

# Sustainability Report 2011

Where there's a place for success,



there's a place for responsibility.

# Contents

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<b>About this Report</b>	<b>3</b>
<b>Foreword by the CEO</b>	<b>6</b>
<b>Company Profile</b>	<b>8</b>
Value Creation [9]	
Strategy 2021: Profitable Growth [10]	
<b>Resourcefulness. Our Concept for Sustainability</b>	<b>12</b>
The Resourcefulness Concept [13] · Organization [16]	
Stakeholder Dialogue [17] · Key Topics in 2011 [18]	
Roadmap 2012 and beyond [20]	
<b>Our Way to Human Resourcefulness</b>	<b>22</b>
Major Activities in 2011 [23] · Targets [27] · Human Rights [32]	
Community Relations [35] · HR Management [37] · Health [41]	
Safety [45] · Security and Resilience [50] · Figures [51]	
<b>Our Way to Natural Resourcefulness</b>	<b>57</b>
Major Activities in 2011 [58] · Targets [60]	
Environmental Management [61] · Energy and Climate Protection [63]	
Environmental Protection [66] · Product Responsibility [71]	
Future Energies and Innovation [74] · Figures [76]	
<b>Our Way to Financial Resourcefulness</b>	<b>80</b>
Major Activities in 2011 [81] · Targets [82]	
Responsible Governance [83] · Risk Management [86]	
<b>Verification Statement</b>	<b>90</b>
<b>GRI Index</b>	<b>93</b>
<b>Abbreviations, Imprint and Disclaimer</b>	<b>98</b>

# About this Report



An OMV E&P site

Students at school in Pakistan supported by OMV



**The OMV Sustainability Report covers the 2011 business year and presents our sustainability performance data, continuing seamlessly from the 2010 report. It describes how we integrate environmental, social, and economic considerations into our business. We continue to publish the Sustainability Report on an annual basis.**

## Reporting boundaries

Data from operations under management control have been fully taken into account, i.e.:

- ▶ Data from all OMV Group activities with a stake of more than 50%. This includes Exploration and Production (E&P) operations in Austria, Kazakhstan, Yemen, and New Zealand; the Schwechat and Burghausen refineries; gas logistics (transit and storage) in Austria; and OMV Petrom S.A. in Romania (E&P, refining, marketing, Doljchim fertilizer plant) where OMV holds 51% of the shares, referred to as Petrom in the remainder of this report
- ▶ Joint ventures, including minority shareholdings, where OMV exerts controlling influence as operator, for example, E&P operations in Pakistan

The data is consolidated at Group level. In addition, a breakdown of environmental and safety key performance indicators for the operating business segments Exploration and Production (E&P), Refining and Marketing, including Gas and Power (G&P) and Petrochemicals (R&M), is available online. While the boundaries for environmental KPIs follow the principle outlined above, safety performance includes also data from E&P joint ventures where OMV is a minority partner.

The following data has not been taken into account for this report:

- ▶ Figures from holdings of 50% or less if there is no significant operational influence
- ▶ Environmental data from filling stations, due to the fact that the vast majority of them are operated by partners functioning as independent companies, except filling stations under the control of Petrom Marketing that meet the above-mentioned boundary criteria. We work closely on material sustainability matters with our joint venture partners, filling station licensees, contractors, and suppliers. Examples of how they implement our policies are given in this report.

Our majority shareholding Petrol Ofisi (97%) is in the process of integration. Where information covers Petrol Ofisi this is indicated accordingly. As nearly all Petrol Ofisi filling stations are owned and operated by the dealer due to legal regulations, Petrol Ofisi has only very limited management control. Environmental KPIs are not included since the corresponding reporting system is still in the process of being aligned with Group standards. Workplace safety performance includes Petrol Ofisi data, with certain weaknesses but without material impact on Group data.

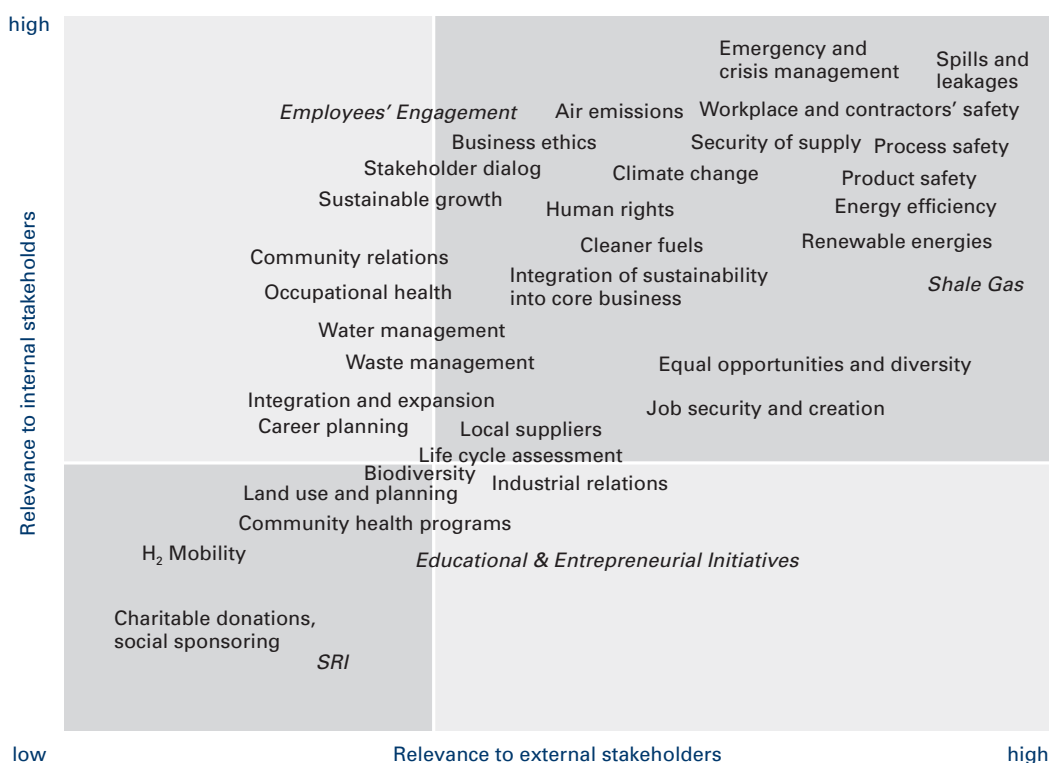
### Content and materiality

In selecting the content for this report, we applied the materiality principle. The materiality assessment takes into account that

reported information covers topics and indicators which would substantively influence the assessments and decisions of management and stakeholders.

For the present report, we updated our last year's materiality analysis. In 2010 internal and external stakeholders were asked to rank about 60 topics according to their impact on and significance to OMV on a scale from 1 (= low) to 6 (= high). In 2011, internal experts were consulted regarding their perception of recent developments within these topics. Due to increased stakeholder interest and based on the feedback we received in our stakeholder dialog sessions on the Resourcefulness concept, we included four new issues: Shale Gas, Employees' Engagement, Educational and Entrepreneurial Initia-

## Sustainability issues identified as material for OMV



tives as well as Socially Responsible Investment (SRI). The topics of highest significance are addressed in this report.

Furthermore, at the start of every reporting cycle, the team of editors reviews all the aspects covered in the Global Reporting Initiative (GRI 3.0) guidelines for sustainability reports. In 2011, the team came to the conclusion that all aspects are relevant for an oil and gas company that operates internationally. Therefore, OMV decided to adhere to the principle of comprehensive and transparent reporting and provide as much information as possible about all material core indicators and some additional indicators as well. The report was prepared in accordance with the guidelines of the GRI, the GRI Oil and Gas Sector Supplement, and the Greenhouse Gas Protocol (GHG Protocol), a corporate accounting and reporting standard developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). We self-declare that this report meets the requirements of GRI Application Level A+.

#### **Reporting methodology**

Data generation at site level relies on a variety of business-specific methods, process systems, and tools. We use a central reporting tool, which can be accessed from most OMV sites and offices via the OMV Intranet, for the group-wide collection of HSSE data. The completeness and accuracy of reported data are checked at the corporate level. Cross-checks are performed systematically. Feedback loops with the reporting sites and departments ensure high data quality. This reporting process is documented in written procedures. If we identify limitations in the coverage or reliability of data, we disclose them and implement measures to improve

the reporting process. As detailed in the Assurance Statement, Ernst & Young provided limited assurance on disclosures and data relating to four specific focal areas in the PDF Sustainability Report 2011.

#### **Corporate regulations**

OMV regulations for the management of sustainability across the Group are contained in directives (Code of Conduct; HSSE Policy; Management System; health, safety, security, environmental, and several human resources directives) and standards (HSE Terms and Definitions; Incident Investigation; HSE Risk Management; Contractor HSSE Management; group-wide HSE Reporting and Consolidation; Environmental Management Accounting; Health Standards, etc.). In addition, some business segments and sites have established specific complementary guidelines and procedures.

## Foreword by the CEO



Sustainability has always held great importance for the OMV Group. Our principles were affirmed back in 2003 when we signed up to the UN Global Compact: taking responsibility for the people and the environment along the entire value chain, promoting new solutions and acting with integrity at all times and in all places. This Sustainability Report describes what we have achieved in the past year and what our plans and intentions are. It is at the same time our declaration of progress for the UN Global Compact.

In the past year we have reworked our concept for sustainability under the name "Resourcefulness". Since handling human and finite natural resources is a vital precondition for sustainable business success, we strive to be a role model for responsible business conduct wherever we operate.

"Resourcefulness" complements our strategy for profitable growth. In pursuing it we are gearing ourselves up for the future and ensuring that our actions are in line with the needs and requirements of society and the people in the regions in which we operate. To further its realization we installed a senior-level Resourcefulness Executive Team in 2011.

Health, Safety, Security and Environment (HSSE) is one of OMV's highest priorities: Our functional HSSE Strategy and concept was updated in 2011, taking into consideration the increasing expectations of stakeholders, lessons learned from major accidents in our industry, our present performance and future demands. Beyond that, "Resourcefulness" aims at challenging OMV to find not just standard answers but innovative solutions providing long-term shared value and success for OMV, society and the environment.

Human Resourcefulness. OMV employs about 30,000 people and operates in some 30 countries across four continents – as an investor, as an employer and as a client. Responsible dealing with all our stakeholders is the key to long-term success. This holds especially true for our employees. In 2011 we implemented a number of initiatives to advance our health and safety management. Diversity management is another area in which we made unmistakable progress, doubling the percentage of women in senior management posts. Furthermore, we are proud of our crisis management, which was challenged more than ever before by the unrest in North Africa. We

were able to evacuate all of our expatriates out of the crisis regions in a safe and timely manner. Unfortunately we were not able to improve our safety performance: in 2011, four workers sadly died on duty and three in commuting accidents.

**Natural Resourcefulness.** OMV is committed to making a contribution to the transition in the energy sector, which we do by expanding our gas business and developing new regenerative energy sources. The efficient use of water and energy and the reduction of emissions is a daily responsibility that we have been fulfilling consistently for many years. This report contains numerous examples of how we have been able to realize significant saving potentials in 2011.

**Financial Resourcefulness.** We need the confidence of investors. Sustainability aspects are taking on ever-greater significance and analysts examine them intensively. Demonstrating responsible management of oppor-

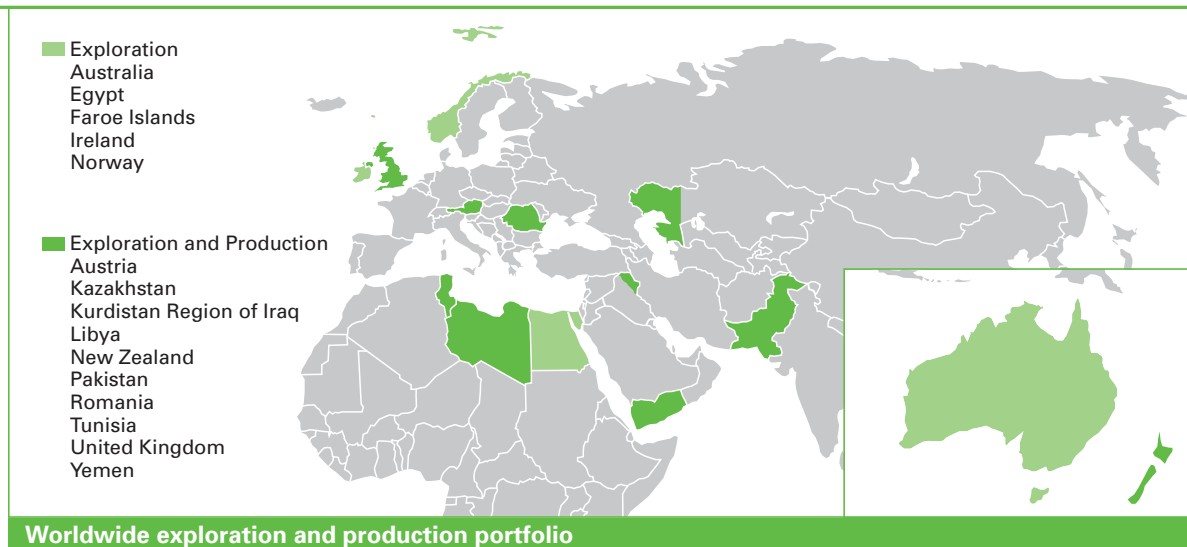
tunities and risks is now vital for long-term growth and reliable business success. Our rigorous safety management is a big advantage here. In 2011, we initiated a Major Accidental Events study to reevaluate our highest risks. But we are also keen to get sustainability factors incorporated in investment and business decisions to an even greater degree in the future. We therefore intend to develop methods to measure and evaluate them.

The demands placed on us grow as we expand our operations. Our "Resourcefulness" concept enables us to deal with this so that everyone benefits: OMV, society and the environment. We're getting to work on it.



Gerhard Roiss

# Company Profile



**OMV is an integrated, international oil and gas company with three core business segments: Exploration and Production (E&P), Gas and Power (G&P), and Refining and Marketing (R&M).**

## Exploration and Production

OMV is successfully exploiting its core assets in Romania and Austria and has a well-balanced international portfolio. In 2011, OMV's oil and gas production was 288 kboe/d and its proven reserves were about 1.13 bn boe at year-end. More than two-thirds of its production comes from Romania and Austria – the remainder from a growing international portfolio. Oil and gas account for around 50% each of overall production.

## Gas and Power

Our integrated Gas and Power (G&P) business segment operates across the entire gas value chain. We have long-proven partnerships with major gas suppliers to assure stable supply to our markets and also produce gas at our own fields. With our 2,000 km gas pipeline network as well as our gas storage facilities with a capacity of 2.4 bcm, we are a major contributor to security of supply in Austria and beyond. Additionally, we are driving the Nabucco gas pipeline project,

which will also increase Europe's security of supply. Our Central European Gas Hub (CEGH) is the most important gas trading platform on the gas routes from East to West and also operates a gas exchange. Our gas hub in Baumgarten is Central Europe's largest gas distribution node for Russian gas.

## Refining and Marketing including petrochemicals

OMV operates refineries in Schwechat (Austria) and Burghausen (Southern Germany), both with integrated petrochemical complexes. Together with the Petrobrazi refinery (Romania) and our 45% stake in Bayernoil (Southern Germany), these give us a total annual processing capacity of 22.3 mn t (450,000 bbl/d). Our retail network consists of approx. 4,500 filling stations in 13 countries including Turkey. With strong retail brands, high quality non-oil business (VIVA) and an efficient commercial business, we have a leading position in our market.

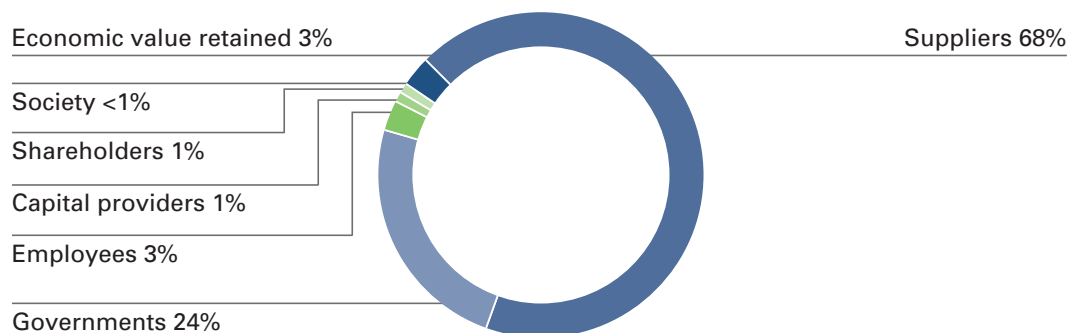


## Value creation

The total revenues generated of EUR 44,037 mn include sales of EUR 43,680 mn, income from dividends and interest (EUR 263 mn) and revenues from the sale of assets. Distribution to stakeholders (EUR 30,350 mn) is largely made up of operating costs to OMV's suppliers, which also includes the depreciation of fixed assets. EUR 10,572 mn is distributed to governments and comprise excise duty (EUR 9,627 mn), income tax (EUR 560 mn) and royalties paid (EUR 385

mn). EUR 1,123 mn is distributed to OMV's employees in wages and salaries as well as other employee benefits. Interest expense totaled EUR 382 mn and was distributed to OMV's capital providers. Dividends of EUR 441 mn (for the financial year 2011) were paid out to shareholders. Having invested EUR 10.5 mn in the community, an additional value retained of EUR 1,157 mn remained within the company.

### Value creation and distribution to stakeholders 2011



### Significant financial assistance received by governments or government organizations

Company name	EUR in Thousands	Details
GAS CONNECT Austria GmbH	52	Training funding (apprentices)
OMV AG	89	Training funding (apprentices)
OMV (NORGE) AS	3,380	Refund of exploration cost

## Strategy 2021:

### Profitable Growth

In September 2011, the OMV Executive Board presented a strategy update based on the pillars of “growth – integration – change – performance” in Istanbul: Strategy “Profitable Growth”. In the coming years, OMV will develop into a focused, integrated oil and gas company with clearly improved profitability and strong growth in the upstream sector.

The upstream business E&P – the exploration and production of oil and gas – will have a far more significant role. OMV will also experience strong growth in the gas sector – from the production and transportation to the marketing of gas. From the gas hub Baumgarten, OMV can deliver to all of Europe and can therefore contribute to supply security in Europe. Modern gas-fired power plants will complete the portfolio. R&M will continue to be an important element of the integrated value chain, but, over time, will be of lesser relative significance in the portfolio.

The OMV portfolio will be more focused and profitability will continue to be enhanced in order to optimally meet the challenges of the future.

#### The cornerstones of OMV's strategy are:

- ▶ Growing upstream
- ▶ Integrated gas
- ▶ Restructured oil downstream
- ▶ Improved performance across the entire Group

#### Growing upstream

E&P is the growth driver within the OMV portfolio. OMV will direct approximately two-thirds of future investments towards exploration and production of oil and gas.

The foundation will be an increased performance of the existing upstream portfolio. The speed of resource maturation from discovery to production will be increased. Targeted acquisitions will not only yield further production volumes, but will also add additional development and exploration opportunities. Stepping up exploration efforts will ensure the sustainability of the E&P portfolio and provide a foundation for long-term growth. In its future growth ambition, E&P will focus on the Caspian Region, the Middle East and Africa.

#### Integrated gas

In Europe and Turkey, the gas business in particular will continue to experience strong growth. Natural gas is the cleanest fossil fuel and will be the most significant source of energy in the future, and thus OMV's gas business will gain significance. OMV will act in a fully integrated way – from the gas field to transport infrastructure and storage all the way to distribution channels. An important aspect of this is the strengthening of the Baumgarten gas hub and the Central European Gas Hub (CEGH) trading platform. The conversion of gas into electricity extends the value chain and ensures, aside from selling and trading of gas, an additional important and profitable marketing platform for gas. The Nabucco project continues to be an important project for OMV and will contribute to the long-term gas supply for Europe.

#### Restructured oil downstream

In light of contracting oil downstream markets in Europe, OMV will adjust its exposure to the R&M segment: In the coming years, up to EUR 1 bn shall be generated through divestments of R&M assets. In addition, the refineries' product yield will be adjusted towards market demand for middle distillates and petrochemical feedstock, especially propylene. The modernization of existing assets will be finalized at Petrobrazi. Enhanced

asset-backed trading activities will support the optimal use and capacity utilization of existing assets. Special emphasis will be put on effective management of capital and cost efficiency.

### Improved performance across the entire Group

To support the path to profitable growth, OMV will launch an ambitious performance improvement program to significantly increase profitability by 2014. The program will target revenue improvements, cost reductions and capital optimization.

### Our objectives

Our key objective is to raise performance short-term until 2014

- ▶ Stabilized production in Romania and Austria (200-210 kboe/d)
- ▶ Better gas integration along the value chain
- ▶ R&M divestments (up to EUR 1 bn)
- ▶ Performance improvement program (+2% points return on average capital employed (ROACE))

Delivering growth is our mid-term focus until 2016

- ▶ Organic production growth ~2% p.a., based on 2010 (up to 4% p.a. incl. acquisitions)
- ▶ ~100% three-years average Reserve Replacement Rate (RRR) target (incl. acquisitions)
- ▶ Increased exploration expenditure
- ▶ Integrated gas portfolio growth

Our aim is to build a position for long-term growth until 2021

- ▶ Larger exploration footprint
- ▶ Unconventional gas
- ▶ Nabucco and related activities, incl. access to upstream
- ▶ Additional gas-fired power plants (dependent on equity gas supply)

## Focused, more integrated growth



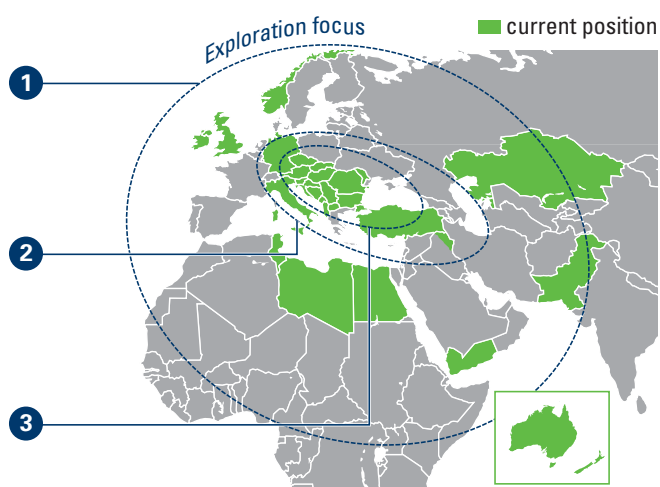
**Growing Upstream**



**Integrated Gas**



**Restructured Oil Downstream**



# Resourcefulness. Our Concept for Sustainability

Resourcefulness is our concept for responsible business behavior. We aim at securing future energy resources for the common good. As one of the leading European oil and gas companies, OMV faces major challenges. Global energy requirements are increasing significantly. At the same time, environmental protection and social justice are of growing importance. The demands placed on us increase as we expand our operations. A responsible approach to business is crucial if we wish to remain successful. Our response to the Arab spring was an outstanding example of how we handle our responsibilities within an increasingly complex business environment.

# The Resourcefulness Concept

In 2011, OMV's concept for sustainability was restructured under the name "Resourcefulness". Our aim is to secure future energy resources for the common good. Since resources are our core business, handling human and finite natural resources responsibly is a vital precondition for our sustainable economic success. Wherever OMV operates, we want to become a role model for responsible business behavior towards all our relevant stakeholders.

Our credo in doing this is: Always think twice. Because we want to find not just standard answers but innovative solutions that provide long-term shared value and success for OMV, society and the environment.

Resourcefulness is the umbrella for our behavior with regards to environment, safety, human rights, diversity, health and business ethics.

- ▶ We add social and environmental aspects in every business decision we make.
- ▶ We are committed to develop mutual understanding and trust with our stakeholders.

- ▶ We strengthen our employees creativity and social competence.
- ▶ We make the effects of our behavior measurable.

The Resourcefulness concept was passed by the Board at the end of 2011 and will complement our 2021 business strategy for profitable growth. It essentially has three dimensions:

**Human Resourcefulness:** People are the most important resource for achieving long-term success. So for us, Human Resourcefulness means:

- ▶ Respectful relations with all our stakeholders: We are committed to treating all our stakeholders with respect. The UN Global Compact with its ten principles forms the basis for our ethical behavior. We have used it to create a comprehensive Code of Conduct for OMV that contains guidelines for our behavior with regards to business ethics, diversity, health, human rights and safety.
- ▶ Skills to succeed: By supporting educational and entrepreneurial initiatives in our core markets, we promote the skills

## Resourcefulness Concept



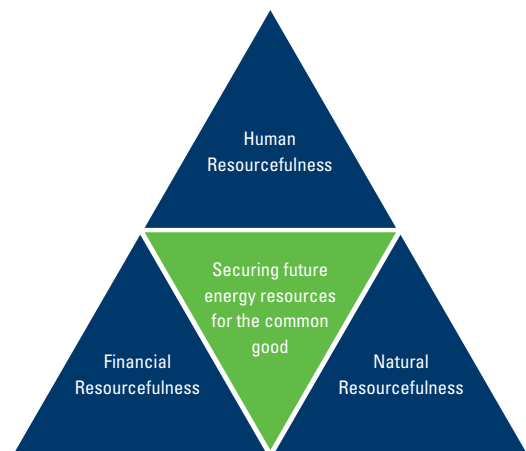
people require to be successful. We strengthen our employees' creativity and social competence, and we invest in the economic development of the communities in which we operate. We support educational initiatives in the fields of energy and management in our core markets.

**Natural Resourcefulness:** We have a special responsibility since we work with finite natural resources. It is our duty to contribute to a secure, diversified energy supply while at the same time helping to protect the environment. So for us, Natural Resourcefulness means:

- ▶ Efficiency and responsibility in our core business: In order to secure the supply of energy, we produce and process oil and gas. We do this as efficiently and safely as possible. We look for innovative solutions that lead to a win-win situation for OMV, society and the environment.
- ▶ Develop the gas business further: As it is the cleanest fossil fuel, we will particularly focus on gas as an important raw material for generating electricity and heat in Europe. We will therefore put a special emphasis on this area in our Strategy 2021.
- ▶ Developing new sources of energy: We use our core competences to foster energy sources such as geothermal energy, second-generation biofuels and infrastructure for H<sub>2</sub> mobility.

**Financial Resourcefulness:** To achieve profitable growth we must also act in a financially responsible manner. So for us, Financial Resourcefulness means:

- ▶ Making the effects of responsible business measurable: With the support of scientists, we are developing suitable instruments, in particular key performance indicators, processes and standards for our decision-makers. By measuring the effects of our actions, we will be able to make the best decisions in our core business for us and our stakeholders in the future.
- ▶ Responsible investment: We will evaluate the opportunities of socially responsible investment for OMV.



Our functional Health, Safety, Security and Environment (HSSE) strategy supports our Resourcefulness endeavors. Its target is to make health, safety, security and environmental issues an irreducible part of our day-to-day business. The HSSE strategy formulates six strategic goals and promotes them by defining concrete objectives, which are set out in the following chapters. Our strategic HSSE goals are:

- ▶ Establish HSSE as an integral part of OMV Group's company culture
- ▶ Provide valuable, reliable HSSE data and analyses to enable business decisions that improve performance
- ▶ Improve health and ability to work through integrated health management activities
- ▶ Prevent accidents and ensure safe operations
- ▶ Protect people, assets and reputation and ensure business continuity
- ▶ Minimize environmental impact throughout the lifecycle

## Organization

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The CEO of OMV has overall responsibility for sustainability-related issues. He has assembled the newly created Resourcefulness Executive Team (RET) which meets every six weeks under the direction of CEO Petrom. In future this will be supported by the Resourcefulness Advisory Group (RAG), still to be convened, and the central Corporate Sustainability department, which was established in 2011. The department is responsible for the further development of the Resourcefulness concept, regular reporting and communication as well as stakeholder management, internal and community relations, as well as social projects.

The Resourcefulness concept is designed to give OMV's responsibility and future orientation a clear face both internally and externally and to embrace all internal functions linked to the three dimensions.



# Stakeholder Dialog

Stakeholder Engagement is an integral part of the Resourcefulness concept. Getting to know the interests and views of our stakeholder groups helps us identify future challenges and to constantly improve our performance. Our stakeholders include investors, customers, employees, communities, suppliers, authorities and others. By engaging in dialog with all interested parties, our goal is to earn trust and build lasting relationships.

Since 2010, we have been able to ensure efficient stakeholder management by applying a customized database assisting management and employees in identifying and reviewing relevant stakeholders and in managing our interactions with them across all our business activities. The roll-out of this database is ongoing.

In establishing the Resourcefulness concept we thoroughly integrated stakeholder concerns and their perception of OMV. In 2011, we conducted several stakeholder dialog sessions asking mainly NGO participants for their views on our strategic initiatives. Their feedback was both critical and constructive and encouraged us to continue pursuing our current direction in the management of sustainability issues.

Furthermore, a stakeholder dialog forum took place in Bucharest in November 2011. Debates were held on topics such as exploration, production and refining, addressing the gas market deadlock and dynamizing the local electricity market.

As a member in a diverse set of sector-specific associations and broader initiatives, OMV contributes to the global fostering of the sustainability agenda. Selected affiliations are:

- ▶ ARGE Biokraft
- ▶ Austrian Network for Sustainable Management
- ▶ Austrian Society of Automotive Engineers (ÖVK)
- ▶ Austrom – Österreichisch-Rumänische Gesellschaft (Austro-Romanian Society)
- ▶ Cedigaz
- ▶ Chatham House
- ▶ Concawe – CONservation of Clean Air and Water in Europe
- ▶ EBEN – European Business Ethics Network, Austria
- ▶ Energy Community
- ▶ Eurogas – The European Union of the Natural Gas Industry
- ▶ Europia – European Petroleum Industry Association
- ▶ Federation of Austrian Industries (IV)
- ▶ GILGNL (Groupe International des Importateurs de Gaz Naturel Liquefie)
- ▶ IGU (International Gas Union)
- ▶ IPIECA – International Petroleum Industry Environmental Conservation Association
- ▶ Marcogaz – Technical Association of the European Natural Gas Industry
- ▶ NUMOV (Nah- und Mittelost-Verein e.V.)
- ▶ OENWE – Austrian Business Ethics Network
- ▶ OGP – International Association of Oil & Gas Producers
- ▶ OME – Observatoire Méditerranéen de l’Energie
- ▶ Renewable Energy in Central & Eastern Europe, postgraduate MSc program
- ▶ respACT – Austrian Business Council for Sustainable Development
- ▶ RSPO – Roundtable on Sustainable Palm Oil
- ▶ UNECE Gas Centre
- ▶ UNGC – UN Global Compact
- ▶ WEC (World Energy Council)

## Key Topics in 2011

### Human Resourcefulness

With the start of the Arab Spring, OMV safely evacuated its expatriates in all countries affected including Egypt, Libya, Tunisia and Yemen. Although it was not possible to continue operations, OMV took social responsibility and continued to financially support its local employees. In addition, a social initiative to provide psycho-social health treatment for the traumatized young generation in Tripoli was established in Libya.

By the end of 2011, OMV completed the health risk assessment of all workplaces group-wide. All health hazards were evaluated, trends identified and mitigation measures established. With the participation of "emergency simulators" (specifically trained nurses), 130 medical emergency exercises were conducted in Romania in 2011 in collaboration with all internal and external emergency resilience groups. Similar trainings took place in Austria. Special health promotion initiatives focused on preventive screening for spine and joint disorders. Vaccination campaigns adapted to specific local and epidemiological situations were carried out in various countries.

HSSE training and a maturing reporting culture are considered key factors in further improving safety performance. In 2011, nearly 220,000 records and reports were entered into the group-wide incident reporting tool "Think: Ahead CARE", including 107,000 findings, hazards and near misses (an increase of 48% vs. 2010); over 76,000 measures were assigned and 86% completed on time. A best-practice, patented training program entitled "Stepping, Lifting & Manual Handling. Working at heights" was provided to more than 7,100 Petrom E&P employees. Initial results indicate that

the number of incidents decreased significantly in the months following training provision.

In terms of its diversity strategy, OMV made some significant progress in 2011. The ratio of female Senior Vice Presidents almost doubled from 6% to 12%; our target remains 18% by 2015. In addition, the ratio of non-Austrian Senior Vice Presidents increased from 20 to 33%.

### Natural Resourcefulness

Since 2008, R&M has implemented measures to reduce greenhouse gas emissions that account for total annual savings of around 200,000 t CO<sub>2</sub> equivalents. For the ongoing restructuring of the Petrobrazi refinery the potential to make further cuts of almost 200,000 t CO<sub>2</sub> equivalents have been identified. Reductions of greenhouse gas emissions were also achieved in E&P operations in Kazakhstan and Romania. Great saving potential is seen in flaring reduction in Tunisia due to the planned South Tunisia Gas Pipeline. During the Schwechat refinery's stoppage in 2011, the lowest flaring time during a turnaround of the petrochemical part of the refinery was recorded.

Efficient water management is a key issue in OMV's operations. In 2011, the sewage system at the Petrobrazi refinery was partly renewed to minimize the amount of treated wastewater. The project design for revamping the wastewater treatment plant was finalized. Scarcity of water resources is a specific challenge in various OMV's exploration sites such as the Yemeni desert. There, OMV installed a new wastewater treatment unit in Block S2. This will enable the use of treated water for irrigation and dust control.

To use equity gas for producing electricity, OMV is building two new gas-fired power plants. In 2011, the construction of the 860-MW plant in Brazi (Romania) was completed. Full commercial operation is expected to start in H2/12. The 870-MW plant in Samsun (Turkey) is under construction.

The windfarm in Dorobantu (Romania) started commercial operation in 2011. It consists of 15 wind turbines with an overall capacity of 45 MW mitigating 11,700 t CO<sub>2</sub> emissions.

#### **Financial Resourcefulness**

In 2011, OMV started initiatives to make responsible business behavior measurable in financial terms. Good governance and comprehensive risk management contributed to the overall business performance.

To make the efforts of responsible management measurable, OMV will develop the appropriate tools. Our aim is to be able to make more use of these criteria in the future to assess decisions to be made in our core business.

Process Safety Management contributes significantly to OMV's business and financial performance by means of proactive loss control management. It is concerned with the proactive identification of and safeguarding against releases of hazardous substances. In 2011, there was a focus on the definition and maintenance of safety critical elements in all offshore and onshore assets of the three business segments. Other activities included process safety management walk-around trainings, the implementation of process safety key performance indicators and the reporting of process safety hazards and incidents.

Regarding emission trading, OMV maintains a low-risk trading strategy. In addition to the trading of EU allowances, we optimize the OMV carbon portfolio where necessary by monitoring the possibilities of using credits from flexible project-based mechanisms, such as the Clean Development Mechanism (CDM) and Joint Implementation (JI), as provided for under the Linking Directive.

# Roadmap 2012 and beyond

With the Resourcefulness concept we are able to build upon a very solid foundation. Over the past years OMV has always been a frontrunner in terms of sustainability issues. However, our business environment is changing dramatically. Social, economic, political and environmental conditions confront our business with new challenges for the continuation of our business. The scarcity of resources is becoming an increasingly pressing issue.

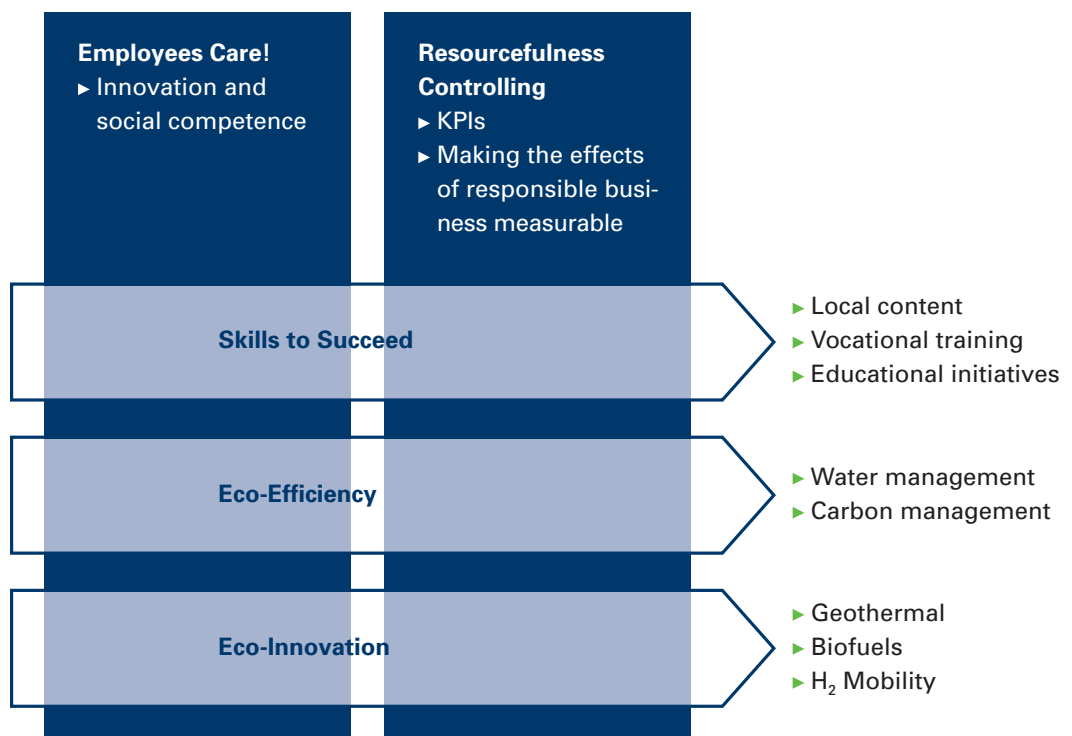
This is why we will continue our journey towards long-term shared value and success for OMV, society and the environment. For this reason, governance of all issues related to Resourcefulness will be provided by the newly created corporate function, while line management continues to be responsible for

the results of our activities and social projects. In 2012, we have started five strategic initiatives that will drive our Resourcefulness efforts in the years to come:

**Skills to succeed:** We promote the skills people require to be successful. We strengthen our employees' creativity and social competence, and we invest in the economic development of the communities in which we operate by stimulating local content. We support educational initiatives in the fields of energy and entrepreneurship in our core markets.

**Eco-Efficiency:** In order to secure the supply of energy, we produce and process oil and gas. We do this as efficiently and safely as possible. We look for innovative solutions

## Resourcefulness Roadmap



that lead to a win-win situation for OMV, society and the environment. As the cleanest fossil fuel, we will focus even more on gas as the most important raw material for generating electricity and heat in Europe. Another particular focus of our endeavors in the field of eco-efficiency is on water and carbon management.

**Eco-Innovation:** We use our core skills to tap into alternative energy sources such as geothermal energy, second-generation biofuels and infrastructure for H<sub>2</sub> mobility.

**Employees Care!:** We motivate employees to actively engage into driving responsible and sustainable business behavior. We encourage them to take responsibility for Resourcefulness projects and come up with their own ideas, using their ingenuity and creativity to create win-win situations for our stakeholders and the benefit of our company.

**Resourcefulness Controlling** is our way of measuring the effects of our actions. This enables us to make the best decisions for OMV and our stakeholders in the future. For this purpose we are planning to develop a KPI-set that will help us manage Resourcefulness throughout our organization. Additionally, we aim to develop methods and tools to make the effects of Resourcefulness measurable.

## Our Way to **Human Resourcefulness**

People are the most important resource for achieving long-term success. So for us, Human Resourcefulness means:

- ▶ Respectful relations with all our stakeholders.
- ▶ Providing skills to succeed by strengthening our employee's creativity and educational initiatives in our core markets.

We are committed to treating all our stakeholders with respect. The UN Global Compact with its ten principles forms the basis for our ethical behavior with regard to business ethics, diversity, health, human rights and safety.

We promote the health, ability to work and skills people require to be successful. We strengthen our employees' creativity and social competence, and we invest in the economic development of the communities in which we operate. We support educational initiatives in the fields of energy and entrepreneurship in our core markets. We ensure safe operations, protect people, assets and reputation and thus contribute to business continuity.

## Major Activities in 2011



### **Educational Initiatives in Pakistan**

In Pakistan, over the past years OMV has provided access to primary schools for more than 3,000 rural children in operational areas by establishing 75 village based schools. Poor infrastructure and school facilities in Pakistan limit the possibilities for education and future employment. By constructing two to three school buildings every year and hiring local teachers OMV contributes to a better educational environment.

Additionally, the infrastructural upgradation support to the model high school earlier established by OMV in Chundiko as well as a Training & Resource Centre (TRC) for regular professional support to teachers was continued during the year 2011. The Citizen Foundation (TCF) has almost completed the construction of the high school building supported by OMV through its Joint Venture Fund in one of its operational districts. The provision of electricity and a health support system for villages complements our infrastructural involvement.

Besides this OMV has access to education high on its agenda. To this end, OMV has set up several initiatives and programs. Among these are a training program for engineers and technicians and a skills training program for women. Furthermore a diverse set of scholarships is intended to generate more opportunities for self-employment and access to schools for youngsters in areas where high schools cannot be established due to the absence of infrastructure.



### **Technical Scholarship for Women**

As a continuously growing international company we are constantly looking for motivated future employees. To proactively meet the challenges of technical skill shortages, OMV is increasing its efforts to support the advancement of young people, in particular women in technical careers. OMV launched a scholarship program to inspire young women from our Austrian communities to take an engineering degree by providing financial support. The OMV Scholarship offers 15 female high school graduates the opportunity to receive EUR 350 per month over the entire period of regular undergraduate studies in a technological discipline. Particular focus is placed on the promotion of socially disadvantaged students. Full details of the application process are to be found on our website.



#### **Enlargement of OMV Kindergarten**

The OMV kindergarten opened near the new head office in September 2009. Operated jointly with the organization "Kinder in Wien", the kindergarten is attended by children of employees from all OMV sites. In 2011 we expanded our OMV kindergarten facilities, which provide daycare for up to 120 children on a surface area of over 1300m<sup>2</sup>. The facilities include a playground with fruit trees and bushes which can be used all year round. The opening times are geared towards working hours but extend beyond core time. The teaching staff at the bilingual kindergarten includes native English speakers.



#### **Diversity Strategy 2020**

Along with the OMV values, the Executive Board has defined diversity as one of the high-level objectives for the Group. This includes the development and implementation of a Group-wide diversity strategy. We are currently concentrating on two major areas: nationality diversity and gender diversity. Efforts are being directed at the highest possible management level as all other levels will automatically follow suit. Our target is to achieve a diversity mix at the Senior Vice President level of 18% women and 38% internationals by 2015, and 30% women and 50% internationals by 2020. In 2011 we were able to significantly increase both gender and nationality diversity at Senior Vice President level. With 33.3% international (22% in 2010) and 12% female (6% in 2010) employees at Senior Vice President level we are well on the way to achieving our targets. As a vital intermediate step towards achieving our diversity targets, we aim to have 30% females in all management development programs. Various initiatives such as the technical scholarship for young women, the establishment of English as the company language, flexible working conditions for young mothers and fathers and the enlargement of the OMV kindergarten are concrete measures aimed at fostering diversity at OMV.





### **Human rights consulting visit in Tunisia**

In October 2011, OMV conducted a human rights consulting visit in Tunisia. OMV Sustainability Team members and external human rights consultants visited OMV premises in Tunis, Sfax and in the OMV blocks in order to interview management, employees, contractors, local authorities, local communities and several other stakeholders. The aim was to evaluate the current risk exposure concerning human rights violations and compliance with the OMV Human Rights Policy and the OMV Human Rights Matrix. Structured according to the key categories of the responsibility for human rights in the business context, the findings of the human rights consulting visit have triggered a detailed list of recommendations. The findings show that awareness of and the overall approach to human rights of OMV Tunisia is good. Most areas covered by the Human Rights Matrix either pose no problems or are being dealt with in a human rights compliant and professional manner.

An immediate outcome of the human rights consulting visit is especially beneficial to our female employees in Tunisia: maternity leave periods were extended and thus adapted to international standards, which are higher than in Tunisian legislation. However, two main areas clearly merit further attention: OMV's approach to its social environment, in particular community relations, and its relationship with contractors concerning workers' rights. Correspondingly, one of the targets set after the visit is to create the post of a community relations advisor at OMV Tunisia with a broad mandate of managing all relevant aspects of community relations, in cooperation with and supported by the line/project managers. Furthermore we plan to develop a grievance mechanism for dealing with claims of external stakeholders, especially communities, as well as a list of specific tender and auditing questions to be used for contractors providing operational services to OMV field operations. We are well on the way to achieving all these targets.



### **Arab Spring**

The year 2011 was characterized by political upheaval in Egypt, Tunisia, Libya and Yemen. The "Jasmine Revolution" developed rapidly and unexpectedly into a deteriorating security situation which also impacted on OMV Group's operations, people and assets. As a result we took the decision to evacuate our expatriates from these countries. In a joint effort, 169 expatriates from OMV and third parties, including children and spouses, were successfully evacuated without any major incident and returned

soundly to Austria or their home countries (Tunisia: 65; Egypt: 4; Libya: 32; Yemen: 68). Our business in the various countries was also secured. Full repatriation was possible in Tunisia after several weeks. We did face severe problems during evacuation: communication was lost when the Libyan government shut down mobile networks and satellite communication, and road travel became increasingly dangerous, especially in the Libyan Desert and towards Benghazi – a problem which affected many companies. Despite these difficulties we were able to organize all the necessary flights and documents, especially through close collaboration with organizations and authorities in Austria and abroad. The fact that all emergency evacuations were successful and expatriates came to no harm demonstrates that our emergency and crisis management system is effective. Although no commercial operations could be carried out, OMV acted on its social responsibility and continued to financially support its local employees. In addition, a social initiative to provide psychological and social health treatment for the traumatized young generation in Tripoli was established in Libya.

# Targets

## Human rights

Planned for 2011 (and after)	What we did in 2011
<b>Human rights training and awareness</b>	
<ul style="list-style-type: none"> <li>▶ Human rights e-learning tool in Romanian and Turkish</li> <li>▶ Roll out Code of Conduct in Urdu for Pakistan venture</li> <li>▶ Set up human rights training programs for Petrol Ofisi, private security forces in Samsun and other G&amp;P operations</li> <li>▶ Train security forces in the Kurdistan region of Iraq</li> </ul>	<ul style="list-style-type: none"> <li>▶ Human rights e-learning tool: Romanian version developed and rolled out in Romania; Turkish version postponed to 2012</li> <li>▶ Roll out Code of Conduct in Urdu for Pakistan venture was postponed</li> <li>▶ Human rights training in Petrol Ofisi &amp; Samsun (Turkey) is still work in progress and has not been conducted yet</li> <li>▶ Kurdistan: Security briefing in the framework of a visit of Corporate Sustainability staff took place</li> <li>▶ Romania: Human rights training program conducted for security forces</li> <li>▶ Tunisia: Human rights consulting visit conducted</li> <li>▶ Process of human rights check was set up</li> </ul>
<b>Inclusion of human rights elements in all supplier audits</b>	
<ul style="list-style-type: none"> <li>▶ 95% of supplier audits to include human rights elements and HSSE criteria</li> </ul>	<ul style="list-style-type: none"> <li>▶ 95% of supplier audits included human rights elements and HSSE criteria</li> </ul>
<b>What we will do in 2012 (and after)</b>	
<ul style="list-style-type: none"> <li>▶ Develop Code of Conduct in Urdu for Pakistan</li> <li>▶ Implement recommendations on human rights according to human rights consultancy visit in Tunisia</li> <li>▶ Human rights self-checks in Iraq Region of Kurdistan, Romania, Pakistan, Kazakhstan</li> <li>▶ Human rights consultancy visit in Iraq Region of Kurdistan</li> <li>▶ Human rights training of supply chain auditors</li> <li>▶ Human rights classroom training for employees and contractors in addition to e-learning tool</li> </ul>	

## Community Relations

Planned for 2011 (and after)	What we did in 2011
<b>International community relations initiatives</b>	
<ul style="list-style-type: none"> <li>▶ Comprehensive training on OMV's sustainability approach in Kazakhstan and discussions with relevant stakeholders</li> <li>▶ Review existing set-up of community development projects in Pakistan after acquisition of new blocks</li> </ul>	<ul style="list-style-type: none"> <li>▶ Kazakhstan initiatives were postponed</li> <li>▶ Pakistan: Review conducted; project implementations to be rolled out starting 2012</li> <li>▶ Turkey: Kozluk OMV Anatolian Teacher Training High School as key project in line with OMV Samsun power plant project</li> <li>▶ Pakistan: Educational initiatives further developed</li> <li>▶ Libya: Social initiative to provide psycho-social health treatment for the traumatized young generation in Tripoli was initiated; operations to be started in 2012</li> </ul>
<b>Professionalization of the stakeholder management system</b>	
<ul style="list-style-type: none"> <li>▶ Develop our stakeholder database further</li> <li>▶ Identify and classify stakeholder groups in more detail</li> <li>▶ Define criteria to prioritize stakeholder groups</li> <li>▶ Roll out stakeholder database throughout the Group to gather data and trace and report on stakeholder interaction</li> </ul>	<ul style="list-style-type: none"> <li>▶ Stakeholder Database implemented with focus on Petrom in 2011</li> <li>▶ Classification of stakeholders in Petrom conducted: 3 key criteria defined; 11 groups identified; 16 guidelines issued</li> </ul>
<b>Effectiveness of community relations</b>	
<ul style="list-style-type: none"> <li>▶ Track downtimes associated with community issues, analyze root causes, and define improvement measures</li> </ul>	<ul style="list-style-type: none"> <li>▶ Tracking of downtime and mapping the risks in relation with communities started in 2011. First step was the implementation of the category of community relations incidents in our online incident reporting system in Petrom. These steps ensure a consistent and transparent tracking, reporting and monitoring of community incidents.</li> </ul>
<b>What we will do in 2012 (and after)</b>	
Austria	<ul style="list-style-type: none"> <li>▶ Comprehensive and ongoing stakeholder information, discussions and meetings will be carried out in the region of OMV Austria Shale Gas Project Area</li> </ul>
Romania	<ul style="list-style-type: none"> <li>▶ Implementation of selected community projects on the basis of the results of the social risk mapping conducted in 2011</li> </ul>
Turkey	<ul style="list-style-type: none"> <li>▶ Ensure regular and proactive stakeholder consultation in Samsun region supporting the finalization of OMV Samsun power plant</li> <li>▶ Projects improving local skills and livelihood opportunities will be developed</li> </ul>
Libya	<ul style="list-style-type: none"> <li>▶ Opening of "OMV Libya Youth Center" in Tripoli planned</li> </ul>
Pakistan	<ul style="list-style-type: none"> <li>▶ Start implementation of joint school development project with Hilfswerk international in the new Mehar block</li> <li>▶ Final stage of PPP project "Hepatitis" cofunded by Austrian Development Agency</li> <li>▶ Local skill enhancement projects will be further developed</li> </ul>
Tunisia	<ul style="list-style-type: none"> <li>▶ Pilot project grievance mechanism for local communities in Tunisia</li> <li>▶ Development of community relations projects with focus on local content and vocational training in South Tunisia</li> </ul>
Yemen	<ul style="list-style-type: none"> <li>▶ Community relations project plans will be reviewed in line with a possible re-entering into the operation area in the first half of 2012</li> </ul>

## Employees

Planned for 2011 (and after)	What we did in 2011
<b>Diversity</b>	
<ul style="list-style-type: none"> <li>▶ Start implementation of the diversity strategy action plan</li> </ul>	<ul style="list-style-type: none"> <li>▶ A concept for a technical scholarship for women has been developed</li> <li>▶ An increase of both gender and nationality diversity at senior management level has been achieved</li> </ul>
<b>Strategic Workforce Planning</b>	
	<ul style="list-style-type: none"> <li>▶ Strategic Workforce Planning Project, aiming at ensuring the availability of adequate human resources for OMV in the future, has been started for E&amp;P</li> </ul>
<b>Realization of HR's new role</b>	
<ul style="list-style-type: none"> <li>▶ Implement the new HR organization; analyze and redefine all international HR processes</li> </ul>	<p data-bbox="946 898 1166 929"><b>New HR organization</b></p> <ul style="list-style-type: none"> <li>▶ New HR organization has been implemented</li> <li>▶ All international HR processes have been analyzed and redefined</li> </ul>
<b>Human Capital Management (HCM)</b>	
<ul style="list-style-type: none"> <li>▶ Conduct HCM survey Group-wide</li> <li>▶ Develop action plan based on the results of the survey</li> </ul>	<ul style="list-style-type: none"> <li>▶ HCM survey conducted throughout the group with 16,889 participants in 25 countries, group result above external benchmark, participation rate 69%</li> </ul>
<b>Job rotations</b>	
<ul style="list-style-type: none"> <li>▶ Continue to increase the number of job rotations between business segments</li> </ul>	<ul style="list-style-type: none"> <li>▶ Number of job rotations between business segments increased to 77</li> </ul>
<b>Integration of Petrol Ofisi</b>	
<ul style="list-style-type: none"> <li>▶ Set up language and cultural training for Turkey</li> </ul>	<ul style="list-style-type: none"> <li>▶ Language and cultural training programs for Turkey in which 22 employees participated have been set up</li> <li>▶ 3 Petrol Ofisi employees already expatriated to the group</li> <li>▶ 15 employees in major OMV training programs</li> </ul>
<b>What we will do in 2012 (and after)</b>	
<p>Diversity</p>	<ul style="list-style-type: none"> <li>▶ Continue program</li> <li>▶ Increase number of female managers</li> <li>▶ Implement technical scholarship for women</li> </ul>
<p>Job Rotations</p>	<ul style="list-style-type: none"> <li>▶ Further increase job rotations by 20%</li> </ul>
<p>E&amp;P graduate program</p>	<ul style="list-style-type: none"> <li>▶ Recruit &gt; 100 graduates for E&amp;P in all E&amp;P countries</li> </ul>
<p>New Technical Training Center Petrom</p>	<ul style="list-style-type: none"> <li>▶ Establish a concept and project plan for the new Technical Training Center</li> </ul>
<p>Employees' Sustainability Engagement</p>	<ul style="list-style-type: none"> <li>▶ Integrate sustainability projects in individual target planning and skill development programs within OMV</li> </ul>

## Health

Planned for 2011 (and after)	What we did in 2011
<b>Develop health risk register</b>	
<ul style="list-style-type: none"> <li>▶ Once additional medical staff have been trained, all remaining employee workplaces will be risk assessed</li> <li>▶ All clinics to be risk ranked and audited, starting with those at highest risk; action plan</li> </ul>	<ul style="list-style-type: none"> <li>▶ A database was developed, the final workplaces were assessed and initial conclusions drawn</li> <li>▶ All clinics were audited and local action plans developed</li> </ul>
<b>Implement and monitor the OMV Health Standard</b>	
<ul style="list-style-type: none"> <li>▶ Continue implementation of the Health Standard and status monitoring</li> </ul>	<ul style="list-style-type: none"> <li>▶ All clinics and procedures were audited and gap analyses were carried out</li> </ul>
<b>Health promotion activities</b>	
<ul style="list-style-type: none"> <li>▶ Specific focus on cardiac prevention, back pain, and prevention of ergonomic risks</li> </ul>	<ul style="list-style-type: none"> <li>▶ Health promotion activities for employees were carried out with high participation rates</li> </ul>
<b>Continue emergency and preventive medicine training</b>	
<ul style="list-style-type: none"> <li>▶ Continued emergency and preventive medicine training</li> </ul>	<ul style="list-style-type: none"> <li>▶ Emergency drills and special medical assistance programs were implemented</li> <li>▶ Intensified training of medical staff and first aid responders</li> </ul>
<b>Harmonize and improve medical infrastructure</b>	
<ul style="list-style-type: none"> <li>▶ Ongoing harmonization of regulations and refurbishment of clinics</li> </ul>	<ul style="list-style-type: none"> <li>▶ Ongoing harmonization of regulations and refurbishment of clinics</li> </ul>
<b>What we will do in 2012 (and after)</b>	
Continue to develop health risk register	<ul style="list-style-type: none"> <li>▶ Review lessons learned for continuous improvement in health risk assessment</li> </ul>
Implement and monitor OMV Health Standard	<ul style="list-style-type: none"> <li>▶ Follow-up on action plans from the audits to ensure continuous improvement</li> <li>▶ Carry out spot audits to ensure high standards</li> <li>▶ Integrate Petrol Ofisi in this system</li> </ul>
Health promotion activities	<ul style="list-style-type: none"> <li>▶ Develop material for two major health promotion campaigns on ergonomics and healthy eating</li> </ul>
Continue emergency and preventive medicine training	<ul style="list-style-type: none"> <li>▶ Follow-up on the implementation of recommendations made during the Medical Emergency Resilience Audit</li> </ul>
Share knowledge	<ul style="list-style-type: none"> <li>▶ Develop a database for medical issues</li> </ul>

## Safety

### Planned for 2011 (and after)

### What we did in 2011

#### Continue to improve safety performance and standards

- ▶ Knowledge sharing to ensure proper follow-up of incidents and dissemination of lessons learned
- ▶ Properly investigate high-potential incidents (HiPos) establish actions and close out
- ▶ Extend IVMS (In-Vehicle Monitoring System) concept across Group and harmonize driving policies and standards

- ▶ HSSE Alerts developed and disseminated group-wide for lessons learned
- ▶ Improved reporting of high potential incidents (HiPos) implemented and HiPo Review Board set up
- ▶ Incident investigation training programs delivered to senior managers and safety experts
- ▶ IVMS concept extended and transportation contractors forum established and held

### What we will do in 2012 (and after)

#### Continue to improve safety performance and standards

- ▶ Improve the HSSE performance of contractors by close monitoring and interaction: all new high/medium risk contractors with KPIs and targets
- ▶ Roll-out and training on Golden Rules, a guidance for safe working based on a simple set of eight rules
- ▶ Implement IVMS concept across Group
- ▶ Extend "Stepping, Lifting and Manual Handling. Working at Heights" training initiative group-wide
- ▶ Harmonize permit to work system across Group

## Security

### Planned for 2011 (and after)

### What we did in 2011

#### Enhance security management

- ▶ Harmonize security standards with a focus on socio-politically challenging countries of operation

- ▶ Developed and implemented Group security management: organizational set-up and training programs

### What we will do in 2012 (and after)

#### Enhance security and resilience management

- ▶ Advice and provide training to security managers across OMV Group
- ▶ Implement a system for improved sharing of security information
- ▶ Conduct crisis and resilience exercises as well as self-assessment of high-risk country emergency preparedness

# Human Rights

**By signing the UN Global Compact, OMV has documented its fundamental commitment to respecting, fulfilling and supporting human rights within its sphere of influence. OMV views and applies human rights as a means of balancing the different interests and needs of all relevant stakeholders in a practical and culturally sensitive way. A corporate human rights master plan was drawn up in 2011, in the light of Prof. Ruggie's guiding principles. Its focus is on awareness-raising, due diligence and grievance mechanisms for communities.**

## **Human rights management system**

OMV's commitment to human rights is a high-priority aspiration which it seeks to fulfill systematically. Over the last few years we have been able to develop our human rights management system and implement a comprehensive matrix covering our business processes. The human rights management system was developed in close cooperation with external experts. Its key elements are the OMV Human Rights Policy and the OMV Human Rights Matrix.

The OMV Human Rights Policy was adopted by the Executive Board in 2007. It is based on the OMV Code of Conduct and sets out the principles of our understanding of, and responsibility for, the protection of human rights in our business environment. In accordance with the commitments set out in the UN Global Compact, OMV respects, fulfills and supports human rights within its sphere of influence, as well as seeking to avoid the risk of complicity in human rights violations as understood under international law. The Human Rights Policy is the normative umbrella for the management of human rights issues as part of our operations.

OMV's specific human rights responsibilities are contained in a Human Rights Matrix, derived from the UN Global Compact and the Business Leaders Initiative on Human Rights.

## **Responsibilities**

Any activity undertaken by OMV entails potential risks and opportunities in the human rights area. These will vary from country to country. Collecting baseline information about the social conditions in the countries in which we operate is the first step we take when we prepare to take decisions about our business activities. This obligation is the responsibility of project managers, general managers of local OMV companies and line managers. They are supported by company experts and consultants. The CEO of OMV bears ultimate responsibility for sustainability management, including human rights.

## **Risk assessments**

We have developed and implemented a number of tools to evaluate the human rights situation and enforce commitment to human rights in our areas of operation. To manage our human rights risks we gather as much information as we can on the socio-economic conditions in a country or an area we are considering entering. The OMV "New Country Entry Self-Check" is a checklist used to estimate the human rights situation in potential operating areas. It helps identify and avoid the risk of involvement in human rights violations before entering a new country or a new project. All investment decisions requiring Executive Board approval undergo a mandatory sustainability evaluation that includes human rights aspects.



There were no practices identified in terms of child or forced labor. Clauses forbidding child and forced labor are part of the contract with our suppliers and contractors. In the supply chain audits carried out for OMV by external auditors, and in the human rights consulting visit carried out in 2011 no such issues were identified.

The human rights analysis draws on reports by reliable NGOs such as Amnesty International and Human Rights Watch, as well as reports by and about companies that are active in the area. If necessary, strategies are developed that ensure compliance with our Code of Conduct and Human Rights Policy. In existing projects and countries where we are already active, we carry out case-by-case consulting visits with a focus on human rights, together with external human rights experts.

**Suppliers**

In order to actively foster human rights in our sphere of influence, we have developed a mandatory human rights questionnaire for standard OMV supplier audits and have trained auditing teams how to use it. In 2011 we launched a software that bundles all the relevant information on our "A" suppliers. Of the 512 "A" suppliers with whom 80% of OMV Group's purchasing volume is sourced,

19 companies were selected in 2011 for a comprehensive audit, including compliance with human rights criteria.

In 2011, a Human Rights training program was conducted for security forces in Romania. The aim was to maintain and raise the level of awareness, especially in this important target group. This training program, conducted by an external human rights consultant, was based on the standards recommended by the UN Global Compact and OMV Human Rights Matrix. It was our response to the problem of high fluctuation of our security personnel, also in view of several newly tendered and contracted security companies. The training program was provided for 15 representatives from seven security companies as well as 11 OMV Petrom managers involved in security and 22 Petrom managers from different departments.

More than 96% of all our contractors and suppliers comply with our Code of Conduct. An external human rights consultant together with OMV management is providing human rights trainings for security forces. Also, CSR supply chain audits including human rights are carried out by an external auditor.

**Human Rights Trainings held in 2011<sup>1</sup>**

Where	When	Who took part
Romania	Nov 2011	Contractors (security forces) and staff
Vienna	Sept 2011	Staff

<sup>1</sup> Altogether 55 employees (0.18% of total workforce + employees using the e-learning tool) participated in the listed human rights training programs in 2011, including 15 representatives from 7 security companies.

### **Training programs**

As in the years before, OMV continued to provide training courses and workshops to raise human rights awareness both internally and externally in 2011. An essential element here was to provide an explanation of OMV's Human Rights Matrix. The functionalities of OMV's Human Rights Self-Checks, OMV's Country Entry Checklist and the human rights section of OMV's supplier audits were important training topics. Other key issues were the basic principles of the OMV Code of Conduct and our approach to sustainability.

In 2011, human rights awareness training was provided both face-to-face and using our e-learning tool launched in 2010. By the end of 2011, this tool had also been rolled out at Petrom, enabling employees to undergo individual web-based training in German, English and Romanian. The tool is available on our Intranet, so most of our employees have access to this e-learning tool.

# Community Relations

**Due to the very nature of its operations, OMV has a considerable impact on the local communities of the countries in which it is active. Typical E&P activities, for example, are highly visible to the local population and include seismic operations, drilling activities, as well as the construction of pipelines and operation of processing plants. All these operations have a significant impact on local communities. With all its efforts in the field of community relations, OMV aims to establish and maintain harmonious relations with all its local stakeholders based on mutual respect and trust.**

## **Management approach**

OMV works in communities ranging from fishermen in the Barents Sea to tribes in the Yemeni desert and farmers in the vicinity of Gänserndorf. OMV applies a proactive approach in its involvement with local communities.

The community relations management process ensures that social risks are carefully considered in the areas of its operations. Claims and demands are taken seriously and discussed in order to find solutions and agreements. The process also supports the identification of community needs and planning of community projects based on local needs. OMV believes that economic development helps empower local communities and in future it will support those initiatives that help local communities to improve their economic conditions. Group-wide community relations requirements are defined in corporate directives and standards.

In order to strengthen our relationship with local communities and authorities, a local council model (KoGeB) is established for example in Kozluk. KoGeB is a community-based organization built around a partner-

ship between the Kozluk community, the local authorities and local business and provides a forum to support good decisions and activities of common interest.

Monitoring resettlements is part of community relations management. In 2011 – in particular during the acquisition of new assets in Pakistan and Tunisia – no resettlements have been caused by OMV activities.

## **Grievance mechanisms**

To ensure that claims and demands are taken seriously and discussed in order to find solutions and agreements grievance mechanisms are part of our community relations management process. For our power plant project in Samsun/Kozluk, Turkey we have established a structured grievance mechanism already in 2010 to handle complaints from local communities both comprehensively and transparently. Local stakeholder complaints such as disturbance and damage due to heavy truck transport are reported and discussed with management and the respective compensations are provided.

In September 2011, a new instrument – Grievance Management System (GMS) – was finalized and implemented in OMV Petrom. In 2011, a total number of 1,734 grievances was recorded and monitored using this instrument. In countries where it is legally binding for filling stations, for example, OMV has also established structured grievance mechanisms. In other countries action still needs to be taken.

## **Local value creation**

There are no corporate directives that explicitly stipulate or promote the use of local suppliers. However, local spending with our “A” suppliers nearly reached 72% of total expenditure. OMV classifies as “A” suppliers those

suppliers and contractors which in 2011 accounted for 80% of the total purchasing volumes of the procurement departments in the Group (Petrol Ofisi excluded). The procurement process is organized on a material-specific basis: whether or not contracts can be issued locally depends heavily on the product or materials involved, with local availability and quality being key factors. Different contracts are concluded in the various countries but the focus is on creating a local supply chain, particularly in certain non-OECD countries.

Creating local employment opportunities and using in-country supply companies are just two of the many examples of how a sustainable business environment can be created, which is equally important in both industrialized and emerging countries. For instance, E&P is managing joint ventures that will be investing high amounts in industry and infrastructure in Tunisia, and OMV is one of the largest international E&P companies in Pakistan, where it employs more than 420 local employees. E&P is aware of the fact that it has numerous different stakeholders in all its operation sites and it maintains an active dialogue with them all.

With our participation in major gas infrastructure projects such as Nabucco and liquefied natural gas terminals in the Netherlands, OMV's contribution to securing the supply of gas to Europe is significant. At the

same time, the G&P business segment creates a direct, positive economic impact in the regions where its projects and investments are located, e.g. by employing local manpower and using local suppliers. One example is the Samsun project in Turkey, a combined cycle gas-fired power plant (CCPP), for which we supported local employment policy: here, catering and emergency services were provided by local suppliers and the municipality of Kozluk, for example. Management of the CCPP Samsun project provided an ambulance and a fire-fighting truck to the local municipality, which hires and pays local residents to operate the emergency services. This is just one example of how local job opportunities were created in addition to the jobs related directly to the construction of the power plant.

#### **Social performance**

Large companies depend on people's trust. For OMV to continue its successful growth, we need to gain and retain not only the trust of our customers, investors and employees but also that of the local communities in which we operate. We do this by initiating and supporting social projects on a local basis. In this way we create value for the communities, thereby maintaining our excellent reputation. We do so by carefully evaluating potential partners and suppliers as well as consulting with NGOs for our collaborative efforts.

# HR Management

**OMV employs over 30,000 people world-wide. Their performance is responsible for our success. High safety and health standards, fair pay and flexible employment models create a positive work environment, making OMV an employer of choice. In fulfilling our responsibility towards our employees and society, we are guided by the principles of the international social accountability standard SA8000. As a signatory of the UN Global Compact, OMV pledged to uphold further principles of relevance to Human Resources and has included these in corporate directives.**

## Management approach

In order to maintain our position as an employer of choice for the best people:

- ▶ We optimize and harmonize HR management systems, tools and efficiency across our international operations.
- ▶ We endeavor to strengthen our attractiveness as an employer.
- ▶ We make sure we have the right talent in the right job at the right time.
- ▶ We look for and reward superior performance and leadership.
- ▶ We manage our corporate culture and organizational development across the entire Group, building cross-divisional effectiveness and thereby leveraging an integrated approach in stakeholder relations.

The new HR organization was established in line with the new head office organization in 2011 and has now been implemented; all international HR processes have been analyzed and redefined. The results were positive; the mixture of Business Partners and Competence Centers is well appreciated in the organization. In order to maintain effectiveness and internal dialog within our organization, we continued to increase the number of job rotations, with 77 implemented in 2011. With the integration of

Petrol Ofisi we set up language and cultural training programs for Turkey in which 22 employees participated.

## Responsibilities

OMV's HR business partners and managers act as competent partners for executives, employees and employee representatives. One of their roles is that of sparring partner and employee management advisor. Information exchange inside and outside the company keeps them up to date on best practices in modern HR management. It also helps them consistently handle comparable issues and problems across the Group. The role of an HR manager also includes overseeing the implementation of OMV Group's driving values.

HR supports employees at all stages of their careers at OMV Group, with local management playing the most important role. Strategic decisions that have a bearing on the entire company's workforce are taken centrally. Similarly, where general issues could have an impact on the Group, local management is obliged to follow the guidelines set down by Corporate HR.

## Workforce and local employment

In 2011 the number of employees at OMV decreased by approximately 7.4%. The reasons were mainly outsourcing activities at OMV Petrom. 96.27% of our employees are covered by mandatory periods of notice under national employment laws or bargaining agreements for cases of necessary restructuring.

In the countries in which we operate, we try to achieve a high percentage of local management and staff. Because market conditions and job requirements differ from country to country, the percentage is variable but generally exceeds 90%. Developing the local workforce, especially in countries with a

shortage of skilled workers, is one of OMV's highest priorities. Local graduate and expert development programs have been initiated in several countries.

In 2011 OMV started a strategic workforce planning project. Its aim is to establish an effective business process for the alignment of our business and HR strategies in order to ensure availability of adequate human resources for OMV in the future. We thus adopt a long-term perspective on our workforce and respond to future demand both by positioning OMV as an employer of choice and starting initiatives such as our integrated graduate development program, aiming at consistent, fast-tracked development of employees to an expert level as well as fostering commitment, networking and intercultural exchange.

#### **Rights and obligations**

The rights and obligations of our employees are set out in labor contracts. They are derived from various company agreements, collective bargaining agreements and locally applicable policies. Nearly all of our employees – 99.86% – have the right to exercise their freedom of association and collective bargaining. For 99.64% of our employees minimum wages or salaries are fixed by law or agreed upon in collective bargaining agreements. 87.44% of our employees are represented by local trade unions or works councils.

#### **Equal opportunities**

Our commitment to providing equal opportunities for all employee groups in all recruitment processes, company procedures and employment contracts is contained in the corporate Antidiscrimination Directive. This principle applies throughout the entire employment period from hiring to termination. When a complaint is filed under the

directive, we are committed to giving the employee the support required as far as is legally possible.

The principle of equal remuneration for men and women for equal work is anchored in the OMV Antidiscrimination Directive. The level of compensation is based on the employee's function and management level as well as skills and professional experience. Compliance with the directive is reviewed annually by internal auditors.

As of January 1st, 2010, OMV made allowance for legislative changes in the area of registered partnerships in Austria which permit same-sex couples to enter into a civil union. For the area of validity of the new Act on Registered Partnerships ("EPG"), OMV concluded a framework agreement which puts same-sex partners on an equal footing in terms of labor claims. In addition to the existing instances regulated by law or collective agreement, equality of status was thus extended to include company retirement regulations and other provisions relevant to the claims of marital partners.

#### **Global People Survey**

We maintain ongoing dialog with employees to find out what works well in their jobs and identify room for improvement. Employee Engagement is monitored by conducting the group-wide HCM Global People Survey at regular intervals. An important integrated component of HCM is that management and staff get together to analyze and discuss Employee Engagement Drivers, topics ranging from diversity to value implementation.

In 2011, we conducted the HCM survey throughout the Group. As "HCM" stands for "Have your say. Commit to change. Make things better." the goal was to learn more about our employees' opinions on our com-

pany, and their relationships with co-workers and managers in order to together suggest improvements and implement activities to make things better. The survey was voluntary and anonymous. In 2011, 16,889 employees from 25 countries participated in 15 languages.

The survey's results have been summarized in the so-called "Engagement Index". This index measures employee engagement and shows how motivated, enabled and energized employees are in delivering their best performance. The OMV Group "Engagement Index" reached 87% and represents a good overall result, being 5 points above the global benchmark for our industry (Global Oil & Chemicals benchmark).

### **Benefits**

For several years, OMV has offered company pension plans to employees in Austria and Germany. Refining and Marketing (R&M) introduced pension plans in the Czech Republic and Slovakia in 2008. Since 2009, OMV Group has had enhanced insurance protection for expatriates and their accompanying family members worldwide, regardless of origin or nationality. In addition to providing comprehensive private health insurance coverage, the company insures emergency treatment, medical evacuation, provision of medical information, etc. Since 2010, OMV Group business travelers have been covered by this insurance as well, since it includes comprehensive business travel health insurance worldwide on a Group basis.

When OMV moved to its new head office in 2009, the OMV Group Works Council reached an agreement with management regarding partial (50% gross) reimbursement of public transportation costs incurred by commuting employees. Employees working

at the head office complexes in Vienna and Bucharest have access to free bottled water, coffee and tea in a "Coffee & More" area located on each floor.

### **Work-life balance**

Taking the needs and wishes of our employees into consideration, OMV has created a work-at-home option during periods of parental part-time work in collaboration with the Works Council. A "Home Office Agreement" enables male and female employees to work half of their weekly working days at home and half at their respective OMV offices so as to help make the early years of parenthood easier for them.

In Austria, company agreements allow employees to take up to a year off work. A sabbatical is not restricted to any particular purpose. The model is for employees who have been with the company for at least two years. A sabbatical can be arranged by mutual agreement, taking the company's interests into consideration.

### **Development and training**

Over the last few years we have developed many employee training and development programs that are now well established and successful. The introduction of the Performance and Development System (PDS) was a major step towards building a group-wide job performance and employee development culture. The PDS is a key communication tool for cascading company goals and helping individual employees implement the corporate strategy. As a web-based system for the entire Group, the PDS ensures equal opportunities by harmonizing performance and development discussions. It facilitates management across borders and affiliates, and considerably reduces complexity and costs.

Providing high-quality apprenticeship training is a key concern at OMV. At the end of 2011, OMV had 100 apprentices in Austria and 25 in Germany. We try hard to make young people aware of the apprenticeships we offer and endeavor to present ourselves as an attractive employer, as well as encouraging women to take an interest in a career with OMV Group.

#### **Idea management**

Idea management provides our employees with a channel for submitting new suggestions and alternative solutions concerning products and services, improvement of competitiveness, working conditions, internal procedures and processes, environmental protection and similar topics, thereby contributing to our company's success. It also promotes cross-departmental entrepreneurial thinking and action. Innovative ideas from our employees saved us EUR 1,597,835 in 2011. In 2011, we paid out bonuses totaling over EUR 51,588.46 for valuable employee suggestions and for not realized but interesting ideas the employees received non-cash gifts worth EUR 4,274 in recognition.



# Health

**Health is a universal value so access to healthcare must be universal. Every employee benefits from our high occupational health (OH) standards and wide-ranging health initiatives. Since sustainable success depends on a healthy, motivated workforce, health management makes a fundamental contribution to our company's performance.**

## **Our approach to occupational health**

The health of our employees is a primary asset and resource. In our HSSE Policy, we have committed ourselves to promoting our employees' physical and mental well-being. We want to ensure that our employees are healthy and fit so that they can carry out the work assigned to them. Our objectives include the roll-out of high health standards harmonized group-wide and the systematic assessment and reduction of health risks.

The mission of health organization is to promote good health by offering up-to-date medical treatment, preventive health care and psychological counseling. The Health Management Department (HMD) team is composed of medical doctors with additional expertise on occupational, international and public health, emergency medicine and health management which allows us to act as a center of competence. With their regular contributions on health topics and practices, HMD and local experts support line management in taking ultimate responsibility for occupational health.

HMD also supports operational HSSE and medical staff with state-of-the-art expertise on all health-related issues. It acts at the interface between work and health, serving OMV and its employees worldwide by providing scientific evidence, providing work-related recommendations and setting the

standard for occupational health (OH) impacts – e.g. acceptable thresholds for influential factors.

## **Health audit 2011**

Compliance to the health standard and the work procedures was audited during 2011. For this purpose an audit plan and audit questionnaires were drawn up for local clinics and country health management and all clinics and medical providers were visited in all countries belonging to the Group.

Group-wide a 97.25% level of compliance was measured. The audit revealed that corporate health regulations and internal work procedures have largely been implemented and that the main medical activities are being performed adequately, based on sound competence. The high-quality services provided often exceed the local legal requirements and, in addition to standard medical care, employees have access to physical therapy and a wide range of preventive measures.

In countries with high risk exposure or remote areas, external medical providers offer high-quality service on site. Ambulances, medical containers and medical emergency response processes have been upgraded to OMV standards in Kazakhstan.

## **Health Risk Assessment (HRA)**

By the end of 2011, all workplaces throughout the Group had been assessed using a standardized approach. Health hazards were identified, their risk to our employees' health was evaluated and appropriate control and recovery measures were determined. A specific database was set up to collect and analyze the data, creating a basis on which to identify trends and focus on areas for improvement. Initial results indicate that mitigation measures in place work well and

reduce the probability level of these health hazards to ALARP (As Low as Reasonably Practicable). Although technical safety and prevention measures are important and need to be applied and constantly re-evaluated according to the highest standard possible, personal awareness of health hazards remains a key area of focus. Health risk assessment is a continuous process and will be updated periodically to reflect changing working conditions. Its procedure and scope is constantly assessed using state-of-the-art evidence-based medicine.

#### **Medical emergency resilience**

In 2011, we focused on the assessment of all medical emergency resilience activities group-wide, from first-aid training to evacuation, generating recommendations for the improvement of medical emergency care.

Findings and recommendations included maintaining adequate numbers of trained first aid responders, provision of first aid materials, development of local medical emergency and evacuation plans and training for medical staff in emergency medicine. As a result of the medical emergency resilience audits, over 1,500 first aid responders were trained in Romania. First aid training was also provided in Austria, Iraq, New Zealand and Tunisia.

With the participation of “emergency simulators” (specially trained nurses) 130 medical emergency exercises were conducted in Romania in 2011 in collaboration with all internal and external emergency resilience groups. Similar training programs took place in Austria.

#### **Occupational Health (OH) in Romania**

A newly built, modern OH clinic offering a broad range of services to the 2,500 employees working at the Bucharest headquarters was made available there in spring 2011. 118 medical staff in Romania was retrained in accordance with group-wide health standards and specific Romanian legal requirements with a strong focus on emergency training, provided by the local emergency service (SMURD).



A round-the-clock psychological counseling hotline for emergencies is available to Petrom employees. Similar services are provided in Austria.

In 2011, the telemedicine project was finalized in collaboration with SMURD (the Romanian Emergency Rescue Service). Petrom has supported the extension of the national emergency telemedicine network to include 14 additional local hospitals and two Petrom clinics, which now offer direct assistance by telephone and videoconferencing from the Dispatch Centre of the main emergency hospital in Bucharest. Local doctors receive support in making faster decisions on necessary evacuation and transport to specialized clinics all over Romania. Besides this, Petrom donated three ambulance cars to SMURD.

#### **Health Promotion Initiatives**

Specific health surveillance and health checks provide the basis for developing health promotion activities. In 2011, a specialized preventive screening program for spine and joint disorders was offered in Aus-

tria and Romania. Vaccination campaigns against tick-borne encephalitis, flu, hepatitis, tetanus and other illnesses, adapted to specific local and epidemiological situations, were run in various countries.

Voluntary health checks on lifestyle-related health risks such as cholesterol, blood sugar levels, nutrition, smoking and drinking habits were offered to our employees in many countries. In 2011, over 23,800 employees took part in voluntary health checks group-wide, empowering them to mitigate and control these risks proactively. Our local health teams ran specific health prevention programs such as an intestinal check and prevention program in Austria; eye health checks in Austria and Romania; skin checks in Germany and Austria; nutrition sessions in Austria, Germany and Pakistan – focusing here on health issues while fasting during Ramadan; an alcohol information campaign in Germany; ergonomic training in Austria and Romania; an anti-smoking campaign and the promotion of physical activity in Romania with over 4,000 participants.

#### **Healthy living projects**

Two major projects were developed in Romania. The spring campaign on healthy living focused on the dangers of smoking and provided support for those wishing to give up. Over 1,200 employees participated in this project. Employees also had the opportunity to have the level of CO measured in their exhaled air, providing a good correlation with the individual level of smoking and potential health risks deriving from tobacco consumption. In the autumn campaign the focus was on promoting physical activity. Pedometers were handed out to employees and the campaign was again well received, with over 3,000 employees taking part. The high participation rate was the result of active involvement of our medical staff, including face-to-face meetings with employees at the workplace, lotteries, the provision of relevant information for employees on the intranet and new printed information booklets.

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### **Medical support abroad**

A network of international doctors and clinics collaborate with OMV to provide medical service for our expatriates. Over 788 medical examinations of expatriates and their family members in 2011 helped ensure they were healthy and fit for their tasks during deployment.

### **Health and community relations**

In 2011, together with the community relations team, a project was developed which aimed to support traumatized children in Libya. In Pakistan, local communities were provided with snake bite serum. Furthermore, hepatitis B vaccination and the education campaign on hepatitis preventive measures were continued with full support from the respective district governments and the Austrian Development Agency (ADA). In 2011, nearly 5,500 persons were given all three doses of hepatitis B, whereas more than 6,000 persons were covered for two doses and will have their third dose in 2012. More than 7,000 persons were screened against hepatitis B during the year. The overall project coverage is in 94 villages for both the vaccination and education campaign. In Romania a limited volume of important resources were allocated through the Maecenas Fund to enable ten employees to receive medical treatment for severe medical conditions outside Romania which is not available on national health insurance. Blood donation campaigns were organized in Austria, Germany and Romania.

# Safety

**Creating a safe work environment for our employees and contractors is one of OMV's top priorities. We work hard to ensure safe operations and prevent accidents based on the standards laid down in our corporate directives. We continue to train and empower people to work safely, and we apply hazard identification and risk management practices to reduce incidents and losses.**

## **Our approach to workplace safety**

All workplaces and processes must be safe and secure for OMV, our stakeholders and the environment. We believe that all accidents are preventable. Group-wide safety regulations, reporting, management tools and training courses contribute to improving safety performance. We focus particularly on transportation safety, contractor management and process safety. Safety is a line management responsibility, supported by expert advice. Leading and lagging safety indicators are monitored on a monthly basis and provide input for management decisions.

## **Workplace safety**

We did not succeed in reducing the number of fatalities in 2011 as compared to 2010. Sadly, there were four work-related fatalities and three fatal commuting accidents: after an explosion during maintenance work at a methanol tank at the Antalya fuels terminal in Turkey, a Petrol Ofisi employee and a contractor were killed. One OMV contractor driver lost his life in a roll-over road accident in Yemen. Another contractor lost his life in an accident at a Petrom rig site in Romania (fall from heights). The fatal commuting accidents happened to a filling station partner on an Austrian highway and another in Bulgaria, and there was also a fatal commuting accident involving a contractor of the Sam-

sun power plant construction site in Turkey. Of the seven persons who lost their lives, two were women.

In 2011, the LTIR for the entire Group, including Petrom and Petrol Ofisi, was 0.66 (2010: 0.74) injuries per million hours worked for employees; the figure increased to 0.68 (2010: 0.56) for contractors.

By the end of July 2011, OMV in Pakistan completed 10 million working hours without a lost time injury (LTI) with an average monthly workforce of up to 2,000 employees and contractors undertaking a range of complex high-risk activities, including seismic data acquisition, drilling of wells, plant turn-arounds, numerous maintenance jobs and construction projects.

In Romania, the Petrobrazi refinery completed 5 million hours without a work accident by end of 2011. A substantial contribution to this improvement was the "Safe into the Future" initiative, an ambitious safety program consisting of 15 projects, each of them having specific objectives and deliverables. Some of the sub-projects were finalized at the end of 2011, others will continue in 2012.

The "Safe into the Future" initiative included the following aspects:

- ▶ Implementation of an electronic work permit system, also covering contractor companies
- ▶ A long term training concept
- ▶ Safety training material for specific works during the refinery shut down
- ▶ Coaching sessions for managers and employees
- ▶ Implementation of a pre-start up review standard
- ▶ Quantitative risk assessment study and risk mitigation plan established

- ▶ Ex- zone maps reviewed and staff trained regarding proper behavior in these areas
- ▶ Communication material such as posters on gates and internal roads, stickers for helmets and articles on a blog and in the employee magazine.

#### **Safety awareness and training**

Safety training accounted for most of the more than 279,000 HSSE training hours provided in 2011. During 2009 and 2010, 46 of 58 work-related accidents occurred during stepping, lifting, manual handling or working at heights using incorrect techniques. For this reason Petrom initiated an important training campaign dedicated to "Stepping, Lifting & Manual Handling. Working at Heights." in 2011. The objective of the training program was to teach best practices to the employees involved in these activities on a daily basis and, thereby, reducing the number of work-related accidents. The training method is patented by Petrom and includes a theoretical section and practical exercises using three movable platforms ("simulators") that recreate real working conditions. Initial results show that the number of incidents decreased significantly in the months following the training programs, as compared to the same period in 2010. Over 7,100 E&P employees were trained in 2011 and further roll-out to other business segments is planned.

135 senior managers including Executive Board members participated in leadership training programs with a specific focus on HSSE in 2011. These were also an essential part of the HSSE integration and development of Petrol Ofisi and its alignment with OMV's HSSE principles.

Senior managers were also trained in incident investigation in order to actively lead investigations and the actions close-out process.

On November 4th 2011, the OMV Global Safety Day took place for the first time with over 2,400 employees from all business segments participating at 41 different locations worldwide. Keynotes were given by members of the Executive Board. The goals of this day were to highlight the importance of safety culture for each and every individual and to enable employees to discuss safety in an interactive environment. The participants were shown the short film "If Only..." describing three actual cases that occurred in OMV Group. The film shows the importance of a safety-oriented attitude, the consequences of not following certain simple rules and the impact of such incidents on family and loved ones.

To make HSSE an integral part of OMV Group's company culture, measures to establish a Group-wide harmonized approach in a corporate program with a focus on management have been introduced. A variety of training programs such as a general introduction to HSSE, HSSE for managers, information security and management walk-around training were provided, with a total of 700 participants. Specific technical training programs, on our reporting tools, for example, were also provided for around 400 participants.

Proactively collecting reports about near misses, hazards and findings and drawing on assessments and lessons learned helps us reduce incident rates and the likelihood of an incident occurring in the first place. In 2011, we systematically disseminated brief

descriptions of incidents and high potential incidents (HiPo), including root causes, lessons learned and photos in the form of HSSE Alerts to promote dialog and contribute to changes in behavior.

- ▶ Nearly 220,000 records (incidents, near misses, investigations, findings, hazards, assessments and measures) and reports were entered in the "Think:Ahead CARE" reporting and management tool
- ▶ Over 107,000 findings and hazards were reported and followed up
- ▶ Over 76,000 measures were assigned and 86% were completed within the scheduled time frame
- ▶ 23 HSSE Alerts were circulated via email, and published on the intranet and on bulletin boards group-wide.

#### **Integration of new assets**

The fatal accident at the Antalya fuels terminal was a tragic lesson for the whole organization and accelerated the integration and development of Petrol Ofisi's HSSE organization. An independent external HSSE Management system audit identified the main areas of improvement. An action plan to close these gaps was developed and its implementation started immediately. A series of

site visits and hazard identification workshops at the most relevant assets has led to the start of systematic risk assessment. Parallel to this an HSSE training campaign was launched including senior and line managers of Petrol Ofisi. Further training programs were provided on incident investigation (root cause analysis), defensive driving, management walk-around and first aid. As part of the integration of Petrol Ofisi, HSSE organization was altered, with the HSSE manager reporting directly to the CEO.

New assets in Pakistan and Tunisia were acquired in 2011 with limited HSSE management or systems in place. We therefore held leadership workshops, performed audits and provided intensive training sessions to improve the situation, resulting in successful integration of the new assets in OMV's HSSE management system.

#### **Contractor HSSE management**

Contractors do an increasing amount of work on behalf of OMV. Though the concept of outsourcing brings well-known benefits, it does not diminish our responsibility to ensure that our contractors work to our standards and under safe conditions.

### **Contractor HSSE management in Pakistan**

The achievement of OMV in Pakistan to have had no LTI since the end of 2009 would not have been possible without the contribution of the contractors, who have played an important role in building up and maintaining a strong HSSE culture. Contractor management, especially relating to unskilled labor, is an immense challenge. OMV in Pakistan has tackled this challenge by making contractor training an integral part of its business plans and by involving contractors as well as employees in all aspects including the HSSE incentive and reward scheme. According to this scheme, awards are given not only to employees but also to contractors based on their HSSE performance. Some HSSE awards include Best Near Miss and Hazard Reporting Awards, Star Driver Award, Safety Champion Award and Best Contractor Award. This has served to foster a strong HSSE culture among the workforce. Proactive reporting has shown to be the other key factor that has helped OMV in Pakistan to build a safe working environment.

A review of OMV Group's standard addressing the management of contractors revealed some gaps and indicated a piecemeal approach across the company. In alignment and cooperation with the Procurement department, the Corporate HSSE Department via its Safety Team revised and consolidated this process resulting in the new Contractor HSSE Management standard. Though many practices were in place, there was a need to formalize the whole process and focus attention on the operational aspects of contractor management. In addition, the requirement for assessing our contractors according to high, medium and low risk with an integrated prequalification process has

been developed, thereby directing the appropriate level of management supervision to the contractor. The concept of a Contract Holder has been formalized by means of the requirement to hold regular meetings with the contractor, ensure the contractor's compliance with our management system, monitor the contractor's performance based on Key Performance Indicators (KPIs) and act as a clear single point of contact within OMV. In 2012, the new Contractor HSSE Management will be rolled out and our employees and contractors will be trained to improve the performance of both parties resulting in more efficient work being done safely.

#### Safety Initiative 2010+ at Schwechat Refinery

In order to ensure safe and incident-free shutdowns in 2010 and 2011, the Schwechat refinery continued its "Safety Initiative 2010+". Special attention was paid to integrating contractors by providing information and training on HSSE as well as by raising awareness of unsafe working conditions and taking action to address them. The fact that the employees of our contractors come from an increasing number of different countries and speak very diverse languages poses new challenges. We implemented a system enabling communication and safe working procedures despite the potential language barriers associated with the increasing diversity of nationalities and mother tongues spoken by our contractors. Among other things we had a safety induction film translated into 18 languages. During the shutdowns, external specialists on safety supported the workforce on site with their know-how. Thanks to these measures, 2010 and 2011 saw the best HSSE performance during shutdowns in the history of the refinery. In 2011, with about 800,000 additional working hours (97% contractors), we had only one LWDI (Lost Work Day Injury).





### **Road safety**

Having signed the European Road Safety Charter in 2010, OMV Group committed itself to the UN Decade of Action for Road Safety 2011 – 2020, for example by using in-vehicle monitoring technology and by providing its drivers with theoretical and practical training on how to prevent car crashes.

Petrom continued its road safety initiative:

- ▶ 2,463 drivers underwent a two-day driving skills course that emphasized road safety for light vehicles.
- ▶ 1,602 E&P employees were trained in 2011 for heavy vehicles. A specially designed truck with built-in simulators and an inside training classroom visited 12 different selected locations.

The Road Transportation Contractors' Safety Forum was organized at Petrom in 2011. This event brought together about 80 participants from Petrom, including the CEO and other members of the Executive Board, as well as contractors in the road transportation services.

In the Refining and Marketing (R&M) business segment in Petrom, a gap analysis regarding transportation safety was conducted and an action plan was drawn up to close the gaps. After installing an in-vehicle monitoring system (IVMS) in Petrom in 2010 and 2011, we decided to roll out IVMS across the Group to bring down the road accident rate and operating costs, improve driver behavior and increase the security of our assets. The vision is to monitor all high-risk trips using this technology in the future.

# Security and Resilience

**For a company such as OMV Group, it is crucial to have the capacity to handle business operations and respond appropriately in the event of potential, imminent or actual crisis situations, especially in parts of the world in which widespread political upheaval and social unrest can quickly become a part of everyday life.**

## **Information capabilities**

In order to support business with accurate and anticipatory information on political risks and operational security threats, we have developed a protective intelligence capability in a newly formed Security and Resilience Department, providing, for example, country risk assessments for Yemen, Tunisia and Libya with regular updates to support decision-making for future operations in these particular countries. Close contact with authorities, information providers and external organizations has proven to be crucial in crisis situations, so we endeavor to network effectively with external local, national and international organizations in order to enhance our resilience. This includes membership of ASIS International, the OGP International Security Committee as well as critical infrastructure initiatives driven by NATO, the European Union and Austria.

## **Resilience**

In 2011, we revised our Group security management by introducing a dedicated resource for resilience, which combines all group efforts relating to emergency, crisis and business continuity management. We developed a corporate crisis and business continuity management standard which was rolled out across business divisions, corporate functions and ventures. This standard also established a baseline for all crisis management support plans to build on. Furthermore, crisis team members were identified and trained and crisis rooms were reviewed. By conducting over 60 crisis and emergency exercises group-wide, one of them involving 171 filling stations, we improved operational preparedness to mitigate a broad array of risks, such as those resulting from elementary hazards (earthquakes) as well as safety, security and environmental risks. Furthermore, these exercises contribute to the security of personnel, the uninterrupted reliability of technical infrastructure and business processes and the protection of physical and financial assets as well as strategic information and organizational reputation.

## **Loss prevention**

In the field of loss control we analyzed and assessed current and future risks as well as risks deriving from corruption and organized crime. Based on these investigations we identified areas of potential loss and consequently implemented loss prevention programs. In 2011, we also supported operations carried out by local authorities to arrest people involved in theft according to our zero tolerance regarding theft policy.

# Figures

## Workforce and Local Employment

Total workforce by employment type and region 2011*						
Employees	Austria	Romania	Rest of Europe	Middle East/Africa**	Rest of the World	Total
Total	3,716	22,603	1,027	2,305	499	<b>30,150</b>
<b>Status</b>						
White-collar workers	2,780	8,840	788	1,575	499	<b>14,482</b>
Blue-collar workers	936	13,763	239	730	-	<b>15,668</b>
Total	3,716	22,603	1,027	2,305	499	<b>30,150</b>
<b>Employment type</b>						
Full-time	3,558	22,603	1,001	2,301	499	<b>29,962</b>
Part-time	158	-	26	4	-	<b>188</b>
Total	3,716	22,603	1,027	2,305	499	<b>30,150</b>
<b>Employment type</b>						
Permanent	3,641	22,271	1,022	2,067	499	<b>29,500</b>
Temporary***	75	332	5	238	-	<b>650</b>
Total	3,716	2,603	1,027	2,305	499	<b>30,150</b>

\* Breakdown of workforce by region into different categories (including temporary agency workers). Some companies are not included (e.g. OMV Exploration & Production Ltd, Petrom Exploration & Production Ltd). For this reason the figures are not exactly comparable with the figures in the Annual Report 2011.

\*\* Including Petrol Ofisi.

\*\*\* A temporary contract of employment is of limited duration and terminated by a specific event, such as the end of a project or work phase, the return of replaced personnel, etc.

Net employment creation and average turnover segmented by region 2011						
Employees	Austria*	Romania	Rest of Europe	Middle East/Africa**	Rest of the world	Total
New recruitments	252	383	95	446	38	<b>1,214</b>
Thereof new jobs created***	116	233	27	359	38	<b>773</b>
Contract terminations****	227	2,087	145	191	73	<b>2,723</b>
Total sum of employees	3,716	22,603	1,027	2,305	499	<b>30,150</b>

\* Austria: Data covers only companies that use the Austrian SAP payroll accounting system. Other companies, such as EconGas, are not included.

\*\* Increase of recruitments and contract terminations due to inclusion of Petrol Ofisi (not reported in 2010).

\*\*\* Excluding replacements

\*\*\*\* Including Social Plan termination and retirements

### Contract terminations by region 2011

	< 30 years		30 - 50 years		> 50 years		Total	
	Abs.	%	Abs.	%	Abs.	%	Abs.	%
<b>Austria</b>								
Male	4	36.36	45	75.00	140	89.74	<b>189</b>	<b>83.26</b>
Female	7	63.64	15	25.00	16	10.26	<b>38</b>	<b>16.74</b>
Total	11	100.00	60	100.00	156	100.00	<b>227</b>	<b>100.00</b>
<b>Romania</b>								
Male	39	56.52	1,105	81.13	497	75.76	<b>1,641</b>	<b>78.63</b>
Female	30	43.48	257	18.87	159	24.24	<b>446</b>	<b>21.37</b>
Total	69	100.00	1,362	100.00	656	100.00	<b>2,087</b>	<b>100.00</b>
<b>Rest of Europe</b>								
Male	13	39.39	43	59.72	33	82.50	<b>89</b>	<b>61.38</b>
Female	20	60.61	29	40.28	7	17.50	<b>56</b>	<b>38.62</b>
Total	33	100.00	72	100.00	40	100.00	<b>145</b>	<b>100.00</b>
<b>Middle East/Africa*</b>								
Male	76	89.41	73	79.35	14	100.00	<b>163</b>	<b>85.34</b>
Female	9	10.59	19	20.65	-	0.00	<b>28</b>	<b>14.66</b>
Total	85	100.00	92	100.00	14	100.00	<b>191</b>	<b>100.00</b>
<b>Rest of the world</b>								
Male	41	56.94	1	100.00	-	0.00	<b>42</b>	<b>57.53</b>
Female	31	43.06	-	0.00	-	0.00	<b>31</b>	<b>42.47</b>
Total	72	100.00	1	100.00	-	0.00	<b>73</b>	<b>100.00</b>

\* Including Petrol Ofisi

### Percentage of local employees 2011

<b>Austria</b>	
Austria*	89.2%
<b>Romania</b>	
Romania	98.7%
<b>Rest of Europe</b>	
Bosnia and Herzegovina	100.0%
Bulgaria	98.4%
Croatia	93.3%
Czech Republic	84.8%
Germany	88.0%
Hungary	100.0%
Republic of Moldova	100.0%
Norway	50.0%
Serbia	53.8%
Slovakia	70.8%
Slovenia	96.8%
United Kingdom	71.9%

<b>Middle East/Africa</b>	
Egypt	100.0%
Iran	100.0%
Libya	82.9%
Pakistan	98.8%
Tunisia	77.1%
Turkey**	98.0%
Kurdistan (Iraq)	67.0%
Yemen	75.5%
<b>Rest of the world</b>	
Australia	100.0%
Kazakhstan	92.0%
New Zealand	85.7%

\* Austria: Data covers only companies that use the Austrian SAP payroll accounting system. Other companies, such as EconGas, are not included

\*\* Turkey: Including Petrol Ofisi

## Equal Opportunities

### Diversity in 2011

	Gender				Age						Nationality		Total
	Women		Men		<30		30-50		>50		Non-Austria Non-Romanian		
	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	Abs.	%	
Supervisory Board	2	13.3	13	86.7	0	0.0	5	33.3	10	66.7	3	20.0	15
Executive Board	0	0.0	5	100.0	0	0.0	3	60.0	2	40.0	2	40.0	5
Senior Management	5	11.4	39	88.6	0	0.0	30	68.2	14	31.8	15	34.1	44
Austria*	836	23.5	2,720	76.5	664	18.7	1,968	55.3	924	26.0	384	10.8	3,556
Romania	5,105	22.6	17,498	77.4	800	3.5	16,114	71.3	5,689	25.2	301	1.3	22,603

\* Austria: Data covers only companies that use the Austrian SAP payroll accounting system. Other companies, such as EconGas, are not included.

### Percentage of female employees 2011

Austria	
Austria*	23.5%
Romania	
Romania	22.6%
Rest of Europe	
Bosnia and Herzegovina	45.0%
Bulgaria	43.0%
Croatia	65.2%
Czech Republic	35.0%
Germany	11.8%
Hungary	35.3%
Republic of Moldova	58.6%
Norway	19.2%
Serbia	50.0%
Slovakia	67.7%
Slovenia	59.7%
United Kingdom	45.2%

Middle East/Africa	
Egypt	28.6%
Iran	80.0%
Libya	20.0%
Pakistan	8.2%
Tunisia	16.5%
Turkey**	15.3%
Kurdistan (Iraq)	12.0%
Yemen	8.0%
Rest of the world	
Australia	44.4%
Kazakhstan	19.0%
New Zealand	42.9%

\* Austria: Data covers only companies that use the Austrian SAP payroll accounting system. Other companies, such as EconGas, are not included

\*\* Turkey: Including Petrol Ofisi

## Development and Training

### Average hours and costs of training and education divided into categories in 2011

	Austria	Romania	Rest of Europe	Middle East/Africa*	Rest of the world	Total**
<b>Senior management</b>						
number of training participants	26	31	9	0	0	66
money spent on training per category	€ 103,135.00	€ 160,482.00	€ 15,542.42	€ 0.00	€ 0.00	€ 279,159.42
hours per category	1,172	1,322	203	0	0	2,697
<b>Management</b>						
number of training participants	304	502	291	189	14	1,300
money spent on training per category	€ 885,609.00	€ 1,475,322.96	€ 185,729.48	€ 223,652.69	€ 27,537.00	€ 2,797,851.13
hours per category	17,824	28,825	5,938	6,217	386	59,190
<b>Experts</b>						
number of training participants	1,419	1,450	412	590	226	4,097
money spent on training per category	€ 2,521,453.00	€ 1,827,952.90	€ 270,194.56	€ 817,174.96	€ 493,150.00	€ 5,929,925.42
hours per category	55,822	150,279	12,573	21,021	14,931	254,626
<b>Project managers</b>						
number of training participants	61	110	53	27	1	252
money spent on training per category	€ 157,226.00	€ 169,953.45	€ 42,488.20	€ 48,720.00	€ 2,200.00	€ 420,587.65
hours per category	3,631	4,877	824	1,106	24	10,462
<b>Technicians</b>						
number of training participants	398	10,100	253	464	197	11,412
money spent on training per category	€ 335,737.00	€ 285,267.62	€ 111,392.45	€ 513,895.75	€ 250,629.00	€ 1,496,921.82
hours per category	11,255	192,860	2,284	22,380	12,968	241,747
<b>Administrators</b>						
number of training participants	79	63	355	199	35	731
money spent on training per category	€ 104,578.00	€ 36,822.46	€ 173,133.59	€ 143,619.03	€ 71,798.00	€ 529,951.08
hours per category	3,117	2,042	9,211	4,973	3,030	22,373
<b>Grand Total</b>						
number of training participants	2,287	12,256	1,373	1,469	473	17,858
money spent on training per category	€ 4,107,738.00	€ 3,955,801.39	€ 798,480.70	€ 1,747,062.43	€ 845,314.00	€ 11,454,396.52
hours per category	92,821	380,205	31,033	55,697	31,339	591,095

\* Including Petrol Ofisi,

\*\* Increase of total figures due to easing of training freeze in Romania.

## Health

Indicator Number of medical consultations or medical exams									
	Petrom	OMV <sup>1</sup>	OMV 2011	Petrom	OMV <sup>1</sup>	OMV 2010	Petrom	OMV <sup>1</sup>	OMV 2009
Medical consultations	61,188	40,149	101,337	92,561	38,436	130,997	35,692	78,145	113,837
Paramedic interventions	71,158	39,429	110,587	100,592	30,236	130,828	24,180	89,308	113,488
Physiotherapeutical treatments	10,307	4,078	14,385	8,188	4,607	12,795	5,103	7,781	12,884
Exams required by law <sup>2</sup>	19,591	1,477	21,068	24,094	1,232	25,326	1,002	26,317	27,319
Vaccinations	7,895	3,197	11,092	13,161	3,187	16,348	3,681	13,802	17,483

<sup>1</sup> Excluding Petrom

<sup>2</sup> Petrom changed its medical exam statistics from counting all parts of an exam (2008) to counting the number of persons examined (2009).

The decrease in legally required examinations at Petrom was caused by the decrease in the headcount. The decrease in vaccinations was a result of the much milder flu seasons in 2011 and a lower level of interest among employees. The decrease in consul-

tations at Petrom (by ~30.000) was a result of the decreased headcount, on the one hand, and the fact that since 2011 the process of checking Medical Leave Certificates has no longer been conducted by the medical staff of PetroMed, but solely by HR, on the other hand.

## Safety

### Occupational Safety

Safety figures <sup>1</sup>		2011	2010	2009	2008	2007
<b>Own employees</b>						
Fatalities	number	1	3	1	7	3
Lost workday injuries <sup>2</sup>	number	34	41	46	61	40
Fatality rate (FAR)	per 100 mn working hours	1.90	5.08	1.50	9.39	4.54
Lost-time injury rate (LTIR)	per million working hours	0.66	0.74	0.71	0.91	0.65
Lost-time injury severity (LTIS)	per million working hours	29.1	23.6	36.8	57.7	21.3
Total recordable injury rate (TRIR)	per million working hours	1.01	1.29	1.53	2.17	n.r.
Commuting accidents	number	22	13	20	25	n.r.
<b>Contractors<sup>3</sup></b>						
Fatalities	number	3	1	3	9	8
Lost workday injuries	number	67	52	55	77	100
Fatality rate (FAR)	per 100 mn working hours	2.89	1.05	3.54	9.64	9.22
Lost-time injury rate (LTIR)	per million working hours	0.68	0.56	0.68	0.92	1.24
Lost-time injury severity (LTIS)	per million working hours	18.8	13.10	27.9	31.9	35.2
Total recordable injury rate (TRIR)	per million working hours	1.14	1.23	1.58	1.73	n.r.
Fatal commuting accidents	number	3	0	1	1	n.r.
Commuting lost workday accidents	number	5	3	8	12	n.r.

n.r. = not reported

<sup>1</sup> As of 2011 these figures also include Petrol Ofisi

<sup>2</sup> Lost workday: calendar day. Lost workday injuries: incidents with more than one lost workday.

<sup>3</sup> As of 2007, partners and employees of filling stations are included in the scope of safety statistics. Between 2006 and 2008, demergers and integration of contractor companies led to a shift in incident numbers between employees and contractors.



## Our Way to **Natural Resourcefulness**

From the point at which oil and gas are extracted to the moment of consumption as fuel or heat by customers, we have a duty to respect the resources we use. Since we work with finite natural resources it is our special responsibility to contribute to a secure, diversified energy supply while at the same time helping to protect the environment.

So for us, Natural Resourcefulness means:

- ▶ Efficiency and responsibility in our core business
- ▶ Developing the gas business further as gas is the cleanest fossil fuel
- ▶ Developing new resources of energy such as geothermal energy, second-generation biofuels as well as infrastructure for H<sub>2</sub> mobility

## Major Activities in 2011



### **Water management in Romania**

OMV's concerns regarding water consumption were addressed through various initiatives in 2011. For example, a crude production site by the Black Sea, the so-called Asset X in Petrom E&P, achieved remarkable success following the implementation of a water management plan. Beyond the target of 5% less fresh water consumption from natural resources, the site in fact achieved a reduction of 9% in just one year. The mechanisms which brought about this reduction were preventive maintenance of water and heat networks, rehabilitation of condensate recovery systems and the installation of a new plant for condensate recovery in the crude oil unit of the Midia Terminal. Additionally, the site made use of desalted water for offshore technological consumption.

With the aim of adopting a systematic approach to managing freshwater consumption and wastewater, OMV took the first step of assessing Petrom's E&P data baseline and current practices in 2011 and piloted a water management plan in one of its assets. OMV is set to implement water management plans in all Petrom E&P, R&M and G&P operations in 2012.



### **Waste disposal at Petrom refineries**

In 2010, Petrom installed state-of-the-art waste treatment facilities near the Arpechim and Petrobrazi refineries in Romania in 2010 to treat the waste from the refinery's internal and external sludge lagoons. These facilities enable land remediation to be dovetailed with waste and water management. The techniques used are thermal treatment, incineration and bioremediation. By the end of 2011 one of the Petrobrazi refinery's external sludge lagoons were completely emptied and the waste removed was treated. Works for the other one are ongoing. At Arpechim, works for emptying and treatment of hazardous waste are in progress for three lagoons. Both projects at Petrobrazi and Arpechim are on schedule. Triazine and acrylonitrile waste generated by Arpechim's past activities had accumulated in two triazine waste storage basins and in one acrylonitrile waste storage site. Petrom started site remediation and waste management operations in 2010 and completed them in 2011, at a total cost of some EUR 1 mn. Between 2010 and 2011, roughly 4,000 t of waste was removed from the two triazine storage basins and 500 t from the acrylonitrile storage site. Waste was disposed of by means of high-temperature incineration. Here Petrom was seeking to minimize both waste quantities and the risk to the workforce, local communities and the environment. Moreover, site conditions were improved so as to bring them into line with international refinery standards and national legislation.



### **Decommissioning of Doljchim plant**

We take particular care over the safe decommissioning of sites in accordance with industry best practices. Environmental aspects such as decontamination and waste disposal are managed rigorously. Petrom's chemical plant Doljchim has been under decommissioning since 2009, with all technological plants at the site undergoing demolition. From 2009 to 2010 a total of 11 installations were decommissioned and demolished. Another 22 installations were shut down in 2011. The completion of decommissioning Doljchim is scheduled for 2012, when another nine installations will be demolished. The high-risk activities involved, such as the handling of hazardous wastes, require careful planning and compliance with strict HSSE standards. As part of our annual emergency training program, we performed 26 fire drills and three internal SEVESO exercises to test the internal emergency plan. In 2011, HSSE training programs were provided for our employees and contractors on the health and safety risks of the demolition process, security risks, industry best practices, lessons learned from internal and external safety and security incidents as well as legal and internal requirements. A specialized company for safety supervision also supported the teams on site during demolition works in 2011.

# Targets

## Environmental Objectives

Planned for 2011 (and after)	What we did in 2011
<b>Strive for minimum environmental impact</b>	
<ul style="list-style-type: none"> <li>▶ Improve environmental risk assessment methodology</li> <li>▶ Review marine oil spill response and arrangements for OMV tanker charter operations and terminal operations</li> <li>▶ Continue updating onshore oil spill response plans and teams</li> </ul>	<ul style="list-style-type: none"> <li>▶ Analyzed current environmental risk assessment methodologies</li> <li>▶ Reviewed all relevant service contracts and existing assurance for tanker operations and terminal operations</li> <li>▶ Revised and adapted oil spill response plans and teams based on organizational changes</li> </ul>
<b>Decrease carbon intensity of activities where OMV is the operator</b>	
<ul style="list-style-type: none"> <li>▶ Identify and implement activities to further reduce direct GHG emissions</li> <li>▶ Start commercial operation of Brazi gas power plant and Dorobantu wind park</li> </ul>	<ul style="list-style-type: none"> <li>▶ Achieved further reduction of 10,400 t CO<sub>2</sub> equivalent per year</li> <li>▶ Started commercial operation of Dorobantu wind park</li> </ul>
<b>Ensure efficient waste management</b>	
<ul style="list-style-type: none"> <li>▶ Assess waste inventory and evaluate waste flows</li> </ul>	<ul style="list-style-type: none"> <li>▶ Developed waste management project at Petrom to gain reliable data and benchmark against international best practices</li> </ul>
<b>What we will do in 2012 (and after)</b>	
<b>Identify environmental risks and costs</b>	
<ul style="list-style-type: none"> <li>▶ Develop a generic framework for group-wide environmental risks assessments</li> </ul>	
<b>Optimize processes to make efficient use of natural resources and minimize waste and emissions to air, water and land</b>	
<ul style="list-style-type: none"> <li>▶ Use energy efficiently and reduce carbon intensity of OMV activities and portfolio</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Strengthen waste and water management</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Improve oil spill response</li> </ul>	
<b>Manage greenhouse gas emissions economically</b>	
<ul style="list-style-type: none"> <li>▶ Review and update carbon strategy</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Elaborate a road map for GHG and energy-related projects and start implementation</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Report on progress towards strategic targets</li> </ul>	

# Environmental Management

**We responsibly address issues involving environmental impact along the entire value chain, from upstream and downstream production to product quality requirements. High on our agenda is how to reconcile activities we undertake to help secure energy supplies in our markets with the challenges of climate protection and carbon management. We strive to manage energy and natural resources efficiently and to reduce emissions and discharges. Our environmental management directive and our standards, targets and performance measurements constitute a group-wide framework for ongoing improvement. Environmental issues are taken into account in decision-making processes, both at corporate and operational level.**

## **Policy and guidelines**

Environmental management in OMV Group is based on precautionary, proactive management aimed at minimizing environmental impact. Group-wide requirements for environmental management processes are defined in the Environmental Management Directive. This links the high-level principles set out in OMV Group's Policy on Health, Safety, Security and the Environment (HSSE) and in our commitment to the UN Global Compact to the implementation at the operational level.

To ensure the integration of environmental management processes in core business, the environmental directive is linked to other business processes such as investments, strategy development, planning, budgeting and purchasing. Detailed environmental standards are defined at the level of business segments and sites according to the specifics of the respective business activities. 80% of OMV Group's business activities (expressed in million tonnes oil equivalent processed, produced or transported) were

certified according to ISO 14001 by the end of 2011. This corresponds to 100% of crude oil processing at all OMV and Petrom refineries, 6% of oil and gas production in the Group and 100% of the gas transmission volume sold by OMV.

## **Monitoring and development**

At the corporate level, the monitoring of environmental KPIs is embedded in standardized reporting processes on an annual and monthly basis. Annual targets are set and deployed to the business segments. Cost estimates and GHG emission projections are included in group-wide planning assumptions. The corporate directive on investment controlling requires an analysis of GHG emissions to be undertaken for each project and emissions to be reduced as far as reasonably possible (ALARP). Cost and revenue estimates are factored into economic analysis and incorporated in every investment decision. All contractors and suppliers must comply with the Code of Conduct and its commitment to environmental protection.

## **Environmental compliance**

Legal compliance monitoring and audits are performed regularly to ensure that all necessary environmental permits are in place and that measures required by permits and inspection reports are complied with. Fully functional, integrated management systems implemented in refineries, gas logistics and E&P in Pakistan and the UK support the legal compliance process.

In 2011, OMV Group (including Petrol Ofisi) faced monetary fines for non-compliance totaling EUR 0.61 mn (2010: 0.50 mn). The fines can be related to environmental incidents such as spills, exceeded discharge limits, cases of non-conformity relative to waste management requirements and flaring. Non-

compliance may also result in non-monetary sanctions such as warnings from authorities, the suspension of permits and restricted operations.

#### **Environmental expenditures and investments**

Environmental protection expenditures, excluding depreciation, amounted to EUR 209 mn in 2011, of which EUR 56 mn was spent on integrated pollution prevention (in 2010: EUR 223 mn and EUR 64 mn). EUR 31 mn (2010: EUR 36 mn) was spent on direct measures to reduce the environmental impact of OMV products, such as desulphurization and the production of hydrogen for the desulphurization process. Environmental investments for assets put into operation in the reporting year totaled EUR 92 mn in 2011, of which EUR 35 mn was allocated for integrated prevention (2010: EUR 87 mn and EUR 43 mn).

Provisions for environmental costs, decommissioning and restoration are reviewed in a standardized process twice a year, based on a detailed inventory. This cross-functional process involves line management, HSSE experts and controlling staff. The environmental provisions can be found in OMV Group's Annual Report 2011.

#### **EBRD loan for environmental improvements**

Petrom continues to use the environmental loan from EBRD (European Bank for Reconstruction and Development) of EUR 300 mn signed in March 2009 by ensuring compliance with EBRD requirements in order to sustain performance of its operations and investments. The loan finances a series of projects such as measures for environment decontamination, replacement of old pipes, modernization of boilers or refurbishment of the wastewater treatment system. In addition to environmental benefits, the projects will benefit local communities by creating new jobs and providing roads with public access, thereby contributing to the economic and social development of the area.

# Energy and Climate Protection

**Today's energy and climate policies present major challenges to the oil and gas industry. As energy demand grows, the industry has a primary responsibility to contribute to securing the energy supply. At the same time, greenhouse gas (GHG) emissions must be reduced in all economic sectors so as to mitigate climate change. We will continue to expand our gas business activities and promote the use of natural gas for power generation by building high-efficiency gas-fired power plants in order to reduce the carbon intensity of OMV's portfolio. Equally importantly, we will continue to monitor and control our own GHG emissions.**

## Energy management

The oil and gas industry is an energy-intensive business, with energy accounting for a significant share of our operational costs. Improved energy efficiency is, therefore, a priority for OMV, not least since it also helps reduce GHG emissions. Thus, our carbon strategy and GHG emissions reduction are key elements of our energy management.

Total energy consumption of OMV was 131.7 petajoule in 2011 (2010: 134.1 PJ). Purchased energy, such as electricity and heat, accounted for only 5% of total energy consumption.

All OMV Group refineries have implemented certified Energy Management Systems according to EN 16001:2009 or ISO 50001:2011. Systems and processes have been installed to establish energy objectives, monitor energy performance and continuously improve energy efficiency.

## GHG emissions and reduction strategy

In 2008, we made a clear commitment to decreasing the carbon intensity of activities where OMV is the operator by 2015. Our

targets for managing GHG emissions are:

- ▶ Reduce direct GHG emissions from Exploration and Production (E&P) and Refining and Marketing (R&M) through efficiency improvements by 1 mn t or by at least 10% as compared to a 2007 baseline and a strategic reference scenario ("business as usual").
- ▶ Contribute to the decarbonization of the energy markets in Central and South Eastern Europe by reducing the carbon intensity of our portfolio, promoting natural gas and selectively including power generation.
- ▶ Limit the power generation portfolio to no more than 0.37 t CO<sub>2</sub> per MWh by using state-of-the-art technology.

The Carbon Strategy is currently being reviewed and will be updated in the light of the new business strategy 2021 "Profitable Growth".

## Direct emissions (scope 1)

Emission levels of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) directly related to our operations were 11.6 mn t in 2011 (2010: 12.2 mn t). The other GHGs are of minor relevance and have therefore not been included in OMV's GHG figures. The reduction in GHG emissions resulted from business interruptions in North African countries, the shutdown of Refinery Arpechim as well as GHG reduction projects.

Petrom E&P is in the process of replacing old boilers with modern ones to improve energy efficiency and reduce emissions. This will result in less fuel gas consumption and thus reduce CO<sub>2</sub> emissions.

OMV Group was able to significantly reduce quantities of gas flared in Komsomolskoe, Kazakhstan by modifying the gas separator.

This improved dehydration of the gas to be injected. Before this modification, insufficiently dehydrated gas caused frequent compressor shutdowns, so gas was re-routed for flaring instead of being injected. Approximately 1,800 t of CO<sub>2</sub> equivalent was emitted as a result of flaring-produced gas in 2011, as opposed to 12,200 t CO<sub>2</sub> equivalent emitted in 2010. Great saving potential is seen in flaring reduction in Tunisia due to the planned South Tunisia Gas Pipeline.

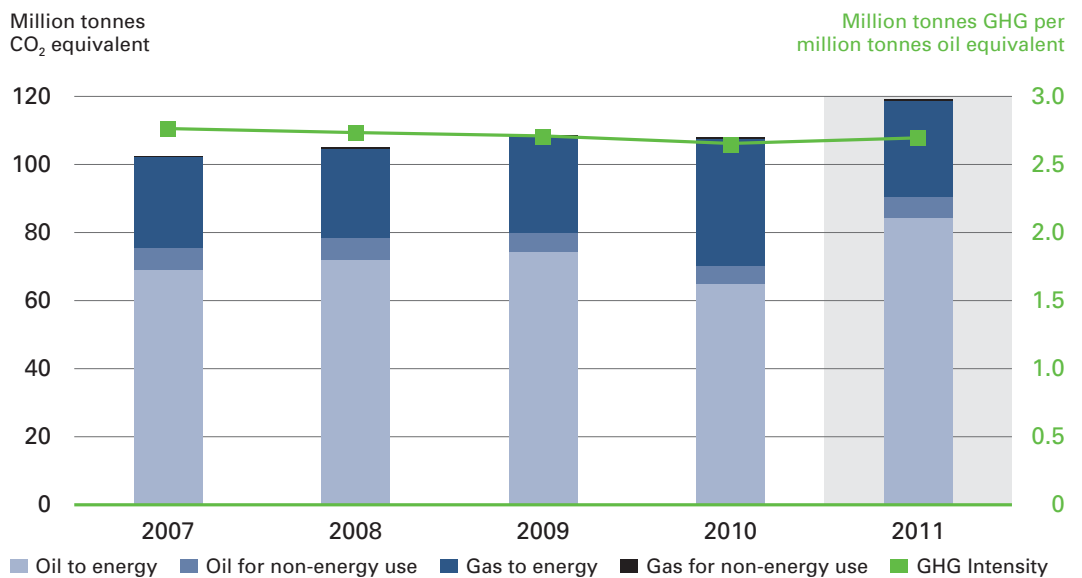
Since 2008, R&M has implemented measures to reduce GHG emissions that total annual savings of 200,000 t CO<sub>2</sub> equivalent. Generally, all measures taken to improve energy efficiency contribute directly to the reduction of GHG emissions. For example, Petrobrazil refinery shows reduction potential of another 200,000 t CO<sub>2</sub> equivalent in 2015, thus contributing to achieving the target set in the Carbon Strategy. At the Schwechat and Burghausen refineries, a bundle of process opti-

mization measures was likewise initiated to further increase energy efficiency by 2015. The turnaround of the Schwechat refinery in 2011 saw the lowest flaring time during a stoppage of the petrochemical part of the refinery.

### Indirect Emissions from OMV Products (Scope 3)

The GHG intensity of the product portfolio decreased slightly over several years, due to a greater focus on the less carbon-intensive gas and power business, investment in alternative energies, as well as non-energy use of oil and gas (as raw materials for the production of polymers, fertilizers, etc.) in downstream activities. However, in 2011 the intensity increased, mainly caused by changes in the product portfolio after the integration of Petrol Ofisi, for example. The bottom line is that sales volumes of our products have grown, thereby increasing absolute indirect GHG emissions.

### GHG intensity of the OMV product portfolio





In October 2011, we started commercial operation of our wind farm Dorobantu in Romania, thus contributing to environment-friendly production of power. Dorobantu is a 45 MW wind farm which accounts for 5% of nationwide wind energy capacity. In 2011,

31,600 MWh was delivered to the national grid, which means a saving of 11,700 t CO<sub>2</sub> emissions based on an average national grid factor of 0.37 t/MWh in Romania. In 2012, we will expand the farm's capacity by 9 MW.

### Emissions trading

OMV is subject to the EU Emissions Trading Scheme (ETS). At the end of 2011, 21 of its operating installations had been in the scheme: three in Austria, one in Germany, and 17 in Romania. Around 47% of the direct GHG emissions of OMV (5.56 mn t) were CO<sub>2</sub> emissions from EU ETS installations. As a result of emission reductions, supplementary allocations and plant shutdowns, OMV Group recorded a surplus of 2.97 mn certificates as of the end of 2011.

OMV maintains a low-risk trading strategy. In addition to the trading of EU allowances, we optimize the OMV carbon portfolio when needed by monitoring the possibilities of and use of credits from flexible project-based mechanisms such as the Clean Development Mechanism (CDM) and Joint Implementation (JI), as provided for under the Linking Directive.

### Allocation of allowances and emissions by countries 2011

	Unit	Austria	Germany	Romania
Allowances	1,000 certificates	2,768	1,311	4,444
Emissions	kt <sup>1</sup> CO <sub>2</sub>	2,810	1,102	1,646
Result	1,000 certificates	-41	209	2,798

<sup>1</sup> kilotonne (kt) = 1,000 tonnes

# Environmental Protection

To minimize the impact of our operations on the ecosystem we are committed to sustainable resource management. These efforts include efficient use of water, proper waste treatment and disposal, sensitivity to areas of high biodiversity and prevention of harmful emissions.

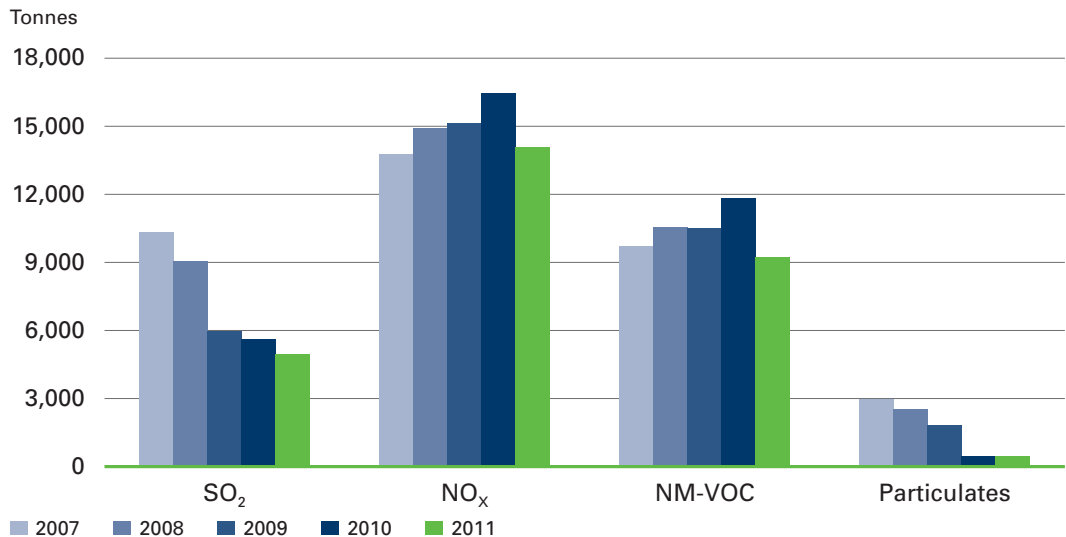
### Air emissions

Emissions of sulphur dioxide (SO<sub>2</sub>) were significantly reduced. A reduction of emissions of nitrogen oxides (NO<sub>x</sub>) and non-methane volatile organic carbon compounds (NM-VOCs) can be attributed to the shutdown of the Arpechim refinery, the business interruption in North African countries and to improvement measures, for example fuel switch and process optimization.

OMV activities do not result in material emissions of ozone-depleting substances. These substances are emitted only in very small quantities (< 1 t in 2011) due to refrigeration or fire fighting.

Gas and Power (G&P) has changed its operations philosophy for the gas logistics business in Austria, with electrically-driven compressors partially replacing gas-driven turbines and compressors in the system. As a result, e-driven compressors have been installed at Neustift and Baumgarten. Additionally, two compressors in the WAG pipeline system at Baumgarten will also be replaced with e-compressors by 2013. The mix of gas and electrically-driven devices will also enhance the resilience of the transmission system.

**Air Emissions by Type of Pollutant**



### Water management

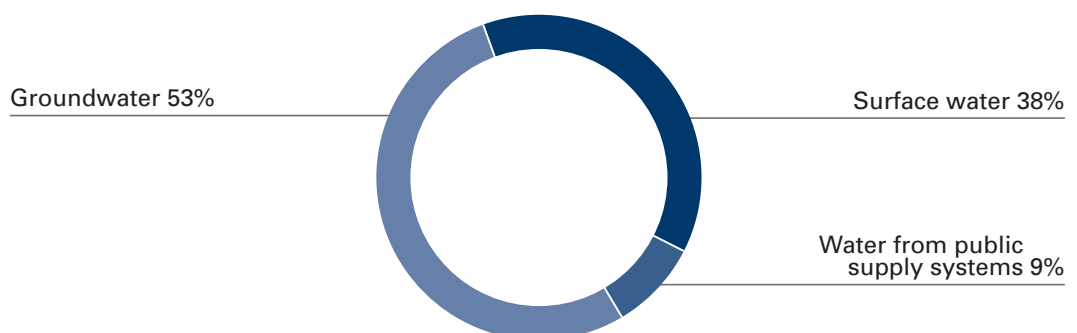
OMV uses water from various sources for steam generation, cooling and industrial processing. Closed-loop cooling systems in our refineries are a good example of efficient water use. As it forms an integral part of all environmental and social impact assessments, the minimization of impact on water bodies is taken into account both in the design of facilities (e.g. discharge of cooling water from a planned gas-fired power plant into the Black Sea) and in environmental management plans. In 2011, total water consumption throughout OMV Group operations was about 52 mn cubic meters (2010: 59 mn). A total of 26 mn cubic meters of wastewater (2010: 32 mn) were discharged after appropriate on-site or off-site treatment in OMV-owned or community water treatment plants.

Scarcity of water resources is a specific environmental challenge in Yemen, especially in our Block S2 in the Yemeni desert. We installed a new wastewater treatment unit that enables us to use the treated water for irrigation and dust control. The unit is awaiting start-up as soon as the country's political situation improves.

Large amounts of formation waters have to be managed in Exploration and Production (E&P) operations; the figure was 55 mn cubic meters in 2011 (2010: 51 mn). In Austria, Pakistan, Libya, Tunisia and Kazakhstan, OMV reinjects 100% of all produced water after appropriate treatment and in Romania over 95%. The remaining quantities are treated and discharged. In New Zealand, produced water is discharged to the marine environment after undergoing treatment to meet the required discharge quality standards

In 2011, one concern was raised in Romania as regards a water resource being affected qualitatively. The media warned about the quality of drinking water in Pordeanu, Timis County, near the Hungarian border, where odorous mud and sulphur was discovered containing flammable gas. The analysis of the water sample revealed that the local water source was not polluted with oil, reservoir water or associated gas, but that the groundwater contains natural gas as is common in many areas of western Romania. OMV was not notified of any other concern as regards water resources having been affected quantitatively by the direct removal of water.

### Water withdrawal by source



Due to restructuring and optimization activities, total water consumption at Petrom Refining has decreased by 60% since 2005 and wastewater management systems have also been improved. The volume of discharged wastewater fell from 22.7 mn cubic meters per year in 2006 to 12.6 mn cubic meters in 2011.

At the Petrobrazi refinery the rehabilitation of the sewerage will minimize the amount of wastewater requiring treatment by segregating wastewater streams based on their level of contamination. Wastewater will be collected safely, avoiding any leakage into the ground. The revamp of the wastewater treatment plant with a planned investment value of approximately EUR 10 mn will result in better quality discharged wastewater and a reduction of sludge waste.

**Waste**

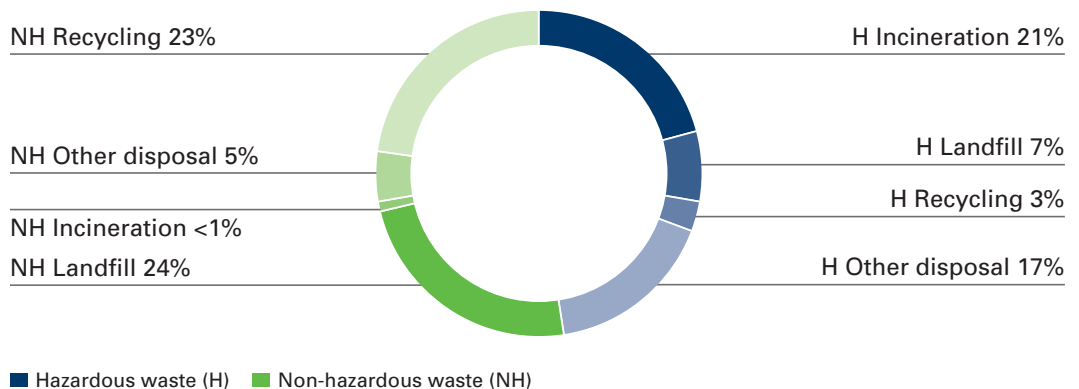
OMV activities generate solid and liquid wastes, including oily sludges, waste chemicals, spent catalysts and construction debris. The total waste generated in 2011 increased further by 38% to 883,000 t. Due to remediation of sludge pits, demolition and abandonment as well as cleaning of wastewater tanks, the amount of hazardous waste

increased by 165,000 t compared to the previous year. There was no transport, import, or export of waste deemed hazardous under the regulations of the Basel Convention.

In 2011, we focused on establishing a group-wide approach to improve the effectiveness and efficiency of our waste management. We started with Petrom’s waste management system by identifying operational waste management processes, waste flows, quantities and costs. This established a reliable data baseline against international best practices. Within this framework we audited three main waste contractors.

The E&P division at Petrom is in the process of cleaning 44 sludge pits containing about 600,000 m<sup>3</sup> of sludge, of which 42 have been already completed. Here, water, oil and solids are separated out, then the water is reinjected into the residual and technological wells. Oil is then reintroduced into the production process and the residual solids are treated by way of a thermal desorption system before final disposal. During implementation of Petrom’s program to create the waste infrastructure needed for the cleanup of contaminated soil as well as abandonment of around 26,000 oil wells and 1,100

**Waste Disposal Paths 2011**



production facilities, Petrom E&P built four bioremediation plants and two landfills in 2011.

With respect to the abandonment program in Petrom E&P, subsurface and surface works were completed for 732 and 73 wells respectively in 2011. The sites were returned to the initial condition for all wells fully abandoned. In addition to wells, 71 facilities were abandoned and sites of around 2.1 ha were rehabilitated.

#### **Drilling mud**

Exploration and Production (E&P) seeks to avoid the use of hazardous substances whenever less hazardous alternatives are available. In drilling operations, we use water-based drilling fluids wherever technically feasible: 90% of the drilling mud used by E&P is water-based. If this is not possible for technical reasons, as in the case of extended-reach wells, we use non-aqueous drilling fluids (NADF), selecting the least toxic option. The use of diesel-based drilling fluids has been completely phased out of OMV operations. Waste minimization and management plans require measures such as the reuse of drilling mud. Cuttings are treated to reduce toxicity and disposed of in accordance with applicable national regulations and best available technology. In E&P operations, drilling mud and cuttings account for most of the total waste generated.

#### **Spills and leakages**

In 2011, OMV recorded six significant hydrocarbon spills (>1,000 liters; level 3, 4, and 5 on a scale of 1 to 5) and 2,001 minor releases (2010: 8 and 2,239, respectively). The amount of hydrocarbons spilled was 503,000 liters (2010: 147,000 liters). This increase was due to an unauthorized, criminal access to oil pipelines in Romania, more than 80% caused by two spills.

In general spills can be the result of safety or security incidents, but they are mostly caused by corrosion of aging infrastructure. On the Turkmenoi Multiphase Trunk line (TOC) in Kazakhstan, for example, a series of oil spill incidents were experienced due to high levels of corrosion in 2011. Pipeline repair or replacement feasibility studies were carried out and the decision was made to replace the pipeline. What is more, site cleaning and soil replacement was carried out promptly and effectively, reducing any further risk to land or water.

As part of the Oil Facilities Program, Petrom E&P performs upgrades to reduce leakage at gathering stations, metering points and processing parks. Replacement of old and obsolete oil and gas gathering facilities with new production manifolds was finalized in 2011, while the replacement with new metering points is in progress and will be finalized in 2012. Petrom E&P is also in the process of constructing and re-lining its priority oil and gas pipelines to restore system integrity. In 2011, Petrom E&P replaced and modernized around 220 km of pipelines. Also, a Pipeline Integrity Management team was created to further enhance the implementation and ongoing management of pipeline integrity, pipeline spill management and abandonment as well as risk-based inspections of surface facilities. This will lead to a high-quality production transport system, increasing energy efficiency and decreasing environmental impact by preventing spills in related areas. This program includes many small to medium-scale local pipeline projects as well as one off-shore project.

In 2011, OMV has reviewed the arrangements for oil spill response and concluded that the tanker operations and terminal operations are covered by existing assurance and service contracts. Likewise, the oil spill response plans and teams were revised and adapted due to organizational changes.

### **Biodiversity**

Before we launch new projects and operations, biodiversity issues are addressed by way of environmental impact assessments and permitting processes. Development in the vicinity of protected areas or areas where protected species exist need to be undertaken with special regard for these vulnerable populations and ecosystems. We then monitor them closely to ensure that no adverse impact occurs as a result of our operations. As yet, OMV has not needed to develop biodiversity action plans for any of its operations. Nevertheless, we pay special attention to biodiversity issues at the sites of a number of our operations.

For several years, OMV in New Zealand has supported many initiatives to protect and enhance New Zealand's ecosystem. These include a partnership with a project run by the New Zealand Department of Conservation (DOC) to determine the present population and level of recovery of humpback whales in New Zealand's waters. The knowledge and experience gained from this project is also fed into the OMV-sponsored LEARNZ project, which provides a series of free online "virtual" field trip for teachers and students. In 2012, OMV in New Zealand plans to support a community initiative promoting the restoration, protection and enhancement of the indigenous ecosystem at Rotakare Scenic Reserve.

# Product Responsibility

**OMV produces gasoline and diesel fuels and a broad range of other products including bitumen, oils, lubricants, gas and heating oil, as well as specialized products such as petrochemical products and fertilizers for our industrial customers. We strive to provide high-quality products that meet our customers' expectations and help them save costs. In lifecycle assessments of R&D projects we focus on CO<sub>2</sub> emissions of new products. Health and safety aspects are an integral part of managing product quality from production through to storage, transport and sales.**

## **Policy and guidelines**

We manage the quality and safety of our products in line with our internal policies and international and national regulations and standards. Substantial product-related fines totaled EUR 0.12 mn (including Petrol Ofisi). In OMV Petrom SA an antitrust investigation regarding the withdrawal of the retail product "Eco Premium" from the Romanian fuels market is pending. In 2011, there were no further product-related fines.

## **Product Safety – material safety data sheets**

The quality and safety of our products are the result of standardized processes, quality testing across the supply chain, and a highly developed traceability system. We make detailed information available to our partners and customers concerning our products and the materials used to produce them. All products that are manufactured, marketed or distributed by OMV comply with the applicable legal regulations. Safety data sheets for OMV products can be downloaded from our website. These provide our customers and employees with comprehensive information on potential health, safety and environmental hazards as well as precautionary measures to be taken for safe product handling and usage.

OMV application engineers and sales staff provide product training on an ongoing basis for OMV employees, suppliers, filling station partners and other customers. Complaint management processes are well established for corporate clients, for the Schwechat and Burghausen refineries and for VIVA products. Product-related customer complaints are systematically recorded, analyzed and followed up.

A downstream group-wide complaint management system is being prepared. The system covers all relevant countries, customer groups, suppliers and third party service providers as well as all products and service categories. The implementation phase started in November 2011 and the system is expected to go live in September 2012.

## **REACH and CLP**

The implementation of the EU Regulation on Registration, Evaluation and Authorisation of Chemicals (REACH) meant that all our refineries successfully registered around 200 substances by the end of 2010. Activities continued throughout 2011 with participation in SIEFs and REACH consortia (CONCAWE, LOA, FERC, etc.) with a view to maintaining registration dossiers and updating their common and joint parts. REACH remains a daily business process for OMV refineries.

The EU Regulation on Classification, Labeling and Packaging of substances and mixtures (CLP) requires manufacturers and importers of such products in or into the EEA to ensure the re-classification and re-labeling of substances and mixtures. By using internationally agreed classification criteria and labeling elements, the aim is to facilitate trade as well as help global efforts to protect human beings and the environment from the hazardous effects of chemi-

icals, thus complementing REACH. Notification of the classification and labeling (C&L) of substances and mixtures to ECHA is submitted either within REACH or as a separate dossier for those exempted from registration. We submitted all due C&L notifications successfully and the product safety data sheets were updated accordingly.

We have several working groups that oversee our compliance with REACH and CLP regulations. We are also members of the REACH and CLP working groups within the trade associations for the oil and chemical industries.

#### Transport

OMV looks for safe, environmentally friendly and economical ways of transporting its products. In environmental terms, pipeline transport is the best alternative because it requires low energy use and reduces the need for road and rail transport. A decrease in road transport minimizes the risk of incidents and emissions to the atmosphere, including greenhouse gas (GHG) emissions.

The percentage of the different types of transport used will vary from refinery to refinery according to product range, cus-

tomers location and the regional distribution network. Road transport accounts for 10-26% of deliveries from refineries, and rail transport for 17-88%. Ship transport from Schwechat refinery accounts for 10.3%, while 73% of all deliveries from Burghausen, Feldkirchen and Steinhöring are pipeline transport. OMV does not own tankers; all vessels are chartered through first-class ship brokers. The highest quality and safety standards are applied to shipping operations.

#### Shale gas

An expert team analyzed the potential of shale gas in the Vienna Basin in a number of studies. The estimated shale gas resources could make a significant domestic contribution to Austria's energy supply security. OMV has successfully operated in Austria for over 60 years, especially in the Matzen field. We are committed to compliance with the highest technological standards as well as with strict Austrian and European environmental laws and regulations, which guarantee the environmentally sound use of resources. This also applies to the extraction and production of shale gas. OMV will not tap shale gas resources until an environmentally friendly extraction method has been established.

#### Modal split 2011

	Burghausen, Feldkirchen, Steinhöring	Schwechat	Petrobrazil
Road	10%	25.7%	10%
Rail	17%	28.1%	88%
Pipeline	73%	35.9%	2%
Ship		10.3%	



### **Cleaner fuels**

At present, 93% of gasoline and 99% of diesel sold by the OMV Group is sulphur-free (sulphur content <10 ppm). In 2011, OMV blended 424,000 t FAME into diesel and 171,000 t ethanol into gasoline fuels. According to the calculation method established in the EU Renewable Energy Directive, biofuels blending results in the avoidance of GHG emissions of 839,000 t CO<sub>2</sub> equivalent in the transportation sector.

OMV has produced and sold sulphur-free light heating oil since mid-2008. Use of this new product reduces CO<sub>2</sub> emissions by roughly 1% compared to standard heating oil. Since Austrian heating oil companies established a fund to sponsor the replacement of old, inefficient heating boilers with

new condensing boiler technology in 2009, CO<sub>2</sub> emissions can be reduced by 3–4 t per year for each new boiler. By 2016, reduction of CO<sub>2</sub> emissions in the Austrian heating sector will be as much as 430,000 t. OMV supports the use of compressed natural gas (CNG) as an environment-friendly transportation fuel: up to 20% lower CO<sub>2</sub> emissions, 80% reduction of carbon monoxide and virtually no particulate emissions. Across our network of approximately 4,500 filling stations we offer gas as fuel (either LPG or CNG) at 466 filling stations, a coverage rate of 10%. As of the end of 2011, CNG is sold at 63 OMV filling stations in Austria out of 171 sites in total. CNG is presently available at 11 OMV retail outlets in Germany and six in Bulgaria.

# Future Energies and Innovation

**As an energy group, OMV must respond to the challenges of rising energy demand, finite fossil fuel reserves and climate change. We do so by investing in research and development (R&D) as well as in innovative projects in the renewable energy field. OMV thereby prioritizes technologies where it can bring in its core competencies (e.g. geothermal energy).**

## Opportunities

The industries involved in providing energy for entire economies can make important efforts to mitigate and adapt to climate change. We are working in several areas of our core business to respond to climate challenges. Reducing the carbon intensity of our portfolio is a key element of our business strategy. We do so by investing in power generation, enhancing the energy efficiency of our products and operations and providing lower carbon fuels. Our company supports research and pilot projects on renewables (e.g. geothermal energy), energy efficiency and future technologies.

## Innovation

OMV's investments in R&D benefit our customers, the environment and our business. We work closely with universities, non-university research institutes and numerous industrial partners and actively participate in diverse technology networks. R&D expenditure in the Group totaled EUR 15.9 mn in 2011. In the near and long term future we will strengthen our R&D focus on second generation renewables that are close to OMV's core competencies and assets. This will involve an increase in our annual R&D budget of up to EUR 50 mn.

## Geothermal energy project

Geothermal energy generally refers to the thermal energy stored in the Earth's crust. This energy is distributed between the constituent host rock and the natural fluid that is contained in its fractures and pores at temperatures above ambient levels. The fluids concerned are mostly water with varying amounts of dissolved salts. Quantities of hot rocks and fluids contained in them are substantially larger and more widely distributed than oil and gas fluids contained in sedimentary rock formations. Western Turkey seems to be an ideal location for hydrothermal power as some investigations in the past have shown. OMV leverages synergies of exploration, production and power plant know-how and will analyze the potential in this area with the aim of investing in a geothermal power plant. Three main components are under consideration:

- ▶ Resource – estimate the magnitude and distribution of high temperature fields, obtain a license
- ▶ Technology – assess requirements for extracting and utilizing energy from geo-thermal reservoirs including drilling, reservoir design and stimulation, as well as thermal energy conversion to electricity.
- ▶ Economics – create a business model and estimate the cost of supplying electricity.

The feasibility study, to be carried out in 2012, should deliver a sound basis for an investment project as well as a future OMV strategy for geothermal power.

### **Second Generation Biofuels – BioCrack project**

The goal of the BioCrack project is to design, construct and test a pilot plant for the combined conversion of an intermediate product of the mineral oil refinery and solid biomass into a fuel similar to conventional diesel. The generated product contains significant portions of biogenic carbon from the biomass and can be upgraded using existing refinery units to obtain the final quality of diesel fuel. BioCrack allows the use of existing infrastructure with concurrent utilization of renewable raw material in the oil industry, thereby contributing significantly to the reduction of CO<sub>2</sub> emissions.

The technology is based on a patent belonging to our project partner BDI – Bio Energy International AG. Other project partners are university-based.

The pilot unit is currently being installed at the Schwechat refinery. Steel construction is complete and several plant items were mounted at the end of 2011. The aim is to commission the unit at the end of the 1st quarter 2012.

At the same time, the Technical University of Graz is working on the scientific foundation of the process. Thermodynamic and kinetic data have been measured and a simulation model of the process has been built. Now the major focus is to optimize the operational parameters in order to maximize the yield of valuable products. Much work is also being done on upgrading side products. In close co-operation with the Technical University of Graz and BDI, scheduled pilot tests at OMV's pilot center will be prepared starting January 2012 so as to be ready for the first products from the pilot tests. Some tests will also be carried out on the FCC pilot unit at Vienna University of Technology.

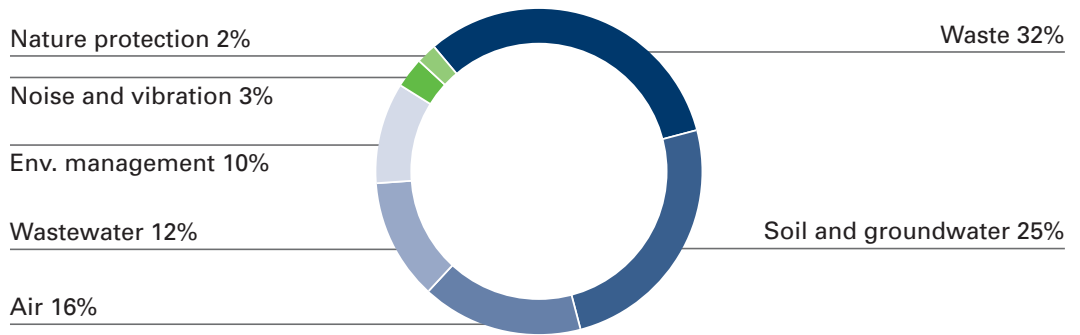
### **H<sub>2</sub> Mobility project**

The H<sub>2</sub> Mobility initiative was founded in September 2009 as a public-private partnership between Germany's National Organization for Hydrogen and Fuel Cell Technology (NOW) and eight industry stakeholders, including OMV. Its aim is to build a hydrogen fuelling infrastructure by 2015 and successfully introduce fuel cell vehicles to the German market. The network will expand via corridors from metropolitan areas into full geographical coverage.

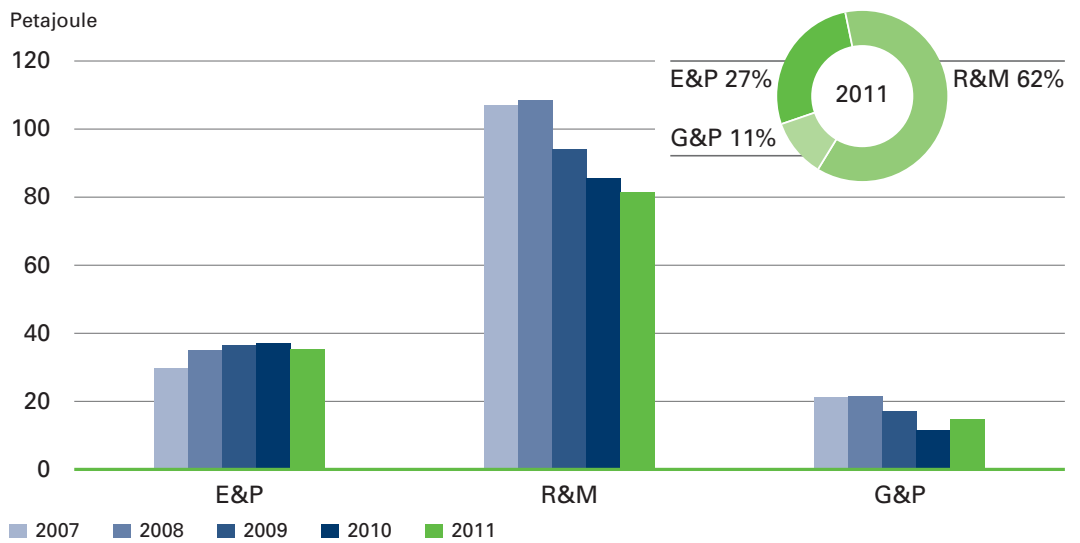
In 2011 the H<sub>2</sub> Mobility consortium (17 companies and OEMs – car manufacturers, oil and gas companies and utilities) developed a joint entity business model to develop an infrastructure for hydrogen in Germany. In 2012 negotiations between partners will get underway to found the joint entity. Infrastructure investment should be in place from 2014 onwards, depending on serial production of the cars.

# Figures

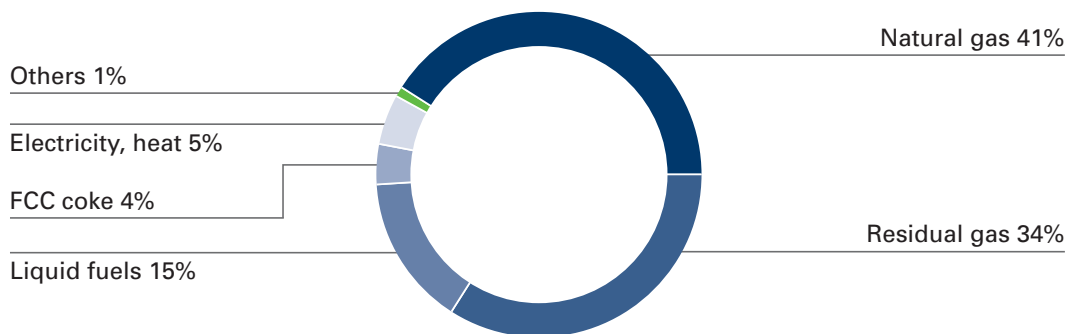
## Environmental protection expenditures 2011



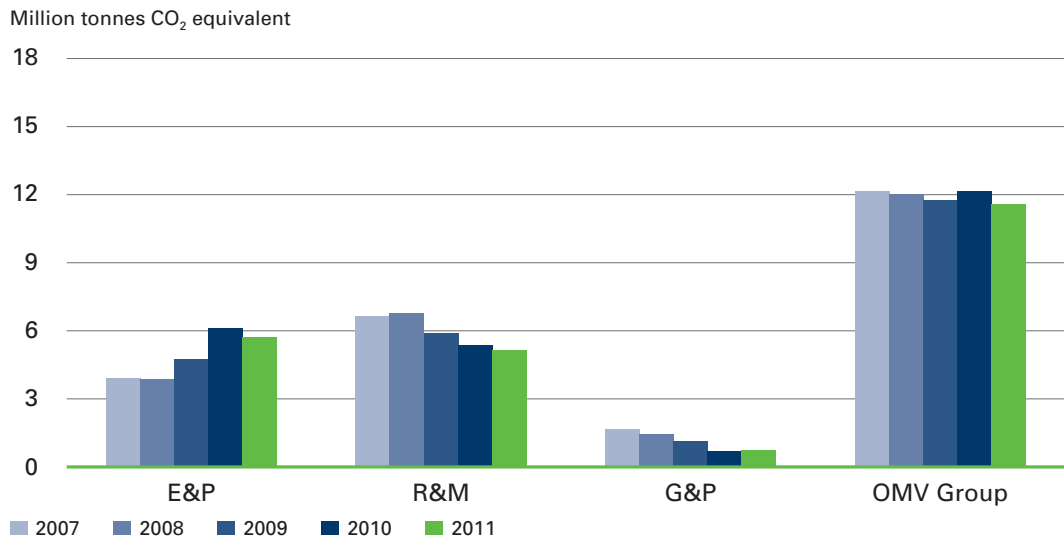
## Total energy consumption per business segment



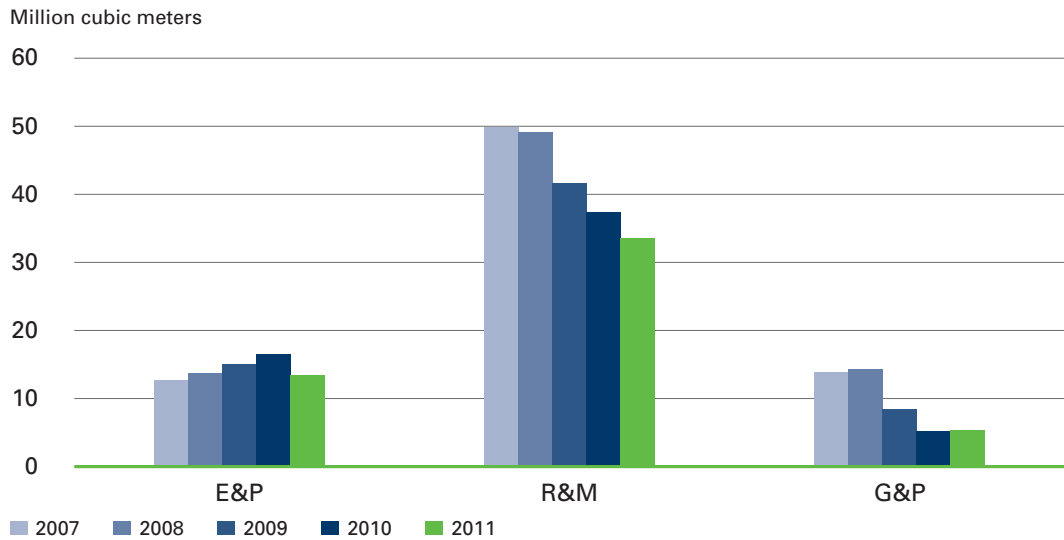
## Energy intake by primary energy source 2011



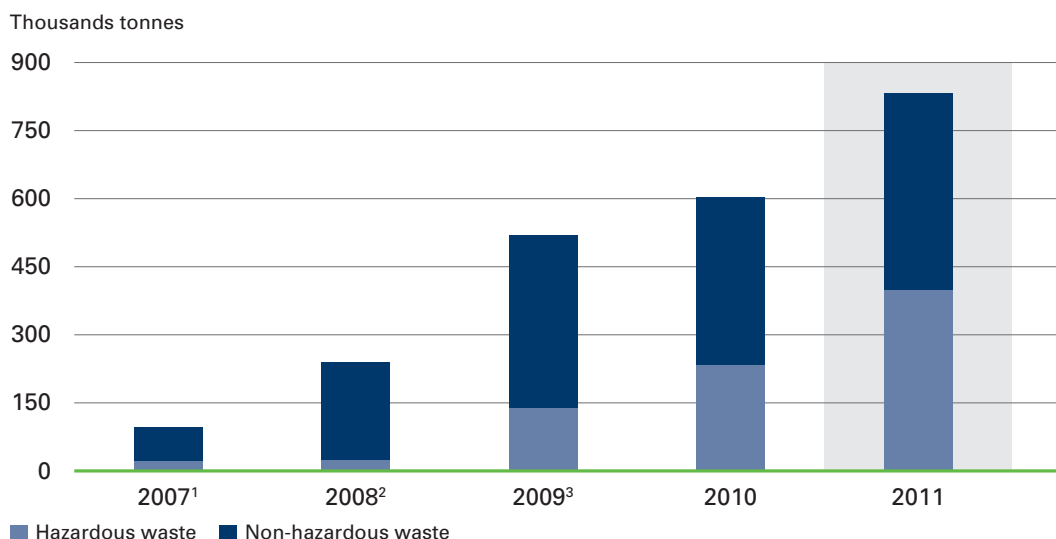
**Total GHG emissions by business segment**



**Water consumption per business segment**



### Total waste by type



<sup>1</sup> Until 2008, waste from ongoing production only, one-off waste from projects not included.

<sup>2</sup> Increase due to drilling waste from Petrom E&P included for the first time in 2008.

<sup>3</sup> Change in group-wide reporting methodology: total waste amounts (production and projects).

### HSSE training hours

	2011	2010	2009	2008	2007
<b>OMV Group</b>	<b>279,100</b>	229,000	188,500	253,700	338,000
OMV (excl. Petrom)	<b>64,700</b>	51,600	63,100	56,400	55,200
Petrom	<b>201,600</b>	177,400	125,400	197,300	282,800
Petrol Ofisi	<b>12,800</b>	n.a.	n.a.	n.a.	n.a.
<b>Per business division:</b>					
E&P	<b>155,400</b>	106,200	80,100	140,300	243,100
G&P	<b>10,300</b>	19,100	3,900	4,500	2,400
R&M	<b>111,900</b>	99,800	95,900	103,100	81,000
Corporate and others	<b>1,500</b>	3,900	8,600	5,800	11,500

Note: figures are rounded to the nearest hundred.

### Environmental figures at a glance

	Environmental figures <sup>1</sup>	Unit	2011	2010	2009	2008	2007
EN3	Energy consumption	PJ	131.7	134.1	147.8	165.4	159.5
EN8	Water consumption	mn m <sup>3</sup>	52	59	65	77	76
	Thereof groundwater	mn m <sup>3</sup>	27.6	32.4	28.1	26.9	25.3
	Emissions						
EN16	GHG (direct, scope 1)	mn t CO <sub>2</sub> equivalent	11.6	12.2	11.7	12.0	12.1
EN16	GHG (indirect <sup>2</sup> , scope 3)	mn t CO <sub>2</sub> equivalent	119	108	109	105	102
EN16	CO <sub>2</sub>	mn t	9.5	10.0	10.7	11.1	10.8
EN16	CH <sub>4</sub> <sup>3</sup>	t	96,654	100,004	36,008	27,136	39,880
EN16	N <sub>2</sub> O <sup>4</sup>	t	178	215	975	1,036	1,440
EN20	SO <sub>2</sub> <sup>3</sup>	t	4,930	5,587	5,927	9,039	10,290
EN20	NO <sub>x</sub>	t	14,051	16,432	15,123	14,890	13,759
	NM-VOC <sup>3</sup>	t	9,241	11,818	10,531	10,553	9,707
	Particulate emissions	t	417	422	1,799	2,492	2,944
EN21	Wastewater discharge						
	Chemical oxygen demand	t	1,134	1,525	1,860	1,890	2,741
	Hydrocarbons	t	47.8	55.5	55.6	84.0	62.2
	Total nitrogen	t	155	261	331	372	437
EN22	Waste <sup>5</sup>						
	Non-hazardous waste	t	434,790	369,060	379,933	216,681	75,261
	Hazardous waste	t	398,219	233,126	138,294	22,714	21,004
	Waste oil <sup>6</sup>	t	—	—	—	439	322
	Total waste	t	833,009	602,186	518,227	239,834	96,587
EN23	Spills	number	2,007	2,247	2,671	1,701	884
OG6	Flaring and Venting						
	Hydrocarbons flared	t	326,622	477,284	n.r.	n.r.	n.r.
	Hydrocarbons vented	t	108,265	81,483	n.r.	n.r.	n.r.

n.r. = not reported

<sup>1</sup> Environmental figures including Petrom as of 2006; Kazakhstan and Petrom Marketing as of 2009. Not including Petrol Ofisi, because reporting systems are still being established or integrated.

<sup>2</sup> Scope 2: Indirect GHG emissions from purchased energy such as electricity and heat account for about 5% of total energy consumption and are therefore not assessed regularly.

<sup>3</sup> Increases due to adapted estimation and calculation methodologies in refineries (NM-VOC, 2007), E&P (2008-09) and Petrom E&P (CH<sub>4</sub>, 2010). Further changes in CH<sub>4</sub> may be expected due to ongoing improvements in reporting methodologies in E&P.

<sup>4</sup> Decrease mainly caused by the closure of the chemical plant Doljchim, where N<sub>2</sub>O was generated in the course of fertilizer production.

<sup>5</sup> While until 2008 only production waste was reported, total waste amounts including those from one-time projects are given as of 2009.

<sup>6</sup> As of 2009, included in hazardous waste.

## Our Way to **Financial Resourcefulness**

To achieve profitable growth we must also act financially responsible.

So for us, Financial Resourcefulness means:

- ▶ Making the effects of responsible behavior measurable
- ▶ Socially responsible investments

With the support of scientists we are developing suitable instruments, in particular key performance indicators, processes and standards for our decision-makers. Measuring the effects of our actions will enable us to make the best decisions in our core business for us and our stakeholders in the future. Furthermore, we will evaluate the opportunities of socially responsible investment for OMV.

At its very basis, Financial Resourcefulness is also about sound governance structures, reliable compliance instruments and the mitigation of both immediate and long-term risks. Furthermore, we measure and demonstrate losses through incidents in order to put the right focus on prevention and risk reduction measures. OMV is committed to flawless business behavior in all of its operations.



## Major Activities in 2011



### **Risk assessment: Major Accident Events Study**

Major Accident Events such as an accidental marine oil spill can cause extensive damage to marine and wildlife habitats as well as local communities, tourism and the fishing industry. For a drilling company involved in or responsible for a major accident, the consequences in terms of reputation and financial impact could be devastating, too. Avoidance of Major Accident Events therefore has absolute priority.

In 2011, a Major Accident Events (MAE) study was initiated with the aim of identifying and ranking operational sites with the highest risk of impacting on the Group's reputation and survivability. Within the framework of MAE we developed and implemented a risk screening methodology to rank high-potential MAE sites and activities, which was finalized this year. The next stage will be to carry out audits of the operating sites, prioritizing those of highest risk. The audits will review the effectiveness of management and technical integrity systems which prevent and control MAEs to As Low as Reasonably Practicable (ALARP). There will also be a review of the effectiveness of emergency response and crisis management systems minimizing the impact of MAEs.

# Targets

## Process Safety and Risk Management

Planned for 2011 (and after)	What we did in 2011
<b>Develop group-wide standards and KPIs</b>	
<ul style="list-style-type: none"> <li>▶ Extend management walk-around concept on process safety</li> <li>▶ Risk-rank safety-critical locations and identify operating assets with the potential to cause a major accident</li> </ul>	<ul style="list-style-type: none"> <li>▶ Process safety management walk-around training programs delivered to senior managers</li> <li>▶ Implemented process safety KPIs based on international standards</li> <li>▶ Carried out Major Accident Events (MAE) study identifying high-risk OMV Group sites and activities</li> </ul>
<b>What we will do in 2012 (and after)</b>	
<b>Develop group-wide standards and KPIs</b>	
<ul style="list-style-type: none"> <li>▶ Improve process safety and technical integrity barrier performance: 80% of sites to report process safety incidents in CARE, develop process safety issues register, risk reduction plan and status report</li> <li>▶ Conduct MAE audits according to prioritization of MAE study</li> </ul>	

## Contractor and Supply Chain Management

Planned for 2011 (and after)	What we did in 2011
<b>Contractor management</b>	
<ul style="list-style-type: none"> <li>▶ Monitor suppliers and contractors to ensure that they comply with our requirements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Monitored suppliers and contractors to ensure that they comply with our requirements</li> </ul>
<b>Supply chain management</b>	
<ul style="list-style-type: none"> <li>▶ Evaluate % of "A" suppliers who have adopted our CoC</li> <li>▶ Evaluate % of "A" suppliers who have created their own CoC</li> </ul>	<ul style="list-style-type: none"> <li>▶ Evaluation of the share of "A" suppliers who adopted their own CoC (88 out of 512) and the share of "A" suppliers who accepted the OMV CoC (rest)</li> </ul>
<b>What we will do in 2012 (and after)</b>	
<b>Contractor management</b>	
<ul style="list-style-type: none"> <li>▶ Monitor suppliers and contractors to ensure that they comply with our requirements</li> </ul>	
<b>Supply chain management</b>	
<ul style="list-style-type: none"> <li>▶ Evaluation of the share of "A" suppliers with an own CoC</li> </ul>	

# Responsible Governance

**OMV seeks to promote a sense of proactive ethical responsibility throughout the Group as a whole as a crucial element of its philosophy. Commitment to honesty and integrity in all business dealings is required of everyone working for OMV, and there are clear rules on conflicts of interest, gifts and hospitality as well as assessment of third parties. A compliance system and the relevant processes help to ensure adherence to our regulations. Behaving fairly towards our stakeholders substantially enhances our good reputation as an employer and business partner.**

## **Values, guidelines and standards**

The Group upholds a series of self-imposed obligations based on both internal and external standards. OMV regulations for the management of sustainability across the Group are contained in a series of directives and standards. Some business segments and sites have established their own specific complementary guidelines and procedures in addition.

By signing up to the UN Global Compact (UNGC), OMV has committed to implementing the ten UNGC principles on human rights, labor standards, the environment and anti-corruption. The OMV Code of Conduct sets forth clear rules of behavior in accordance with the UNGC. This applies to all OMV employees in all business segments as well as to contractors. The OMV Business Ethics Directive clearly defines further rules regarding conflicts of interest, gifts, hospitality and assessment of third parties.

## **Living corporate culture**

OMV Group's corporate values are those of "Professionals, Pioneers, and Partners". Defined with the help of our internal and external stakeholders, they motivate and guide our employees. Our driving values

are systematically embedded in ongoing activities. For example, we use them as an additional assessment criterion for business awards, talk about them at meetings and highlight them in the employee magazines Move and Impact. In our external communication and advertising activities we emphasize the fact that professionals, pioneers and partners make up OMV Group's human capital.

## **Public Affairs**

The Group's involvement in political consensus-building likewise derives from a sense of fundamental responsibility. As an internationally active integrated oil- and gas company that is committed to European values, OMV conducts public affairs activities—in coordination with OMV's representation in Brussels, Corporate Public Affairs in Petrom, business divisions and ventures—at a national, European, and international level. We participate actively in the development of the political, economical, and regulatory framework that impacts our group.

For example, OMV actively fosters the development of the Nabucco project. The annual budget for our representative office in Brussels amounts to a sum between EUR 250,000 and 300,000.

In 2009, OMV was one of the first Austrian corporations to participate in the voluntary registry for lobbyists with the EU Commission.

## **Compliance management**

OMV operates in many countries with different cultures and laws. We have set up a compliance organization which supports the implementation of OMV's standards and monitors that in all parts of the Group operations comply with local laws. The OMV compliance organization manages

- ▶ Anti-corruption and business ethics
- ▶ Prohibition of insider trading and market abuse
- ▶ Antitrust law
- ▶ Trade embargos
- ▶ Data protection

The compliance organization is a dedicated team of multinational experts which is led by the Chief Compliance Officer. He reports directly to the Executive Board and to the Supervisory Board.

OMV takes measures to raise awareness and train its employees by publishing directives and instructions, as well as providing face-to-face and web-based training. OMV set up a business ethics hotline and a web-based form to enable employees to ask for advice. Additionally, every compliance officer can be contacted by mail, telephone or in person.

#### **Business ethics**

Because business relations are not merely legal relations between enterprises but also involve human relationships, conflicts of interest can arise. OMV provides people acting on its behalf with a clear set of rules to follow in a potential conflict of interest situation. In addition the Business Ethics Directive also provides guidance on gifts, donations, hospitality and sponsorship, facilitation payments as well as third party assessment.

We are working on the further improvement of compliance and business ethics management throughout OMV Group and will report on progress in the future. For example, the OMV Executive Board has approved a new Code of Business Ethics in January 2012. Roll-out of the code including training programs and an internal information campaign will take place in 2012.

#### **Inside information guidelines and fair competition**

OMV's Issuer Compliance Directive provides guidance on proper handling of inside information and prevention of market abuse and insider trading. A compliance system and the relevant processes are in place to support the implementation of the directive.

The OMV Code of Conduct contains a clear commitment to the principles of free and fair competition. OMV aims to fully adhere to antitrust legislation and the laws on restraint of competition and fair trading practices. Everyone acting on behalf of OMV undergoes extensive training to ensure awareness of and compliance with these rules.

We engage only in business activities that are based on the principles of fairness and integrity. When negotiating, we state our position clearly and pursue our objectives consistently. We aim to apply the same standards in all of our dealings with our business partners, be they customers, suppliers or contractors.

#### **Advertising standards**

OMV's advertising standards are in line with the recommendations of the International Advertising Association (IAA). Advertising, sponsoring, promotion, communication and event management activities are based on our corporate sponsoring guidelines and standards such as our professional event management guidelines, corporate identity guidelines and in-house standards.

#### **Compliance training**

In order to safeguard compliance with internal and external regulations we conduct compliance training on a regular basis. While face-to-face training programs are mandatory, an e-learning tool has been

introduced which provides a complete overview of regulations in place. OMV is currently training new staff in the framework of the New Employee Orientation (NEO) program dealing with such topics as anti-corruption policies and procedures. Overall in 2011, a total of 170 staff received face-to-face training in these areas, and a special anti-corruption presentation was organized to raise awareness among line management, with approximately 50 line managers and senior staff taking part.

The new business ethics regulation, which was approved by the OMV Executive Board in January 2012, will be launched along with a roadshow comprising a training session for employees in different OMV countries. The aim is to provide face-to-face training for a substantial number of employees in anti-corruption policies and procedures.

#### **Actions taken**

In 2011, our Corporate Audit department carried out 26 compliance audits throughout the Group which focused on compliance business ethics issues. Risk-related audits, including fraud and corruption issues, form an inherent part of the audit plan of the Corporate Internal Audit. Internal Audit investigated several cases of suspected misconduct that were either detected in these audits or reported to us directly. In case of serious violations, sanctions can extend to dismissal and claims for damages.

#### **Internal Audit**

An external quality assessment of OMV's internal audit system was performed at the end of 2010. The external auditor stated that "the internal audit activity of OMV Group generally conforms to the Standards and Code of Ethics". This means that according

to Standard 2430, the internal audit activity of OMV Group may report that their activities are "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing".

#### **Monetary Fines**

OMV faced a total of approximately EUR 0.23 mn in substantial monetary fines for non-compliance with laws and regulations in 2011 (including Petrol Ofisi). Apart from that there were no non-monetary fines.

#### **Procurement policy and guidelines**

We aim to conduct the procurement process in a professional, confidential and ethical manner in accordance with our corporate guidelines, the Business Ethics Directive and our Code of Conduct. Suppliers of goods or services are informed of this policy before business is conducted. In 2011, 424 "A" suppliers (83%) of OMV & Petrom accepted OMV's Code of Conduct. Further 88 "A" suppliers of OMV & Petrom additionally provided their own Code of Conduct (Petrol Ofisi excluded).

Initiated in 2008 with the aim of enhancing the procurement process, the Procurement Excellence Program PEPE resulted in an improvement in sustainability practices in our supply chain. It is now obligatory to make specific reference to the OMV Code of Conduct in all contracts, for example. The 2010 revision of the supplier audit system reinforced aspects relating to human rights and labor as well as safety and environmental criteria. A supplier management system has been established in all countries and provides OMV and Petrom with risk assessment and evaluation data with regard to "A" suppliers. Category management enables us to leverage synergies and optimize costs.

# Risk Management

**We assess the current and future financial and non-financial risks associated with our activities in a regular strategic review. It entails monitoring both the macroeconomic environment and our industry's situation (market growth, regulations, technologies, etc.), assessing the impact of these trends on OMV and developing strategic initiatives. The key non-financial and financial risks identified in respect of OMV's medium-term plan are market price risks, business process risks, political risks, regulatory and compliance risks, personnel risks as well as hazard risks. We assess non-financial risk in social and environmental impact assessments, hazard identification (HAZID) and hazard and operability analysis (HAZOP) studies, as well as other recognized methodologies.**

Risks are events and developments, both inside and outside OMV, that have a potentially negative effect on the company's ability to achieve its aims and objectives. It is the Group's policy to maintain at all times a structured, systematic group-wide overview of all risks to ensure that they are monitored and controlled at every management level. Our Enterprise Wide Risk Management (EWRM) covers all operational and strategic risks in consolidated companies. A precise sequence has been defined which comprises risk identification, evaluation, consolidation and reporting, together with risk monitoring, control and mitigation. This ensures that risks are identified and that control and mitigation measures are implemented at all organizational levels of the company.

The key Group risks are governed centrally to ensure the ability to meet the strategic objectives, through the essence of corporate directives, including those relating to health, safety, security and environment, legal matters and compliance, human resources and corporate social responsibility with special emphasis on human rights and market price risks.

Documentation and monitoring of the identified risks is facilitated by an appropriate IT tool. Clearly defined limits are set for substantial risks, risks requiring individual monitoring and all other risks, broken down into those relevant to business segments, companies and the Group as a whole.

## **Risk exposure**

OMV operates in a highly challenging business environment. In common with the entire oil and gas industry, OMV is exposed to a variety of risks – mainly market risks, but also operational, strategic, regulatory, political as well as hazard risks. Increased stakeholder expectations need to be addressed in order to ensure not only the license to operate but also the license to grow. Transparent information and communication are absolutely essential to safeguard the company's reputation.

OMV's exploration and production activities take place in many different environments – from offshore New Zealand to the North African desert, from the steppe of Kazakhstan to the Carpathian Mountains in Romania and the vineyards of Lower Austria. As a result, the regional impact is not just widespread but also varied. Typical E&P activities that are highly visible to the local population include seismic operations, drilling activities, construction of pipelines and processing plants, as well as ongoing production operations.

In the future, E&P's strategic endeavors will lead to further growth – not only in countries where the business segment is already active, but also in countries where OMV has not yet undertaken any E&P activities. It is unlikely that the gas-oil ratio of roughly 50/50 or the offshore production, which makes up about 1/5 of OMV's total production, will change very much over the coming years. However, with every new exploration

activity, development project or asset acquisition, OMV will be exposed to new societies, which have their own culture, desires and history. E&P has proven that it can operate for a long period of time in challenging socioeconomic environments. In North Africa and the Middle East, OMV's business model has proven to be sustainable over the past 25 years. We will strive to keep up our successful presence in the region.

#### **Political and regulatory risks**

Although OMV has extensive experience in the political environment in Central and Eastern Europe (CEE) and South East Europe (SEE) and in its core oil and gas production areas, political developments in all markets where OMV operates are kept under constant observation. Furthermore, country-specific risks are assessed before entering new countries.

International, EU and national energy and climate policies and upcoming safety and social regulations will confront the oil and gas industry with major challenges in the near future. Tighter rules in the European Union Emission Trading Scheme (EU ETS) for the 2013-20 period might lead to higher production costs, significantly affecting international competition. In addition, uncertainty over the future market price of CO<sub>2</sub> poses a risk to the future cost of greenhouse gas (GHG) emissions allowances and credits.

More stringent environmental regulations lead to rising costs for compliance and remediation, and these could adversely affect the results of our operations and our financial state. Many countries in which we undertake exploration and production activities, such as Yemen, are tightening their legal controls on flaring and venting, so it is critical that we phase out those practices as soon as practicable.

The growing use of economic tools in monitoring environmental performance is likely to increase regulation of the protection and utilization of fresh water resources and other ecosystem services. We can also expect greater demands for more efficient use of natural resources and minimization of waste streams. Tighter discharge controls are increasingly being adopted for offshore operations. Some of the countries in which we operate now have a "zero harmful discharge" policy. All of these trends will increase financial liability for existing and potential environmental damage, such as land and water pollution and physical damage to habitats.

We engage with the relevant industry associations to monitor the development of international and regional regulation of these environmental issues, particularly in the EU.

#### **Environmental and social risk assessment and management**

OMV's risk management is not limited to immediate business and regulatory risks. It also includes social, political and other economic risks. All of our operations increasingly employ integrated environmental, social and health impact assessments as the basis for managing environmental sustainability risks. The greatest risks to the environment arise during exploration, development and production. We implement an Environmental Management Plan (EMP) at each of our operational sites. For every facility and project, risk assessments are routinely carried out and emergency and crisis management plans are in place. Hazard, environmental and climate change-related risks are assessed together with all other identified risks twice a year.

A key success factor for us is the employment of qualified, motivated people in our international workforce. However, the oil and gas industry as a whole faces difficulties hiring and retaining highly specialized staff. Through systematic staff succession and development planning, Corporate Human Resources enables OMV to meet future growth requirements in order to mitigate personnel risks.

**Carbon risks**

Climate change risks are included in the fully integrated, group-wide risk management process (EWRM). Risks related to the EU Emission Trading Scheme (EU ETS) are separately recorded, aggregated for the Group as a whole and monitored by a group-wide committee (Carbon Steering Committee) on an ongoing basis. In particular the impact of the revised allocation rules in the EU ETS from 2013 onwards is being analyzed in detail. Furthermore, OMV is monitoring emerging regulations related to climate change in all operating countries, for instance the establishment of the New Zealand Emissions Trading Scheme or ongoing discussions of carbon tax in several countries.

We collect economic data to assess the risk of climate change to our business. Our markets are already feeling the impact of energy and climate policies. Tighter emissions trading rules after 2013 will result in increased production costs, which in turn will significantly affect international competition. Further critical issues arising from climate change include market price risk assessment concerning unknown future costs of CO<sub>2</sub>, higher insurance premiums and related risks. The frequency and intensity of extreme weather events may rise in the future, affecting our production and transportation infrastructure directly or indirectly through complex interactions on global energy markets.

Countermeasures to reduce the potential impact of all identified climate change risks have been evaluated and either planned or implemented. They include the following: the use of economic instruments such as emissions trading and carbon portfolio management; integrative consideration of GHG emissions and climate change-related issues in strategy, controlling and other key business processes; operational and engineering measures to protect platforms from cyclone damage, protection from flooding, etc.

On the other hand, we can expect new business opportunities in the field of alternative energies, greater efficiency and innovation in production processes and products, and the advent of new technologies to deal with the energy systems of the future.

**Process safety**

Process Safety Management (PSM) is the proactive identification, analysis, evaluation and safeguarding of the release of hazardous substances and process accidents that could occur as a result of failures in process technology, procedures or equipment. It applies to the management of hazards associated with the chemical and physical properties of the substances handled in our oil and gas activities. Our vision is for process safety hazards to be effectively managed in every facility across the Group. While there are areas in which we are approaching this state, previous assessments suggest that it is not universal.

A PSM implementation plan was elaborated in 2011 and basic governance established. Since process safety has to do with managing our plants, processes and people, PSM activities in 2011 also included the Major Accident Events (MAE) study, process safety management walk-around training programs, implementation of process safety



KPIs and reporting of process safety hazards and incidents. A pilot of the Risk Based Inspection Project was carried out for Petrom E&P in 2011, to be extended to all Petrom E&P assets in 2012. The Integrity Program 2012 has also been elaborated and is in place for all assets to be rolled out. This program focuses on integrity assurance for pipelines, manifolds and wellheads.

We will be required to undertake a significant number of activities to facilitate effective implementation of the PSM plan. These focus on providing governance and guidance through the development of a corporate standard and recommendations on process safety based on industry best practice, supporting capability development through a structured training curriculum, initiating the building of accessible knowledge bases, supporting and advising those implementing the requirements, and objectively measuring performance.

#### **Case study: consolidation of Siret river bank**

Proactive measures to avoid damage of production assets have been necessary at the Siret river in Romania. The Siret river bank was damaged by the 2010 flood, endangering the integrity of a well. In order to avoid any environmental pollution and negative impacts on the relationship with the community and local authorities, Petrom E&P decided to proactively invest in consolidation work. Usually the community itself or the local government is responsible for managing floods and the damages occurring from them. But in order to develop and sustain our business, Petrom E&P decided to take responsibility for the necessary investment.

# Verification Statement

## Ernst & Young Independent Assurance Report

Limited assurance on disclosures and data relating to four specific focal areas in OMV's "pdf" Sustainability Report 2011

### Engagement

We were requested to provide limited assurance on disclosures and data relating to four specific focal areas in the "pdf" Sustainability Report 2011 (hereafter "**the Report**") of OMV AG (hereafter "**OMV**").

The focal areas are:

- ▶ Contractor management specifically material reported under "Suppliers" on page 33, "Contractor HSSE management" on pages 47 and 48, and "Procurement policy and guidelines" on page 85.
- ▶ Business Ethics specifically material reported under "Human Rights" on pages 32 to 34 and "Responsible Governance" on pages 83 to 85.
- ▶ Workplace Safety specifically material reported under "Safety" on pages 45 to 49, with the following indicators for employees and contractors at group level:
  - Lost-time injury rate (LTIR)
  - Lost-time injury severity (LTIS)
  - Total recordable injury rate (TRIR)
  - Fatalities
  - Commuting accidents
- ▶ Greenhouse Gas Emissions (GHG)
  - Group processes and controls to aggregate and collate GHG scope 1 emissions
  - Presentation of data in the report including exclusions, footnotes etc.

We also performed the Global Reporting Initiative (GRI) Application Level Check to confirm the application level declared by OMV.

Our procedures have been designed to obtain a "limited level" of assurance on which to base our conclusions. The extent of evidence gathering procedures performed is less than for that of a "reasonable" assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

Under the "General Conditions of Contract for the Public Accounting Professions<sup>1</sup>" our liability is limited to intentional violations or gross negligence of the contract. In cases of gross negligence the maximum liability towards OMV and any third party together is EUR 726,730.

### Management responsibilities

The Report has been prepared by the management of OMV who are responsible for the collection and presentation of information reported.

### What we did to form our conclusion

It is our responsibility to express a conclusion on the disclosures and data of the focal areas included in the Report on the basis of the limited assurance engagement.

Our assurance engagement has been planned and performed in accordance with the International Federation of Accountants' ISAE3000<sup>2</sup> and the Code of Ethics for Professional Accountants, issued by the International Federation of Accountants, which includes requirements in relation to our independence.

<sup>1</sup> Version dated February 21st 2011 (AAB 2011), issued by the Chamber of Public Accountants and Tax Advisors, section 8 - [http://www.kwt.or.at/de/PortalData/2/Resourcen/downloads/downloadcenter/AAB\\_2011\\_englische\\_Fassung.pdf](http://www.kwt.or.at/de/PortalData/2/Resourcen/downloads/downloadcenter/AAB_2011_englische_Fassung.pdf)

<sup>2</sup> International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or reviews of Historical Financial Information (ISAE3000).

We assessed the information relating to disclosures and data of the identified four focal areas in the Report against following criteria:

- ▶ GRI sustainability reporting guidelines (G3.0<sup>3</sup>) application level A+.
- ▶ OMV's Corporate Regulations (directives, standards and procedures) related to the focal areas, of which a summary is provided on page 5 of the Report.

We believe that these criteria are suitable for our assurance engagement.

In order to form our conclusions we undertook the following worksteps:

- ▶ **Interviewed a selection of Group and functional senior managers and executives** at company HQ in Austria, Turkey and Romania to understand key expectations in the focal areas and identify systems, process and internal controls processes to support them.
- ▶ **Reviewed Group level, Board and Executive documents** to assess awareness and priority of the focal areas and to understand how progress is tracked.
- ▶ **Examined risk management and governance processes** supporting the selected focal areas.
- ▶ **Visited four reporting sites: Austria (Gänserndorf), Romania (Petrobrazi & Brazi) and Turkey (Petrol Ofisi)** to review progress and obtain evidence of performance across the focal areas. In addition we conducted data reviews in relation to GHG emissions and safety at site level for completeness, reliability, accuracy and timeliness.

- ▶ **Reviewed data samples and processes relating to energy and GHG emissions and workplace safety** to test whether they had been collected, consolidated and reported appropriately at Group level. This included reviewing data samples and conversion factors relating to CO<sub>2</sub> emissions to test whether the data covering Scope 1 emissions had been reported in an accurate, reliable and complete manner.
- ▶ **Reviewed the coverage of material issues within the four focal areas** against the key issues raised in the stakeholder dialogues, areas of performance covered in external media reports and the environmental and social reports of OMV's peers.
- ▶ **Challenged statements and claims in the Report** on the four focal areas against our worksteps and the GRI principles.
- ▶ Reviewed whether OMV's reporting has applied the GRI G3 Guidelines **to a level consistent with the A+ application level.**

#### Limitations to Engagement

- ▶ Our review was limited to the four focal areas and the specified key performance indicators.
- ▶ We have not tested comparative data, derived from the Sustainability Reports from previous years;
- ▶ We did not test data derived from external surveys, we only verified that relevant disclosures and data are correctly quoted in the Report.
- ▶ The scope of our review procedures at operational level was limited to a sample of four site visits.

<sup>3</sup><http://www.globalreporting.org/ReportingFramework/G3Online/>

### **Our Conclusion**

Based on the scope of our review nothing has come to our attention that causes us to believe that the disclosures and data relating to the four focal areas in the Report were not prepared, in accordance with the criteria identified above.

Nothing has come to our attention that causes us to believe that OMV's sustainability reporting does not meet the GRI A+ application level.

### **Commentary**

Our observations and recommendations for improvement will be raised in a report to OMV's management.

Vienna, April 26<sup>th</sup> 2012

### **ERNST & YOUNG**



Wirtschaftsprüfungsgesellschaft m.b.H  
Gerhard Schwarz e.h.  
Georg Rogl e.h.  
Douglas Johnston e.h.

# GRI Content Index

The Global Reporting Initiative (GRI) develops globally applicable quality criteria for sustainability reporting in consultation with a wide range of stakeholders drawn from business, employer and employee represen-

tatives, civil society, academic institutions, and other areas. The GRI Content Index gives an overview of all the disclosures in the present report.

## Statement/Commentary:

### 3.10

No restatements of information since the last report.

### 3.11

No significant changes since the last report.

Description	Status	Links	IPIECA	UNGC
<b>Profile Disclosures</b>				
<b>1. Strategy and Analysis</b>				
1.1 Statement from the most senior decision-maker of the organization	•	SR pp. 6-7	p. 13	Statement of Continuing Support
1.2 Description of key impacts, risks, and opportunities	•	SR pp. 18-21, 86-89; AR pp. 59-61	p. 15	
<b>2. Organizational Profile</b>				
2.1 Name of the organization	•	SR Imprint	n/a	
2.2 Primary brands, products, and/or services	•	SR pp. 8-9	n/a	
2.3 Operational structure of the organization	•	SR p. 8; AR pp.142-147	n/a	
2.4 Location of the organization's headquarters	•	SR Imprint	n/a	
2.5 Number of countries where the organization operates	•	SR pp. 6, 8-9; AR pp. 40, 44, 48	n/a	
2.6 Nature of ownership and legal form	•	AR pp. 32, 33	n/a	
2.7 Markets served	•	AR pp. 13, 14	n/a	
2.8 Scale of the reporting organization	•	AR pp. 52, 56-57, 142-148	n/a	
2.9 Significant changes during the reporting period regarding size, structure, or ownership	•	AR pp. 52-54	n/a	
2.10 Awards received in the reporting period	•	www.OMV.com	n/a	
<b>3. Report Parameters</b>				
3.1 Reporting period for information provided	•	SR p. 3	p. 29	
3.2 Date of most recent previous report	•	SR p. 3	p. 29	
3.3 Reporting cycle	•	SR p. 3	p. 29	
3.4 Contact point for questions regarding the report or its contents	•	SR Imprint	n/a	
3.5 Process for defining report content	•	SR p. 4-5	pp. 16 - 17	
3.6 Boundary of the report	•	SR p.3	p. 29; Appendix A	
3.7 Limitations on the scope or boundary of the report	•	SR p.3	p. 29; Appendix A	
3.8 Basis for reporting on joint ventures, subsidiaries, etc.	•	SR pp. 3-6	p. 23; Appendix A	
3.9 Data measurement techniques and the bases of calculations	•	SR pp. 3-6	p. 29	
3.10 Restatements of information	•	s. commentary	pp. 23,29	
3.11 Significant changes from previous reporting periods	•	s. commentary	Various sections	
3.12 GRI Content Index	•	SR pp. 93-97	n/a	
3.13 External assurance	•	SR p. 90	p. 24	

Statement/Commentary:

**4.3**  
The organization has a Supervisory Board.

**4.10**  
According to the Austrian Stock Corporation Act, responsibility for evaluating the performance of the highest governance body does not lie with the reporting organization.

**4.11**  
Investments in portfolio adaptation and decarbonization are the strategic expression of our precautionary approach.

Description	Status	Links	IPIECA	UNGC
<b>4. Governance, Commitments, and Engagement</b>				
4.1 Corporate governance/Management structure of the organization	•	SR pp. 8–9, 19; AR pp. 20–28	p. 14	➔ 1-10
4.2 Independence of the highest governance body	•	AR pp. 20–28	p. 14	➔ 1-10
4.3 Structure of the governance body in organizations that have a unitary board structure	n.a.	s. commentary	SE15	➔ 1-10
4.4 Mechanisms for shareholders and employees to provide recommendations	•	SR pp. 16, 38–39; AR pp. 28	SE16	➔ 1-10
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	•	AR pp. 22–23, 26–27, 134, 140–141	n/a	➔ 1-10
4.6 Mechanisms to avoid conflicts of interest	•	SR pp. 83–85; AR pp. 26–27	n/a	➔ 1-10
4.7 Expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	•	AR pp. 24–26	n/a	➔ 1-10
4.8 Mission statements, codes of conduct, sustainability principles	•	SR pp. 6, 13–15, 83–85	p. 13	➔ 1-10
4.9 Procedures for overseeing the organization's sustainability management	•	SR pp.16–17	p. 14	➔ 1-10
4.10 Evaluation of the highest governance body's own performance, particularly with respect to sustainability	n.a.	s. commentary	n/a	➔ 1-10
4.11 Precautionary approach addressed by the organization	•	SR pp. 20–21, 71–73, 86–89; AR pp. 30, 59–61, 120–121; s. commentary	p. 13	➔ 7
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives	•	SR pp. 6, 13, 22, 32–34, 35, 59, 81	p. 14	➔ 1-10
4.13 Memberships in associations and advocacy organizations	•	SR pp. 17	n/a	➔ 1-10
4.14 List of stakeholder groups engaged by the organization	•	SR pp. 17	pp. 12, 17	Sharing the Communication on Progress with the company's stakeholders
4.15 Basis for identification and selection of stakeholders with whom to engage	•	SR pp. 17	p. 12, 17	
4.16 Approaches to stakeholder engagement	•	SR pp. 17	p. 11, SE1, SE16	
4.17 Key topics and concerns of stakeholders	•	SR pp. 18–19	p. 11; indicators	
<b>Disclosure on Management Approach</b>				
<b>DMA EC</b> Disclosure on Management Approach – Economic	•	SR pp. 10–11	pp. 23, 85, 94, 105; SE4, SE5, SE6, SE7, SE13	➔ 1, 4, 6 and 7
<b>DMA EN</b> Disclosures on Management Approach – Environmental	•	SR pp. 12–15, 61–63, 65	pp. 35, 47, 54; E1, E2, E3, E5, E7, E8, E9, HS4	➔ 7, 8 and 9
<b>DMA LA</b> Disclosure on Management Approach – Labor Practices and Decent Work	•	SR p. 13	pp. 23, 66; SE15, SE16, SE17, HS1, HS2, HS3	➔ 1, 3 and 6
<b>DMA HR</b> Disclosure on Management Approach – Human Rights	•	SR pp. 12–15, 32	p. 100; SE2; SE8, SE9, SE10, SE18	➔ 1, 2, 3, 4, 5 and 6
<b>DMA SO</b> Disclosure on Management Approach – Society	•	SR pp. 12–14, 35–36, 83–85	pp. 85, 105; SE1, SE3, SE11, SE14, HS5	➔ 10
<b>DMA PR</b> Disclosure on Management Approach – Product Responsibility	•	SR pp. 12–15, 71–73, 83	HS4, E3	➔ 1 and 8

Statement/Commentary:

EC9

More detailed reporting will be set up in the long term

EN1

Raw materials refer to the amounts of oil and gas produced, used and sold, and make up the company's key material flows. While amounts of auxiliary, working, and packaging materials are marginal and therefore not reported, detailed information about energy consumption is given for EN3 and EN4. Due to complexity, more detailed reporting is not planned in the future.

EN2

Insignificant percentage given the reliance on materials derived from primary extraction.

EN4

Purchased energy, such as electricity and heat, accounted for only 5% of total energy consumption.

EN11/EN12

For new projects, biodiversity is addressed in environmental impact assessments and permitting processes, but the use of biodiversity action plans has not yet been implemented in any of our operations.

EN17

Scope 3 emissions from product use are material and reported. All other Scope 3 emissions, for example, emissions related to externally purchased crude oil intake, employee business travel, and logistics, are not material because of their relatively insignificant amounts compared to indirect emissions from product use.

Description	Status	Links	IPIECA	UNGC
<b>Performance Indicators</b>				
<b>Economic Performance Indicators</b>				
EC1	•	SR p. 9; AR pp.52–59	p. 23, SE4, SE13, SE14	
EC2	•	SR pp. 61–65, 71–73	pp. 21, 35	➔ 7
EC3	•	SR p. 39; AR pp.86, 109	n/a	
EC4	•	SR p. 9	SE13	
EC6	•	SR p. 35–36	SE5, SE7	
EC7	•	SR p. 37–38, 51	SE5, SE6	➔ + 6
EC8	•	SR pp. 23–24	SE4	
EC9	•	SR pp. 35–36	SE6	
<b>Environmental Performance Indicators</b>				
				<b>SE1</b>
EN1	•	s. commentary; AR pp. 41–42, 46	n/a	+ 8
EN2	•	s. commentary	E10	+ 8 and 9
EN3	•	SR pp. 76–77, 79	E2	+ 8
EN4	n.m.	s. commentary	E2	+ 8
EN5	•	SR pp. 63	E2	+ 8 and 9
EN6	•	SR pp. 18, 63–65, 74–75	E3	➔ 8 and 9
EN8	•	SR p. 66, 77	E6	+ 8
EN9	•	SR p. 67	E6	+ 8
EN11	•	SR p. 70; s. commentary	E5	+ 8
EN12	•	SR p. 70; s. commentary	E5	+ 8
EN14	•	SR pp. 60–70	E5	➔ 8
EN16	•	SR pp. 63–64, 77, 79	E1	+ 8
EN17	n.m.	s. commentary	E1	+ 8
EN18	•	SR p. 63–65	E1	➔ + 7, 8 and 9
EN19	n.m.	s. commentary	E7	+ 8
EN20	•	SR pp. 64–65, 77, 79	E7	+ 8
EN21	•	SR pp. 67, 77; s. commentary	E9	+ 8
EN22	•	SR pp. 68, 78–79; s. commentary	E10	+ 8
EN23	•	SR pp. 68–69, 77	E8	+ 8
EN24	•	SR p. 68	E10	+ 8

Statement/Commentary:

EN19

OMV uses ozone-depleting substances only on a laboratory scale (<1 t per year).

EN21/EN22

Classification structure adapted to specific business characteristics.

EN27

The company's main products, oil, gas, and electricity, are delivered without packaging materials.

EN28

Reporting on dispute resolution concerning environmental issues will be developed.

LA13

In accordance with the Austrian law, no data have been or will be collected on minority groups.

HR4

Reporting systems are under evaluation and quantitative data will be available over the long term.

SO2

Risks-related audits, including fraud and corruption issues, are inherent parts of the audit program of Corporate Internal Audit.

Description	Status	Links	IPECA	UNGC
EN26 Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	•	SR pp. 71–73	HS4	➔ 7, 8 and 9
EN27 Packaging materials that are reclaimed	n.m.	s. commentary	n/a	⊕ 8 and 9
EN28 Fines for non-compliance with environmental regulations	•	SR p. 61; s. commentary	n/a	⊕ 8
EN29 Significant environmental impacts of transport	•	SR p. 72	E1, E8	⊕ 8
EN30 Total environmental protection expenditures and investments by type	•	SR p. 62	n/a	➔ ⊕ 7, 8 and 9
<b>Social Performance Indicators: Labor Practices and Decent Work</b>				SE1
LA1 Total workforce by employment type, employment contract, and region	•	SR pp. 51–52	p. 23; SE15	
LA2 Rate of employee turnover	•	SR pp. 51–52	p. 23; SE15	⊕ 6
LA4 Percentage of employees covered by collective bargaining agreements	•	SR p. 37–38	p. 100; SE16, SE8	⊕ 1 and 3
LA5 Minimum notice period(s) regarding significant operational changes	•	SR p. 37–38	SE16	⊕ 3
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	•	SR p. 45–47, 56	HS3	⊕ 1
LA8 Risk-control programs in place to assist workforce members regarding serious diseases	•	SR pp. 41–44, 55	HS2	➔ 1
LA10 Average hours of training per year per employee by employee category	•	SR pp. 53–54	SE17	
LA13 Composition of governance bodies and breakdown of employees in terms of diversity	•	SR pp. 52–53; AR p. 25; s. commentary	SE15	⊕ 1 and 6
LA14 Ratio of basic salary of men to women by employee category	•	SR p. 38	SE15	⊕ 1 and 6
<b>Social Performance Indicators: Human Rights</b>				SE1
HR1 Investment agreements that include human rights clauses	•	SR p. 32–34	SE8	⊕ 1, 2, 3, 4, 5 and 6
HR2 Suppliers and contractors that have undergone screening on human rights	•	SR pp. 27, 33–34, 85	SE9	➔ ⊕ 1, 2, 3, 4, 5 and 6
HR3 Employee training on policies and procedures concerning aspects of human rights	•	SR pp. 25, 27, 33–34	SE8	⊕ 1, 2, 3, 4, 5 and 6
HR4 Total number of incidents of discrimination and actions taken	•	SR pp. 38; s. commentary	SE8, SE18	➔ ⊕ 1, 2 and 6
HR5 Right to exercise freedom of association and collective bargaining	•	SR pp. 32–34, 38	p. 100; SE8, SE9	➔ 1, 2 and 3
HR6 Operations identified as having significant risk for incidents of child labor	•	SR p. 32–34	p. 100; SE8, SE9	➔ 1, 2 and 5
HR7 Operations identified as having significant risk for incidents of forced or compulsory labor	•	SR p. 32–34	p. 100; SE8	➔ 1, 2 and 4
HR8 Security personnel trained concerning aspects of human rights	•	SR pp. 25, 27, 33–34	SE10	⊕ 1 and 2
<b>Social Performance Indicators: Society</b>				SE8, SE9
SO1 Effectiveness of practices that manage the impacts of operations on communities	•	SR pp. 28, 33–36, 59	SE1	
SO2 Business units analyzed for risks related to corruption Business Ethics	•	SR pp. 83–85; s. commentary	SE11, SE12	⊕ 10
SO3 Employees trained in organization's anti-corruption procedures	•	SR pp. 83–85	SE11	⊕ 10



Statement/Commentary:

SO4

No groupwide systematic data collection fully established. Systematic reporting will be set up in the long term.

OG7

The system to report drilling mud and cuttings separately from total waste will be fully developed as foreseeable in one year.

OG9

Some examples are given in this report. Systematic reporting will be set up in the long term.

OG10

Some examples are given in this report. Systematic reporting will be set up in the long term.

OG12

Some examples are given in this report. Systematic reporting will be set up in the long term.

Description	Status	Links	IPIECA	UNGC
SO4 Actions taken in response to incidents of corruption	•	SR pp. 83–85	SE11, SE12	➔ 10
SO5 Public policy positions and participation in public policy development and lobbying	•	SR p. 83	SE14	➔ 1-10
SO8 Fines and sanctions for noncompliance with regulations	•	SR p. 85	n/a	
<b>Social Performance Indicators: Product Responsibility</b>				SE8, SE9
PR1 Life cycle stages in which health and safety impacts of products and services are assessed	•	SR pp. 71–73, 79, 86–88	HS4	➔ + 1
PR3 Type of product and service information required by procedures	•	SR pp. 71–73	HS4	➔ + 8
PR6 Programs for adherence to laws related to advertising	•	SR p. 84	HS4	
PR9 Fines for non-compliance with regulations concerning the provision and use of products and services	•	SR p. 71	n/a	
<b>Oil &amp; Gas Sector Specific Indicators</b>				
OG1 Volume of proven reserves	•	SR p. 8; AR p. 15	p. 23	
OG2 Amount spent on renewable energy R&D	•	SR p. 74	E3	
OG3 Installed capacity of renewable energy technologies by source	•	SR p. 19, 74–75	E3	
OG4 Percentage of operating sites in which biodiversity risk has been assessed and monitored	•	SR p. 70	E5	
OG5 Volume of formation/produced water	•	SR p. 67, 77, 79	E9	
OG6 Volume of hydrocarbon flared and vented Performance Indicators – Environment	•	SR pp. 63, 77	E4	
OG7 Amount of drilling mud and cuttings	•	SR p. 69; s. commentary	E10	
OG8 Benzene and sulfur content in diesel and gasoline	•	SR pp. 71–73	n/a	
OG9 Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	•	SR pp. 28, 35–36; s. commentary	SE2	
OG10 Number and description of significant disputes with local communities and indigenous people	•	SR pp. 28, 35–36; s. commentary	SE1, SE3	
OG11 Sites that have been decommissioned or are in the process of being decommissioned	•	SR p. 59	n/a	
OG12 List of sites where resettlements took place, the number of households resettled in each of the affected localities and how their livelihoods were affected in the process	•	SR pp. 35–36; s. commentary	SE3	
OG13 Number of process safety events, by business activity	•	SR pp. 81–83, 88–89	HS5	
OG14 Volume of biofuels produced, purchased, and sold	•	SR. p. 73	E3	

Legend:

EC1 Key Performance Indicators

EC5 Additional Indicators

➔ Actions Taken to Implement Principle

• Fully reported

• Partly reported

+ Outcomes from

Implementing Principle

n.a. Not applicable

n.m. Not material

SR Sustainability Report 2011

AR Annual Report 2011



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

# Abbreviations, Imprint and Disclaimer

## Abbreviations

**CEE** Central and Eastern Europe  
**CNG** Compressed natural gas  
**CO<sub>2</sub>** Carbon dioxide  
**CoC** Code of Conduct  
**E&P** Exploration and Production business segment  
**EBITD** Earnings before interest, tax, and depreciation  
**ESIA** Environmental and Social Impact Assessment  
**G&P** Gas and Power business segment  
**GHG** Greenhouse gas  
**GRI** Global Reporting Initiative  
**HAZID** Hazard Identification  
**HAZOP** Hazard and Operability Analysis  
**HiPo** High Potential Incident  
**IPIECA** International Petroleum Industry Environmental Conservation Association  
**IVMS** In-vehicle monitoring system  
**LPG** Liquefied petroleum gas  
**LTIR** Lost-Time Injury Rate; number of injuries per one million working hours  
**MW** Megawatt  
**Nabucco** Gas pipeline project; aims at connection the Caspian region with Austria  
**NO<sub>x</sub>** Nitrogen oxides  
**OGP** International Association of Oil & Gas Producers  
**PDS** Performance & Development System  
**PJ** Petajoule: 1 PJ equals 10<sup>15</sup> joules  
**ppm** Parts per million  
**R&D** Research and Development  
**R&M** Refining and Marketing business segment  
**REACH** Registration, Evaluation, Authorisation, and Restriction of Chemicals  
**Scope 1** Direct emissions; category of GHG accounting as defined by the Greenhouse Gas Protocol

**Scope 3** Indirect emissions; category of GHG accounting as defined by the Greenhouse Gas Protocol

**SEE** Southeastern Europe

**TJ** Terajoule: 1 TJ equals 10<sup>12</sup> joules

**toe** Tonne of oil equivalent

**UNGC** United Nations Global Compact

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In the interests of simplicity and readability, the language used in this report is gender-neutral to the greatest extent possible; the masculine gender includes the feminine wherever applicable.