

Sustainability at OMV

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Foreword

CEO Statement

Ladies and Gentlemen,

This was an exceptionally difficult year that challenged all of us in many ways. At the start of 2020, I never imagined I would be writing this statement in the midst of a pandemic, with almost all of our employees working remotely and facing entirely new ways of working. But this year has also shown how resilient, inventive, and innovative OMV's employees are – and our Company is. Despite a very difficult operating and market environment, OMV achieved major milestones this year and took steps to fundamentally transform our Company.



In acquiring a majority stake in Borealis, we have overnight become the number one producer of ethylene and propylene in Europe and one of the top ten polyolefin producers worldwide. Global demand for petrochemicals and plastics is growing rapidly. Not only are we making our portfolio resilient with this move, but we are investing in a sustainable future. High-quality plastics are essential to daily life, for instance being used in life-saving medical equipment, and are also necessary for a low-carbon future.

They are found in everything from solar panels to wind turbines to electric vehicles. And we are committed to becoming a leading player in the circular economy, recycling plastics for reuse and reducing impacts on the environment and climate. With its sustainable business model, OMV is excellently positioned in a broadly decarbonized world, and will help shape and enable it.

This year, OMV also committed for the first time to becoming carbon-neutral in its operations by 2050 and thus significantly contributing to the goals of the Paris Agreement. This is a major step and will require innovation, new technologies, and hard work across our business. I'm proud to stand shoulder to shoulder with so many colleagues who work tirelessly to optimize our operations and creatively find new ways to reduce our carbon footprint.

Despite a difficult environment, we continued to do business responsibly, and develop and implement new sustainability initiatives across departments in 2020. For this, we were rewarded with our highest ever scores in multiple leading environmental, social, and governance ratings. As we transform our Company, we are committed to upholding the high standards we have set ourselves in terms of sustainability and continuously improving on our performance. For instance, this year our occupational safety performance was again exceptional, and we had our lowest ever total recordable injury rate. While no occupational fatalities occurred in 2020, we tragically lost several members of the OMV family to COVID-19. My deepest sympathies go out to their families.

We are deeply committed to safeguarding the well-being of our employees and communities amidst the pandemic, not least by securing the energy supply. OMV will remain resilient as a company, during the pandemic but also beyond it. And we will continue to put forth every effort to do business responsibly and innovatively to ensure a secure and sustainable future.

Rainer Seele
Chief Executive Officer



Letter of the Supervisory Board

Dear Shareholders,

In 2020, OMV continued to underscore its strong commitment to being a responsible market player by setting ambitious targets and improving on its already strong sustainability performance.

In the summer of 2020, OMV committed for the first time to becoming carbon-neutral in its operations by 2050. We also updated our intermediate targets for 2025, setting concrete, ambitious carbon reduction targets for our Upstream and Downstream operations on the road to achieving net zero.

These targets are also newly reflected in OMV's executive remuneration. The Supervisory Board is fully committed to OMV's Sustainability Strategy and challenging management during this transition, specifically by setting the right incentives. The new Remuneration Policy adopted in 2020 includes sustainability projects and carbon emissions reduction targets which influence both the Annual Bonus and the Long-Term Incentive Plan (LTIP) payouts.



To achieve these targets, OMV is implementing a range of measures such as building Austria's largest photovoltaic plant, which began operating in December 2020, and implementing cutting-edge technology in our refineries. For instance, four steam turbines generate 85% of the electricity needed to operate the Schwechat refinery. In 2020, two of the turbines were fitted with state-of-the-art blading, which enhances their efficiency, reducing CO₂ by 40,000 t in 2020 alone. Another turbine will be overhauled in 2021, enabling a total reduction of 60,000 t of CO₂ per year.

Together with our subsidiary Borealis, we are also pursuing innovative circular economy technologies – in both mechanical and chemical recycling – to reduce emissions and utilize existing resources. For instance, our innovative plastic-to-oil recycling technology ReOil[®] per year and process it into synthetic fuels, plastics, or other chemicals.

I am very pleased to report that OMV's comprehensive approach to sustainability continues to be recognized by independent ESG rating agencies and that OMV was again the only Austrian company included in the internationally renowned Dow Jones Sustainability Index (DJSI World) in 2020.

OMV has opted to prepare its mandatory consolidated non-financial disclosures as a separate consolidated non-financial report (Sustainability Report). The consolidated non-financial report that is presented pursuant to Section 96(1) of the Stock Corporation Act was subject to independent external assurance as well as a comprehensive audit and was discussed extensively by the Audit Committee and the Supervisory Board. The Supervisory Board found no issues during the audit and approved this Report.

Vienna, March 2021

For the Supervisory Board

Mark Garrett m.p.

Chairman of the Supervisory Board



Highlights 2020

New ambition:

Net-zero

emissions in operations by 2050

250 t

post-consumer plastic transformed into synthetic oil

Doubled

investments into sustainability innovations vs. 2019

0

fatalities and lowest-ever TRIR

21%

share of R&D into low-carbon solutions

0

major spills

20.7%

share of women at management level

AAA

 from MSCI

Prime Status from ISS ESG, and A- score in CDP Climate Change

62%

share of natural gas in production

67.2

 g CO₂/MJ

carbon intensity of energy supply

1.86

 mn

beneficiaries from community development initiatives

Listed in **DJSI**

as only Austrian company



OMV at a Glance

About OMV

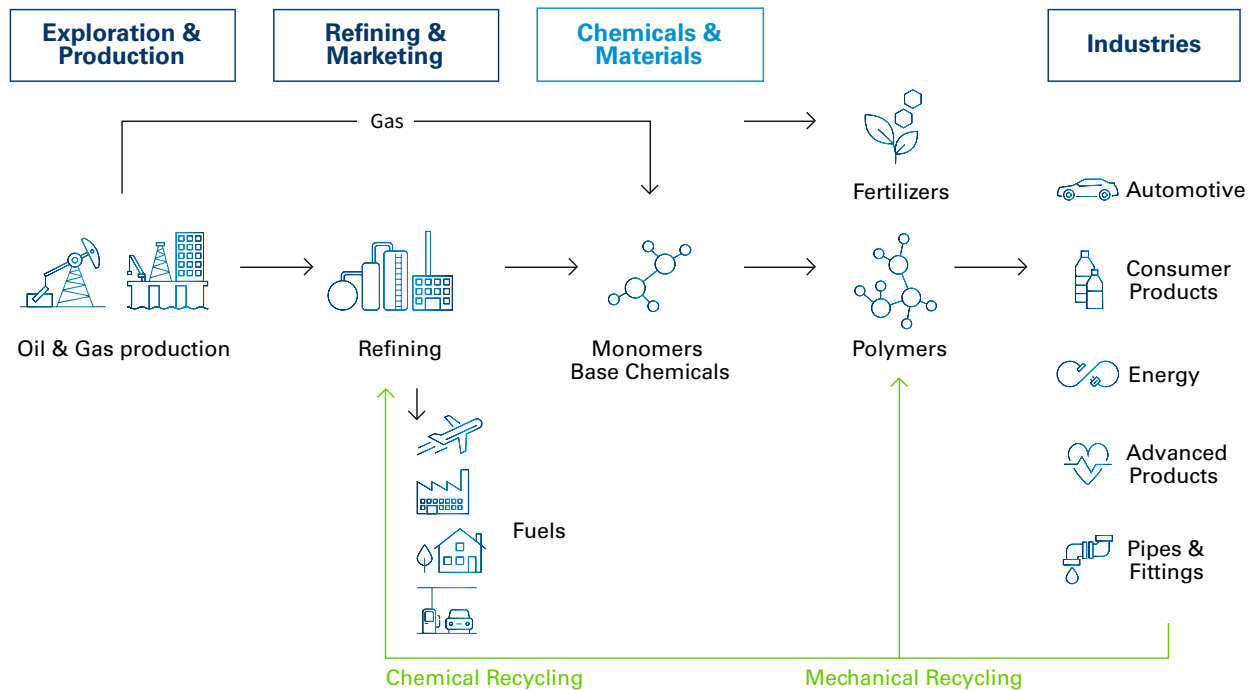
OMV produces and markets oil and gas, as well as chemical solutions in a responsible way and develops innovative solutions for a circular economy. In 2020, Group sales amounted to EUR 17 bn. With a year-end market capitalization of around EUR 11 bn, OMV is one of Austria's largest listed industrial companies. The majority of OMV's roughly 25,000 employees (including Borealis) work at its integrated European sites.

Value Chain

In Upstream, OMV focuses on the exploration, development, and production of oil and gas in its five core regions of Central and Eastern Europe, the Middle East and Africa, the North Sea, Russia, and Asia-Pacific. At the end of 2020, OMV had proven reserves (1P) of 1.33 bn boe and proven

and probable reserves (2P) of 2.37 bn boe. The Reserve Replacement Rate (RRR) was 102% in 2020. Daily production was 463 kboe/d in 2020 (2019: 487 kboe/d), which equals a total production of 169 mn boe. While gas accounted for 62% of total production, oil amounted to 38%.

In Downstream, OMV operates three refineries in Europe: Schwechat (Austria) and Burghausen (Germany), both of which feature integrated petrochemical production, and the Petrobrazi refinery (Romania). In addition, OMV holds a 15% share each in ADNOC Refining, which operates the world-class Ruwais refinery in the United Arab Emirates, and in ADNOC Global Trading. OMV's total global processing capacity exceeds 500 kbb/d. Total refined product sales amounted to 17.81 mn t in 2020 (2019: 20.94 mn t). The retail network consists of around 2,100 filling stations¹ in ten countries with a strong multi-brand market portfolio.



¹ On December 14, 2020, OMV and the EG Group reached an agreement for the acquisition of 285 filling stations in southern Germany by the EG Group. The transaction is subject to required regulatory approvals and the closing is expected in 2021. On February 4, 2021, OMV announced its intention to sell its business in Slovenia, including around 120 filling stations.



The natural gas sales volume was 164.0 TWh in 2020 (2019: 136.7 TWh). OMV owns gas storage facilities with a capacity of 30 TWh and a 51% share in Gas Connect Austria, which operates a 900 km natural gas pipeline network.² The Central European Gas Hub (CEGH), in which OMV holds a 65% share, is a well-established gas trading platform. The node in Baumgarten, Austria, is Central Europe's largest entry and distribution point for Russian gas. In addition, OMV operates a gas-fired power plant in Romania.

On October 29, 2020, OMV completed the acquisition of an additional 39% interest in Borealis from Mubadala, and now holds a majority stake of 75%. Borealis is one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers, and mechanical plastics recycling. Starting in April, OMV will be reorganized into three reporting segments: Exploration & Production, Refining & Marketing, and Chemicals & Materials. The new corporate structure will expedite the integration of Borealis into the OMV Group and accelerate the expansion of the Chemicals & Materials business.

Sustainability is an integral part of OMV's Corporate Strategy. OMV supports the transition to a lower-carbon economy. The Group has set measurable targets for reducing carbon intensity and aims to become a leading player in the circular economy.

Key Memberships

OMV is an active member and has leadership positions in numerous national, regional, European and international associations. Industry associations and consortiums play an important role in developing and implementing industry standards and best practices in areas such as safety and environmental protection. They also provide a valuable platform for engagement with governments, regulators, and communities on topics such as energy, climate action, and trade. OMV participates in industry associations and consortiums to support our understanding of issues, share knowledge, help develop standards, and provide input to regulatory authorities on behalf of the

sector. Some of the key associations and consortiums which the OMV Group, including through subsidiaries such as OMV Petrom and Borealis, participates in are:

- ▶ AEA – Austrian Energy Agency
- ▶ AFEER – Association of Electricity Suppliers in Romania
- ▶ ARP – Romanian Petroleum Association
- ▶ ARPEE – Romanian Association for Promoting Energy Efficiency
- ▶ BusinessEurope
- ▶ CEFIC – European Chemical Industry Council
- ▶ CEFLEX – Circular Economy for Flexible Packaging
- ▶ CEP – Clean Energy Partnership
- ▶ Concawe – Conservation of Clean Air and Water in Europe
- ▶ EPG – Energy Policy Group
- ▶ Fertilizers Europe
- ▶ FGW – Fachverband der Gas- und Wärmeversorgungsunternehmen
- ▶ FuelsEurope
- ▶ FVMI – Fachverband der Mineralölindustrie
- ▶ Hydrogen Europe
- ▶ IOGP – International Association of Oil & Gas Producers
- ▶ IPIECA
- ▶ IV – Vereinigung der Österreichischen Industrie
- ▶ MWV – Mineralölwirtschaftsverband
- ▶ OCIMF – Oil Companies International Marine Forum
- ▶ Petrochemicals Europe
- ▶ PlasticsEurope
- ▶ PRE – Plastics Recyclers Europe
- ▶ RBSTA – Romanian Black Sea Titleholders Association
- ▶ Solomon Associates
- ▶ WKO – Wirtschaftskammer Österreich
- ▶ WPC – World Plastics Council

² On September 23, 2020, OMV and VERBUND reached an agreement for the acquisition of a 51% interest in Gas Connect Austria GmbH by VERBUND. The closing is subject to regulatory approval and is expected in the first half of 2021.



Sustainability Framework

Sustainability Strategy

We are committed to building a sustainable world worth living in for everyone. OMV aims to provide a secure supply of affordable energy for the sustainable development of society and the economy while respecting the environment.

OMV's responsible approach to business stipulates the prevention and mitigation of sustainability risks associated with OMV's activities. We also aim to seize the opportunities presented by taking a sustainable approach to business. Growing demand for energy and accelerating climate change pose immense challenges for the energy sector. OMV clearly recognizes that climate change is one of the most important global challenges today and fully supports the goals set forth by the Paris Climate Change Agreement. We are aware of our responsibility and we will live up to our commitment to the Paris Agreement and the EU climate targets. We are therefore transforming our business model step by step with the aim of reducing the carbon footprint of the Company. (For more information, see [Climate Strategy](#).)

The Sustainability Strategy 2025 constitutes an integral part of the Corporate Strategy 2025 and is the sustainable component of OMV's business ambitions. Sustainable business behavior is crucial for OMV to create and protect value in the long term, to build trust-based partnerships, and to attract customers as well as the best employees, investors, and suppliers. In our Sustainability Strategy 2025, we have set concrete, measurable, ambitious targets in five focus areas: Health, Safety, Security, and Environment (HSSE); Carbon Efficiency; Innovation; Employees; Business Principles and Social Responsibility. (For more information, see our [online report](#) and the respective sections in this Report.). The Sustainability Strategy's targets relating to OMV's operations and products are aligned with the production, sales, and product portfolio plans set by the Corporate Strategy.

In 2020, OMV acquired a majority stake in leading polyolefins producer Borealis. Together with Borealis, OMV is committed to playing a leading role in driving the circular economy.

Like OMV, Borealis has set concrete sustainability targets. Borealis' sustainability ambition is to create a world where there is no waste of resources, no emissions into the environment, and no harm to society, while delivering prosperity for Borealis. Borealis is committed to drive the transformation toward a circular plastics economy, to ensure process and chemicals safety, and to reduce its

carbon footprint by improving energy intensity. Borealis also aims to increase its share of renewable energy, achieve zero continuous flaring, and drive innovation. (For more information, see [Borealis' Annual Report](#)).

In 2021, we will update our Corporate Strategy and integrate Borealis' targets, including sustainability ambitions, into the overall OMV strategy. The strategic targets referred to throughout this Report do not yet include Borealis.

OMV intends to allocate significant resources to the implementation of the Sustainability Strategy 2025. EUR 1 bn will be invested by OMV and Borealis in innovative energy and circular economy solutions such as ReOil[®] and Co-Processing by 2025.

Climate Strategy

OMV clearly recognizes that climate change is one of the most important global challenges today and fully supports the goals set forth by the Paris Climate Change Agreement. OMV takes climate action in its operations, product and service portfolio, innovations and R&D activities, working environment, and social investments.

OMV is fully committed to climate change mitigation and responsible resource management, and has consequently set targets to manage and reduce the carbon footprint of our operations and product portfolio. In 2020, we set new carbon targets, pledging for the first time to become carbon-neutral in our operations by 2050.

Our ambition is to reach net-zero GHG emissions in our operations (Scope 1 and 2) by 2050 or sooner. The net-zero operations will be achieved through energy efficiency measures, new technologies such as carbon capture, carbon storage/utilization, and hydrogen, as well as renewable electricity (like our photovoltaic plant in Austria) and portfolio optimization measures. We have endorsed the international World Bank initiative "Zero routine flaring by 2030" to end the routine flaring and venting of associated gas during oil production by 2030.

We are aware that the vast majority of our emissions come from the use of our products. Therefore, we aim for at least 60% of our product portfolio to be composed of low-/zero-carbon products (including gas) by 2025. OMV will work together with stakeholders to significantly reduce the carbon footprint of the product portfolio in the long term. OMV will increase the share of gas in its portfolio to achieve an immediate CO₂ reduction. We see oil as a valuable raw



material which should not be burned. OMV's equity oil will be used for petrochemical and chemical production (non-energy products) and in circular plastics economy solutions. Furthermore, OMV will increase the share of alternative feedstocks (such as plastic waste, biofuel/waste, e-fuel/CO₂, biogas, synthetic gas) for its products and will focus on hydrogen technologies to identify large-scale commercial applications for the future. Beside these measures, more research and development in some technologies is still needed to bring them to commercial scale (e.g., CCU). With the Borealis transaction in 2020, OMV is shifting its product portfolio toward a larger share of non-energy products and repositioning itself for a low-carbon future.

In order to further develop our low-carbon business solutions and technologies, we continued in 2020 to build the New Energy Solutions department, which was launched in 2019. This unit develops small- and large-scale low-carbon technologies for energy supply, for mobility, and for industry. New Energy Solutions connects to OMV's core competencies and maintains a direct link to the existing business. First studies and projects were initiated in the course of 2020, e.g., in the areas of hydrogen, carbon capture and utilization (CCU), alternative usage of subsurface reservoirs, and renewable energy. Central portfolio management for all New Energy Solutions projects within the OMV Group has been set up and integrated with Group-wide planning, budgeting, and strategy development activities.

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

Climate protection will be a key aspect of the OMV strategy update in 2021, as we continue to set new and more ambitious goals for addressing climate change.

Sustainable Development Commitments

OMV is a signatory to the United Nations (UN) Global Compact and is fully committed to the UN Guiding Principles on Business and Human Rights. OMV adheres to the recommendations of the OECD Guidelines for Multinational Enterprises – the only government-supported international instrument for responsible business conduct with an integrated grievance mechanism. The recommendations relate mainly to information disclosure, human rights, employment, environment, and anti-corruption efforts. Borealis is a member of the World Business Council for Sustainable Development (WBCSD) and a Core Partner in the New Plastics Economy (NPEC), an important global initiative led by the Ellen MacArthur Foundation that seeks to unite a broad range of global stakeholders to bring about a circular economy of plastics.

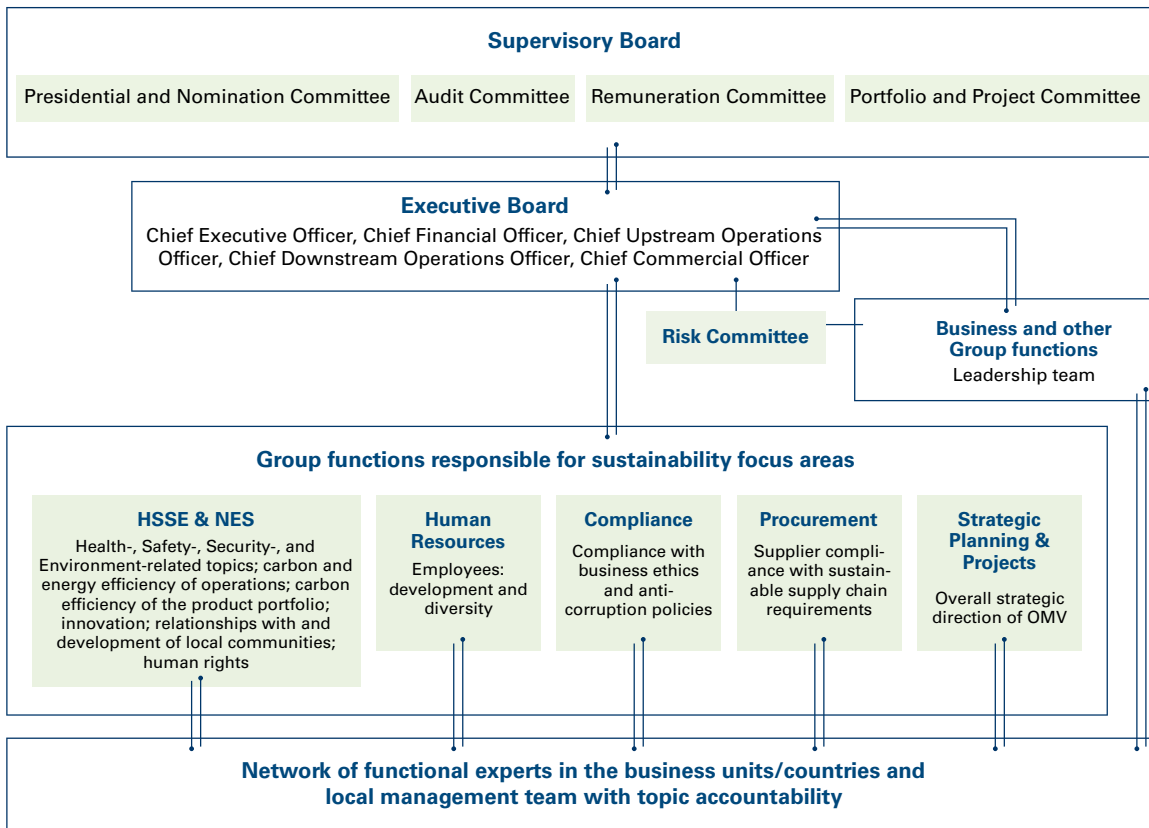
OMV supports the United Nations Sustainable Development Goals (SDGs) with our Sustainability Strategy, especially:



However, we take action to further all of the SDGs as part of our commitment to global sustainable development. Read about some of our 2020 highlights in supporting the SDGs in our [online report](#).

Sustainability Governance

Sustainability-related topics (including issues relating to climate change mitigation and adaptation) are fully integrated into the overall governance structure of the Company. These topics have the same weight as any other business consideration and, following the Company's responsible approach to business, are integrated into the daily operation and management processes of the Company.



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

The Business and Other Group Functions leadership team has a general overview and control over the implementation of all Company functions on the ground, and ensures that environmental and social aspects are integrated into the business activities. In 2020, senior management performed a half-year review of progress on Sustainability

Strategy targets and the status of the initiatives. Members of the leadership team also form the Risk Committee, chaired by the CFO, which ensures that material financial and non-financial risks are properly identified and managed. (For more information on the risk management process, see the Annual Report 2020 under [Risk Management](#).)

Engagement on OMV's sustainability performance and strategy, including with socially responsible investors, is coordinated by HSSE & NES and Investor Relations. The Executive Board and Supervisory Board approve the Company's Sustainability Report. (More details on the engagement with stakeholder groups can be found [here](#).)

The Executive Board is the highest managing body of the Company. The Executive Board reports to the Supervisory Board on a regular and ad-hoc basis. The Supervisory Board appoints members of the Executive Board, monitors and supervises its decisions, and advises the Executive Board on strategy development. The Executive Board approves the Sustainability Strategy as part of the Corporate Strategy and is accountable to the Supervisory Board for its implementation. (For more information on the functions and composition of the Executive Board and Supervisory Board, see the Annual Report 2020 under [Consolidated Corporate Governance Report](#).)



Executive Remuneration

The Supervisory Board appoints among its members qualified expert committees that support the decision-making of the Supervisory Board. The Remuneration Committee is authorized to determine the Executive Board's remuneration, including the structure of the remuneration system and the actual target achievement. The Executive Board remuneration consists of fixed and variable remuneration elements. The variable remuneration – the Long-Term Incentive Plan (LTIP) and the annual bonus – includes performance criteria related to the Company's sustainability performance.

Following shareholder engagement and feedback during corporate governance roadshows in autumn 2019, the Remuneration Committee decided to put an even stronger emphasis on sustainability and environmental topics. This is being achieved by introducing new, clearly defined criteria to the sustainability multiplier in the annual bonus calculation along with a greenhouse gas (GHG) emissions reduction target, as well as a diversity target in the Long-Term Incentive Plan. The sustainability multiplier as part of the annual bonus is determined at the discretion of the Supervisory Board based on a predefined set of criteria that are selected due to their importance for OMV's sustainability performance. The set of criteria for the sustainability multiplier includes workplace accidents involving fatalities, LTIR, Reserve Replacement Rate (three-year average), number and volume of oil spills as well as progress on concrete sustainability projects including, but not limited to, carbon reduction measures.

In addition to including a GHG emissions reduction target and diversity target in the LTIP, a Health, Safety, Security, and Environmental (HSSE) malus may also be applied to the overall target achievement. In situations where a severe health, safety and security, or environmental breach has occurred, the Remuneration Committee can reexamine the level of the LTIP payout and, depending on the extent of the infraction, reduce it at its reasonable discretion, to zero if necessary.

Selected employees at senior management level are also eligible to participate in the LTIP.

An external audit of the actual target achievement is performed by the Group's auditor, and the results are communicated to the Remuneration Committee and Supervisory Board.

Risks and Opportunities

Like the oil, gas, and petrochemical industry as a whole, OMV is exposed to a variety of risks – including market

and financial risks, operational risks, and strategic risks. The Group's risk management processes focus on identification, assessment, and evaluation of such risks and their impact on the Group's financial stability and profitability. The objective of these activities is to actively manage risks in the context of the Group's risk appetite and defined risk tolerance levels in order to achieve OMV's long-term strategy.

Enterprise-Wide Risk Management

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

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

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

The Group Risk Committee, which is composed of the OMV Group CFO and members of senior management, meets at least four times a year, ensuring that risk awareness and prevention are deeply integrated into decision-making processes. The Committee validates the key non-financial and financial risks identified with respect to OMV's medium- and long-term objectives. (For more information, see the [Annual Report](#)).

OMV focuses particularly on five Sustainability Strategy areas: Health, Safety, Security, and Environment (HSSE); Carbon Efficiency; Innovation; Employees; Business Principles and Social Responsibility. OMV Executive Board members regularly (at least quarterly) discuss current and upcoming environmental, climate, and energy-related policies and regulations; related developments in the fuels and gas market; the financial implications of carbon emissions trading obligations; the status of innovation project implementation; and progress on achieving sustainability-related targets. OMV focuses on assessing the potential vulnerabilities of the Company to climate change (e.g., water scarcity, droughts, floods, and landslides), the impact of the Company on the environment, and the mitig-



ation actions that will ensure a successful transition to a low-carbon environment (reduction of carbon emissions, compliance with new regulatory requirements, etc.).

Risk Management Process

The risk management process combines an intensive bottom-up and top-down approach, with every single employee responsible for implementing the most appropriate mitigation strategies for the risks within their sphere of responsibilities. Risks are identified using a selection of the appropriate risk identification techniques like interviews, workshops, surveys, and analyses of historical losses, but also information on risks documented in risk registers or loss databases. In particular, environmental risks are identified by using approaches such as a standardized environmental risk assessment methodology applying a double materiality approach whenever possible. Such risks are then analyzed against a medium-term horizon of three years or the long-term perspective (more than ten years), including their possible quantitative impact as a deviation of cash flow from the midterm plan and the likelihood of such an impact. Heat maps or risk matrices are used to support the assessment process and serve to identify probability ranges and the related consequences if risks were to materialize.

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

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

Bottom-up and top-down perspectives are combined to provide a comprehensive risk profile of the organization, which is taken into consideration when the OMV strategy is developed or updated.

Risk Taxonomy

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

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

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

Financial risks, including market price risks, foreign exchange risks, and risks arising from European Emission Allowances: The market price risk is monitored and analyzed centrally in respect of its potential cash flow impact using a specific risk analysis model that considers portfolio effects. Such risks also cover the impact of volatile prices for (European) Emission Allowances, where typical mitigation activities like spot, forward, or futures transactions are applied to ensure a balanced position of emission allowances by selling the surplus or covering the gap.

Operational risks, including all risks related to physical assets, production risks, project risks, personnel risks, IT risks, HSSE, climate change, and regulatory/compliance risks: All operational risks are identified, analyzed, monitored, and mitigated following the Group's defined risk management process.

Strategic risks arising, for example, from changes in technology, climate change, risks to reputation, or political uncertainties

For reporting purposes, this taxonomy is mapped to various other risk classifications such as NaDiVeG and TCFD. Additional information on major financial and non-financial risks is included in the [Annual Report 2020](#).

Mapping Our Sustainability Risks

The Austrian Sustainability and Diversity Improvement Act (NaDiVeG) defines risk as a potential negative effect on sustainability originating from a company's operations, its supply chain, or its products/services. For OMV, a risk represents uncertainty regarding Company objectives measured by combining the likelihood or frequency of an event



and its consequences, which can result in opportunities or threats to the success of the Company’s sustainable business performance. We have summarized the potential risks (divided into threats and opportunities), mitigation measures, and net risks and opportunities of OMV activities, structured by our material topics and related NaDiVeG concerns in the table below. Materiality in this context is

defined as issues having a potentially significant impact on the environment or society (for more information, see [Materiality and Stakeholders](#)). Risks reported were selected based on their magnitude using impact and probability, and at least one relevant example for each material topic was selected.

Material Topic	Risk Description	Mitigation Measures	Effect Description
Health, Safety, and Security (NaDiVeG: environmental concerns)	Threat: Loss of integrity of a pipeline due to causes like pressure control systems failing or annular gas migration as a result of poor cementing of surface casings, resulting in a major accident (explosion, major fire, major oil spill). This would lead to a major oil spill event, production stoppage, and reputational damages.	<ul style="list-style-type: none"> ▶ Process safety measures and maintenance ▶ Emergency preparedness measures and maintenance ▶ Training of staff <p>For more information, see Process Safety and Spills.</p>	The impact on environment or society is already described in the risk description.
Health, Safety, and Security (NaDiVeG: environmental concerns, employee and social concerns)	Threat: Property damage offshore or onshore caused by various risks outside normal operations or normal maintenance, such as fires and explosions. Risks such as integrity failure or unsafe process safety conditions would lead to business interruption, pollution, harm to employee safety, and reputational damage.	<ul style="list-style-type: none"> ▶ Audits (internal and third party) ▶ Preventive maintenance ▶ Inspections ▶ Rejuvenation Program (plant improvement projects) ▶ Planned turnaround ▶ Qualified and trained personnel <p>For more information, see Process Safety.</p>	The impact on environment or society is already described in the risk description.
Environment (NaDiVeG: environmental concerns)	Threat: The impact of periods of low or no precipitation on surface or subsurface water supplies would lead to the inability to access water for normal operations (internal consumptive use) and for local communities in areas of low water availability.	<ul style="list-style-type: none"> ▶ Integrity improvement through old water pipeline/facility replacement programs, preventive maintenance, water management plans, reduced water consumption, and water efficiency improvements ▶ Water management is a key component of our social license to operate. We engage and cooperate with local communities, and act as a responsible partner. OMV’s water management activities pursue socially equitable water use. <p>For more information, see Water.</p>	The impact on environment or society is already described in the risk description.
Environment (NaDiVeG: environmental concerns)	Threat: Risk of soil and water contamination due to improper waste management; this could be triggered either by the failure to comply with internal regulations by employees, suppliers, and contractors or by the failure of asset integrity.	<ul style="list-style-type: none"> ▶ Improved waste management ▶ Training of staff <p>For more information, see Waste.</p>	The impact on environment or society is already described in the risk description.
Economic Impacts and Business Principles (NaDiVeG: environmental concerns)	Threat: Non-compliance with environmental, emissions, and water laws or internal rules and regulations caused by unexpected changes or different interpretations of the legislation. This would lead to additional OPEX or CAPEX needed to upgrade facilities or extra taxes having to be paid.	<ul style="list-style-type: none"> ▶ Engagement with regulators to ensure laws are correctly interpreted and upheld ▶ Process safety measures and maintenance ▶ Training of staff ▶ Implementation of best available technologies <p>For more information, see Environmental Compliance.</p>	No relevant impact on environment or society



Material Topic	Risk Description	Mitigation Measures	Effect Description
Economic Impacts and Business Principles (NaDiVeG: corruption prevention)	Threat: Abuse of entrusted power for individual unlawful gain/advantage, personal interest prevailing over company interest, or other forms of unethical business conduct could lead to reputational damage and pecuniary losses as well as criminal consequences in isolated cases.	<ul style="list-style-type: none"> ▶ Implementation of Compliance Management System <p>For more information, see Business Principles and Anti-Corruption.</p>	No relevant impact on environment or society
Supply Chain (NaDiVeG: employee and social concerns)	Opportunity: OMV enhances local safety regulations by requiring the integration of best practice HSSE aspects in all phases of the life cycle of contracts and contractor management.	<ul style="list-style-type: none"> ▶ Improving the HSSE performance of OMV contractors through, e.g., HSSE requirements in the scope of work, HSSE prequalification of contractors, HSSE requirements in annexes to contracts, audits, HSSE induction, joint HSSE trainings, joint HSSE walks, inspections, etc. <p>For more information, see Occupational Safety.</p>	Shared knowledge stays within the local community and increases safety and environmental awareness in these communities, which leads to a positive impact on the environment and society.
Supply Chain (NaDiVeG: respect for human rights, employee and social concerns)	Threat: Risk of poor labor practices in supply management such as the failure to pay decent wages in the supply chain (human rights). The supplier pays wages below standards established by international human rights bodies (e.g., 60% of the national net average earnings of a full-time worker).	<ul style="list-style-type: none"> ▶ Human Rights Country Entry Check before launching operations in a country as well as regular human rights assessments in our countries of operations including labor rights aspects ▶ Training for employees (focus on high-risk countries) ▶ HSSE contractor management considers human rights aspects (including labor rights) in the prequalification and auditing phase ▶ ESG supplier assessments ▶ Code of Conduct including labor rights <p>For more information, see Human Rights and Supply Chain.</p>	Poor labor practices will have an impact on workers' mental and physical health, even low life expectancy.
Employees (NaDiVeG: employee and social concerns)	Threat: The industry is bracing for a serious shortfall of experienced technical professionals over the next several years due to attrition and retirement. The risk is as much about the number of workers retiring as it is about those ready to replace them. The lack of professional trade schools and the limited number of universities with oil and gas programs contribute to the low number of skilled graduates to replace professionals currently working.	<ul style="list-style-type: none"> ▶ Developing new projects in order to prepare young students for trade schools in various specialties in the oil and gas industry <p>For more information, see Skills Management and Employee Development.</p>	We build robust talent pipelines by cooperating with universities and offering internships and apprentice programs. OMV is a major European employer with a strong international footprint and growth focus. We strive for long-term employment relationships and offer competitive compensation and benefits packages.



Material Topic	Risk Description	Mitigation Measures	Effect Description
Employees (NaDiVeG: employee and social concerns)	<p>Threat: Risk of not attracting and/or failing to retain competent staff in countries where acquiring and retaining skilled mid-career staff is a challenge.</p> <p>Notice periods and common practice in some countries lead to staff leaving the organization quickly.</p> <p>Lack of motivation, lack of engagement, and the risk of losing talented professionals following the increasing pressure to reduce costs on learning and development projects.</p>	<ul style="list-style-type: none"> ▶ Ensuring competitive compensation and benefits by continuously monitoring market trends and international best practices. A new Group-wide recruiting standard has been implemented to ensure a high-quality recruitment process in order to attract top professionals. ▶ Strengthening the culture of feedback and increasing training for leaders <p>For more information, see Skills Management and Employee Development.</p>	No relevant impact on environment or society
Employees (NaDiVeG: employee and social concerns)	<p>Threat: Failure to reach the Group diversity target increases the risk of losing female top talent.</p>	<ul style="list-style-type: none"> ▶ Increasing the proportion of women in senior management positions through a range of initiatives, such as mentoring, training on unconscious bias, and maintaining a work environment that supports work-life balance and models that support balancing parenthood ▶ Embedding our diversity targets in succession planning, with a preference for female candidates when identifying top talent ▶ Gender is one of the diversity criteria we apply when selecting members of the Supervisory Board and of the Executive Board. <p>For more information, see Diversity and Inclusion and the Annual Report.</p>	The impact on environment or society is already described in the risk description.
Human Rights and Communities (NaDiVeG: respect for human rights)	<p>Threat: Risk of failing to fulfill the expectations of local communities and local administrations with regard to economic benefits and contributions to the development of local areas by implementing community development projects as per local needs.</p>	<ul style="list-style-type: none"> ▶ Carrying out social and human rights impact assessments including baseline and community needs assessments at the planning stage in order to identify potential impact areas to be addressed in the design phase ▶ Development and application of local content strategy and education and skill development programs for locals, including local contractors ▶ Education and awareness sessions about local norms and customs for site staff, including contractors and subcontractors ▶ Regular stakeholder engagement including communities on site ▶ Establishment and effective application of community grievance mechanism ▶ Defining social indicators and integrating them into regular HSSE audits <p>For more information, see Human Rights and Local Procurement and Capacity Building.</p>	The impact on environment or society is already described in the risk description.



Material Topic	Risk Description	Mitigation Measures	Effect Description
Circular Economy (NaDiVeG: environmental concerns)	Threat: Plastic waste, if not collected, sorted, and disposed of properly, could end up in the environment, cause environmental pollution, harm animals, and ultimately end up as microplastics in drinking water and food.	<ul style="list-style-type: none"> ▶ Plastics are too valuable to end up in the environment. As a resource, plastics should be collected, sorted, and recycled. Borealis therefore plays a key role in the transformation of the industry to a circular economy. ▶ Borealis has initiated Project STOP, a program that helps cities in Indonesia establish low-cost, more circular waste management systems, thus avoiding the leakage of plastics into the ocean. <p>For more information, see Plastics Recycling and Waste.</p>	The impact on environment or society is already described in the risk description.
Circular Economy (NaDiVeG: environmental concerns)	Opportunity: OMV identifies opportunities that would limit emissions beyond regulatory carbon emissions requirements in various countries where we operate. Capturing CO ₂ and processing it into synthetic fuels, plastics, or other chemicals are included in the opportunities identified.	<ul style="list-style-type: none"> ▶ Creating cross-sectoral value chains and operating full-scale plants <p>For more information, see CO₂ as Raw Material.</p>	Significant positive environmental benefits as CO ₂ is not emitted but turned into a feedstock and utilized in a circular economy
Climate Change and Energy Transition (NaDiVeG: environmental concerns)	<p>Threat: Risk of imbalance between certificates allocated and emissions volumes required for company activities, resulting in higher costs generated by the uncertainties about the allowance demand and abatement costs.</p> <p>Risk of failing to improve energy efficiency followed by insufficient focus on or capability to achieve energy efficiency (to identify and implement energy efficiency projects), leading to higher energy costs, energy consumption, and GHG emissions.</p> <p>Risk of inability to adapt to the rapid changes to emerging routine flaring requirements. Reputational damage could be triggered by pressure from local communities for reductions beyond the applicable legislation on flaring and emissions intensity. With the expected upcoming stricter policies and regulations requiring zero routine flaring conditions, certain field development concepts based on routine flaring might not be feasible (e.g., early production facilities in remote areas) or may only be possible with higher investments and operating costs.</p>	<ul style="list-style-type: none"> ▶ Developing and implementing a forward-looking OMV Carbon Trading Strategy ▶ Lowering internal hurdle rates for energy efficiency projects ▶ Reducing GHG emissions in OMV's carbon-intensive facilities by implementing energy efficiency improvements and technology changes ▶ Boosting energy efficiency and reducing internal fuel consumption by increasing renewable energy supplies, such as the Company's own photovoltaic plants ▶ ISO 50001 certifications for Refining and partly for Upstream ▶ Phasing out routine flaring and venting as a major contribution to reducing GHG emissions ▶ Carbon reduction targets integrated into the Executive Board's Long-Term Incentive Plan <p>For more information, see Carbon Efficiency and Business Resilience.</p>	OMV's 2020 total Scope 1 GHG emissions amounting to 10.7 mn t CO ₂ equivalent increased the CO ₂ concentration in the atmosphere by 0.0063 ppm.



Material Topic	Risk Description	Mitigation Measures	Effect Description
Climate Change and Energy Transition (NaDiVeG: environmental concerns)	Threat: Risk arising from the organization's inability to implement and manage new technology and products to reduce the carbon intensity impact. Emerging regulations aimed at the decarbonization of economic activities pose a substantial and wide-ranging threat to our carbon-intense value chain, thereby leading to both direct and indirect risks for OMV.	<ul style="list-style-type: none"> ▶ Strong focus on natural gas sales and petrochemicals sales increase ▶ Developing new business opportunities based on a low-/zero-carbon product portfolio by the newly created New Energy Solutions department ▶ Carbon reduction targets for the product portfolio ▶ Carbon reduction targets integrated into the Executive Board's Long-Term Incentive Plan <p>For more information, see Carbon Efficiency.</p>	OMV's total GHG emissions from all activities 2020 onward based on the current product portfolio and current proven/probable reserves (assuming all of the reserves are produced and burned) amount to an estimated 2.16 Gt CO ₂ equivalent, which represents around 0.5% of the total remaining global carbon budget of about 420 Gt CO ₂ equivalent. This would increase the atmospheric CO ₂ concentration by about 0.12 ppm.
Climate Change and Energy Transition (NaDiVeG: environmental concerns)	Opportunity: As part of the clean energy transformation process to tackle the impact of climate change, OMV develops viable businesses based on hydrogen, bioenergy, carbon, and geothermal models, for instance. This would generate new revenue streams to compensate for the reduction in conventional product demand. There is potential for substantial new business, e.g., intensifying the strategic energy cooperation with various partners in order to generate renewable energy for OMV's own energy consumption or developing new technologies and products in order to reduce the carbon intensity of conventional oil and gas products in the Company's portfolio.	<ul style="list-style-type: none"> ▶ Identify and execute business opportunities which offer significant upscale potential, fit OMV's capabilities, and create long-term value for OMV and its shareholders ▶ Increase energy efficiency and reduce internal fuel consumption by using renewable energy supplies such as our own photovoltaic plants ▶ Develop OMV's long-term decarbonization targets ▶ Carbon reduction targets integrated into the Executive Board's Long-Term Incentive Plan ▶ Scale up engagement in renewable energy sources <p>For more information, see Climate Strategy and Carbon Efficiency.</p>	New energy solutions promoted by OMV will ensure a healthy environment and economic development.

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. Climate-related risks and opportunities have already affected our business plans and objectives in the medium term (three- to five-year horizon) considerably – and therefore our financial planning. The most substantive climate-related changes in the oil and gas industry are expected to arise on a longer time scale – in particular with regard to revenues. Nevertheless, management pays close attention to climate-change-related long-term risks and opportunities and takes these into account in strategic decision-making.

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

Physical Risks

Chronic physical risks, such as periods of low or no precipitation on surface or subsurface water supplies would lead to an inability to access water for 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 activ-



ities, e.g., in Tunisia, Yemen, and other countries in the Middle East and Africa region, which are already experiencing a certain level of water stress.

Acute physical risks, such as the increased severity of extreme weather events like cyclones and floods, e.g., risk of landslides in Romania, are generated by a higher frequency of extreme weather events like intense rainfall, rapid snow-melt, and sharp fluctuations in ground-water levels leading to soil erosion.

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 due to the uncertainties about the allowance demand and abatement costs. The potential financial impact on OMV is estimated at EUR 125 mn, or 0.8% of total OMV Group revenues in 2020.

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. OMV's target for the overall product portfolio is a share of at least 60% of low-/zero-carbon products (including gas) by 2025.

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 slight decrease in gasoline and diesel production in accordance with European regulations, a new car registration trend toward gasoline and battery-powered electric/hybrid cars, and a decrease in our heavy products production.

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. In the very unlikely worst-case scenario, assuming that assets with routine flaring/venting in Romania, Yemen, and Tunisia have to interrupt production for six months to implement technical measures in line with the requirements under zero flaring regulations, the potential financial impact on OMV is estimated at EUR 364 mn, representing 2% of total OMV Group revenues in 2020.

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, biofuels, e-mobility).

Polyolefins produced by Borealis are used to make products that are important for the energy transition, such as solar panels and cables for transmitting renewable electricity.

A key opportunity for OMV when it comes to the supply chain and/or value chain is to supply refineries with innovative feedstock, such as synthetic crude. Synthetic, recycled crude reduces the dependence on fossil resources and improves carbon intensity.

For more information on our climate-related risks and opportunities, see our CDP response.

Business Resilience

The COVID-19 pandemic had a significant impact on energy markets worldwide in 2020, disrupting supply and demand dynamics. The global economy is now bracing for a multi-year recovery with a strongly divergent pace among different regions. In the short to medium term, energy demand will again grow but will be coupled with the risk that some changes in consumer behavior may remain, especially in strongly affected sectors like tourism and aviation. Thanks to the announcement of the European Green Deal, renewable energy outpacing the crisis, and many countries declaring net-zero carbon ambitions, 2020 can be considered a landmark year for the global energy transition. This will have a sustainable impact on the energy markets in the medium to long term. 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.

Scenario Analysis

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,



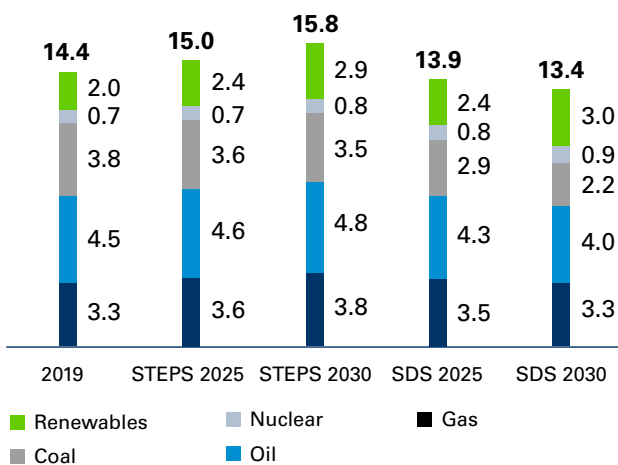
and social developments and their implications for the energy market and, consequently, for our business.

OMV currently still uses the International Energy Agency (IEA) Stated Policies Scenario (STEPS), given that it incorporates current and announced policies, targets, and plans. Based on the IEA STEPS, 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 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 STEPS, changing demand will lead to a less carbon-intensive fuel mix.

In comparison to the IEA STEPS analysis, the IEA Sustainable Development Scenario (SDS) was used by OMV as downside sensitivity to generally understand how the existing and future OMV portfolios perform in such a business scenario. The SDS charts a path fully aligned with the Paris Agreement by holding the rise in global temperatures to well below 2°C and meets objectives related to universal energy access and cleaner air. For this scenario, a thorough analysis was performed regarding the assumptions behind it and their implementation in an OMV model in order to understand the long-term financial consequences for OMV. For example, the CO₂ price from the IEA SDS for the year 2040 was applied to OMV key indicators projected for 2040. The estimated impact was at least EUR 1 bn. Applying the IEA's price assumptions in this scenario to a volume of 13 mn t for 2040 compared to the base line assumed in our financial planning could lead to an impact of at least EUR 1 bn.

Global Energy Demand by Primary Energy Sources

In bn toe



Source: IEA World Energy Outlook 2020

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. OMV has introduced lower return on investment specifications for projects that will reduce GHG emissions. These risk-adjusted return expectations in the financial steering model apply to carbon reduction projects as well as new energy solution projects.

Pursuing Low-Cost Upstream Production With a Gas Focus

In a rapidly changing world, OMV is revising its volume targets for 2025. The initial goal of reaching a production volume of 600 kboe/d and 1P reserves of 2 bn boe by 2025 will no longer be pursued. Going forward, the Upstream portfolio will be operated for value, cash flow will be harvested, and there will be a strong emphasis on gas. OMV expects to maintain a production corridor of approximately 450–500 kboe/d until 2025, with an overweight on gas, and achieve a production cost below USD 7/boe.

Diversifying Our Products

In 2020, we took a major step in diversifying our product portfolio through acquiring a majority stake in leading polyolefins producer Borealis. With full control of Borealis, OMV Downstream increases its base chemicals production and extends its value chain to polyolefins and fertilizers. The joint production capacities make OMV the top producer of ethylene and propylene in Europe and one of the top ten polymer producers worldwide. The acquisition is a strategic extension of OMV's value chain into high-value chemicals. This provides a natural hedge against the cyclicity of each value chain step with respect to both volumes and market spreads, de-risking OMV's exposure to volatile markets. With the Borealis acquisition, OMV is shifting emphasis to products with strong growth prospects which are also in demand in a low-carbon world (for more details, see [Petrochemicals and Plastics](#)).

We are designing our product portfolio for lower carbon intensity by stepping up our sales of natural gas, CNG, and LNG so that we are prepared for the growing demand for these products (for more details, see [Future Mobility](#)).



We are 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 carbon emissions by 45% and lower energy demand by 20% per t of product (for more details, see [Circular Economy](#)). We are also researching alternative feedstocks and intensifying our focus on the production of sustainable biofuels by way of Co-Processing (for more details, see [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).

Materiality and Stakeholders

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

In 2020, OMV updated the materiality analysis of sustainability topics in compliance with the legal requirements related to the disclosure of non-financial information in Austria (Nachhaltigkeits- und Diversitätsverbesserungsgesetz; NaDiVeG) and the GRI Standards. Considering stakeholder interests, the significant external economic, environmental, and social impacts of OMV's business as well as the financial materiality and business relevance of these topics to OMV were essential to this process. Impacts (both by OMV and on OMV) and the relevance to stakeholders were considered across the entire OMV value chain (Upstream, Downstream, Corporate). In order to maintain an objective and independent view on the material topics, we conducted this process together with an external party. The extensive materiality analysis involving internal and external stakeholders will be repeated every three years, or if significant changes in the business or market environment occur.

The 2020 analysis reflects updates in sustainability reporting standards (e.g., GRI, SASB, IPIECA, EU Guidelines on Non-Financial Reporting), existing or forthcoming regulations and policies (e.g., EU Green Deal, including the Circular Economy Action Plan) as well as emerging sector trends. Sustainability topics covered in peer reports, including peers from both the oil and gas and petrochemicals sectors, were also taken into account. To reflect the pending acquisition of Borealis, which was completed after the materiality assessment was conducted, material topics from Borealis' materiality assessment in 2019 were included.

Following desk research and the internal identification of impacts through workshops and expert consultation, a long list of 46 sustainability aspects was developed and clustered into eight topics: Health, Safety, and Security; Climate Change and Energy Transition; Economic Impacts and Business Principles; Employees; Circular Economy; Environment; Human Rights and Communities; Supply Chain. In Borealis' 2019 materiality analysis, four core topics were identified: Climate Change; Circular Economy; Plastic Waste and Management; Product Sustainability. Circular Economy was identified as a new potential individual material topic by OMV experts. Climate Change was considered to be covered by the topic Climate Change and Energy Transition. Plastic Waste and Management was considered to be part of an aspect under Environment (waste management), and Product Sustainability was deemed an aspect under Health, Safety, and Security (product safety).

Three online surveys were then conducted during September/October 2020 to prioritize the sustainability topics and aspects from a stakeholder perspective (by internal/external stakeholders), external impact perspective (by internal experts), and business relevance perspective (by OMV managers). A total of 225 responses were submitted. The stakeholder groups engaged in the materiality analysis were OMV employees, NGOs/NPOs, governmental authorities, media, capital market participants, suppliers and contractors, customers, joint venture and other business partners, competitors, scientific and research institutions, industry associations, and local communities.

The results of the topic prioritization were consolidated into a materiality matrix with the three dimensions stakeholder relevance, impact, and business relevance. All eight sustainability topics were deemed to be material as they rank between 3 (important) and 5 (extremely important) on a scale from 1 to 5. Within the topics, the underlying aspects were further prioritized based on their ranking within and across topics. All NaDiVeG-related aspects were considered particularly relevant. Based on this approach, a total of 20 aspects were identified as particularly relevant. (For more information, see [Material Topics](#).)

The results of the analysis were acknowledged by the OMV Executive Board. For reporting purposes, the eight topics have been clustered into five major groups that also correspond to the Sustainability Strategy: Health, Safety, Security, and Environment encompasses the material topic Health, Safety, and Security and the material topic Environment; Carbon Efficiency encompasses the material topic Climate Change and Energy Transition; Innovation encompasses the material topic Circular Economy; Employees encompasses the material topic Employees; Business Principles and Social Responsibility encompasses the material topics Economic Impacts and Business Principles, Supply Chain, and Human Rights and Communities. In this Report, we disclose in detail the eight material topics and the underlying aspects that are viewed as being most material to OMV and our stakeholders. We also continue to report on other topics to a lesser extent.



Material Topics

Climate Change and Energy Transition

Accessible, secure, and forward-looking energy supply, energy efficiency, and climate action along the value chain

- ▶ **Expansion of new energy solutions** ³
- ▶ **Efficient use of energy in operations**
- ▶ **Reduction of flaring, venting, and fugitive emissions**
- ▶ **Use of renewable energy for own operations**
- ▶ **Expansion of low-carbon products**
- ▶ **Use of CCS**
- ▶ Access to energy
- ▶ Adaptation to physical and transition risks

NaDiVeG: environmental concerns

[Read more about Climate Change and Energy Transition.](#)

Environment

Environmental management and prevention of spills and water, air, and soil pollution

- ▶ **Spills management**
- ▶ Waste management
- ▶ Water management
- ▶ Other air emissions
- ▶ Biodiversity and ecosystems

NaDiVeG: environmental concerns

[Read more about Environment.](#)

Health, Safety, and Security

Reduction of health and safety risks for OMV employees and customers, as well as protection of assets, information, and operations against any threat

- ▶ **Occupational health and safety**
- ▶ **Asset integrity and process safety**
- ▶ IT security
- ▶ Conflict and security practices
- ▶ Product safety

NaDiVeG: employee and social concerns

[Read more about Health.](#)

[Read more about Safety.](#)

[Read more about Security.](#)

Employees

Creation of stable jobs and good working conditions, enabling skills development, diversity, and equal opportunities

- ▶ **Talent attraction and retention**
- ▶ **Skills development and training**
- ▶ **Working practices and conditions**
- ▶ **Diversity, inclusion, and non-discrimination**
- ▶ Freedom of association and collective bargaining

NaDiVeG: respect for human rights, employee and social concerns

[Read more about Employees.](#)

Circular Economy

Innovative technologies that contribute to a circular economy, especially the reduction of plastic waste and raw material consumption

- ▶ **Reduction of plastic waste**
- ▶ Reduction of CO₂ emissions
- ▶ Reduction of the use of fossil resources
- ▶ CCU

NaDiVeG: environmental concerns

[Read more about Circular Economy.](#)

Economic Impacts and Business Principles

Creation of direct and indirect economic value through OMV business activities, as well as compliance with anti-corruption and other legal requirements

- ▶ **Direct economic value generated and distributed**
- ▶ **Indirect economic impacts through local economic development**
- ▶ **Anti-corruption and anti-competitive behavior**
- ▶ Corporate Governance
- ▶ Public policy and lobbying
- ▶ Tax strategy and transparency

NaDiVeG: corruption prevention

[Read more about Economic Impacts.](#)

[Read more about Business Principles.](#)

³ Aspects in bold under each material topic were determined to be most material and are the focus of OMV's sustainability reporting.



Human Rights and Communities

Protecting the rights of OMV employees, business partners, and third parties such as indigenous peoples as well as managing the impact of activities on the local community

- ▶ **Local employment, skills development, and education**
- ▶ **Environmental, health, and well-being impacts**
- ▶ Impact on local livelihood and culture
- ▶ Community development investments
- ▶ Land use, resettlement, and compensation
- ▶ Infrastructure impacts
- ▶ Forced labor and modern slavery

NaDiVeG: respect for human rights, employee and social concerns

[Read more about Human Rights.](#)

[Read more about Communities.](#)

Supply Chain

Consideration of social and environmental factors in supply chain management

- ▶ **Business ethics in the supply chain**
- ▶ Local procurement and capacity building
- ▶ Safety of contractors and suppliers
- ▶ Carbon footprint of the supply chain
- ▶ Supplier social assessment
- ▶ Supplier environmental assessment

NaDiVeG: respect for human rights, employee and social concerns

[Read more about Supply Chain.](#)

Stakeholder Engagement

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

Stakeholder Groups	Examples of OMV Engagement	Examples of Key Topics and Concerns Raised by Stakeholders
Capital market participants	<ul style="list-style-type: none"> ▶ Regular reports and presentations, roadshows, Annual General Meetings, conferences ▶ Socially responsible investor (SRI) meetings 	<ul style="list-style-type: none"> ▶ Share price and overall Company performance ▶ Creditworthiness ▶ Valuation compared to peers
Customers	<ul style="list-style-type: none"> ▶ Advertising ▶ Events 	<ul style="list-style-type: none"> ▶ Price and quality of products and services ▶ Customer service
Employees	<ul style="list-style-type: none"> ▶ Townhall events, small update events with an Executive Board member ▶ Internal newsletters, infosccreens, Intranet, internal blog 	<ul style="list-style-type: none"> ▶ Career and development opportunities ▶ Transparent communication and information ▶ Supportive management
Governmental authorities	<ul style="list-style-type: none"> ▶ Information exchange ▶ Relationship management ▶ Regular reporting (as required by law) 	<ul style="list-style-type: none"> ▶ Regulatory framework ▶ Business environment ▶ Security of (energy) supply
Industry associations	<ul style="list-style-type: none"> ▶ Information exchange and regular contact with industry associations 	<ul style="list-style-type: none"> ▶ Regulatory framework ▶ Business environment
Local communities	<ul style="list-style-type: none"> ▶ Sustainability projects, sponsorships, and donations ▶ Grievance mechanisms 	<ul style="list-style-type: none"> ▶ Social and environmental standards and impacts ▶ Engagement with local community
Media	<ul style="list-style-type: none"> ▶ Press releases and conferences ▶ Interviews 	<ul style="list-style-type: none"> ▶ Overall Company strategy, performance, and results
NGOs/NPOs	<ul style="list-style-type: none"> ▶ Social projects, sponsorships, and donations ▶ Stakeholder dialogue and grievance mechanisms 	<ul style="list-style-type: none"> ▶ Environmental, social, and climate performance and risks ▶ Long-term OMV strategy



Stakeholder Groups	Examples of OMV Engagement	Examples of Key Topics and Concerns Raised by Stakeholders
Peer companies, competitors, joint venture and other business partners	<ul style="list-style-type: none"> ▶ Industry meetings ▶ Contracts ▶ Participation in working groups such as IPIECA, IOGP 	<ul style="list-style-type: none"> ▶ Industry-wide standards for sustainability topics ▶ Good practice in exploration, development, and production activities
Scientific and research institutions	<ul style="list-style-type: none"> ▶ Joint projects with industry partners, scientific organizations, and universities ▶ Conferences and lectures 	<ul style="list-style-type: none"> ▶ Information on and best practice for new technologies
Suppliers and contractors	<ul style="list-style-type: none"> ▶ Negotiations and contracts ▶ Supplier audits and assessments ▶ Supplier events 	<ul style="list-style-type: none"> ▶ Fair contracts ▶ On-time payment ▶ Adequate working conditions



Environmental, Social, and Governance Ratings and Indices

OMV received the highest score, AAA, in the MSCI ESG Ratings assessment for the eighth year in a row. This places OMV among the best 10% of oil and gas companies. OMV also maintained its Prime Status in the ISS ESG rating with a score of B-. This positions us among the 5% best oil and gas companies in terms of ESG performance. In addition, OMV was included in the SAM Sustainability Yearbook 2021, based on its assessment in the SAM Corporate Sustainability Assessment (CSA) in 2020. The SAM Corporate Sustainability Assessment (CSA), established by RobecoSAM, is now issued by S&P Global. OMV was also recognized by CDP with a score of A- (Leadership) in the Climate Change category, earning us a place among the 20 best oil and gas companies in this ranking. Furthermore, we were assigned the highest Level 4 rating for carbon management quality by the Transition Pathway Initiative. After being reappraised by EcoVadis – a platform analyzing the ESG performance of suppliers – OMV maintained its Silver supplier status.

Besides these outstanding achievements, OMV has maintained its inclusion in several ESG indexes. Most notably,

OMV was included in the Dow Jones Sustainability Index (DJSI World) for the third year in a row as the only Austrian company in the index. The DJSI World represents the top 10% of the largest 2,500 companies in the S&P Global Broad Market Index based on long-term economic, environmental, and social factors. Moreover, OMV was included in the S&P Europe 350, which is based on the SAM CSA like the DJSI. OMV's inclusion in several MSCI indexes, such as the ACWI ESG Leaders Index and the ACWI SRI Index, was again confirmed. Furthermore, OMV maintained its position in the FTSE4Good Index Series, which is used by a wide variety of market participants to create and assess responsible investment funds. OMV was additionally included in the Euronext V.E Europe 120 index and Euronext V.E Eurozone 120 index (based on its ratings by V.E, an affiliate of Moody's) and maintained its inclusion in the STOXX® Global ESG Leaders index (based on OMV's assessment by Sustainalytics) and in the ECPI® indices.

For more information on OMV's performance in ESG ratings, see our [website](#).

