alignment with internationally accepted best practices as part of our EMS. According to the standard, we must also establish programs to prevent non-compliance to avoid monetary losses. The OMV Group Environmental Management Standard stipulates an assessment of environmental impacts and risks, and adherence to environmental performance requirements in terms of energy use, emissions into the atmosphere, water use and discharge, the use of raw materials, waste management, hazardous substance handling, and biodiversity and ecosystem protection. The OMV Group Environmental Management Standard furthermore defines the process of carrying out Environmental and Social Impact Assessments (ESIAs). Preventive and mitigation measures and the monitoring program to ensure implementation of the proposed measures are documented in an Environmental and Social Management Plan. The final ESIA report is submitted to the local regulator or lender (whichever is applicable) for review, public disclosure, and approval.

Environmental risks and opportunities include regulatory, operational, reputational, and financial drivers and specifically relate to issues such as climate change, availability and quality of water used for operations, and the impact of energy, climate, and water policies. The management of environment-related risks is part of OMV's Enterprise-Wide Risk Management (EWRM) activities as described in the Risk and Opportunities Management section.

Digital technologies are used in monitoring and managing environmental risks through a special risk management IT tool – the Active Risk Management System (ARMS). This tool allows us to better integrate environmental risk scenarios with other HSSE and business risks. Identified and assessed risks are controlled and mitigated at all organizational levels thanks to clearly defined risk policies and responsibilities. Strategic risks and opportunities (e.g., related to climate change or water stress) are assessed in a top-down process, while a bottom-up process with a standardized methodology is used to assess environmental aspects, impacts, and risks, including legal compliance risks, in our operations.

The framework and methodology for our coordinated Group-wide Environmental Risk Assessment are based on best practice standards, meet ISO 14001 requirements, and ensure the consistent qualitative assessment of operational risks and impacts related to the environment. The resulting environmental risk database includes information on existing controls for environmental risks and future actions required.

Before undertaking new operational activities or entering new countries, we perform environmental risk assessments, including evaluations of local legislation, the potential impact of our activities on sensitive and protected areas, and the effects on endangered species. Each subsequent phase of project implementation is accompanied by a detailed assessment of environmental risks.

Energy efficiency

As an integrated oil and gas company, OMV operates large facilities and is also a major energy consumer. The amount of energy we use creates a significant impact on the environment. Effective management of energy consumption reduces the environmental cost of our operations, increases financial savings thanks to energy efficiency, prevents non-compliance with regulatory requirements on energy use, and mitigates the climate effects of GHG emissions.

Energy efficiency measures therefore have a considerable effect on issues relating to energy consumption of interest to stakeholders:

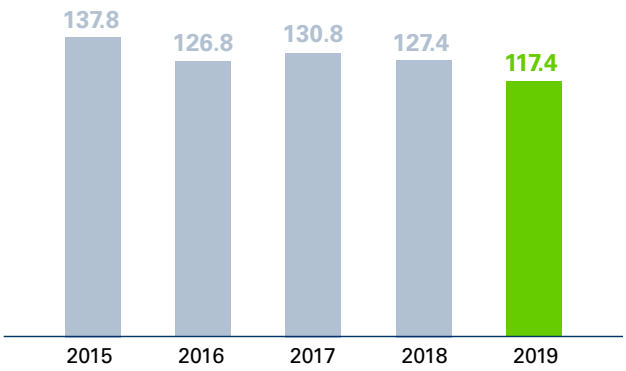
- Governmental authorities: compliance with EU Emissions Trading System (EU ETS) regulations relating to the submission of emissions allowances within EU ETS, compliance with the EU Energy Efficiency Directive requiring greater energy efficiency in all stages of the energy value chain
- Shareholders and other stakeholders with a direct financial interest in OMV: financial savings resulting from reduced energy consumption, lower production costs, and lower GHG emissions
- NGOs/NPOs: reduced impact of our operations on the environment

The OMV Group Environmental Management Standard requires that all OMV businesses and activities use energy responsibly, conserve primary energy resources, and implement energy management plans in accordance with ISO 50001. The potential for reducing energy use is identified in annual campaigns encouraging improved environmental performance, including energy consumption. For example, we have set targets for refineries to reach certain energy index ratings through annual monitoring campaigns. Based on their energy index rating, we identify and assess areas for improvement in energy efficiency. Subsequently, we decide which measures to implement to improve energy consumption as part of our environmental governance process. (For more information on activities aimed at enhancing environmental performance as part of sustainability governance, see Sustainability governance.)

Energy efficiency activities

Energy consumption

In PJ



Energy efficiency measures in OMV operations are closely linked with technical improvements directed at reducing energy use while achieving the same operational output. Process optimization and increasing energy efficiency to save costs and reduce CO_2 emissions are a strong focus of our refineries. Energy efficiency measures implemented in our three refineries in 2019 led to an annual decrease of more than 27,950 t in CO_2 equivalent, and energy savings of 365 TJ. GHG reduction projects implemented in our refineries between 2009 and 2019 have so far delivered a total reduction of 0.7 mn t in CO_2 equivalent.

In 2019, within the Downstream Oil division, one of our focus areas was to continue implementation of initiatives for improving GHG intensity.

The Petrobrazi refinery continued to implement measures to reduce energy consumption through programs and initiatives:

- Advanced condensate recovery and reuse
- Enhanced firing system in cogeneration plant

The above projects will result in yearly energy savings of around 34,000 GJ and over 2,000 t CO_2 equivalent.

Case study: enhanced firing system in cogeneration plant

The EUR 75,000 project aimed at installing an efficient and effective technical solution to reduce steam consumption at the gas turbine firing system in the cogeneration unit. Consequently, an annual steam reduction of around 22,000 GJ was achieved, equivalent to a CO_2 reduction of around 1,200 t per year.

Spills management

Oil spills[19] are a critical environmental issue for our industry. Spills management is defined as the prevention of spills in operations and other spills (e.g., caused by sabotage or natural hazards), and the management and remediation of spills resulting from an incident.

Stakeholders with major concerns relating to potential impacts stemming from spills are as follows:

- Government authorities: potential breaches of environmental regulations

19 Oil spills are defined as hydrocarbon liquid spills that reach the environment.

- Employees and contractors: potential health and safety issues arising from accidents and damage to the environment and society
- NGOs/NPOs: potential damage to the environment and society
- Society: damage to the surrounding environment
- Shareholders: direct financial losses due to the costs of remediation measures and reputational risks

Spill prevention

Spill prevention and control measures include:

- Hazard identification and risk assessment
- Preventive measures and maintenance to avoid leaks
- Emergency response and contingency plans including materials and equipment for spill intervention
- Cleanup and remediation procedures

We aim to prevent and reduce oil spills and leakage in our operations at sea as well as on land. Appropriate spill prevention and control plans that account for specific business conditions have been put in place. The majority of our oil spills involve OMV Petrom Upstream, where we concentrate our efforts to safeguard and maintain our infrastructure and to improve the reliability of our facilities.

The remuneration of the Company's executive management is linked to OMV's oil spill performance. The number and volume of oil spills constitute a part of the sustainability multiplier that impacts their annual bonus as decided by the Supervisory Board. Hydrocarbon spills are documented and reported using OMV's incident reporting tool. The data input for the sustainability multiplier, including the number of spills and their volume, is audited externally as part of the scope of the Sustainability Report audit. (More information is provided in the Sustainability governance section.)

Spill remediation

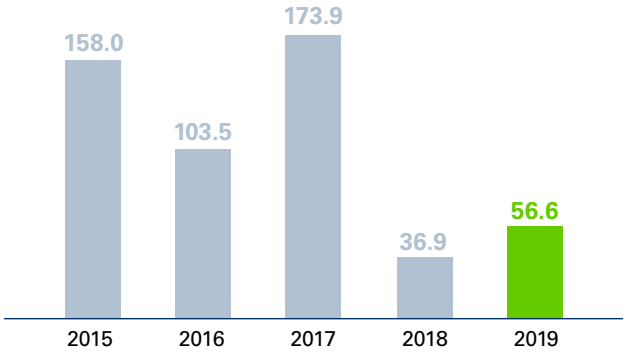
Hydrocarbon spills are assessed and cleaned up immediately after their occurrence in accordance with internal procedures governing spill remediation. Leaks are repaired immediately or within defined time frames in accordance with the site's maintenance processes and based on the risk assessment outcome and other factors, such as feasibility of repair during operation. In order to strengthen our response to and reduce the environmental impact of oil spills, we continued to perform emergency drills, including pollution scenarios.

In 2019, we recorded one major hydrocarbon spill in Romania (2018: two major spills).

In OMV Petrom's Moldova asset, a tank containing a mixture of salt water and oil leaked due to poor mechanical integrity. Approximately 2 m^3 of oil and 18 m^3 of salt water leaked onto the ground over an area measuring approximately 200 m^2. Tank farm operations were stopped, fluids spilled into secondary containment and an underground rainwater sump tank were collected by vacuum trucks, and contaminated soil was excavated and transported to a bioremediation plant.

Total volume of spills

In m^3



In addition, 2,046 minor releases occurred in 2019 (2018: 2,182). Total hydrocarbon spillage was around 56.6 m^3 (2018: around 36.9 m^3). Spills and leaks were mainly due to the corrosion of aging infrastructure.

OMV has developed a Corrosion Management Framework (CMF) to provide a proactive and consistent approach to corrosion monitoring and management across the entire OMV Group. Covering the full life cycle of the equipment exposed to the risk of corrosion in both oil and gas facilities from the well to the sales point, this framework encompasses the entire value chain of our business. A team of 30 in-house experts with multidisciplinary and multicultural backgrounds are working to embed CMF principles into everyday operations.

In 2019, we continued to implement the OMV Petrom Pipeline Integrity Management Program, which demonstrated significant results from multi-year data collection and software implementation. Risks are prioritized using the software, thereby ensuring that our pipeline integrity efforts focus on the locations with the greatest need. As a result of the Pipeline Integrity Management Program, OMV Petrom also increased the use of non-metallic pipeline materials in new projects to prevent corrosion and the risk of pipeline-related spills.

The Hazard and Operability (HAZOP) Program at OMV Petrom also continued in 2019, resulting in completion of 25 studies reviewing and updating all of the required technical documentation in order to identify operational risks

carrying potential hazards for personnel, equipment, or the environment. So far, 225 facilities have participated, and 20 more facilities are scheduled to be included in the HAZOP study in 2020.

Water management

OMV Upstream and Downstream operations both affect water resources. OMV uses significant amounts of water for its operations in Upstream as well as in Downstream activities. Freshwater is used, for example, for drilling, steam generation, and cooling, among other processes. Smaller amounts of water are also used for non-industrial purposes. Some water used in operations is recycled back for reinjection to pressurize hydrocarbon reservoirs in order to optimize the extraction rate.

Desalinated water is used in some offshore operations. Refineries and various other operating facilities also use brackish and/or recycled water for various operational purposes. Some of OMV's operating facilities are located in water-stressed areas.[20]

The key goals of our water management activities are to reduce water consumption, to utilize water resources efficiently, and to treat wastewater appropriately.

Our impact on water resources is material to stakeholders as follows:

- Government authorities (regulatory and river basin management authorities): compliance with water use rules and environmental parameters relating to wastewater generated
- Local communities: sharing of local water resources and the quality of discharged wastewater
- NGOs/NPOs: environmental preservation and water resource conservation
- Local water utilities: supply of freshwater (for OMV operations)

Water Ambition Statement

The Company's commitment to water management is based on OMV's Water Ambition Statement. We respect water as a precious limited resource and focus on its sustainable use.

- We are committed to meeting all applicable legislative requirements or our OMV regulations – whichever is more stringent.
- Water management is a key component of our social license to operate. We cooperate with local communities and prove to be responsible partners.
- We are committed to transparency when it comes to our impact on water resources.
- Every OMV employee is responsible for minimizing the impact of our activities on water resources.

20 Water stressed areas are areas where the demand for water exceeds the available amount during a certain period or when poor quality restricts its use. In such areas, water stress causes deterioration of freshwater resources in terms of quantity (aquifer over-exploitation, dry rivers, etc.) and quality (eutrophication, organic matter pollution, saline intrusion, etc.). Source: European Environmental Agency www.eea.europa.eu/themes/water/glossary

OMV's Group-wide Water Strategy was developed in 2014 and is based on five strategic pillars:

- Transparency
- Risks and opportunities
- Water efficiency and treatment
- Training and awareness
- Stakeholder engagement

In line with the great importance of the material topic of water management, we will continue to plan to establish targets to improve water consumption efficiency. For the Sustainability Strategy 2025, however, we have prioritized safety-related targets in the focus area of HSSE. Environment-related targets were incorporated as part of the Carbon Efficiency focus area. OMV's Water Strategy was reviewed in 2019 and will be revised in 2020.

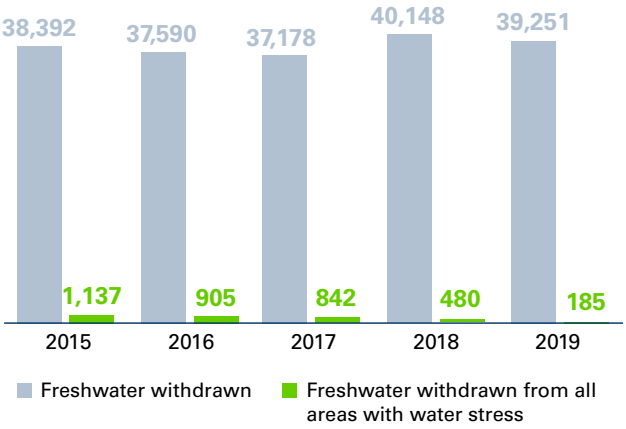
High-level water stress assessments are conducted on an annual basis. OMV uses international tools and indexes, such as Verisk Maplecroft's "Water Stress Index" complemented by the World Resources Institute's (WRI) Aqueduct "Baseline Water Stress" index, as well as own assessments as required, to identify operations in areas affected by water scarcity and water stress. Operating facilities located in places that are affected or are likely to be affected by water scarcity issues and operations utilizing significant water resources (i.e., Tunisia) are prioritized when developing and implementing water management plans. These plans aim to allow sustainable long-term production with minimal effects on the environment. 75% of priority sites have completed water management plans, with the development of plans in progress at the remaining sites.

A bottom-up approach in the assessment of water-related risks is taken in accordance with the OMV's Group-wide Environmental Risk Assessment (ERA) guideline to ensure consistent qualitative assessments of operational risks and impacts related to the environment, including water. Significant risks are integrated into OMV's Enterprise-Wide Risk Management (EWRM) system.

When entering a new country or considering new operational activities, OMV primarily uses the World Resources Institute's (WRI) Aqueduct and Verisk Maplecroft indexes to identify future potential water-related constraints, such as baseline water stress, groundwater stress, and seasonal variability.

Freshwater withdrawn

In megaliters



Water-management-related risks are closely linked with the material topic of spill prevention. Offshore operations may lead to oil spills with significant impact on marine water resources and ecosystems. The response strategy aims to minimize the probability of such risks and maximize readiness so that we can provide timely remediation measures in the unlikely event of an oil spill. OMV allocates significant resources to prevention and mitigation measures. Any new or existing offshore drilling activity is accompanied by a third-party analysis evaluating the magnitude of a major event and its possible consequences. As part of the biannual Group-wide EWRM process, water-related risks and mitigation measures are assessed in a larger strategic context, while a systematic approach is taken in day-to-day operations to monitoring and managing high-impact/low-probability risks, such as blowouts during offshore drilling.

Rehabilitation of industrial water distribution system at Suplac

In 2019, we continued to rehabilitate the industrial water distribution system in four parks (16, 24, 31, and 49) at our Upstream Suplac site Romania. Around 853 meters of new pipe were installed at a cost of around EUR 316,000. Project benefits include avoiding water losses from old water hydrant networks and pipelines, as well as improved safety in operations.

OMV adheres to the requirements laid down in local legislation when setting standards for effluent discharge quality. The OMV Group Environmental Management Standard requires all OMV businesses and activities to minimize the impact of effluents on the environment and local communities and outlines specific requirements for wastewater discharge onshore and offshore. The direct discharge of wastewater on land, in wetlands, or in other bodies of water without prior treatment is not permitted. The standard furthermore stipulates that no discharge may alter or diminish the value of the receiving environment. All discharge must be systematically monitored and any environmental impacts must be managed appropriately.

In areas where OMV operations require large amounts of water, it is particularly important to include local stakeholders in water management activities in order to secure a "social license to operate." Among the most important stakeholders OMV includes in defining socially equitable, environmentally sustainable, and economically beneficial water management practices are local communities, neighboring industrial facilities, NGOs, regulators, and river basin management authorities.

OMV water management activities pursue socially equitable water use. In our Human Rights Matrix, we commit to ensuring an adequate standard of living, including access to water and food for our employees. This applies not only to our own operations but also to those of our suppliers that sign and commit to following the OMV Code of Conduct. As indicated in the Supply Chain section, OMV regularly carries out supplier audits to ensure compliance with our human rights requirements.

To ensure that the interests of local communities are known and taken into account during the project life cycle, OMV conducts social baseline studies and community needs assessments as part of Social Impact Assessments (SIAs). (For more information on SIAs, see Community Relations and Development.)

Following these assessments, OMV launches community projects aimed at increasing access to clean water for local communities. This partnership with local communities allows them to benefit from OMV's presence in the region and provide consent for the use of natural water resources in their area. Examples of OMV support for local communities in Libya to water-use-related projects can be found under Community Relations and Development.

Local regulatory and river basin authorities are involved whenever needed to ensure that OMV is in compliance with local environmental regulations and has obtained all of the required permits for freshwater usage and wastewater discharge.

Water efficiency activities

In 2019, modernization of the Săcuieni water station in Upstream's Muntenia asset was completed. This facility ensures fully automated control of the water flow so that water delivery can be finely tuned to water requirements and so that water withdrawal does not exceed water demand. The water station is located in the Ialomița river basin, which experiences water scarcity and water stress risk in dry years according to the Romanian National Institute of Hydrology and Water Management. In addition to minimizing the environmental impact, this upgrade also enables increased reliability of the water supply for production.

In 2019, we continued to evaluate the water risks of the largest water users at OMV Petrom. Water risks were assessed for the Brazi power plant in Downstream and for the Crisana asset in Upstream by using the WWF Water Risk Filter. This takes into account physical criteria, such as water scarcity (determined by considering access to water resources, competing needs, and supply patterns in the region) and water stress (defined by the physical availability of the water resources), as well as compliance and reputational aspects.

Given that some regions where OMV Petrom operates have already experienced water stress in dry years, and the fact that we expect a further decline in water availability, we determined the need to continue implementing measures for efficient water use.

Biodiversity protection

According to the OMV Group Environmental Management Standard and Environmental and Social Impact Assessment Procedure, all OMV activities must be conducted in such a way as to cause minimal disturbance to protected areas and local flora and fauna. Observed or predicted direct and indirect impacts on biodiversity and ecosystem services (BES) are described and analyzed in the environmental impact assessment. BES screenings are carried out at all relevant sites to identify as far as reasonably possible the potential for the presence of nationally or globally threatened species, legally protected threatened or fragile ecosystems, and internationally recognized areas with sensitive biodiversity. In the event of significant observed or predicted impacts, we apply the mitigation hierarchy, and action planning gives priority to avoidance and minimization over restoration and offsetting of the impact.

In 2019, we supported the following biodiversity-related projects in New Zealand:

- A partnership with Ngāti Koata and the Department of Conservation for the Moawhitu lake and wetland regeneration project
- A partnership with the Rotokare Scenic Reserve Trust to reintroduce the endemic hihi bird (stitchbird) back into this reserve located just outside of New Plymouth
- A partnership with Tiaki Te Mauri o Parininihi Trust in North Taranaki for critical pest control work and providing a safe haven for the endangered kōkako, along with other native wildlife, such as the kiwi
- A partnership with the National Institute for Water and Atmospheric Research to undertake passive acoustic monitoring to assess cetacean distribution and movement through New Zealand's Cook Strait
- A partnership with the Friends of Mana Island to assist with the regeneration of Mana Island to provide a secure ecosystem for endangered species
- A partnership with Ngāti Tara Sandy Bay Society to restore and protect the native sand dunes, which are home to rare shorebirds, such as the endangered New Zealand dotterels
- A partnership with Montfort Trimble Foundation (MTF) for a period of three years to fund a project for the regeneration of threatened native mistletoe (Tupeia antarctica) at Rewanui Forest Park, near Masterton
- A partnership with Environmental Education for Resource Sustainability Trust to fund the Paper4Trees project in Taranaki, a project where local schools and kindergartens are rewarded with native trees for their recycling efforts

In 2019, OMV Petrom initiated the development of a mobile application to enable employees to easily identify protected species observed within their operational boundaries. This project contributes to improving biodiversity conservation monitoring and increasing awareness on this topic.

Waste management

Our activities generate solid and liquid waste, including hazardous waste, such as oily sludge, waste chemicals, catalysts, and construction debris. Examples of non-hazardous waste include concrete not containing dangerous substances, welding waste, drilling wastes, mud without oil content, as well as mixed municipal waste, paper, and metal.

In 2019, activities operated or majority-owned by OMV generated 633,722 t of waste, 310,453 t of which was hazardous waste and 323,268 t of which was non-hazardous waste. We recovered or recycled 325,298 t and safely disposed of 308,523 t of waste, for an overall waste recovery and recycling rate of 51%.

Within the framework of the 2016–2020 OMV-Gazprom Scientific & Technical Cooperation and Partnership, a three-day workshop on "Best Available Techniques (BAT) in the Oil & Gas Industry" was held in Vienna. A group of OMV and Gazprom experts shared their experience and best practice examples in the field of waste management systems in the EU and Russian Federation as well as drilling waste management in onshore and offshore operations.

We are applying best practices in the management of drilling waste. For example, in our OMV Petrom Upstream Crișana asset, inert drill cuttings resulting from water-based drilling waste are taken over by a waste management contractor and are used as a stabilization agent for other waste (mostly sludge) along with other stabilization materials (such as cement). The stabilized waste is subjected to a leaching test and, depending on the test results, can be used as cover layer in non-hazardous waste landfills.

In our Upstream ventures in Abu Dhabi and Yemen, we launched an "Environmental Cha(lle)nge Week" to discuss challenges and opportunities for a sustainable change in behavior. Employees of OMV and contractors discussed topics such as recycling, zero food waste, zero printing, and the green office.

Decommissioning activities

The OMV Group Environmental Management Standard requires that environmental and social components are identified for the entire life cycle of facilities, including decommissioning and abandonment, so that any future adaptation measures are identified and planned for.

In 2019, OMV Petrom Downstream Oil continued to achieve a high waste recovery rate of 97% in the demolition projects completed at fuel terminals and at the Petrobrazi refinery. Around 40,000 t of waste was generated, which was grouped in 14 categories. The largest amount of waste (91%) were clean concrete and mixtures of concrete, bricks, tiles, and ceramic materials, which were crushed and prepared for further use. Around 2,140 t of scrapped metallic ferrous and non-ferrous materials were recycled by authorized companies. Over USD 615,000 was generated from selling the scrapped metallic ferrous and non-ferrous materials. The other 8 waste categories were directed to specialized waste facilities for either recovery or disposal.

Carbon Efficiency

We recognize climate change as one of the most important global challenges today and acknowledge the goals set forth by the Paris Climate Change Agreement. OMV is fully committed to climate change mitigation and responsible resource management and we aim to find the right industrial-scale solutions for a lower-carbon world. The Carbon Efficiency focus area also covers our contribution to the energy transition. We are a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). We set targets to manage and reduce the carbon footprint of our operations and product portfolio. Reducing greenhouse gases will decrease our environmental impact and have a positive financial impact by ensuring compliance with climate-related regulatory requirements and ensuring the efficient use of resources.

Key Figures

A–
(Leadership) score in CDP Climate Change

–9%
Carbon intensity of operations vs. 2018

57%
share of natural gas in production mix

Climate-related risks and opportunities

Climate-change-related risks and opportunities are integrated into OMV's Enterprise-Wide Risk Management (EWRM) process aimed at identifying, assessing, and managing business-related risks. The short- and medium-term risks are analyzed for their impact on the Company's three-year financial plan. The effects of long-term risks are evaluated based on a semi-quantitative analysis, taking into account a wider range of uncertainty. We see climate change having a limited impact on our business plans and objectives in the medium term (five-year horizon). However, management pays close attention to climate-change-related long-term risks and opportunities and takes these into account in strategic decision-making.

Risks are identified in a bottom-up approach by the employees responsible for our day-to-day business, and in a top-down approach by the corporate units responsible for monitoring regulatory, market, and reputational risks in line with the latest national and international developments. These risks are assessed in terms of their potential impact on the medium-term financial performance plan.

In the bottom-up approach, climate-change related risks are identified using OMV's environmental risk management method, which is in conformity with ISO 14001, the standardized methodology of the EWRM process. (For more details on EWRM, see Risk and Opportunities Management.)

The following climate-change-related risks and opportunities are taken into account on this basis:

Physical risks	Periods of low or no precipitation on surface or subsurface water supplies would lead to inability to access water for the normal operations (internal consumption) in areas of low water availability. Intensified water scarcity due to changes in precipitation, more frequent drought periods, and increased water stress, could be a long-term risk to OMV Upstream exploration and production activities, e.g., in Tunisia and other countries in the Middle East and Africa region as well as in Romania, which are already experiencing a certain level of water stress.
Transition risks	Potential future restrictions on the carbon intensity of feedstocks, political and security risks in the countries of origin of our feedstock, and any other supply limitations pose a threat to sufficient refinery feedstock supply. There is a risk of imbalance between certificates allocated and Company-required emissions volumes, resulting in higher costs, generated by the uncertainties about the allowance demand and abatement costs. The risk of decarbonization policies forces OMV to operate on a net carbon-neutral basis. Current and emerging regulations in line with international public-sector initiatives, such as the Paris Agreement, and their subsequent transposition into national law in the countries in which OMV operates result in limits on GHG emissions by the energy industry. This process of decarbonization will change the energy mix and will lead to a reduced demand for fossil fuels with a high carbon content. There is a risk that demand for refined fuels may decrease due to less carbon-intense substitute products coming onto the market. Emissions regulations, energy efficiency regulations, and regulations on the increased share of renewables in the energy mix are expected to result in a 5% decrease in gasoline and diesel production in our European core markets, and to a 51% decrease in our heavy products production by 2025. Potential regulatory limitation of flaring of associated gas will affect OMV assets that still have continuous flaring and venting practices in place, e.g., in Yemen, Romania, and Tunisia. Reputational risks stem from the increasing number of investors who include a company's environmental and social responsibility as a high-weight criterion in their investment decision-making process. This can be for reasons of internal policy or due to regulatory pressure for public investment transparency regarding sustainability issues.
Transition opportunities	Decarbonization will create opportunities for OMV based on the increased demand for lower- or zero-carbon fuel (natural gas, CNG, LNG, hydrogen) and higher-value products generated from hydrocarbons, such as petrochemicals. We expect a 12% increase in petrochemicals production by 2025 (as compared to 2016). A key opportunity for OMV when it comes to the supply chain and/or value chain is to supply refineries with innovative feedstock.

We identify the risks and opportunities stemming from climate-change-related issues and evaluate their impact on our business in the short, medium, and long term.

Climate-related business resilience and the energy transition

OMV aligns the boundaries and time horizons of its business strategy with the foreseen short-, medium-, and long-term risks and impacts of climate-related policies and energy sector developments. Scenarios consistent with the goal of limiting the global temperature increase to no more than 2°C by reducing greenhouse gas emissions are of utmost importance for our strategic considerations as they imply fundamental changes to the current energy market. We are aware of the potential risk of stranded assets if we cannot fully exploit our reserves due to surpassing the global carbon budget. During the strategy development and planning processes, OMV has taken into account scenarios reflecting various aspects of potential economic, technological, and social developments and their implications for the energy market and, consequently, for our business. The results of our analysis have shown what impact different national and international emissions targets will have on the passenger and freight fleet in Europe and OMV core markets. This influenced OMV's business objectives and strategy.

OMV currently still uses the International Energy Agency (IEA) Stated Policies (SP) Scenario, given that it incorporates current and announced (not yet fully realized) policies, targets, and plans. Based on the IEA SP Scenario, we projected the development of the oil and gas demand in Europe and in the OMV core markets up to 2025. The results of the analysis show an expected increase in petrochemical and jet fuel production volumes and a decrease in gasoline, diesel, and heating and fuel oil volumes. In general, according to the IEA SP Scenario, changing demand will lead to a less carbon-intensive fuel mix.

The IEA 450 Scenario and Sustainable Development Scenario[21] were used by OMV as a downside sensitivity option to determine how the existing and future OMV business portfolio would perform in such a business scenario.

OMV's inherent drive to contribute to a sustainable energy system – today and beyond – has already led to innovative and successfully implemented projects. In the interest of building on this strong foundation and enabling OMV to spearhead the energy transition toward a climate-friendly energy system, the Executive Board decided to establish the new function called New Energy Solutions (NES) in 2019. NES will focus on Group-wide portfolio management, an effective ideation and project maturity process as well as promoting an encouraging corporate culture. The Group-wide strategic aim of NES is to reduce the carbon footprint of OMV's existing business and in parallel to develop innovative energy solutions. This dual approach takes into account the expectations of political and public stakeholders while ensuring sustainable business success. It also secures OMV's social license to operate in line with the expectations of the Paris Climate Change Agreement.

We are taking the following steps to manage our portfolio to ensure that our business remains resilient even under stricter legislation and in view of a changing mix in global energy demand:

Increasing our focus on gas products

We are designing our product portfolio for lower carbon intensity stepping up our sales of natural gas, CNG and LNG, to be prepared for the growing demand for these products (for more details, see Focus on gas products and Focus on future mobility).

Increasing our focus on petrochemicals

We are increasing our focus on petrochemicals and exploring the suitability of plastic waste for producing synthetic crude on a commercial basis, thereby addressing key future trends, such as the circular economy. Substituting post-consumer plastics for crude oil is estimated to reduce CO_2 emissions by 45% and lower energy demand by 20% per t of the product (for more details, see Circular Economy).

Exploring opportunities for innovative low-carbon products and other solutions

We are researching alternative feedstocks and intensifying our focus on the production of sustainable biofuels by way of Co-Processing (for more details, see Biogenic Oil Co-Processing). The high degree of integration within OMV refineries reduces greenhouse gas emissions from Co-Processing by up to 85% compared with the EU standard for similar finishing steps for biofuels. In addition, we are researching and exploring new technologies, such as hydrogen solutions (for more details, see Hydrogen). Furthermore, we are looking into carbon reduction and abatement technologies, such as carbon capture, utilization, and storage (CCUS), and have started a CCS pilot project in Austria. We are also building up our own renewable power portfolio for captive use as a cost-effective way to decarbonize Scope 1 and 2 emissions. For example, OMV is building a photovoltaic plant in Austria, which will be the largest photovoltaic plant in Austria, generating 14,200 MWh of power annually.

21 The 450 Scenario takes into account policies which put the world on a path consistent with having around a 50% chance of limiting the global increase in average temperature to 2°C in the long term, compared with pre-industrial levels. The Sustainable Development Scenario – introduced by IEA for the first time in the World Energy Outlook (WEO) 2017 and derived from the UN Sustainable Development Goals – outlines an integrated approach to achieving internationally agreed objectives on climate change, air quality, and universal access to modern energy. (www.iea.org)

Setting an internal carbon price and including carbon reduction in financial steering

As early as 2015, we introduced an internal carbon price to test our investment decisions. Using the carbon price, we run sensitivity analyses of project financials with increased operating expenses (OPEX) from carbon costs. The internal carbon price allows us to factor the hypothetical carbon costs into our investment estimates and the engineering designs of projects. Such analyses protect the value of our new investments under future scenarios with increased carbon costs and increase business resilience to potential changes in climate-related taxes or trading programs. They also increase the transparency of additional economic incentives for carbon emissions reduction initiatives. The internal carbon price system is currently under review in terms of the internal carbon price levels applied and strategic management. In 2019, OMV introduced risk-adjusted return expectations in its financial steering model for carbon reduction projects as well as new energy solution projects.

Pursuing low-cost Upstream production with a gas focus

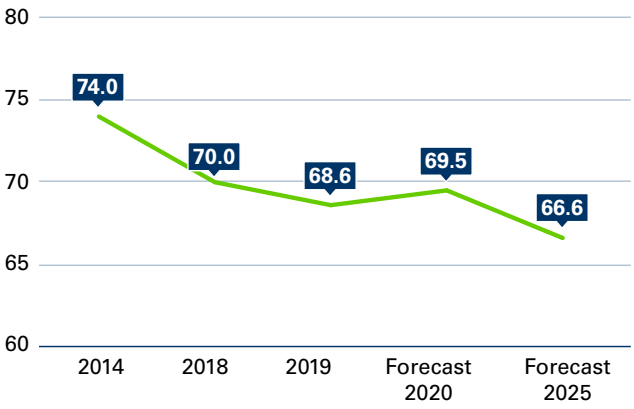
OMV's Upstream business generates profitable growth through its high-quality portfolio, while remaining focused on cash generation. Our current production mix is 57% gas and 43% oil. By 2025, the share of gas is projected to increase to more than 65%. Portfolio growth is achieved through acquisitions in low-cost, hydrocarbon-rich regions, as well as through organic exploration and investments. Our exploration focus is on near-field, short-cycle finds. Average production costs will be below USD 8/boe.

Operating an integrated value chain with flexibility

OMV operates international Upstream and Downstream assets. OMV's fuels and petrochemicals enable mobility, provide heat for living and working, and form the basis for a variety of plastics and high-end petrochemical products used every day. OMV's vertical integration establishes a strategic natural hedge against oil price volatility. OMV generates material and sustainable cash flows and has proven to be resilient in a volatile market environment. It also has the ability to capture attractive opportunities in two different segments as well as in various markets.

Carbon intensity of energy supply

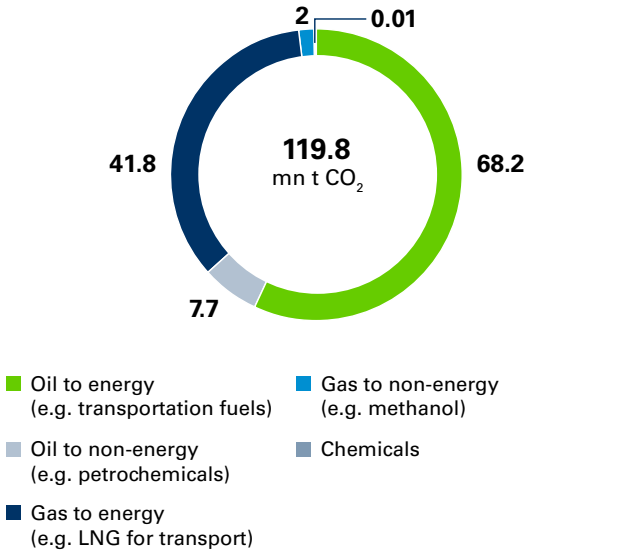
In gCO_2/MJ



The carbon intensity of energy supply is measured by assessing the intensity of their Scope 1 and 2 emissions plus Scope 3 emissions (in g CO_2) from use of sold energy products, against the total energy value of all externally sold energy products (in MJ).

GHG intensity of OMV product portfolio (Scope 3)

In mn t CO_2 equivalent



Carbon Efficiency of operations

Reducing emissions from operations is an important strategic target for OMV, demonstrating our commitment to this material sustainability topic. Our carbon efficiency agenda focuses on process optimization, energy efficiency, and delivering projects that reduce our direct GHG emissions.

Management of Carbon Efficiency of operations

Management of carbon efficiency in operations is incorporated into the sustainability governance process, as described in Sustainability governance. The Executive Board approves carbon-related goals as part of the Sustainability Strategy. It also approves the Health, Safety, Security, and Environment (HSSE) Strategy, which reflects climate change targets, such as zero routine flaring by 2030. The current Sustainability Strategy and HSSE Strategy are defined for the period up to 2025.

As we achieved our 2025 target ahead of schedule, we will define new targets in 2020.

Sustainability Strategy 2025 target

Reduce the carbon intensity of OMV's operations[22] by 19% by 2025 (vs. 2010)

Status 2019

- Reduction of 22% achieved by 2019 (vs. 2010)

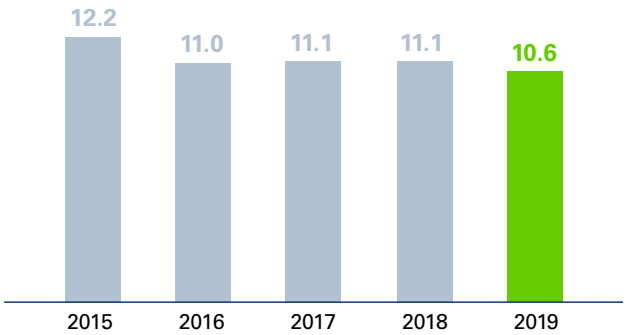
Action plan to achieve the target

- Upstream Business Segment phasing out routine flaring and venting
- Energy efficiency improvements in OMV Upstream and in refineries
- Fugitive methane emissions reduction through field modernization and integrity improvement measures in OMV Petrom Upstream

GHG emissions reduction in operations

In 2019, carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O) emissions levels directly related to our operations (Scope 1) totaled 10.6 mn t CO_2 equivalent (2018: 11.1 mn t CO_2 equivalent). The other GHGs are not relevant to our business and therefore have not been included in our figures.

Scope 1 emissions



In 2019, we continued implementing greenhouse gas reduction projects with an annual reduction of around

22 CO_2 equivalent emissions produced to generate a certain business output using the following business-specific metric (Upstream: t CO_2 equivalent/toe produced, refineries: t CO_2 equivalent/t throughput, power: t CO_2 equivalent/MWh produced) consolidated into an OMV Group Carbon Intensity Operations Index, based on weighted average of the business segments' carbon intensity

154.5 kt CO_2 equivalent. All GHG reduction projects implemented in our operating countries between 2009 and 2019 have delivered a total reduction of 1.8 mn t CO_2 equivalent to date. Reduction of carbon intensity in operations is mainly due to the implementation of projects directed at the reduction of flaring and venting.

Routine flaring reduction efforts

Phasing out routine flaring is one of the essential steps toward combining resource efficiency with long-term economic success and a way to strongly support our efforts to reduce the carbon footprint of our operations. In 2019, OMV routine flaring was 501.4 mn m^3. In 2017, to reinforce our clear commitment to responsible resource management and sustainable business, we also endorsed the World Bank's "Zero routine flaring by 2030" initiative to end the routine flaring of associated gas during oil production by 2030. We report annually to the World Bank on our progress in adherence to this initiative.

New OMV oil and gas fields are developed and operated according to plans that incorporate sustainable utilization or conservation of the field's associated gas without routine flaring. Existing sites where routine flaring of associated and free gas still takes place are required to develop a phase-out plan to eliminate legacy routine flaring as soon as possible, but no later than 2030.

Many activities and projects to stop or reduce routine flaring have already been implemented or are ongoing, such as the Energy Efficiency Program in OMV Petrom Upstream. All OMV operations are required to minimize methane emissions from point sources as well as fugitive emissions and technically unavoidable emissions (such as well testing and well workover, among others). The main sources of methane emissions are routine/non-routine venting of gas during oil and gas production and processing as well as gas leaks.

Sustainability Strategy 2025 target

Achieve zero routine flaring and venting of associated gas by 2030

Status 2019

- The amount of hydrocarbons flared or vented in Upstream has been reduced by 37% vs. 2010.

Action plan to achieve the target

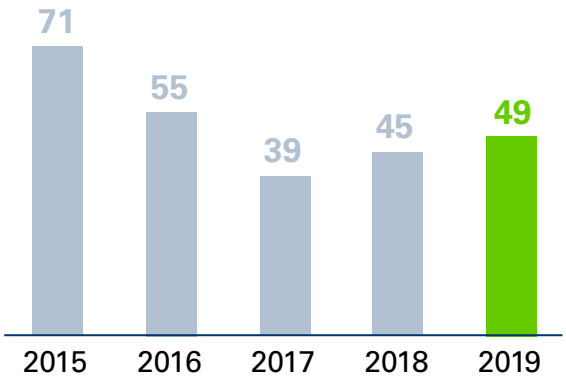
13 CLIMATE ACTION

- Prepare and approve routine flaring phase-out plans
- Continue with ongoing flaring and venting reduction projects
- Systematically monitor and report on GHG performance
- Report our progress on routine flaring phase-out in conjunction with OMV's commitment to the World Bank
- Main projects contributing to this target will be effective 2020 onward.

Methane emissions are monitored or estimated and controlled systematically by leak detection and repair programs. The identification of methane emissions sources serves as the basis for developing methane reduction projects in accordance with best practice in the industry and the best available technologies. Knowing the main potential sources of methane emissions also allows us to implement precautionary measures for preventing such emissions in new production assets.

Methane emissions

In kt



The minimum requirement for identifying leaks is conducting routine audio, visual, and olfactory inspections as part of daily operator rounds at all relevant OMV operating facilities. Leak detection also entails soap-bubble testing and optical gas imaging with defined scopes and intervals (annually or more frequently, as required in accordance with a related risk assessment). At some facilities, infrared cameras are also used for leak detection.

GHG emissions reduction in Upstream and in refineries

We implemented various activities in our Upstream and Downstream Business Segments directed at reducing GHG emissions. For example, significant reduction of venting and fugitive methane emissions is achieved in the OMV Petrom Upstream business thanks to modernization of transportation infrastructure, replacement, and optimization, which led to a significant reduction of accidental venting and also to the reduction of gas consumption (e.g., Merişani and Vâlcele compressor stations in the Muntenia Vest asset, gas networks monitoring in the Moesia asset, new production facilities in Mădulari in the Oltenia asset, improved gas pipelines infrastructure in the Crișana Banat and Muntenia Vest assets).

In refineries, optimal plant design is implemented in order to minimize flaring events by balancing the fuel gas system. Such advanced process control includes sufficient capacity of the flare gas recovery system, the use of high-integrity relief valves, and other economically viable organizational and control measures. As a result of such measures, we aim to use flaring as a safety system for other than normal operations, such as start-up, shutdown, emergency, process upsets, and others.

Upstream – gas treatment plant at Hurezani

Between 2010 and 2019, Upstream developed a centralized gas treatment hub in the Oltenia asset to serve domestic gas production in south-eastern Romania. The latest stage of the project started in 2017, amounted to EUR 50 mn, focused on the development of a new efficient gas treatment process – Centralized Hydrocarbon Dewpoint (CHD) Hurezani –, and also addressed the modernization of Compressor Station Hurezani Area 2. The project features the installation of gas treatment units and pipeline infrastructure, thus completing the overall gas compression and treatment chain. The facilities modernized in 2019 increase energy efficiency and reduce GHG emissions by around 9,230 t of CO_2 equivalent per year.

Indirect GHG emissions from electricity and heat

In 2019, our indirect (Scope 2) GHG emissions, which relate to purchased electricity and heat, accounted for only 0.3% of our total GHG emissions. Our Scope 2 emissions are primarily caused by the Upstream and Downstream Business Segments, both of which are energy intensive.

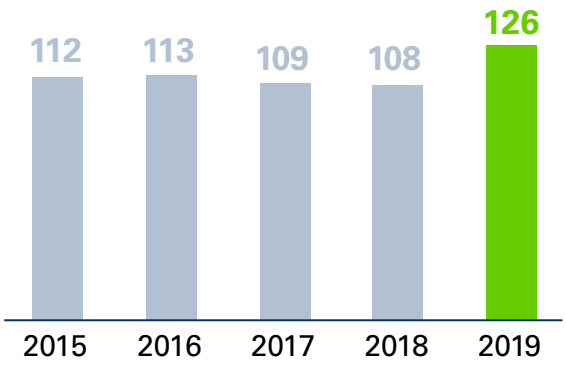
OMV is paving the way to reduce emissions from energy required for its operations and promote self-sufficiency of energy supply at our production sites, preferably with energy from renewable sources. We therefore committed to a strategic partnership with VERBUND – Austria's leading electricity company and one of the largest hydropower producers in Europe – aimed at evaluating and implementing power generation and power storage activities and power-to-X facilities. Our first joint project in this field is building Austria's largest ground-mounted solar park at the OMV site in Lower Austria. The solar park will provide 14.2 GWh of electricity, which is equivalent to powering 5,500 households a year. This will lead to saving 12,000 t of CO_2 per year. This agreement continues our cooperation with VERBUND that began in 2017, when OMV acquired a 40% stake in the e-mobility provider SMATRICS, in which VERBUND holds 40% and Siemens holds 20%. (For more details, see Electromobility.) Another important area of our cooperation is green hydrogen development – evaluating a possible electrolytic hydrogen production facility. (For more details, see Hydrogen.)

Carbon Efficiency of the product portfolio

In 2019, our Scope 3 emissions were around 126 mn t CO_2 equivalent (2018: 108 mn t CO_2 equivalent) and are related to total product sales volumes as well as purchased goods and services and capital goods of all our fully consolidated companies. While our absolute GHG emissions increased due to our business growth, our emissions intensity remained stable as we primarily grew our gas portfolio, with increased gas sales in Downstream as well as in Upstream due to the acquisition in New Zealand and SapuraOMV.

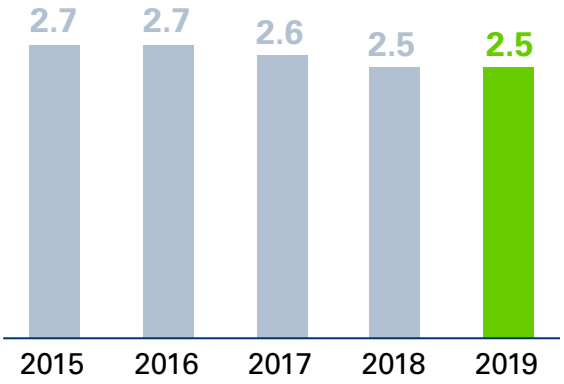
GHG Scope 3 emissions

In mn t CO_2 equivalent



GHG intensity of the product portfolio

In mn t GHG per mn t oil equivalent



About 87% of OMV's products are directly used for combustion. Scope 3 emissions from the use and processing of our products as well as from purchased goods and services and capital goods therefore constitute around 92% of our impact in terms of GHG emissions.[23]

The development of low-carbon products to reduce this large impact therefore is a topic material for stakeholders and for OMV. In this regard, we have developed strategic targets to reduce the carbon footprint of our product portfolio.

Responsible use of natural resources means not only producing and processing them efficiently but also maximizing their value for society. For crude oil, this translates into finding long-lasting high-tech applications for hydrocarbons rather than burning them as a fuel. It is OMV's ambition to strengthen its European downstream position through a shift to higher-value-added products, such as petrochemical products. (For more information on the activities of OMV in the petrochemical sector, see Focus on petrochemicals.)

Management of Carbon Efficiency of the product portfolio

The OMV Strategy team and subject-matter experts analyzed decarbonization policy developments and stricter emissions standards across the globe and determined that this will lead to the flattening of demand for oil products in the long term. OMV aligns the product portfolio business strategy with such forecasted developments. For example, European demand for natural gas will likely overtake demand for oil in relative and absolute terms by 2030, while regional hydrocarbon extraction is expected to decline. This caused us to focus on preparing the required infrastructure for natural gas delivery and capturing a greater share of natural gas supply.

At the same time, another trend – road transportation decarbonization – led OMV to increase its focus on fuels that function as an alternative to oil and gas. OMV's Future Mobility team continuously analyzes developments in the alternative transportation sector and develops risk mitigation measures to prepare the Company for a transition to non-hydrocarbon fuels by exploring further development of electromobility and hydrogen.

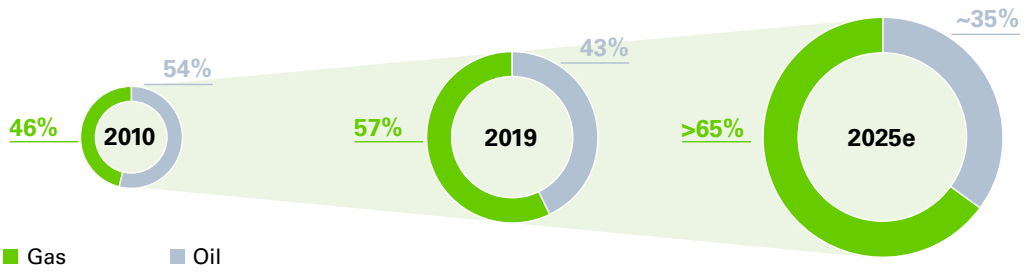
23 We take into account the impact of the products sold by OMV to external customers and on the market. Intracompany sales between OMV subsidiaries are not taken into account in order to avoid double-counting GHG emissions from products and services.

Sustainability Strategy 2025 target	Reduce the carbon intensity of OMV's product portfolio[24] by 4% by 2025 (vs. 2010)
Status 2019	▸ Reduction of 4% achieved by 2019 (vs. 2010)
Action plan to achieve the target	▸ Reduce the carbon footprint of OMV's product portfolio by increasing the gas-to-oil ratio in Upstream production, increasing gas sales in Europe, and shifting to higher-value-added petrochemical products, which in combination with recycling of the plastics used will increase resource efficiency

Focus on gas products

Worldwide demand for gas is anticipated to continue to grow beyond 2030. The phase-out of coal and nuclear power in the electricity sector will increase demand for safer and more climate-friendly gas in the European market. Therefore, OMV has been consistently increasing the share of natural gas in production and aims for gas to account for more than 65% of the production portfolio and for increased natural gas sales in Europe. Through this emphasis on natural gas, the fossil fuel with the lowest carbon intensity, OMV can reduce the carbon intensity of our energy system today and enhance the viability of operations in the long term.

Production split



In 2019, gas production accounted for 57% (2018: 57%) of total Upstream production. Gas production amounted to 101.8 mn boe in 2019 (2018: 89.5 mn boe).

In 2019, the Larak gas development project came on stream in Malaysia, and the Nawara gas development and pipeline project in Tunisia is scheduled to start production in 2020. The divestment of the Maari field shifts OMV in New Zealand to a gas-only producer and reduces emissions from Upstream operations by 280,000 t CO_2 equivalent per year. This reinforces OMV's strategy to place the focus on natural gas production rather than oil.

Total gas sales in Downstream Gas amounted to 136.7 TWh (2018: 113.8 TWh). OMV increased its market share in Germany to 4%, with plans to achieve 10% by 2025. We also started gas sales activities in the Netherlands and reached a market share of 2% in 2019.

OMV actively advocates for the increased use of gas in power generation and mobility in the transition phase. Replacing lignite-fired power plants with gas reduces CO_2 emissions by 50%. For example, OMV Petrom's combined-cycle gas-fired power plant in Romania produced 1.26 mn t of GHG emissions emissions in 2019. If it were lignite fired,

24 The carbon intensity of OMV's product portfolio measures the CO_2 equivalent emissions generated by the use of OMV's products sold to third parties in t CO_2 equivalent/toe sold.

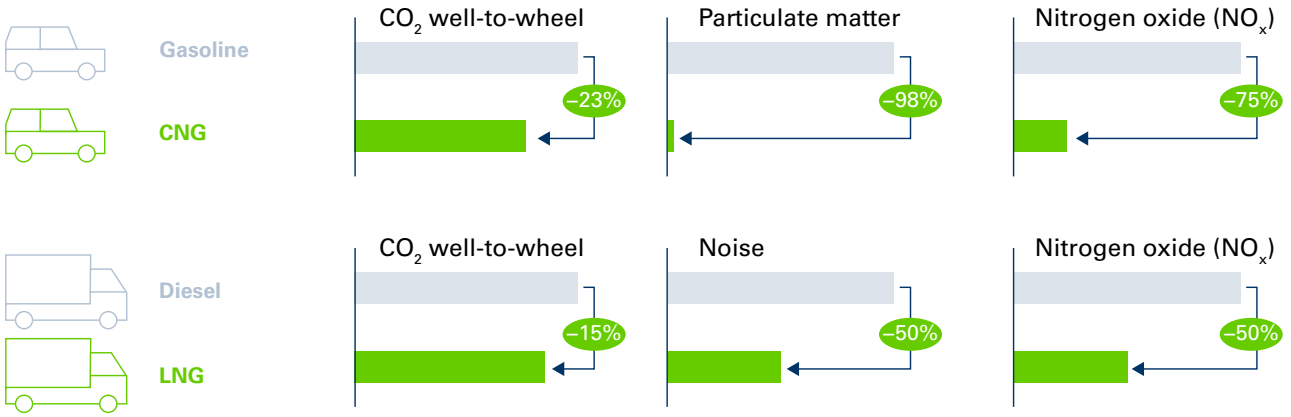
it would have produced 2.5 mn t of GHG emissions instead.

Liquefied Natural Gas (LNG) is currently the only available alternative fuel for long-distance trucks, buses, and ships. Natural gas vehicles (NGVs) provide a cleaner mobility alternative with up to 23% less CO_2, 75% less nitrogen oxide, and 98% fewer particulate emissions.

Gas (natural gas, biomethane, hydrogen, and synthetic methane) supports the integration of renewable energies. That is why OMV is actively exploring options with partners for taking the key power-to-gas technology to an industrial scale. With power-to-gas, wind and solar energy can be stored as hydrogen, and sector coupling becomes a reality. Separate gas and electrical grids have the potential to become one energy cloud with fluid transitions.

Since natural gas is a clean, safe, and readily available alternative fuel for transportation, OMV is assessing the options for intensifying its gas-mobility activities (for more details, see Focus on future mobility).

Emission savings with natural gas (CNG and LNG) vs. gasoline and diesel (Euro 6)



Sources: thinkstep, EMPA, Volkswagen, Equilibre

In 2019, we began offering our customers the option of procuring climate-neutral gas. Through our cooperation with Climate Partner, we are able to offer our customers a carbon-offsetting service for emissions generated during the consumption of gas. In 2019, we were able to offset approximately 30,000 t of CO_2 thanks to climate-neutral gas contracts for upcoming delivery years. We have defined a rigorous set of criteria and standards for the selection of climate protection projects to ensure optimal emissions offsetting verification. For instance, the technologies we selected for climate protection in our projects are wind power and forest protection. Climate protection projects are verified according to the internationally recognized standards for voluntary emissions reduction, the Verified Carbon Standard (VCS) and the Gold Standard (GS).

OMV operates gas infrastructure (pipeline and storages) in Austria and Germany which are essential for ensuring the security of supply in our markets. The gas infrastructure will also play an essential role in cost-effectively making the shift toward carbon-neutral gas solutions (synthetic gas, biomethane, and hydrogen) and an integrated energy system.

Natural gas is an important alternative as a lower-carbon fuel for industry. However, industrial users also value the gas provided by OMV for the security of supply. For example, NÖM, a large Austrian producer of dairy products, uses gas supplied by OMV for generating steam used for heating up fresh milk in the pasteurization process. Gas provides a great lower-CO_2 alternative to coal- or oil-heated steam boilers. With a processing capacity of 1.2 mn liters of milk a day (45% of which ends up in products that are exported), NÖM needs an uninterrupted supply of gas. NÖM is confident that it can rely on OMV to supply its gas.

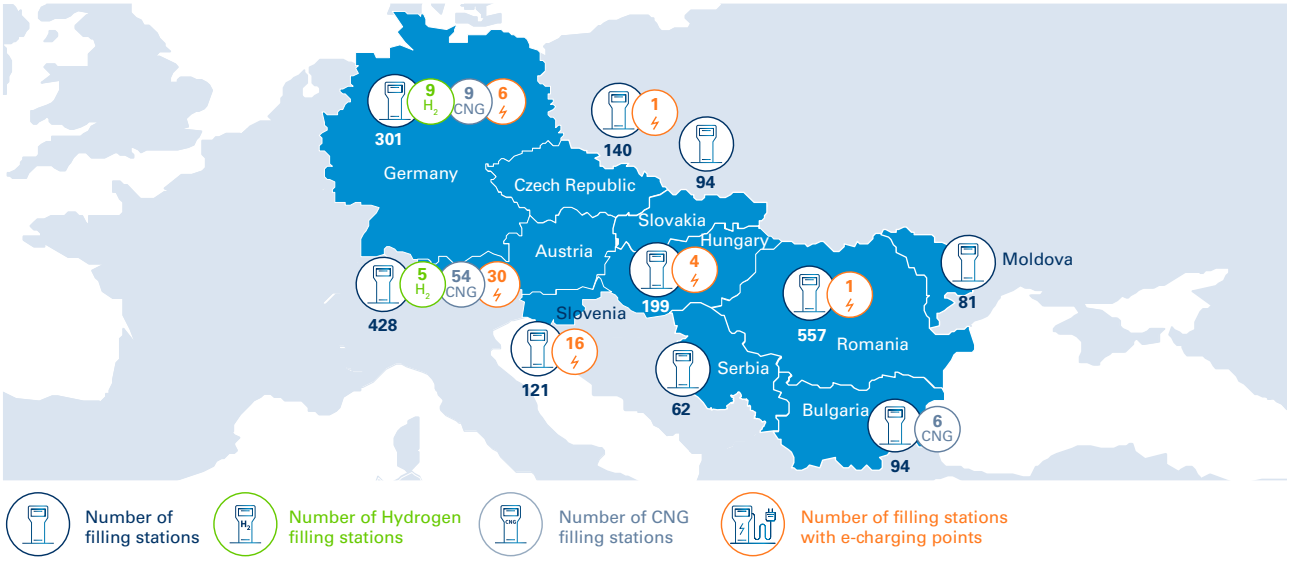
In total, OMV invested EUR 295 mn in the development of gas assets in 2019 (2018: EUR 198 mn).

Focus on future mobility

OMV provides various solutions suited to different types of transportation, including successfully reducing CO_2 emissions for short-distance passenger transportation as well as for long-haul heavy-duty transportation. Whereas battery-powered electric vehicles present a suitable option in the first case, natural gas and hydrogen would present a more efficient option for the latter. Directly and through its partnerships, OMV offers a number of options for lower-carbon transportation, electricity, compressed natural gas (CNG), liquefied natural gas (LNG), and hydrogen. In 2019, OMV invested EUR 1 mn (2018: EUR 1 mn) in future mobility assets.

- 14 hydrogen filling stations in Europe, thereof five in Austria
- In 2018, OMV and IONITY opened Austria's first four 350 kW charging stations. The aim is to build a network of 350 kW ultra-fast charging stations throughout Europe. In 2019, nine new stations were equipped with high-power charging infrastructure from our regional partners.
- 69 CNG filling stations in Europe, thereof 54 in Austria
- First LNG filling station planned for 2020

Retail



As at January 2020

Electromobility

Currently, 201 e-charging points are available at 58 OMV filling stations in Austria, Germany, Hungary, Romania, and Slovenia. Around 300 charging points at 150 additional locations are planned to be rolled out in 2020. We continue to develop our charging network via numerous partnerships and joint ventures. Through our 40% interest in SMATRICS, Austria's leading e-mobility infrastructure provider, OMV is part of a SMATRICS-operated network of more than 435 e-charging points, powered 100% by renewable energy. By way of our strategic partnership with IONITY – a joint venture of car manufacturers – we support the construction of a network of 350 kW ultra-fast charging stations throughout Europe, with 13 already opened in Austria. In 2019, we started rolling out 150 kW electric vehicle charging at OMV filling stations in southern Germany in cooperation with EnBW Energie Baden-Württemberg AG, one of the leading energy providers in Germany. OMV intends to take its commitment to electric vehicles to the next level by continuing to develop its e-mobility offerings. International roaming will be activated on the OMV ROUTEX e-mobility card, and customer-focused development of additional products will continue.

Compressed Natural Gas (CNG)

OMV is promoting CNG and LNG products on the supply and on the demand side at the same time. This approach establishes suitable infrastructure on the supply side as well as customer readiness to receive the product. Such an approach is the precondition for the successful implementation of new energy solutions, leading to the development of related products and the reduction of production costs.

In 2019, our CNG sales volumes grew by 4.6%, to 1,954 t (2018: 1,868 t).

OMV will invest up to EUR 10 mn in the CNG network, with plans to upgrade the existing dispensers and expand the network in accordance with customer needs. This investment will extend the current OMV network of 54 CNG filling stations in Austria. We are also in the process of changing our fleet of company cars to CNG vehicles.

In 2019, Rainer Seele and Hans Peter Schützinger, CEO of Porsche Holding Salzburg, announced a joint effort to put more CNG on the road. Together, OMV and Porsche Holding are offering a special deal for those considering a CNG vehicle: Every buyer of a CNG-powered model of one of Volkswagen's brands (VW, Audi, SEAT, or ŠKODA) can fill up with CNG for free at OMV filling stations for the entire first year.[25] We believe that this initiative will increase popularity of CNG-fueled vehicles, and thus promote the transition to lower-carbon fuels.

Liquefied Natural Gas (LNG)

According to the analysis by the Natural & bio Gas Vehicle Association (NGVA Europe) and the European Biogas Association (EBA), which published the Roadmap to 2030, LNG trucks are expected to increase to 280,000 in Europe by 2030. The growing popularity of this fuel is attributable to the benefits of lower CO_2 and particulate matter emissions as well as less noise. We are preparing to expand the requisite infrastructure and supply of LNG in order to meet future expected demand.

In 2019, OMV signed a memorandum of understanding (MoU) with Snam and TAG on collaboration in the field of sustainable LNG mobility. The MoU lays out the intention to jointly explore potential opportunities in the field of sustainable LNG mobility in Austria, such as the construction of a small-scale LNG liquefaction plant, the framework for a later LNG supply agreement, and the development of an LNG market.

In Turkey, OMV already holds a significant share in the small-scale LNG business, supplying around 400 customers.

Hydrogen

With five hydrogen fuel stations in Austria, OMV is the first company to offer nationwide coverage. We also have nine hydrogen fuel stations in Germany. We are a shareholder in H_2 MOBILITY Deutschland GmbH & Co. KG, which intends to build a filling station network enabling travel with hydrogen-fueled vehicles throughout Germany by 2023. In 2020, there will be 100 stations operating. OMV will continue to conduct pilot projects with industry partners in order to develop a business model for the cross-sector use of hydrogen gas (H_2). The aim is to establish hydrogen as a pathway for carbon-neutral mobility, in particular in the freight and public sectors. We will also advocate for the use of H_2 for balancing the electricity grid in view of the increasing strain from intermittent renewable electricity sources. Currently, OMV is engaged in several pilot projects, including the UpHy project, which involves the production of hydrogen for use in the mobility sector and in the refining process.

25 Valid for annual mileage of 15,000 km; offer valid until revocation

Focus on petrochemicals

Responsible use of natural resources means not only producing and processing them efficiently but also maximizing their value for society. For crude oil, this translates into finding long-lasting high-tech applications for hydrocarbons rather than burning them as a fuel. Products that are made on the basis of petrochemical products, such as ethylene, propylene, and butadiene, are largely used in our daily life.

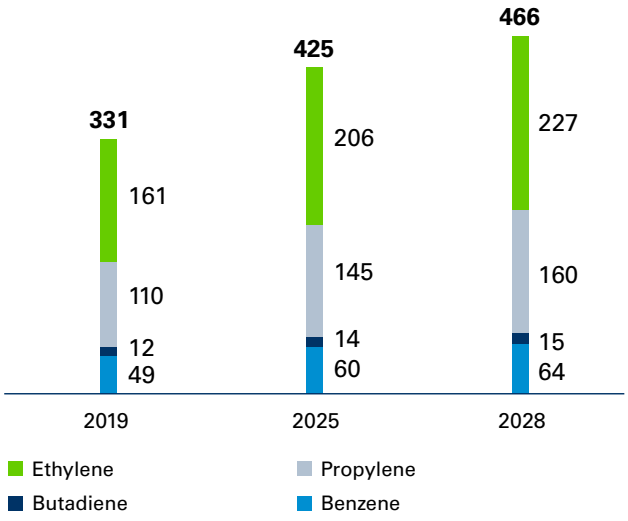
It is OMV's ambition to strengthen its European downstream position through a shift to higher-value-added products, such as petrochemical products. This move, in combination with recycling of post-consumer plastics, is an important way to make better use of valuable natural resources.

OMV operates two petrochemical sites – Burghausen (Germany) and Schwechat (Austria) – with a total annual capacity of 2.5 mn t, out of which 80% is olefins. OMV produces olefins, aromatics, and butadiene at its major integrated production sites in Schwechat and Burghausen, as well as a small volume of aromatics and propylene in Petrobrazi (Romania).

Economic development will drive a significant increase in the demand for petrochemical products. Demand for olefins, such as ethylene, propylene, butadiene, and benzene, are expected to increase by 41% by 2028.

Global petrochemical demand

In mn toe



Source: IHS – Chemical Supply & Demand (2019)

OMV's Downstream refining segment can maximize on this opportunity by providing the feedstock for high-quality petrochemical products. Petrochemicals already make up more than 10% of OMV's total refined product sales. OMV mainly produces ethylene and propylene, which are further converted into polyethylene and polypropylene at Borealis, a company in which OMV is a shareholder. By 2025, OMV plans to increase the production of petrochemicals in Europe by 12%, bringing it to 2.8 mn t. Increasing the share of petrochemicals in our product portfolio will reduce its carbon intensity, as the use of petrochemical products does not produce CO_2 emissions in contrast to the use of combusted fuel products. In 2019, petrochemicals sales volumes amounted to 2.34 mn t (2018: 2.41 mn t).

In 2019, OMV invested EUR 35 mn (2018: EUR 17 mn) in petrochemical assets. Notably in 2019, we made the decision to invest EUR 64 mn in the construction of an ISO C4 plant. Construction of the new plant began in summer 2019 at the Burghausen refinery, with operations planned to start in September 2020. From this point onward, high-purity isobutene will be produced in Burghausen using a brand-new technology. This will be a highly energy-efficient process, enabling CO_2 emissions savings of 20,000 t (based on an annual production of 60,000 t isobutene). Isobutene is part of the C4 hydrocarbons group and is produced from crude oil components by means of thermal cracking. The isobutene produced will complement the current OMV product portfolio and will be used for manufacturing glues, grease, and other chemicals, such as antioxidants, as well as in the manufacturing of vitamin C.

OMV owns a 36% share in Borealis – a leading provider of polyolefins, which form the basis of many valuable plastic applications. The partnership between OMV and Borealis for the petrochemical integration of OMV refineries goes back as far as 1998. We share an industrial site in Schwechat (Austria), which is one of the largest integrated plastics production sites in Europe. The OMV Schwechat refinery operates integrated petrochemical production facilities and supplies Borealis with petrochemical feedstock. OMV produces mainly ethylene and propylene, which are further converted into polyethylene and polypropylene at Borealis. Thus, Borealis constitutes an important part of the OMV value chain. Since 2016, Borealis has acquired two recycling plants in Germany and Austria, thus incorporating recycling capabilities into its business activities. Through the exploration of synergies, OMV supports plastics collection and recycling activities.

Oil as a raw material: premium materials and components for important petrochemical products used in everyday life

Use of petrochemicals

Transportation

Automotive, aerospace, rail, marine, lightweight

Construction

Piping and cabling, insulation

Health care

Hearing aids, prosthetics, plastic pill capsules

Electronics

Efficiency, lightweight, fire safety, electrical and mechanical resistance

Energy

Efficient insulation, renewable energy

Packaging

The lightest packaging material, food, conservation and preservation, convenient and innovative, safe and hygienic

Focus on product responsibility

OMV assumes responsibility for delivering safe high-quality products. At the same time, we continuously work on exploring ways to reduce our environmental impact during our product life cycle. We take a comprehensive approach to product stewardship, with technologically advanced solutions used to deliver safe top-quality products, while taking action to ensure responsible use of our products.

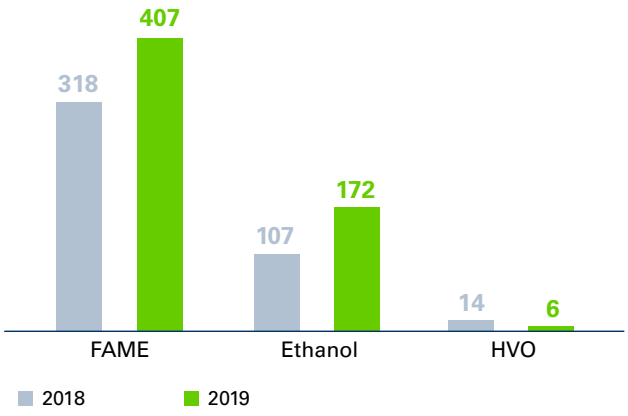
We have established adequate processes and workflows to secure our compliance with the EU regulations on Registration, Evaluation, and Authorization of Chemicals (REACH) and on Classification, Labeling, and Packaging (CLP) of substances and mixtures. Within this continuously evolving regulatory environment, we are committed to maintaining and updating our mandatory registrations so as to keep up with relevant regulatory developments. To this end, we closely follow the guidance published by the European Chemicals Agency and participate in the REACH consortia (Concawe, Lower Olefins and Aromatics, Fuel Ethers, Renewable Fuels, etc.) as well as in working groups through oil and chemical industry trade associations. Safety data sheets are available on www.omv.com/en/products/online-tools/product-information. These documents are regulated under REACH and include comprehensive information on potential health, safety, and environmental issues. In addition, they inform customers and employees about how to handle and use our products safely.

OMV works in close collaboration with leading automobile manufacturers, research institutes, and universities to stay at the forefront of fuel technology. Our MaxxMotion premium fuels provide maximum power to vehicles, prolong engine life, and contribute to lowering emissions. Our MaxxMotion100-octane gasoline fulfills the highest fuel quality requirements in accordance with the Worldwide Fuel Charter, the guideline issued by major automobile and engine manufacturers' associations. MaxxMotion diesel ensures reliable engine operation even at extremely cold temperatures down to –40°C.[26]

Biofuels

Biofuel volumes[27]

In kt



All biofuel volumes purchased by OMV in 2019 and used for blending meet the requirements of the EU's Renewable Energy Directive (2009/28/EC). Since 2013, the ISCC-EU certificate issued for OMV Refining & Marketing GmbH has been renewed on an annual basis. OMV Petrom, OMV Hungary, OMV Czech Republic, and OMV Slovenia are also certified according to the ISCC-EU standard. OMV purchases biodiesel (FAME) mainly to add to fuels from European producers that use very little palm oil. In 2019, biofuels contained only around 4.22% palm oil. Certain biofuels are almost exclusively available with palm oil as feedstock. However, ISCC standards enforce that no deforestation on certified areas has taken place since January 2008 for biodiesel generation. Even so, we plan to increase the use of regional rapeseed oil and used cooking oil as well as other potential waste and advanced feedstock, which is made possible by the use of our Co-Processing technology. (For more details, see Biogenic Oil Co-Processing.)

In 2019, OMV and AustroCel Hallein GmbH signed a multi-year agreement to supply advanced bioethanol. The fuel components will be derived exclusively from spruce-based cellulose, which is a scrap material from the sawmill industry. The sustainable base of these fuel components leads them to be classified as "advanced biofuels." In future, they will be added to OMV gasoline. This product will contribute to reducing the carbon intensity of the OMV product portfolio and thereby help us meet the OMV 2025 Sustainability Goals.

OMV aims to market its products in a responsible manner by engaging consumers in lowering greenhouse gas emissions. We therefore partnered with a large transportation company, Scania Romania, with the goal of raising awareness about the most efficient methods for reducing the consumption of fossil fuels.

climate neutral

Climate-neutral products

In 2019, we began offering our customers the option of procuring climate-neutral gas. Through our cooperation with Climate Partner, we are able to offer our customers a carbon offsetting service for emissions generated during the consumption of gas. In 2019, we were able to offset approximately 30,000 t of CO_2 thanks to climate-neutral gas contracts for upcoming delivery years. We have defined a rigorous set of criteria and standards for the selection of climate protection projects to ensure optimal emissions offsetting verification. For instance, the technologies we selected for climate protection in our projects are wind power and forest protection. Climate protection projects are verified according to the internationally recognized standards for voluntary emissions reduction, the Verified Carbon Standard (VCS) and the Gold Standard (GS). We plan to gradually expand the offsetting option to further OMV products.

26 CFPP value according to EN 590
27 2018 figure restated and 2019 figure estimated as both Austria and Germany data are based on year-to-date actuals plus a forecast for the remaining months each year, given that the final biofuel volume confirmation from authorities of a given year is not before the publication of the Sustainability Report.

Innovation

For OMV, innovation is the development of new technologies and products with the aim of reducing our impact on the environment, increasing efficiency, developing new business opportunities, and achieving our main goal of reducing the carbon intensity of our operations and product portfolio. OMV will invest EUR 500 mn in innovative energy solutions by 2025.

Key Figures

100 t
post-consumer plastic transformed into synthetic oil

18%
of R&D into low-carbon solutions

21 mn
EUR in sustainability innovations projects in Downstream

Innovation management

The Group's research and development (R&D) expenses increased from EUR 40 mn in 2018 to EUR 49 mn in 2019. Out of total R&D expenses in 2019, EUR 8.945 mn (or 18%) was attributable to low-carbon solutions, such as hydrogen, advanced fuels, Co-Processing, and other Downstream innovations.

In fulfilling our purpose of providing "The energy for a better life," OMV actively explores new solutions and technologies for delivering affordable and carbon-efficient products in a responsible way. At the same time, introducing innovative solutions to our business means seizing the opportunity for more efficient production and expansion to new market areas. This strengthens our economic resilience in line with developments in the energy sector.

The purpose of innovation at OMV is to make operations more efficient, to minimize environmental impacts, and to provide cost-efficient solutions to our customers and society. OMV has clustered its innovation activities in the following areas: biogenic oil Co-Processing, circular economy, and hydrogen. Beyond this, we focus on digitalization and optimized drilling, production, and reserves. Each innovation area is described below.

OMV collaborates globally with universities[28], research institutes as well as with industry partners and relevant initiatives.

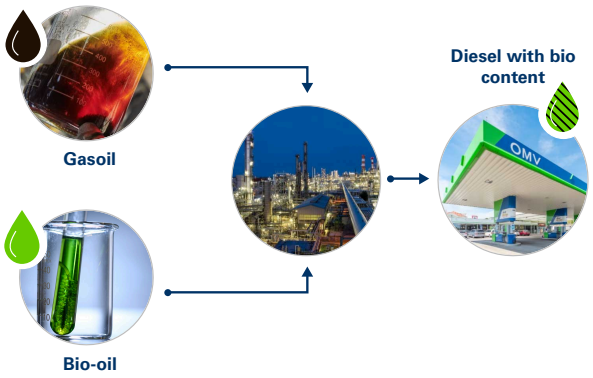
For example, OMV cooperates with various research institutions in the following areas:

- Hydrothermal liquefaction of biomass waste to bio-oil (with University of Leoben)
- Fast pyrolysis of biomass waste to bio-oil (European-funded research project)
- Conversion of CO_2 to alcohols with microorganisms (University of Technology Vienna)
- Photo reforming of water and CO_2 (University of Cambridge, Christian Doppler Institute)
- CO_2 reforming (K1-MET and University of Leoben)
- Storing and utilizing sustainable electric energy via synthetic e-fuels or chemical products (through a partnership within the German-funded Kopernikus project)

Biogenic oil co-processing

OMV uses new technologies to increase the quality and stability of fuels with biogenic components through what is known as Co-Processing. Co-Processing involves introducing biogenic feedstock during the fuel refining process instead of the conventional method of blending biogenic components into fuel after production. This concept allows OMV's existing refineries to produce transportation fuels from various types of biogenic feedstock, such as domestic rapeseed oil, sunflower oil, used cooking oil, or algae oil. The high degree of integration within OMV refineries reduces greenhouse gas emissions from Co-Processing by up to 85% compared with the EU standard for similar finishing steps for biofuels.

Co-Processing



In 2016, OMV successfully conducted the first field trial of Co-Processing using rapeseed oil and obtained certification in accordance with the REDcert standard, an EU-recognized system for the certification of sustainable biomass. OMV continues to implement Co-Processing technology, and by 2025, the Company aims to co-process approximately 200,000 t of sustainable feedstock per year, depending on future legislation.

28 e.g., University of Cambridge, Stanford University, TU Wien – Vienna University of Technology, Montanuniversität Leoben, Johannes Kepler University Linz, University of Natural Resources and Life Sciences (BOKU) Vienna, Sofia University, University of Mining and Geology Bulgaria

Unlike conventional biofuels, advanced fuels do not compete with food production. OMV also researches various advanced fuel technologies that are mostly in a research and development stage with the aim of future scale-up.

Sustainability Strategy 2025 target

Raise the share of sustainable feedstock co-processed in the refineries to ~200,000 t per year by 2025

Status 2019

- Process Design Package finalized for Schwechat refinery
- Process studies finalized for Petrobrazi refinery

Action plan to achieve the target

- 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.

Circular economy

There is a growing consensus on the need for a circular economy to preserve the environment, along with legal incentives, such as the Circular Economy Package of the European Commission, which aims to increase plastics recycling rates and minimize plastic leakage into the environment. OMV recognizes the environmental footprint of petrochemicals and assumes its responsibility for petrochemicals value chain impacts throughout their lifespan. Despite the current drawbacks of the plastics economy, plastics are part of the solution to a number of challenges facing our society. For example, light and innovative materials in cars and planes reduce fuel consumption and cut CO_2 emissions. Biocompatible plastic materials enable medical innovation and save human lives. It is OMV's ambition to strengthen its European downstream position through a shift to higher-value-added products, such as petrochemical products. This move, in combination with recycling of post-consumer plastics, is an important way to make better use of valuable natural resources.

OMV provides petrochemical feedstock to chemical companies and uses plastic waste as feedstock for the ReOil® plant.

OMV also directly interacts with Borealis and other companies through the platform EverMinds® for circular-economy-related activities.[29] In October 2017, Borealis launched a joint initiative called STOP to eliminate leakage of plastics into the ocean, increase plastics recycling, and support the wider systemic changes required for a circular plastics economy. The first project started in Indonesia and is intended to improve the ways plastics are handled in one of the country's most polluted areas.

OMV also implements initiatives directed toward the engagement of local stakeholders in the topic of the circular economy. The Company is also involved in two community investment projects focused on the circular plastics economy, which started in Romania in 2019: "Recycling Laboratory" and #noplasticwaste (for further details, see Community Relations and Development).

ReOil® – circular economy project

OMV has been exploring the potential for utilizing post-consumer plastics – polyethylene, polypropylene, and polystyrene – since 2011. The Austrian Research Promotion Agency has also contributed with subsidies covering part of the project investment. The first test facility was launched in 2013. In 2018, the next-level test facility – the ReOil® pilot plant – began fully refinery-integrated operation with a processing capacity of up to 100 kg per hour and production capacity of up to 100 liters of synthetic crude per hour.

The crude is then further processed at the Schwechat refinery into fuel products or base materials for the plastics industry. This process creates a closed loop ("the circular economy"), where post-consumer plastics are used to

29 www.borealiseverminds.com

create value-added products, thereby reducing dependence on natural resources and lowering carbon intensity as compared to standard oil processing. This innovative chemical recycling technology closes the loop of post-consumer plastics recycling. Substituting crude oil with post-consumer plastics is estimated to lead to 45% lower CO_2 emissions in the use of this product and 20% lower energy demand per t of the product.[30]

Chemical recycling

OMV holds the patent for this chemical recycling process in Europe, the US, Russia, Australia, Japan, India, China, and other countries.

In 2019, OMV worked on developing the necessary technical parameters for a further scale-up and initiated the engineering process to develop a ReOil® demo plant with a post-consumer plastic feedstock capacity of 16,000 to 20,000 t per year.

OMV aims to develop ReOil® into a commercially viable, industrial-scale recycling technology with a processing capacity of approximately 200,000 t of used plastics per year by 2025.

OMV has also signed a memorandum of understanding (MoU) with ADNOC for the establishment of a joint working group to assess the feasibility of a scalable ReOil® plant in the United Arab Emirates.

Sustainability Strategy 2025 target

Develop ReOil® into a commercially viable, industrial-scale process (unit size of ~200,000 t per year)

Status 2019

- 100 t of post-consumer plastics transformed into synthetic crude
- 40 days of continued production at the ReOil® plant

Action plan to achieve the target

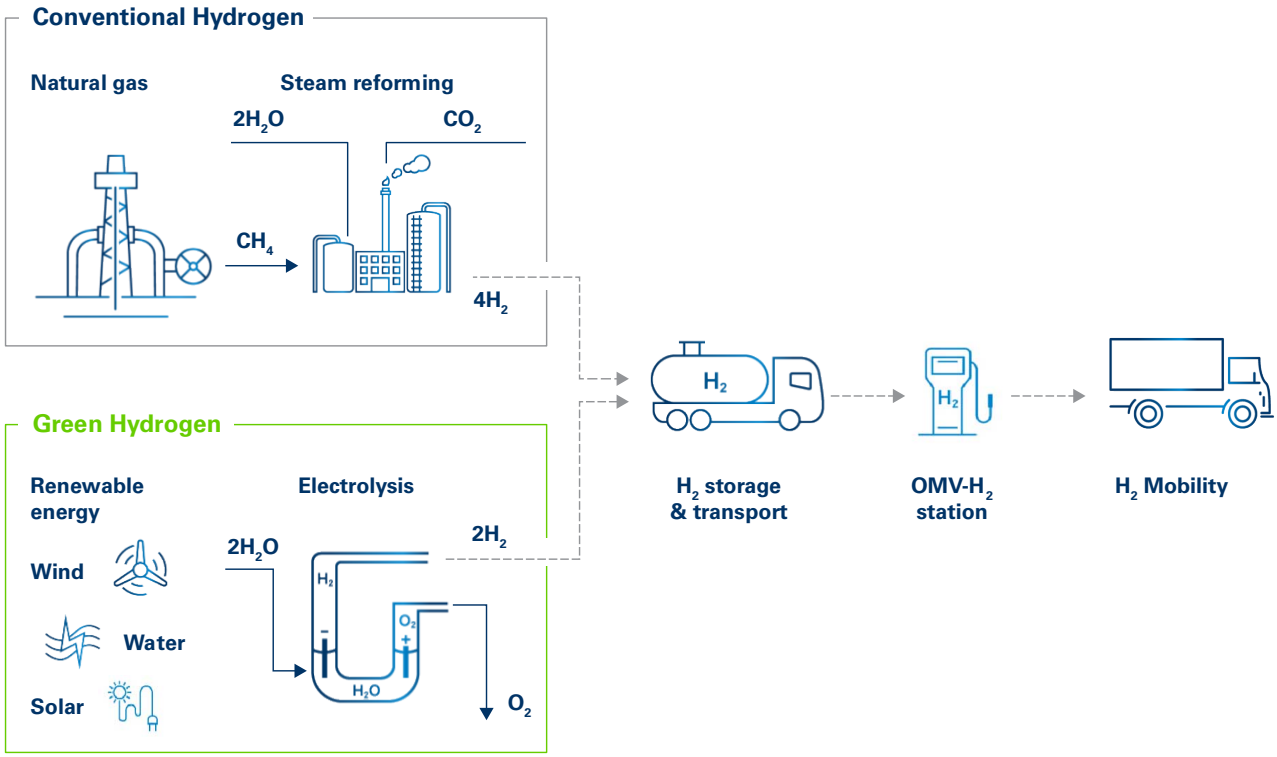
- Continually improve operability and reliability based on a defined test run program, and utilize results achieved to improve process modeling and the design basis for the ReOil® demo plant
- 2022: demo plant with a post-consumer plastic feedstock capacity of 16,000 to 20,000 t per year

30 Austrian Federal Environmental Agency, **ReOil – Bewertung eines Konzeptes zur kaskadischen Nutzung von Altkunststoffen im Raffineriekontext**, 2016

Hydrogen

We are working to advance and optimize the entire energy value chain with sustainable hydrogen. In conventional hydrocarbon-based hydrogen production, we are looking into ways to prevent CO_2 produced in the steam-reforming process from being expelled as emissions. Instead, we aim to separate it and subject it to further chemical processing, for example, for use in producing alcohols that are then turned into fuel. Another highly promising alternative is splitting natural gas into hydrogen and coke with the pyrolysis method, which uses lower amounts of energy compared to electrolysis with water. We also plan to produce green hydrogen, which involves electrolysis using sustainable energy sources, such as wind power. In addition to green hydrogen, carbon-neutral or lower-carbon hydrogen from the two methods outlined could be an important building block in meeting our targets with respect to reducing CO_2 emissions.

Hydrogen production



OMV is collaborating with several partners on the UpHy project involving the production of hydrogen for use in the mobility sector and in the refining process. Options for using green hydrogen to hydrogenate CO_2, for reducing carbon emissions from industrial facilities and for producing synthetic fuels and chemicals (power-to-X) are also being evaluated. For more details on hydrogen mobility, see Focus on future mobility.

Innovation in drilling, production and reserves

Optimizing drilling and production processes prolongs the lifetime of hydrocarbon reserves, thus increasing production efficiency and reducing the impact on the environment. OMV continuously works on optimizing the amount of hydrocarbons that can be extracted from an oil reservoir (recovery rate) and on extending the reliability of facilities and materials.

While the international average recovery rate for crude oil is about 40%, OMV succeeded in pushing recovery rates above 55% in the super-mature Matzen field in Austria by using water injection. OMV is among the global front runners in terms of achieving high recovery rates in mature fields. By 2025, OMV aims to increase the amount of oil that can be extracted from selected fields in Central and Eastern Europe by 5 to 15 percentage points, making our Company a leader in efficient production in the region.

In 2012, OMV started injecting viscous saltwater to achieve higher recovery rates in a pilot project in the Matzen area. This launched our Enhanced Oil Recovery (EOR) activities and paved the way to attaining the strategic goal of further increasing the recovery rate. In total, 300,000 bbl of incremental oil were produced by the end of 2019. Oil rates could be significantly increased compared to conventional produced saltwater re-injection. In 2019, OMV made further progress in rolling out EOR projects in various fields in Austria and Romania.

OMV has made significant progress in developing new technologies and improving the operational performance of produced water treatment processes. In a series of field pilots targeting optimum produced saltwater quality for re-injection, OMV was able to identify innovative flotation and filtration technologies which can also effectively treat challenging emulsions.

Furthermore, OMV is investigating the possibilities for capturing CO_2 from its own assets and introducing it into former gas reservoirs to reduce OMV's carbon footprint (Carbon Capture and Storage (CCS) technology).

Extending the lifetime and reliability of facilities and materials ensures safe and efficient hydrocarbon production.

Over the past 20 years, OMV has implemented extensive materials selection and corrosion management programs to ensure asset integrity, reduce safety risks, and minimize environmental impact. Equipping nearly 6,500 wells with artificial lift systems resulted in measurable reductions in power consumption and downtime of sucker rod pumps. Consequently, the number of well interventions decreased by 25% in Austria, reducing associated HSSE risks accordingly. OMV has investigated new nano-related technologies in the field of advanced coatings to extend material resistance, in the field of chemicals to inhibit paraffin deposits to optimize the production process, and in the field of adsorption systems to prevent soil and water contamination. OMV continues its cooperation with third-party research institutes on these technologies and is in the process of setting up programs together with other operators.

OMV works on extending the lifetime of operational facilities by mitigating abrasion and corrosion. To this end, cross-linked polyethylene pipes are inserted in tubing with a special polymer lining that was developed by OMV and patented in 16 countries. In addition, OMV has performed pilot tests on polymer flowlines under various operating conditions, which will allow us to cut costs and increase the efficiency of flowline replacement.

Sustainability Strategy 2025 target

Increase the recovery factor in the CEE region in selected fields by 5–15 percentage points by 2025 through innovative Enhanced Oil Recovery methods

Status 2019

- 100 kboe additional production in pilot project in Austria in 2019
- We started a pilot EOR project in Romania, with the initial increase in the recovery rate and in production expected in 2020.

Action plan to achieve the target

- Finalize the pilot EOR project in Romania; further mature the full field implementation project in two Matzen field reservoirs

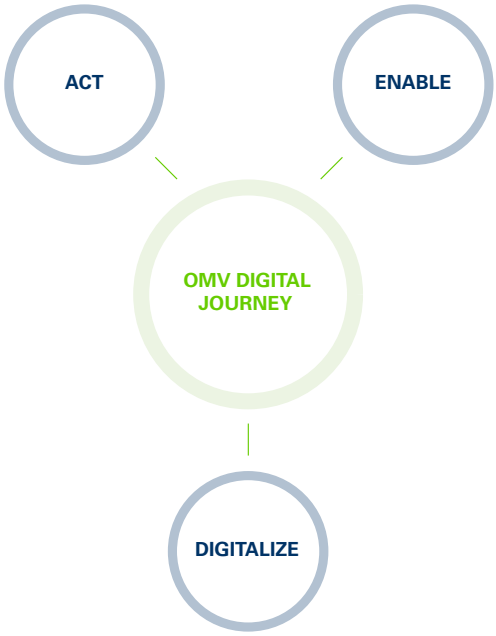
OMV's digital journey

Innovation and technology are a powerful engine that drives and enables sustainability. Digitalization presents us with opportunities to harvest value from connecting data sources across the Company and even beyond the Company. This, in turn, helps us deal with the higher business complexity and increased expectation levels of customers and other stakeholders. Data centralization and advanced analytics help make sense of production and logistical data to steer our production to higher yields, higher quality, and reduced losses. Customer data help us offer the best possible service to our customers. We believe both digital and technical innovation are vital for reducing both the environmental impact of our business and our carbon intensity, as innovation often means better asset utilization and process efficiencies as well as improved maintenance and early anomaly detection. It leads to optimized workloads and better business results and improves environmental and social performance. OMV's Digital Journey is our program to achieve these goals and pave the way toward digital leadership. It is composed of synergetic and orchestrated initiatives across the entire Group: Upstream, Downstream, and Corporate. OMV's digital ambition is to become a digital leader in core areas by adopting the latest digital technologies, such as the Industrial Internet of Things (IIoT), intelligent automation, machine learning, and video analytics.

Digital transformation at OMV is much more than applying and scaling technology – it is also about people and culture. Creating a digital mindset, building digital skills, and reshaping the talent landscape are essential parts of our Digital Journey. All of this is implemented using design thinking and agile ways of working and in close collaboration with technology partners, universities, and start-ups.

OMV DIGITAL JOURNEY
OUR PATH TO DIGITAL LEADERSHIP

Three signposts guide OMV's Digital Journey:



DIGITALIZE!

Creating business agility through smart investment choices that focus on highest impact on business and HSSE priorities.

ACT!

Committed to develop an empowered, collaborative learning culture that enables each employee to help shape the energy future. Innovating at speed and scale by creating environments receptive to innovation and fostering an organization, skills, and mindset that are adaptive to digitalization while boosting internal innovation development efforts through open innovation methods and agile ways of working.

ENABLE!

Common digital platforms forming the backbone of our digital core that enables us to break down data silos and use data across the Group. Applying technologies like SAP S/4HANA, cybersecurity, the cloud, hybrid integration, analytics, and data platforms builds a basis for increasing efficiency and enabling new business models.

While all three pillars are interconnected, the DIGITALIZE stream focuses more on the technology aspects, the ENABLE stream focuses on breaking data silos, and the ACT part specifically addresses our people skills and ways of working.

Digitalization in Corporate

With the launch of Finance 4.0 in 2018, we started the Finance Division's journey toward a future-oriented, digitalized process and system landscape enabling integrated growth.

A strong midterm strategic focus for Finance is the implementation of the new SAP S/4HANA enterprise resource planning software. The goal is to increase business value by providing real-time digital and analytics functionalities based on harmonized data and processes. The implementation of SAP Ariba – the cloud-based solution covering all processes related to source-to-contract and purchase-to-pay – enables digital transformation in Procurement.

Paperless initiative at OMV Petrom

OMV Petrom started the rollout of the Paperless initiative to minimize the use of paper for daily work activities. Goals of the initiative are twofold: to establish the culture of digital working as well as giving employees the necessary tools and skills to go paperless. Workshops and masterclasses informed employees about the value of digitalization and its environmental benefits. Numerous other tools in the initiatives help reduce the use of paper, including the rollout of digital signatures and digital documentation storage. In addition to environmental benefits, implementation of the Paperless initiative enhances work efficiency as it builds the basis for automation and digitalization of administrative processes and reduces the risk of document loss.

Digitalization in Upstream

OMV aims to advance into the league of digital frontrunners in the Upstream industry. Digitalization helps optimize operations and processes for higher efficiency, improve HSSE performance, and increase profitability. At the same time, digital technologies and the resulting deployment of new capabilities will not just make OMV more attractive to new employees but will also open the door to new partnerships with operators and suppliers.

Our digital roadmap consists of the following five lighthouses ranging from the business agility programs Digital Twins, Digital Oilfield, and Digital Rig to Digital Ways of Working and Digital Office of the Future. The roadmap contains more than 70 projects and use cases.

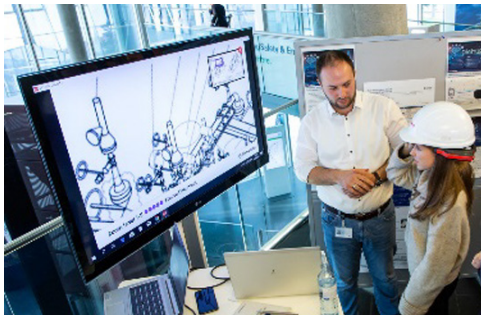
Integrated Digital Twins from subsurface to facilities

This program focuses on subsurface-related matters ranging from exploration to development within OMV's supply chain. Multiple evergreen reservoir models will enable end-to-end value creation through informed decision-making under rigorous management of uncertainty. The aim is a unified ecosystem which will integrate workflows, technology, and data with personal knowledge, assisted by artificial intelligence. No search will be required for information and tools; instead, they are available anytime. The data is accessible through a personalized cockpit with all the decision-relevant information, so all employees can contribute to fast and effective decision-making.

For example, the Digital Rock project creates Digital Twins of real rocks with all their components in the micrometer range. The Digital Twins will be part of the high-performance computing (HPC) environment and deliver deep insight into our reservoir properties. Compared to traditional rock scanning, this yields fast results, uses less hazardous chemicals for laboratory measurements, and helps improve the quality of our exploration and development activities.

Real-time digital oilfield

This program aims to expand the options for safer, greener, and more efficient operations through strategic integrated digital technology deployment. A recent example is a robotic drone that conducted routine condition inspections of the largest crude oil storage tanks in a fraction of the time and at lower costs, while completely eliminating the risk to human life when working at height and entering confined spaces. In addition, robotic crawlers with magnetic pads are currently being tested to perform paint blasting and reconditioning of external corrosion protection, thus eliminating the extreme risks linked to having humans perform this work.



Advanced Process Control systems are in the testing phase to implement an algorithm-based predictive model that helps the operators control and optimize the facilities at all times in order to operate at the most efficient operating point possible. This reduces internal consumption of energy, decreases the carbon footprint, and increases the efficiency of processing chemicals, thus optimizing production costs.

The Digital Worker (also called "remote operator") stream includes the technology for streaming high-quality images and information from the drilling and operational sites all over the world to OMV experts. This enables them to provide the right support and decisions remotely without the need to travel long distances to safety-risk areas.

Digital rig of the future

The RigUP program enables the custom design and construction of an automated robotic rig, featuring custom software and an innovatively powered drillpipe. RigUP aims to implement an unmanned rig floor as well as reliable high-speed data feeds and innovative rig sensors for effective and efficient remote well-construction monitoring. This will remove a persistent source of harm to personnel on the rig site, thus fulfilling OMV's Vision of "ZERO harm – NO losses."

New drilling technology that will come into force in 2020 will allow us to use less fuel per well due to faster drilling. At the same time, a smarter supply chain system between suppliers, warehouses, and the rigs will reduce traffic to the well site, leading to reduced CO_2 and NO_x emissions. Increasing performance and optimizing the wells will require fewer workover operations to maintain production and thus will create a safer work environment.

Digital Ways of Working

This lighthouse aims at building OMV Upstream in such a way that we are resilient to the market and always competitive at our core – maximizing our digitalization return will increase speed to maneuver.

Upstream's organization, team, and people will seize opportunities wherever they arise and be empowered to contribute to value creation in a sustainable manner. One focus area will be to enable our most valuable asset – our employees – to take Upstream's digital journey by developing digital competencies and skills. Collaboration with the Corporate Culture initiative (for more details, see Beyond technology – working differently) is embedded in this lighthouse to ensure that Upstream's front-runner vision includes the Group-wide Digital Journey.

Digital Office of the Future

Digitalization is based on data. This program therefore focuses on OMV's data backbone to create a digitalized OMV Upstream frontrunner organization. We are building a flexible and globally high-performance, secure infrastructure for our staff by using latest cloud and integration technologies, providing access to state-of-the-art integrated applications and quality-assured data and knowledge.

One example is the GeoCloud platform, which allows users to run geoscience applications that require large amounts of electricity and computing power to collaborate globally on projects and workflows. This has already been rolled out at eight out of ten OMV locations and allows 400 users to access 1.6 PB of geological data and 170 applications from any device around the world. In addition, GeoCloud provides the flexibility and scalability to quickly deploy a virtual office by improving the security of data and people exposed to high-risk regions. The GeoCloud application will be the basis for further projects, such as high-performance computing (HPC), which is crucial for obtaining data for machine learning and artificial intelligence methods to enable data-driven decision-making. The HPC environment on Microsoft Azure is currently set up to reduce simulation times and increase resolution by a factor of 10 each using a globally unlimited license model.

Digitalization in Downstream

Digitalization initiatives in Downstream will generate new value in the selected focus areas of operational excellence, value chain integration, and customer experience. The Downstream Digitalization Roadmap for 2025 consists of 60+ initiatives to achieve process optimization, simplify work, extend our digital capabilities, lower costs, embrace new business opportunities, and further contribute to an innovative corporate culture.

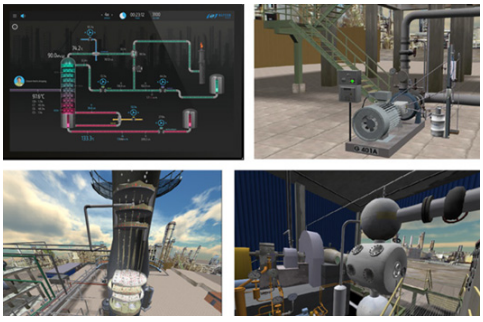
Digital terminal

We are implementing a digital and automated end-to-end business process covering the entire operational cycle of tank farms. This entails harmonizing the IT landscape across all depots to increase the efficiency of the entire operational process, from loading activities to digital data processing in the terminal management system. Furthermore, mobile technologies have eliminated all paper-based processes, simplifying and making fuel loading safer. Embracing the Internet of Things approach, we have introduced a fully automated emergency monitoring and execution system with automated fire-extinguishing components, thus improving safety, security, and regulatory compliance.

Algorithms supporting gas traders

OMV GAS, which is authorized to trade in twelve EU gas markets, implemented an algorithmic trading tool to simultaneously monitor constantly changing order book activities related to the trading of gas contracts. Every event in the order books is read and stored in real time in a high-performance database, comprising around 400,000 data records. Data analytics tools combine other market information to search for patterns and optimize trading decisions. The system also helps close trades in milliseconds, while balancing fluctuations in gas supply and demand and optimizing gas transportation as well as gas storage capacities. Such automation reduces the workload, while optimizing the OMV GAS portfolio all day, every day.

Virtual training center



In addition to virtual 2D and 3D simulator classroom training aimed at ensuring optimal preparedness for unplanned or critical events, OMV distributes simulator training software with standard computers, thus enabling employees to train autonomously and according to requirements. This helps provide cost-effective trainings with high coverage across all refinery sites.

Beyond technology – working differently

Digital transformation is a broad concept. Its success can be measured based on its predefined goals, which are understood differently by different organizations. Some organizations want to automate internal processes and workflows to improve efficiency and reduce costs. Others want to establish digital channels to reach their customers, while still others aim to give their workforce expertise and skills for working safely and efficiently. If we consider digital transformation as a measure for making our organization fit for the future, the indicators include:

- **Developing leadership with a digital mindset:** During a transformation, change occurs on every level. One of the indicators of a successful digital transformation is having the leaders with the right digital mindset and a clear vision and strategy, who are committed to the transformation.
- **Adjusting the roles and responsibilities of the workforce in line with digital capabilities:** One of the indicators of a successful digital transformation is an empowered workforce that embraces change and innovation and can adapt to new ways of working.
- **Empowering the workforce to handle day-to-day change and innovation:** One of the major outcomes of a digital transformation should be developing skills and talents across the organization. The workforce must not only acquire digital skills and adapt to new ways of working, but employee roles and responsibilities must also be transformed as a result of digital transformation.
- **Establishing digital as the new norm in the organization:** Digital should be established as the new norm in the organization including digital tools, processes, and communication channels as well as technology in operations and data-driven decision-making. Digital tools are needed for new working methods and are an important way to spread information and data across the organization and make it accessible for everyone.

Empowering the workforce: creating a culture and environment receptive to innovation and change

In a digital world, now more than ever, our employees are at the heart of our business. Many things will be easier, but also new and different. This is why we want to nurture an innovation-friendly corporate culture, build skills in digital technologies and new ways of working, and foster collaboration. With this in mind, we set up #ACT, a portfolio of initiatives based on people, culture, and the organization:

- Adapting our culture and our ways of working
- Building digital capabilities
- Fostering open innovation

Adapting our culture and our ways of working

Building on our Foundation, we looked at what behaviors and ways of working we need to absorb in our culture to enable us to deal better and faster with the many changes in the digital world as well as in the environment, in mobility, and in society. We realized that we needed to leave behind some fears, silo thinking, and strong hierarchies to be able to respond to the changes in our environment. We are committed to developing an empowered, collaborative learning culture that enables each employee to help shape our energy future.

Building digital capabilities with the Digital Academy

We set up a portfolio of initiatives to nurture an innovation-friendly corporate culture, build skills in digital technologies and new ways of working, and foster collaborations.

Digital Academy

The Digital Academy enables OMV staff to develop skills through learning and helps them embrace new ways of working and new technologies. It offers training courses to help OMV employees take part in lifelong learning and build strengths in capabilities needed to deliver OMV's Digital Journey.

The Digital Academy is accessed through our Learning Management System. It contains over 250 validated courses, the majority of which are online and available globally to every employee at every level. The Academy helps find relevant trainings by identifying various topic areas depending on the employee's core role and knowledge needs at OMV. The content was developed by a cross-functional team from Upstream, Downstream, and Corporate. In the first two weeks of operation, OMV colleagues around the globe watched 7,400 learning videos.

The agile approach and collaboration with start-ups

In 2019, we organized our first International Digital Intrapreneur challenge. Over 100 employees submitted ideas that would contribute to innovation and business agility. The winning pitch, the RD4 Predictive Heat Exchanger Schedule, wowed the jury for both its financial and environmental benefit – it is expected to generate significant cost savings and save up to 15,000 t of CO_2 emissions per year.

Ensuring a fresh supply of ideas, perspectives, and cutting-edge technologies is a central element of innovation and digitalization. We can often greatly benefit from new ideas by young companies. To learn from them, OMV engages in dialogue and cooperation with young and aspiring technology companies or start-ups. One such example is Innovation2Company, an initiative organized by the Vienna Economic Chamber that focused on the search for innovative solutions in the area of predictive maintenance. The winning start-up, ZeitDice, was awarded an innovation cash prize and a pilot with OMV. ZeitDice is a Canadian start-up that provides a cloud-based computer vision platform and smart time lapse cameras that extract measurable data from images. In Romania we have been collaborating for four years with Innovation Labs, a nationwide start-up development competition, which has ultimately resulted in several start-up collaborations.

Open innovation facts & figures

External hackathons & startup contests

>120

international start-ups evaluated and supported

Organizational transformation

>200

people trained in agile methodologies

OMV Intrapreneur Challenge

>80
ideas pitched

12
ideas implemented

In-house digital summits – masterclasses

>15
at OMV Petrom and OMV

1st
masterclass executive

Employees

Building and retaining a talented and competent team for international and integrated growth is a key factor in the success of the Group's strategy. We are committed to creating an environment in which every employee can learn, grow, connect, and collaborate as well as live a safe and healthy life. This is the purpose of our approach in managing the material topic "Employment and skills development," which successfully enables us to be an employer of choice.

Through our activities, we support the "four fundamental principles and rights at work" outlined in the ILO (International Labour Organization) Declaration:

- Freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced or compulsory labor
- The effective abolition of child labor
- The elimination of discrimination in respect of employment and occupation<

Our Company's Principles – Team Spirit, Accountability, Passion, Pioneering Spirit, and Performance – foster the culture that we strive for and support the sustainable growth of OMV.

Key Figures

99%

of employees

have the right to exercise freedom of association and collective bargaining

19.6%

share of women

at management level

77%

of executives

have international experience

Management of employment and skills development

In 2019, we focused on a significant internationalization of our business portfolio, both Upstream and Downstream, within a disciplined financial framework. Driven by our employees, we convert energy into quality of life.

We know that it is the experience, skills, attitude, and commitment of our people at OMV that turn our strategy into reality. To unlock our organization's full potential we have further embedded OMV's Foundation Principles into our daily work.

OMV's People Strategy supports the implementation of the following priorities through planned initiatives directed at supporting OMV's growth:

Strengthening leadership capability

Strong leadership is needed to ensure that our growth is fast, profitable, and sustainable. Since 2017, we have put significant effort into strengthening the capabilities of our managers. This is still a core item on our agenda through various initiatives. For example, we broadened our leadership development opportunities by adding leadership refreshment and leadership essential courses and deepened training in all functional, technical, and business skills. In 2019, we further expanded our portfolio of leadership development programs in the area of soft skills learning and process management.

Focusing on culture and performance

Digitalization is about people and culture. That is why creating a digital mindset and reshaping the talent landscape are an integral part of OMV's Digital Journey, as is integrating technology partners, universities, and start-ups into our activities.

Our human resources processes have been further simplified and automated in the course of digitalization. One initiative in this area was the installation of My Success Factors, a SAP-based tool that is also accessible from mobile devices and helps us improve our performance and build a digitally oriented corporate culture. The following processes are supported by My Success Factors with further enhanced performance features: goal setting, goal evaluation and feedback, development planning, succession planning, recognition, personal HR administration, and learning. For example, employees can use the tool's feedback function to request and receive feedback from their colleagues on their performance. This feedback is directly linked to their record of achievements in the goal plan. Furthermore, a user-friendly and state-of-the-art recognition tool allows anyone to nominate a colleague or a team for an award to show appreciation with just a few clicks.

In continuation of our digitalization efforts, we launched our Digital Academy in September 2019 to prepare for the digital transformation. Implemented as part of the OMV's Digital Journey, this set of courses aims to create a culture and environment that is receptive to innovation at all hierarchy levels of the Company organization. The Academy consists of more than 250 courses, covering everything from basic digital and function-specific digital skills to leadership skills to prepare our employees for working in a digital world. In bite-sized lessons, the courses can be attended whenever and wherever employees want. (For more details on the Digital Academy, see OMV's digital journey.)

Increasing organizational agility

Growth is based on consistency, transparency, and standardization of our processes for managing our human capital. We are therefore continuing to integrate and consolidate our processes into a central Group-wide IT platform as part of our HR Digital Journey. We are also concentrating more on corporate management from headquarters. As the global governance and business center, headquarters will, in future, be responsible for all Group-wide Finance and HR activities as well as digitization and IT. With this step, OMV is creating more than 250 new, highly qualified jobs in Austria, where its roots lie.

Ensuring OMV remains a great place to work

Every day we strive to create an environment in which every employee can learn, grow, connect, and collaborate as well as live a safe and healthy life. We have continued to expand our training offering by adding new courses and online content for professional, business, personal, and leadership development. We also introduced a transparent and consistent system for classifying career positions with a list of criteria for each level of employment, corresponding responsibilities, and compensation and benefits.

Rights and obligations

The rights and obligations of our employees are set out in employment contracts. The vast majority of our employees, i.e., 98.9% (2018: 98.5%), have the right to exercise their freedom of association and collective bargaining. For 98.8% (2018: 99.6%) of our employees, minimum wages or salaries are fixed by law or agreed through collective bargaining agreements. Local trade unions or works councils represent 89.6% (2018: 88.6%) of our employees. In addition, 98.9% (2018: 97.8%) are covered by mandatory periods of notice under national employment laws or bargaining agreements in case restructuring of the business is necessary.

Diversity

OMV is committed to its diversity strategy focusing on gender equality and internationality. Diversity is an enormous strength that we are actively leveraging by creating diversity-based business value. It has therefore become a strategically important goal with two measurable targets in our Sustainability Strategy 2025: gender equality and internationality. The focus on diversity is one of the key pillars of our People Strategy, which has been defined under the strategic priority of leadership as "Inspiring leaders – building high-performing, diverse teams." To achieve this goal, we have embedded diversity targets into our people processes, such as recruitment, talent and succession planning, learning, and leadership development. We continuously monitor gender, age, employee background, seniority, and salary equality to ensure fair treatment and equal opportunities at all career levels. At the same time, we strive to continuously develop new initiatives and measures that promote diversity and equal opportunity at OMV. In 2019, we defined a joint action plan between business functions and the HR department to strengthen diversity throughout our organization by:

- Engaging and raising awareness through specific actions and initiatives to support professional progress for female employees
  - Diversity Network: a self-organized Group-wide network that raises awareness of specific needs, provides support, and builds a strong network within the Company
- Maintaining and improving a work environment that helps female employees be their best by supporting work-life balance and parenthood
  - In some countries, we have in place OMV daycare, summer camps, flexitime, home office, 16 flexible part-time models, "stay connected" guide, job sharing
- Providing tailored trainings and information to leaders and employees to ensure gender balance at OMV
  - Unconscious bias e-learning course, advanced mentoring for women, and women in leadership pilot training
  - To encourage leaders to create an inclusive work environment, the unconscious bias topic has been included in our leader programs.

OMV is committed to its diversity strategy focusing on gender equality and internationality

Considering the fact that we operate in an industry with a strong technical focus, it is particularly challenging for OMV to achieve a balanced gender ratio in all areas of business activity. The proportion of women in the Group as a whole amounts to 26%.

To encourage gender diversity, our recruitment policy reflects our commitment to promoting equal opportunities: At least one female candidate is included in every shortlist for each position. Internationality, another focus of our diversity strategy, is integrated into the recruitment process by highlighting the advantage of recruiting candidates with professional international experience. Our diversity targets are also embedded in succession planning, with a preference for female candidates when identifying top talent. (For more details on the succession planning process, see Succession planning.)

We support women in technical training at the early pre-professional stage. The proportion of women in OMV's Upstream graduate development program[31] for technical skill pools was 27% in 2019 (25% in 2018). To get young people interested in technical professions, we organized activities in kindergartens and schools, such as Girls' Day (for more details, see Community Relations and Development).

OMV has committed itself to supporting the advancement of women in management positions. The strategic objective is to achieve the best diversity mix at management level. By 2025, we aim to increase the proportion of women in management positions from 19.6% to 25%. To achieve this goal, we anchored diversity in leadership expectations and in all leadership initiatives. In OMV's leadership development programs, the proportion of women was 26% in 2019 (28% in 2018). Our development activities include, for example, mentoring for female leaders and specific trainings on unconscious bias[32] and decision-making. Gender is one of the diversity criteria we apply when selecting members of the Supervisory Board and of the Executive Board. (For additional information, see the Annual Report 2019.)

31 Integrated Graduate Development (IGD) in Upstream is designed to train technical graduates in the field of petroleum engineering over the course of three years.
32 Unconscious bias training explains the role of stereotypes and how they can influence behavior in employment and careers.

Sustainability Strategy 2025 targets

Increase share of women at management level[33] to 25%[34] by 2025

Keep high share of executives[35] with international experience[36] at 75%

Status 2019

- Share of women at management level: 19.6%
- Executives with international experience: 77%

Action plan to achieve the targets

The plan is embedded in OMV's People Strategy. Building diverse teams is one of our leadership expectations. Implementation of the joint action plan aimed at:

- Engagement and raising awareness
- Facilitating a work environment that supports female employees
- Enabling development of the workforce with the objective of facilitating gender balance

We raise awareness of diversity by embedding it in our existing leadership development programs. In 2020, we are planning additional events, such as speaker series based on diversity success stories.

We support increasing the proportion of women in senior management positions through a range of initiatives, such as mentoring, succession planning, specific trainings, and our recruitment policy. Initiatives to increase work-life flexibility and country-specific programs, such as company daycare and summer camps for school kids, facilitate the balance between work and family life.

The process of executive recruiting includes the criteria of internationality in the assessment of candidates.

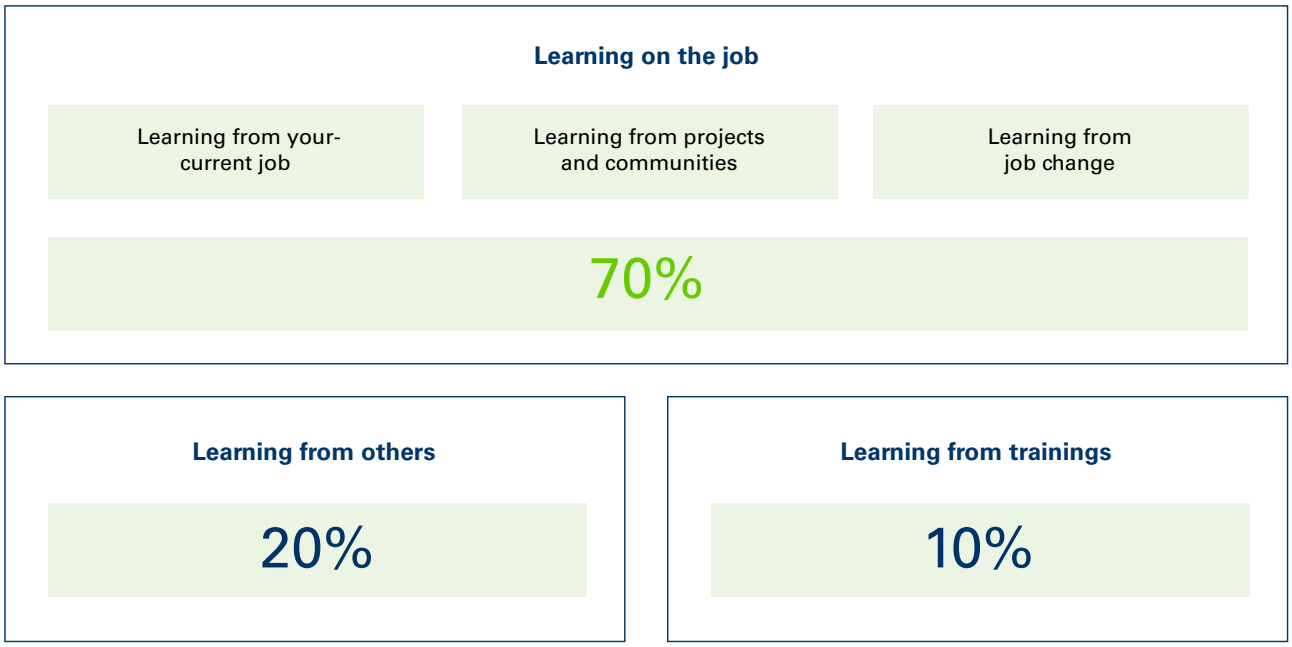
33 Management level: executives and advanced career level
34 Figure excludes the following legal entities: Gas Connect Austria GmbH, Avanti GmbH, and DUNATÀR Kòolajtermék Tároló és Kereskedelmi Kft.
35 Executives are defined as Senior Vice Presidents.
36 International experience: equal to or greater than three years of living and working abroad

Activities in the area of skill development

Learning and development

We highly encourage employees to pursue continuing education to further enhance their various skills. Employees identify their learning needs through a mixture of localized training matrices. These assist them in creating development-oriented action plans linked to career paths, competencies, and professional goals.

The four key competencies in which we encourage our employees to further develop are functional and technical skills, business skills related to effective work in the OMV Group, personal skills, and leadership skills. Our functional and technical training focuses on maintaining a skilled and capable workforce. This training is planned and delivered annually in line with our workforce requirements.



We encourage the use of online resources for training. The expansion of our online learning content enables employees to access more consistent training content and enhances its accessibility on a global level. We have seen that the use of online courses and online materials has doubled without a decrease in the use of face-to-face training channels.

The Learning module launched in our learning system provides a transparent and user-friendly tool for finding appropriate educational and development activities based on employee-specific development needs, registering for training, and tracking each employee's online and face-to-face training history.

However, learning on the job remains an important element in employee development and training. We encourage employees to learn on the job, where they can apply their professional or educational skills to the specifics of OMV business and culture.

Our 70:20:10 approach gives the importance of learning on the job a weighting of 70, learning from others a weighting of 20, and learning from training a weighting of 10.

Leadership development

One of the People Strategy priorities is to strengthen leadership capabilities. We aim to ensure that our leaders continually grow and develop. In 2019, 113 leaders participated in our leader program which is designed to support employees taking on a personnel management role for the first time. 42 participated in the program which aims to support transitioning leaders in taking on their new roles. These programs were rolled out on a Group-wide basis.

We ran cross-divisional leadership workshops as part of a Group-wide leadership upskilling initiative. They were aimed at supporting a shared understanding of leadership and the role of leaders at OMV, fostering cross-divisional learning, and introducing our new leadership tools for employee development and succession planning. The

cross-divisional workshops for all middle managers were attended by 496 leaders.

We also allow our employees to provide anonymous feedback to senior leaders and middle managers on their performance, leadership capabilities, and how they encourage compliance with the OMV Principles. As part of this 360° feedback program, about 200 of our senior leaders and middle managers received insights from employees. On a more personal level, we offer mentoring to provide employees with guidance on key career issues. In 2019, 34 mentors provided mentoring services at the Board and executive levels.

Activities in the area of employment

Recruitment process management

In 2019, OMV launched a very important strategic project, the aim of which is to facilitate the recruitment of highly qualified employees from the local labor market in Austria for approximately 250 newly created positions in the Human Resources, IT, and Finance departments. The Corporate Strategy 2025 stipulates further growth and internationalization, which is why OMV needs more resources to manage central data collection and processing on a Group-wide scale, under the leadership of the headquarters in Austria. This also allows us to master the increasing digitalization of our business. Austria has a proven track record as home to the OMV Group's research and innovation center, from which digital technologies are increasingly being developed and rolled out internationally.

In order to ensure consistent quality in the recruitment process, we have introduced an online satisfaction survey, which is conducted quarterly among our business managers participating in the recruiting process.

Succession planning

Effective succession planning contributes to managing business continuity risk by ensuring the preservation of human capital – OMV's most valuable asset. "Personal Impact x Potential" is an evaluation tool used to provide structural feedback in performance reviews and in succession planning. Managers evaluate their employees on Personal Impact and Potential and identify successors for business-critical positions. Based on this, an employee's development plan is created to improve the skills needed for his or her future role. We have developed Company-wide career paths that outline the experience and skills required for a position.

We created a global platform for evaluating technical skills and launched a pilot project for this digital tool in Downstream Gas Sales. We plan to extend coverage of the platform to other functions in early 2020.

We are also focusing on building a robust talent pipeline through cooperation with key universities. In addition to offering internships, we operate a sponsored program and long-term partnership with the University of Leoben (Austria's university for mining, metallurgy, and materials), where eight students from Austria, Romania, Russia, and Libya were accepted into our master's degree course in petroleum engineering in 2019.

Rewards and performance management

OMV strives for competitive compensation and benefits packages. We continuously monitor market trends and international best practices in order to attract, motivate, and retain the best-qualified talent around the world. Long-term employment relationships are what we strive for. In addition, we encourage salary equality at all career stages, for example, by setting up standardized salaries for entry-level employees which are reviewed each year in line with local market conditions.

OMV strives to maintain a uniform organizational structure that provides clarity and transparency with regard to responsibilities and the hierarchical classification of positions. In 2019, we implemented a project to ensure a fair and objective evaluation of positions that is consistent across all divisions and countries, and revised the system for grading positions. We use a clearly defined methodology that allows us to assess the specific value of the position of each employee for the organization.

At OMV, we aim to optimize employee performance through our Principles-led culture. To unlock an employee's full potential, we look at what we do and how we do it. Both aspects are important when we set our performance and development goals, review our progress, evaluate our achievements, and ultimately are rewarded and recognized annually. The purpose of our annual review process is to support our employees and managers through structured, systematic planning of performance and personal development within the Company. In 2019, performance and development reviews were conducted with 11,815 employees.

The remuneration of the Executive Board is fully disclosed as part of the OMV Annual Report. (Detailed information is provided in the Consolidated Corporate Governance Report, which is part of the Annual Report 2019. Additional information on compensation and benefits for OMV employees can be found on the OMV website at www.omv.com.)

Recognition program

Employees can give and receive three types of awards as a token of appreciation for their colleagues' accomplishments:

- The OMV Excellence Award provides recognition for outstanding results and significant impact in connection with strategic projects or business transactions. The Executive Board discusses and selects the best projects and initiatives that have the greatest impact on the success of the Company in a quarterly calibration.
- The Job Excellence Award recognizes employees for exceptional performance that goes beyond the usual job requirements.
- The Principle in Action Award provides instant recognition to an individual for being a role model and living by our Foundation Principles, which reinforces our desired culture of performance and cooperation. This recognition enables all awarded colleagues to make a donation to a social project supported by OMV.

Based on the success of last year's recognition initiative, in which employees sent each other "thank you" messages, we raised sufficient funds to donate to three selected social initiatives:

1. Yemen: humanitarian assistance in war-torn Yemen
2. Austria: social-pedagogical care center Schwechat
3. Romania: Oilmen's School in Romania

Humanitarian assistance in war-torn Yemen

- Nearly 16 million people do not have enough to eat and are in urgent need of emergency assistance:
- 1.8 million children are suffering from acute malnutrition, and more than 3.25 million women in Yemen are facing increased health and safety risks.
- To help support food and provide essential services to those in need, several national and international organizations are working tirelessly in Yemen. Our support will help those in need in Yemen.
- Contribution to UN Sustainable Development Goal 1 – No Poverty

Social-pedagogical care center Schwechat

- The social-pedagogical care and counseling center (SOPS) in Schwechat is a private association for children, young people, and families experiencing social and economic challenges.
- SOPS offers educational and leisure activities, along with various excursions, parties, and creative workshops.
- With this financial support, the center can purchase special books, educational materials, and games to support learning.
- Contribution to UN Sustainable Development Goals 1 – No poverty and 4 –Quality education

Oilmen's School in Romania

- As part of the Vocational Romania Program, OMV Petrom created three vocational classes attended by 168 students across the country.
- Students successfully completing the program receive a professional qualification recognized at European level.
- The schools need practical laboratories with mechanical equipment and infrastructure for student practice.
- Contribution to UN Sustainable Development Goal 4 – Quality education

In 2019, we won the most significant HR Award in Austria and received a silver prize for our "Thx for doing great!" recognition program in the category of "Strategy, Leadership & People Development." Our recognition program is among the best-practice HR programs, tools, and initiatives recognized for innovation and added value for the business and for employees.

At the Loyalty Ceremony in 2019, we honored the outstanding achievements and loyalty of 139 of our coworkers in the categories 25, 35, 40, 45, and even 50 years of service to OMV.

FT LEADER IN DIVERSITY 2020 statista

2019 BESTE ARBEITGEBER MARKE

HR AWARD 2019

zertifiziert familienfreundlicher Arbeitgeber
www.familieundberuf.at

Business Principles and Social Responsibility

We act in accordance with the highest ethical standards on an international level everywhere we operate. 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. With our global activities, we aim to contribute to the UN's 2030 Agenda for Sustainable Development.

Key Figures

11,144
employees
participated in online business ethics trainings

9,194
employees
received human rights training

1.3 mn
beneficiaries
from community development initiatives

Business principles and anti-corruption

OMV is a signatory to the UN Global Compact. 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.

Business principles and anti-corruption management

Business ethics regulatory framework

The OMV Group follows a zero-tolerance policy with regard to bribery, fraud, theft, and other forms of corruption. Based on this policy, the OMV Group is committed to detecting any potential policy violations at the earliest stage, thoroughly investigating any such incidents of non-compliance and determining appropriate organizational measures or sanctions for the individuals involved. The integrity of our employees is the foundation for the trust placed in our Company by our customers, suppliers, and other stakeholders.

The regulatory instruments at OMV that establish ethics principles and standards and guide our approach to ethical conduct are our Code of Business Ethics, an internal policy applicable to OMV employees, and our Code of Conduct[37], an external policy governing the work with our business partners and stakeholders. The procedures established by these documents are implemented at every fully consolidated subsidiary of OMV and apply to everyone who works for OMV or in the name of OMV. We require compliance with international business principles from all parties with whom we enter into partnership agreements, such as joint ventures. Companies performing services for OMV (i.e., suppliers) must follow anti-bribery procedures that are consistent with the principles of OMV's Code of Business Ethics and with OMV's business ethics standards, as defined in the Code of Conduct. (For more details, see Supply Chain: Supplier sustainability compliance.)

OMV strives to earn stakeholders' confidence by implementing a high standard of corporate governance, transparency, and predictability. OMV has therefore committed itself to compliance with the Austrian Code of Corporate Governance, and, in this context, through its Code of Business Ethics forbids any support of political parties, including donations. We follow political and regulatory initiatives (both at EU and national levels) in our areas of interest, including energy, environment, climate change, trade, and others. OMV has a dedicated department for Public Affairs activities. We are fully in line with all reporting obligations at the national and EU levels, and we are fully compliant with all transparency requirements.

OMV supports the Paris Agreement. This position is embraced by OMV at all organizational levels, including our activities in various interest groups. In addition, OMV has started to regularly verify whether the main interest groups of which the company is a member support the Paris Agreement.

OMV Compliance Management System

OMV has set up a comprehensive Compliance Management System including policies, audits, and trainings. The system aims to anchor OMV's business ethics policies throughout the organization and to ensure their correct implementation. OMV introduced a Group-wide online training program for business ethics. 11,144 employees completed the online training. In addition, face-to-face business ethics trainings were conducted with 514 employees. We also monitor the compliance of all of our operations with laws and regulations concerning capital markets law and competition law as well as international trade sanctions and embargoes that are applicable to OMV. Face-to-face trainings in these other compliance areas were conducted with 482 employees in 2019.

OMV employees are encouraged to regularly participate in compliance training covering topics that are relevant to various types of jobs. The Compliance Management System is implemented Group-wide through collaboration between centrally based management units and local compliance officers in all countries in which OMV operates. This international compliance organization, which is dedicated to ensuring Group-wide implementation of OMV's ethical standards, comprises 37 compliance experts.

In 2013, OMV became the first organization in Austria to comply with the comprehensive IDW Assurance Standard 980. The IDW Assurance Standard 980 is the benchmark certification standard for DAX and ATX companies.

The OMV Compliance Management System is regularly reevaluated and was recertified under IDW PS 980[38] in 2017. Both external and internal risk factors, in particular

37 Our Code of Conduct and a brochure with the key elements of our Code of Business Ethics are available at: www.omv.com/en/business-ethics-and-anti-corruption
38 IDW PS 980 regulates the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems. The corresponding English version is IDW AsS 980.

changes in the regulatory framework, as well as recent developments or incidents are monitored on an ongoing basis to evaluate their possible impact on OMV's current risk exposure. This ongoing risk analysis also includes an institutionalized semiannual risk analysis, which is part of OMV's Enterprise-Wide Risk Management (EWRM).

Preventing corruption risk in operations

Before we launch activities in a new country, we perform a thorough analysis of business ethics and sanction law issues in that country. The Business Ethics Entry Assessment includes an analysis of the Corruption Perception Index assigned by Transparency International to a given country. Based on the outcome of the assessment, corporate governance in local operations is adapted to assure compliance with OMV's ethical standards.

In 2019, our Internal Audit department carried out 18 internal compliance audits across the full range of business ethics issues (thereof 10 at OMV and 8 at OMV Petrom). Risk-related audits covering fraud and corruption issues form an integral part of the Corporate Internal Audit. Additional preventive measures were set up for OMV Petrom, such as third-party background checks of OMV Petrom's business partners.

Zero incidents of corruption; zero incidents when contracts with business partners or employees were terminated or not renewed due to violations related to corruption; and zero public legal cases regarding corruption brought against the organization or its employees during the reporting period

Company management is committed to establishing and maintaining an ethical standard of trust and integrity in our day-to-day business. Our senior management signs a Compliance Declaration to confirm that their conduct is in line with the Code of Business Ethics. New senior management also receives onboarding to introduce OMV integrity standards. It is of strategic importance for us to make sure that every single employee is fully aware of our ethical values and principles. This mission is one of the targets of our Sustainability Strategy 2025.

Zero legal actions pending or completed during the reporting period regarding anti-corruption behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant

Sustainability Strategy 2025 target	Promote awareness of ethical values and principles: conduct in-person or online business ethics trainings for all employees
Status 2019	▸ In 2019, OMV introduced a Group-wide online training program for business ethics. 11,144 employees completed the online training. ▸ In addition, face-to-face business ethics trainings were conducted with 514 employees.
Action plan to achieve the target	▸ By 2020: implementation of the business ethics e-learning program in the continuous education and development program for all employees

Communication with stakeholders

Besides raising employee awareness through training, we have established channels to help identify ethical misconduct at an early stage. Timely notification is crucial for taking precautionary measures directed at avoiding or mitigating major financial loss or reputational harm. If an employee observes or becomes aware of potential or actual misconduct or violation of internal rules or statutory regulations, whether committed by other employees or by a business partner, that employee is encouraged to speak up and report the incident.

Besides employees, other stakeholders also represent a valuable source of information which can help identify breaches of ethical standards. To this end, the OMV Group has introduced a whistleblower mechanism – the Integrity Platform. Anyone can access it online (omv-group.integrityplatform.org) and report an issue relating to corruption, bribes, conflicts of interest, anti-trust law, or capital markets law. The report can be filed anonymously, if desired. It will be analyzed and the answer provided within ten days through the same platform. Identified violations of ethical standards will be handled further by the Whistleblowing Committee, which includes members of senior management.

Tax transparency

Our business activities generate a substantial amount and variety of taxes. We pay corporate income taxes, royalties, production taxes, stamp duties, employment and other taxes. In addition, we collect and remit payroll taxes as well as indirect taxes, such as excise duties and VAT. The taxes we collect and pay represent a significant part of our economic contribution to the countries in which we operate. At OMV, we are committed to complying with tax laws in a responsible manner and to having open and constructive relationships with tax authorities, which is also reflected in OMV's Tax Strategy.

Our tax planning supports OMV's business and reflects our commercial and economic activity. OMV does not engage in aggressive tax planning which consists of artificial structures put in place merely to save taxes or of transactions lacking economic substance aimed at obtaining undue tax advantages.

OMV Group companies are established in suitable jurisdictions, giving consideration to our business activities and the prevailing regulatory environment available. OMV does not establish its subsidiaries in countries that do not follow international standards of transparency and exchange of information on tax matters, unless justified by operational requirements in line with OMV's business ethics principles and our Code of Conduct.

Since 2016, OMV has been providing mandatory disclosures under the Payment to Government Directive (according to Section 267c of the Austrian Commercial Code) and publishes its payments made to governments in connection with exploration and extraction activities, such as production entitlements, taxes, or royalties, in the consolidated financial statements. (For more details, see the Consolidated Report on the Payments Made to Governments in the Annual Report 2019.)

In addition, OMV reports payments made to public authorities, such as taxes or royalties in connection with exploration and extraction activities in countries that are members of the Extractive Industries Transparency Initiative (EITI).

Human rights

Human rights are universal values that guide our conduct in every aspect of our activities. 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, the OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights. We continuously work on improving our human rights management systems, due diligence processes, and performance by learning from international experience and good practice. We are part of the UN Global Compact Network Austria and a member of IPIECA and benefit from professional support of internationally recognized third-party experts.

We are active in countries where human rights are not always respected and protected in accordance with internationally accepted human rights standards. The primary responsibility for the protection of human rights lies with governments. However, 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. In 2019, we were active in 12 countries with elevated human rights risks. As a company, we must therefore be aware of any human rights impact we may have. We must ensure that we do not violate human rights while conducting our business activities. In meeting our human rights responsibilities, OMV acts in strict compliance with applicable national law. In order to ensure that the national legal framework is in line with OMV's human rights standards, we conduct a Human Rights Country Entry Check before launching operations in a country. Where national law falls short of OMV standards, which are based on international human rights law, OMV is guided by its higher standards unless this is in contradiction with applicable law.

Our employees, contractors, public authorities, legislators, investors, shareholders, communities, customers, and NGOs all expect us to respect and uphold human rights. The demand by our stakeholders that we respect human rights defines the drivers of our related policies listed in the diagram.

Drivers of OMV's human rights policy

Human rights management

The OMV Human Rights Policy Statement sets out our understanding of and responsibility for respecting and upholding human rights in our business environment. It has been approved by the Executive Board and serves as our guiding principle for dealing with human rights issues in all aspects of our daily business.

The overall accountability for our compliance with human rights lies with the respective business heads. Locally based human rights officers conduct due diligence at the operating facilities with the support of two human rights managers at Group level (at OMV and OMV Petrom). Action plans and mitigation measures are implemented and reported by the respective functions, depending on which aspect of human rights is in question. Thus, the Human Resources department would deal with human rights issues related to labor rights, the Procurement department is responsible for managing human rights issues in the supply chain, the HSSE department is responsible for security-related human rights issues, and the Community Relations and Development function implements OMV policy related to human rights impact on communities and indigenous peoples. Internationally recognized third-party experts support OMV in conducting the due diligence on the Company's exposure to human rights risks.

Since 2008, we have mapped our human rights responsibilities in a comprehensive Human Rights Matrix designed to serve as the foundation for our activities in this area. We use this tool to assess our human rights challenges and activities and prioritize our actions as essential, expected, or desirable in defense of human rights. We regularly review the priorities in our Matrix and redefine them in accordance with international best practice and the latest developments in the human rights field.

The OMV Human Rights Matrix covers responsibilities in the following areas:

- Human rights risk management in general, including compliance with national and international standards, human rights training, the grievance mechanism, and organizational structures
- Equality and non-discrimination, including the implementation of appropriate guidelines and awareness training measures
- Security, including preventive, defensive, and community-oriented approaches to security; clear guidelines; supervision and trainings
- Health and safety, including OMV health and safety management as well as community arrangements
- Labor rights, including decent wages, working hours, employee representation, and provisions against forced labor, child labor, and human trafficking
- The right to education, including training for employees as well as support for basic education in surrounding communities
- Property and standard of living, including land rights and poverty reduction
- Local communities and indigenous peoples, including consultation based on free, prior, and informed consent, IFC Performance Standard 7[39] and ILO Convention 169[40]
- Privacy and family life, including personal data protection and appropriate living and working conditions

OMV holds itself responsible for protecting the human rights of our employees (issues such as non-discrimination, decent wages, working hours, employee representation) as well as of the outside world, for example our suppliers, communities, indigenous people, and society as a whole. Our external responsibilities in the area of human rights include, but are not limited to, equality and non-discrimination, security, primary health care, labor rights in the supply chain (such as fair wages and working hours), education, poverty reduction, land rights, and free, prior, and informed consultation. We specifically concentrate on the impact of our activities on the human rights of vulnerable groups, such as indigenous peoples, women, and children.

According to the UN Guiding Principles, an effective grievance mechanism is a crucial instrument for ensuring compliance with our human rights commitment and a source of continuous learning for improving company human rights performance. At OMV, human rights grievances from community members and suppliers are submitted through the Community Grievance Mechanism, and then analyzed locally and at Group level. No incidents related to child labor, forced labor, violation of indigenous peoples' rights, or other human rights violations were reported in 2019 (2018: no incidents). OMV has assessed its Community Grievance Mechanisms against the UN Effectiveness Criteria at OMV Petrom, in Austrian Upstream operations, and at the Austrian refinery in Schwechat and has started an assessment at the Burghausen refinery in Germany. This involves consulting our external stakeholders about the effectiveness of the available grievance channels. (For more information about the Community Grievance Mechanism and the assessments, see Community Relations and Development.)

OMV employees also have various channels for bringing forward issues and grievances related to human rights. For instance, the Integrity Platform is available to anyone in the Group (for more details, see Communication with stakeholders). PetrOmbudsman at OMV Petrom is where

39 The IFC (International Finance Corporation) Performance Standard on Indigenous Peoples recognizes that indigenous peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalized and vulnerable segments of the population.
40 The Indigenous and Tribal Peoples Convention, ILO (International Labour Organization) Convention 169, is the major binding international convention recognizing the specific rights of indigenous peoples.

employees and management can have confidential, off-the-record, informal discussions and address issues related to the workplace. Moreover, employees can bring forward their concerns related to discrimination, employee representation in challenging environments, and maternal protection in direct dialogue with human rights managers, human resources business partners, and Works Council members.

Human rights due diligence

OMV has developed due diligence tools and techniques to assess the risk of human rights violations related to our business, even before we launch or acquire business in a new country. Human rights are one of the decision-making components determining OMV's engagement in a given country and are presented to the respective Executive Board member before taking a decision to engage in a country. We use these assessments to derive concrete measures to reduce the risk of direct and indirect involvement in potential human rights violations. At all stages of the human rights due diligence process, we use the OMV Human Rights Matrix as a common standard, mapping reality on the ground against the concrete responsibilities as defined in the Matrix and identifying any gaps we need to focus on. This approach ensures that any potential human rights impact of our business activities is identified – whether this relates to non-discrimination and diversity, labor-related issues (e.g., minimum wage, adequate rest times), indigenous peoples' rights, or human rights in the supply chain.

In 2019, we commissioned a Human Rights Country Entry Check for Indonesia by an external human rights expert. This check provided an analysis of ongoing human rights issues and the resulting potential legal, reputational, and operational risks associated with our planned engagement in the country. We identified general country concerns related to labor rights (such as union rights, migrant workers' rights, health and safety at work), human rights in the supply chain (such as the risk of child and forced labor), land issues, and indigenous peoples' rights. Depending on the level and type of future engagement in the country, these could potentially become concrete human rights risks. We elaborated and integrated potential risk mitigation measures into the further business development process in Indonesia.

In Malaysia, SapuraOMV developed a SapuraOMV Human Rights Policy Statement, which is planned to be signed by the SapuraOMV Executive Board and published on the subsidiary's website. Human rights aspects will be integrated into a planned environmental and social impact assessment in 2020.

Our current operations are also subjected to regular assessments of their exposure to the risk of human rights violations. Due diligence starts with an Initial Risk Ranking at country level: Every country we operate in (or plan to operate in) is assessed based on comprehensive human-rights-related data and on consultation with internal and external experts. The countries are ranked by low, medium, and high risk, countries with highest manageable risk, and "no-go" countries with unmanageable risk. Based on this ranking, we develop our yearly work plan, defining further due diligence actions and human rights training. In 2019, country operations were informed about the outcome of the annual Country Risk Ranking, including information about the main human rights challenges as well as recommended mitigation measures and training options.

The Human Rights Self-Assessment is one of the tools we use to assess the effectiveness of our human rights due diligence approach. Such assessments create internal awareness, capture our self-perception of our human rights performance, and facilitate the definition of gaps and further actions. In 2019, a Human Rights Self-Assessment was conducted in Yemen, where managers of departments dealing with human-rights-related topics – Human Resources, HSSE, Procurement, Community Relations, and others – were asked to fill out a questionnaire. It captured the self-perception of OMV Yemen with regard to compliance with the OMV Human Rights Policy Statement and Matrix in the country. An independent external expert assessed the plausibility of responses in light of available human rights country data. Based on the expert's recommendations, OMV Yemen developed an action plan covering the areas of security, supply chain management, community development, and labor rights (maternity leave) in order to mitigate the risk of any negative impact on human rights and increase positive impact of our engagement in the challenging environment of Yemen. As one of the follow-up measures, OMV Yemen has revised their maternity leave regulation and expanded the duration of maternity leave to ILO (International Labour Organization) standards. This way OMV closed the gap between compliance with the applicable national law standards and international standards, which are more demanding in terms of labor rights protection. We are aware about a general rise in child labor and

forced labor as well as the challenging security situation in Yemen and therefore pay particular attention to using all our professional contractor relations tools to identify any related problems. (For more information about contractor management, see Supply Chain.)

As a follow-up to the recommendations of the Human Rights Self-Assessment at OMV Petrom in Romania in 2018, the following key measures have been implemented:

- OMV Petrom's practice of wage deductions was analyzed in detail and full compliance with international standards was determined.
- An internal awareness campaign against discrimination, sexual harassment, and violence was launched.
- The Community Grievance Mechanism has been subjected to an external assessment. (For more information, see Community Relations and Development.)
- Our human rights expert cooperates closely with Procurement in order to ensure the full inclusion of human rights in the supplier auditing program.

OMV strongly opposes forced labor, slavery, child labor, and human trafficking. We therefore fully support the aims of the UK Modern Slavery Act 2015 and are committed to operating our business and supply chain free from forced labor, slavery, and human trafficking. The OMV Statement against Modern Slavery and Human Trafficking explains in detail the measures taken against modern slavery and human trafficking in all parts of the business and supply chain. The statement is updated annually and signed by the Executive Board in accordance with the requirements of the UK Modern Slavery Act 2015 and is available on our website: www.omv.com/en/human-rights

OMV participated in a consultation round of the IPIECA Human Rights Working Group in 2019 and contributed to the consolidated IPIECA response to the UK Government, who was gathering views on several proposed amendments to the UK Modern Slavery Act. In addition, OMV has engaged in dialogue with Corporate Human Rights Benchmark and was included in their assessment for the first time in 2019.

Human rights training

We conduct classroom trainings on human rights, which equip our employees with an understanding of our Human Rights Management System and give them a space to work on concrete operational issues and local challenges. Additionally, all employees are strongly encouraged to complete an interactive e-learning training, which guides them through norms and situations with regard to human rights. Across OMV, 47% of all employees received training on human rights in 2019.

In the framework of the Sustainability Strategy 2025, we have committed ourselves to train all employees exposed to human rights risks by 2025. This target group consists of employees responsible or accountable for the implementation of our human rights responsibilities (Human Resources, Security, Site Management, HSSE Auditing, Community Relations/Community Development, Procurement) working in countries with elevated human rights risks or in corporate functions. By the end of 2019, 533 employees from the target group were trained, which constitutes 82% of the entire target group.[41]

In 2019, 183 individuals (63 of the target group) participated in human rights classroom trainings in Austria, Libya, Tunisia, UAE, and Yemen. Specific training was conducted for security managers. The participants were introduced to the basic concepts of human rights and their relevance to OMV. They also learned about the tools and processes for implementing OMV's Human Rights Risk Management, got to know the human rights responsibilities of their own roles, and discussed concrete operational challenges and opportunities with regard to human rights.

41 Compared to the previous year, the target group has decreased from 1,136 to 654 persons (3.3% of the total workforce). This is the result of a more precise selection of the target group based on standardized personnel data from the various companies.

With the launch of the new OMV learning platform, human rights e-learning was added to all employees' training curriculum globally. This module is an interactive 30-minute training session that teaches a basic understanding of human rights in general and their relevance to our business specifically. It provides an opportunity for employees to test their knowledge using concrete real-life examples. 9,194 employees (494 of the target group) completed the human rights e-learning course in 2019.

We also implement internal awareness-raising campaigns throughout the Group. We informed all our operational countries' business heads about their country's human rights risk level. We provided information about the main challenges and recommended due diligence steps and trainings where applicable. We also conducted a human rights awareness campaign on the occasion of the International Human Rights Day on December 10. All employees Group-wide were informed about our commitment and invited to complete the human rights e-learning program.

Sustainability Strategy 2025 target

Conduct human rights trainings for all employees exposed to human rights risks[42] by 2025

Status 2019

- 82% of target group trained

Action plan to achieve the target

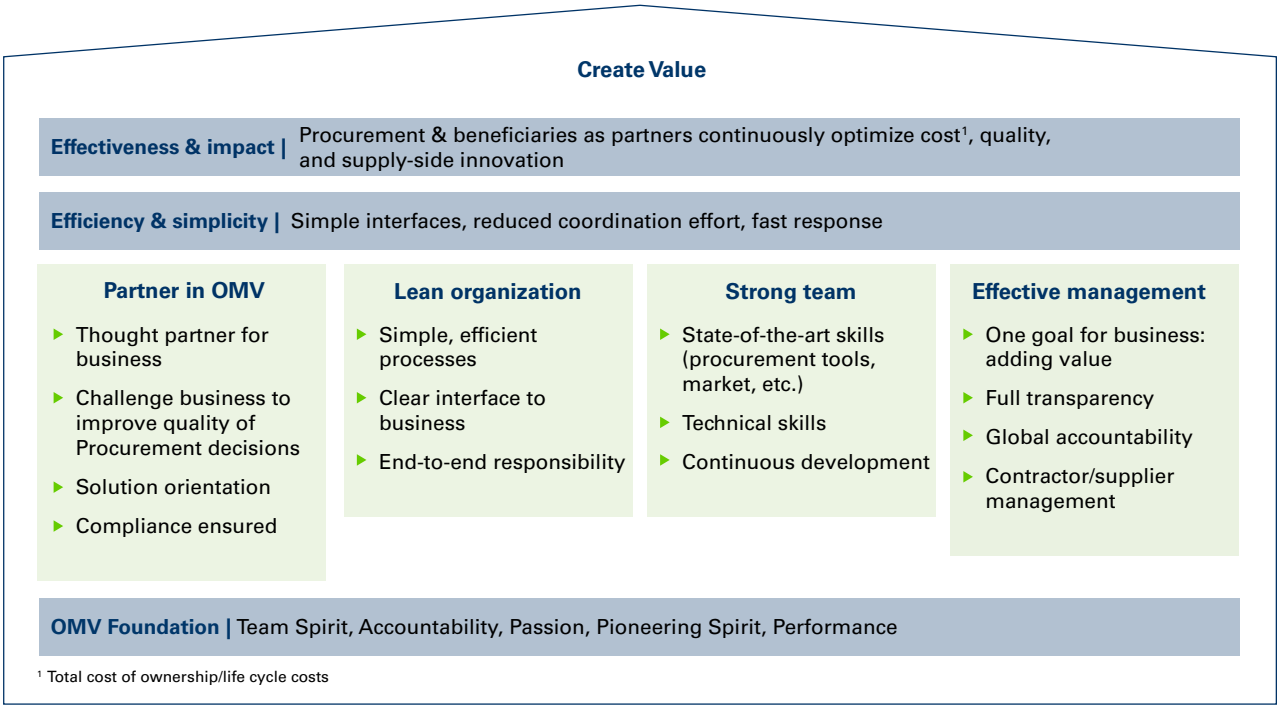
- Annual internal awareness campaign on Human Rights Day
- Human rights classroom training session for corporate functions in Vienna and Bucharest
- Human rights classroom training sessions for potential new countries with elevated risk
- Human rights training for employees in Malaysia
- Further promotion of human rights e-learning across the Group

42 654 employees in corporate functions managing human rights risks and in the corresponding functions in countries with elevated human rights risks

Supply chain

OMV applies its sourcing and logistics expertise to ensure that the highest-quality materials and services are provided through our supply chain. We aim to foster innovation, to maximize value contribution, and to enable growth of the supply chain in line with both our Corporate and Sustainability Strategies. It is of ultimate importance for us to stay fully compliant with applicable legal requirements as well as with our internal standards in areas of safety, environmental protection, and human rights when managing our supply chain.

In this context, our "Create Value" vision of supply chain management focuses on establishing effective and impactful procurement operations while improving efficiency and simplifying processes.



[1] Total cost of ownership/life cycle costs

Supplier sustainability compliance

Our suppliers must follow the legal requirements and the internal rules and standards applicable to OMV. Our Code of Conduct stipulates that suppliers must support OMV's Principles. This mitigates supply chain risks, such as forced labor, slavery, human trafficking, and corruption. Suppliers are obliged to comply fully with the content of the Code of Conduct, and all supply chain partners are required to sign the Code of Conduct.

Tools such as evaluations and audits assess and monitor supplier compliance with the principles outlined in OMV's Code of Conduct.

Since 2017, OMV has conducted assessments at selected strategic suppliers in the areas of Environmental, Social, and Governance (ESG) performance. During the ESG assessment of suppliers, OMV also inquires about carbon targets and environmental programs (potentially including GHG reduction). For 2019, we performed 6 ESG assessments. Most of the suppliers assessed met our requirements. Further areas for optimization and improvement were identified and agreed upon.

OMV also conducts supplier audits that include sustainability elements. For instance, one of the elements covered in the audits relates to environmental management and certification, including energy management and therefore the impact of a supplier activity on GHG emissions. Other HSSE topics and business ethics, social responsibility, and human rights are also covered.

OMV has established a strategic target for conducting supplier audits with sustainability elements. In 2019, we performed 11 audits with sustainability topics covered.

Furthermore, we perform yearly subject-specific audits on topics such as process safety, quality, and efficiency. In 2019, we completed 85% of the targeted audit plan, with

66% of the audits resulting in follow-up measures. By the end of 2019, 63% of the suppliers that were identified as needing to implement follow-up measures had completed more than 75% of the respective measures. The others will be completed according to an agreed plan in 2020.

Sustainability Strategy 2025 target	Increase the number of supplier audits covering sustainability elements to >20 per year by 2025[43]
Status 2019	▸ 11 audits in 2019
Action plan to achieve the target	▸ Perform more than 10 audits in 2020 also covering sustainability topics ▸ Yearly increase until 2025

Corporate and legal HSSE requirements are communicated to potential suppliers at the tender stage. OMV assesses the HSSE risks of potential suppliers and ranks them in the OMV Risk Matrix. For suppliers who present a potential risk to OMV, we conduct a more in-depth analysis of compliance in line with OMV's Contractor HSSE Management Standard. Crude transportation partners are subjected to an additional assessment against the TMSA (Tanker Management and Self-Assessment) Standard, as OMV is a member of the OCIMF (Oil Companies International Marine Forum).

Supplier risk assessments are conducted on an annual basis and verifications are done on suppliers' HSSE performance based on inspections and audits of monitored KPIs. Final evaluations, including HSSE and social responsibility performance, are communicated to the Procurement department by the parties conducting the evaluations for further contractual management actions. OMV reserves the right to terminate relationships with suppliers if non-compliance with applicable policies is discovered or non-compliance is not addressed in a timely manner. OMV has a process in place aimed at ensuring that parties sanctioned by the EU or international organizations, such as the United Nations, are not accepted as procurement partners.

We also provide a reverse engagement channel to our suppliers, whereby suppliers can use our Community Grievance Mechanism to communicate any concerns related to OMV activities in their local area. (For more information on the Community Grievance Mechanism, see Community Relations and Development.)

Local procurement and suppliers' engagement

Local procurement creates added-value in our local communities. Spending with local suppliers accounted for 81% of total expenditures in 2019, with local expenditures in Austria amounting to 75% and in Romania to 91%.

In line with our aim to always consider the impact of our actions on the local environment, our intention is to continuously improve our local content approach. We support local suppliers to improve their capabilities, which will help them meet higher technical, HSSE, and business standards. Our ESG assessments and various audits help suppliers understand critical issues in sustainability management and performance and foster their further development in this area based on the gaps resulting from the assessment.

We also promote direct communication with suppliers to explain the sustainability performance OMV expects from suppliers. As an example, the Procurement department collaborates with the Community Relations and Development team in Yemen to conduct an initial procurement workshop for the local companies. Twenty-seven companies were invited to a two-session workshop in Aden City. The objective of the workshops was to increase the capacity of the local suppliers to participate and win tenders. We have observed in the past years that many

43 Suppliers in scope for this target are active suppliers (at least one purchase order in past year) who meet certain criteria such as procurement spend and strategic fit.

local suppliers encounter difficulties in fulfilling OMV's tender requirements. Therefore, the purpose of this initiative was to give the local suppliers insights about our requirements and to explain how to fulfill them. In addition, CSR requirements were included in the tender requirements for the first time. Among the topics discussed with the suppliers were tender procedures; HSSE and CSR requirements; OMV's approach toward local suppliers; current performance; and opportunities for improvement.

OMV has also established a program of scientific and technical cooperation and partnership with Gazprom – OMV's partner in the supply of natural gas. The companies jointly work on various research initiatives, including energy-saving technologies, and activities related to the transportation and storage of hydrogen-enriched gas.

Role of digitalization in supply chain management

OMV continues its journey toward procurement digitalization. OMV further developed the SAP Ariba modules already in place since 2018 by adding Supplier Risk.

Understanding a supplier's risk is an important factor in deciding whether and how we do business with the supplier.

Through SAP Ariba, we can now receive daily alerts about our registered suppliers. The alerts are assigned a low, medium, or high risk level. The risk is calculated automatically based on around 150 incidents collected from publicly available information, such as newspapers, press releases, company homepages, etc. The incidents are split into four risk categories: Environmental and Social, Finance, Regulatory and Legal, and Operations. In 2019, we defined a supplier risk monitoring process in full alignment with OMV's risk management approach. Based on this process, we perform several analyses to check whether the alerts received would prevent us from continuing to work with the respective supplier. The outcome of such analyses is also shared with the supplier as a next step to introduce further mitigation measures, such as verification, follow-up actions, etc. The process ends with an internal analysis concluding whether continuing our partnership with the respective supplier is recommended or not.

The digital integration of all these risk elements into one system, SAP Ariba, will simplify the information evaluation process, improve the mitigation management plan and, last but not least, support our supply chain in improving its preventive risk management process.

Community relations and development

For OMV, transparency, trust, and partnership-based relations with local communities are key to ensuring we are a responsible and welcomed neighbor wherever we operate. Adding value to the communities in which we operate is key to securing our operations for the future.

We acknowledge that the presence of OMV's business has direct and indirect impacts on local communities. We aim to steer the impacts of our business activities in a positive direction by building and maintaining mutual trust and pursuing respect-based community relations, investing in local development, safeguarding human rights, and ensuring that local suppliers who work with OMV follow sustainable practices. (For more information on OMV's involvement in these areas, see Human Rights and Supply Chain.) Community development investments are always aligned with identified local needs and made in consultation with local stakeholders, as well as in consideration of country priorities with regard to Sustainable Development Goals (SDGs).

Our community relations and development management process is based on centralized policies and targets and implemented by locally responsible persons with local resources. We start by conducting a Social Impact Assessment (SIA), which includes free and prior informed consultation with and consent of local stakeholders. Sometimes, an SIA is integrated into an Environmental Impact Assessment (ESIA) to foster synergies and efficiencies. The purpose of an SIA is to ensure that the views of the local communities, especially of indigenous peoples, are incorporated and addressed throughout all phases of the project life cycle: commencement, operational phase, and decommissioning or abandonment. We also pay particular attention to any possible impact on human rights. Based on the internal regulation for conducting SIAs, we include a baseline study, community needs assessments, stakeholder analyses, and a study of social risks associated with the project. Where possible, SIAs are conducted in a participatory manner by directly consulting with potentially

affected communities. Based on the SIA's outcome, site-specific strategies for community relations and development, stakeholder engagement plans as well as Community Grievance Mechanisms are developed and implemented. We contribute to community development through community or social investments.[44] These are prioritized based on the local needs identified as part of the SIA and their potential for an impactful contribution to the SDGs most relevant for targeted areas. Our community and social investments are focused on preventing or mitigating social risks and positioning OMV as a socially responsible company vis-à-vis our stakeholders.

The Group level function governs and steers community relations and development implementation across operational countries, receives regular reporting and feedback from local social responsibility managers, and monitors and ensures that the Group guidelines on community relations and development are adhered to. We hold structured regular alignment meetings with our local social responsibility managers to monitor and steer local implementation of our site-specific global community relations and development commitments. We also organize regular exchanges among all countries in order to share challenges and best-practice experiences as a supplement to the guidance provided. In 2019, we reviewed our internal social responsibility standard and management processes. The review resulted in even deeper integration of human rights aspects into the community relations and development management process and introduction of a guideline for public communication of SIA outcomes to affected stakeholders.

Community relations and development management activities are reviewed in each country in which we operate in accordance with business developments. In 2019, we began conducting an ESIA in Libya in consultation with stakeholders in the Sirte region. Also in 2019, we reviewed our site-specific strategy for community relations and development in Yemen and updated this in response to changing stakeholder needs and OMV's business position in this country. Following our entry into Malaysia in early 2019, we began the integration of Malaysian assets into our OMV community relations and development management activities.

In adherence to the internal community relations and development procedure, all OMV projects require community consultation in the development phase. In 2019, two out of five projects were in the process of community consultation.

Community grievance management

Our approach to managing community grievances follows the precautionary principle of ensuring local approval for OMV operations by identifying and resolving the issues of concern to the local community early on. We strive to conduct our operations in a way that limits any disruption to our neighboring communities to a minimum; however, grievances may still arise. We manage these grievances through localized Community Grievance Mechanisms (CGMs). At OMV, a CGM is a key tool for preventing and managing our potential impacts on local communities and related social risks. The CGM stipulates a stringent approach to systematically receiving, documenting, addressing, and resolving grievances in all of the countries where we operate, therefore laying the foundation for our social license to operate. We define a grievance as an expression of dissatisfaction stemming from a real or perceived impact of the Company's business activities. The CGM remained fully operational in all operated Upstream assets, in the three OMV refineries (Schwechat in Austria, Burghausen in Germany, and Petrobrazi in Romania), and at one power plant (Brazi in Romania).

During 2019, we received 1,196 grievances (640 grievances relating to our impact on society[45] received/531 resolved; 556 grievances concerning an impact on the environment[46] received/392 resolved; zero human rights grievances received[47]). The open cases will be handled during 2020.

In the interest of full alignment with IPIECA's best practice for grievance management, OMV has set a target to assess the CGMs at all of its sites against the UN Effectiveness Criteria for Non-Judicial Grievance Mechanisms by 2025. The UN Effectiveness Criteria require the grievance mechanism to be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue.

In 2019, the assessments in Romania and Austria were finalized and the assessment at the Burghausen refinery in Germany conducted. The assessments were performed by a third-party independent consulting firm. The alignment of CGMs to UN Effectiveness Criteria is assessed by conducting a management processes review and consulting 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 the Corporate function. The sites already assessed represent 96% of all registered grievances at OMV in 2019. We will conduct assessments of the CGMs according to the UN Effectiveness Criteria at additional OMV sites in 2020.

44 Community investments respond to identified community needs and are designed to mitigate social risks resulting from OMV operations. Social investments address the needs of people and society more broadly.
45 The Social Progress Index, developed by the Social Progress Imperative, is a comprehensive measure of real quality of life, independent of economic indicators across countries. More details can be found at: www.socialprogress.org.
46 Environment category grievances include land degradation, water pollution, air pollution, etc.
47 Human Rights category grievances are related to the "Essential" rights category in the OMV Human Rights Matrix: e.g., disproportionate use of force by security, incidents related to indigenous peoples rights, cases of forced or child labor.

Our operational Community Grievance Mechanism in Romania was the first one to be assessed against the UN Effectiveness Criteria. Romanian grievances account for a vast majority of all community grievances in the OMV Group. This pilot assessment took place in 2018. During 2019 a cross-departmental working group was formed to implement the resulting action plan. Subsequently the way community grievances were managed at OMV Petrom was redesigned as follows:

- Expanded access points to enhance accessibility and equitability: Grievances can now be expressed through e-mail, phone, or through representative organizations.
- Increased transparency and predictability of the CGM process for our stakeholders via standardized replies to grievances submitted
- Greater legitimacy and equitability of decisions by providing an option for appeal
- KPI monitoring established to allow for continuous learning

Sustainability Strategy 2025 target

Assess Community Grievance Mechanisms of all sites against UN Effectiveness Criteria[48] by 2025

Status 2019

- On track: 5 out of 10 sites in scope[49] assessed (Romania Upstream, Petrobrazi refinery in Romania, Austria Upstream, Schwechat refinery in Austria, Burghausen refinery in Germany)

Action plan to achieve the target

- Assess at least 2 sites per year

48 UN Effectiveness Criteria for Non-Judicial Grievance Mechanisms as set out in the United Nations Guiding Principles on Business and Human Rights. The UN Effectiveness Criteria require the grievance mechanism to be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue.

49 The target scope includes production sites where OMV is an operator. In 2019, a Community Grievance Mechanism was operational at ten sites: seven in Upstream (Austria, Romania, Tunisia, New Zealand, Norway, Yemen, Kazakhstan) and three in Downstream (Austria, Romania, Germany).

Community and social investments

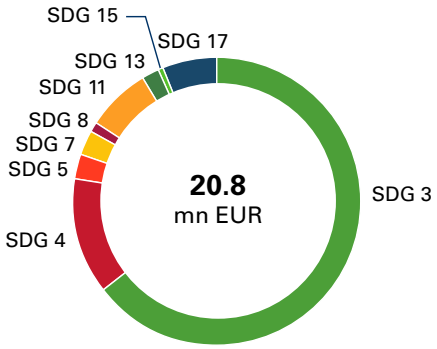
We implement our community development projects as investments, therefore expecting each project to generate a return for our communities or society more broadly. We prioritize projects with a potential to generate long-term societal value and make a lasting change to beneficiaries' lives. Community and social investments are aligned with SDGs and community needs identified during SIAs or with larger societal priorities (e.g., by consulting the Social Progress Index[50]). We aim to implement our projects in partnership with locally active stakeholders or non-governmental organizations to ensure a maximum social return on our investment. Key OMV focus areas for our community and social investments are:[51]

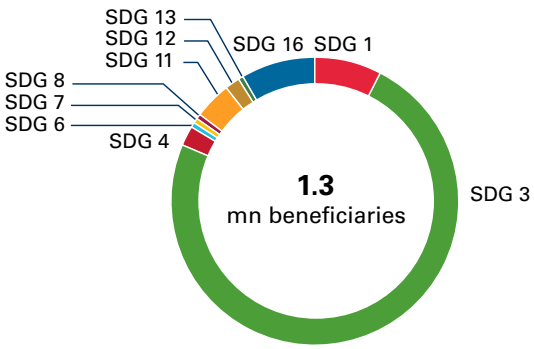
- Access to basic services
- Education, entrepreneurship, and employment
- Climate action

In 2019, we strengthened our management approach to community and social investments and enhanced the steering and monitoring of our contributions in cash and in kind and our management costs as well as the expected social and environmental impacts. In line with the growing importance of climate topics, we also introduced a new climate-related KPI, CO_2 equivalent saved/offset, to our community and social investment portfolio. OMV community and social investments funding is prioritized in countries with the highest socio-economic development needs and/or where we have the biggest business footprint.

- EUR 20.8 mn in community and social investments[52]
- 258 community and social investments in 18 countries
- 1.3 mn beneficiaries reached
- 7,900 employee volunteers

2019 Investments by main SDGs and by beneficiaries





- SDG 1: No Poverty
- SDG 3: Good Health & Wellbeing
- SDG 4: Quality Education
- SDG 5: Gender Equality
- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 11: Sustainable Cities & Communities
- SDG 12: Responsible Consumption & Production
- SDG 13: Climate Action
- SDG 15: Life on Land
- SDG 17: Partnerships for the Goals

Other SDGs supported to a smaller degree

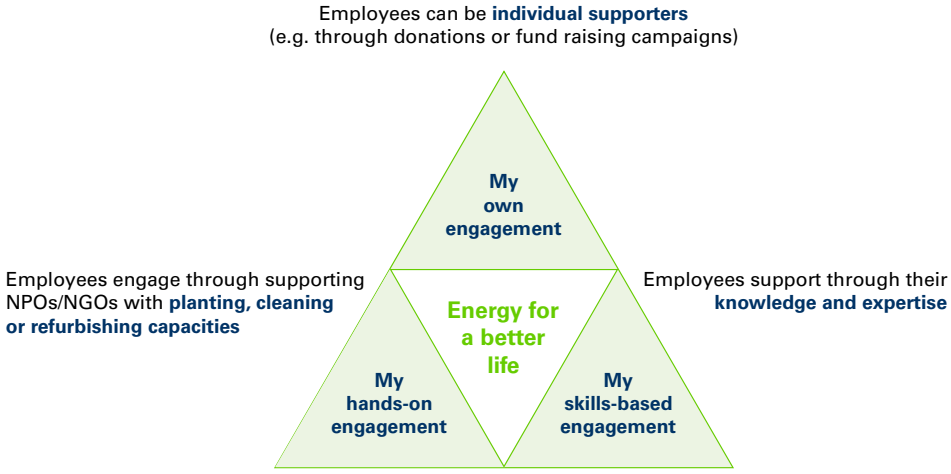
50 The Social Progress Index, developed by the Social Progress Imperative, is a comprehensive measure of real quality of life, independent of economic indicators across countries. More details can be found at: www.socialprogress.org.
51 Other SDGs, such as SDG 9, 11, 15, 16 are supported to a lesser extent.
52 Includes contributions in-cash, contributions in-kind, and donations; excludes related management overheads

Culture and sports sponsoring

In addition to community and social investments, we also sponsor sports (e.g., soccer, ski jumping) and cultural activities. Culture, entertainment, and sports are key elements for people's well-being. We therefore aim to make sports and cultural events accessible to young people from disadvantaged backgrounds. In 2019, we invited more than 800 schoolchildren and children in need from our surrounding communities in Austria to a Christmas concert at the Vienna State Opera. Also in 2019, 80 kids from our Max & Lara social investment partnership attended five events, such as matches played by Rapid, an Austrian football club that we sponsor.

Corporate volunteering

The OMV Group's employees are also encouraged to personally play an active part in sustainability initiatives, including by volunteering. We offer OMV employees opportunities to actively engage in encouraging responsible and sustainable behavior and facilitate employee engagement and involvement with charitable partners.



We have an internal mechanism to manage, report, and communicate Group-wide volunteering activities in line with specific targets according to the key focus areas for our community and social investments. In 2019, we began developing a volunteering standard, which will enhance our volunteering reporting with hours volunteered across the Group.

Community and social investment highlights 2019

Impact snapshot: access to basic services for health, water, and food

- **1 mn people gain access to health services in Libya, Yemen, and Romania.**
- **8,500 people gain access to water in Yemen.**
- **100,000 people experiencing poverty receive hot meals in Austria.**

In 2019, we invested in infrastructure to improve access to basic services, such as health care and water. Our investments focused especially on underprivileged groups or areas with limited access to basic services in our operating countries. Our investments in basic human needs are also in line with our commitment to respecting human rights.

In **Romania**, OMV Petrom contributed EUR 10 mn to support the construction of the first Children's Oncological Hospital in Bucharest, the largest single corporate donation in Romanian history. It is estimated that more than 500 children are diagnosed with cancer in Romania every year – over half of them are treated in the two existing centers in Bucharest, which cannot adequately meet their needs. The new hospital will have the capacity to serve 300 little patients a year and significantly increase the country's capacity to treat pediatric cancer.

In November 2019, also in Romania, 50 colleagues from PetroMed – doctors and nurses – voluntarily joined the Medical Doctors' Caravan association. This pilot project provides community-based health care in Valea Mare, Dâmbovița county. As a result, 145 retired and low-income people received free medical examinations and consultations.

In **Austria**, OMV is a major financial contributor to the "Cape 10: House of the Future and Social Innovation" project – an innovative social and health services center for people in need in Vienna. Our funds will help establish low-cost health services for women and children in need. In 2019, ten OMV volunteers participated in a Street Festival fundraising event, which raised additional funds for the project.

In **Libya**, our investments contributed to providing essential medical supplies to Benghazi Children's Hospital, helping around 1 mn people get necessary medical assistance. We also finalized our sustainable development program in the Sirte region with the delivery of a fire truck to improve the emergency response capability of the town of Gialo. In 2019, OMV committed an additional EUR 4.6 mn in social investments in Libya to address the social challenges in neighboring communities by signing a memorandum of understanding (MoU) with its partners in Libya and the National Oil Corporation (NOC). Funds will be directed to projects that improve access to medical services and water and create opportunities for youth, reaching over 500,000 beneficiaries in the coming years.

In **Yemen**, our health clinic remained open to local communities, providing essential medical support in the very remote areas where we operate. Our Health team provides medical support, treatments and checkups for conditions including hypertension, diabetes, and cardiovascular issues as well as psychiatric support and pediatric services to people from nearby settlements. Local communities can also use our 24/7 emergency medical services in case of emergency situations, for example, heart attacks, animal or insect bites, traffic accidents, and similar. In 2019, we also ran a vaccination campaign for local communities to fill in the gaps in national health services. In 2019, on average more than 100 local people received medical assistance in the OMV health clinic each month.

OMV operates in countries experiencing high water stress. We therefore continued to invest in water access infrastructure for neighboring populations in **Tunisia** and **Yemen** in 2019. In **Tunisia**, we committed to rebuilding a water reservoir for the Kembout community, located at the entrance of the desert oil fields, as part of a joint OMV CSR initiative with the National Oil Company ETAP and Eni and Medco in southern Tunisia. The project is being implemented in partnership with the national water company, SONEDE, and replaces an existing water reservoir. It will ensure the supply of freshwater for 1,000 community members. In **Yemen**, we started two water access projects in 2019, one in the AlMahood area and another in Bakaila village. The AlMahood project will provide two water tanks, one ground reservoir, and a second hill-elevated water storage reservoir to the water authority. This project will benefit more than 8,500 people from 27 neighboring villages (estimated completion in 2020). The second project involves building a water storage facility in Bakaila village, which will facilitate easy access to clean drinking water from an existing water source for around 2,000 people.

Access to food and nutrition is another area of our focus. In **Austria**, we collaborate with Wiener Tafel – a charity organization helping people affected by poverty in Vienna and reducing food waste. Through this collaboration, 24 employee volunteers had a chance to personally engage in Wiener Tafel's work. In 2019, we handed over the donation raised in the winter employee engagement campaign, which, when doubled by OMV, amounted to EUR 9,772. This donation helps provide 100,000 meals to people experiencing poverty in Vienna. Our employees donated part of their meal value at several of OMV's cafeterias to support Wiener Tafel. Furthermore, 3 employees volunteered to participate in the food delivery rides, and 21 employees volunteered to prepare meals for underprivileged children in the cooking sessions. Lastly, we reduced CO_2e emissions by 1 t in 2019 by supporting two CNG-fueled vehicles for food deliveries.

More details on these and other projects supporting SDGs 1 2 3 6 and 7 can be found at: www.omv.com/en/projects-initiatives

Impact snapshot: education, entrepreneurship, inclusion, and employment

- **1,404 people received education or support for improving their local employment opportunities in Austria, Romania, Tunisia, Yemen, Libya, Kazakhstan, and Serbia.**
- **11 innovation initiatives for sustainable development were funded in Romania.**
- **27 local suppliers received capacity building assistance in Yemen.**

Education, entrepreneurship, and employment are key factors in socio-economic development and positively contribute to numerous other SDGs. OMV has been involved in community and social investments focused on education, entrepreneurship, and employment for many years now. We invest in vocational training, micro-credits, scholarships, and supplier capacity building.

For the fifth year in a row, we continued the Vocational Romania project in **Romania**. The project is one of the most comprehensive projects promoting the development of vocational school students in the country. In August 2019, during one of the Vocational Summer Camps, 240 youth studying to be mechanics and electricians from 26 professional schools in the Argeș and Dâmbovița counties received professional training to be better prepared for joining the labor market. The best of the participating future craftsmen also received scholarships for the upcoming school year. Furthermore, the most innovative projects for vocational education development, submitted by the teachers taking part in the camp, were awarded grants so that the projects can be implemented in their schools. As part of our commitment to promoting vocational education in Romania, we also support the Oilmen's School. In 2019, the second generation of well and park operators successfully graduated from the vocational school and 25 of them joined the OMV Petrom team. They joined 27 well operators who were employed from the first generation in 2018. OMV Petrom will continue to support the improvement of professional qualifications for two more generations of well operators. Lastly, the Vocational Students' League continued to support young people in improving national policy on vocational education.

As part of the "RO SMART in Andrei's Country" national competition in **Romania**, we funded eleven innovative initiatives furthering sustainable development in education, health, environment, and infrastructure in Romanian communities with a total grant budget of almost EUR 0.5 mn. One of the winning projects, "Education at Height," provides students in the remote Hunedoara Mountains live lessons by qualified teachers from the exact locations featured in the lessons. Another winning project helps 10,000 pupils from 100 disadvantaged rural and urban areas to access digitized Junior Achievement Modules for Life Skills Development focused on cross-curricular entrepreneurial, financial, and vocational guidance.

In **Tunisia**, we continued investing in community and social projects focusing on entrepreneurship. In 2019, we launched a "TAHADDI" (Arabic for "challenge") initiative offering dismissed workers a path to alternative employment or self-employment. TAHADDI has received 400 applications. A steering committee selected 80 beneficiaries to benefit from self-employment support, including entrepreneurship training, seed money, and post-business-creation coaching. 40 beneficiaries will also be selected for two pilot vocational training programs in scaffolding and domestic gas and appliances installation. In the Gabès area, OMV supported the creation of an innovative entrepreneurship lab at the Gabès Chemical Engineering School, the first and only engineering school offering higher education degrees up to doctorate level in chemical and process engineering in Tunisia. The lab will support environmental research and innovation, while also helping graduating chemical engineering students to mature their business ideas into executable business plans.

In **Yemen**, OMV aims to contribute to the long-term development of local communities by supporting education. 15 local students were able to attend universities due to OMV paying their tuition for the 2018/19 academic year. OMV scholarships allow students to study in various medical and engineering programs in accredited universities across Yemen. Partners in this program include the local authorities in the Shabwah Governorate and various universities.

In **Romania**, OMV Petrom continued to support entrepreneurship training for local communities. In 2019, we supported courses in sewing, weaving, and other Romanian traditional handicrafts for unemployed women. Other training topics included recycling and the production of handmade paper, hand weaving, reed processing, and woodworking. In addition, a hairdresser training program for socially disadvantaged people included entrepreneurship training and financial support for purchasing professional equipment and starting their own businesses. We also focused on developing young students' skills in building successful business plans and provided early career advice for jobs in the field of traditional Romanian and other crafts. Lastly, our "Craftsmen 21" project aimed to identify local craftsmen and help them create goods with modern designs by using traditional techniques and materials. The project also provided assistance with promoting and selling their products. In total, 180 people in Romanian communities have benefited from the above trainings and programs for enhancing their entrepreneurial and career potential in 2019.

In **Serbia**, we continue to run a partnership with Caritas that provides work experience and mentoring to young adults from SOS Children's Villages on their path to independence and employment. In 2019, two young persons conducted their ten-month work placements at our filling stations. We also collaborate with Malteser International in **Hungary**, SOS Children's Villages in **Bulgaria** and **Serbia**, and other organizations in **Slovenia** and **Germany** supporting the education and personal growth of children and young adults, particularly those from underprivileged communities.

In **Austria**, we continued encouraging young women to pursue technical career fields. Sixty girls learned more about different career paths in technical professions while visiting OMV's operations (Upstream, Head Office, and the Schwechat refinery) during the Girls' Day initiative. Moreover, to advance social inclusion in Austria, we supported the fuelService application, which allows drivers with disabilities to find an appropriate filling station and helps them with refueling their vehicles.

More details on these and other projects supporting SDGs 4 5 8 and 10 can be found at: www.omv.com/en/projects-initiatives

Climate action

Impact snapshot: access to energy and energy efficiency

- **63 low-income households in New Zealand and 4 municipalities in Romania improved their energy efficiency, saving 69 t of CO_2 equivalent.**[53]

As the largest player on the **Romanian** energy market, OMV Petrom endorsed the "România Eficientă" program aiming to promote energy efficiency at the national level through public information campaigns, education programs, and financing of projects for improving the energy efficiency of public buildings. The program is run by the Energy Policy Group (EPG). OMV Petrom will contribute EUR 4 mn to this program in the period from 2019 to 2022.

In **Romania**, we also funded a public lighting efficiency initiative in four communities in Gorj county. The initiative replaced existing bulbs with 1,667 efficient and economical LED lamps, which increased the energy efficiency of public street lighting, improved the quality of public lighting, reduced electricity costs, and contributed to protecting the environment.

In terms of access to energy in **New Zealand**, we continued our collaboration with the WISE Better Homes initiative, funding insulation for 63 low-income family homes to improve their energy efficiency and reduce respiratory health issues. In **Austria**, **Bulgaria**, and **Serbia**, we provided donated fuel and heating vouchers to non-governmental organizations working with underprivileged people.

53 Estimated in 2019 only. 2019 activities will generate CO_2e mitigation during an impact lifespan of the next 13 years (public lighting energy efficiency in Romania) and 30 years (WISE Better Homes).

Impact snapshot: Circular waste management

- **25,000 people increased their awareness of circular waste management in Romania, and 2,060 kg of waste was collected in Norway.**

In **Romania**, we ran two projects in Constanța county, which borders the Black Sea. These aimed to address the issue of mismanaged waste. The "Recycling Laboratory" project developed informational materials and guidelines on the types of recyclable wastes generated by Romanian households, their recycling methods, and recycling locations in Constanța city. The project was implemented in partnership with the Oceanic-Club NGO, the Grigore Antipa National Museum of Natural History, the Constanța County School Inspectorate, and the Constanța Ovidius University. We reached 25,000 people to raise public awareness of recycling of domestic waste. The project also recognized ten business plans focusing on waste utilization developed by students in Constanța county. The #noplasticwaste project in Romania focused on raising public awareness among residents and tourists for more sustainable behavior, especially decreasing quantities of non-recycled plastic. The project developed an educational platform for sustainable development in educational institutions in Constanța county and ran a public waste collection and awareness-raising campaign. Project partners included the Mare Nostrum NGO, the Constanța County School Inspectorate, the Constanța Ovidius University, and the Dobrogea-Litoral Water Administration.

In **New Zealand**, Taranaki schools were rewarded for their recycling efforts with tree donations through our support of Paper4Trees. In 2019, we donated 1,308 trees to 119 schools to plant on their school grounds and in their local community. By avoiding the landfilling of paper waste, the project contributed to a reduction of 16 t CO_2e[54] in 2019.

In **Norway**, we started a partnership with the Clean Shores NGO. As part of this cooperation, we organized OMV volunteers to take part in beach clean-ups in Norway. The collected waste was then recycled in local recycling facilities. In 2019, 50 volunteers, including top management, took part.

54 Estimated in 2019 only. 2019 activities will generate CO_2e mitigation during an impact lifespan of the next 10 years.

Impact snapshot: Natural climate solutions

- **77,450 trees were planted by 885 OMV volunteers sequestering 213 t of CO_2[55] in Austria, Romania, Serbia, and New Zealand.**

Natural climate solutions, i.e., conservation, restoration, and land management actions that increase carbon storage or avoid greenhouse gas emissions in landscapes and wetlands across the globe, are a key ingredient in addressing the challenges of climate change. In 2019, natural climate solutions also became a part of our social investment portfolio.

In 2019, we partnered with the Austrian Research Center for Forests (BFW) to support a research project, Climate-Research Forest, studying the role and adaptation of forests to climate change in **Austria**. Forest protection and restoration are key climate change mitigation measures due to the particular effectiveness of forests in absorbing CO_2 from the atmosphere. However, with growing pressures on ecosystems, forests also need to adjust to changing conditions. BFW provided verification of the Climate-Research Forest on three plots of land in eastern Lower Austria near OMV operations. In the next stages of the project, BFW will cultivate, manage, and study the growing trees.

Research will be conducted on different types of forests consisting of native and non-native trees to examine their synergies and properties in the face of changing climate conditions. The project will also yield insights into the impact of reforestation on areas that most recently lacked tree stocks and encourage biodiversity. From 2021 onward, the Climate-Research Forest will be opened to the public for recreational purposes and will be supplemented with a nature trail inviting visitors to discover more about nature and the importance of woodlands.

In October 2019, 40 volunteers from OMV, including the OMV Group's top management, planted the first trees for the Climate-Research Forest under the expert supervision of BFW. A total of around 750 trees were planted for the project on an area measuring 0.4 ha.

55 Estimated in 2019 only. 2019 activities will generate CO_2e mitigation during an impact lifespan of the next 20 years.

Our employee volunteers have also been actively engaged in forestation efforts in Romania, Serbia, and New Zealand. In **New Zealand**, our local OMV team won a World Environment Day challenge, planting 380 trees in just two hours.

In **Romania**, we held two tree plantings involving 800 OMV Petrom and 2,100 public volunteers. As a result, 13.9 ha were reforested with trees. In **Serbia**, two forestation campaigns were organized in partnership with Serbia Forests (Srbijašume) and a total of 5,000 trees planted.

More details on these and other projects supporting SDGs 7 12 13 14 and 15 can be found at: www.omv.com/en/projects-initiatives

Performance in Detail

IN THIS CHAPTER