



## Ethical Business Practices

OMV generates direct economic value (e.g., through taxes) and indirect economic value (e.g., through local procurement that fosters local job creation) in numerous countries worldwide. It is therefore imperative that we act in accordance with the highest ethical standards on an international level, everywhere we operate, and enforce these standards throughout our supply chain. Unethical behavior, such as corruption, hinders economic 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 brings together our commitments and actions relating to the integrity of our employees and business partners. Establishing a culture of integrity is the baseline for the further adoption of the UN Agenda for Sustainable Development, whether that is achieved by promoting 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 GRIs

- ▶ 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 SDG



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 and the best suppliers, investors, and employees. We strive to comply with the most stringent legal requirements in areas such as anti-corruption and tax law, and to be transparent and implement sound corporate governance to ensure ethical behavior. The principles of corporate governance are a key element for the sustainable growth of the business, for enhancing long-term value for shareholders, and for strengthening stakeholder confidence.<sup>52</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. This Code applies to all employees. It is designed to comply with the standards set by both national and international anti-corruption legislation (mainly the OECD Anti-Bribery Convention and the UK Bribery Act). OMV is a signatory to the UN Global Compact and adheres to the OECD Guidelines for Multinational Enterprises. These Guidelines reflect the government expectations of 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 across various departments. For instance, the OMV Compliance Management System is implemented Group-wide through collaboration between central 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 OMV Group's interface with 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 make 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>52</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 members of senior management also receive 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.

## Business Ethics and Anti-Corruption

The OMV Group is a signatory to the UN Global Compact. Although we are headquartered in Austria, a country with high standards of business ethics, we operate in several countries in the Middle East, North Africa, Asia-Pacific, the Americas, and Europe that are defined as high risk by the Transparency International Corruption Perceptions Index. We strive to avoid the risks of bribery and corruption that are specific to our sector. We also highly value our reputation. Therefore, our highest priority is ensuring uniform compliance with our business ethics standards wherever we operate.

Compliance with ethical standards is a non-negotiable value that supersedes any business interest. Absolute commitment to this objective is embedded at all levels of 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 regarding bribery, fraud, theft, and other forms of corruption. Based on this policy, the OMV Group is committed to detecting any potential policy violations at the earliest stage, thoroughly investigating any such incidents of non-compliance, and determining appropriate organizational measures or sanctions for the individuals involved. The integrity of our employees is the foundation of 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>53</sup>, which reflects both the required standards and the high expectations of our shareholders. The Code of Conduct expresses OMV's values and defines OMV's mindset in conducting business responsibly, with the focus on ethical and legal standards, among other things.

The Code of Conduct applies to all OMV Group employees. All suppliers and business partners are required to share

OMV's values and comply with the defined ethical and legal standards. A separate Code of Business Ethics further 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. OMV has also implemented regulations for compliance with capital markets law, including the prevention of insider trading. These regulations are included in a separate guideline, the Issuer Compliance Standard.

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 external stakeholders can confidentially and anonymously make a whistleblowing report, particularly 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 based on the requirements of IDW PS 980<sup>54</sup>, including policies, audits, and training. The system aims to anchor OMV's business ethics policies throughout the organization and to ensure their correct implementation.

The design and implementation of OMV's Compliance Management System have previously been externally audited for adequacy and effectiveness. The result of each audit was that OMV's system is appropriately designed and effectively implemented in order to prevent, detect, and respond to systematic misconduct in the legal areas of business ethics/anti-corruption, capital market law, competition law, and trade sanctions.

### Risk Assessments and Audits

Both external and internal risk factors, in particular changes to the regulatory framework, as well as recent developments or incidents, are monitored on an ongoing basis to evaluate

<sup>53</sup> Borealis' Ethics Policy is in line with the OMV Code of Conduct and Code of Business Ethics. For the workforce and business partners of the Borealis Group, the Borealis Ethics Policy remains applicable as the relevant work instruction for ethical behavior and business conduct.

<sup>54</sup> IDW PS 980 is an (auditing) standard published by the Institute of German Certified Public Accountants (IDW) in 2011 that contains specific requirements for the design of a compliance system in a company.



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). If new risks are identified, OMV undertakes measures to address them.

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 Perceptions 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 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 illegal conduct are assessed in greater depth. Such an assessment involves the potential business partner, their direct and indirect shareholders, other investors, and the ultimate beneficiaries of directly or indirectly involved legal entities. To that end, OMV uses its standardized know-your-customer (KYC) questionnaire to request information from counterparties so they can assess corruption, money laundering, sanctions, and other illicit conduct risks.

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 illegal conduct. In cases where intermediaries, lobbyists, or consultants are engaged, we use a third-party service provider to do comprehensive research, including source inquiries. Furthermore, vendor assessments are conducted by the OMV Procurement department. 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 may be set up.

### Whistleblowing

We have established channels to help identify ethical misconduct as early as possible. 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, and can help identify breaches of ethical standards. To this end, the OMV Group has introduced a whistleblower mechanism – the Integrity Platform. Anyone can access it online ([omv-group.integrityplatform.org](https://omv-group.integrityplatform.org)) and confidentially report an issue, be it related 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 when information is provided in good faith. Notifications will not lead to any disadvantages at any time. Any whistleblowing report is treated with the strictest confidence, carefully checked in all regards, and further handled 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, employees are trained in the topics of donations and sponsorships, as well as the requirements for dealing with intermediaries and lobbyists.

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

The training on antitrust law that we provide concentrates on the rules for dealing with competitors, customers, and suppliers. An overview of existing sanction rules and trade bans rounds out the content of the training.

Participants in online and face-to-face training sessions are selected and invited to attend 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 taken into account.

### Raising Awareness

OMV has launched a compliance app that employees can use on their cell phones, providing 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, submit inquiries with regards to antitrust matters and obtain guidance, retrieve useful guidance on all ethics topics, and



submit reports on ethical misconduct via the secure Integrity Platform messaging service.

**2022 Actions**

**218** whistleblowing cases in the OMV Group

**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 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>55</sup>

In 2022, a broad-based compliance communication campaign was launched to raise awareness and foster a culture of ethics and integrity within OMV, as well as to encourage reporting of any misconduct. Various means were used to

emphasize the commitment to ethical behavior within the organization, including “Compliance Moments” in town hall meetings, the relaunch of the compliance intranet, and the publishing of blogs and news articles on the intranet. Furthermore, compliance was made a specific focus topic during the onboarding program for new employees. Finally, we expanded the functionality of the OMV compliance app by incorporating a news feed service with regular updates on compliance topics for all employees.

In 2022, Borealis was awarded certification according to ISO 37301 (Compliance Management) and ISO 37001 (Anti-Bribery Management Systems) by Austrian Standards following a two-phase audit process conducted by Taylor Wessing.

**Outlook**

Our goal is to operate a state-of-the-art Compliance Management System and to have these high standards verified and approved during external recertification in 2023 under the IDW PS 980 standard. Also in 2023, Borealis plans to dedicate additional resources to and introduce a new setup for the Group-wide management of social compliance in accordance with a plan recommended by Deloitte. The new setup will enable Borealis to optimally monitor the ethical conduct of business partners and the ethical and legal treatment of their workers.



**Target 2025**

- ▶ Promote awareness of ethical values and principles: conduct in-person or online business ethics training for all employees

**Status 2022**

- ▶ 7,537 employees in the OMV Group were trained in business ethics in 2022. This number is composed of 495 employees at OMV trained in person in business ethics and 7,042 employees at Borealis who received tailored classroom/virtual training sessions on Ethics & Compliance. In addition, 808 employees at OMV were trained in competition law in 2022.

**Most relevant SDG**



**SDG target:**

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

<sup>55</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 on OMV. OMV does not agree with the legal analysis of this decision and appealed against it on November 5, 2020. The appeal had a suspensive effect. On November 21, 2022, the Polish Competition Court annulled in its entirety the decision of UOKiK. The Court stated that the decision was issued in gross violation of the law. The Court’s ruling is subject to an appeal that had to be filed by UOKiK by December 23, 2022. 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 practice. Petrom Moldova SRL submitted its observations to the statement of objections in July 2021 and denied any wrongdoing. The hearing of the parties took place on April 5, 2022.



## Tax Transparency

Our business activities generate a substantial amount and variety of taxes. We pay corporate income taxes, royalties, production taxes, stamp duties, as well as employment and other taxes. In addition, we collect and pay payroll taxes, and 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 the OECD principles currently in force.

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 Code of Business Ethics and our Code of Conduct. The Global Tax Directive is the key internal guidance document governing taxes within the OMV Group.

### Management and Due Diligence Processes

#### Risk Assessments

We continuously carry out risk reviews, which incorporate 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 culture of risk awareness 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 that the correctness of data included in the relevant tax returns, tax payments, and communications with tax authorities is

verified 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 Governments Directive (in accordance with Section 267c of the Austrian Commercial Code) and publishes any payments made to governments in connection with exploration and extraction activities, such as production entitlements, taxes, or royalties, in its 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 carried out in accordance with Action 13 of the 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.

#### 2022 Actions

- ▶ In September 2022, the Council of the European Union agreed on a framework for an EU-wide windfall tax on profits for fossil fuel companies. It is intended to be a one-time tax levied on companies when economic conditions result in large, unexpected profits – to fund relief measures for households and businesses facing high energy prices. Some European countries where OMV is operating have already implemented similar schemes on a national level.
- ▶ With the eco-social tax reform having been adopted in Austria, a national CO<sub>2</sub> emissions price was implemented in October 2022. The national CO<sub>2</sub> emissions price applies to defined energy carriers according to defined emissions factors. As an energy provider, we will be charged a fixed CO<sub>2</sub> emissions price that will be increased annually until 2026, before a market-based system is put in place. Generally, OMV supports the creation of such economic and socio-political incentives for more climate-friendly behavior; however, we favor the creation of a harmonized, EU-wide system.

#### Outlook

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



- ▶ In 2021, the members of the OECD/G20 Inclusive Framework agreed to reform international tax rules by implementing new rules for profit allocation (Pillar One) and establishing a global minimum taxation regime (Pillar Two), which is expected to come into effect in 2024.
- ▶ 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.

## Public Policy

The OMV Group fully supports the goals of the Paris Agreement and 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 litter. Regulators, political stakeholders, and non-governmental organizations (NGOs) can all shape the regulatory framework that affects 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 regarding the future of the regulatory framework.

The OMV Group is a member of 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 the broader debate on a sustainable, affordable, and secure energy future, as well as sustainable chemicals. Both the energy transition and the transformation from a linear to a circular economy can only succeed if all stakeholders, including legislators, businesses, and society, engage in productive debates. As a voice from the world 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 organized by political parties are not allowed on the premises of the OMV Group. 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 that regulates the details of such activities. Employees must disclose a conflict of interest between the exercising of political or other public func-

tions and their employment with the OMV Group to their line manager and to Compliance.

### Indirect Political Engagement

The OMV Group exchanges views on regulatory issues with the responsible political decision-maker(s) and actively participates in EU and national public consultations on legislative initiatives that are relevant to the Group's business. It is an active member of industry associations and standardization groups at international, EU, and national levels to stay at the forefront of regulatory and public requirements. The OMV Group representatives make OMV's position clear on the issues tackled by the associations of which we are members. It aims to inform EU policies by engaging with major industry associations such as Fuels Europe, the European Chemical Industry Council (Cefic), Plastics Europe, and the Polyolefin Circular Economy Platform (PCEP).

### Transparency

Our practices 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.

### Monitoring Participation in Industry Associations

Associations aim to adopt positions that reflect a consensus view among members, and thus may not always reflect the view of each individual member. We continuously monitor our membership of 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 the key industry associations of which we are a member. The OMV Group also regularly reports on the alignment between the industry associations of which we are a member, including OMV's position on climate change policies. Read our latest review [here](#).

In cases of misalignment, particularly partial misalignment, we will first advocate for changes to the association's position. Where OMV and an association's position continues to fail to align, especially in cases of complete misalignment, we will reassess our membership. The OMV Group plans to regularly publish an update on its industry associations review and to expand the scope of review further.



## 2022 Actions

The following key activities were carried out across the Group in 2022:

- ▶ In 2022, the EU Green Deal, the Fit for 55 package, REPowerEU, and the Hydrogen and Decarbonized Gas Market Package were the most relevant regulatory issues for the OMV Group in the EU. The OMV Group monitored the legal development and contributed to the positioning of the industry associations.
- ▶ Sustainable finance legislation, including the EU taxonomy, was also on the agenda and the OMV Group participated in the relevant working groups at industry associations.
- ▶ The conflict between Russia and Ukraine and the incident at the refinery in Schwechat, Austria, raised new issues and required additional and specific activities of the OMV Group, for example regular exchange of information with ministries on those specific topics. The OMV Group was represented on the Platform on Sustainable Finance, whose first mandate ended after two years in October 2022. 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 2022, 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 back to full alignment. Among the associations' governing boards and task forces, OMV Petrom promoted a stronger and express commitment and similar initiatives to the targets of the Paris Agreement. Consequently, FIC and ARPEE have registered an uptick in advocacy efforts focused on sustainability and will consider a dedicated stance on the matter in the upcoming period.

## Outlook

In 2023, the Fit for 55 package and REPowerEU will be the most relevant regulatory packages for the OMV Group in the EU, as well as all initiatives regarding the circular economy. The OMV Group will closely monitor upcoming public consultations.

The war between Russia and Ukraine might continue to trigger unpredictable developments, which will require flexible solutions. As an important pillar for more sustainable energy, the OMV Group will continuously analyze and engage in projects that are contributing to accelerating the clean energy transition and circular economy – as well as the regulatory framework of such projects.

## Supply Chain

### Material Topic: Supply Chain

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

#### Key GRIs

- ▶ 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 SDG





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 throughout 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 when managing our supply chain. Our purchased goods and services are for all our business areas (C&M, E&P, R&M) and include, among others, those related to raw materials, wells, IT, consultancy, engineering, logistics, and retail.

## Specific Policies and Commitments

To mitigate supply chain risks, including forced labor, slavery, human trafficking, and corruption, the OMV Group 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 OMV Code of Conduct, and our supply chain partners are required to sign the OMV Code of Conduct. In addition, our suppliers must accept the OMV 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 (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 Procurement Units that cover aspects such as Operations & Materials, Raw Materials & Packaging, and Retail & Business Services. A dedicated Sustainable Procurement department was established in April 2022, responsible for defining the sustainable procurement agenda and for implementing and monitoring sustainable procurement ambitions and targets.

## Management and Due Diligence Processes

### Prequalification

Supplier prequalification is part of precontractual activities, during which OMV collects information from a potential supplier with the purpose of evaluating compliance with

our HSSE and sustainability requirements. The goal of the prequalification process is to screen potential suppliers before bringing them on board to ensure that only those suppliers that meet our HSSE and sustainability standards can be considered for future collaboration.

The prequalification is based on a standardized list of elements and objectives that aligns with the OMV Group's HSSE Management System (e.g., HSSE Policy, ISO 9001, 14001, 45001) and our Sustainability Framework (e.g., Sustainability Policy, Human Rights Policy, and Grievance Mechanisms). At 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 categorize high-risk countries by considering human rights, environmental, and ethical aspects.

### Supplier Selection

Following prequalification, Procurement and business representatives select the best suppliers based on a pre-defined set of commercial and technical criteria during a tender process. In 2022, we continued to embed sustainability elements into sourcing activities (e.g., technologically innovative elements, carbon emissions, energy efficiency KPIs, as well as CDP and EcoVadis score) during 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 apply 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, supply chain, sustainability (e.g., human rights, carbon footprint management, environmental management, certifications, and social responsibility), and their cybersecurity performance. We also carry out 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 to 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 discussions with workers and managers). All the audits with in-scope sustainability elements were performed remotely in 2022.

Each audit finding classified with a red flag is followed up and analyzed by Procurement in collaboration with business representatives and any other relevant function (e.g., HSSE, Legal, Internal auditing, and Compliance). Information on the outcome of the audit is made available to the supplier, and the supplier is requested to submit a proposed corrective plan with concrete measures and an implementation timeline. In 2022, seven audits resulted in follow-up measures.

### Together for Sustainability (TfS)

Since 2021, OMV has been a member of Together for Sustainability (TfS). As a joint initiative and global network of 40 companies, TfS sets the *de facto* global standard for the environmental, social, and governance performance of chemical supply chains. The TfS program is based on the principles of the UN Global Compact and Responsible Care®. Being a TfS member helps OMV further embed sustainability into its day-to-day business operations and further cascade sustainability requirements within our supply chain. In 2022, OMV Procurement defined TfS-related targets for 2025 and 2030:

- ▶ By 2025, we aim to run sustainability evaluations (TfS Audits<sup>56</sup> and TfS Assessments<sup>57</sup>) for all suppliers covering >80% of the Procurement spend.
- ▶ By 2030, we aim to extend sustainability evaluations (i.e., TfS Audits and TfS Assessments) to all suppliers covering 90% of the Procurement spend.

### CDP 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.

As part of its CDP Supply Chain membership, in 2022 OMV invited 231 suppliers to respond to the CDP climate change questionnaire. Suppliers were selected based on spend, estimated carbon emissions volume, and the carbon intensity of the goods and services purchased from them. In addition to reporting their emissions, we asked the suppliers whether they have carbon reduction targets in place,

and invited them to share with us any initiatives or projects to reduce carbon emissions in which they would like us to participate.

### Supplier Capacity Building

OMV works together with its suppliers to improve overall sustainability performance. For instance, in 2022, individual meetings and webinars were offered to our suppliers to help them better understand the requirements of the CDP climate change questionnaire or the TfS Assessment, and why this information is important to OMV. Additionally, the topics of sustainable procurement and low-carbon procurement were also included in the agenda of our annual strategic supplier meetings.

In Yemen, OMV conducted awareness building for local contractors on grievance management and Community Grievance Mechanisms (CGMs). OMV supported four local contractors working on establishing their own CGMs and is currently supporting a fifth contractor.

### Local Content

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. The spend with local suppliers in 2022 on a Group level was 68.8%.

<sup>56</sup> TfS Audits are conducted by an approved external auditor and can be on site, remote, or a hybrid of the two. They cover a single or combined business location such as a production site or warehouse. Sustainability performance is verified against a defined set of audit criteria.

<sup>57</sup> TfS Assessments are conducted by TfS partner and service provider EcoVadis, a global leader in CSR assessments, via a secure online platform. The assessment questionnaire is adapted to the size, country of origin, and business sector of the company being assessed and results in a score at the end (the EcoVadis score).



## 2022 Actions

- 23** audits performed by OMV Procurement with sustainability elements included
- 241** TfS (Re)Assessments performed by EcoVadis
- 328** suppliers with a valid EcoVadis score (no more than 3 years old)
- 64%** of suppliers with improved EcoVadis score
- 12** TfS Audits performed in 2022
- 231** suppliers invited to respond to the CDP climate change questionnaire (vs. **137** in 2021)
- 174** buyers across all locations attended awareness sessions on sustainable procurement (**67%** of buyers)
- 1,003** new suppliers screened for social criteria (e.g., child labor, forced labor, and collective bargaining) and environmental criteria
- 68.8%** local order value across the OMV Group (45.8% local order value in Austria, 62% in Belgium, 82.1% in Romania)

In 2022, we actively engaged not only with our suppliers, but also with buyers on sustainable procurement practices. We conducted several awareness sessions on sustainable procurement. 174 buyers from OMV, OMV Petrom, and Borealis participated in these sessions. The focus was on talking to buyers about what sustainable procurement means, what TfS, EcoVadis, and supplier prequalification are all about, and what can be done to incorporate sustainability into core procurement processes and day-to-day operations (e.g., managing the carbon footprint of purchased goods and services and sustainability in tenders).

In March 2022, we organized the first Sustainability Supplier Day, with the aim of interacting and exchanging experiences with our suppliers and having the opportunity to build a stronger and more sustainable supply chain. More than 240 participants from the suppliers' side and OMV attended the full-day event. Together with our suppliers, we addressed topics such as the circular economy, climate protection, and collaboration and innovation during six breakout sessions. Based on the feedback received from all the participants, we will continue with a

follow-up session in 2023 to deep dive into topics such as the circular economy and supplier innovation.

In 2022, Borealis was confronted with reports of alleged human trafficking practices conducted by the main contractor and their subcontractor on a propane dehydrogenation (PDH) plant construction site in Kallo, Belgium. Borealis and the OMV Group have zero tolerance for any malpractice and put stringent measures in place to mitigate related risks. More information about the immediate measures taken can be found in Human Rights.

The OMV Group always seeks to improve and is strongly committed to further strengthening its processes and mitigation measures to prevent any maltreatment and disrespect of workers' human rights in our contractor relations: At corporate level, we have further detailed our commitment to labor and contractor-related human rights in our new OMV Group Human Rights Policy Commitment and integrated these aspects in the new Human Rights e-learning module. OMV Petrom has set up a task force comprising representatives from Compliance, Procurement, HSSE, Sustainability, HR, and Legal, and developed a human rights violation prevention plan for OMV Petrom sites, both with the objective of intensifying human rights management in our business relationships. SapuraOMV has also developed a plan of short- and long-term measures to improve our human rights performance in business relations. Additionally, individual monitoring initiatives were implemented at local level throughout the Group to ensure our suppliers' compliance with human rights. More information can be found in [Human Rights](#).

## Outlook

OMV Procurement is constantly striving to improve in various areas, and in the coming years, sustainable procurement will take 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 will aim to integrate sustainability criteria into award decisions, such as CO<sub>2</sub> emissions per kg product)
- ▶ Low-carbon procurement (e.g., we will aim to continuously manage and decrease the carbon volume of purchased goods and services)



### Targets 2025

- ▶ Be an active member of TfS and conduct sustainability evaluations of all suppliers covering >80% of Procurement spend<sup>58</sup>
- ▶ Engage with suppliers covering 80% of Procurement spend and assess their carbon footprint as a foundation from which to define and run joint low-carbon initiatives

### Targets 2030

- ▶ Extend sustainability evaluations to suppliers covering 90% of Procurement spend
- ▶ All suppliers covering >80% of Procurement spend to have carbon reduction targets in place

### Status 2022

- ▶ **35%** of A suppliers (suppliers covering >80% of Procurement spend) assessed
- ▶ **231** suppliers engaged with via CDP (vs. 137 in 2021)
- ▶ **75%** of responding suppliers have a climate target in place (vs. 63% in 2021).

### Most 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 labor 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

<sup>58</sup> Suppliers covering 80% of Procurement spend are classed by OMV as A suppliers. We plan to increase the number of A suppliers engaged annually to 100% by 2025.