

Resourcefulness Report 2013



PETROM

Member of OMV Group



Welcome to OMV Petrom's 2013 Resourcefulness report. This report covers our sustainability performance and relevant data for 2013. It describes how we integrate environmental, social, and economic considerations into our business through our sustainability strategy Resourcefulness.

Our reporting boundaries cover data from OMV Petrom operations under management control in our countries of operation (Romania, Moldova, Serbia, Bulgaria and Kazakhstan) and include Exploration and Production (E&P), Gas and Power (G&P) and Refining and Marketing (R&M) activities. The data is consolidated at OMV Petrom group level.

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Our CEO, Mariana Gheorghe introduces the report and the sustainability challenges and opportunities for OMV Petrom. We present a Highlights section and an overview of the business.

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2. Resourcefulness

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CEO Statement

I'm proud of OMV Petrom's long-standing sense of responsibility towards the environment, society and local communities.



OMV Petrom is the largest oil and gas company in South Eastern Europe and the largest company in Romania, accounting for 10 – 11% of state revenue. Our headcount exceeds 19,500 people, and we operate in more than 300 communities. Our business operations cover the oil and gas and electricity sectors bringing both environmental and operational challenges.

"Keeping people safe and protecting the environment will always be our top priority."

As global demand for energy continues to rise along with resource scarcity and the impacts of climate change, our challenge is to balance economic growth with the needs of society and the environment. We see ourselves as part of the long-term solution to the global fuel challenge. But we know that, to succeed, we must make the principles on which we base our "Resourcefulness" strategy – responsible behavior, careful management of resources and investment in innovation – the only way we do business.

We work in a high-risk industry. Keeping people safe and protecting the environment should be our top priority. Alongside that, we look for opportunities to maximize the benefits of our business for others. This report outlines our progress in delivering our Resourcefulness strategy in 2013. It also acts as our first Communication on Progress for the UN Global Compact due to our acceptance as a member in December 2013.

Our sustainability strategy: Resourcefulness
 "Resourcefulness" is OMV Petrom's long-term commitment to sustainability that sits at the heart of our "Profitable Growth" strategy. It guides us to create mutual benefits for society and the environment by growing our business in the most responsible way. Organized under the three pillars of resourcefulness – **Eco-Efficiency, Eco-Innovation and Skills to Succeed.**

CEO Statement (continued)

Only two years in, Resourcefulness is already providing tangible results and we have a clear direction for the future.

Health, Safety, Security and the Environment has always been a top priority for OMV Petrom. We are aware the impacts of a major incident in our industry can have on the environment, employees and communities. We're working hard to reduce the risks across our operations to as low as reasonably practicable – by identifying areas where we need to improve and tackling them head on.

“Energy efficiency provides our biggest opportunity to reduce our environmental impacts.”

Our safety and risk management culture is based on the belief that all accidents can be prevented. So it is with great sadness that I must report three work-related fatalities in 2013. We continue to develop our policies, processes, training and risk management focus to avoid these tragedies in the future.

In 2013, we saw a reduced Lost-time injury rate (LTIR) from 0.41 to 0.33 among OMV Petrom employees and 0.55 to 0.31 among our contractors. Key activities included the ongoing roll out of our Process Safety Road Map, delivery of over 33,125 training hours, installation of In Vehicle Monitoring Systems in over 3,200 vehicles, a strong focus on contractor compliance. We developed spill risk maps for 60% of our E&P assets and introduced a new continuity management program for the business.

Through **Eco-efficiency**, we are striving for best practice in environmental management with a focus on carbon emissions, water management and energy efficiency. Energy efficiency provides our biggest opportunity to reduce our environmental impacts. As we grow we use more energy, making energy efficiency increasingly important to support our future growth. In 2013, our total energy consumption grew by 11%. But 40% of the energy we used for E&P onshore operations came from Gas to Power and Combined Heat and Power generation, cutting CO₂ equivalent emissions by 13,000 tons. Similarly, while our overall carbon emissions grow by 15%, we reduced greenhouse gas intensity in our operated assets by 3.4%. We cut our total water withdrawal by 8.4% and we reduced waste by 30% in 2013.

Through **Eco-Innovation**, we're aiming to secure long-term alternatives to traditional fossil fuels. It's a key priority for the future, and starting with 2014 we will have a dedicated responsible to lead programs in the area. Initially, we are focusing on research into new energy sources. We will report on progress as this work gains momentum.

Through **Skills to Succeed** we are supporting the local economy and fostering the skills people need. Under our biggest social program, "Andrei's Country", we organized the largest social business competition in Romania - "Made in Andrei's Country". 20 finalists received eight months training and EUR 1,500 for market research, with ten winners getting EUR 32,000 and one year's start-up support. The 10 winning social business will create in the communities in which OMV Petrom operates at least 50 work places. Also around 16,000 people benefited through Andrei's Country

CEO Statement (continued)

in 2013, and 4,600 young people took part in Andrei's school.

Our People are the everyday champions who make Resourcefulness a reality. We owe it to them to invest in their future, develop their talent and treat them with the dignity and respect they deserve. We invested EUR 8.5 million in over 822,00 training hours and opened a new training center in Romania, where we will develop the Oil & Gas workforce of the future. I'm particularly pleased of having 30% of our management positions held by women.

"I'm particularly pleased oh having 30% of our management positions held by women. "

We hosted the launch of the Women Leadership Cross-Company Mentoring Program, the first partnership project in the Romanian business market aimed developing current and future female leaders.

The year ahead will of course bring challenges, but I'm confident that by implementing Resourcefulness, we'll be the best possible shape to deal with those challenges and make the most of the opportunities to increase our positive impact.

Mariana Gheorghe

Highlights

Key data

Hydrocarbon spills

-8% (2013 vs. 2012)
1,666 spills in 2013

Lost time injury rate (combined)

-32% (2013 vs. 2012)
LTIR 0.33 in 2013

Water withdrawal

-8% (2013 vs. 2012)
in total water withdrawn for operations

Training and development

EUR 8.5 m (2013)
Invested in the development
of OMV Petrom employees

Ratings, Certifications and Awards



OMV Petrom was accepted as a member of the UNGC in 2013.



Andrei's Country received "Best Online Community in Europe" award.



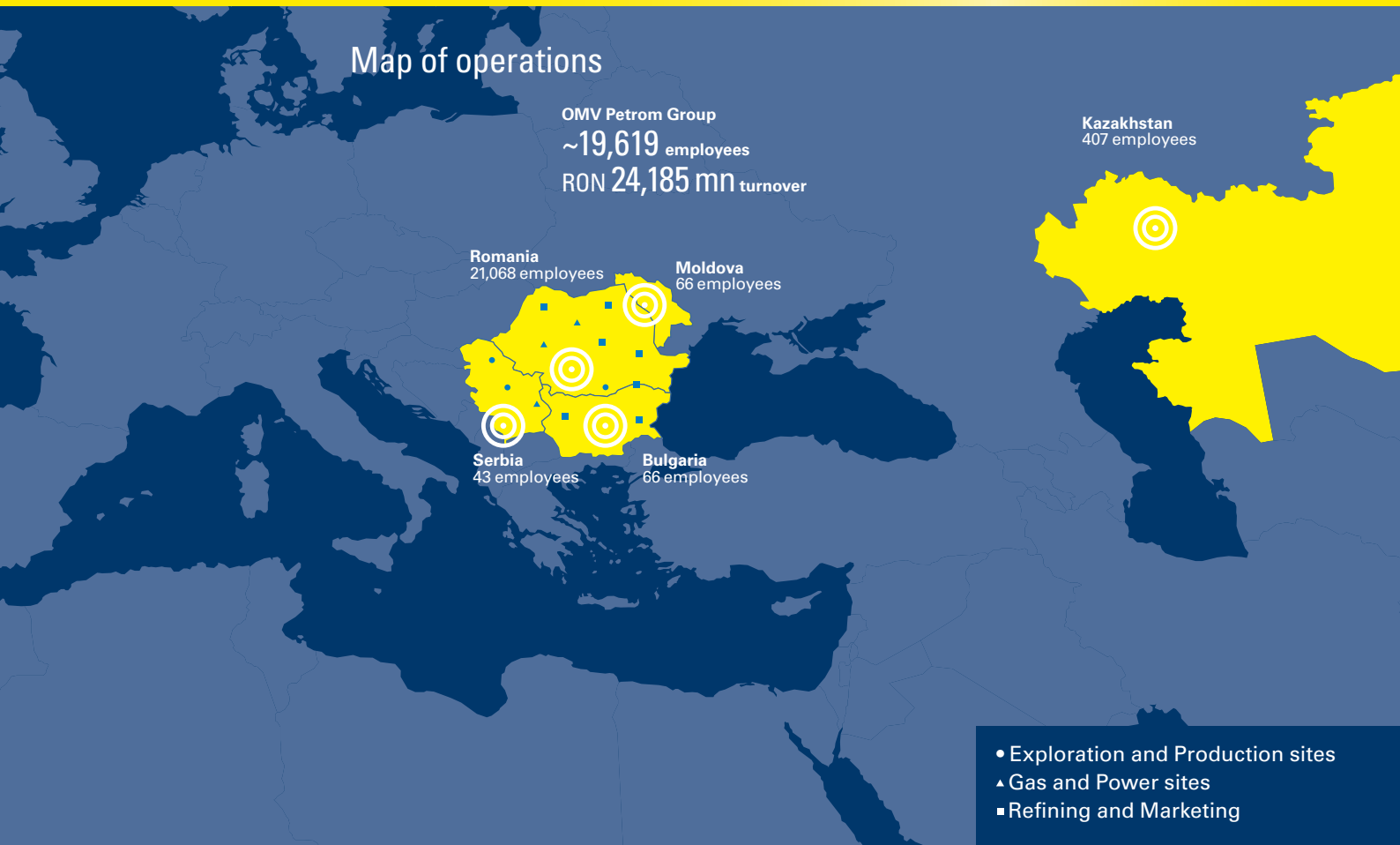
Number one company in supporting the Romanian Society - by EXACT Research Consultancy.



Number one company that acts socially and ecologically responsible - ISRA Center.

About OMV Petrom

Map of operations



Our vision

We aim to remain the leading regional, integrated oil and gas company with the sustainable performance that is required to support potential upstream growth in the neighboring Black Sea region.

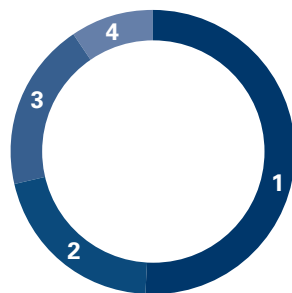
About OMV Petrom (continued)

Our driving values

We are guided in our daily work by three essential values which are at the center of our business. We are:

- ▶ **Professionals:** We strive to achieve excellence in expertise, processes and leadership. We concentrate on our goals and find synergies to ensure we are amongst the front-runners in the market. Our aim is to foster professional development to generate long-term profitability.
- ▶ **Pioneers:** Proactive mobility and openness to change are the basis of our strength. We explore development potential and take courageous decisions to create business opportunities in our selected markets through new ideas, successful technologies and profitable growth.
- ▶ **Partners:** Fairness, responsibility and respect are the core of our relationships with all our stakeholders. Our aim is to create an environment of mutual benefit through social and economic partnerships that respect the ecological issues of our times.

Ownership



1. OMV Group	51.01%
2. The Ministry of Economy	20.64%
3. Property Fund SA	18.99%
4. Free float on the Bucharest Exchange	9.36%

Business segments

Exploration and Production (E&P)



OMV Petrom is the largest hydrocarbon producer in Southeastern Europe. The E&P business segment explores and extracts oil and natural gas in Romania and in Kazakhstan. At the end of 2013, the proved and probable oil and gas reserves in our portfolio amounted to approximately 728 mn boe (barrels of oil equivalent), with hydrocarbon production averaging 182.6 k boe/day throughout the year.

RON 13.2mn*

E&P Sales

728 mn boe

Proved reserves

*Include inter-segment sales

Gas and Power (G&P)



OMV Petrom maintains a strong position in the Romanian gas market and have leveraged our value chain by entering the power generation industry. In 2013, we delivered approximately 4.9 bcm of gas and had a total net electrical output of 2.7 TWh from Brazi plant, and 0.01 TWh from the Dorobantu wind park.

RON 4.3 mn

G&P sales

52.7 TWh

Gas sales volumes*

*Gas net volumes include transfers within OMV Petrom S.A.

Refining and Marketing (R&M)



OMV Petrom's potential in value delivery in R&M is based on the optimization of integrated equity oil. We processed 3,771 kt of crude oil at the Petrobrazi refinery and operated approximately 800 filling stations across a wide geographical market including Romania, Bulgaria, Serbia and the Republic of Moldova. We maintain a leading position in the Romanian market, with a total market share of approximately 34%.

RON 19.3 mn

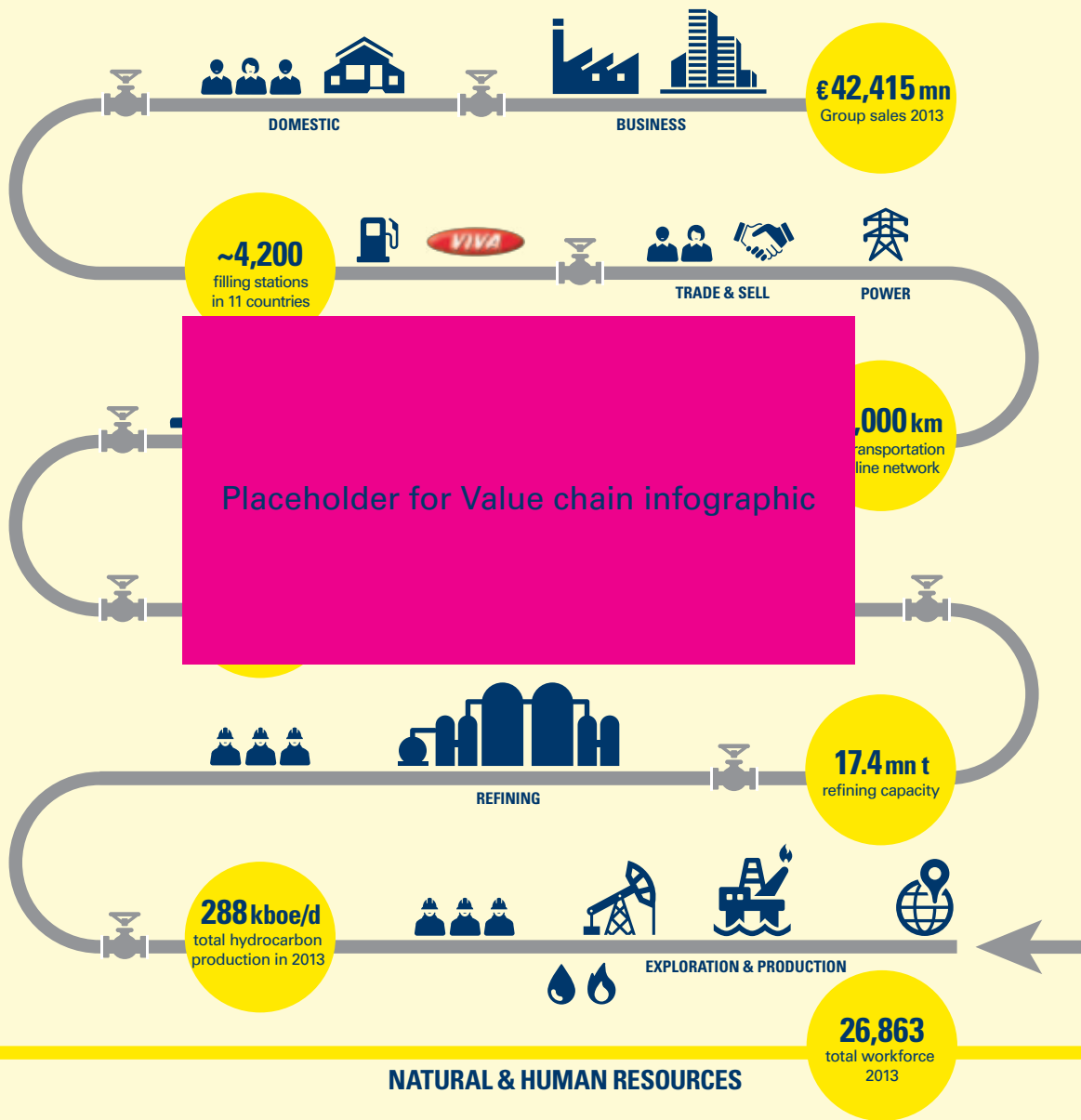
R&M sales

5,222 kt*

Total refined product sales

*Include all products sold by OMV Petrom Group

PETROM IS AN INTEGRATED, INTERNATIONAL OIL AND GAS COMPANY ACTIVE IN THE UPSTREAM AND DOWNSTREAM BUSINESSES



Strategy 2021: Sustainable performance for growth

The cornerstones of OMV Petrom's strategy at a glance

- ▶ Maximize upstream portfolio value and position for growth
- ▶ Enhance the value of equity gas
- ▶ Optimize integrated equity oil

In 2013, OMV Petrom continued to successfully deliver on its strategic objectives across all business segments, thus pursuing its vision of remaining the leading regional, integrated oil and gas company with sustainable performance to support potential upstream growth in the neighboring Black Sea region.

In E&P, the first increased level of domestic production year-on-year since privatization was achieved, while completing the largest 3D seismic acquisition campaign in the Black Sea and continuing to focus on operational excellence initiatives.

In line with its strategy to optimize downstream operations, OMV Petrom exited gas distribution activity to end-consumers and will continue to focus on supplying gas to commercial and industrial clients, while consolidating its market share.

In R&M, a new unit for gas desulfurization was commissioned in Petrobrazî, with expected positive impact on the energy efficiency, while works on revamping the Bacau terminal have been completed. The asset base was further shifted towards upstream from 70% in 2011 to 73% in 2013, and continues to do so, as 85% of CAPEX will be invested in E&P.

Maximize upstream portfolio value and position for growth

Exploration and Production continues to be the Company's backbone and is positioned to capture future growth potential. In the short term, upstream activities are set to maintain the efforts towards stabilizing production, operational excellence and optimizing the portfolio through partnerships. Mid- and long-term value will be built by increasing ultimate oil and gas recovery, by further developing the Neptun gas discovery and by exploring additional

opportunities, including the neighboring Black Sea.

Enhance value of equity gas

In Gas and Power, OMV Petrom aims to increase the value of equity gas. In the short term, this translates into ensuring a sustainable operation of the Brazi power plant and strengthening gas sales. In the mid term, OMV Petrom will also focus on optimizing across commodities and on leveraging fair market conditions in order to further enhance the value of equity gas. Long-term strategic directions of the division involve assessing prospective infrastructure investments related to equity gas, which will support gas monetization and envisaged Black Sea growth, as well as exploring the development of a potential gas hub in Romania.

Optimize integrated equity oil

OMV Petrom's potential in value delivery in Refining and Marketing lies in the optimization of integrated equity oil. Leveraging our integrated business model, we will continue with the modernization program of our vertically integrated Petrobrazî refinery, which will be finalized mid-2014. Additionally, we are further enhancing our supply network chain with revamped storage facilities to fully support the retail network.

People and Resourcefulness

OMV Petrom focuses on two key enablers considered to be essential in implementing its Strategy 2021: People and Resourcefulness. To this end, we are working towards developing a performance-based organizational culture and a skill pool to achieve business growth and operational excellence. Furthermore, we focus on developing a sustainability culture for efficient use of natural resources, high safety and environmental standards, as well as on sharing value with stakeholders for common long-term growth.

Our sustainability concept: Resourcefulness

Resourcefulness

Resourcefulness brings together health, safety, environment, diversity, business ethics, human rights stakeholder engagement and community relations under a single, overarching strategy – and it is expressed in the three key focus areas illustrated below:



The structure of our strategy encompasses all of our areas of focus

Our sustainability concept: Resourcefulness (continued)

Resourcefulness is our way of achieving profitable growth in a sustainable and responsible manner. This helps us create long term win-win situations for society, the environment and OMV Petrom as we aim to secure energy supplies for the present and the future.

Launched in OMV Petrom in 2011, the Resourcefulness concept builds on our reputation for putting sustainability right at the heart of the business. It is our approach for implementing initiatives in the areas of environmental management, new energies, education and development, health, safety, diversity, business ethics, human rights, stakeholder engagement and community engagement under a single, overarching strategy.

As the largest oil and gas producer in Southeastern Europe, OMV Petrom faces major challenges. With global demand for energy growing at a steady pace, resources are increasingly scarce. Furthermore, concerns regarding energy affordability and climate change are of growing importance.

Responsible behavior, careful management of resources and investment in innovation are the underlying principles that guide our conduct.

Eco-Efficiency

The operations and products of the oil and gas industry affect our environment. Therefore, we are tackling the challenge head-on to optimally reconcile economic success with environmentally responsible behaviour.

We have committed ourselves to an active environmental and energy management that ensures the sustainable and resource-efficient production and processing of our products.

We have put our Eco-Efficiency spotlight on reducing both Greenhouse gas emissions and use water and energy more efficiently.

Eco-Innovation

Eco-Innovation contributes to long-term profitable and sustainable operations. We use our core expertise and employ new technologies to develop alternative energy sources and new business areas.

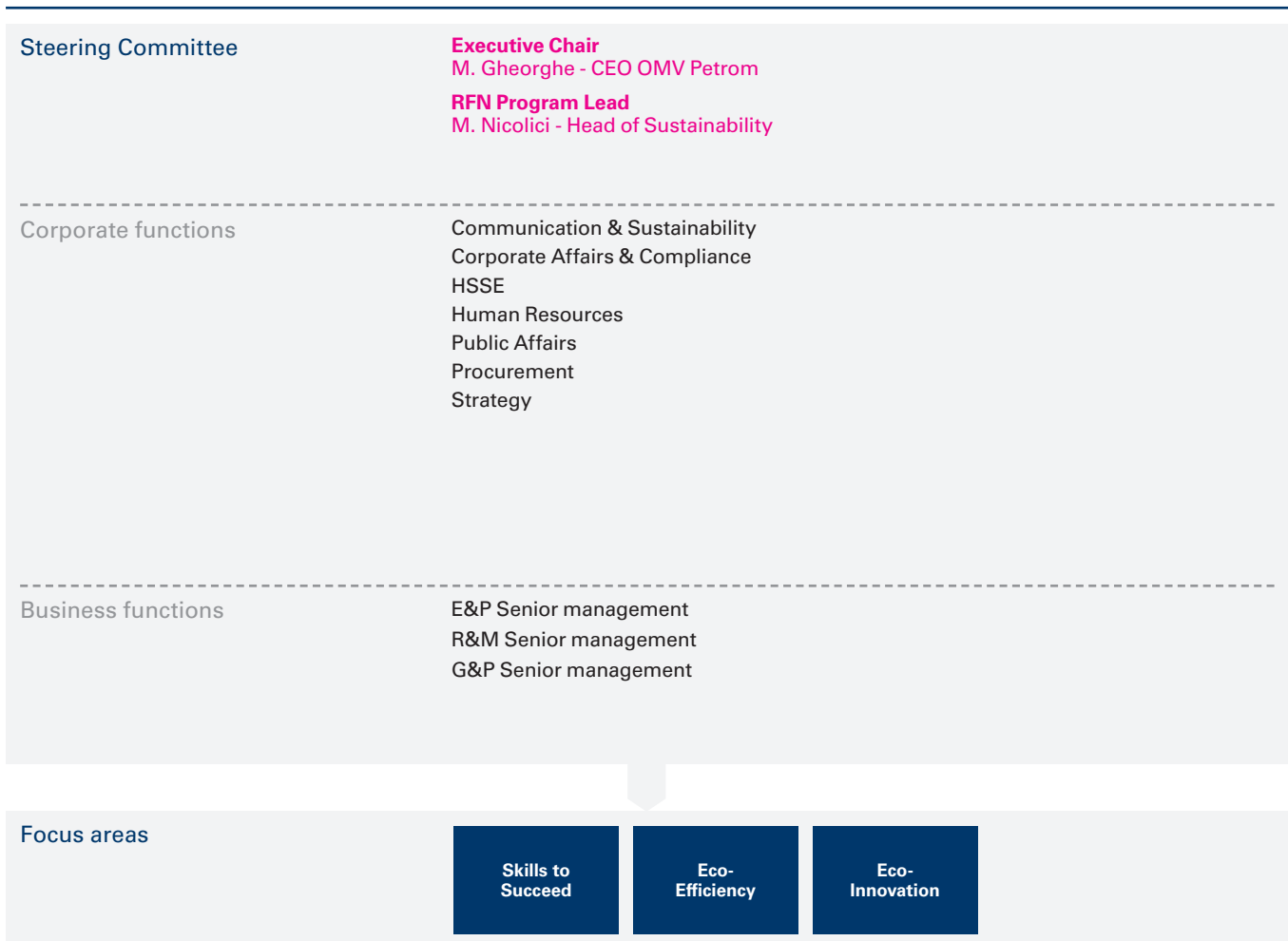
Skills to succeed

We foster and promote the skills that people need to be successful. This applies not only to our workforce, but also to our stakeholders. We primarily focus on investing in the economic development of the communities in which we operate through vocational training, local workforce support and local supplier development. In the communities where we operate, we support education linked to energy and entrepreneurship.

The Governance of Resourcefulness

Every individual at OMV Petrom, is committed to Resourcefulness and takes personal responsibility for ensuring it realizes its potential for driving our business to new levels of efficiency and performance.

Our Resourcefulness strategy will be managed and overseen by robust governance. Led by the CEO, our Resourcefulness steering committee will include representatives from across the business including the major business functions of E&P, R&M and G&P. Below them sit team leaders with responsibility for overseeing initiatives and monitoring progress relating to three key focus areas: Eco-Efficiency; Eco-Innovation; Skills to Succeed.





The Governance of Resourcefulness (continued)

Crisis management

We have responsibilities to our customers, our shareholders, our people and the communities where they live. Events such as natural disasters, safety issues and security incidents all have the potential to impact on our business. We fully recognize the importance of crisis management and have measures in place to make sure that our security processes and procedures deliver high standards of emergency, crisis and business continuity management.

All business divisions, corporate functions and ventures adhere to the OMV Petrom corporate crisis and business continuity management standard, which has established a baseline for all crisis management support plans. We regularly review the membership of our crisis teams and carry out exercises in order to hone our ability to mitigate a broad array of risks, from earthquakes to terrorist attacks. Our objective is to maintain the safety and security of our people and the reliability of our technical infrastructure and business processes, as well as to protect our physical and financial assets, our strategic information and our reputation.

How we deliver Resourcefulness

Responsible behavior is enabled by a set of policies and our new Code of Business Ethics, which includes clear rules on conflicts of

interest, gifts and hospitality, donations, intermediaries and lobbyists as well as the assessment of third parties. A compliance system helps to ensure adherence to these procedures. Regular training courses raise our employees' awareness of compliance issues and our people are encouraged to contact us via a hotline or web form if they have any questions.

To support our compliance procedures, we have appointed local compliance officers. We have also adopted the UN Global Compact and undertake to embrace, support, and enact its ten principles in the areas of human rights, labor, the environment, and anti-corruption. Together with the Code of Business Ethics, the Compact is a guideline for actions, for both employees and suppliers.

Measuring our actions

We are developing a set of KPIs that helps us to embed and measure Resourcefulness throughout our organization. Our top management leads by example and motivates employees to actively engage in driving responsible and sustainable business behavior. We encourage them to take ownership of corporate Resourcefulness initiatives and to embed those in their personal development targets. The aim is to ensure that Resourcefulness is always a key element in all our training.



Eco-Efficiency



We focus on GHG and water management and energy efficiency.

What's it all about?

Due to the nature of our business, we believe OMV Petrom has a special responsibility to manage its environmental impact and the safety and efficiency of its operations. We aim for best practice in environmental management, with a particular focus on carbon emissions, water resources and energy efficiency.

Eco-Efficiency

in focus

Our core business relies on finite natural resources, so it is in our best interests to use them as efficiently as possible.

What we focus on

GHG management

OMV Petrom's 2013 target was to reduce the carbon intensity of its operated assets by 2% compared to 2012 – including across E&P, R&M and G&P business divisions. We exceeded this target, achieving a 3.4% reduction.

Our strong performance was a result of:

- ▶ reducing venting emissions in E&P through optimizing gas pipeline networks;
- ▶ avoiding incidents caused by loss of integrity;
- ▶ using vented gases for energy production – replacing a L205 heater with a steam reboiler replacing steam tracers with electrical ones;
- ▶ increasing gases in our fuel mix to 17%;

Our direct GHG emissions increased by around 15%, up to 5.2 million tons of CO₂ equivalent. This was due to increased production at Brazi Power Plant and Petrobrazil Refinery.

Energy efficiency

Petrobrazil Refinery and OMV Petrom E&P have ISO 50001:2011 certified Energy Management Systems in place. In 2013, we also achieved ISO 50001 certification for Supply, Marketing and Trading activity in OMV Petrom SA and all OMV Petrom Gas SRL activities. This ensures we meet our energy objectives, monitor energy performance and improve energy efficiency.

We continue to make good progress in E&P. We invested ~ EUR 11 million across eight Gas to Power and Combined Heat and Power Cogeneration projects – reducing energy consumption and avoiding 13,000 tons CO₂ equivalent emissions. New E&P energy efficiency projects led to savings of about 341,000 GJ in 2013.

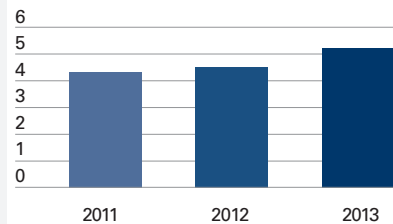
In 2013, our total energy consumption increased by 15% due to increased production at Brazi Power Plant and Petrobrazil Refinery.

Water management

In 2013, we focused on efficient water use. We invested in state-of-the-art water treatment plants at a number of E&P sites and modernized the Waste Water Treatment Plant at our Petrobrazil Refinery.

This has contributed to a total water withdrawal reduction of around 8% since 2012, equivalent to 24.2 million m³. We discharged 1.29 million m³ wastewater following appropriate treatment in 2013.

Direct GHG emission in 2013
(mn t of CO₂ equivalent)



8%

Reduction in total water withdrawal in 2013 over 2012



Eco-Innovation



We focus on research and development in partnership with OMV Group.

What's it all about?

As global demand for energy continues to rise, the challenges of climate change and fossil fuel depletion mean we need to find innovative new ways of meeting the world's growing energy needs.

In 2014, we've appointed a responsible person to develop this important area of our strategy. The first phase of work will involve research into new energy sources. We will report on progress as this work develops.



Skills to Succeed



We focus on education for entrepreneurship, leadership and performance for our communities.

What's it all about?

We aim to foster the skills people need to be successful. We invest in the economic development of communities where we operate through our Andrei's Country social program, by providing know how and financial support for sustainable people and projects witch help Romanian communities to achieve a long term development. As Romania's largest company, we also support initiatives help create future leaders for our country.

Through our entrepreneurship focus we give people knowledge they can use to make better lives for themselves.

Our community development approach has been created through dialogue with local authorities about community need.

Skills to Succeed in focus

As Romania's largest company, we also aim to help develop the country's future leaders.

What we focus on

Education for entrepreneurship

Andrei's Country, our flagship program, is a key component of Resourcefulness. It involves a number of targeted projects:

Andrei's School exposed ~ 24,000 children to entrepreneurial approach –promoting responsibility and long-term problem solving.

Andrei's Country Summer Camp is a unique, innovative educational project in Romania, involving 400 pupils and their teachers from 10 winning teams in the Andrei's School competition.

The Small Entrepreneurs Community Involvement Program sustains entrepreneurial education for 11,900 pupils in schools and communities where OMV Petrom operates.

Entrepreneurial Education for Public Administration is a Community Involvement Program helped 100 public administration representatives, especially in the rural areas, to better understand new ways of attracting grants.

Made in Andrei's Country is a social entrepreneurship competition in which 10 social businesses were created to address important social issues in OMV Petrom communities.

Community Development

For all ten of our EP Assets, we have developed **Annual Community Relations Plans** that aim to address community development needs – linking with our sustainability strategy and OMV Petrom's business interests.

Through six new **Community Based Organisations**, we aim for open and transparent dialogue with local authorities and local communities to support sustainable community development.

We are also supporting the Roma community through the development and building of an **"Educational Center"** in the **Boldesti-Scieni community**, to promote decent living and study conditions.

20

Made in Andrei's Country finalists received intensive training in business plan development

240

People trained for employment in the Boldesti-Scieni projects

Education on Leadership and Performance

OMV Petrom supports education in performance and leadership through four main programs:

Leadership Authentic – aiming to develop and inspire young authentic leaders in OMV Petrom communities.

OMV Petrom Olympics – a program dedicated to children who demonstrate excellent academic performance. The program supports the Olympics with monthly scholarships and academic and professional guidance.

Aspire Academy – personal development and career coaching for students and high school pupils through Aspire Academy and Aspire High School

3rd Millennium Leaders – leadership and management training for 110 high school teachers across 11 OMV Petrom communities. Training is designed to help them prepare educational activities during special education week in Romania, "A Different Week".

Setting the standard



Health, Safety and Security

The safety of our employees and contractors is of paramount importance and we recognize that we operate in a sector that poses a higher level of health, safety and security risks.

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Environmental and Energy Management

Our approach is based on precautionary, proactive management to minimize our own environmental impact along our value chain.

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Human Rights

Human Rights represent an important pillar of OMV Petrom's Resourcefulness Concept and are engrained in the way we behave and conduct our business activities.

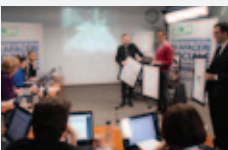
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Diversity and Human Resources

Our people are the driving force behind our success and we work hard to attract, retain and develop the best talent.

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Stakeholder Engagement and Community Relations

By sharing knowledge, expertise, and engaging actively with our stakeholders we are able to identify and manage risks, adapt to societal changes, and pinpoint areas of improvement within the business.

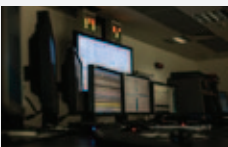
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Compliance and Business Ethics

We have a comprehensive approach to compliance management.

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Management Systems and Policies

We operate in a complex and challenging environment, so we carefully assess the current and future financial and non-financial risks associated with our activities.

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Health, Safety and Security

Our focus areas



Enhancing safety awareness and training

We contribute our people's and our contractors' training on HSS, road safety, emergency, and security.



Improving road safety

We invest in training and have committed to the UN Decade of Action for Road Safety 2011–2020.



Promoting operational health and safety

We devote significant resources in ensuring that all workplaces and processes are safe and secure for our people our stakeholders and the environment.

Our strategic approach

The safety of our employees and contractors is of paramount importance, especially as we operate in a sector that poses a high level of health, safety and security risk.



What we achieved in 2013

~265,000
training hours

for OMV Petrom employees (over 33,125 man days on HSSE training)

Over 6,000

OMV Petrom employees trained in HSSE topics

Over 21,000

preventive medical consultations offered to OMV Petrom employees during 2013

0.33 LTIR

Lost time injury rate per million working hours down from 0.41 in 2012



Our strategic approach

2013 highlights

- ▶ Over **272,100** entries into our incident and risk management reporting tool – “Think: Ahead CARE”
- ▶ Over **153,500** findings and hazard reports followed up (up from over 110,000 in 2012)
- ▶ Over **75,500** actions assigned to eliminate or mitigate risks, with **92%** completed on time
- ▶ **31** high potential incidents reported and investigated

40%

increase in hazard report follow-up

Keeping its employees, contractors and stakeholders safe is OMV Petrom’s top priority. We aim for a strong culture of safety and risk management to prevent all accidents and minimize risks.

What are we doing?

We operate in an industry that involves a relatively high level of health, safety and security risk. We also recognize that a major accident could threaten both our reputation and our future business. Our response is to ensure our policies and processes meet strict safety standards across all directives. We focus on training and empowering people to work safely, and we promote hazard identification and risk management to drive continuous improvement.

Working to reduce fatalities

We believe all accidents are preventable, and we strive to eliminate fatalities from our operations. We deeply regret that, despite our best efforts in 2013, we suffered three fatalities – one employee working in G&P and two in E&P. This was an increase on 2012, when we suffered two fatalities.

We have redoubled our efforts to prevent further incidents in the future – based on a combination of health and safety regulation best practice, training and development, management tools and reports. We increased our focus on risk management and our screening of major incidents to measure and prevent fatalities.

Safety indicators are monitored on a monthly basis to inform our management decisions, and we proactively record and investigate all incidents and near misses to learn the lessons and take appropriate action.

Minimizing risk

We maintain a systematic overview of risk across our business – ensuring all our operational and strategic risks are appropriately monitored and controlled. We manage risks through the OMV Petrom Enterprise Wide Risk Management (EWRM) system. All OMV Petrom sites have been audited for health, safety and security (HSS) risks, with a particular focus on transportation, contractor management and processes.

CARE (Collect, analyse, react, exchange) is our risk management programme for health, safety, security and the environment (HSSE). It allows us to record new incidents and to search a backlog of events and incidents and their consequences.

In 2011, the OMV Group recognized that a Major Accident Event (MAE) could pose a significant threat to our corporate reputation and our future business model. We now carry out annual reviews of control measures and mitigation plans to ensure we reduce risks of a major accident to ‘As Low As Reasonably Practicable’ (ALARP) across the Group.

Transportation is one of our higher risk areas. In 2013, we carried out detailed audits with a special focus on the In Vehicle Monitoring System (IVMS) roll out, contractor management and safety legal register responsibilities. These audits resulted in improvement plans to increase performance across our operational areas.

Screening Major Accident Events

In 2012, we identified OMV Petrom sites and activities where there is a high health and safety risk. We now have plans in place to tackle these areas, and we are tracking progress through the EWRM system. Third party follow-up audits are being commissioned to assess the effectiveness of measures and identify further measures to reduce the risk of a major accident.

Our strategic approach (continued)

Health and safety key statistics

0.33 LTIR

Lost time injury rate

17.48 LTIS

Lost time injury severity rate

3.17 FAR

Fatal accident rate

2013

No occupational diseases identified within company

Enhancing process safety

We have continued to make progress against our Process Safety Management Roadmap 2012–2016. Our aim is to be able to demonstrate that we have managed all process safety risks by 2016. The Roadmap defining KPIs and helps integrate them into operational processes.

In 2013, OMV Petrom registered as a full rights member of the European Process Safety Center, an international organization which provides independent technical support on process safety. This gives us the opportunity to share and benefit from information and experience on process safety and accident prevention, as well as supporting the development of European legislation and industry standards.

In 2013, we carried out 12 site visits across all OMV Petrom operational sites to review process safety implementation. Action plans were developed to address the key issues found and identify the need for further support. Detailed hazard and operability (HAZOP) studies were also carried out to identify hazards associated with operations and processes at 30% of OMV Petrom sites.

We rely on strong communication between our safety experts and operational teams across OMV and OMV Petrom. In 2013, we held seven Group-wide workshops aimed at strengthening collaboration which were attended by more than 150 people. Process safety bulletins were issued to promote the lessons learnt from real-life incidents, and one of the focus areas was on Safety Day 2013 on process safety.

The Golden Rules

Every OMV Petrom employee is expected to follow the Golden Rules – a set of eight simple rules that guide our safe working

practices. Introduced in 2012, the Golden Rules are now firmly embedded in OMV Petrom’s health and safety culture.

The OMV Petrom Golden Rules were the product of a three-year, industry-wide study into the causes of fatalities spanning a period of twenty years. The study found that 70% of fatalities could have been avoided by complying with these eight simple rules. The Golden Rules help us ensure we have critical controls in place before we start work. Under the campaign theme of “Think: Ahead – Get the basics right!”, the Golden Rules encourage employees to:

The Golden Rules



Ask!

Ask when you are in doubt!



Risk Assessment

Know the hazards before you start!



Permit to Work

Make sure you have a Permit to Work or authorization for your job!



Working at Heights

Use fall protection whenever you could fall from heights!



Lifting Operations

Follow basic rules for every lift and plan all your lifts!



Housekeeping

Maintain your/our workplace clean and tidy!



Stop Work

Stop all unsafe work, acts and conditions!



Transportation Road Safety

Drive safely and comply with road transportation rules!

In 2013, over 1,000 people across operational sites level and in OMV Petrom City took part in Safety Day events specifically to promote the Golden Rules. Around 3000 people received specific training on the Golden Rules.



Enhancing safety awareness and training

2013 highlights

- ▶ More than **6,000** people received over 33,125 hours of HSS training
- ▶ **21,000** people trained in electrical safety
- ▶ **3,000** additional users of Virtual University

9.5 million

hours worked without incident by our Petrobrazil refinery team

We believe all accidents can be prevented, and we aim to achieve this by building a culture where health and safety is seen as a personal commitment, rather than a professional activity. OMV Petrom invests significant resources in ensuring the safety and security of its people, its stakeholders and the environment. Through awareness and training activities, we aim to raise safety awareness and encourage people to have safety on their minds in everything they do.

What are we doing?

OMV Petrom's leadership commitment makes safety an integral part of our culture. Hazard identification, risk management and safety training are central to our approach, and we focus on improving process reliability, workplace safety, health and wellbeing and road safety. Company-wide initiatives, such as HSSE Hour and Technical Alerts aim to promote behavioral change by sharing real life experience.

HSSE engagement and communication

We promote HSSE responsible behavior through open communication with the employees using a variety of channels – including intranet, blog, info-letters and Impact magazine, team meetings, management walk-about and dedicated events.

Enhancing HSS training

Our training program focuses on building HSS culture and awareness at all levels. Our 2013 corporate training program included HSSE for Business, Fundamentals in Process Safety, Process safety Leadership, HSSE Leadership, Incident Investigation, HSSE for Staff, First Aid and Defensive Driving. In total, more than 6,000 people received 33,125 man-hours of HSS training.

The OMV Petrom Virtual University

We recognise that we can only achieve the best results by actively involving employees in the learning process. The Virtual University is an online platform, originally developed for employees in E&P, where people can access dynamic training materials and be tested on specific HSSE subjects. In 2013, we extended the Virtual University to include an additional 3,000 users.

HSSE Hour

Launched in 2012, the OMV Petrom HSSE Hour encourages employees to openly discuss health, safety and security issues. The focus of HSSE Hour in 2013 included issues such as healthy eating, risk identification and reporting, emergency response, and carbon management. Over 1,000 employees attended seven HSSE Hour events throughout the year.



Enhancing safety awareness and training (continued)

Electrical safety and hazardous substances awareness

In 2013, we launched two new programs aimed at reinforcing electrical safety and hazardous substances awareness. Both programs included workshops, training sessions and communications targeted at all business divisions. Over 21,000 employees were trained in electrical safety and over 9,000 received hazardous substances training. We developed check-lists of legal requirements and best practice to support audits and site visits at all operational sites. The resulting improvement measures included safer depositing places for hazardous substances, the introduction of a Material Safety Data Sheets (MSDS) summary for frontline staff with relevant information about hazards, first aid measures, personal protective equipment, emergency procedures, and new safety signs relating to risk assessments.

“Safe into the future” at Petrobrazil refinery

Launched in 2011, The Petrobrazil ‘Safe into the future’ program aims to increase safety awareness and build a proactive safety culture to help achieve our goal of zero incidents. The focus is on improving competency and behavior, process safety, communication and contractor management. By the end of 2013, the Petrobrazil team had worked over 9.5 million hours without incident. The last reported accident occurred in 2007.

Improving road safety

2013 highlights

- ▶ Over **3,100** in-vehicle monitoring units installed, covering over 7,000 drivers
- ▶ More than **3,129** drivers trained in defensive driving
- ▶ **139** reported road traffic incidents, down by over 20% from 2012 levels

0

road traffic incidents resulting in human injury in 2013*

Road safety in our transportation operations is a clear priority at OMV Petrom. We have committed to the UN Decade of Action for Road Safety 2011 – 2020. In 2013, we continued to focus on:

- ▶ **Promoting the use of seatbelts**
- ▶ **Rolling out the In Vehicle Monitoring System (IVMS) and associated training**
- ▶ **Defensive driving training to build capability**

What are we doing? Promoting safe driving through in-vehicle monitoring

OMV Petrom uses an In Vehicle Monitoring System (IVMS) to collect real time feedback and performance reporting to pro-mote safe driving. The data collected helps us understand our road safety performance and identify 'at risk' drivers who require additional coaching.

In 2010, we signed up to the European Road Safety Charter. We also committed to the UN Decade of Action for Road Safety goal to install more than 2,000 monitoring systems, which will monitor 3,000 to 4,000 drivers, and provide defensive driving training for 3,000 drivers.

In 2013, we installed IVMS monitors in more than 3,200 light and heavy vehicles, covering over 7,000 drivers. All drivers and their managers were provided with training and guidance to help them make best use of the system.

This has resulted in a 20% reduction in the total number of vehicle accident in 2013 compared with 2012, and a more than 60% reduction in level 2 and 3 vehicle accidents. The only level 3 accident in 2013 involved a functional vehicle without a monitoring unit. It has also lead to improved security and

emergency responses, as well as better vehicle productivity achieved through effective maintenance.

Promoting best practice in defensive driving

In 2013, 3,129 drivers undertook defensive driving basic and advanced courses. We launched new and improved training formats to reflect industry-recommended best practice, including:

- ▶ **Level 1 Defensive Driving Training** – a 1-day basic training course mandatory for all new drivers of company vehicles
- ▶ **Level 2 Defensive Driving Training** – a 1-day refresher training course mandatory for all vehicle drivers who exceeded more than 3 years from their last DD training.

Both of these training programs combine interactive classroom learning with a comprehensive practical session. Drivers are assessed at the end of the course and those that do not meet the required standards receive the appropriate recommendation for further support.

OMV Petrom Road Safety Forum

Our pioneering partnership with the Romanian Police and EU road safety organizations aims to promote active dialog and experience sharing at national and European levels. Awareness campaigns target drivers, passengers, pedestrians and local communities, supporting legislation and promoting a safe driving environment.

In November 2013, OMV Petrom organized a cross-industry stakeholder forum to increase awareness in preventing road accidents. The event was attended by over 150 people – including key authorities such as the European Transport Safety Council and the Romanian Traffic Police, as well as OMV Petrom employees and contractors.

*for OMV Petrom employees driving company cars with IVMS installed.

Engaging with contractors

2013 highlights

- ▶ Lost time incident rate for contractors down from **0.55** in 2012 to **0.31** in 2013
- ▶ **170** HSSE contractor audits undertaken
- ▶ **1,800** contractor employees trained under the E&P Contractor Passport initiative

44%

improvement in lost time incident rate

Contractors are essential to our business success and our reputation. Their safety is of paramount importance, and we have strong frameworks for assessing, monitoring and evaluating contractor safety. We focus on communication and engagement to build HSSE expectations and performance into our contractor relationships.

What are we doing?

Contractor management framework

In 2012, we introduced a new framework for managing health and safety with our contractors. In 2013, we reviewed progress across all sites to ensure a good level of understanding and implementation by all stakeholders. At the same time, we strengthened our risk-based approach, focusing on the highest risk contractors in both our ongoing relationship management and our new contractor selection process. We are a step closer to achieving a common understanding and vision with our contractors regarding safety operational excellence and compliance.

Engaging with contractors

We aim to achieve open dialogue with contractors to maximise feedback, knowledge sharing and adoption of best practice. Engagement is through direct dialogue, workshops and meetings, formal letters and internal and external site visits. Senior Managers target HSSE site visits high and medium-risk contractors.

In 2013, OMV Petrom business divisions carried out their own targeted contractor engagement programs – for example, the E&P HSSE Contractor Passport initiative which saw over 1,800 contractor employees trained.

Performance tracking and monitoring

Close tracking and performance monitoring is a key driver of contractor HSSE performance improvement. In 2013, all OMV Petrom business divisions carried out risk-based audit programs, which were combined with regular review meetings and site inspections. A total of round 170 audits were undertaken in 2013.

We have increased the importance of performance reporting and analysis with contractors. This has helped improve HSSE performance with the 2013 lost time incident rate for contractors down from 0.55 in 2012 to 0.31.

In the year ahead, we will continue to set clear requirements for our contractors, and to monitor compliance and intervene when our expectations are not being met. Communication and training will be a key development area as we aim to ensure all stakeholders have the expert knowledge and support they need to raise HSSE performance.

Promoting occupational health and safety

2013 highlights

- ▶ Over **3,500** employees took part in our healthy eating campaign
- ▶ **1,600** employees trained in First Aid
- ▶ Screenings (relating to cardiovascular disease or allergies) were also offered to over **9,500** employees

21,000

preventive health consultations were offered to employees in 2013

Occupational health and safety are key elements of OMV Petrom's sustainable corporate strategy, and an integral part of our HSS activities. We commit to invest in improving employees' physical and mental wellbeing as a foundation of our future success.

What are we doing?

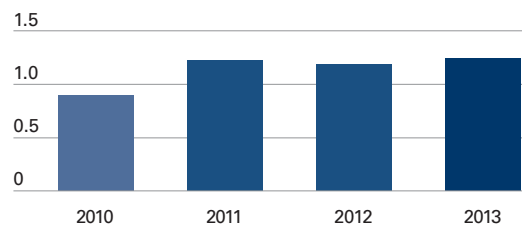
Our HSSE strategy includes sustainable health promotion and raising health standards in partnership with our medical service providers. We have made important progress over recent years in improving and redefining our health management processes. Health services at OMV Petrom are currently provided at two levels:

- ▶ The Health Management Department, staffed by specialist medical doctors, and is fully integrated in the HSSE Management System and focuses mainly on the strategic aspects of health management.
- ▶ PetroMed, our operative medical service provider, delivers direct health services to our business including occupational health activities required by law.

In 2013, we upgraded our medical infrastructure, refurbishing three PetroMed clinics in Capreni, Oprisenesti and Moinesti. We are in the process of upgrading our clinics in Dragasani and Petrobrazi.

We carried out 7 spot audits to monitor implementation of the OMV Petrom Health Standard, and we ran a number of preventative and awareness campaigns to tackle key occupational health risks for our business.

Number of preventive consultations per average number of employees



Medical emergency resilience

We continue to prepare our people for real-life emergency situations – training an additional 1,600 employees in first aid and running over 150 emergency drills in 2013. Automatic external defibrillators are now provided in all OMV Petrom main offices to treat sudden cardiac arrests until specialized help is available.

In emergency cases we support our employees with round-the-clock psychological counseling and a dedicated hotline.

Preventive health measures

OMV Petrom's vaccination campaigns help protect employees against the health risks they face around the world – including flu, hepatitis, tick-borne encephalitis, tetanus and other diseases. In 2013, 5,312 employees were vaccinated against flu, 622 against TBE and 102 against Hepatitis A and B.

PetroMed clinics also provide voluntary health checks for various lifestyle-related health risks. In 2013, 584 employees benefited from cardio-vascular screening and 4,162 received screening for atopic allergies.

Promoting occupational health and safety (continued)

Health promotion initiatives

We aim to build health awareness and education among our employees through targeted health promotion initiatives. In 2013, over 3,500 employees registered to take part in a Healthy Eating Campaign – which included information and guidance, self-assessment tools such as Body Mass Index calculators, incentives and contests. We offered participants a medical evaluation at the beginning and end of the campaign. We also extended the healthy menu options in our canteens, resulting in around 50,000 healthy dishes served.

Musculoskeletal disorders represent a key concern for our business. We extended the Ergonomics campaign started in 2012 to include an additional 2,274 office-based employees who received individual posture assessments and specialist medical advice.

To encourage physical activity, we opened a new onsite after-work fitness and massage gym in OMV Petrom City. This project is part of a larger scale initiative that will engage all OMV Petrom employees in doing more exercise in the years to come.

Coping with severe medical conditions

We help employees cope with severe medical conditions by providing financial support through the OMV Petrom Maecenas Fund. In 2013, we allocated funding to 14 employees whose treatment was not covered by the National Insurance House. We reviewed and updated the Maecenas Standard to improve the overall process.

Occupational safety

To reinforce our commitment to occupational safety, we reviewed and summarized all relevant legislative requirements in 40 dedicated checklists that were shared with our operational sites. We also conducted 17 audits in the area of occupational safety, which included tailored E&P (9 Assets); R&M (Petrobrazi and Arpechim; 5 terminals); G&P (Power Plant) assessments.

We also finalized occupational safety training and test materials for the periodical induction of new employees. This was delivered through a dynamic online platform that has been used by more than 3,000 employees from our Bucharest HQ.

Security and resilience

2013 highlights

- ▶ New business continuity management program to strengthen our resilience
- ▶ Four high-profile emergency response exercise to test our preparedness for a major incident

+1,000

Security risk assessments were carried out at business critical locations in 2013

Security risk is inherent in the oil and gas industry. At OMV Petrom, protecting our people and our operations is a top priority. Our intelligence-led approach provides a solid foundation upon which to build our company-wide response.

Resilience relates to business continuity and crisis management across OMV Petrom. Our internal regulations and infrastructure ensures we align our approach with the OMV Group to manage emergency situations.

What are we doing? Security management

OMV Petrom's Security and Resilience Department works across all business units to design and implement processes, regulations, tools and pioneering technology to secure our people, critical assets and production.

The role of our Corporate Security Organization is to ensure centralized control over security activities, and integration of security best practice at the OMV Petrom Group Level. It also aims to support business not only through the delivery of its strategic objectives, but also on an operational basis.

We have taken important steps forwards in shifting our operational security strategy towards a more targeted framework of technical security systems with the introduction of the OMV Petrom Corporate Security Organization Security Risk Assessment tool, which was adopted at OMV Group level through Security Risk Assessment Standard. The tool is based on the PRISM methodology used by European Commission for Critical Infrastructure and was further adapted to include OMV Petrom Group specific operational environment threats.

In 2013, we systematically identified the main threats and security risks to our people, critical assets and operations as a basis for Security Management Plans designing measures to cope with the identified risks.

We developed customized Security Management Plans for a number of OMV Petrom sites and facilities to:

- ▶ Prevent injury or loss of life for employees, contractors or visitors as a result of criminal activities
- ▶ Avoid damage or loss of property that is considered unacceptable as a result of criminal activities
- ▶ Ensure compliance with legal and internal security requirements
- ▶ Optimize our framework and processes to ensure an efficient and effective response to security threats
- ▶ Develop integrated and cost effective security measures

To broaden the impact of our "Zero-tolerance to theft" policy, we developed a Key Leadership Engagement Program with relevant authorities and signed a cooperation protocol with Romanian General Police Inspectorate.

Security and resilience (continued)

Loss Prevention and Security Operations

In 2013, we used a new Security Risk assessment tool to complete over 1,000 Security Risk Assessments for business critical locations across our operations. The outcomes of these assessments are being used, along with industry best practice, to introduce robust mitigation measures in the form of new Security Management Plans. The newly developed Security Management Plans are due to be rolled out by the end of 2014.

In view of the future shift of operational security strategy to targeted implementation of technical security systems, a security systems philosophy was developed, as well as comprehensive technical requirements in order to ensure OMV Petrom-wide standardization of solutions deployed. Furthermore, a concept was developed for the integration of OMV Petrom-wide security technical systems and data as a basis for centralized command and control of security resources. This will lead to improved security operational efficiency well into the future.

We have successfully developed and tested a range of new tools for tackling high-end losses across the OMV Petrom value chain. We also formalized our close cooperation with national authorities, signing a collaboration protocol with the Romanian Police Inspectorate which will see even closer working in 2014.

Unified badging system

OMV Petrom's new Unified Badging System, developed in 2013 and implemented in Asset IX as a pilot, will allow user-friendly, on-line and real-time management of access rights for own employees and contractors. This will be supported by redesigned access zones and mobile badge readers that allow instant verification in the field. The new badges are to be issued gradually in 2014–2015 for all Romania OMV Petrom locations.

Security Services

In 2013, we successfully maintained guarding costs within budget, and we laid the foundations of a KPI-based performance assessment system for guarding services

Employee engagement and support

To build OMV Petrom's security-oriented culture, we have developed a new Security Handbook for employees, due to be launched in 2014. It includes recommendations and practical advice on security at work and during out of office activities.

In 2013, our 24 our Emergency Center handled approximately 9,000 calls via the Emergency Line, providing specialist assistance and technical solutions for OMV Petrom employees.



Security and resilience (continued)

Strengthening business resilience

In 2013, we introduced a new business continuity management program to ensure the effective recovery of operations and the preservation of OMV Petrom brand in the face of a significant incident.

We strengthened our crisis and emergency management infrastructure to minimise potential negative impacts on our business and our people. Our emergency response infrastructure now includes:

- ▶ One Crisis Management Room in OMV Petrom City, which can be activated during a real event or an exercise
- ▶ One Emergency Management Room in OMV Petrom City, with all the necessary equipment needed during a crisis/emergency situation
- ▶ Twelve Local Incident Management Rooms – covering all E&P Assets, Petrobrazil Refinery and CCPP Brazil

To test our preparedness to cope with an unpredicted event, we involved people from across the business in identifying emergency scenarios that have the potential to threaten our business. We carried out four high-profile exercises – three emergency management exercises to test the emergency management team of each Business Division, and one crisis management exercise to test OMV Petrom's Executive Board. Follow-up reports supported continuous improvement by identifying gaps and corrective measures.

Achievements and targets

What we planned for 2013 (and after)



- ▶ **Improve Health Management Processes** within the organization: update the process and the standard for granting financial support to employees with severe medical conditions and update the Health Standard
- ▶ **Increase awareness** of health topics within the organization, launch two health promotion campaigns
- ▶ Set the basis for **business continuity** and recovery strategy to be rolled out at OMV Petrom level in 2013
- ▶ Define and align with the relevant national authorities any improvement possibilities for the “Zero-tolerance to theft” OMV Petrom policy
- ▶ Identify and assess current **security threats and risks** in each location.

What we did in 2013



- ▶ Registered as full rights member of European Process Safety Center.
- ▶ Carried out 12 **safety site visits** covering all BDs to identify process safety improvements, ran 7 workshops for 150 operational staff, delivered training and issued Process Safety alerts for improving process safety awareness.
- ▶ Conducted 8 Hazard and operability studies for E&P. We also performed follow-up audits on 2012 MAE recommendations.
- ▶ Reviewed our entire **contractor implementation process** through 12 sites visits, formal interviews and KPI research. Improvement plans have subsequently been developed for 2014–2015.
- ▶ Developed an OMV Petrom-wide **integrated health management** concept.
- ▶ Updated a standard for granting financial support to employees with severe medical conditions.
- ▶ Ran two health promotion campaigns (relating to ergonomics and healthy eating) and two health screenings (for cardiovascular and allergy).
- ▶ We achieved the goals of the ‘**European Road Safety Charter**’, by installing more than 3,100 ‘In Vehicle Monitoring System’ units and training over 6,500 stakeholders.
- ▶ We provided defensive **driving training** to over 3,800 drivers – leading to a significant drop in the number and severity of vehicle accidents. The only level 3 accident in 2013 involved a functional vehicle without a monitoring unit.

Achievements and targets

What we will do in 2014



- ▶ Our Process Safety initiative in 2014 will be “Right-sizing the scope of process safety” – aiming to develop people and remove procedural barriers through training, knowledge sharing and increasing awareness.
- ▶ We will continue with our current Transportation and **Road Safety programs** – including on-going road safety programs, workshops and road shows at 11 locations to recognise good driving performance and support IVMS implementation.
- ▶ We will use the results of last year’s **Contractor Management** progress review and gap analysis to focus on the requalification and capability audit over at least 90% of new high risk contractors.
- ▶ We will roll out a **new HSSE Risk Management Package (including Health and Occupational Safety Risk Assessment)** that will foster hazard identification and risk assessment in our operational activities.
- ▶ Communication of a **unitary health concept** within OMV Petrom and launching of a health promotion platform.
- ▶ Increase awareness on health topics within the organization through delivering two health campaigns.
- ▶ Enhance the risk based approach for the legally required **medical examinations** and for the screenings, while taking into account the health profile of OMV Petrom employees (Run cardiovascular and liver screening).
- ▶ Maintain the quality of health services delivery to the employees thorough continuing the three year health audit program of PetroMed clinics.
- ▶ In the year ahead, focus will be placed in rolling-out the tools and concepts developed in 2013, such as the **Security Management Plans, Employee Security Handbook** and overarching software platform for real-time OMV Petrom-wide integration of technical security systems. The roll-out of the above will be supported by a stronger operational involvement of HQ Security in order to ensure their adequate implementation in the field, with special attention on off-shore.
- ▶ High-end loss prevention programs are being researched and will be developed and implemented throughout 2014. In addition, the operational strategy for key facilities will be reviewed, taking into account the installation of technical security systems in line with industry best practice.
- ▶ Taking into account the lessons learned during the Pilot project and after EB approval, the **Unified Badging System** will be rolled out systematically to all OMV Petrom sites, leading to a single badging technology across OMV Petrom in the mid-term for all employees and contractors.
- ▶ A KPI-based performance assessment system as well as general performance improvement program will be rolled for all guarding services providers, while continuously focusing on cost optimization potential.
- ▶ Finalize the implementation of the **Business Continuity Management** to be fully aligned with OMV HSSE strategy 2016 and to ensure the resilient behaviour of our company by having both proactive and reactive tools in place to manage crisis/emergency situations.
- ▶ Also, the emergency exercises programme will be continued to continuously improve our capabilities in case of an emergency.

Environmental and Energy Management

Our focus areas



Environmental risk management

Improving performance through Environmental Risk Assessment implementation.



Carbon and energy management

Managing greenhouse gas emissions (GHG) economically and with environmental responsibility.



Water management

Improving water efficiency and reducing wastewater.

Our strategic approach

Our approach is based on precautionary, proactive management to minimize our environmental impact along the entire value chain.

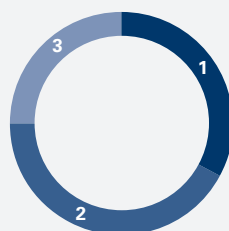


What we achieved in 2013

8% reduction

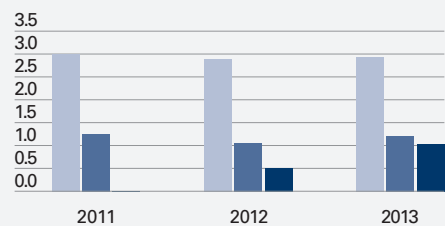
in total water withdrawn in 2013 over 2012

Total water withdrawal by source in 2013



1. Ground Water (m³)
33%
2. Surface Water (m³)
42%
3. Water withdrawal from public supply systems (m³)
25%

Total GHG emissions by business segment*



*in million tons of CO₂ equivalent

Our strategic approach

2013 highlights

- ▶ Improve performance through implementing Environmental Risk Assessments and Oil Spill Risk Maps
- ▶ Decrease the GHG intensity for our operated assets by 3.4% in 2013 over 2012
- ▶ Decrease the water withdrawal by 8% in 2013 over 2012
- ▶ Introduced energy policy backed by internal audit standard and KPIs for each business unit

100%

of E&P Assets covered by Action Plans for reducing flaring and venting

OMV Petrom is committed to minimizing its environmental impact. Our ongoing commitment to sustainable resource management includes efficient water use, managing greenhouse gas emissions, sustainable waste management, and protecting areas of high biodiversity. Energy efficiency is our best chance to bring our impact on the environment down to a minimum, including important reductions in GHG and other air emissions

What are we doing? Managing risks and opportunities

As an international oil and gas company, we place great importance on maintaining high environmental standards and managing risks and opportunities across all of our operations. We operate in a complex and changing environment, which is why OMV Petrom's risk management includes wider social, environmental, political and economic risks as well as immediate business and regulatory risks.

We systematically assess environmental risks across our operations, including those related to climate change. This informs the development and implementation of comprehensive Environmental Management Plans.

Managing carbon risks

We integrate climate change risks into our group-wide risk management process (EWRM), including measures to reduce impacts through economic instruments such as emissions trading and carbon portfolio management.

Our main risks associated with climate change include:

- ▶ changes to energy and climate policy
- ▶ tighter rules on emissions trading
- ▶ impact on market prices of unknown future CO₂ costs
- ▶ extreme weather events that may affect production and transportation
- ▶ increases in insurance premiums.

EU Emission Trading Scheme

We separately record our risks related to the EU Emission Trading Scheme (EU ETS). These are then aggregated and monitored for the OMV Group as a whole. In 2013, we focused on compliance with the requirements of the third phase of the EU ETS legislation. We efficiently monitored and reported on the process of EU ETS installations and prepared our future trading strategy.

Further developments of the EU ETS, together with the tighter rules on the allocation of GHG emissions allowances for 2013–2020, have the potential to increase production costs and significantly affect international competition. Work continues to monitor these developments and others such as the revision of carbon leakage status in 2014, which have the potential to impact on our business.



Environmental management and monitoring

2013 highlights

- ▶ Several new areas of the business were certified/recertified according to ISO 14001 and ISO 50001
- ▶ We rolled out the OMV Petrom Environmental Risk Assessment Methodology across 30% of our operations
- ▶ We deployed a Water Awareness Campaign across OMV Petrom

2,700

employees engaged through the "Water Efficiency: Show you Care!" campaign

We are committed to managing energy and natural resource consumption, and to reducing our emissions and discharges wherever possible. We aim to minimize the environmental impacts of our operations throughout the entire lifecycle.

What are we doing?

Environmental Management Regulations

OMV Petrom's Environmental Management Directive, backed by clear standards, targets and performance measurements, forms the framework for ongoing improvement across the Group. The Directive guides the entire organization – from policy on Health, Safety, Security and the Environment (HSSE) to our commitment to the UN Global Compact. It sets out the environmental management requirements for business processes, strategy, investments, budgeting and purchasing.

Our Environmental Management Standard helps ensure we meet the Directive. The Standard provides a systematic approach to managing environmental activities, with the aim of preventing, eliminating and reducing our environmental impacts.

The OMV Petrom Environmental Risk Assessment Methodology ensures we meet best practice standards and comply with ISO 14001 requirements. Our aim is to apply the methodology consistently across the Group to help set priorities, make effective environmental decisions, ensure compliance with legal requirements and loss prevention/minimization, and raise environmental awareness. We began rolling the Methodology out across the Group in 2013. By the end of that year it had been implemented at 30% of OMV Petrom's working points.

Certifications

The OMV Petrom Environmental Management System ensures we continuously improve standards. In 2013, the following business operations held ISO 14001 certification:

- ▶ Maintenance and Logistics activity in OMV Petrom E&P
- ▶ OMV Petrom Refining
- ▶ Supply, Marketing and Trading activity in OMV Petrom SA (recertification)
- ▶ OMV Petrom Gas SRL (new certification)

Petrobrazil Refinery and OMV Petrom E&P also have ISO 50001:2011 certified Energy Management Systems. These ensure we meet our energy objectives, monitor energy performance and improve energy efficiency. In 2013, we achieved ISO 50001 certification for the Supply, Marketing and Trading activity in OMV Petrom SA and all OMV Petrom Gas SRL activities.

Environmental management and monitoring (continued)

Standards and targets

Annual targets are set and deployed within all business segments. At OMV Petrom level, the monitoring of environmental KPIs is embedded in our standardized, regular reporting processes. Group-wide environmental regulations, management tools and reporting enable us to improve environmental performance.

At the same time, ongoing training and internal communications programs ensure that we share the best environmental management practices. In 2013, the focus of our communication was on water management. Thus we launched an OMV Petrom-wide campaign called "Water efficiency: Show that you care!". Over 2,700 employees took part and were engaged through various communications channels, a network of 14 voluntary water ambassadors, and an ideas competition during a series of road shows and workshops. From the 177 ideas received, 62 were implemented. The three winning ideas were:

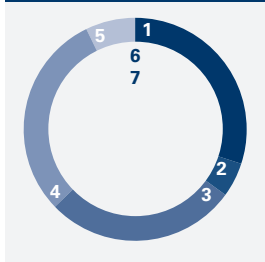
- ▶ Measures to recover energy from steam in E&P (Asset 2)
- ▶ Water loss reduction in R&M (Cristian Fuel Terminal)
- ▶ Water loss reduction at cooling towers in G&P (OMV Petrom City Power Plant).

The OMV Petrom Corporate Directive on Investment Control requires GHG emissions to be analyzed for every investment project. This provides a detailed evaluation of how we can reduce emissions and ensures we consider cost and revenue estimates in our investment decisions.

Engaged employees are critical to improve our environmental performance, In 2013,

Environmental compliance

Environmental operating costs by environmental factors



1. Air and climate	30%
2. Water and waste water	5%
3. Waste	28%
4. Soil, surface and groundwater	30%
5. General environment	7%
6. Noise, vibration, odor and fire	0%
7. Nature protection	0%

We carry out legal compliance monitoring and audits on a systematic basis. This ensures all necessary environmental permits and inspection reports are in place and correctly implemented within the required timeframes.

What are we doing?

We continued to invest in environmental protection using our own funds and support from financial institutions.

In March 2009, we secured a loan of EUR 300 million through European Bank for Reconstruction and Development (EBRD) and the Black Sea Trade Development Bank to fund environmental improvements across the E&P and Refining Divisions

Cases of non-compliance

In 2013, we faced no significant compliance fines (above EUR 10,000) for environmental issues.

Environmental expenditure and investment

The OMV Group has adopted the International Federation of Accounting (IFAC) guidelines for environmental management accounting (EMA). We follow the detail of these guidelines when reporting our environmental expenditure and investment, including fines and revenues.

We review environmental costs twice a year based on EMA methodology, using a cross-functional approach involving managers, HSSE, engineering, accounting and controlling experts.

Financial information relating to environmental provisions can be found in the OMV Petrom Group's Annual Report 2013.



Managing GHG emissions

2013 highlights

- ▶ Decreased the GHG intensity of operated assets by 3.4 % in 2013 over 2012
- ▶ Developed Action Plans for reducing flaring and venting at 100% of E&P Assets

Today's energy and climate policies present major challenges to the oil and gas industry. **As energy demand grows, the industry has a pivotal role to play in securing energy supply. At the same time, GHG emissions must be reduced in all economic sectors to manage the impacts of climate change. We will continue to monitor GHG emissions and launch new initiatives to reduce them. We will also continue to promote the use of natural gas for power generation.**

What are we doing?

GHG Intensity reduction target

OMV Petrom's 2013 target was to reduce the carbon intensity of its operated assets, including E&P, R&M and G&P business divisions, by 2% compared to 2012. We exceeded this target, achieving a 3.4% reduction¹. This strong performance was achieved through:

- ▶ A number of energy efficiency projects across our operations.
- ▶ Reduced venting emissions in E&P through optimizing gas pipeline networks, avoiding incidents caused by loss of integrity, and using vented gases for energy production.

Reducing emissions from flaring and venting in E&P

Flaring and venting have been identified as key target areas for reducing the GHG intensity. In 2013, we initiated a project which aims to meet best practice and improve our calculation methodology for flaring and venting. We carried out site visits and developed action plans for reduced flaring and venting at all E&P Assets.

Reducing emissions from activities in Petrobrazil Refinery

We have carried out specific actions at Petrobrazil Refinery to reduce emissions and energy consumption, including:

- ▶ Replacing a L205 heater with a steam reboiler
- ▶ Replacing steam tracers with electrical ones
- ▶ Increasing the contribution of gases towards our total fuel mix to 17%
- ▶ Multiple energy efficiency projects related to utilities.

Emissions trading

OMV Petrom is subject to the EU Emissions Trading Scheme (EU ETS.) By the end of 2013, 10 of our operating installations were within the scope of EU ETS. Around 47% of our direct GHG emissions were CO₂ equivalent emissions from EU ETS installations.

¹ Brazil Power Plant 2012 performance was considered for a full year functioning, at the average of the five realized months, in line with the sector best practice.

Direct and indirect emissions

2013 highlights

- ▶ Direct (scope 1) emissions increased by around 15% in 2013, due to increased production
- ▶ Indirect emissions totaled 358,045 tons CO₂ in 2013

280,000

tons of CO₂ equivalent cut at Petrobrazil Refinery between 2009 and 2013

Our direct (scope 1) emissions are the emissions that arise directly from our operations. These are carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). Other GHGs are of minor relevance and have not been included in OMV Petrom's GHG figures.

Our indirect (scope 2) emissions are those that arise during the production of the energy we purchase (electricity and heat).

What are we doing? Direct emissions (scope 1)

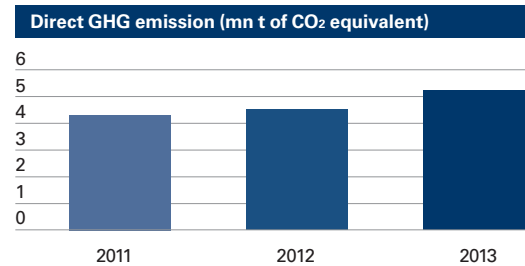
In 2013, OMV Petrom's direct GHG emissions increased by around 15%, up to 5.2 million tons of CO₂ equivalent. This was due to increased production at Brazi Power Plant and Petrobrazil Refinery.

GHG savings projects in E&P achieved a reduction of around 103,000 tons of CO₂ equivalent between 2009 and 2013.

Petrobrazil Refinery has continued to implement optimization and energy efficiency projects resulting in savings of around 280,000 tons CO₂ equivalent between 2009 and 2013. We expect additional savings of over 100,000 tons CO₂ equivalent in 2014.

- ▶ See case study [Site focus: Gas Desulphurization and Sulphur Recovery plant project – reducing Sulphur emissions at Petrobrazil refinery](#)

Direct GHG emissions (million tons of CO₂ equivalents)



Indirect emissions (scope 2)

In 2013, our indirect emissions totaled 358,045 tons CO₂.

- ▶ See more on air emissions on page [**/ performance tables» Environmental and Energy management]

Site focus: Gas Desulphurization and Sulphur Recovery plant project – reducing Sulphur emissions at Petrobrazi refinery



Gas Desulphurization and Sulphur Recovery plant

As part of our modernization program at Petrobrazi refinery, we established a project to reduce the SO₂ content of flue gas at incinerator stack, down to best practice levels. To this end, in 2010, OMV Petrom committed to investment of EUR 40 mn.

The work, which was completed between October 2011 and March 2013 included:

- ▶ A new sour water stripper (SWS) unit – to reduce contaminants in stripped water down to levels required by Environmental Romanian and EU Legislation
- ▶ A sulphur recovery unit (SRU) – to process acid gases from the SWS and desulphurization units.
- ▶ A tail gas treating (TGT) unit with downstream incinerator – to reduce SO₂ emissions at the flue stack below 2000 mg/Nm₃, in accordance with Environmental Romanian and European Union Legislation.

By modernizing the Gas Desulphurization and Sulphur Recovery plant, the Petrobrazi Refinery complies with international best practice. SO₂ emissions have decreased to 2000 mg/Nm₃ and we now recover around 99.9% of these emissions.

The project was completed with 323,000 man-hours and up to 230 workers on site at any time. By ensuring most of the work was done by Romanian companies, we secured around 80% of the added value created by this project to benefit the Romanian economy.

Energy management

2013 highlights

- ▶ ~ EUR 11 mn invested in Gas to Power (G2P) and Combined Heat and Power/Cogeneration (CHP) projects in 2013
- ▶ 8 new G2P and CHP units installed
- ▶ 341,000 GJ energy saved in E&P in 2013

40%

of the annual electricity demand of OMV Petrom E&P onshore assets is provided through Gas to Power and Combined Heat and Power cogeneration projects

Our industry is energy-intensive. Energy costs account for a large share of our operational costs. By improving our energy efficiency we can reduce our environmental impact and our costs.

What are we doing? Managing energy consumption

In 2013, our total energy consumption increased by 15% due to increased production at Brazi Power Plant and Petrobrazi Refinery.

We continue to focus on energy efficiency to improve environmental protection and reduce our impacts throughout the value chain.

Exploration and Production (E&P): we continue to make good progress. We invested ~ EUR 11 mn in 2013 in Gas to Power and Combined Heat and Power Cogeneration projects to reduce energy consumption and emissions. This means eight new units installed. This resulted in a reduction of 13,000 tons CO₂ equivalent emissions. By the end of 2013, these projects provided about 40% of the annual electricity demand of OMV Petrom E&P onshore assets, an approximate annual OPEX saving of EUR 8 mn.

New energy efficiency projects at E&P led to saving of about 341,000 GJ in 2013.

Refining and Marketing (R&M): the Petrobrazi Refinery continued to carry out energy efficiency projects, including replacing a L205 heater with steam re-boiler, replacing steam tracers with electrical ones and increasing the proportion of gases in the total fuel mix to 17%.

Gas and Power (G&P): we invested EUR 530 million in our Brazi Power Plant. This 860 MW Combined Cycle Power plant has the potential to cover up to 8-9% of the electricity market, enough to meet the electricity needs of Bucharest. The plant uses state-of-the-art technology that is twice as energy efficient as the sector average.

Water management

2013 highlights

- ▶ Reduced total water withdrawal by around 8% in 2013 over 2012
- ▶ Implemented 90% of the actions set by the Water Management Plans in 2013

Fresh water is a critical resource for the environment, communities and industry. As an international organization, it is a resource that we value and cherish. We withdraw water from various sources for our day-to-day operations. We use it for a wide variety of purposes, including steam production, cooling, potable water in office buildings, and for car washing at filling stations.

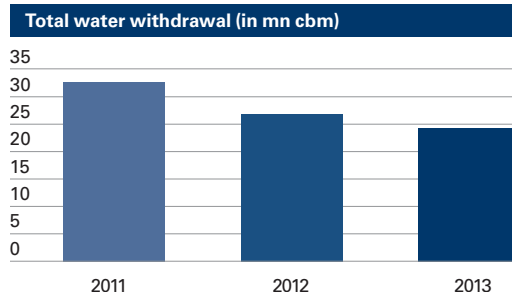
What are we doing?

Water efficiency and reducing wastewater

In 2013, we focused on more efficient water use and invested in state-of-the-art water treatment. OMV Petrom is installing new or upgraded water treatment plants at a number of E&P sites and modernized the Waste Water Treatment Plant at our Petrobrazi Refinery.

This has contributed to a total water withdrawal reduction of around 8% since 2012, equivalent to 24.2 million cbm. We discharged a total of 11.29 million cbm of wastewater after appropriate treatment in 2013.

Total water withdrawal (in million cbm)



Water management

In 2013, we began implementing comprehensive Water Management Plans across our operations. These aim to drive improvements to water infrastructure, water processing plants, hydrant systems, waste water treatment, metering and water monitoring. We have now set water reduction targets for most sites, and these are regularly monitored and reported.

To support implementation of Water Management Plans, the Environmental Management department at OMV Petrom HQ ran an extensive Water Efficiency Campaign to engage employees in promoting ideas for water resource management and build long-term awareness.

OMV Petrom's E&P operations manage large amounts of formation waters (water produced as a by product of oil and gas production). In 2013, this amounted to 36.4 million cbm of water. Over 96% was injected back deep underground following treatment. The remainder was treated before being discharged to surface water bodies, in accordance with our environmental permit.

Water management (continued)

At Petrobrazil Refinery, we focused on reducing water losses by optimizing consumption in our Waste Water Treatment Plant (WWTP). From 2016 onwards, only the second WWTP2 Plant will remain in function with an average flow of 1,000 m³/h. Other key projects contributing to water reduction in 2013 were:

- ▶ Replacement of steam tracers with electrical ones
- ▶ Replacement of old steam turbines by electric motors
- ▶ Revamping of the utility network
- ▶ Reorganization of administrative offices

At E&P, we continued the “Optimization of fresh water supply systems” project across E&P domestic assets. 14 water wells were drilled in proximity of OMV Petrom facilities and 4 old water stations were closed down. Total investment was around EUR 1 mn, saving around EUR 0.4 mn a year.

Waste management

2013 highlights

- ▶ Cut overall waste by 20% compared with 2012
- ▶ 100% OMV Petrom operational sites covered by Waste Prevention and Reduction Plans

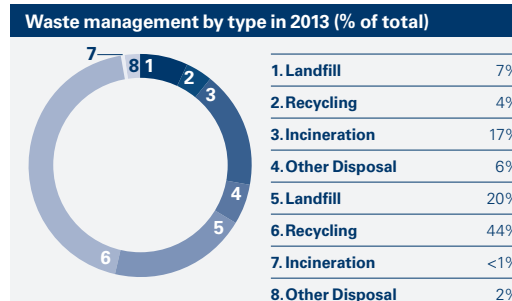
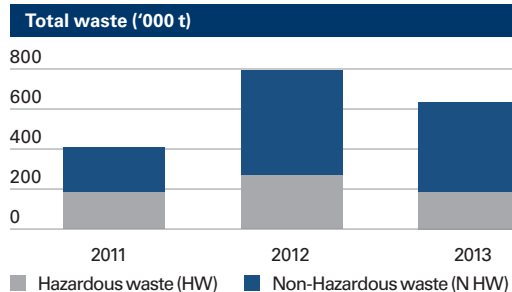
50%

of waste recycled

OMV Petrom’s activities generate solid and liquid wastes – including oily sludge, waste chemicals, spent catalysts and construction debris. Reducing the waste we generate and ensuring it is managed in a responsible manner continues to be a key priority.

What are we doing?

In 2013, all OMV Petrom operational sites were covered by Waste Prevention and Reduction Plans. We carried out waste audits and recommended actions to improve performance across our operations. Total waste generated was reduced by 20% in 2013 compared with 2012. This was mostly due to decreased demolition works and completion of remediation of sludge lagoons. Around 50% of our total waste was recycled.



Waste disposal and infrastructure in E&P

To date, OMV Petrom E&P has built a total of eleven bioremediation plants and three landfills, including all the associated infrastructure, as part of its EBRD-funded waste infrastructure program. This has provided the waste infrastructure to allow for the cleanup of contaminated soil and abandonment of some 26,000 oil wells and 1,100 production facilities.

Waste disposal in OMV Petrom refineries

In 2013, we completed the “Waste Disposal and Sludge Lagoons Remediation” at Arpechim Refinery. Co-financed through an EBRD environmental loan, the project has seen around 300,000 tons of waste removed and treated. Over 100,000 tons of waste was recovered for use by the cement industry.

Drilling mud

We avoid using hazardous substances, instead using water-based drilling fluids where it is technically feasible. The drilling mud used by our E&P division is normally 65% water-based. However, using such fluids is not always possible for technical reasons. In some cases, such as in extended-reach wells, we have to use non-aqueous drilling fluids (NADF). We always select the least toxic option and we no longer use any diesel-based drilling fluids anywhere in our operations.

We ensure drilling mud is reused wherever possible, in line with waste minimization and management plans. Cuttings are treated to reduce toxicity and disposed of in accordance with national regulations and best available technology.

Update on the Decommissioning of Doljchim plant



Doljchim plant

OMV Petrom has been in the process of demolishing its chemical plant at Doljchim since 2009. By the end of 2013, all technological installations had been scrapped and demolished. We are on target to complete the remaining activities – including removing utilities installations and electrical stations – over the next two years.

This process has involved high-risk activities including handling hazardous wastes. We make it a strict priority to comply with HSSE regulations and meet best practice standards. We take special care to ensure scrapping and demolishing activities, to meet both industrial best practice standards and OMV Petrom's own regulations.

The environmental risks associated with waste disposal and decontamination are managed carefully. We have put in place HSSE training programs for all contractors and other employees working at Doljchim on health and safety risks, environmental risks, emergency situations, good practice, lessons learnt from safety incidents, requirements of Romanian health and safety legislation and Doljchim internal regulations. A specialist company has been contracted to provide safety supervision and support to teams on site during demolition works.

Avoiding spills and protecting biodiversity

2013 highlights

- ▶ Completed 44 projects for constructing and re-lining pipelines
- ▶ Developed Spill Risk Maps for 60% of OMV Petrom E&P's assets

0
significant hydrocarbon spill in 2013

The potential for spills to the environment is a key risk for our business – with serious consequences for the environment, communities and for our reputation. We take the greatest care to prevent spills from our operations and to minimize our impacts on biodiversity.

What are we doing? Spills and leakages

We did not record any significant hydrocarbon spills in 2013 (>1,000 liters level 3 on a scale of 1 to 5). In 2012, OMV Petrom recorded 6¹ significant spills.

However, in 2013 we recorded 1,666 minor releases (2012: 1,797). The total volume spilled was 38,198 liters, 85% less than in 2012 (2012: 278,314.2 liters),

Reducing spill risks

We carry out a broad program of activities to reduce and prevent the environmental impacts of oil spills. Our Spill Risk Map provides detailed information on the risks of a spill, and its potential impact, at specific pipeline locations. 60% of OMV Petrom E&P Assets are now included in Spill Risk Maps. The maps show all field pipelines and indicate "critical points", where there is a high risk of an oil spill. We use this information to carry out preventive action plans, and to prepare for an effective spill response.

In 2013, we carried out risk assessments for 4,400 pipelines and 12,000 items of static equipment. We risk-ranked over 600 facilities such as tank farms and compressor stations. Our next stage of work will be to complete Hazard and Operational Studies (HAZOPs) and Process Safety analysis for our highest risk facilities. This is a major step forward in our ambition to be in control of managing spill risks by the end of 2015, in line with the OMV Petrom E&P Strategy.

With support from an EBRD loan, we are in the process of constructing and re-lining priority pipelines to secure a high quality production transport system with increased energy efficiency and decreased risk of spills. The program includes a large number of small to medium pipeline projects which are locally managed. 112 projects were underway in 2013 and 44 projects were completed. All the pipeline replacement projects developed in 2013 were on-shore.

Protecting biodiversity

Before we begin any new project or operation, we undertake a detailed environmental impact assessment. This includes concerns related to biodiversity. Where we work in a protected area or where protected species exist, we closely monitor the ecosystem to ensure our operations cause no adverse effects. We have not yet needed to develop detailed biodiversity action plans for any of our operations, but we monitor biodiversity impacts for all our operations.

¹ Figures were restated for minor releases occurred in 2012. The final figures (hydrocarbon releases and volumes altogether) were only available after publication of the Sustainability Report 2012 and thus not included in last year's reporting.

Product responsibility and safety

2013 highlights

- ▶ Produced natural gas creating 20% less CO₂ and 80% less CO

30%

of our filling stations offer gas as the cleaner fuel option

We produce gasoline, diesel fuels and other products, including LPG (Liquefied Petroleum Gas) and heating oil. Our priority is to provide high-quality products that meet our customers' expectations. Health and safety is fundamental at all times – from production through to storage, transport and sales.

What are we doing? Policy and Guidelines

We manage the quality and safety of our products through strong internal policies, and through compliance with international and national regulations and standards.

Product Safety – Material Safety Data Sheets

OMV Petrom has well-established standardized processes in place, supported by quality testing across the supply chain and a traceability system to ensure the quality and safety of all our products. We provide our partners and customers with detailed information about products and the materials used to produce them. They have the reassurance that all products manufactured, marketed or distributed by OMV Petrom comply with legal regulations. Safety data sheets for OMV Petrom products can be downloaded from our website. These provide comprehensive information on potential health, safety and environmental hazards, as well as precautionary measures for safe product handling and usage.

REACH and CLP

In compliance with the EU Regulation on Registration, Evaluation and Authorization of Chemicals (REACH), OMV Petrom refineries registered around 60 substances by the end of 2010. In 2013, we continued to take part in Substance Information Exchange Fora (SIEFs) and various REACH partnership initiatives (CONCAWE, LOA and FERC REACH Consortia etc.).

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

Cleaner fuels

OMV Petrom supports the use of environmental-friendly transportation fuel. The diesel and gasoline we produce in Petrobrazi refinery is sulphur-free (sulphur content <10 ppm). In 2013, we blended 71,000 t FAME (fatty-acid methyl ester) into diesel and 38,100t bioethanol/ETBE (ethyl tertiary butyl ether) into gasoline fuels for bio-fuels.

We also produce compressed natural gas (CNG), which creates around 20% less CO₂ emissions, 80% less carbon monoxide and virtually no particulate emissions. We currently offer gas as fuel (either LPG or CNG) at 236 of our 784 filling stations (47 filling stations in Romania, 90 in Bulgaria, 53 in Serbia and 40 in Moldavia), a coverage rate of 30%. By the end of 2013, CNG was sold at 6 of our 92 filling stations in Bulgaria.

Achievements and targets

Planned in 2013



Identify environmental risks and costs

- ▶ Implement the generic Environmental Risk Assessment Methodology, and continue the implementation of the Spill Risk Maps across OMV Petrom

Optimize processes to make efficient use of natural resources and minimize waste and emissions to air, water and land

- ▶ Optimize water and waste management in operations
- ▶ Use energy efficiently and reduce carbon intensity of OMV Petrom activities and portfolio

Manage greenhouse gas emissions economically

- ▶ Improve the carbon management across OMV Petrom

What we did in 2013



Identify environmental risks and costs

- ▶ Implemented the Environmental Risk Assessment Methodology for 30 % of OMV Petrom's working points
- ▶ Developed Spill Risk Maps for 60% of OMV Petrom E&P's assets

Optimize processes to make efficient use of natural resources and minimize waste and emissions to air, water and land

- ▶ Decreased total water withdrawal by 8% in 2013 over 2012
- ▶ Decreased waste generated by 20% in 2013 over 2012, out of which around 50% is recycled
- ▶ Decreased GHG intensity of OMV Petrom's operated assets by 3.4 % in 2013 over 2012

Manage greenhouse gas emissions economically

- ▶ Developed Action Plans for reducing flaring and venting in 100% of E&P Assets

What we will do in 2014



Identify environmental risks and costs

- ▶ Continue the implementation of the Environmental Risk Assessment Methodology and the Spill Risk Maps across OMV Petrom

Optimize processes to make efficient use of natural resources and minimize waste and emissions to air, water and land

- ▶ Develop solutions for a sustainable water and waste management in OMV Petrom

Manage greenhouse gas emissions economically

- ▶ Develop a framework for GHG accounting and reporting, and identify further solutions to reduce flaring and venting

Human Rights

Our focus areas



Internal and external engagement

We continue to promote Human Rights learning programs and training to raise awareness and develop the skills needed within our workforce. We also engage with suppliers to communicate our expectations and secure their commitment to the principles set out in our Code of Conduct.

Our strategic approach

Protecting human rights is an important pillar of OMV Petrom's Resourcefulness Concept that is engrained in the way we behave and conduct our business activities around the world.



What we achieved in 2013

~ 700

employees accessed the Human Rights e-learning tool in its first year

11

key suppliers were audited against specific human rights criteria

95.4%

OMV Petrom employees are represented by local Trade Unions

Our strategic approach

2013 highlights

- ▶ Maintained our commitment to the ten principals of the UN Global Compact in our core strategy and day-to-day operations
- ▶ Implemented the OMV Petrom Human Right Matrix to achieve the standards and activities we expect across our business
- ▶ Provided training to help managers recognise cases of discrimination in the workplace

28

OMV Petrom managers were trained on discrimination in the workplace

We recognize the potential for OMV Petrom's activities to impact on human rights. We manage the risks by making human rights a key concern of our Resourcefulness concept.

What are we doing?

In 2012, OMV Petrom aligned itself with the OMV Group's commitment to include Human Rights as a core element of its Resourcefulness concept. Human Rights issues are now firmly embedded in our corporate responsibility approach, and we communicate openly with our stakeholders on all issues regulated by law in the places where we operate.

Management systems

We take a two-tiered approach to managing human rights:

- ▶ The OMV Petrom Human Rights Policy was adopted by the Executive Board in 2008. Based on the commitments of the UN Global Compact, it ensures we promote human rights within our sphere of influence and meet the requirements of international law.
- ▶ We developed the OMV Petrom Human Rights Matrix in 2008 with the help of the Danish Human Rights Institute. It sets out the mandatory minimum standards and activities we expect our people to adhere to across all our Business Divisions (BD) and in our activities with stakeholders.

Human Rights workshop for managers

In September 2013, 28 OMV Petrom Managers attended the first formal human rights training to be run by the OMV Group. With a focus on discrimination in the workplace, the course helped Managers understand the relevance of discrimination within an organizational context, and built capability to recognize cases of discrimination. The learning has provided a basis for developing future strategies and structures to prevent and combat discrimination across the business.

In December 2013, OMV Petrom was accepted as a member of **UN Global Compact** – one of the world's leading policy initiatives for businesses. The Compact sets out ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. We have committed to make the ten principals a core part of our strategy, culture and day-to-day operations. We will be supporting collaborative projects and activities that promote the goals of the United Nations and address human rights issues relevant to our business.

Human Rights and compliance

The rights and obligations of our employees are clearly communicated in labor contracts, company agreements, collective bargaining agreements and local policies. We promote the right of our employees to exercise freedom of association. Without exception, we pay minimum wages that uphold national laws and specific Collective Labor Agreements.

In 2013, 95.4% of OMV Petrom employees were represented by local trade unions.

Internal and external engagement

2013 highlights

- ▶ Continued development of the Human Rights e-learning program to build awareness of OMV Petrom's human rights responsibilities and commitments
- ▶ 1 workshop for human rights attended by managers
- ▶ Included Human Rights clauses into our supplier contracts to align them with principles from the Code of Conduct

Around
700

employees accessed the OMV Petrom Human Rights e-learning tool in its first year

We rely on all our employees, contractors and suppliers to help manage the human rights risks associated with our business. Ensuring they understand the risks and the standards we expect of them is a key focus of our Human Rights Matrix.

What are we doing? Engaging with employees

At the beginning of 2012, we launched a new Human Rights eLearning program to raise internal awareness of OMV Petrom's human rights responsibilities, commitments and practices. Based on an established approach used by major oil and gas companies, the program is designed to support the implementation of OMV Petrom's Human Rights Matrix. It provides an interactive hub for employees to share information and think about their needs and responsibilities in practical terms.

We continued to develop the program in 2013, engaging people on human rights issues through our compliance communication program, intranet articles and other opportunities. During its first year, around 700 employees accessed the e-learning program.

Engaging with suppliers and contractors

In order to prioritize Suppliers and to declare them as eligible partners in terms of respecting the Code of Conduct, several meetings with the procurement department were held in 2013, to include Human Rights clauses from OMV Petrom's Code of Conduct in the Supplier's contract.

Over the past three years, we have held a number of seminars and workshops to raise awareness of OMV Petrom's human rights policies among the security forces and contracted employees. All supplier audits include an assessment of to human rights compliance, and our standard supplier audits include a mandatory human rights questionnaire.

In 2013, 11 key suppliers were audited against human rights criteria.

Achievements and targets

What we planned for 2013 (and after)



- ▶ Committed to comply with OMV Petrom Human Rights Policy
- ▶ All Suppliers to become eligible partners in terms of respecting OMV Petrom's Code of conduct
- ▶ Target Model & KPI Framework for Human Rights

What we did in 2013



- ▶ OMV provided OMV Petrom Human Rights workshop at managers level – topic established with external consultant
- ▶ Update OMV Petrom contractual clauses in alignment with OMV Petrom Human Rights Matrix and Code of Conduct for security forces contracts
- ▶ Completed an internal procedure for OMV KPI for Human rights

What we will do in 2014



- ▶ Continue to carry out the Human Rights Action Plan based on the recommendations of OMV Human Rights Self-Checks
- ▶ Build awareness, with a particular target being those areas where Romania's labor laws and/or practices fall short of international human rights standards
- ▶ Introduce new Human Rights training programs for managers
- ▶ Improve the existing due diligence process by identifying projects to assess the Human Rights Matrix by security forces, as well as projects for new country entry
- ▶ Periodically assess and evaluate KPI establishment method at OMV level in the Resourcefulness concept
- ▶ Customize OMV Code of Conduct for OMV Petrom; Complete 2014 edition printed version

Diversity and Human Resources

Our focus areas



Employee engagement

Our employees make Resourcefulness on a day-to-day basis. We engage with them through a number of initiatives that emphasize spreading our positive influence as a business.



Talent attraction, development and retention

To retain the best talent, we invest in training and development to meet the needs of our business and our employees.



Diversity

We value diversity by embracing people of all races, voices and cultures.

Our approach to Human Resources

OMV Petrom's integrated approach to HR management aims to build organizational capability to deliver our business objectives.



What we achieved in 2013

48 nationalities

working for OMV Petrom

EUR 8.5 mn

invested in trainings for employees

In November

we started activity for OMV Petrom Training Center that will be officially launched in 2014

~ 822,000

training hours delivered

Our approach to Human Resources

2013 highlights

- ▶ On average, our employees benefited from an average **39 hours** of training in 2013.
- ▶ We launched a centralized, accessible and tailored global learning process through a new Learning Management System
- ▶ We strengthened our Talent Management approach to ensure our development programs and talent pool the highest international standards

98.77%

OMV Petrom employees are locally recruited, including at management levels

By putting people at the heart of our business, we promote our values and ensure our sustainable development. We strive to attract the best people, giving them the tools and skills they need to perform at their best. Our goal is to recognize and reward superior performance and leadership so that we continue to the right skills at the right levels to meet our current and future needs.

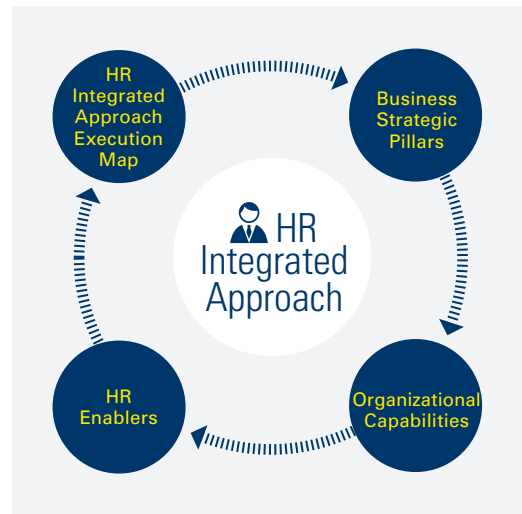
What are we doing? Commitment to our people

We commit to provide our people with the tools, training and development opportunities they need to meet their full potential. OMV Petrom is an acknowledged employer of choice, and we aim to keep it that way. We take a centralized approach to talent management, training, recruitment and reward management – ensuring equitable and transparent opportunities for all across OMV Petrom’s Business Divisions.

Core Competencies and Values

An integrated approach to HR management

Our HR Division helps drive business strategy and ensures we effectively implement HR policies, processes and tools. HR business partners take an internal consultancy role – providing expert advice to management teams.



Our people in numbers

Our 19,619-strong workforce is made up of 48 different nationalities. We are proud of recruiting local people, and 98.77% OMV Petrom employees are recruited locally, including at management levels.

We want to continue to be recognized as a leading employer by recruiting the most talented people. We aim to support this ambition by developing and integrating HR management systems across all of our operations.



Our approach to Human Resources (continued)

Our people in numbers

Total workforce: **19,619**
(21,650 in 2012)

Workforce decrease:
9.4% (2012-2013)

Job rotations: **161**

Gender split:
23% women, 77% men

OMV Petrom
nationalities: **48**

Average time spent for
recruitment depending
on business need:
90 days for specialist
positions; **105 days** for
middle management;
and **120 days** for
top management.

Extended worldwide
talent pool search
to bring back
valuable Romanian
candidates with
international experience
(30 recruited in 2013).

In 2013, we saw around a 9.4% decrease in our workforce, mainly due to outsourcing activities. OMV Petrom ensures all employees are protected by mandatory periods of notice under national employment law, as well as Collective Labor Agreements for cases of necessary restructuring.

Sustainable performance

To secure strong and sustainable performance, we rely on leaders who have the ability to deliver the right results in the right way. This has a huge impact on both our organization and our stakeholders. 'Focused leadership' is a key priority of our organizational capabilities development approach. Alongside that, our People HR Enabler concentrates on improving how we recruit, select, train, develop, and assign the right roles to individuals.

In 2013, we strengthened our talent management approach to reflect the highest

international standards. We continued our focus on Strategic Workforce Planning in E&P to provide the long-term outlook on resource availability and highlight trends and gaps we need to address.

On average, our employees benefited from an 39 hours of training each in 2013.

Delivering our strategy

We train and develop our people to deliver our strategy in three key ways:

- ▶ By helping employees develop new skills and competences – such as technology skills and the expertise to work on innovative projects such as gas-fired power generation.
- ▶ By helping them live our values and fostering a culture of performance to create value.
- ▶ By developing systems and processes that facilitate strategic workforce planning and enable us to launch initiatives such as skill pool management.

Employee engagement

2013 highlights

- ▶ **1,000** employees volunteered at 25 local authority and NGO projects through the OMV Petrom volunteering championship
- ▶ **1,600** employees agreed to donate 2% of their income tax to Romania's NGO sector
- ▶ We involved over **400** managers in cross-divisional Resourcefulness workshops
- ▶ **106** graduates took part in our Integrated Graduate Development Program (IGD)

161

internal career moves helped to match the right person to the right position

Our employees are the everyday champions who make Resourcefulness happen. To encourage our champions, we inform and engage them through a number of initiatives – from training to volunteering in their local communities.

What are we doing? Engaging employees in Resourcefulness

We aim to make the Resourcefulness concept a living part of OMV Petrom's culture. That requires strong leadership, and we actively engage line managers taking charge of Resourcefulness initiatives and developing them into sustainable projects.

We focus on fostering the skills and knowledge needed for line managers to confidently carry out Resourcefulness initiatives. During 2013, we committed a budget of EUR 50,000 in support of Resourcefulness initiatives that engage employees throughout the organization. We provided additional strategic guidance to contribute to Performance Development System sustainability targets. Specific projects we ran in 2013 include:

OMV Petrom Volunteering Championship

OMV Petrom Volunteering Championship is an internal engagement program that tries to make sustainability a core aspect of organizational culture by involving employees in volunteering activities. In 2013, 1,000 OMV Petrom's employees volunteered in 25 volunteering projects with local authorities and local NGOs.

Encouraging paid-giving

We ran an internal campaign encouraging our employees to donate 2% of their income tax to the NGO sector as part of Romania's Fiscal Code stipulations. The 14 day campaign involved holding an NGO fair at OMV Petrom City HQ in which 1,600 employees signed up to the scheme.

Fostering Skills to Succeed

We continued our journey towards helping people increase their ability to adapt to the demanding business environment – with successful programs like Skills to Succeed. In 2013, 57 employees took part in group development programs, with a particular focus on strengthening our pipeline of future leaders. Participants were involved in providing innovative solutions to day-to-day challenges faced by our business.

We also recognize that people need to be in the right roles to succeed. In 2013, we set out to increase internal movement, matching people's skill sets with appropriate positions. We exceeded our target of 100 cross-divisional or cross-functional moves, reaching 161 internal moves by the end of the year. We also adopted a special focus on gender diversity for internal moves this year, with 51% of all moves involving female employees.

Supporting former employees

We continued to develop the Career Transition Program to support OMV Petrom employees who are made redundant through reorganization and ensure we do all we can to make their transition as smooth as possible.

Since 2006, we have provided 15 fully operational Transition Centers across the country, staffed by around 32 employees. These centers provide free job-seeking and career development services, such as candidate profile evaluation, access to re-qualification courses and career counseling.

By the end of 2013, support had been provided to over 73% of former employees who required outplacement services. OMV Petrom had funded requalification courses for some 1,906 former employees, helping nearly 85% find new jobs, set up a new business or assist in a personal project.

Talent attraction, development and retention

2013 highlights

- ▶ 4.42 training days were provided per employee
- ▶ Over 900 events, conferences and external programs were held to build employee's knowledge and skills
- ▶ We retained 97% of our potential pool in 2013
- ▶ 70 Managers took part in two special training courses which focused on developing their skills, behavior and attitude towards talent development

EUR 8.5 mn

Invested in the development of OMV Petrom employees

We aim to provide our employees with the tools and knowledge they need to make the most of their personal and professional development. In 2013, we outsourced training provision to one single provider, gaining access to state-of-the-art learning methods, tailored services and a catalog of high-quality internal and external products – all conveniently found in one centralized learning management system.

What are we doing? Developing talent

In 2013, we invested more than 10,000 EUR per potential pool employee in training and development, a strategic move that helps us fill most management and expert positions with internally developed candidates. We launched a centralized, accessible and tailored global learning process, delivered through a new Learning Management System.

Through our training portfolio, we offer a variety of options for employees' personal and professional growth. Our aim is to develop people's professional skills so they can achieve the best results for themselves and to the company. We strive to offer comprehensive development paths in all areas of the company and across the OMV Group.

We foster a skills-sharing and mentoring culture, encouraging employees to work as a team and share their skills and experience with their colleagues. Over the past year, we introduced a new mentoring program for middle managers, to promote knowledge and leadership skills transfer from top to middle managers.

In 2013, the HR Department also initiated a Talent Management road show, which covered our ten main locations and covered:

- ▶ The importance of talent management and personnel development
- ▶ Identification of high potential employees in currently under-explored areas of the organization
- ▶ Calibration of talent pool nominations through face-to-face meetings to promote consistency
- ▶ Active involvement of local managers in defining and implementing development plans

We retained 97% of our potential pool in 2013, with a healthy turnover of 3%.

OMV Petrom's Training Center

As part of our long-term strategy, we opened a dedicated Training Center in November 2013 to meet the specific needs of our oil and gas workforce. The new Training Centre, situated on the campus of the Oil & Gas University of Ploiesti (UPG), hosted over 300 employees at 26 training sessions in 2013.

With the Training Centre in place, we aim to become a role model in Romanian industry – encouraging a new mindset and willingness to change, and continuously improving the way we use energy. With the evolving nature of the industry, these programs will emphasize cutting-edge international developments and best practice.

Talent attraction, development and retention (continued)

Providing rewards and benefits

We expect a high level of skill and commitment from our people. In return, we provide good levels of pay, benefits and career progression. OMV Petrom's Reward Management specialists provide advice on compensation and benefits – including remuneration analysis and control, market rates and how to retain top performers through reward and recognition.

We recognize employee motivation is maintained through a combination of financial and non-financial benefits, which at OMV Petrom include:

- ▶ Collective Labor Agreement financial benefits such as the Oil Worker Bonus, holiday indemnity, additional vacation paid days off, allowances for special days and special events bonuses for marriage and childbirth.
- ▶ Subsidy for kindergarten costs and special deals with two kindergartens close to OMV Petrom City.
- ▶ Transport to and from work or the reimbursement of travel costs for commuting employees.
- ▶ Preferential services and fees from banks, schools, leisure, medical networks and other services.
- ▶ Private healthcare agreements with Regina Maria and Medlife.
- ▶ Meal tickets and subsidies.

Supporting graduates

OMV Petrom's internal Graduate Development program is based on the E&P technical skill pools and gives graduates on the job training. In 2013, the program saw over 360 OMV Group employees attend a total of 93 training sessions delivered by 97 instructors. 124 new graduates joined the program and we introduced a Finance and Controlling Module into the program, designed especially for young professionals from the Chief Financial Office Division.

Open4U is our very successful internship program, through which we hosted more than 120 students who undertook a 2 month paid internship. Feedback from the business has been encouraging and we plan to continue the program in the coming years.

In 2013, we set up a new function within the HR Department specifically tasked with developing relationships with Romanian Universities. The University of Petroleum and Gas in Ploiesti has been a long-term partner of OMV Petrom, and we collaborate closely with several other leading universities such as the University of Polytechnic, Bucharest. We support their work and their students through collaboration, training opportunities and specific projects.

Diversity

2013 highlights

- ▶ Over half of our 'Open 4 U' interns were female.
- ▶ OMV Petrom City hosted the 2013 launch of the Women Leadership Cross-Company Mentoring Program.
- ▶ 40% female representation in our potentials pool and development programs, against 23% women overall in the organization.

30%

of women in
management
positions

Promoting diversity in our workforce benefits our decision-making, marketing, operations, culture and recruitment – and ensures we remove any cultural barriers that could impede our strategic development. Achieving gender balance has always been a challenge in our industry, so promoting opportunities for women is a particular focus.

What are we doing? Promoting diversity

By valuing diversity, we acknowledge that all people, all races, all voices, and all cultures have as much integrity and claim on society as the next. We recognize there are other ways of seeing the world, solving problems, and working together – and we know a diverse workforce is good for business.

48 different nationalities are represented across OMV Petrom. But we know it is not enough just to hire employees from underrepresented groups. We must also foster an environment where all employees are respected, supported and valued by their colleagues and their managers. To achieve this, we embed strong values and behaviors across OMV Petrom through our diversity programs.

Historically, the oil and gas industry has not attracted many women for reasons including educational background, the nature of working E&P and the overall culture of the industry. We monitor and promote gender diversity in our talent development and internal transfer programs. By the end of 2013, the proportion of women across the OMV Petrom Group was 23%. In 2013, there was an average 40% female representation in our potentials pool and development programs, 10% above target. 51% of cross divisional and/or cross functional moves involved women and 30% of women held management positions.

The Women Leadership Mentoring Program

To promote gender balance in our industry, OMV Petrom City hosted the 2013 launch of the Women Leadership Cross-Company Mentoring Program, a partnership with Oracle, Xerox, GlaxoSmithKline and Renault. This is first project in the Romanian business market aimed developing current and future female leaders. The program matches talented mentees with senior leaders from companies in order to:

- ▶ Create learning opportunities
- ▶ Bring new perspectives from other industries to foster innovation and creativity
- ▶ Exchange knowledge and skills between employees of different backgrounds and experience
- ▶ Enhance career mobility, career satisfaction, self-esteem, knowledge, skills and career progression

Four OMV Petrom employees are currently part of the program, and four of our managers are mentors.

Achievements and targets

What we planned for 2013 (and after)



- ▶ Diversify the set-up of the OMV Petrom Women Leadership Council and establish partnership with similar entities from other organizations
- ▶ Fresh Graduates program to identify the best young professionals in oil and gas industry (100 new graduates)
- ▶ Start activity in OMV Petrom Technical Center (PTC) in Q4 2013
- ▶ Establish Top 50 Talents and Top 50 Performers initiatives
- ▶ 100 cross divisional and/or cross functional moves in OMV Petrom in 2013; and 30% of all internal moves should be cross functional and cross divisional
- ▶ Increase the number of participants on the training modules that address alignment of objectives both vertically and horizontally

What we did in 2013



- ▶ Arum evenet quam laborpor aut faccus ut aut aria nem que volorerumeni restet, ute prorpor ibusdae pos non re net ut labo.
- ▶ Arum evenet quam laborpor aut faccus ut aut aria nem que volorerumeni restet, ute prorpor ibusdae pos non re net ut labo.
- ▶ Arum evenet quam laborpor aut faccus ut aut aria nem que volorerumeni restet, ute prorpor ibusdae pos non re net ut labo.

What we will do in 2014



- ▶ Fresh Graduates program to identify the best young professionals in oil and gas industry (130 new graduates)
- ▶ 165 cross divisional and/or cross functional moves in OMV Petrom in 2014
- ▶ Enhance awareness about managerial capabilities and Human Resources tools in order to increase performance and knowledge transfer at Asset levels within Exploration and Production Division by participating in direct meetings with managers in every Asset
- ▶ Improve communication between Human Resources Department and all business units by participating in internal events incurred by celebrating 10 years of OMV Petrom success stories. Impact – internal magazine, will host in every issue one article highlighting OMV Petrom's interest in people development and diversity. These are just few examples of initiatives that are targeted for 2014
- ▶ Official launch of OMV Petrom Training Center
- ▶ Increase the usage of Link2Learn system
- ▶ Updating the internal catalogue with new topics on soft skills

Stakeholder Engagement and Community Relations

Our focus areas



Stakeholder dialog and management systems

We engage in constant dialog with our stakeholders to help us define and achieve our sustainable development objectives.



Community relations

We support projects that deliver social and economic benefits for local communities.

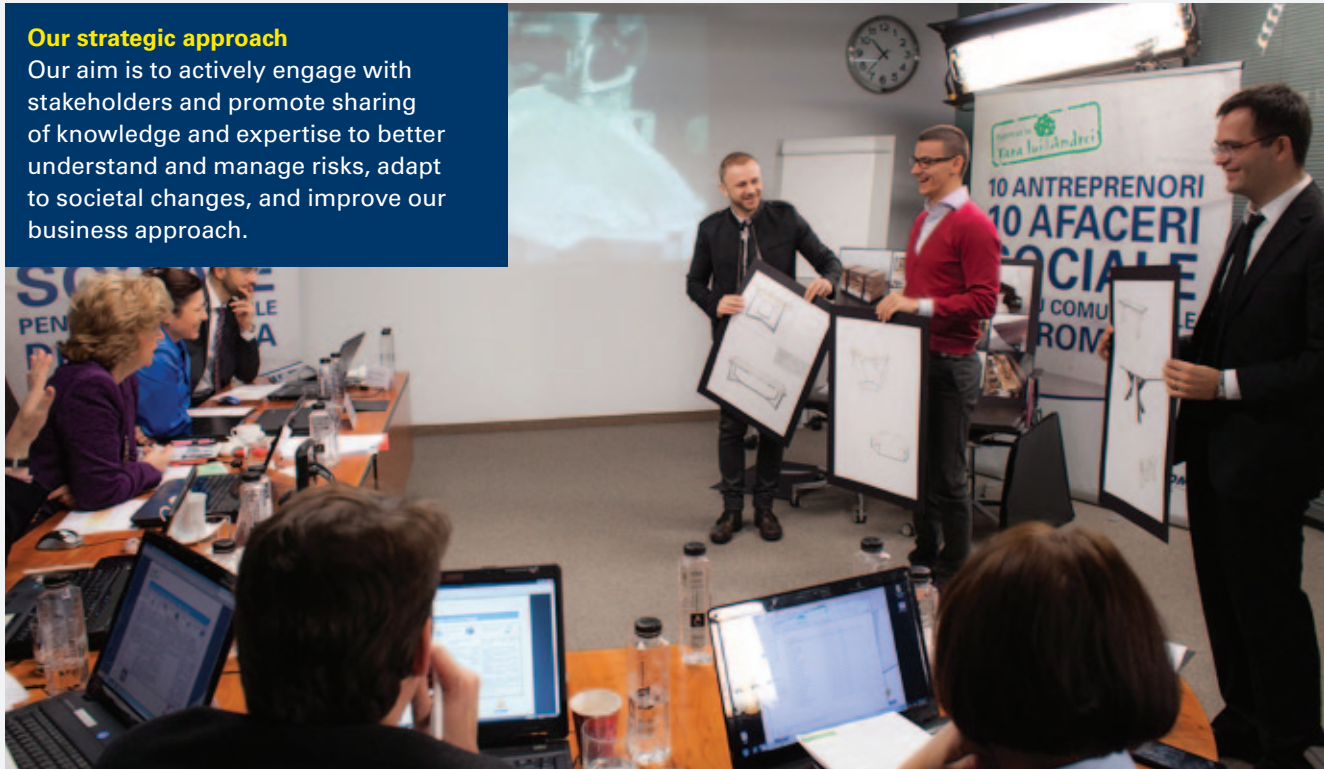


Focus on Skills to Succeed

Andrei's Country is OMV Petrom's umbrella program for social responsibility projects.

Our strategic approach

Our aim is to actively engage with stakeholders and promote sharing of knowledge and expertise to better understand and manage risks, adapt to societal changes, and improve our business approach.



What we achieved in 2013

141

participants attended the 2013 Stakeholder Forum

6 CBOs

created in 2013

Over 16,000

people benefited from Andrei's Country initiatives

100

Public administration representatives were trained in public procurement and EU funds accession

Our strategic approach

2013 highlights

- ▶ Corporate Stakeholder Dialog Forum with key stakeholders
- ▶ Dialog, debates, for business targets and challenges, e.g. Energy Compact

29%

more external stakeholders invited at OMV Petrom Dialog Forum 2013

Stakeholder engagement is integral to our work and is a central principle of the Resourcefulness concept.

What are we doing?

Regular dialog lies at the heart of how we engage with our stakeholders. We rely on the input of people affected by our work to objectives. By sharing knowledge and developing our understanding of stakeholder concerns, we are better able to identify and manage risks, adapt to social challenges, and pinpoint areas of improvement within the business.

We have identified key stakeholders with whom we engage:

- ▶ Central and Local Authorities
- ▶ Banking institutions
- ▶ Capital markets
- ▶ Customers
- ▶ Suppliers and contractors
- ▶ Business partners including clients, partnerships and consortiums, competitors and external consultants
- ▶ Local communities
- ▶ NGOs
- ▶ Employees
- ▶ National and Local Media
- ▶ Research institutes and universities.

Key actions

We engage with stakeholders at both a corporate and local community level.

In 2013, our key activities focused on three core objectives:

- ▶ implement the Resourcefulness strategy across OMV Petrom;
- ▶ improve communication with local authorities through community projects; and
- ▶ maintain our leading position in the Romanian business community by addressing key social issues.

Stakeholder engagement strategy

OMV Petrom's stakeholder engagement strategy involves all Business Divisions and encompasses strategy at the operational level, integrating best practice throughout the organization and training local teams.

We carry out formal stakeholder engagement through a number of initiatives – including forums with key stakeholders, expert committees, working groups and strategic partnerships.



Stakeholder dialog and management systems

2013 highlights

- ▶ Held our fifth annual Stakeholder Dialog Forum which focused on improving education, research and business efficiency
- ▶ Launched the new Romanian Energy Compact with **150** participants
- ▶ **1,000** employees volunteered on **25** projects in **25** different communities
- ▶ **100** Mayors and other staff from **50** OMV Petrom Communities took part in our entrepreneurial education program for public administration

7,150

stakeholders listed

In 2012, we introduced a new Stakeholder Engagement Framework, which sets out the rules by which we engage with key stakeholders. We continued to improve processes in 2013 to influence how we manage our relationships with stakeholders.

What are we doing?

Updating our stakeholder database

During 2013, we continued to build our stakeholder database which now includes some 7,150 listings. The purpose of the database is to ensure we can quickly identify and understand our relationships with stakeholders, and their key concerns. It provides crucial information to inform our decisions, especially during emergency and crisis situations.

The Corporate Affairs and Compliance team oversees all community activities. They provide training to help others develop the knowledge and confidence they need to take ownership of local projects. Regular reporting allows us to monitor progress and flag gaps and areas for improvement in our engagement with stakeholders.

Stakeholder dialog forum

OMV Petrom's Stakeholder Dialog Forum is a major event in our corporate calendar. On 28th November 2013, we held our fifth annual event to focus on 'Strategies to fill the gap between educational programs and business needs'.

Attended by key partners – including authorities, academic consultants, peers, regulators, other players in the industry and NGOs – the forum worked together to identify areas of cooperation and ways to improve education, research and business efficiency.

We shared OMV Petrom's key achievements from the past year and engaged stakeholders in dialog to help shape future development.

A new Energy Compact for Romania

In May 2013, a new Romanian Energy Compact was published to support a vision for the energy sector as "a genuine driver of economic growth that maintains a high level of energy security and leads to the development of Romania as a regional energy hub".

"We very much appreciated the subject selected for this year's forum. We hope this will be developed further in the very near future"

Professor. Vaireanu, Polytechnic University, Bucharest

Stakeholder dialog and management systems (continued)

Experts from across energy, finance, banking and legal sectors, along with academics and authorities contributed to the final document. Launched at the Romanian Academy, the Compact was declared by 150 participants as “a backbone, a new zero point which should be available for the new national energy strategy”.

OMV Petrom’s team of experts have been heavily involved in supporting this project from the outset – from the initial idea that came out of our 2012 Stakeholder Forum, to the preparation of the document and the coordination of the launch event.

As reliable partners for the Romanian economy, on the initiative voiced within OMV Petrom Stakeholder Dialogue Forum held in November 2012, the business environment, civil society, academic environment and the authorities mustered their efforts and in a record time of only three months prepared a document called the Energy Compact.

The document was developed based on ample public debates either in organized meetings or straight via the dedicated website with the best experts in energy, finance, banking, legal.

Engaging with NGOs

OMV Petrom has a strong tradition of engaging and supporting the Romanian NGO sector. We support project partnerships at a national and local level, and OMV Petrom encourages its employees to give their individual support, either financially or by volunteering.

In 2013, OMV Petrom continued to invite all employees to redirect 2% of their income tax to support an NGO. About 1,600 employees took part, benefiting over 100 NGOs.

Our ongoing NGO collaborations include:

- ▶ Leaders Foundation – providing leadership training for students in OMV Petrom communities.
- ▶ Ateliere fara frontiere – donating IT equipment to schools and NGOs in OMV Petrom communities.
- ▶ Habitat for Humanity – safety training for local communities around OMV Petrom facilities.
- ▶ Junior Achievement Romania – entrepreneurial education for over 12,000 pupils in OMV Petrom communities.
- ▶ Nesst Foundation – delivering Made in Andrei’s Country projects.
- ▶ Foundation for the Development of the Civil Society (FDSC) – setting up community resource centers in OMV Petrom communities.

In 2013 we collaborated with more than 120 NGOs.



Stakeholder dialog and management systems (continued)

Engaging with media representatives

OMV Petrom directly engages with the media as part of its community activities. In 2013, 20 representatives from central media attended a workshop to create two new development plans for communities in Boldesti-Scaieni and Baicoi. 8 media representatives were also involved in judging the Andrei's Country platform community projects competition.

Engaging with authorities

OMV Petrom's education program for public administration authorities aims to help build understanding of local economic development opportunities, especially in rural areas. In 2013, 100 Mayors and other staff from 50 OMV Petrom Communities took part. Training was provided along with 6 months of free consultancy from KPMG for all participating public institutions.

Engaging with internal stakeholders

OMV Petrom's operations are spread throughout Romania, so it is critical that we engage with every one of our internal stakeholders to build unity and make our activities more efficient.

Our internal blog covers topics including business projects, competitions and awards, employee services, CSR issues and personal experiences. On average, we publish 13 articles a month. These are read by more than 8,200 employees (unique visitors) who vote and comment on specific issues.

The OMV Petrom Volunteering Championship is an internal engagement program that aims to promote volunteering by OMV Petrom employees to support communities and develop strong external relationships. In 2013, 1,000 OMV Petrom employees volunteered across 25 volunteering projects in 25 communities.

Dialog with trade unions

Our business and our employees depend on good relationships with Trade Unions. This is why we engage with them through open and transparent dialog, responding quickly to changes in legislation and finding the best solution for our employees.

Local Communities

2013 highlights

- ▶ 30 assessments of impacts on local communities carried out
- ▶ Six new Community Based Organizations set up
- ▶ Community safety campaign – “Protect your home, prepare your community”

OMV Petrom’s community investment program aims to promote education and economic development in the places where we operate. ‘Andrei’s Country’ is our community relations online platform. It is central to our long-term strategy to establish OMV Petrom as the most responsible company for tackling socio-economic issues in Romania. Skills to Succeed remains a key priority, and we continue to add value to communities through jobs, taxes, local investment and education.

What are we doing? Engaging with local communities

Whenever we design a new community or business project, we assess potential impacts on communities by carefully analyzing:

- ▶ the current status of the community
- ▶ our business interests in the area
- ▶ local community needs and strategy
- ▶ wider project impacts

In 2013, we carried out assessments in 30 communities, including:

- ▶ Boldesti Scaieni Pilot Project – Best Practice in Sustainability
- ▶ Community Relations and Development and Community Investment, Suplacu de Barcau
- ▶ 28 other community assessments for the Made in Andrei’s Country Social Business Competition

We developed and implemented Annual Community Relations Plans for all ten of our EP Assets to address community development needs, aligned with our sustainability strategy and OMV Petrom’s business interests.

OMV Petrom supports the development of community-based organizations (CBOs) to facilitate dialog between community members, representatives of authorities and OMV Petrom employees. As part of our aim to find the best solutions for all stakeholders, we help to develop annual activity and investment plans for a number of CBOs. These are managed and monitored by community members and local authorities. In 2013, we supported the creation of six new CBOs.

We believe that safety should come first not only in our own operations, but in the communities where we operate. ‘Protect your home, prepare your community’ is our community awareness campaign developed with the Romania Emergency Situations Inspectorate and the NGO, Habitat for Humanity. The program involves community visits, training for local emergency teams, community risk analysis, risk mapping of potential natural disasters and information sessions in communities to raise awareness of how to respond in emergency situations.



Local Communities (continued)

We have used what we learnt from past incidents to develop information and awareness activities that aim to educate community members about safety in the areas around OMV Petrom facilities. In 2014, we will be updating our “Safety in my Community” brochure.

Grievance mechanisms

Grievance mechanisms are central to our community relations management processes. We have a comprehensive Grievance Management System, which saw a percentage of grievances resolved in 2013, improved by around 7.26% over the previous year, thereby reducing the financial loss to the company and improving its overall profitability.

Community relations risk mapping.

In 2011, to help improve dialog with stakeholders on key issues, we developed a risk map to evaluate the risk posed to OMV Petrom’s operations by community-related issues.

The indicators of risk include number of reported incidents and their severity, registered petitions and complaints, and negative media coverage of our activities. This tool is helping us prioritize our investment and level of community activity across the areas where we operate.

► [Read more about our community relations approach and achievements in our standalone community relations report](#)

Skills to Succeed: Andrei's Country

2013 highlights

- ▶ Total number of direct beneficiaries: around **16,000**
- ▶ **4,300** pupils took part in Andrei's School
- ▶ **11,900** Romanian pupils received financial and economic education
- ▶ **404** teachers in 101 schools trained

EUR
1,896,800
total investment

As a major employer and industry leader in Romania, we have the potential to impact significantly on local communities. Beyond our direct economic impacts (employment, tax and infrastructure), we aim to maximize our contribution by supporting projects designed to strengthen local communities.

In 2013, we celebrated seven years of social responsibility projects. Andrei's Country has been our online platform for delivering many of these projects for the last four years.

A focus on Skills to succeed

In line with our Resourcefulness strategy, Andrei's Country aims to provide people with the skills they need to be successful.

Current projects include:

Made in Andrei's Country – a social business ideas competition designed to address important social issues and raise employment in OMV Petrom communities. 20 finalists received eight months of intensive training and EUR 1,500 financing to carry our market research. The ten winning businesses each received EUR 32,000 and one year's start-up support.

Andrei's School – we redesigned Andrei's School in 2013 to strengthen links with the OMV Petrom Resourcefulness strategy, inspiring children to make their entrepreneurial ideas a reality. Over 4,300 students and 173 teachers submitted projects to the competition. Grants of EUR 5,000 and a place at the Andrei's Country Summer Camp were awarded to the ten winning ideas, and runners up received multimedia and educational packs. All participants received educational materials and teachers were awarded a diploma accredited by the Ministry of National Education.

Andrei's Country Summer Camp – Andrei's Country Summer Camp is a unique and innovative educational program in Romania. Pupils and teachers from the ten winning Andrei's School competition entries were invited to attend this year, with the focus on education through gamification. Attendees were taught about basic entrepreneurial and project management concepts through play. Teams were challenged to develop and manage an amusement park with activities designed to improve their social and eco-civic skills.

Andrei's Schools and Summercamp benefits:

- ▶ 96 entrepreneurial workshops for 365 pupils
- ▶ 26 teachers were trained in Project Management and Social Media
- ▶ 59 students from high schools and universities volunteered in Andrei's Country Summer Camp
- ▶ Build up the relationships between OMV Petrom – local community – local authorities

Small Entrepreneurs in Andrei's Country

In partnership with Junior Achievement Romania, this project aims to sustain entrepreneurial education, financial and economic education. In 2013, 11,900 pupils in OMV Petrom communities and nationally in Romania received training, along with 404 teachers across 101 schools.

Skills to Succeed: Andrei's Country (continued)

Education on Leadership and Performance

OMV Petrom supports education on performance and leadership through four main programs:

1. **Leadership Authentic** – developing and inspiring young authentic leaders in OMV Petrom communities by supporting them to develop leadership behavior, to be active in their communities and by providing them with professional orientation for their future development.
2. **OMV Petrom Olympics** – a program dedicated to supporting children with excellent academic records. The program provides monthly scholarships and academic and professional guidance.
3. **Aspire Academy** – providing students and high school pupils with personal development activities and career coaching through Aspire Academy and Aspire High School.
4. **3rd Millennium Leaders** – providing leadership and management trainings to 110 high school teachers across 11 OMV Petrom communities during special education week in Romania "A Different Week 2014".

Number of beneficiaries trained for employment: 529 people (OMV Petrom Olympics (150 children), Leaders (169 children), Aspire (100 children), 3rd Millennium (110 teachers)).

Achievements and targets

What we planned for 2013 (and after)



- ▶ Organize OMV Petrom Stakeholder Dialog Forum 2013 – fifth edition
- ▶ Launch an industry wide Energy Compact in Romania, as one of the conclusions of the 2012 Forum
- ▶ Train up new users of the Stakeholder Database, part of our shared strategy with OMV to improve stakeholder management. Develop reporting from this database to key users
- ▶ Implement projects in line with Skills to succeed in order to bring added value in OMV Petrom Communities (jobs, local taxes, local investments, education for Roma communities, etc)
- ▶ Improve relations with local authorities and communities in order to maintain license to operate
- ▶ Develop 2012 Sustainability Report in line with Global Reporting Initiative guidelines
- ▶ Position OMV Petrom as one of top 3 responsible and sustainable companies in Romania

What we did in 2013



- ▶ Launched the Energy Compact
- ▶ Ran a Stakeholder Dialog Forum 2013
- ▶ Developed management reporting from the Stakeholder database – an important tool used by employees at business sites aimed at monitoring stakeholder information and interaction

What we will do in 2014



- ▶ Convene the Stakeholder Dialog forum 2014
- ▶ Take forward a new education and research initiative resulting from the 2013 Stakeholder Forum. Projects include professional upskilling in line with business needs. Keep the Stakeholder Database up to date so that it is a dynamic management tool within the business needs in respect of traceability and updated information for Business Units

Compliance and Business Ethics

Our focus areas



Embedding compliance and business ethics

We align our compliance management policies and activities with wider OMV Group and international best practice standards.



Communication and training

Operating in a complex and challenging environment means employee engagement and training are key to managing our compliance and ethics-related risks.



Suppliers and procurement

We aim to conduct the procurement process in a professional, confidential and ethical manner, in accordance with our corporate guidelines, Code of Business Ethics and Code of Conduct.

Our strategic approach

We have a comprehensive approach to compliance management.



What we achieved in 2013

KPMG

our Compliance Management System was successfully audited and accredited by KPMG

1,139 people

a total of 1,139 people trained on the provisions of our revised Code of Business Ethics

100%

of suppliers accepted the principles of OMV Petrom's Code of Conduct

Our strategic approach

2013 highlights

- ▶ Our Compliance Management System was successfully audited and accredited by KPMG
- ▶ Stronger, more transparent processes were introduced to dealing with gifts and conflicts of interest
- ▶ We carried out **14** compliance visits to potential suppliers

7%

more stakeholder grievances resolved in 2013

We are committed to fostering a high standard of ethical conduct throughout our business. All OMV Petrom employees must follow a clearly defined set of rules relating to conflicts of interest, gifts and hospitality and relationships with third parties.

What are we doing?

Core compliance and business ethics

OMV Petrom is part of a wider OMV Group compliance network. We align our compliance policies and activities with the wider Group and with international best practice standards. In 2013, our Compliance Management System was benchmarked and certified by KPMG, which is testament to the close cooperation between OMV and OMV Petrom's compliance experts.

Within OMV Petrom, core compliance falls under the responsibility of the Corporate Affairs and Compliance Department. Our key concerns relate to business ethics, antitrust, trade control and embargoes and insider trading matters. The Corporate Affairs and Compliance Department also deals with operational compliance matters such as grievances, compliance with permit requirements and land-related formalities arising in the field.

We proactively manage grievances and other operational compliance matters to meet stakeholder expectations and develop long-lasting relationships. Our Grievance Management System (GMS) provides a strong foundation for monitoring and solving issues raised by stakeholders. In 2013, we resolved 7% more grievances compared with the previous year.

Business Ethics Directive

We issued our first Business Ethics Directive in 2008. In 2012, we revised OMV Petrom's Code of Business Ethics with rules for dealing with issues including:

- ▶ Conflicts of interest
- ▶ Gifts
- ▶ Bribery and corruption
- ▶ Antitrust matters
- ▶ Trade control and embargoes
- ▶ Dealing with intermediaries and lobbyists

Compliance with our Code of Business Ethics is mandatory without exception. Employees who violate it face disciplinary procedures which could result in dismissal, a claim for damages and/or criminal prosecution of the individual and/or OMV Petrom.

In 2013, we strengthened our employee training and engagement to increase the focus on business ethics. Activities included:

- ▶ A new advisory platform – "Questions to the Corporate Compliance Officer"
- ▶ An online register to monitor sponsorships
- ▶ Insider DOs and DON'Ts notebooks on inside information, market abuse and insider training
- ▶ A new e-learning application to increase employee awareness of Competition Law

We carried out 13 internal compliance audits across the full range of business ethics issues. The internal audit team investigated several cases of suspected misconduct that were either detected via audits or reported to us directly.

You can read more about this work in the Communication and training section on page [\[••\]](#).



Our strategic approach (continued)

Compliance Management System

In 2012, OMV Petrom was included in a KPMG audit of OMV's Group-wide Compliance Management System. Our Compliance Management System sets out the principles and measures we apply to ensure compliance with all the relevant regulations. The audit process took over 18 months and the auditors concluded that the principles and measures outlined in OMV Petrom's Compliance Management System are suitable to detect potential and actual compliance violations. Our CMS is now certified against the international IDW Assurance Standard 980.

In order to promote healthy business behavior and manage the risk to operations, all managers' from levels 1-4 are required to sign conflict of interest declarations. In 2013, 590 managers signed the new declaration of conflict of interest.

We also continued to formally register any gifts received or offered in 2013 through our Electronic Register of Gifts. As a sign of our employees' commitment towards transparency, a total of 204 gifts received and 185 gifts offered were screened using this process.



Communication and training

2013 highlights

- ▶ We trained **1,139** people in business ethics across Romania, Bulgaria and Moldova
- ▶ **130** Employees attended our Compliance Day events
- ▶ OMV Petrom hosted a business ethics seminar addressing **15** members of the Romanian oil and gas employers' association

Effective communication is integral to a strong compliance culture. Every year, OMV Petrom's Corporate Affairs and Compliance Department develops a comprehensive communication program to promote compliance and business ethics across the business all levels.

What are we doing?

Embedding communication

In 2013, our employee engagement activities on compliance focused on two key areas of work:

- ▶ A comprehensive communication plan to promote understanding and ensure implementation of compliance rules and procedures; and
- ▶ The OMV Petrom professional compliance events program, with a special focus on E&P local operational areas.

We continued our series of professional compliance events known as "Compliance Days". Around 130 employees attended four Compliance Days throughout the year. Events consisted of a series of local workshops run by Corporate Affairs and Compliance experts.

In 2013, we produced business ethics cards for participants of training and compliance workshops. All employees can access support by directly approaching the Corporate Compliance Officer, or through dedicated channels such as the Business Ethics Helpline, a dedicated e-mail address and a new advisory platform – 'Questions to the Corporate Compliance Officer'.

External activities included presentations at the PwC Annual Compliance Conference and the hosting of a Business Ethics seminar joined by members of oil and gas employers' associations, as well as representatives of private companies.

Business ethics training

Throughout 2012 and 2013, we have provided training for around 2,500 people to support implementation of our CMS. In 2013 this area of work included:

- ▶ Around 1,100 managers and others exposed to business ethics risks across Romania, Bulgaria and Moldova received business ethics training
- ▶ The OMV Petrom Executive Board attended a compliance-dedicated workshop
- ▶ We provided training on Competition Law to a further 86 employees with high exposure to antitrust risks
- ▶ We launched a new Competition Law e-learning application

Training was followed up with an online survey to help us adapt future training and make it more engaging and interactive.

Internal communication on our Code of Business Ethics

In 2013, the OMV Petrom Executive Board took the opportunity to communicate compliance messages to employees at all levels of the organization through:

- ▶ An Executive Board statement was widely posted across business premises
- ▶ Around 2,000 copies of the Code of Business Ethics brochure were distributed at information points in 2012
- ▶ The Code was posted on the website and the intranet
- ▶ Business Ethics cards were distributed to employees participating in trainings and workshops
- ▶ A set of guidelines was communicated to introduce new procedures dealing with conflict of interest and gifts

What's next?

In 2014, we plan to start a new refresher training cycle that will include around 380 managers. The focus will shift from communicating compliance rules to building capability and promoting ethical decision-making. A further 300 employees will receive standard training and we will hold Compliance Days across at least another four E&P assets.



Suppliers and procurement

2013 highlights

- ▶ We made it mandatory that all OMV Petrom supplier contracts contain a specific clause which requires them to follow the principles of OMV Petrom's Code of Conduct
- ▶ A business ethics and human rights questionnaire was introduced as part of OMV Petrom's supplier audit
- ▶ 11 suppliers selected for comprehensive audit

100%

of purchasing was through suppliers who have accepted OMV Petrom's Code of Conduct

We aim to conduct our procurement processes in a professional, confidential and ethical manner. All procurement decisions must be in accordance with OMV Petrom's corporate guidelines, the Business Ethics Directive and our Code of Conduct.

What are we doing? Procurement policy and guidelines

In 2013, we updated our procurement corporate guidelines to include recommendations of Corporate Affairs and Compliance Department relating to sustainability and compliance. It is now mandatory that all supplier contracts require compliance with the OMV Petrom Code of Conduct.

In 2013, we established supplier management systems in all countries. We also carried out risk assessments and evaluation for all 'A' suppliers in OMV and OMV Petrom. 'A' suppliers are those that account for the highest percentage of total purchasing volumes by the procurement department. In 2013, 80% of OMV Petrom's total purchasing was through 'A' suppliers.

Development of local supplier networks is an important part of our strategy. In 2013, we ran a number of 'Supplier Days' and a 'Suppliers Fair' to help build relationships with existing and potential suppliers. Similar events are planned for 2014 to increase the number of local companies in our supplier network.

Supplier screening

We have strengthened our communication and engagement with suppliers to ensure compliance with OMV Petrom's business ethics values. In 2013, we carried out 14 compliance visits to potential suppliers identified during the Suppliers Fair. We also undertook a first pilot compliance audit of one of our local suppliers.

Human Rights

Our aim is to actively foster human rights within our sphere of influence. In addition to our existing CSR questionnaire, we introduced a Compliance Questionnaire for suppliers in 2012. We have now also introduced a mandatory Business Ethics and Human Rights questionnaire for use during standard OMV Petrom supplier audits, and our auditing teams have been specially trained on how to use it.

In 2013 we launched a new software system that bundles together all the relevant information on our 'A suppliers'. Of 190 'A suppliers', 11 were selected for comprehensive audits including compliance with human rights criteria.

Achievements and targets

What we planned for 2013 (and after)



- ▶ Carry out Human Rights Action Plan resulting from the OMV Human Rights Self-Check conducted in OMV Petrom
- ▶ Human Rights Training Program for managers – Topics such as Diversity and sexual harassment
- ▶ Identify projects for new country entry Human Rights questionnaire
- ▶ Advisory platform for compliance matters on OMV Petrom intranet
- ▶ Electronic Register for Commercial sponsorship on OMV Petrom intranet
- ▶ Comprehensive training and communication campaign, including organization of several “Compliance Days” events with a focus on local level (E&P Assets)

What we did in 2013



- ▶ Advisory platform for compliance matters on OMV Petrom intranet implemented on OMV Petrom Intranet
- ▶ Electronic Register for Commercial sponsorship implemented on OMV Petrom Intranet
- ▶ Comprehensive training and communication campaign conducted, including organization of four “Compliance Days” events in E&P Assets and training of 1,139 employees

What we will do in 2014



- ▶ Continue comprehensive training and communication campaign, including organization of several “Compliance Days” events with a focus on local level (E&P Assets), as well as a “Compliance Days” tailored for specific needs of employees involved in commercial activities
- ▶ Evaluation and training of selected suppliers on business ethics matters
- ▶ Follow-up on Suppliers’ Fair 2013
- ▶ Development of Manager’s Compliance Tool Kit

Management Systems and Policies

Our focus areas



Directives and policies

We follow strict directives and policies relating to health, safety, security, environment and Human Resources.



Process Safety

We proactively identify, analyze, evaluate and prevent process accidents that could occur.

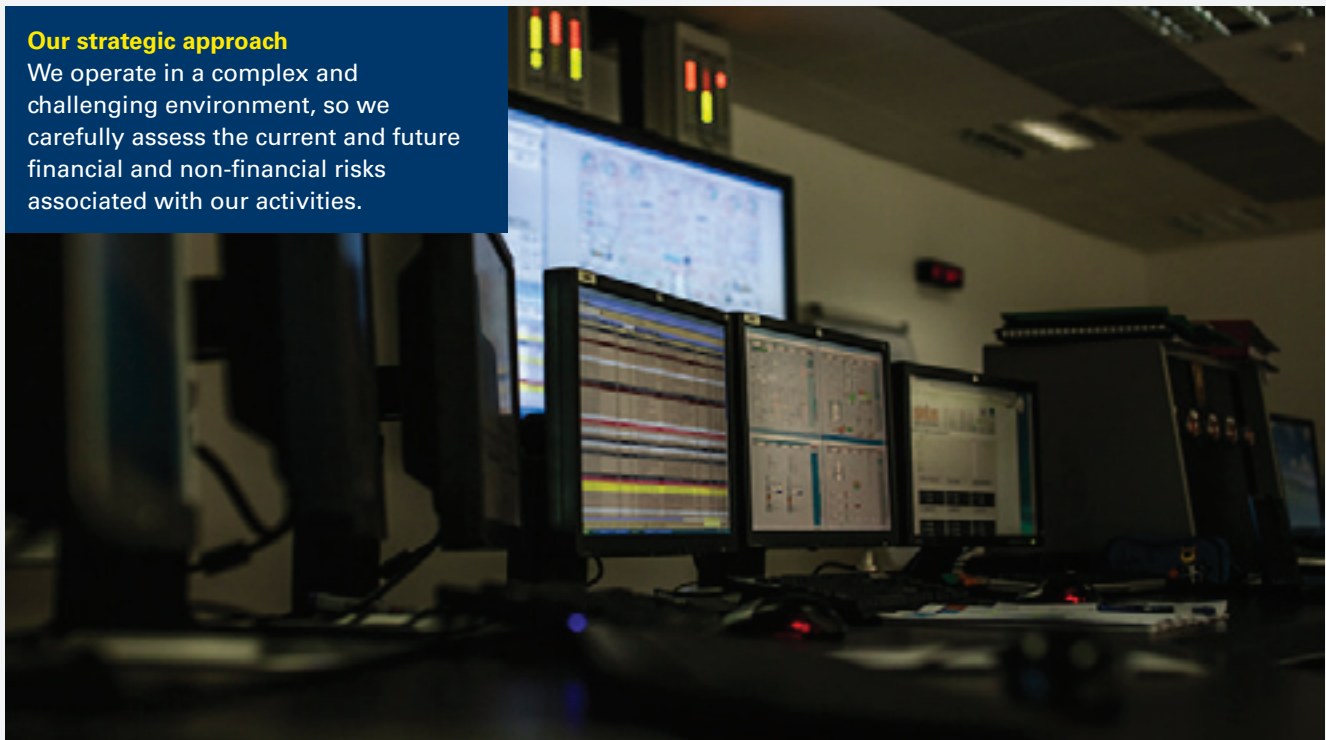


Risk management

We systematically identify risks and quantify impact.

Our strategic approach

We operate in a complex and challenging environment, so we carefully assess the current and future financial and non-financial risks associated with our activities.



What we achieved so far

80%

of OMV Petrom's business activities were ISO 14001 certified

100%

of crude oil processing and gas transmission were ISO 14001 certified

Risk management

2013 highlights

OMV Petrom Risk Academy is a training program aiming to increase the understanding and risk management competences for top and middle management.

4 modules of training have been developed in this program:

- ▶ Risk Management Fundamentals for an audience of **600** top and middle managers
- ▶ Risk Management Advanced for an audience of **280** top and middle managers
- ▶ Leadership in Risk Management for an audience of **60** top and middle managers
- ▶ Market and Financial Risk Management for an audience of **45** top and middle managers

We operate in a complex and challenging environment and the management of risk is an integral part of our company's sustainable growth. Systematic identification of risks, quantitative impact analysis, decision management and respect for the environment in which we operate are part of OMV Petrom's tools to meet and exceed the expectations of our stakeholders.

We assess the current and future financial and non-financial risks associated with our activities. This involves monitoring the pulse of our industry (ie. market growth, regulations, and technologies) and assessing the macroeconomic and environmental impact of these trends on OMV Petrom. We can then develop initiatives to effectively manage these uncertainties and decrease the potential impact of the risks we face.

Our Enterprise Wide Risk Management (EWRM) covers all operational and strategic risks. We follow industry best practice (ISO31000), which ensures that risks are identified and that mitigation measures are in place at all levels of the organization.

Our main risks are centrally managed to ensure effective delegation and that strategic objectives of the company are met. Our company follows strict corporate directives to manage risk exposure, including those relating to: health, safety, security and environment; legal matters and compliance; human resources and corporate social responsibility; human rights; and market price risks. Risk management is facilitated by the Corporate Risk Department as well as the other risk related departments (HSSE, Compliance, Internal Audit) and dedicated software supports the process. For substantial risks, particularly those requiring individual monitoring, we set clearly defined limits.

Main Risk exposures

The oil and gas industry is a highly challenging business environment. As a result, we are exposed to a variety of market risks as well as other risks, including operational, strategic, regulatory, political and hazard risks. Through our commitment to risk management and engagement with our stakeholders, we are able to safeguard our company's reputation, minimize our environmental footprint and meet the expectations of our stakeholders.

OMV Petrom's operations take place in many different geographical and social environments – from offshore Black Sea to the Republic of Moldova, Serbia, Bulgaria, Kazakhstan and Romania.

As a result, potential risks are not only widespread but also varied. The OMV Petrom Operations that are most visible include: sales via our filling stations; refining and storage activities; seismic operations in E&P; drilling activities; construction of pipelines and processing plants; and ongoing production operations.

In the future, our strategic operations will lead to further sustainable growth – mainly in areas where we are already active. Every new activity brings new community involvement, each with its own local culture and concerns. We have already proven that we can adapt and operate in diverse socio-economic environments over a sustained period of time.

Risk management (continued)

Political and regulatory exposures

While we are very familiar with the political environment in Southeastern Europe, especially its core oil and gas production areas, we closely observe political developments in all the markets in which we operate and before we enter new countries.

Changes in International, EU and national energy and climate policies and regulations will present major challenges for the oil and gas industry in the near future. For example, tighter rules in the European Union Emission Trading Scheme (EU ETS) for the 2013–2020 period might lead to higher production costs, significantly affecting international competition. In addition, uncertainty over the future market price of CO₂ poses a risk to the future cost of greenhouse gas (GHG) emissions allowances and credits.

Environmental and social risk management

OMV Petrom's risk management also includes social, political and economic risks. All of our operations integrate environmental, social and health impact assessments as the basis of risk management. Invariably, the greatest risks to the environment arise during exploration, development and production as well as from our downstream operations. For every facility and project, risk assessments are routinely carried out with emergency and crisis management plans in place. Community impact, hazard, environmental and climate change-related risks are assessed twice a year, together with all other identified risks.

Climate change

Climate change risks are also included in the Enterprise Wide Risk Management (EWRM). Risks relating to the EU Emission Trading Scheme (EU ETS) are separately recorded and then aggregated for the company as a whole. We are keeping a close watch on emerging regulations related to climate change in all of our operating countries.

With our markets already feeling the pinch of energy and climate policies, we actively collect economic data to assess the risk of climate change to our business. Further critical issues arising from climate change include: market price risk assessment concerning unknown future costs of CO₂; higher insurance premiums for financing; and risks arising from natural disasters. The frequency and intensity of extreme weather events may rise in the future, affecting our production and transportation infrastructure, either directly or indirectly.

Measures to mitigate the impact of identified climate change risks have been evaluated and either planned or implemented. They include: the use of economic instruments such as carbon portfolio management; group-wide consideration of GHG emissions and climate change-related issues; operational and engineering measures to protect platforms from storm damage; protection from flooding and other elements of nature. On the other hand, we can expect greater efficiency and innovation in production processes and products, along with the arrival of new technologies to deal with the energy challenges of the future.

Process safety and public affairs

Process safety

Process Safety Management (PSM) is our approach for proactive identification, analysis, evaluation and prevention of the release of hazardous substances and process accidents that could occur as a result of malfunctions 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 OMV Petrom. While we have advanced in some areas, previous assessments suggest that there is still work to be done. A PSM implementation plan was elaborated in 2011 and basic governance was established. Since process safety is associated 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, and the implementation of process safety.

Corporate Public and Regulatory Affairs

Our public and regulatory affairs activities are characterized by teamwork involving business divisions in OMV Petrom, as well as the Corporate Public Affairs departments in Vienna and Brussels, under the coordination of a dedicated Corporate Public and Regulatory Affairs Team in OMV Petrom.

Through the coordination of our Corporate Public and Regulatory Affairs team, we interact with decision-makers in politics, in public administration and regulatory authorities, as well as with key opinion leaders, participate in relevant public consultation processes, keep stakeholders informed about our business, seek feedback from them and make them aware of our views and concerns surrounding relevant issues, such as the competitive functioning of the Romanian gas and power markets; a stable, predictable and long-term fiscal and regulatory regime for upstream activities; the necessary framework for effective roll-out of energy efficiency measures.

We participate actively in business associations such as the Foreign Investors Council, the Romanian Association for the Promotion of Energy Efficiency, The National Romanian Committee in the World Energy Council, as well as the Romanian Association of Electricity Suppliers.



Fair competition

Fair competition

Our Issuer Compliance Directive provides guidance on the proper handling of inside information and how to prevent market abuse and insider trading. We have a compliance system and the relevant processes in place to support the implementation of the directive.

In addition, the common OMV Petrom and OMV Code of Conduct contain a clear commitment to the principles of free and fair competition. Our aim is to fully adhere to antitrust legislation. As well as fair trading practices. Every person acting on our behalf undergoes extensive training to ensure awareness of and compliance with these rules.

Advertising standards

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

Directives

Our regulations relating to how sustainability is managed across the Group are contained in the following directives and standards, deriving from the Code of Conduct principles.

Directives: Code of Business Ethics; HSSE Policy; Management System; Health, Safety, Security, Environmental, and several Human Resources directives.

Standards: HSE Terms and Definitions; Incident Investigation; HSE Risk Management; Contractor HSSE Management; group-wide HSE Reporting and Consolidation; Environmental Management Accounting; and Health Standards.

In addition, some business segments and sites have established specific complementary guidelines and procedures.



Policies

Policies

Our group-wide principles are set out in the OMV Group's Policy on Health, Safety, Security and the Environment (HSSE) as well as in our commitment to the UN Global Compact.

Detailed environmental standards are defined at a business segment and site level. Some [80%] of OMV Petrom's business activities (expressed in million tons 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 Petrom refineries, 6% of oil and gas production and 100% of the gas transmission volume sold by OMV Petrom. The HSSE Policy is also our primary tool for managing the quality and safety of our products.

All suppliers are required to adhere to the standards laid out in our Code of Conduct which includes procurement issues.

Data systems

In common with all modern businesses, we rely on effective data systems group-wide, such as our safety and environmental incident reporting tool known as CARE.



Performance in detail

Additional Performance Figures

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Abbreviations and Glossary

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Additional Performance Figures

Value creation and distribution to stakeholders

Revenues generated in 2013

	EUR mn
Net sales	5,473.50
Dividends and interest income	18.89
Proceeds from sale of assets	10.67
indirect taxes withheld and paid by OMV Petrom Group companies	2,065.33
	7,568.39

Value creation and distribution to stakeholders in 2013

		EUR mn	%
Suppliers	Operating expenses (- taxes - employees; incl. CAPEX)	3,800.94	50.22%
Governments	Taxes taxes less direct employee related (presented below)	2,602.12	34.38%
Employees	Employee wages and benefits	493.61	6.52%
Capital providers	Interest expense	31.25	0.41%
Shareholders (and hybrid capital holders)	Dividend distribution	356.29	4.71%
Society	Social spending	5.83	0.08%
Total distribution to stakeholders		7,290.04	96.32%
		EUR mn	%
Total value retained		278.34	3.68%

Significant monetary fines in 2013

	EUR
Monetary value of fines for non-compliance concerning provision and use of products ¹	13,466
Monetary value of fines for non-compliance with environmental laws and regulations	154,709
Monetary value of other fines for non-compliance with laws and regulations	204,496
Total	372,671

¹ In OMV Petrom an anti-trust litigation regarding the withdrawal of the retail product "Eco Premium" from the Romanian fuels market is still pending.



Safety

Occupational safety OMV Petrom Group

Own employees		2013	2012	2011
Fatalities	number	3	1	0
Lost workday injuries ¹	number	10	15	19
Fatality rate (FAR)	per 100 mn working hours	8.43	2.58	0
Lost-time injury rate (LTIR)	per million working hours	0.37	0.41	0.47
Total recordable injury rate (TRIR)	per million working hours	15.74	20.08	25.16
Lost-time injury severity (LTIS)	per million working hours	0.67	0.78	0.74
Fatal commuting accidents	number	0	1	0
Commuting accidents	number	5	9	5
Contractors ²				
Fatalities	number	0	1	1
Lost workday injuries	number	18	31	21
Fatality rate (FAR)	per 100 mn working hours	0	1.71	1.73
Lost-time injury rate (LTIR)	per million working hours	0.31	0.55	0.39
Total recordable injury rate (TRIR)	per million working hours	18.53	21.34	13.22
Lost-time injury severity (LTIS)	per million working hours	0.51	1.03	0.60
Fatal commuting accidents	number	0	0	1
Commuting accidents	number	0	0	1

1 Lost workday: calendar day. Lost workday injuries: incidents with more than one lost workday.

2 Partners and employees of filling stations are included in the scope of safety statistics.



Environment

Glossary

GHG:
Greenhouse gases

CO₂:
Carbon dioxide

CH₄:
Methane

N₂O:
Nitrous oxide

SO₂:
Sulfur dioxide

NO_x:
Nitrogen oxides

NM-VOC:
Non-methane volatile organic compounds

Environmental figures at a glance

Environmental indicators	Unit	2013	2012	2011
Energy consumption ¹	PJ	49.5	42.9	45.4
Water withdrawal	mn cbm	24	26	33
Thereof groundwater	mn cbm	8.06	7.84	11.29
Emissions				
GHG (direct, Scope 1) ²	mn t CO ₂ equivalent	5.2	4.5	4.3
GHG (indirect, Scope 2) ³	mn t CO ₂ equivalent	0.36	0.40	n.a
CO ₂	mn t	3.6	2.95	2.75
CH ₄	t	72,600	71,400	70,837
N ₂ O	t	36	36	130
SO ₂	t	1,413	1,290	2,197
NO _x	t	3,396	5,194	7,459
Non-methane-volatile organic compounds (NM-VOC) ⁴	t	7,133	9,250	2,740
Particulate emissions	t	177	151	343
Waste water emissions				
Chemical oxygen demand (COD)	t	697	764	822
Hydrocarbons	t	28.1	36.1	34.2
Total nitrogen	t	41	47	57
Waste				
Non-hazardous production waste	t	417,878	489,430	213,337
Hazardous production waste	t	174,291	251,927	172,119
Waste oil		-	-	-
Total waste	t	592,169	741,357	551,556
Spills	number	1,666	1,803	1,961
Flaring and Venting				
Hydrocarbons flared	t	n.r.	n.r.	n.r.
Hydrocarbons vented	t	n.r.	n.r.	n.r.

n.r.: not reported

1 Increase 2013 mainly due to the full year production in CCPP Brazi and higher production in Petrobrazi.

2 Increase 2013 due to the full year production in CCPP Brazi.

3 In 2013 improved methodology for Scope 2 calculation (subtracting OMV Petrom's sales of energy from the total purchased electricity for avoiding double counting of CO₂ emissions, as occurred in 2012).

4 In 2012 increase occurred due to adapted estimation and calculation methodologies in E&P.



Environment (continued)

Energy intake by energy source	Unit	2013	2012	2011
Natural gas ¹	cbm	49,729.06	37,405.40	33,734.71
Liquid fuels ²	TJ	1,749.26	3,124.06	3,981.89
FCC coke ³	t	3,565.62	2,536.90	3,108.03
Electricity, heat ⁴	TJ	3,793.50	3,678.80	4,293.71
Water withdrawal by source (in mn cbm)				
Groundwater		8.06	7.84	11.29
Surface water		10.18	12.94	16.81
Water from public supply systems		5.97	5.52	4.41
Water from other sources		n.r.	0.00	n.r.
Total water withdrawal		24.21	26.29	32.51
Thereof water delivered to third parties		1.15	1.46	n.r.
Thereof water for once-through-use		0.00	0.80	n.r.
Waste disposal by type in 2012 (in '000 t)*				
H landfill		54.77	49.01	3.43
H recycling		38.63	33.52	24.24
H incineration		44.44	124.53	93.25
H other Disposal		36.45	44.87	112.04
NH landfill		131.28	149.02	100.00
NH recycling		265.95	327.42	177.68
NH incineration		0.68	0.27	0.80
NH other disposal		19.96	12.72	9.21
Total GHG emissions by business segment* (in mn CO₂ equivalent)				
E&P		2.93	2.89	2.99
R&M		1.20	1.05	1.26
G&P		1.03	0.52	0.02
Total		5.17	4.46	4.28
Environmental operating costs in 2013 (in mn EUR)*				
Waste		41.58	29.82	48.32
Soil and groundwater		44.40	59.8	38.08
Air		45.78	8	4.78
Wastewater		7.73	10.83	11.02
Environmental management		10.44	6.05	10.01
Noise and vibration		0.00	0	0
Nature protection		0.00	0	0

n.r.: not reported

1 Total gaseous fuels.

2 Total liquid fuels.

3 Total solid fuels.

4 Total secondary energy.

* Environmental related operating costs (incl. end-of-pipe and integrated-prevention costs; excl. product-oriented prevention measures, reasearch and development and depreciation costs; excl.investments/revenues).



Human resources

Total headcount by employment type per 31.12.2013

Employees	Total
Status	
White-collar workers	8,261
Blue-collar workers	11,358
Apprentices	–
Employment type	
Full-time	19,611
Part-time ¹	8
Gender	
Male	15,118
Female	4,501

¹ In OMV Petrom, employees have the option to reduce the daily working-time to raise a child up to the age of two, respectively three years. These employees are reported as full-time.

Net employment creation and average turnover segmented 2013

Employees	Total
New recruitments	454
Thereof new jobs created	292
Thereof replacements	162
Contract terminations ²	1,907

² Including Social Plan terminations and retirements.

Additional information

Percentage of employees who have the right to exercise freedom of association and collective bargaining	100.00%
Percentage of employees represented by local trade unions or works council	92.19%
Percentage of employees for whom minimum wages or salaries were fixed by law or agreed upon by way of collective bargaining	99.62%
Percentage of employees covered by mandatory periods of notice under employment law or collective bargaining agreements for cases of restructuring	99.81%



Human resources (continued)

Details new recruitments 2013

	< 30		Age				Total	
	Abs.	%	30 – 50		> 50		Abs.	%
Male	118	46.5%	89	49.2%	8	42.1%	215	47.4%
Female	136	53.5%	92	50.8%	11	57.9%	239	52.6%
Total	254	100%	181	100%	19	100%	454	100%

Details contract terminations 2013

	< 30		Age				Total	
	Abs.	%	30 – 50		> 50		Abs.	%
Male	48	64.9%	721	72.1%	644	77.3%	1413	74.1%
Female	26	35.1%	279	27.9%	189	22.7%	494	25.9%
Total	74	100%	1,000	100%	833	100%	1,907	100%



Human resources (continued)

Average hours of training and education divided into categories in 2013

	Total
Senior management	
number of training participants	9
money spent on training (EUR)	12,907
hours per category	536
Management	
number of training participants	1,042
money spent on training (EUR)	1,665,219
hours per category	101,646
Experts	
number of training participants	2,628
money spent on training (EUR)	3,109,511
hours per category	158,979
Project managers	
number of training participants	187
money spent on training (EUR)	264,541
hours per category	10,771
Technicians	
number of training participants	5,606
money spent on training (EUR)	3,369,482
hours per category	543,694
Administrators	
number of training participants	105
money spent on training (EUR)	85,159
hours per category	7,254
Grand total	
number of training participants	9,577
money spent on training (EUR)	8,506,818
hours per category	822,880

Percentage of female employees 2013

Romania	22.7%
Bulgaria	47.3%
Republic of Moldova	57.1%
Serbia	52.6%
Kazakhstan	21.3%

Percentage of local employees 2013

Romania	99.9%
Bulgaria	100.0%
Republic of Moldova	100.0%
Serbia	100.0%
Kazakhstan	100.0%

Abbreviations and Glossary

ALARP As Low as Reasonable Practicable	H₂ Hydrogen
bn billion	HAZID Hazard Identification
BSC Balanced Scorecard	HAZOP Hazard and Operability Analysis
BSTDB Black Sea Trade and Development Bank	HMD Health Management Department
Cbm Cubic meters	HiPo High Potential Incident
CBO Community Based Organization	HR Human Resources
CEE Central and Eastern Europe	HSSE Health, Safety, Security and Environment
CHP Combined Heat and Power/ Cogeneration	HW Hazardous waste
CLP Regulation on classification, labelling and packaging of substances and mixtures	IAA International Advertising Association
CNG Compressed natural gas	IEA International Energy Agency
CO₂ Carbon dioxide	IGDP Integrated Graduate Development Program
CoC Code of Conduct	IPIECA International Petroleum Industry Environmental Conservation Association
CR&SA Community relations and social affairs	IVMS In-vehicle monitoring system
CSR Corporate Social Responsibility	k boe/d thousand barrel oil equivalent, thousand boe per day
E&P Exploration and Production business segment	KPI Key Performance Indicator
EBITD Earnings before interest, tax and depreciation	kt Kilotons
EBRD European Bank for Reconstruction and Development	LPG Liquefied petroleum gas
EEA European Economic Area	LTIR Lost-Time Injury Rate; number of injuries per one million working hours
EMA Environmental Management Accounting	MAE Major Accidents Event
ESIA Environmental and Social Impact Assessment	MW Megawatt
ETBE Ethyl tertiary butyl ether	MWh Megawatt hours
EU ETS European Union Emission Trading Scheme	NADF Non aqueous drilling fluids
EWRM Enterprise Wide Risk Management	NGO Non Governmental Organization
FAME Fatty acid methyl ester	NHW Non hazardous waste
G&P Gas and Power business segment	NO_x Nitrogen oxides
G2P Gas to Power	OGP International Association of Oil and Gas Producers
GHG Greenhouse gas	OGSS GRI 's Oil and Gas Sector Supplement
GRI Global Reporting Initiative	PDS Performance and Development System
	PJ Petajoule: 1 PJ equals 10 ¹⁵ joules
	PPE Personal Protection Equipment

Abbreviations and Glossary (continued)

ppm Parts per million

Ppm parts per million

PSM Process Safety Management

Q1 First quarter of calendar year

R&M Refining and Marketing
business segment

REACH Registration, Evaluation,
Authorization of chemicals

Scope 1 Direct emissions;
category of GHG accounting as defined
by the Greenhouse Gas Protocol

Scope 2 Indirect GHG emissions;
from purchase energy such as
electricity and heat

SEE Southeastern Europe

SEN National Energy System

SHDB Stakeholder Data Base

sqm Square meters

Th scbm Thousands standard cubic meter

TJ Terajoule: 1 TJ equals 10¹² joules

TWh Terawatt hour

UNGC United Nations Global Compact



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