



## Ethical Business Practices

OMV generates direct economic value (e.g., through taxes) and indirect economic value (e.g., through local procurement which fosters local job creation) in numerous countries worldwide. Thus it is imperative that we act in accordance with the highest ethical standards on an international level everywhere we operate and spread these standards through our supply chain. Unethical behavior, such as corruption, hinders economic development and sustainable development.

OMV is a signatory to the United Nations (UN) Global Compact and we believe that sustainability starts with our value system and a principles-based approach to doing business. Our business partners are also expected to share the same understanding of and commitment to ethical standards. The Ethical Business Practices strategic focus area combines our commitments and actions relating to the integrity of our employees and business partners. Establishing a culture of integrity is the baseline for further fostering the UN Agenda for Sustainable Development, be it through fostering local economic development through local procurement, or ensuring that our public policy engagement and work with suppliers is in line with OMV's climate commitments.



## Economic Impacts and Business Principles

### Material Topic: 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.

#### Key GRI

- ▶ GRI 201: Economic Performance 2016
- ▶ GRI 205: Anti-corruption 2016
- ▶ GRI 206: Anti-competitive Behavior 2016
- ▶ GRI 415: Public Policy 2016
- ▶ GRI 419: Socioeconomic Compliance 2016

#### NaDiVeG

- ▶ Corruption prevention

#### Most relevant SDGs



OMV is defined by the way our people behave. Conducting business sustainably and ethically is crucial for OMV in creating and protecting value in the long term, in building trusting partnerships, and in attracting customers as well as the best suppliers, investors, and employees. We strive to comply with the highest legal requirements, such as on anti-corruption and tax law, be transparent and implement sound corporate governance to ensure our ethical behavior. The principles of corporate governance are a key element for sustainable growth of the business, for enhancement of long-term value for shareholders, and the strengthening of stakeholder confidence.<sup>51</sup>

OMV's Code of Conduct and Code of Business Ethics publicly lay out our commitments to responsible and ethical business conduct. OMV's Code of Business Ethics sets out a zero-tolerance policy on bribery, fraud, theft, and other forms of corruption, and prohibits any support of political parties or donations to them. The Code applies to all employees. It is designed to comply with the standards set by national as well as international anti-corruption legislation (mainly the OECD Anti-Bribery Convention and UK Bribery Act). OMV is a signatory to the UN Global Compact and adheres to the OECD Guidelines for Multinational Enterprises. The OECD Guidelines reflect the government expectations on responsible conduct by businesses. They cover all key areas of business responsibility, including bribery, competition, and taxation. OMV has also published a separate Tax Policy.

## Governance

Ultimate responsibility for ensuring the ethical conduct of OMV while generating economic value lies with the Executive and Supervisory Boards. Responsibility for economic impacts and business principles is not centralized in one department, but rather distributed among various departments. For instance, the OMV 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.

The Group's approach to tax and the risks related to it are monitored by the tax function (as part of Group Finance) and overseen by the CFO and the Supervisory Board. Tax compliance is generally dealt with by finance managers and at legal entity level by local tax managers, shared service centers or external tax advisors. OMV's Compliance and Tax departments report to OMV's CFO.

International and Governmental Relations is the interface in OMV Group to the relevant political and public administration decision-makers. It informs stakeholders in Austria as well as at EU and international level about OMV's business, so that they understand how the oil, gas, and chemical industry works, the challenges it faces today, and the contribution it will play in the future. Relationships with stakeholders are sustainable and based on transparency and mutual trust. International and Governmental Relations reports to OMV's CEO.

<sup>51</sup> Read more in our separate [Corporate Governance Report](#).



The Company's 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 manage-

## Business Ethics 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 supercedes any business interest. Absolute commitment to this objective is embedded at all levels at the OMV Group 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.

### Specific Policies and Commitments

The OMV Group follows a zero-tolerance policy with regard to bribery, fraud, theft, and other forms of corruption. Based on this policy, 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.

To ensure that OMV's commitment to business integrity is clear, OMV has introduced a Code of Conduct<sup>52</sup>, which reflects both the expected standards and the high expectations of our shareholders. The Code of Conduct gives expression to OMV's values and defines OMV's mindset in conducting business responsibly with the focus, among other things, on ethical and legal standards. The Code of Conduct applies to all OMV employees in the Group. All suppliers and business partners are required to share OMV's values and comply with the defined ethical and legal standards.

The Code of Business Ethics describes how OMV fulfills ethical and legal responsibilities internally. It defines the rules and procedures for conflicts of interest, gifts and invitations, donations and sponsorships, intermediaries and lobbyists as

well as for other areas of law, such as trade sanctions and fair competition.

ment also receives onboarding to introduce OMV integrity standards. Once a year, all managers and employees in particularly exposed positions must also sign a conflict of interest and business ethics conformity declaration.

well as for other areas of law, such as trade sanctions and fair competition.

Both the Code of Conduct and the Code of Business Ethics are signed by the OMV Executive Board and apply in all countries where OMV does business. The procedures established by these documents are implemented at every fully consolidated subsidiary of OMV and apply to everyone who works for OMV or on behalf 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](#).)

The internal Whistleblowing Directive lays out how employees and externals can confidentially and anonymously make a whistleblower report regarding corruption and bribes, conflicts of interest, competition law, and capital markets law. The Directive also specifies how cases are handled and defines special protection for whistleblowers against any form of retaliation.

### Management and Due Diligence Processes

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.

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 under IDW PS 980.

### Risk Assessments and Audits

Both external and internal risk factors, in particular 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 semi-annual risk analysis, which is part of OMV's Enterprise-Wide Risk Management (EWRM).

<sup>52</sup> Borealis' Ethics Policy is in line with the OMV Group's Code of Conduct. For the workforce and business partners of the Borealis Group, the Borealis Ethics Policy remains applicable as the relevant working instruction for ethical behavior and business conduct.



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.

OMV has implemented a process for screening both potential new and existing business partners using EU and US sanction lists. In addition to those sanction checks, more exhaustive due diligence assessments are conducted prior to the engagement with a business partner or during the business relationship as needed.

Critically, counterparties in M&A transactions, strategic partnerships, or business partners that have been in the media spotlight in the context of criminal conduct are assessed in greater depth. Such an assessment involves the potential business partner, its direct and indirect shareholders, other investors, and the ultimate beneficiaries of directly or indirectly involved legal entities. To that end, OMV requests that counterparties provide information focused on corruption, money laundering, other criminal conduct, and related sanctions as per OMV's standardized know-your-customer (KYC) questionnaire.

Key red flags are connections to government officials, other individuals, and companies referred to in high-attention media reports related to political and corruption cases, sanctioned entities, or any other suspected involvement in criminal conduct. In cases where intermediaries, lobbyists, or consultants are engaged, we use a third-party service provider to do comprehensive research, including field research. Furthermore, supplier assessments conducted by the OMV Procurement department include a compliance analysis.

Risk-related audits covering fraud and corruption issues form an integral part of the Corporate Internal Audit. Based on the outcome of such audits, additional preventive measures were set up for OMV Petrom, such as third-party background checks of OMV Petrom's business partners.

### Whistleblowing

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, OMV Group has introduced a whistleblower mechanism – the Integrity Platform. Anyone can access it online ([omv-group.integrityplatform.org](https://omv-group.integrityplatform.org)) and anonymously report an issue relating to corruption, bribes, conflicts of interest, antitrust law, or capital markets law. The report can be filed anonymously, if desired.

Special protection is given to employees in their capacity as whistleblowers. Acting as a whistleblower does not bring any adverse consequences. The report will be analyzed, and an answer provided through the same platform within ten days. Identified violations of ethical standards will be handled further by the Whistleblowing Committee, which includes members of senior management.

### Training

It is of strategic importance for us to make sure that every single employee is fully aware of our ethical values and principles. Business ethics training includes training employees on dealing with invitations, gifts, and potential conflicts of interest. In addition, the employees are trained on the topics of donations and sponsorships as well as the requirements for dealing with intermediaries and lobbyists.

The online training for business ethics is aimed at all employees of OMV Group, while the participants in the classroom training courses are selected according to risk-specific criteria, such as work in the Sales or Procurement department.

The training on antitrust law we provide concentrates on the rules for dealing with competitors, customers, and suppliers. Employees are also trained on conduct in markets where OMV has a market-controlling role. An overview of existing sanction rules and trade bans rounds out the content of the training.

The participants in the online and face-to-face training sessions are selected and invited to participate in a regular training cycle according to risk-specific criteria. All target groups are defined at the beginning of the training cycle based on the existing organization. Organizational and personnel changes during a training cycle are continuously adjusted and taken into account.

### Raising Awareness

OMV has launched a compliance app that employees can use on their mobile phones. This provides employees with easily accessible resources and related tools for all compliance-related matters. Employees can submit inquiries on all ethics topics, for instance gifts, invitations, or conflicts of interest; have their sponsorships or donations checked and registered; have new business partners checked against trade sanction and embargo lists; learn how to deal with inside information and file for trading approval; retrieve useful guidance on all

ethics topics; and submit reports on ethical misconduct over the secure Integrity Platform messaging service.

**>100** whistleblowing cases

**0** incidents of corruption; 0 incidents when contracts with business partners or employees were terminated or not renewed due to violations related to corruption

**0** public legal cases involving corruption brought against the organization or its employees during the reporting period

**2** legal actions pending or completed during the reporting period with regard to anti-corruption activities and violations of antitrust and monopoly legislation in which the organization has been identified as a participant<sup>53</sup>

- ▶ Conflicts of interest
- ▶ Cartels/unfair competition
- ▶ Capital market law
- ▶ Public procurement
- ▶ Environmental protection
- ▶ Product/food safety and consumer protection
- ▶ Corporate tax regulations
- ▶ Data protection

**Outlook**

Our goal is to operate a state-of-the-art compliance management system and to have these high standards verified and approved in the course of an external recertification under the IDW PS 980 standard in 2022. Additionally, in 2022, Borealis plans to start an external certification process with the aim of obtaining ISO 37301 (Compliance Management) and ISO 37001 (Anti-Bribery Management Systems) certification. Further, we strive to foster the digital availability of compliance services and information in particular by broadening the functions of the OMV compliance app, for example, implementing a compliance news feed service with regular updates for all employees.

**2021 Actions**

In 2021, we expanded our Integrity Platform in view of new European legal requirements. The Integrity Platform can now be used to make reports of perceived violations in the following legal areas:



**Target 2025**

- ▶ Conduct in-person or online business ethics trainings for all employees

**Status 2021**

- ▶ 16,020 employees in the OMV Group trained in business ethics in 2021. This number is composed of 9,020 e-learning and 477 face-to-face trainings at OMV, and 5,996 CodeOne e-learning and 527 in-person trainings at Borealis.

**Relevant SDGs**



**SDG target:**

**16.5** Substantially reduce corruption and bribery in all their forms

<sup>53</sup> On October 6, 2020, the Polish Competition Authority UOKiK issued a decision with respect to OMV's financing of the Nord Stream 2 natural gas pipeline. In this decision, UOKiK concluded that this financing arrangement breaches Polish merger control rules and imposed a fine of EUR 19.571 mn against OMV. OMV does not share the legal analysis of this decision and is appealing against it. On January 19, 2021, the Competition Council in Moldova initiated an investigation into several oil companies, including Petrom Moldova SRL, in relation to the manner of determining sale prices of main petroleum products and LPG. On April 12, 2021, Petrom Moldova SRL received a statement of objections from the Competition Council regarding an alleged price fixing concerted practice. Petrom Moldova SRL submitted its observations to the statement of objections in July 2021 and is objecting any wrongdoing. The proceedings are still pending.





## Tax Transparency

Our business activities generate a substantial amount and variety of taxes. We pay corporate income taxes, royalties, production taxes, stamp duties, and 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.

### Specific Policies and Commitments

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 public [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. We comply with applicable tax laws and seek to limit the risk of uncertainty or disputes. We perform transactions between OMV Group companies on an arm's-length basis and in accordance with currently applicable OECD principles.

OMV Group companies are established in suitable jurisdictions, giving consideration to our business activities and the prevailing regulatory environment. 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. The Global Tax Directive is the key internal guidance document governing taxes within OMV Group.

### Management and Due Diligence Processes

#### Risk Assessments

We continuously carry out risk reviews, which also include tax risks, in order to assess our current and future financial and non-financial risks, assess how these trends will impact OMV, and then develop appropriate responses. We report key risks internally at least twice a year to the Supervisory Board through a very clearly defined process. The Executive Board drives OMV's commitment to the risk management program and sets the tone for a strong risk culture across the organization.

We follow OMV's risk management system as part of our internal control processes. We identify, assess, and manage tax risks by implementing risk management measures at the operational level with a robust and complex set of controls and procedures. These guarantee verification of the correctness of the data included in the relevant tax returns, tax payments, and communications with tax authorities in a timely

manner. The effectiveness and relevance of these controls and procedures is periodically assessed in order to promptly undertake any necessary mitigation and modifications.

#### Disclosure

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](#).) 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). We also file a country-by-country report (CbCR) for the OMV Group with the Austrian tax authorities. This is done in accordance with Action 13 of OECD's Base Erosion and Profit Shifting (BEPS) Action Plan. The CbCR is an annual tax return that breaks down key elements of the financial statements by tax jurisdiction.

#### Outlook

Taxation as a key steering instrument towards an eco-friendly, green economy plays a major role in the current initiatives of the EU, OECD member states, and the Austrian government.

- ▶ The Fit-for-55 package by which the EU aims to reduce its net greenhouse gas emissions by at least 55% by 2030 will have an impact on the taxation of inefficient and polluting fuels, for instance. In 2021, the members of the OECD/G20 inclusive framework agreed on reforming international tax rules by implementing new rules for profit allocation (Pillar One) and establishing a global minimum taxation regime (Pillar Two) effective in 2023.
- ▶ In 2021, the European Council, European Parliament, and European Commission reached an agreement on the proposed public country-by-country reporting (CbCR) directive. Considering the 18-month transposition deadline for member states, the public CbCR will enter into force in 2024 for the 2023 fiscal filing year.
- ▶ With the adopted eco-social tax reform in Austria, a national CO<sub>2</sub> price will be implemented step-by-step from 2022 onward. The national CO<sub>2</sub> price applies to defined energy carriers according to defined emission factors. As an energy provider, we will be charged a fixed CO<sub>2</sub> price which will be increased annually until 2026, before a market-based system will be put in place. Generally, OMV supports the creation of such economic and socio-political incentives for more climate-friendly behavior, however, favors the creation of an EU-wide harmonized system.



## Public Policy

The OMV Group recognizes that the regulatory framework can help achieve progress on issues such as resource efficiency, climate change, waste reduction, safety improvements, fair trade, and marine littering. Regulators, political stakeholders, and non-governmental organizations (NGOs) can all shape the regulatory framework that affect the Group's business. Therefore, the OMV Group needs to understand the policy, regulatory, and NGO environment and ensure that it can contribute its knowledge and insight to discussions about the future of the regulatory framework.

The OMV Group participates in industry associations to support the understanding of issues, share knowledge, help develop standards, and provide input to regulatory authorities on behalf of the sector. OMV's association activities make an important contribution to a broader debate on a sustainable, affordable, and secure energy future. The energy transition can only succeed if all stakeholders – including legislators, businesses, and society – engage in productive debates. As a voice of business, associations participate in precisely these important debates and contribute their proven expertise on various aspects of policy.

### Management and Due Diligence Processes

#### Direct Political Engagement

The OMV Group is active in economic policy but does not support political parties. Donations to political parties are not permitted as per the Code of Business Ethics. Activities of political parties on the premises of the OMV Group are not allowed. There are no restrictions on engaging in political or public functions or engaging with special interest groups within the framework of legitimate secondary employment. However, it is not permitted to associate the OMV Group with such activities. As with other secondary employment, employees must conclude an agreement with OMV which regulates the details of such activities. Employees must disclose a conflict of interest between the exercising of political or other public functions and their employment with the OMV Group to their line manager and to Compliance.

#### Transparency

We are fully in line with all reporting obligations at national and EU levels, and we are fully compliant with all transparency requirements. Interaction with governments and regulators takes place at international, European, national, and local levels. The OMV Group actively participates in EU and national public consultations on legislative initiatives that are relevant to the Group's business and is a member of relevant industry associations.

### Monitoring of Participation in Industry Associations

The OMV Group actively participates in industry associations and standardization groups at international, EU, and national levels to stay at the forefront of regulatory and public requirements. OMV Group representatives make OMV's position clear on issues tackled by the associations in which we are members. The Group aims to inform EU policies by engaging with major industry associations such as Fuels Europe, the European Chemical Industry Council (CEFIC), PlasticsEurope, and the Polyolefin Circular Economy Platform (PCEP).

Associations aim to adopt positions that reflect a consensus view among members, and thus may not always reflect the view of every member. We continuously monitor our memberships in associations and their positions on issues so we can consider whether our memberships remain appropriate. As part of our commitment to transparency on climate action, we report not only on our own position and action on climate change, but also on the position of key industry associations in which we are a member. The OMV Group reports annually on the alignment between the industry associations in which we are members and OMV's position on climate change policies. Read our 2021 review [here](#).

In cases of misalignment, especially partial misalignment, we will first advocate for changes in the association's position. Where OMV's position and an association's position continue to fail to align, especially in cases of complete misalignment, we will reassess our membership.

### 2021 Actions

The following key activities were carried out across the Group in 2021:

0 political donations in the Group in 2021

- ▶ In 2021, the EU Green Deal and the Fit-for-55 package were the most relevant regulatory issues for OMV Group in the EU. Sustainable finance legislation, including the EU taxonomy, was on the agenda as well, and the OMV Group participated in the relevant public consultations.



- ▶ OMV Group is represented in the Platform on Sustainable Finance. As a permanent expert group of the European Commission, the Platform assists the European Commission in developing its sustainable finance policies, notably the further development of the EU taxonomy. Its main purpose is to advise the European Commission on several tasks and topics related to further developing the EU taxonomy and to support the Commission in the technical preparation of delegated acts in order to implement the EU taxonomy. In 2021, OMV's expert worked in the Technical Working Group, developing technical screening criteria for the environmental objectives of the EU taxonomy.

- ▶ During our 2021 industry association membership review, we found some partial misalignments and have begun working with the associations in question to get them to full alignment.

### Outlook

In 2022, the Fit-for-55 package will be the most relevant regulatory issue for the OMV Group in Europe as well as all initiatives regarding the circular economy and sustainable finance. The OMV Group will closely monitor upcoming public consultations. In addition, the OMV Group plans to publish an update of its industry associations review annually and to expand the scope of review further.

## Supply Chain

### Material Topic: Supply Chain

Considering social and environmental factors (e.g., business ethics, safety, and carbon footprint of suppliers) in supply chain management.

#### Key GRI

- ▶ GRI 204: Procurement Practices 2016
- ▶ GRI 308: Supplier Environmental Assessment 2016
- ▶ GRI 414: Supplier Social Assessment 2016

#### NaDiVeG

- ▶ Respect for human rights
- ▶ Employee and social concerns
- ▶ Corruption prevention
- ▶ Environmental concerns

#### Most relevant SDGs



Implementing sustainable procurement means caring about the environmental, social, and economic impacts of the goods and services the Company intends to purchase. At OMV, we aim to foster innovation, maximize value contribution, and enable supply chain growth. We achieve this by applying our sourcing and logistics expertise to ensure that the highest-quality materials and services are provided through our supply chain. It is of paramount importance to our organization to be fully compliant with all applicable legal requirements, as well as with our internal safety, environmental protection, and human rights standards while managing our supply chain.

### Specific Policies and Commitments

To mitigate supply chain risks including forced labor, slavery, human trafficking, and corruption, OMV imposes the legal requirements and internal rules and standards

applicable to OMV on its suppliers. Our suppliers are obligated to fully comply with the content of the [Code of Conduct](#), and our supply chain partners are required to sign the Code of Conduct. In addition, our suppliers must accept the [General Conditions of Purchase](#), which further detail our business standards (e.g., labor rights), as an integral part of our contractual agreements. OMV reserves the right to terminate relationships with suppliers if non-compliance with applicable policies is discovered or if non-compliance is not addressed in a timely manner.

### Governance

OMV Procurement is organized as an integrated function and covers day-to-day procurement activities across the entire OMV Group (e.g., including OMV Petrom and Borealis). OMV Procurement is led by the Chief Procurement Officer who reports to the Chief Financial Officer.





From an organizational perspective, OMV Procurement is split into several departments that cover aspects such as Operations & Materials, Raw Materials & Packaging, and Retail & Business Services.

## Management and Due Diligence Processes

### Prequalification

Supplier prequalification is part of precontractual activities during which OMV collects information from a potential supplier for the purpose of evaluating compliance with our HSSE and other sustainability requirements. The goal of the prequalification process is to screen potential suppliers before bringing them on board or during the tender stage to ensure that only those suppliers who meet our HSSE and sustainability standards can be considered for future collaboration. The prequalification is based on a standardized list of elements and objectives according to the OMV Group's HSSE Management System (e.g., HSSE Policy; ISO 9001, 14001, 45001) and our Sustainability Strategy (e.g., Sustainability Policy, Human Rights Policy, Grievance Mechanisms). In Borealis, especially for raw materials and packaging, suppliers located in a so-called "high-risk" country are asked to submit a positive Together for Sustainability (TfS) audit and assessment report. We define high-risk countries by considering human rights, environmental, and ethical aspects.

### Supplier Selection

Following prequalification, Procurement together with business representatives select the best suppliers based on a predefined set of commercial, legal, HSSE, and technical criteria during a tender process. In 2021, we started embedding sustainability elements into the evaluation matrix (e.g., technologically innovative elements, carbon emissions, energy efficiency KPIs) in several pilot projects.

### Risk Assessments

Understanding a supplier's risk is an important factor in deciding whether and how we do business with the supplier. In 2019, we began receiving daily alerts about our registered suppliers through SAP Ariba. These enable us to monitor their risks in four categories: Environmental and Social, Finance, Regulatory and Legal, and Operations. These risk alerts help us conduct a preventive risk management process. Furthermore, OMV has a screening process in place to ensure that parties sanctioned by the EU or international organizations, such as the United Nations, are not accepted as procurement partners.

### Audits

OMV conducts supplier audits as part of the prequalification process and/or during contract execution. The aim of the audits is to measure the performance of our suppliers

and define actions that will enable them to optimize their performance and meet OMV requirements. During the audits, we pay special attention to the financial stability of our suppliers, their strategy and organization, and the supply chain and sustainability (e.g., human rights, carbon management, environmental management, certifications, and social responsibility). In 2021, we added a new cybersecurity dimension to our supplier audits. We also perform yearly subject-specific audits on topics such as process safety, quality, and efficiency. During the supplier audits, we place great emphasis on understanding not only the management approach of the topics within the scope of the audits (e.g., HSSE aspects), but also how the topics are understood and applied by the employees on site (e.g., through on-site discussions with workers and managers). All the audits with in-scope sustainability elements were performed remotely in 2021 due to COVID-19 travel limitations.

## 2021 Actions

**24** audits performed by OMV Procurement with sustainability elements included

**149** TfS (re)assessments

More than **90** buyers across all locations attended awareness sessions on sustainable procurement.

### Together for Sustainability (TfS)

OMV is transforming from a traditional oil and gas company into a global gas, oil, and chemicals group. Borealis has been an active member of Together for Sustainability (TfS) since 2017. Together for Sustainability, a joint initiative and global network of 34 chemical companies, sets the *de facto* global standard for environmental, social, and governance performance of chemical supply chains. The TfS program is based on the UN Global Compact and Responsible Care® principles.

In 2021, OMV joined TfS and expanded the membership to Group level. OMV aims to build on Borealis' expertise and cover a broader range of ESG assessments for our suppliers in the coming years. Becoming a member of Together for Sustainability will help OMV to further embed sustainability in day-to-day business operations and cascade sustainability requirements in our supply chain.

### Training

In 2021, we conducted several awareness sessions on sustainable procurement. More than 90 buyers from OMV, OMV Petrom, and Borealis participated in these sessions. The focus was on discussing with buyers what sustainable

procurement means and what can be done to incorporate sustainability into core procurement processes and day-to-day operations (e.g., carbon footprint of purchased goods and services, sustainability in tenders).

### COVID-19

In 2020, OMV Procurement defined an internal tool to assess the impact of COVID-19 on selected suppliers based on how critical they are to our business. The COVID-19 assessment focused on topics related to the financial stability of suppliers, their risk of insolvency/bankruptcy, downsizing, and OMV's dependence on the products and services delivered by the respective supplier. A COVID-19 supplier risk score was calculated based on the assessment by the Procurement category managers after a prior meeting with the selected suppliers and OMV business representatives. For all high-risk suppliers, we have defined mitigation measures and are monitoring them closely to ensure no interruptions will affect our business.

In 2021, we continued monitoring the impact of COVID-19 on our most critical suppliers.

### Outlook

OMV Procurement is constantly striving to improve in various areas, and in the coming years, sustainable procurement will be a high priority. Our three focus areas for the future will be:

- ▶ Sustainable suppliers (e.g., only suppliers who meet OMV's sustainability requirements will be eligible to participate in tenders)
- ▶ Sustainable sourcing (e.g., we aim to integrate sustainability criteria into award decisions, such as CO<sub>2</sub> emissions per kg product)
- ▶ Low-carbon procurement (e.g., we aim to continuously manage and decrease the carbon volume of purchased goods and services)



#### Target 2025

- ▶ Be an active member of TfS and run sustainability evaluations for all suppliers covering >80% of Procurement spend

#### Target 2030

- ▶ Extend sustainability evaluations to all suppliers covering 90% of Procurement spend

#### Status 2021

- ▶ OMV became a TfS member

#### Relevant SDGs



#### SDG targets:

**8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

**8.7** Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms

**8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

**16.5** Substantially reduce corruption and bribery in all their forms



## Local Procurement

We aim to support the local communities in the locations where we operate by fostering economic development. Local procurement strengthens the local economy and meets the local procurement expectations of neighboring communities. Increased local procurement has had the added benefit of reducing business disruption in recent years. Our local procurement activities in Yemen have focused on the communities immediately neighboring our facilities as well as regional Yemeni suppliers. The aim is not only to generate revenue locally but also to provide training to local suppliers to optimize the local supply chain. This in turn provides faster response times and higher quality of service delivery to OMV as we build up local suppliers through effective supplier relationship management.

### Management and Due Diligence Processes

#### Training

We support local communities and suppliers to further their development through capacity building. For instance, OMV Yemen began providing workshops to educate and train local suppliers and contractors in 2019. The focus was on enhancing technical and financial capabilities.

#### Fit for Purpose

Moreover, OMV Yemen set up an annual local procurement plan and adjusted its procurement processes accordingly. Such adjustments included modifying internal standards and contract templates to enable more local procurement by using a fit-for-purpose approach.

#### Tracking Value Creation

In 2020, a local content dashboard was developed to measure the efficacy of the local procurement strategy in Yemen, and it continued to be utilized in 2021. The dashboard tracks items including order totals, the local personnel of our main contractors, local equipment rented, local suppliers qualified, and local spend. An informal and friendly competition was also launched among suppliers in three categories: top supplier for local personnel hired, top supplier for local equipment rental, and top supplier for local spend to local contractors. The aim was to further encourage local procurement throughout the supply chain. In 2021, the aim was to define a local content

## Carbon Footprint of the Supply Chain

We aim to continuously manage and decrease the carbon volume of our purchased goods and services. OMV is fully committed to climate change mitigation and responsible resource management. Only by working together with our suppliers will we be able to define joint low-carbon initiatives to continuously decrease the carbon emissions in the supply chain and meet our Paris Agreement commitments.

contracting strategy for material stock replacement/reordering with significant input from OMV's warehouse and CSR teams to prepare and engage the local market for this upcoming tender. This strategy will further ensure that future purchases are conducted through local suppliers as a preferred option.

### 2021 Actions

**64.9%** Local order value in the OMV Group

**43.3%** Local order value in Austria

**31.4%** Local order value in Belgium

**90.7%** Local order value in Romania

In 2021, we increased our construction activities in Yemen conducted by local suppliers in addition to ongoing carryover activities from 2020. We aim to have a fully defined local content strategy for material supply with a focus on stock materials.

In 2021, in addition to Yemen, we began focusing on local procurement in Tunisia. In Tunisia, our focus is on employability and skills building, local content, and business capacity building. OMV believes in developing local suppliers and maximizing local content. As part of project implementation, especially in the case of Nawara, OMV required contractors to commit to specific targets to increase employment and procurement opportunities for local communities. Extensive work was carried out by the local procurement department to identify local capacity and match it with operational needs, while addressing the gap by designing and implementing a business capacity building project. Various contracting strategies were elaborated that lead to several contracts with local companies to secure some services for OMV operation needs.

### Outlook

We will continue to roll out country-specific local procurement strategies in countries with the highest needs.

For this reason, OMV became a CDP Supply Chain member in 2021.

### Management and Due Diligence Processes

#### Identification of High-Emissions Suppliers

As part of CDP Supply Chain, OMV invited around 140 suppliers to answer the CDP Climate Change questionnaire in



2021. Suppliers were selected based on their estimated carbon emissions volume and the carbon intensity of the goods and services purchased from them. As part of our CDP commitment, we asked the selected suppliers to submit to us their Scope 1, Scope 2, and Scope 3 emissions, as well as emissions allocated to products and services delivered to OMV.

### Supplier Engagement

Individual meetings and webinars were organized in 2021 to help suppliers understand how to fill out the CDP questionnaire and why this information is important to OMV. In addition to reporting their emissions, we asked the sup-

pliers whether they have carbon reduction targets in place and invited them to share with us any initiatives or projects to reduce carbon emissions in which they would like us to participate. Sustainable procurement and low-carbon procurement were also topics included in the agenda of our annual strategic supplier meetings.

### Outlook

For the coming years, we plan to expand the CDP Supply Chain initiative started in 2021 and increase the number of supplier engagements.



#### Target 2025

- ▶ Engage with suppliers covering 80% of Procurement spend<sup>54</sup> and assess their carbon footprint as a foundation to define and run joint low-carbon initiatives

#### Target 2030

- ▶ All suppliers covering >80% of Procurement spend to have carbon reduction targets in place

#### Status 2021

- ▶ 137 suppliers engaged with
- ▶ 63% of responding suppliers have a climate target in place

#### Relevant SDGs



**SDG targets:**

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

<sup>54</sup> OMV defines A suppliers as suppliers covering 80% of Procurement spend. We plan to increase the number of A suppliers engaged annually to reach 100% of A suppliers by 2025.