

# Sustainability Report 2010



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## Abbreviations and Definitions Masthead

Rating agencies evaluate the financial and the sustainability performance of OMV Group against social, ethical, and environmental criteria. Our shares and bonds may be eligible as socially responsible investment.



## About This Report

**The OMV Sustainability Report 2010 presents our sustainability performance data. It describes how we integrate environmental, social, and economic considerations into our business. Functional strategies in the areas of health, safety, security, and environmental management (HSSE), community relations and social affairs, and human resources (HR) assist and facilitate our sustainability management process. As a forward-looking company, we anticipate learning from your comments, ideas, and suggestions for improvement. Please let us know what you think. You can get in touch with us by e-mail: [info.sustainability@omv.com](mailto:info.sustainability@omv.com)**

What sustainability means to us: [www.omv.com](http://www.omv.com) > Sustainability: HSSE



The report covers the 2010 business year, continuing seamlessly from the 2009 report. We continue to publish the Sustainability Report together with the Annual Report.

### Reporting Boundaries

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

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

We work closely on material sustainability matters with our joint venture partners, filling station licensees, contractors, and suppliers. Examples of how they implement our policies are given in this report.

### Content and Materiality

In selecting the content for this report, we applied the materiality principle. The materiality assessment takes into account that reported information covers topics and indicators that would substantively influence the assessments and decisions of management and stakeholders.

For the present report, internal and external stakeholders were asked to rank about 60 topics according to their impact on and significance to OMV on a scale from 1 (= low) to 6 (= high). The topics of highest significance are addressed in the print version of this report, and additional information can be found on the website.

Furthermore, at the start of the reporting cycle, the team of editors reviewed all the aspects covered in the GRI guidelines for sustainability reports. The team came to the conclusion that all aspects are relevant for an industrial company that operates internationally. Therefore, OMV decided to adhere to the principle of comprehensive and transparent reporting and provide as much information as possible about all material core indicators and some additional indicators as well. The report was prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), the GRI Oil and Gas Sector Supplement currently under development, and the Greenhouse Gas Protocol (GHG Protocol), a corporate accounting and reporting standard developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

Environmental and safety KPI reporting



The data is consolidated at Group level. In addition, a breakdown of environmental and safety key performance indicators for the operating business segments Exploration and Production (E&P), Refining and Marketing, including Petrochemicals (R&M), and Gas and Power (G&P), is available in the online report.

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

- ▶ Figures from holdings of 50% or less if there is no significant operational influence
- ▶ Environmental data from filling stations, due to the fact that the vast majority of them are operated by partners functioning as independent companies, except filling stations under the control of Petrom Marketing that meet the above-mentioned boundary criteria.

## Sustainability Issues Identified as Material for OMV



### Stakeholder Involvement

Despite the abundance of obligatory information associated with a sustainability report that meets the requirements of the A+ Application Level of the GRI, it was important to OMV to address the crucial questions and suggestions of our stakeholders appropriately. The "In the Spotlight" chapter of this report focuses on topical subjects discussed with our stakeholders during the regularly held Stakeholder Fora.

### Reporting Methodology

Data generation at site level relies on a variety of business-specific methods, process systems, and tools. We use a central reporting tool, which can be accessed from all OMV sites and offices via the OMV Intranet, for the Group-wide collection of HSSE data. Standardized definitions were developed for all indicators and made available online. The completeness and accuracy of reported data are checked at the corporate level. Cross-checks are performed systematically. Feedback loops with the reporting sites and departments ensure high data quality. This reporting process is documented in written

procedures. If we identify limitations in the coverage or reliability of data, we disclose them and implement measures to improve the reporting process. As detailed in the Assurance Statement, Deloitte has reviewed parts of the print and online versions of the Sustainability Report 2010, as well as aspects of the underlying management systems.

### Corporate Regulations

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

## Links and Cross-References

**Sustainability is an integral part of the OMV strategy 2015, the 3plus Strategy. We report our performance according to the triple bottom line – People, Planet, Profit – by combining our Annual Report and our Sustainability Report to achieve comprehensive sustainability reporting. The Annual Report contains certain subject matter and detailed data that must be included in sustainability reporting to meet the criteria of the A+ Application Level of the GRI Reporting Guidelines.**

The comprehensive online version of this Sustainability Report contains further information, details, case studies, and the breakdown of performance data by business segment. In our new and interactive Sustainability World, we present numerous examples of local stakeholder dialogues, community projects, and how we deal with sustainability issues in our daily operations worldwide. The print report uses a Web symbol to indicate that more information on a particular subject is available on the OMV website: [www.omv.com/sustainabilityreport](http://www.omv.com/sustainabilityreport)

Although its focus is on business performance data, the OMV Annual Report 2010 also describes OMV's organizational structure, objectives and strategy, corporate governance, risk management, and business segments. To help save natural resources by avoiding redundant information in the Sustainability Report, the following topic map identifies essential information in the Annual Report that is relevant to understanding our sustainability performance in a business context.

This symbol indicates that additional information is available online



**Organizational Structure**  
General information on the management and ownership structure of OMV

**Objectives and Strategy**  
Objectives and strategy of OMV, the operating business segments, and Petrom

**Corporate Governance**  
Management structure of OMV, including the Statement of the Supervisory Board, the Corporate Governance report, compensation of the Executive Board members, and a description of the independence of the audit entities

**Risk Management**  
Description of the key risks identified and the preventive measures taken

**Operating Business Segments**  
Description of the operating activities in the business segments Exploration and Production (E&P), Refining and Marketing, including Petrochemicals (R&M), and Gas and Power (G&P)

**Financial Performance**  
Presentation of the performance data for the 2010 reporting period in the directors' report, consolidated financial statements, and performance indicators

**OMV Annual Report 2010**

## Foreword by the CEO

### Dear Stakeholders,

Events and trends in 2010 have reinforced our commitment to our driving values – Professionals, Pioneers, Partners – as we pursue our goals of strategic growth and responsible operations management.

A major accident, such as the Gulf of Mexico oil spill in April 2010, highlights the inherent risks associated with oil and gas production. OMV has robust management systems, standards, and processes in place to minimize the risks to people, the environment, and our assets. But we cannot afford to be complacent. Last autumn, we began an extensive review of both the potential for major accident events throughout our operations and the appropriate risk reduction measures.

For OMV, the year brought notably positive developments: in addition to expanding our presence in the important Turkish market, we seized new opportunities in the power business.

As we grow, we depend on our employees to ensure that OMV Group activities are conducted responsibly and in accordance with industry

best practices. We must continue to attract and motivate talented people with different kinds of experience. After all, workforce diversity is a key success factor in the global market. In 2010, we committed ourselves to a diversity strategy that will make our workforce even more international.

That new diversity strategy also foresees the promotion of more women to senior management positions, an issue that some of you raised at the OMV Stakeholder Forum in October. The annual event enables us to present our business strategy and performance, while giving you a chance to tell us what you expect from a responsible energy company. This year, diversity and gender equality were among the wide-ranging topics discussed by participating stakeholders, members of the OMV Executive Board, including myself, and OMV employees from various departments. We also talked about issues, such as safety and environmental management in the oil and gas industry, future low-carbon energy systems, and protecting human rights, in the regions where we operate.

I was encouraged by how open and serious our dialogue has become in just a few years. Whether or not we see eye to eye with all our stakeholders on every subject, engaging in an honest give-and-take is enormously valuable to us. What we learn at the Stakeholder Fora and in countless ongoing dialogues is reflected both in this Sustainability Report and in our day-to-day work.

Sustainability is a prime example of an area where your feedback is crucial. To that end, we set up a Web-based dialogue by inviting you, our stakeholders, to rate OMV's sustainability performance, identify sustainability management topics you consider material, and submit comments. We improved our sustainability communications in other ways as well. "Sustainability World" is a new interactive section of the OMV website with descriptions of over 20 sustainability-related projects.

For ten weeks in 2010, employees contributed to a sustainability blog on the OMV Intranet.



The discussion topics, which changed weekly, included greenhouse gas (GHG) emissions reduction, environmental challenges connected with specific operations and projects, safety issues, and community relations.

Workplace safety continued to be a priority in 2010. There were fewer work accidents that resulted in lost work time than in 2009. The reporting period also saw four tragic fatalities, however, which is totally unacceptable. The number of reported near misses, hazards, and findings increased over 2009. Reporting raises awareness across the Group, strengthening the safety culture.

Respect for human rights is thoroughly integrated into all our activities. In 2010, we rolled out an e-learning tool for our employees that explains the relevance of human rights protection for our business.

The decision we made in 2010 to build our first wind farm in Romania marked a milestone in our efforts to reduce the carbon intensity of our portfolio. The construction of high-efficiency gas-fired power plants is also on track.

Sustainability was further embedded in our business on the basis of our three defined focus areas, Diversity & Education, Health & Safety, CO<sub>2</sub> Emissions Reduction & Energy Efficiency. Under the Performance & Development and Management by Objectives systems, managers set more than 3,600 sustainability targets. Their achievement will be evaluated and will affect the non-result-related variable compensation (bonuses) awarded to our managers.

Our sustainability performance to date has been recognized with awards and good rating results. The challenge now is to keep improving. In terms of safety, our focus in 2011 will be on identifying and reducing the risk of high-potential incidents (HiPos). We will step up our efforts to convey our safety and environmental management standards to our contractors.

Our climate change agenda remains unchanged. In 2010, we made further progress on achieving our GHG emissions reduction and energy efficiency targets. In the coming year, we will examine biodiversity, water management, and other natural resource issues in specific regions where we are active.

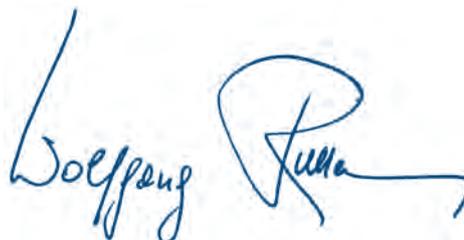
In 2010, we increased our stake in the Turkish company Petrol Ofisi. As the company is integrated into OMV Group, it will be integrated into our Sustainability:HSSE management system and related processes. True to our values as "Professionals, Pioneers, Partners," we will combine strengths, exchange expertise, and leverage synergies.

As a signatory to the UN Global Compact (UNGC), OMV must implement the 10 UNGC principles on human rights, labor standards, the environment, and anti-corruption. In this Sustainability Report, we communicate the progress made since the previous year on the fulfillment of our commitments.

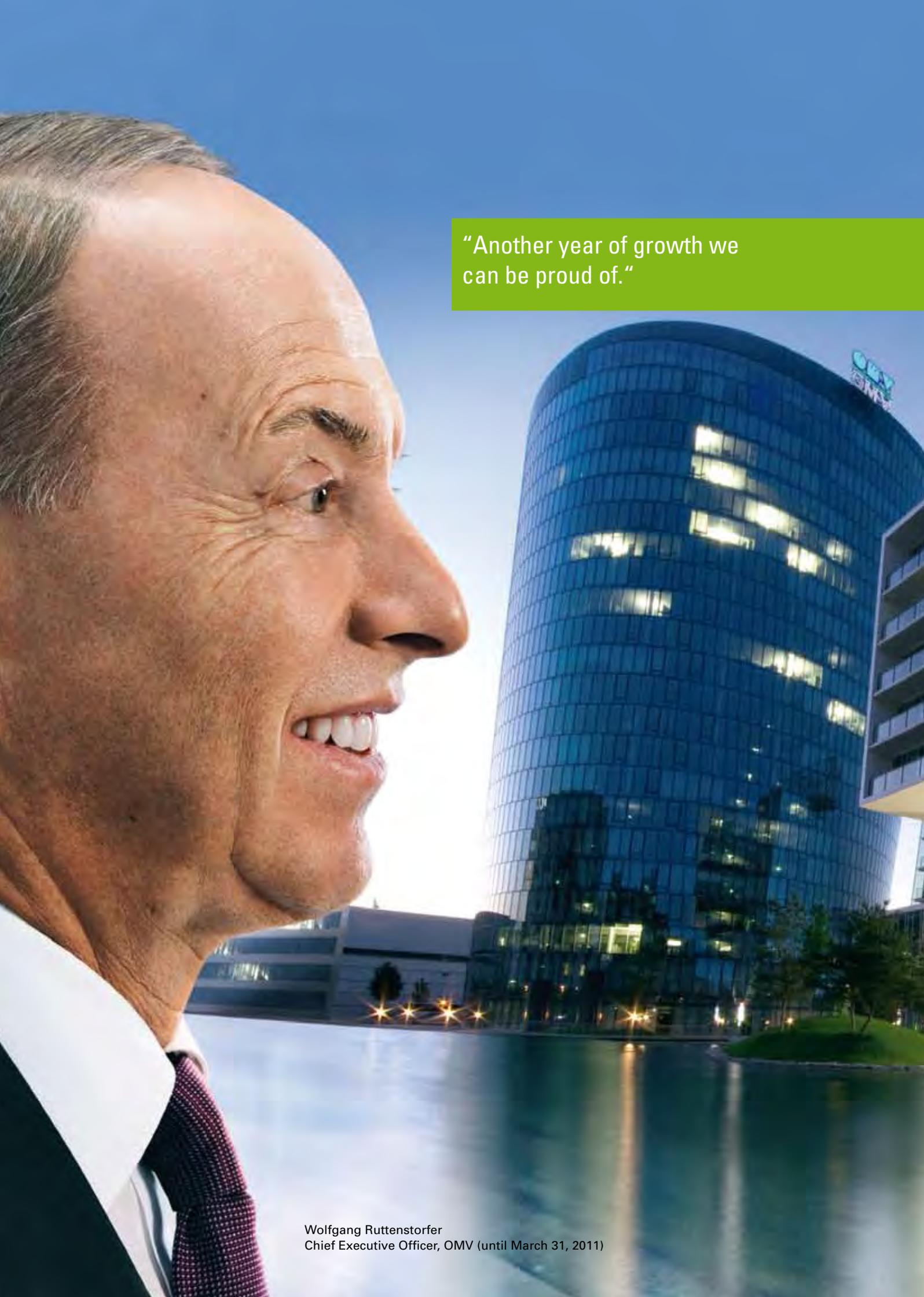
I would like to thank all our employees and partners for their dedicated efforts to develop our sustainability approach and make it an integral part of our business. Moreover, they play an important role for OMV's sustainable growth and the creation of value for our shareholders and stakeholders.

I am very proud of what OMV has accomplished as a socially and environmentally responsible company. My successor as CEO, Gerhard Roiss, will now guide the Group into a sustainable future.

Vienna, March 22, 2011

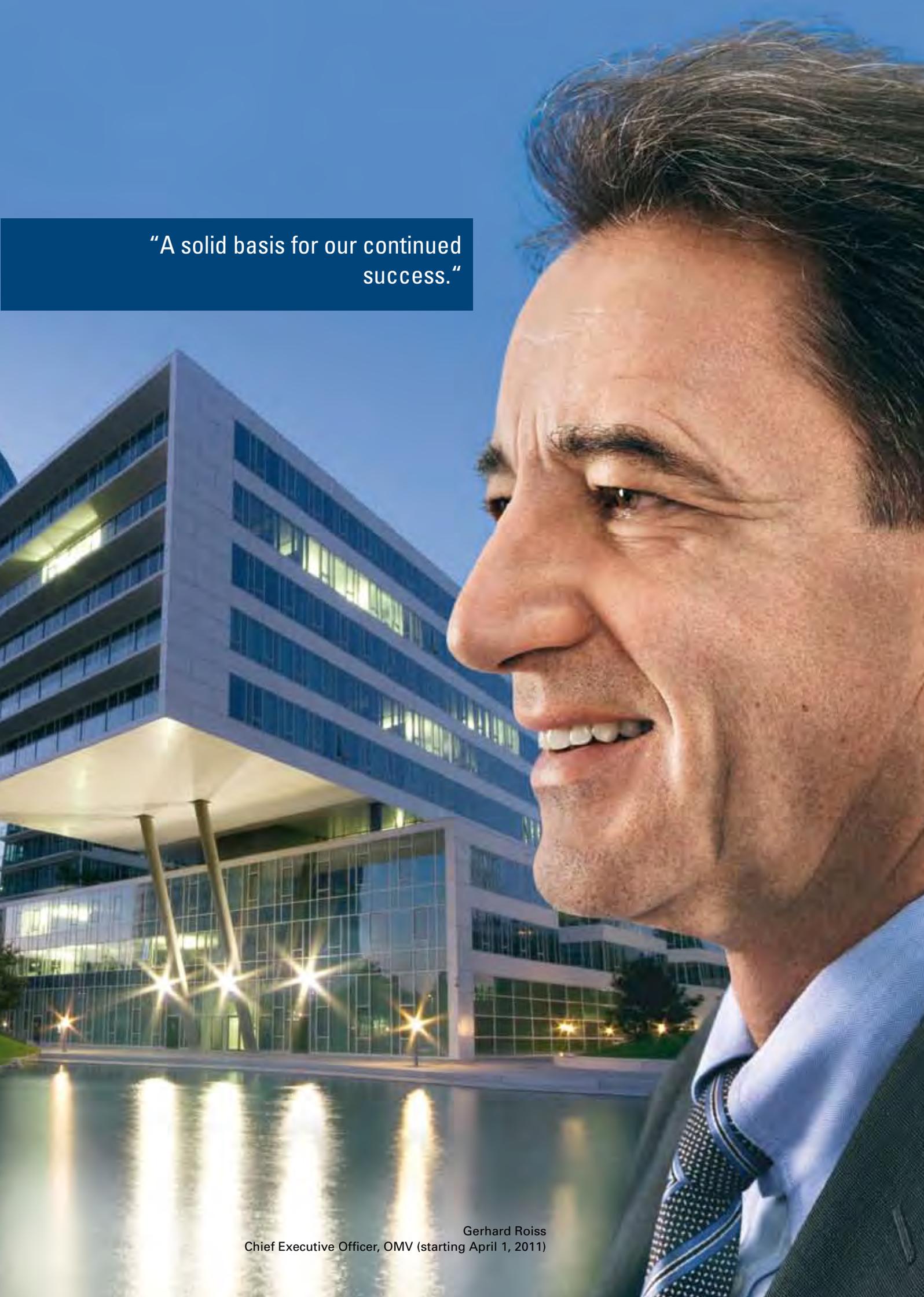


Wolfgang Ruttensstorfer



“Another year of growth we  
can be proud of.”

Wolfgang Ruttensdorfer  
Chief Executive Officer, OMV (until March 31, 2011)



"A solid basis for our continued  
success."

Gerhard Roiss  
Chief Executive Officer, OMV (starting April 1, 2011)

## Strategy and Objectives

**Our vision of sustainability management at OMV is to make health, safety, security, environment, community relations, and social affairs natural and integrated parts of OMV Group's activities. Our aim is to apply industry best practices, act responsibly, and promote sustainable growth for the benefit of all stakeholders. To this end, we identify, manage, and mitigate risks to people, assets, the environment, company reputation, and local communities.**

### 3plus Strategy

OMV must contribute to a secure and diversified energy supply, while at the same time delivering solutions to mitigate climate change. Our road to market leadership is based on a clear strategy that combines and applies the "3plus" assets of OMV:

- ▶ OMV operates three integrated business segments – Exploration and Production (E&P), Gas and Power (G&P), and Refining and Marketing (R&M) – plus, we are strategically

integrating sustainability across our entire business portfolio.

- ▶ OMV operates in three growth markets – CEE, SEE, and Turkey – plus, we are maintaining our presence in supply regions to secure energy supplies for our markets.
- ▶ OMV focuses on three values – Professionals, Pioneers, Partners – plus, we are realizing synergies by leveraging integration benefits between business segments.

### Sustainability Risks and Opportunities

More about sustainability risks and opportunities



As part of our regular strategic review, we monitor both the macroeconomic environment and our industry's situation (market growth, regulations, technologies, etc.), assess the impact of these trends on OMV, and develop strategic initiatives. On the operational level, we measure financial risks by their potential impact on OMV's EBITD and cash flow; and we assess non-financial risk in social and environmental impact assessments, HAZID and HAZOP studies, and by means of other recognized methodologies.

#### People

Any major incident at our operational sites, especially refineries, offshore platforms, pipelines, or power plants, would have significant impact on the environment, the health and safety of our people, on our community relations, and potentially on the survivability of the company.

The well-qualified, motivated people who make up our international workforce are key to OMV's future. However, hiring and retaining highly specialized staff can be a real challenge in our industry.

#### Planet

Future climate change and carbon pricing may result in increased expenditure and reduced profitability, especially in the refining business. All our activities are subject to stringent environmental regulations, which may result in costs related to compliance and remediation. Since oil and gas are finite resources, our long-term success and profitability depend on the ability to adapt the business model to new, emerging energy systems in the future.

#### Profit

OMV operates in a highly challenging business environment. Oil prices remain volatile, but moving toward a low-carbon economy requires major investments from the oil industry. Increased stakeholder expectations need to be addressed in order to ensure not only the license to operate but also the license to grow. Transparent information and communication are absolutely essential to safeguard the company's reputation.

## Sustainability Committee

The Sustainability Committee assists the Executive Board, which bears overall responsibility for integrating sustainability practices into company management. The Committee enables strategic coordination

across business segments and departments. It is headed by the Senior Vice President Corporate Affairs & Sustainability and made up of representatives from each business segment and the heads of corporate functions.



The Committee identifies and analyzes new risks and emerging issues that could affect the company in order to determine whether sustainability measures might mitigate their impact or help protect the company against them. It seeks to become a Group-wide platform that will share knowledge, set cross-divisional

priorities, work on joint projects, and harmonize activities, which will then be included in the Committee's proposals to the Executive Board.

Petrom's CSR Advisory Board is structured so as to assist the Petrom Executive Board with sustainability management.

## Sustainability Strategy

To ensure that our business grows in an economically, environmentally, and socially balanced way, OMV has drawn up a set of functional strategies that will underpin and foster its 3plus Strategy. The functional strategies cover all areas of sustainability management: health, safety, security, environment, community relations, social affairs, and human resources. The overall goals of our Sustainability:HSSE Strategy 2015 are:

- ▶ **Health, Safety, Security, and Environment (HSSE):** HSSE is a natural and integrated part of our activities. We apply industry best practices, act responsibly, and are accountable for our actions.
- ▶ **Community Relations and Social Affairs:** We manage our business responsibly, live a culture of integrity, and seek to obtain and maintain our license to operate.
- ▶ **Human Resources (HR):** In all our HR activities, our aim is to position OMV as an employer of choice on a truly international level.

Sustainability:HSSE Strategy 2015 in detail: [www.omv.com](http://www.omv.com)  
 > Sustainability:HSSE  
 > Sustainability:HSSE Strategy



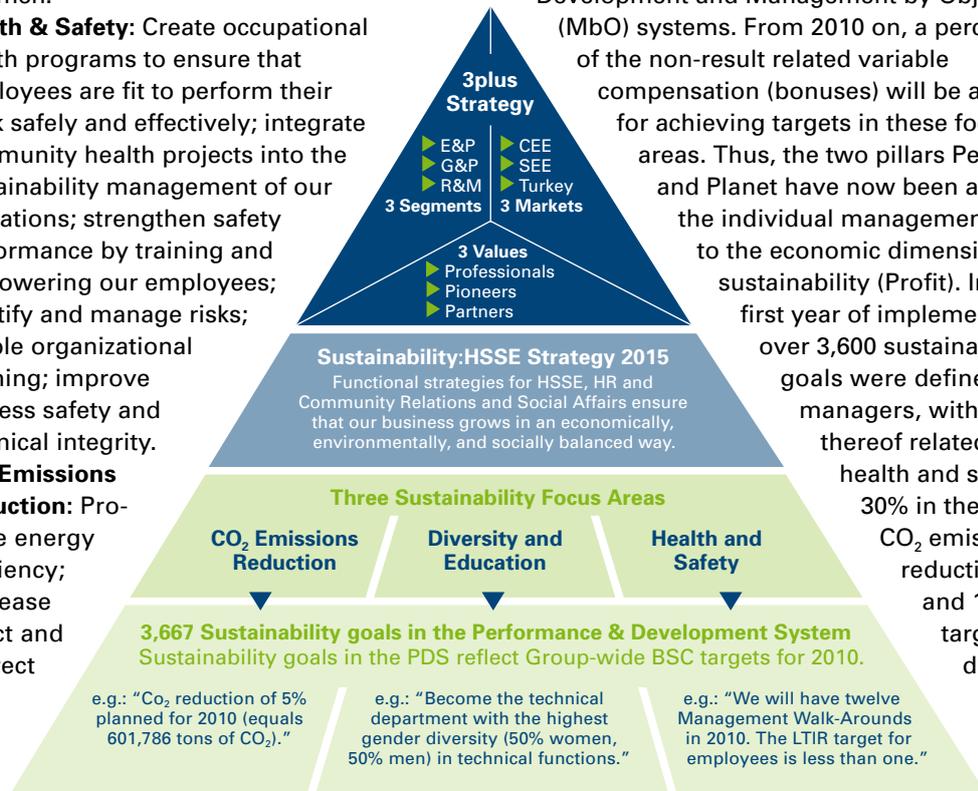
### Sustainability Focus Areas

To further strengthen the integration of sustainability issues into all business processes, we have identified three areas of activity that have been targeted for the medium term:

- ▶ **Diversity & Education:** Promote the development of a multicultural and international workforce, while honoring our cultural roots; provide equal opportunities for both women and men.
- ▶ **Health & Safety:** Create occupational health programs to ensure that employees are fit to perform their work safely and effectively; integrate community health projects into the sustainability management of our operations; strengthen safety performance by training and empowering our employees; identify and manage risks; enable organizational learning; improve process safety and technical integrity.
- ▶ **CO<sub>2</sub> Emissions Reduction:** Promote energy efficiency; decrease direct and indirect

emissions; build awareness and foster behavioral changes on the part of employees, suppliers, and customers.

As of 2010, we have included the three sustainability focus areas in the target setting process, at the corporate level through the Balanced Scorecard, and at the individual management level through the Performance & Development and Management by Objectives (MbO) systems. From 2010 on, a percentage of the non-result related variable compensation (bonuses) will be awarded for achieving targets in these focus areas. Thus, the two pillars People and Planet have now been added at the individual management level to the economic dimension of sustainability (Profit). In the first year of implementation, over 3,600 sustainability goals were defined by managers, with 53% thereof related to health and safety, 30% in the area of CO<sub>2</sub> emissions reduction, and 17% targeting diversity issues.



### Sustainability Program

The Sustainability: HSSE Strategy 2015 and the Sustainability Program 2010/2011 are presented on the back flap.

Our annual Sustainability Program provides a consolidated overview of OMV's performance during the reporting period in eight areas: Leadership, Economy, Human Rights, Employees, Health, Safety and Security, Environment and Community Relations. It also sets out the targets for the next reporting period.

We constantly monitor our sustainability performance. Non-financial information and key performance indicators in the areas of the environment and safety are included in the regular financial reports to senior management, including the Supervisory Board.

# Corporate Profile

As the leading energy group in Central and Southeastern Europe, OMV provides energy for more than 100 million people. We operate in more than two dozen countries on four continents. Our activities include exploration and production of oil and gas, transport, refining, maintaining a network of about 2,300 filling stations, and selective investments in power in addition to our core business. Our employees contribute to the sustainable growth of OMV as professionals, pioneers, and partners.

OMV Group is organized as a holding company. The management holding provides for a clear,

transparent, and flat hierarchical management structure.

[www.omv.com](http://www.omv.com)  
> About OMV  
> Investor Relations  
> Corporate Governance & Organization

## Products

OMV produces far more than just fuel. Along with gasoline and diesel fuels, our product range includes bitumen, oils, lubricants, gas, and heating oil, as well as specialty products, such as petrochemical products and fertilizers, for our industrial customers. As a fully integrated energy group, OMV looks for ways to achieve synergies between the business segments and

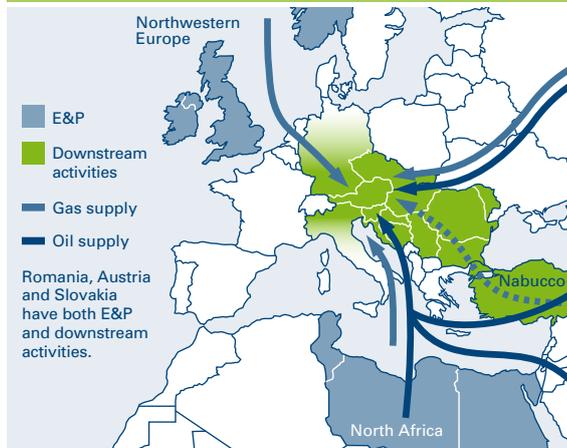
along the entire value chain. We will continue to orient our product portfolio toward sustainability by reducing the carbon intensity of our products and services. This means strengthening the less carbon-intensive gas business segment, extending the value chain toward the power business segment, and adding renewables to the portfolio.



[Products and brands](#)



### Balanced Integration across Businesses and Markets



## Our Commitment

By joining the UN Global Compact (UNGC), OMV made a commitment to implement the 10 UNGC principles on human rights, labor standards, the environment, and anti-corruption.

The OMV Code of Conduct sets forth clear rules of behavior in accordance with the UNGC. It

applies to all OMV employees in all business segments as well as to contractors.

“Professionals, Pioneers, Partners” are OMV’s corporate values. As an intrinsic part of the 3plus Strategy, they are a key driver of our sustainable growth, motivating and guiding OMV employees.

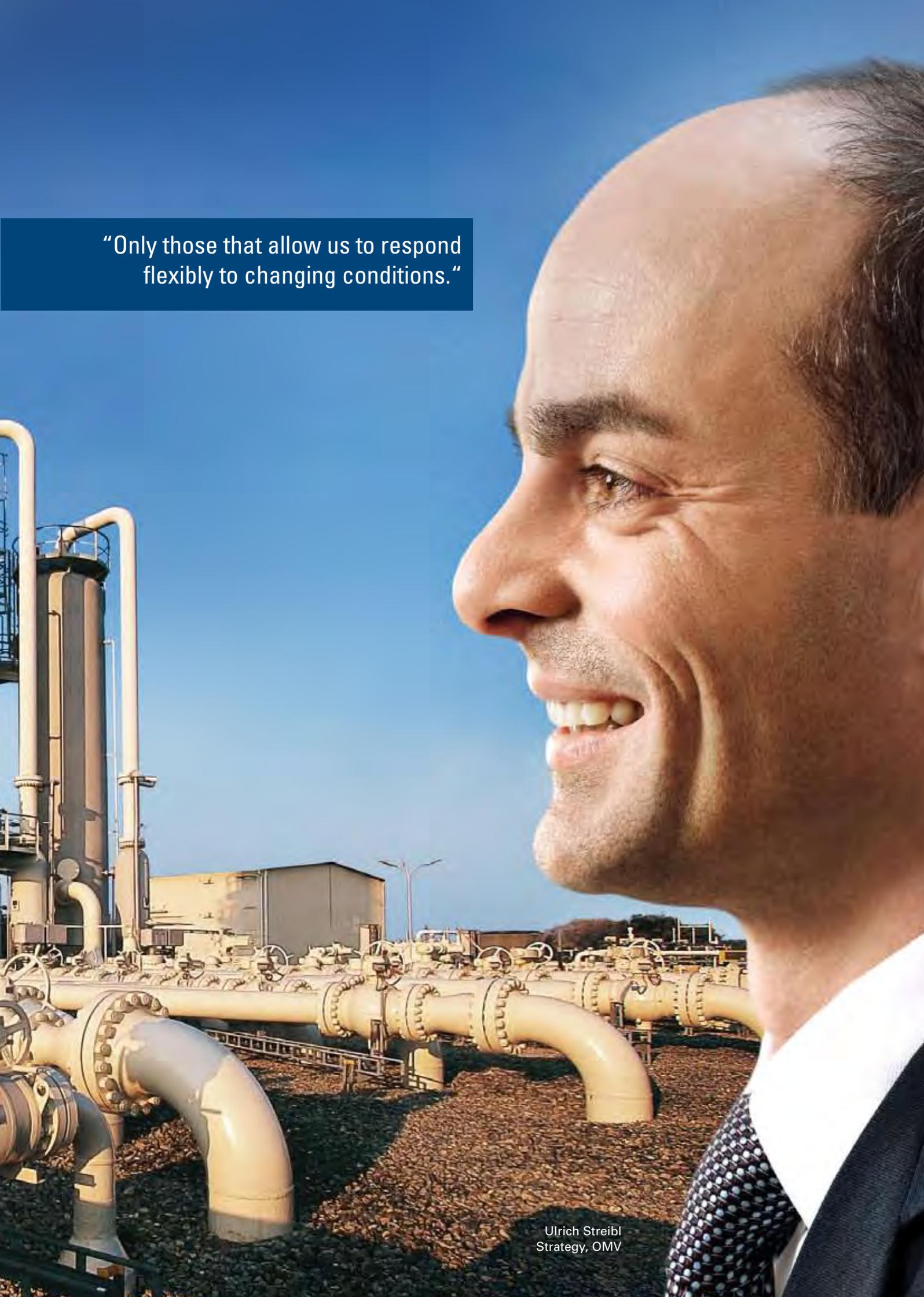
[Read more about our commitment and find information about OMV awards, ratings, and memberships on our website](#)





"What are the growth strategies needed to prepare for the future?"

Bianca Hawel  
Student

A close-up profile photograph of Ulrich Streibl, a man with a receding hairline, smiling and looking towards the left. He is wearing a white dress shirt, a dark patterned tie, and a dark suit jacket. The background is an industrial facility with numerous large, yellow-painted pipes and valves, set against a clear blue sky. The ground is covered with dark gravel.

“Only those that allow us to respond flexibly to changing conditions.”

Ulrich Streibl  
Strategy, OMV

## OMV in Dialogue

**As a large industrial group that operates internationally, OMV has a wide range of stakeholders. We define a stakeholder as a group or individual who has a legitimate stake in our organization and/or is affected by our business activities. In line with the principles of sustainable corporate governance, we engage in constructive dialogue with all our stakeholders, and most importantly, we take stakeholder concerns seriously. OMV's stakeholders provide major impetus for the ongoing development of our sustainability activities, particularly with regard to issues management.**

### Stakeholder Management

Stakeholder  
Landscape:  
[www.omv.com](http://www.omv.com) >  
Sustainability:HSSE  
> Stakeholder  
Management



OMV considers stakeholder engagement an integral part of a responsible business strategy. Analyzing our stakeholder groups according to relevance and getting to know their interests and views helps us to improve our performance and stay on course in times of societal change. Our stakeholders include investors, customers, employees, communities, suppliers, authorities and others. By engaging in dialogue with all interested parties, our goal is to earn their trust and build lasting relationships.

An important step in ensuring efficient stakeholder management at OMV and at Petrom was the joint development of a customized software application in 2010. The database assists management and employees in identifying and reviewing relevant stakeholders and in managing our interactions with them across all our business activities. In the course of the project, we also revised our "stakeholder landscape" and included some additional groups that we identified as relevant.

### 2010 Stakeholder Forum

OMV Stakeholder  
Forum 2010:  
[www.omv.com](http://www.omv.com) >  
Sustainability:HSSE  
> Stakeholder  
Dialogue  
> Stakeholder  
Forum 2010



OMV convened its fifth annual Stakeholder Forum on October 21, 2010 at its Vienna head office to discuss the Group's sustainability performance and enable a better understanding of stakeholder needs and expectations. Prior to the event, the invited stakeholders had been asked to evaluate OMV's sustainability performance that would later be discussed at the Stakeholder Forum. Some 100 stakeholders attended the event.

OMV CEO Wolfgang Ruttenstorfer assured the participants that the views and suggestions presented at the Stakeholder Forum would be taken seriously in the company's future decision making. Executive Board member Gerhard Roiss added that maintaining a dialogue with its stakeholders was of great value to OMV.

#### Follow-Up Activities

An extensive record of the discussions was published on the OMV website. A summary of material issues can be found on pages 14–18. The aim of an internal follow-up workshop a few weeks after the event was to evaluate the discussion atmosphere and the topics raised by our stakeholders and to outline the future development of the Stakeholder Forum.

The topics chosen for discussion at the 2010 OMV Stakeholder Forum were related to OMV's three pillars of sustainability: People, Planet, Profit. A total of six round-table discussions were held simultaneously.

### 2010 Petrom Stakeholder Dialogue Forum

Petrom held its second Stakeholder Dialogue Forum on November 25, 2010 in Bucharest on the topic of gas market liberalization. Executive Board members discussed this topic with

Petrom experts and representatives from key stakeholder groups, such as, authorities, gas companies, and NGOs.

## Local Stakeholder Dialogues

OMV maintains a permanent dialogue with local stakeholders during the planning of new projects and in the course of our operations.

### Power Plant Projects

OMV is investing in an 870 MW combined cycle gas-fired power plant (CCPP) in Kozluk, Turkey, and wants to build trust and mutual understanding in the planning stage of the project. In 2010, activities held by OMV to that end included a field trip with 30 local administrators from Kozluk and Terme to a gas-fired power plant already in operation in Bursa, an information fair with 600 participants, and installation of a grievance

mechanism. Local residents were invited to the ground-breaking ceremony on October 8. In the run-up to construction of an 850 MW CCPP in Haiming, Germany, a referendum resulted in 60.9% of voters opting for continuation of the project.

### Future Mobility

The Schwechat refinery in Austria headed a project to encourage young people to examine mobility issues and think about future energy solutions. Approximately 80 pupils visited the Schwechat refinery and participated in a workshop about different energy sources for future mobility and their impact on CO<sub>2</sub> reduction.

Find out more:  
[www.omv.com/sustainabilityworld](http://www.omv.com/sustainabilityworld)



Local stakeholder dialogues:  
[www.omv.com](http://www.omv.com) > Sustainability:HSSE > Stakeholder Dialogue



## Employee Feedback

Our employees are one of OMV's most important stakeholder groups, and we use a wide variety of formats to support dialogue between management and staff. On November 11, 2010, CEO Wolfgang Ruttenstorfer was available to all employees for an online chat. Participants asked questions about the 3plus Strategy, the reshaping of the organization, renewable energies, the company's corporate culture, activities in regions facing socioeconomic challenges, etc. A sustainability blog launched on the OMV and Petrom intranet gave employees the opportunity to discuss OMV's sustainability agenda online.

Face-to-face contacts between Executive Board members and employees are provided through so-called "Meeting Point" events. In 2010, two such meetings took place at the Vienna head office with the CEO and the CFO.

The CEO of Petrom undertook road shows aimed at bridging the distance between the head office and the various locations of our operations. Topics discussed in 2010 included company strategy, compensation schemes, and the promotion of women.

## Expert Groups

OMV representatives are members of the OGP/IPIECA Health Committee, which held one meeting in 2010 in Vienna, hosted by OMV.

OMV continues to coordinate the drafting of new environmental guidelines for operating in the Arctic under the auspices of the OGP.

Participation of OMV experts in international fora



## Challenges and Goals in 2011

OMV will further develop and refine its Group-wide stakeholder database in 2011 and plans to

- ▶ Classify stakeholder groups in more detail
- ▶ Define criteria to prioritize stakeholder groups

- ▶ Qualify stakeholders according to those criteria
- ▶ Upload stakeholder data to the database
- ▶ Roll out use of the stakeholder database to trace and report on stakeholder interaction

## What Our Stakeholders Tell Us

**We actively encourage our stakeholders to share their views and concerns about OMV's growth strategy, activities, and performance. The annual Stakeholder Fora provide a popular platform for lively stakeholder input. Described below are five major issues that were identified in an online survey as relevant for our stakeholders and therefore discussed by the participants of the 2010 Stakeholder Forum in Vienna.**

The Forum was opened by OMV CEO Wolfgang Ruttensstorfer. He explained that OMV had defined three focus areas for its sustainability management: being a leader in health and safety issues, managing diversity and education using regionally specific models, and meeting the challenges of climate change by moving initially from oil to natural gas and then to renewables. He

pointed out that OMV's 3plus Strategy outlines the way toward this transformation of the company. Next, Hilmar Kroat-Reder, Senior Vice President Corporate Affairs & Sustainability, and Gerald Kappes, member of the Petrom Executive Board, described how input provided by stakeholders at past Stakeholder Forum events had contributed to OMV's achievements over the past business year.

### The 3plus Strategy, the Economic Pillar of Sustainability

CEO Wolfgang Ruttensstorfer pointed out that the oil business is still the mainstay of the Group. "Growth rates in the Refining and Marketing business segment are low except in the Turkish market," he explained. The company is increasingly investing in lucrative upstream business (Exploration and Production; E&P) and in the promising Gas and Power (G&P) segment. OMV uses its oil profits to make substantial

investments in G&P, thereby financing the transition to renewable energies called for in the corporate strategy.

A stakeholder from an environmental activist group pointed out the impact that any further use of oil and gas will have on climate change. Mr. Ruttensstorfer stressed that the company's transformation involved learning how best to approach renewable power technologies and to acquire more experience with the dynamics of the electric power business.

Mr. Ruttensstorfer emphasized that meeting its economic obligations is not enough to ensure OMV's survival. It is just as important for the company to be accepted by its stakeholders. It is therefore in OMV's own interest to not only do its part to reduce CO<sub>2</sub> emissions and to create secure, well-paid jobs, but also to contribute to the development of local communities by building roads or schools.

"At a conference on sustainable investment, I once told a fellow participant that I am an analyst for oil companies. He turned away, saying oil could never be a sustainable business. That's true to some extent. But OMV shows that with the right strategy, sustainability is a realistic goal."

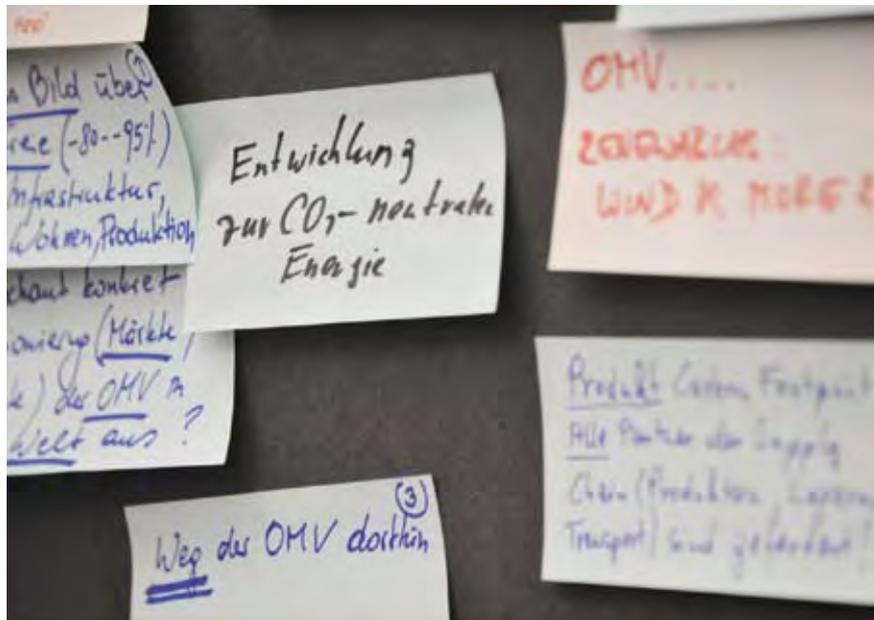
Philipp Chladek, Raiffeisen Centrobank

## Climate Change

Participants at this round table described the European Union's plan to cut emissions by 80–95% from 1990 levels by 2050 as a radical challenge. How will OMV deal with it? Is OMV's commitment to a sustainable future compatible with the products it currently offers, which one participant called "absolutely unsustainable"? OMV Board Member Werner Auli explained OMV's strategy for tackling the challenge of climate change, namely, to transform itself from an oil company into a natural gas company and then into an integrated energy group with electric power and renewable energy in its portfolio. OMV has already invested EUR 2.5 billion in its power business, said Martin Thomas, managing director of OMV Power International, which no one would have expected only five years ago.

Responding to the high expectations for electromobility, Mr. Auli said that OMV would like to move toward CO<sub>2</sub>-free mobility, but that key preconditions, such as the required infrastructure, were not yet in place. Regarding a reduction of greenhouse gas emissions in general, even critical stakeholders realize that numerous technical and other issues still need to be resolved. They gave credit to OMV for already having taken concrete action.

Participants expressed different views of the consumer's role in this area. While OMV representatives insisted that purchase decisions were effectively favoring conventional energy, some stakeholders emphasized the influence of laws and taxes on buying behavior, maintaining that OMV should use its economic weight to push for laws and taxes that would create incentives for the use of renewable energies. Mr. Auli, however, cautioned that companies aren't legislators, they can't change laws with a snap of their fingers.



*E. Pucher, Vienna University of Technology, G. Rogl, Ernst & Young, and others debating OMV's role in the development of future low carbon energy systems.*

## Responsible Safety and Environmental Management

OMV operates 13 offshore production platforms and drills an average of five to ten offshore wells a year



As was to be expected, the participants of this round-table discussion focused on two recent events, the oil disaster in the Gulf of Mexico, which was caused by one of OMV's competitors, and a fatal incident in Yemen.

OMV Board member Gerhard Roiss said that high safety and environmental standards gave the company its license to operate. He pointed out that Austria's Schwechat refinery is a safety pioneer among international refineries and that OMV had made considerable progress in bringing the Petrobrazi refinery in Romania closer to its standards. At the Schwechat refinery, emergency drills were held every six months. This information was new to many of the participants and was well received.

Asked about implications of the Gulf of Mexico incident, OMV representatives said that it had led OMV to reexamine its own emergency planning and safety management. Mr. Roiss explained that OMV managers have been setting short- and medium-term safety targets for years. OMV's offshore activities adhere to the highest industry standards defined by internal regulations, international standards, such as those issued by API (American Petroleum Institute), or national standards, such as those set forth by NORSOK in Norway. Before it begins operations in a block, OMV carries out an environmental impact assessment (EIA), whether or not this is required under the law, and a biological baseline survey.

OMV representatives made it clear that the company reacts swiftly and consistently to incidents. After a security guard shot and killed a French OMV contractor in Yemen, OMV withdrew foreign employees' family members from the location. The crime was intensively investigated both internally and by the police.

Participants also discussed OMV's responsibility across the supply chain. Asked about the planned crude oil pipeline between Bratislava and Schwechat, Mr. Roiss said that OMV's Slovak partner is responsible for the pipeline route in Slovakia and that OMV could not interfere. On the issue of carbon capture and storage (CCS), a participant asked about OMV's position. Mr. Roiss said that while major issues, such as the future cost of carbon dioxide and amounts of CO<sub>2</sub>, remained unresolved, OMV cannot commit to binding CCS targets. Nevertheless, OMV is working with the Austrian Ministry of Economic Affairs and the University of Leoben to develop a CCS strategy.



*R. Samhaber, Senior Vice President E&P Production and Projects, and B. Oberhauser, HSEQ Manager R&M, facilitating a discussion about safety and environmental challenges.*

## Stakeholder Involvement

During this round-table discussion, company representatives pointed out that listening to and working with its stakeholders is key to OMV's activities. The participants acknowledged that the company engages with a wide range of stakeholder groups. Chief Financial Officer David C. Davies stated that maintaining good relations with local residents and other stakeholders builds company value and could prevent conflict. In his view, good corporate citizenship amounted to good business.

When asked how OMV identifies and ranks its stakeholders, Simone Alaya, responsible for stakeholder management at OMV, explained that OMV has identified 13 stakeholder groups. Responding to stakeholders' requests for a more systematic approach in its stakeholder management, OMV has set up a stakeholder database over the past year that will be used for internal coordination starting in 2011.

Participants also wanted to see more transparency from OMV regarding the feedback and suggestions it received from stakeholders.

Having a better understanding of how the company absorbs these ideas would bolster the image of OMV as a trustworthy company. Yet participants also conceded that the very diverse stakeholder groups had numerous wishes and agendas and it was impossible to satisfy everyone. There was general consensus that a company has to do well economically to be in a position to address stakeholder concerns and implement any resulting changes.

"In its fifth year, the Stakeholder Forum has matured from a pioneering format to a sustainable one. OMV is clearly committed to dialogue with its stakeholders – and it will need their ideas and points of view to face the challenges ahead."

Wilhelm Rasinger, President of the Austrian Shareholder Association (Österreichischer Interessensverband für Anleger)

## Diversity and Education

Responding to the initial statement that OMV would focus its diversity management on gender and nationality, participants at this round table pointed out that the concept of diversity extends beyond these issues. The company should embrace a fuller range of aspects. Participants found it positive that OMV offers young employees attractive career prospects, but said that the company should also be more open toward other age groups.

Regarding the rather low percentage of women in OMV's workforce and in management, participants said that enabling women to combine work and family life was a key issue. OMV's kindergarten was appreciated as an excellent benefit, but it would not in itself increase the number of women in executive positions, said a participant. Hilmar Kroat-Reder, Senior Vice President Corporate Affairs & Sustainability, admitted that OMV was still learning how to handle work-life balance issues more effectively.

[Interview with Jutta Überacker about diversity in companies \(p.22\)](#)

One of the stakeholders pointed out that no statistics were provided in the Sustainability Report on how OMV meets the statutory employment obligations toward people with disabilities. OMV was also asked to provide more information on whether its work environment was free of language and physical barriers. Stakeholders pointed out that the company would have a larger talent pool at its disposal if it were more open to recruitment of the disabled. At the same time, this would show that OMV

was serious about its social responsibility in this area. Participants encouraged OMV to seek support from other organizations regarding diversity and education.

Several participants explicitly demanded more political engagement on the part of OMV on issues such as the integration of children of migrant backgrounds or freedom of expression. OMV representatives responded that “OMV deliberately refrains from political involvement.”

## Ad Hoc Topics

One of the round tables was reserved for topics not covered in the other discussions, enabling participants to bring up topics that were of particular concern to them.

“As a medium-sized company, we sometimes find it hard to drive sustainability forward across our supply chain. When OMV sits at the table with us, the discussion has much more momentum, and we can have a greater effect. An excellent example of how partners can realize pioneering achievements together.”

Christian Dyczek, Münzer Bioindustrie

One issue discussed was the role of OMV as a pioneer. For example, participants asked whether OMV was living up to its claim of being a pioneer when it comes to energy efficiency. While they found OMV’s strategy of moving from oil to natural gas and, ultimately, to power generation from gas and renewables persuasive, they wanted to know how quickly OMV is moving

in that direction, and how systematically it is driving the transformation process forward. An OMV representative pointed out that OMV is venturing into the power business but still has to learn and build competencies in order to make further progress in this direction.

Participants specifically discussed OMV’s relationships with its numerous small business partners and wondered how OMV sees its responsibility toward smaller suppliers and partners, for example, with regard to payment terms. If a small company has to wait 90 days for payment, it can face massive liquidity problems. Walter Böhme, head of innovation at OMV, said that they were aware of the issue. When working with partners on research projects, OMV tried to accommodate the payment needs of the many start-up companies with which it was collaborating.

Stakeholders argued that, as the biggest company in Austria, OMV needed to be aware of social issues and be a role model for issues, such as diversity. It should also set standards in areas, such as business ethics, safety, etc., in countries where it has operations and across the supply chain.

## Future Energies and Innovation

**As an energy group OMV must respond to the challenges of rising energy demand, finite fossil fuel reserves, and climate change. We do so by investing in research and development (R&D) and in innovative projects in the renewable energy field.**

### Innovation

OMV's investments in R&D benefit our customers, the environment, and our business. We work closely with universities, non-university research institutes, and numerous industrial partners and actively participate in diverse technology networks. R&D expenditure in the Group totaled EUR 15.8 mn in 2010 (14.4 mn in 2009).

Cutting CO<sub>2</sub> emissions by 80% by 2050, the target agreed by European Union and G8 leaders in 2009, may require 95% decarbonization of the road transportation sector. Up to 30% efficiency improvements for internal combustion engines are possible but would fall far short of reaching that goal. While the use of biofuels will increase, a wide range of low- or zero-carbon technologies need to be developed if mobility is to be sustainable in the long term.

OMV was one of around 30 companies as well as governmental and non-governmental organizations that commissioned a passenger

car study to assess the potential of alternative powertrains (fuel cell, battery electric, hybrid-electric, and plug-in hybrid electric vehicles) to meet the decarbonization goal. The study was released in November 2010.

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

The infrastructure for compressed natural gas (CNG) and natural gas-powered vehicles (NGV) can serve as a bridging technology to support H<sub>2</sub> and e-mobility.

A Portfolio of Powertrains for Europe: A Fact-Based Analysis: [www.zeroemissionvehicles.eu](http://www.zeroemissionvehicles.eu)



Natural gas as a fuel



### Future Energies

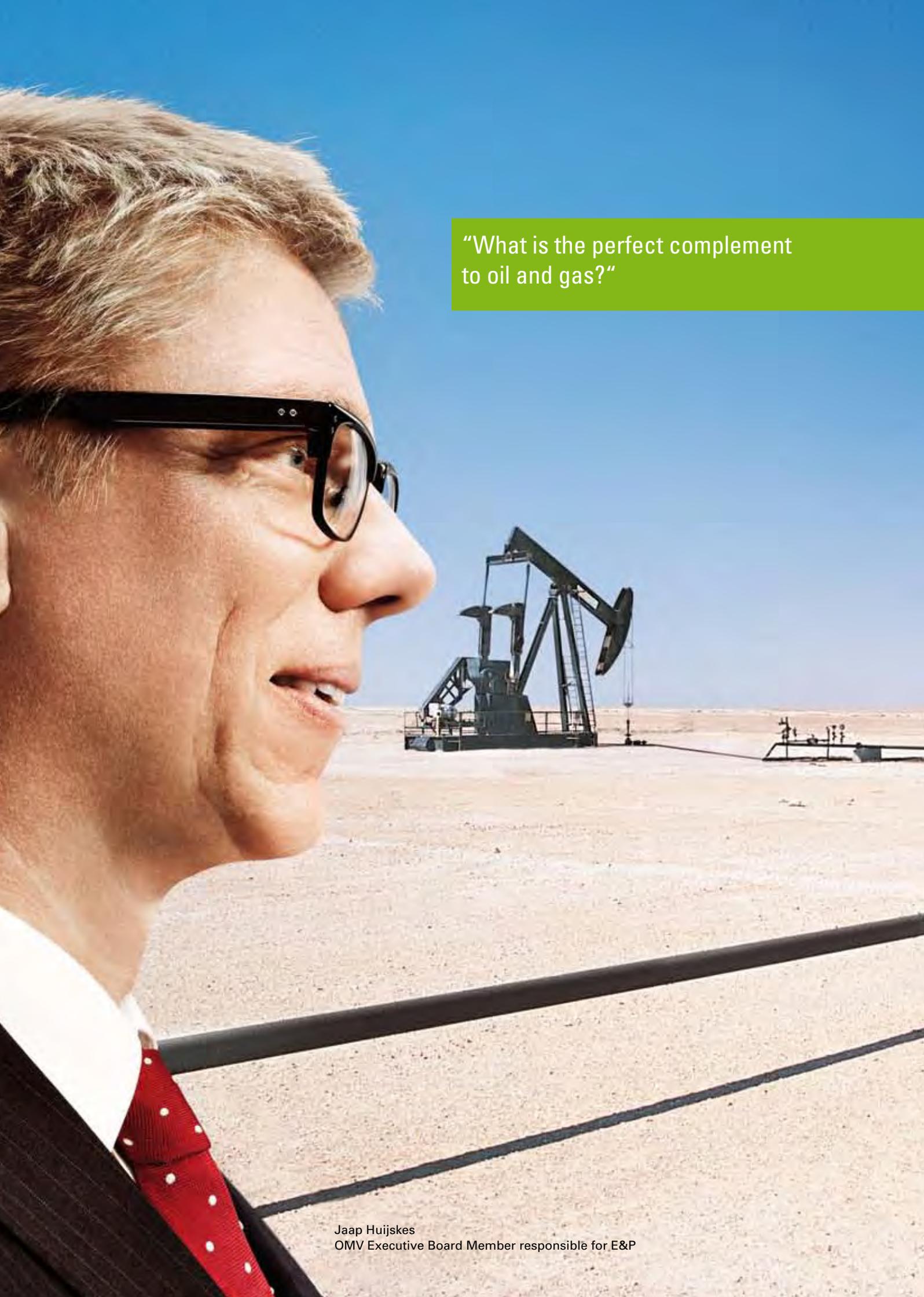
From 2006–10, the OMV Future Energy Fund carried out feasibility studies to assess the potential of renewable energy for OMV Group. The results laid the basis for a new strategy to move the Group toward power production and investments in selected forms of renewable energy. The G&P business segment is in charge of developing gas-fired power plants and wind and solar power projects.

Construction of the Dorobantu wind farm in Romania's Dobrogea region kicked off in 2010. OMV is investing EUR 100 mn in the plant. When it begins operating in 2011, it will have an installed capacity of 45 MW, which may be increased to 54 MW.

In 2010, OMV became the first Austrian company to join the Desertec solar power project as an associate partner.

Find out more: [www.omv.com/sustainabilityworld](http://www.omv.com/sustainabilityworld)

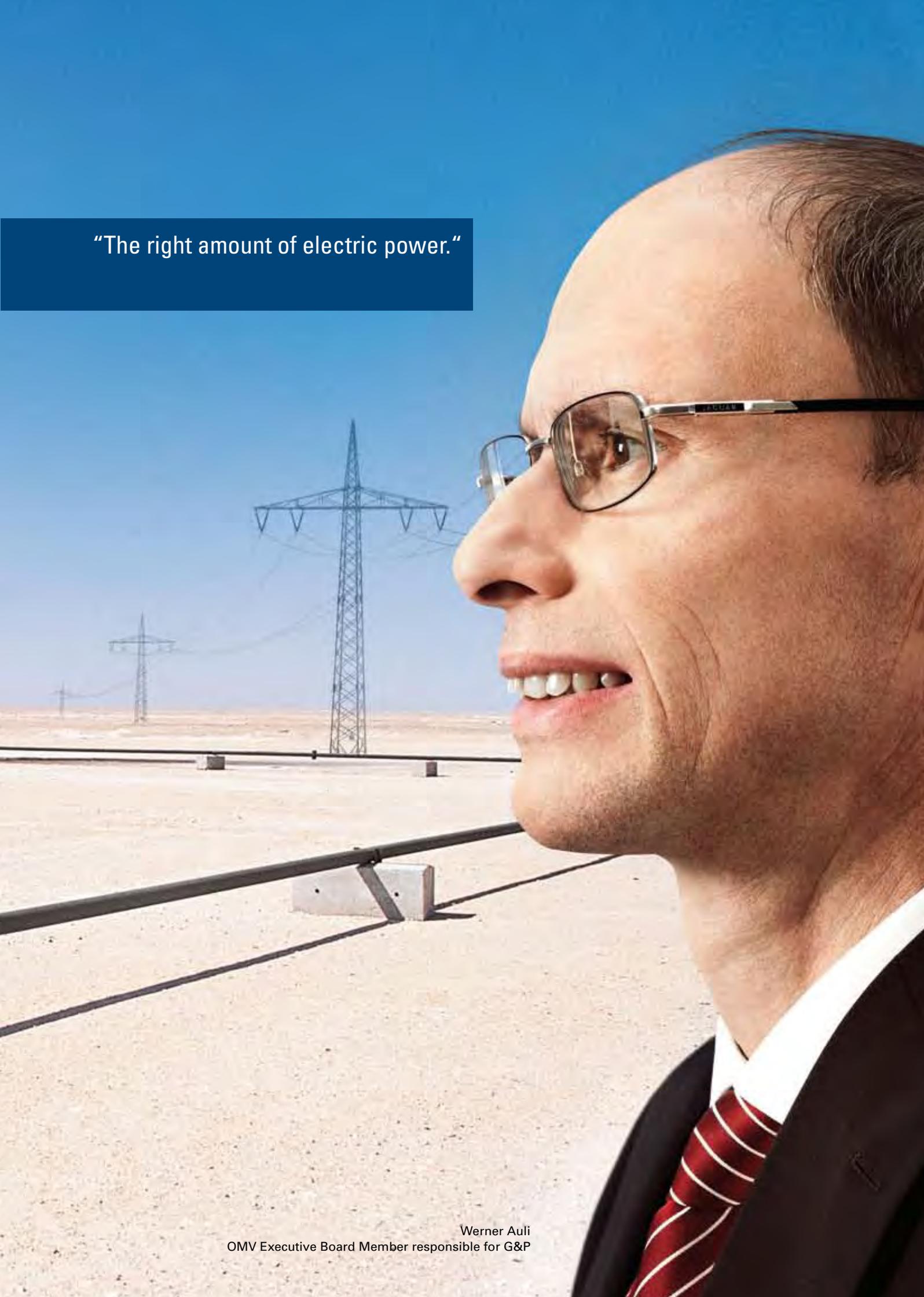


A man with short, light brown hair and black-rimmed glasses is shown in profile, looking towards the right. He is wearing a dark suit jacket, a white shirt, and a red tie with white polka dots. In the background, a large black oil pumpjack stands in a flat, sandy desert landscape under a clear blue sky. A black metal railing is visible in the foreground, partially obscuring the view.

“What is the perfect complement to oil and gas?”

Jaap Huijskes  
OMV Executive Board Member responsible for E&P

“The right amount of electric power.”



Werner Auli  
OMV Executive Board Member responsible for G&P

## Sustainability Pillar PROFIT

### Diversity management makes organizations more successful

**According to organizational consultant Jutta Überacker from the Austrian Society for Diversity (ASD), ideal diversity doesn't exist. She says diversity management supports an organization's overall goals. In her experience, companies are generally willing to embrace diversity because they are used to functional thinking and managing change.**



**Jutta Überacker** is an organizational consultant and trainer affiliated with the Austrian Society for Diversity (ASD), which she co-founded. She has 15 years of experience advising companies and non-profit organizations on diversity issues, both in Austria and internationally.

**Ms. Überacker, why should a company be concerned with diversity?**

Some companies simply say they don't want to discriminate against anyone on the basis of skin color, religion, disabilities, gender, or sexual orientation. We're talking about the core dimensions of diversity. Basically, it boils down to complying with anti-discrimination laws and putting corporate values into practice.

A more aggressive approach is when an organization starts thinking about how to remain attractive to future employees and to its customers. In other words, diversity driven by market considerations.

Then there are the companies that seek to be more innovative. They ask themselves: Do different ways of thinking stand a chance? Here, the aim is to make the overall organization more competent in how it deals with complexity and differences.

**How does a company benefit from diversity?**

Diversity management supports the overall goals of an organization. A company, a government office, or a college that interacts with clients or

the public may want greater diversity in its sales force or in its customer interface in response to a more diverse environment.

**Are service-sector companies more open to diversity?**

The attitude of technology-oriented companies has been changing, too. In the past, gender equality and hiring people from a migration background were things you had to do. Nowadays, lots of companies want a more diverse workforce. For one thing, they see that it makes it easier to attract highly skilled people. Not only that, but a company that is effective in handling diversity, the unknown, the new within its own organization will be more successful in all other areas as well.

**At what point is a workplace truly diverse? In practice, some dimensions of diversity must be easier to achieve than others.**

That's right, there's no such thing as ideal diversity. A hospital might prioritize hiring employees from a migrant background, while a college may seek to attract more working adults or people with disabilities.

I find that companies are willing to take a very pragmatic approach to the issue in order to find solutions and make improvements. The business world is used to functional thinking and change management.

In my experience, companies that are active internationally are by nature ahead of the game due to the fact that they already deal with "otherness" in the countries where they operate. The overall organization can become more successful by learning from that experience. Expanding the norms creates new opportunities.

**It is not only for the sake of our shareholders that OMV strives to be commercially successful. When the company is highly profitable, this benefits many others as well. We are a major regional employer and taxpayer, with a vast number of suppliers. Many of our business stakeholders are dependent on capital flows from OMV. Even when times are tough, we are committed to developing and maintaining long-term relationships that are built on fairness.**

### Our Approach

Sustainability is an integral part of our business strategy. We have established directives and standards that address socioeconomic and environmental aspects along with economic criteria in our decision-making processes. Line

managers are responsible for the performance of their business segment along the triple bottom line. Regular monitoring, controlling, and audit procedures are in place.

[OMV's management approach in detail: www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Economy



### Exploration and Production

In 2010, OMV's oil and gas production was 318,000 boe/d, with an oil/gas mix of roughly 50/50, and its proven reserves were about 1.15 bn boe at year-end. A significant part of our production comes from the core countries Romania (about 55%) and Austria (about 13%) – the remainder from a growing international portfolio.

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

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

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

Creating local employment opportunities and using in-country supply companies are just two of the many examples of how a sustainable business environment can be created, which is equally important in both industrialized and emerging countries. For instance, E&P is managing joint ventures that are investing hundreds of millions of euros in industry and infrastructure in Yemen, and OMV is the largest international E&P company in Pakistan, where it employs more than 420 local workers. E&P is aware of the fact that it has numerous different stakeholders, ranging from fishermen in the Barents Sea to tribes in the Yemeni desert to farmers in the vicinity of Gänserndorf, and it maintains an active dialogue with them all.

E&P activities worldwide



## Refining and Marketing including Petrochemicals

The business segment Refining and Marketing (R&M) covers activities that include the processing of crude oil into fuel, transportation of products, and distribution through the company's filling station network and wholesale activities.

### Refining

As of the end of 2010, we had a refining capacity of 25.8 mn t per year, 17.8 mn t/y in our Western refineries (Schwechat, Burghausen and 45% at Bayernoil), and 8 mn t/y in our Eastern refineries (Petrobrazil and Arpechim). In 2010, we produced 19 mn t of petroleum products. We sold 16 mn t thereof via our marketing business. Operation of the Arpechim refinery was stop-and-go in the reporting year.

Over the past five years, the Western refineries were successfully adapted to new market requirements. The petrochemical business was expanded at the sites in Schwechat and Burghausen jointly with Borealis. In the upcoming years, R&M will be focusing on increasing profitability through further consolidation and optimization, the restructuring of the Petrobrazil

refinery, and a business solution for Arpechim in order to implement the divestment plans for the refinery by no later than 2012.

### Marketing

OMV is the market leader in the Danube region and supplies twelve countries with more than 100 million inhabitants. As of the end of 2010, OMV owned 2,291 filling stations, with 954 thereof having a VIVA shop. Our market share in these countries is approximately 20%.

With its approximately 78 million inhabitants, Turkey is seen as the main growth region in Europe. In 2010, OMV signed an agreement to increase its share from 42% to 95.72% in Petrol Ofisi, the leader in the Turkish filling station and commercial business with a market share of 27%. This acquisition will double the number of OMV filling stations and will further strengthen its leading position in the CEE/SEE/Turkey region. Leveraging synergies by fully integrating the Turkish business units into OMV will be our main focus in the coming years.

R&M markets in CEE, SEE and Turkey



## Gas and Power

International G&P activities



The Gas and Power (G&P) business segment comprises the business units Supply, Marketing & Trading, Gas Logistics, and Power Generation and has stakes in the Nabucco gas pipeline project and the Central European Gas Hub (CEGH). It is continuing to expand its business along the entire value chain and to grow in new markets.

OMV operates gas storage facilities with a capacity of 2.4 bcm of gas as well as an almost 2,000-km long high pressure gas pipeline system in Austria and around 900 km of gas pipelines in Romania. In 2010, approximately 89 bcm of gas were transported via OMV's pipeline system. Gas sales amounted to 18 bcm. A volume of 34 bcm was traded at the Central European Gas Hub in 2010, making it one of the most important gas trading platforms in Continental Europe.

With its important participation in major gas infrastructure projects, such as Nabucco and liquefied natural gas terminals in the Netherlands, OMV's contribution to securing the gas supply in Europe is significant. The Power Generation business unit is currently developing three 800 MW-class gas-fired power plants in Germany, Romania, and Turkey, two of which are already under construction, as well as a wind farm in Romania. Integrating the gas and power trading business will optimize and commercialize G&P's portfolio of assets.

The G&P business segment creates a direct, positive economic impact in the regions, where its projects and investments are located, e.g., by employing local manpower and using local suppliers. For example, for the Samsun project,

a combined cycle gas-fired power plant (CCPP), we implemented a local employment policy, with catering and emergency services being provided by local suppliers and the municipality of Kozluk. Management of the CCPP Samsun project provided an ambulance and a fire-fighting truck

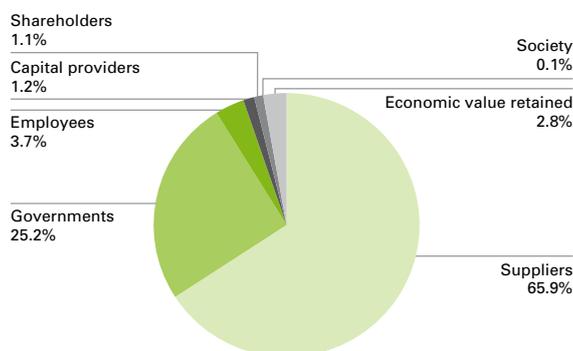
to the local municipality, which hires and pays residents to operate the emergency services. Thus, in addition to the jobs related directly to the construction of the power plant, more new local job opportunities were created.

## Value Creation

Total revenue generated in the amount of EUR 30,076 mn includes sales of EUR 29,895 mn comprising also excise duty, income from dividends and interest (EUR 133 mn mainly due to profit from associated companies), and revenues from the sale of assets.

- ▶ Distribution to stakeholders is largely made up of operating costs to OMV's suppliers (EUR 19,840 mn), which also include the depreciation of fixed assets.
- ▶ EUR 7,567 mn was distributed to governments and comprises excise duty (EUR 6,571 mn), income tax (EUR 717 mn), and royalties paid (EUR 278 mn).
- ▶ EUR 1,110 mn was distributed to employees by way of wages, salaries, and other benefits.
- ▶ Interest expense totaled EUR 368 mn and was distributed to OMV's capital providers.

### Value Creation and Distribution to Stakeholders



- ▶ A dividend of EUR 334 mn (for the 2009 financial year) was paid to shareholders.
- ▶ OMV distributed economic value by way of investments in the community of EUR 12 mn; the economic value retained by the company was EUR 846 mn.

[More about local suppliers](#)



### Sustainability in the Supply Chain

The Procurement Excellence Program PEPE, initiated in 2008, resulted in an improvement of sustainability practices in our supply chain. It is obligatory to refer to the OMV Code of Conduct in all contracts. In the revision of the supplier audit system, aspects relative to human rights and labor as well as safety and environmental criteria were reinforced. A supplier management system has been established in all countries and provides OMV and Petrom with risk assessment and risk evaluation data related to A suppliers. Category management enables us to leverage synergies and optimize costs. For this holistic and sustainable approach to the supply chain, OMV won the Austrian Supply Excellence Award.

## Challenges and Goals in 2011

A focus in 2011 will be on the integration of Petrol Ofisi, especially with regard to a harmonization of its existing systems with OMV Group's Sustainability:HSSE management system. In order to measure the effectiveness of stakeholder engagement and community relations with

residents in the vicinity of our production sites, we will keep track of downtimes associated with community issues and analyze their root causes in order to enable us to define and implement improvements.

A young child with blonde hair and bangs is shown in profile, looking upwards and to the right. The child is wearing a blue and white striped shirt. In the background, there is a large, leafy tree in a field of tall grass under a blue sky with light clouds. A green rectangular box is overlaid on the right side of the image, containing a quote.

“If we can’t see it, how do we know that air even exists?”

Benedikt Worell  
4 years old

A close-up profile of a woman with short brown hair, smiling warmly. She is looking towards the left. The background is a vast field of tall, green grass with some brown seed heads, under a bright, clear sky. The lighting is soft and natural, suggesting a sunny day.

“Sometimes the things that are of greatest value to us are invisible.”

Barbara Oberhauser  
Environment, OMV

## Environmental Management

**We address issues involving environmental impacts responsibly along the entire value chain, from upstream and downstream production to product quality requirements. We are striving to manage energy and natural resources efficiently and to reduce emissions and discharges.**

### Our Approach

We are committed to minimizing our impact on the environment and to decreasing the carbon intensity of our operations, products, and services. Our environmental management directive and our standards, targets, and performance

measurements constitute a Group-wide framework for ongoing improvement. Environmental issues are taken into account in the decision-making processes not only at the corporate level but also in our day-to-day business.



OMV's environmental management approach in detail: [www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Environment

### Legal Compliance

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

In 2010, OMV Group faced monetary fines for non-compliance totaling EUR 0.50 mn (2009: 0.30 mn). The fines were related to incidents such as spills, exceeded discharge limits, non-conformities relative to waste management, and flaring. Non-compliance may also result in non-monetary sanctions, such as warnings from authorities, the suspension of permits, or restricted operations.

### Environmental Expenditures and Investments

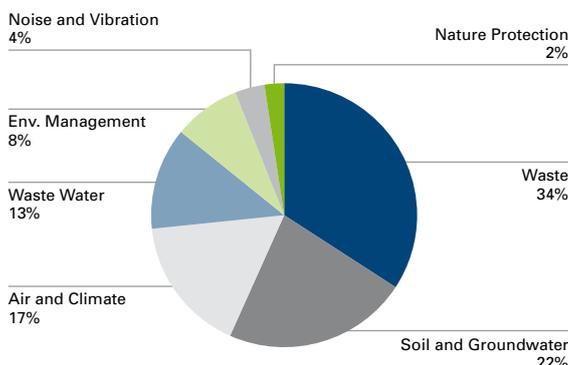
Environmental protection expenditures, excluding depreciation, amounted to EUR 223 mn in 2010, of which EUR 64 mn was spent on integrated pollution prevention (in 2009: EUR 215 mn and EUR 70 mn). EUR 36 mn (2009: EUR 40 mn) was spent on direct measures to reduce the environmental impact of OMV products, such as desulfurization and the production of hydrogen for the desulfurization process. Environmental investments for assets put into operation in the reporting year totaled EUR 87 mn in 2010, of which EUR 43 mn was allocated for integrated prevention (2009: EUR 107 mn and EUR 75 mn).

Provisions for environmental costs, decommissioning, and restoration are reviewed in a standardized process twice a year, based on a

detailed inventory. The cross-functional process involves line management, HSSE experts, and controlling staff.

The environmental provisions can be found in the Annual Report 2010

#### Environmental Protection Expenditures



# Energy and Carbon Management

Today's energy and climate policies present major challenges for the oil and gas industry. As energy demand grows, the industry has a primary responsibility to contribute to the security of the energy supply. Yet in order to mitigate climate change, greenhouse gas (GHG) emissions must be reduced in all economic sectors. To reduce the carbon intensity of OMV's portfolio, we will continue to expand our gas business activities, promote the use of natural gas for power generation by building high-efficiency gas-fired power plants, and increasingly enter the renewable energy sector.

## Energy Management

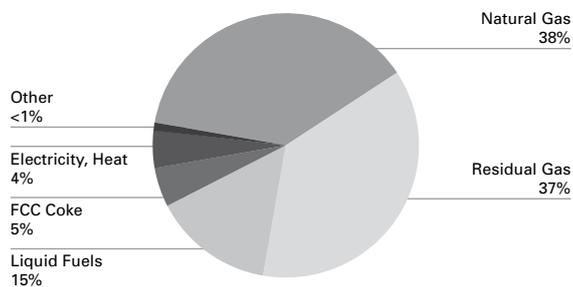
In 2010, the Schwechat and Burghausen refineries and the Petrom Refining division established an energy management system as part of the existing integrated management system. They were one of the first companies in their country (Austria, Germany, and Romania) to obtain a certification according to EN 16001:2009.

Total energy consumption of OMV was 134.1 petajoule in 2010 (2009: 147.8 PJ). Purchased energy, such as electricity and heat, accounted for only 5% of total energy consumption.

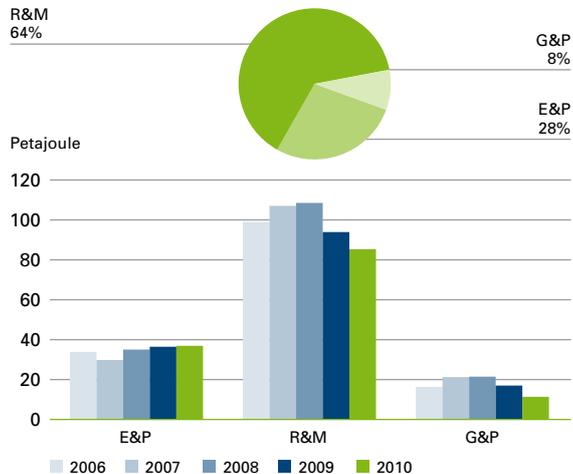
To further increase energy efficiency by 2015, a bundle of process optimization measures was initiated at the Schwechat and Burghausen refineries. The ongoing restructuring of the Petrom refineries will also result in a significant reduction of energy intensity.

Our UK office provided an excellent example of energy management in the office environment; it reduced energy consumption and, hence, indirect CO<sub>2</sub> emissions significantly over the last two years. Monitoring of energy consumption through sub-metering proved to be just as important as awareness campaigns and the appointment of a "GHG Ambassador."

Energy Intake by Primary Energy Source in 2010



Total Energy Consumption per Business Segment



Energy savings in the office



## Carbon Strategy

In 2008, we made a clear commitment to decrease the carbon intensity of activities where OMV is the operator by 2015. Our targets for managing GHG emissions are:

- ▶ Reduction of direct GHG emissions from Exploration and Production (E&P) and Refining and Marketing (R&M) through efficiency improvements by 1 mn t or by at least 10% compared to a 2007 baseline.

- ▶ Contribution to the decarbonization of the energy markets in Central and Southeastern Europe by reducing the carbon intensity of our portfolio, promoting natural gas, and selectively including power generation.
- ▶ Power generation portfolio at no more than 0.37 t CO<sub>2</sub> per MWh by using state-of-the-art technology.

change include the market price risk assessment concerning unknown future costs of CO<sub>2</sub>, higher insurance premiums, and related risks. The frequency and intensity of extreme weather events may increase in the future, affecting our production and transportation infrastructure directly or indirectly through complex interactions on global energy markets.

Find out more:  
[www.omv.com](http://www.omv.com)  
 > Sustainability:HSSE  
 > Sustainability:HSSE  
 Strategy > Risks and  
 Opportunities



### Risks and Opportunities

We collect economic data to assess the risk of climate change for the business. Tighter emissions trading rules after 2013 will result in increased production costs, which in turn will significantly affect international competition. Further critical issues arising from climate

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

## Greenhouse Gas Accounting

### Direct Emissions (Scope 1)

The emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O) directly related to our operations were 12.2 mn t in 2010 (2009: 11.7 mn t). The other GHGs are of minor relevance and therefore not included in the figures.

Since the 2007 baseline was established, the oil and gas production profile of the E&P business segment has changed significantly, with new oil production coming on stream in Kazakhstan, Yemen, and New Zealand. As a result of this change in the production profile, the GHG emissions forecast for the period 2010–2015 are significantly higher, due largely to the flaring of associated gas at the new fields, but also to a revision in the way GHG emissions are calculated by Petrom E&P. We expect that planned emission reduction and facilities upgrade projects at Petrom, particularly in the E&P division, will result in significant reductions in GHG emissions by 2015 compared with the current baseline (2010).

The quantities of gas going to flare in Komso-molskoe, Kazakhstan, were high for most of the first part of the year. Government authorities imposed fines for these emissions. However, a tune-up of the processing facilities and a gas

booth modification brought the emissions down significantly. At present, Kazakhstan's authorities are revising the regulatory requirements from zero emissions to a more realistic level so as to take technical losses into account.

Since 2008, R&M implemented measures to reduce GHG emissions that total annual savings of 200,000 t CO<sub>2</sub>. Additional measures have been identified with a reduction potential of more than 100,000 t CO<sub>2</sub> by 2015.

In the Petrom refineries, a significant reduction of CO<sub>2</sub> emissions of nearly 50% compared to 2007 was achieved by 2010, mainly through structural changes, such as the sale of petrochemical plants and stop-and-go operation in Arpechim.

### Emissions Trading

20 operating OMV installations are included in the EU Emissions Trading Scheme (EU ETS): three in Austria, one in Germany, and 16 in Romania. Around 48% of the direct GHG emissions of OMV (5.85 mn t) were CO<sub>2</sub> emissions from EU ETS installations. As a result of emissions reductions, supplementary allocations, and plant shut-downs, OMV Group recorded a surplus of 2.19 mn certificates as of the end of 2010.

Carbon management

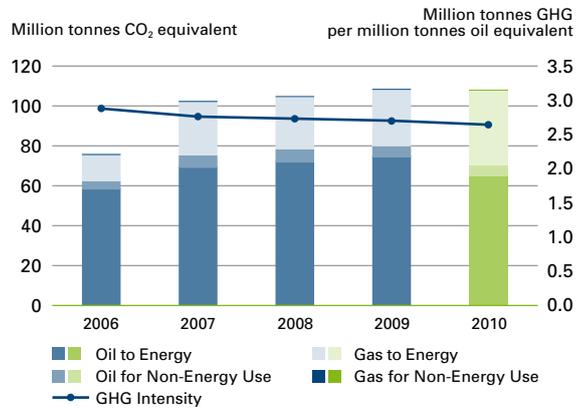


OMV maintains a low-risk trading strategy. In addition to the trading of EU allowances, we optimize the OMV carbon portfolio by using credits from flexible project-based mechanisms.

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

The GHG intensity of the product portfolio is decreasing slightly due to a greater focus on the less carbon-intensive gas and power business, investment in renewables, and the non-energy use of oil and gas (as raw materials for the production of polymers, fertilizers, etc.) in downstream activities. However, the bottom line is that the sales volumes of our products have grown, resulting in an increase in absolute indirect GHG emissions.

### GHG Intensity of the OMV Product Portfolio



## Reduction of GHG Emissions

At the gas compressor station in Weitendorf, Austria, on the TAG high pressure gas grid, the heat from the gas turbines will be recovered and used for the production of green power. The installed capacity will be around 16 MW. Up to 90,000 t of CO<sub>2</sub> equivalent can be saved annually compared to coal-fired power generation.

In Petrom's Energy Efficiency Program, the E&P division uses gas, which cannot be commercially used, for power generation and its own consumption. Within the scope of

several modernization projects, old boilers and compressors are being replaced by efficient new equipment, and cogeneration is being stepped up at several sites.

In the period from 2005 to 2010, compressed natural gas (CNG) distributed at OMV filling stations enabled a savings in Austria of an average of 14,755 t CO<sub>2</sub> annually compared to liquid fuels. For this achievement, G&P received an award from the Austrian klima:aktiv program in 2010.

Energy efficiency initiatives in operational and office locations



### Reduction of GHG emissions in Yemen

While flaring was used during the early production phase of our E&P operations in Yemen, several projects are being developed to reduce GHG emissions by more than 750,000 t of CO<sub>2</sub> equivalent per year by 2015, including a gas re-injection project slated to begin in 2011. Building a pipeline will eliminate the need for crude oil truck hauling, thus avoiding CO<sub>2</sub> emissions as well as safety and security risks associated with above-ground transportation. The CO<sub>2</sub> reduction projects are steered by a committee headed by the general manager of the venture.

### Other Indirect Emissions (Scope 3)

In 2010, OMV held several carbon-neutral events: the Annual General Meeting, the annual meeting of OMV's legal experts, six Supervisory Board meetings, and respACT's CSR Day, which was

held at OMV's head office. A total of 69 t of CO<sub>2</sub> generated by these events were offset by purchasing emissions credits from a certified Gold Standard 100 MW wind power project.

## Sustainability Pillar PLANET

### Expansion of Alternative Energy Options Requires Gas

**Europe needs a secure and diversified natural gas supply, says former German foreign minister Joschka Fischer, because gas is the back-up energy source for the large-scale production of wind and solar energy. Mr. Fischer is equally confident that the future belongs to the electric car, though not as the result of environmentalist pressure. He sees China's commitment to electromobility as setting the direction for the global auto industry.**



In the course of his career, **Joschka Fischer** has been a taxi driver, a revolutionary, a street fighter, an environmental activist, a Green Party leader, and Deputy Chancellor and Foreign Minister of Germany. Currently, he is a strategic consultant for the Nabucco gas pipeline project.

**Mr. Fischer, you are a supporter of the Nabucco project. Gas pipelines haven't exactly been at the top of the Green Party agenda.**

First of all, natural gas leaves a smaller carbon footprint than oil or coal. This creates a strong environmental argument for promoting gas as a source of energy. But the picture is even bigger than that. Today, wind power and solar energy have moved beyond the nice little pilot project stage. The industry is investing in really large-scale plants. Gigantic wind farms and major strategic solar energy projects, such as the Desertec initiative, are being built. As a Green Party member, I find this trend positively sensational.

To produce wind and solar energy, we need gas-fired power plants that provide back-up energy. We can't make a genuine effort to expand the use of renewable energies without gas, at least not in the foreseeable future. Therefore, we also have to secure the supply of natural gas.

**How will Nabucco boost energy security?**

Europe imports a large share of its natural gas supplies from Russia. With Nabucco, we will

also have access to the gas fields in the Caspian region. In strategic terms, Nabucco is about increasing Europe's energy security, and that's why I support the project. If Europe wants to continue to be taken seriously – if we want to broaden and secure our energy supply – then we need this pipeline.

**Yet the reality is that we need oil for heating and transportation.**

Today that's still true, but the day after tomorrow, people all over the world will be driving electric cars! And not because I or a few other Green Party members want to see that happen. No, it's because China made a strategic decision. Just a few years ago, I encountered a great deal of mistrust whenever I discussed sustainability with the Chinese. They thought of it as this strange Western idea that would block their path to prosperity.

In the meantime, the Chinese have realized that growing prosperity means that people buy more cars. As a Green Party member, naturally, I believe in public transportation and that it must be promoted. But the urge for individual mobility, for the independence that a car gives us, is a powerful one. By the end of 2009, China had become the world's biggest car market. But it has also become clear to the Chinese that the combustion engine can't rely on oil indefinitely. It's just not sustainable. As a result, they made the strategic decision to bank on the electric car. And the global auto industry is adapting to this market.

So the answer is, yes, today, most of our cars still run on gasoline and diesel. But you can be sure that the day after tomorrow they'll be running on electricity. Only energy companies that are already gearing up for this switch can look forward to a successful future.

# Sustainable Resource Management

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

## Biodiversity

Before we launch new projects and operations, biodiversity issues are addressed by way of environmental impact assessments and permitting processes. Development in the vicinity of protected areas or areas where protected species exist needs to be undertaken with special regard for these vulnerable populations and ecosystems.

Subsequently, we must monitor them closely to ensure that no adverse impacts occur as a result of our operations. As yet, OMV has not needed the development of biodiversity action plans for any of its operations. Nevertheless, we pay special attention to biodiversity issues at the sites of a number of our operations.

### Passive Acoustic Monitoring to Help Detect Marine Mammals during Seismic Acquisition

In New Zealand, OMV has been a leader in improving industry practices by applying and evaluating passive acoustic monitoring (PAM) to protect marine mammals. The exploration industry is becoming more and more aware of its interaction with these animals and is looking for ways to protect their habitat during seismic activities that can not only damage the hearing of marine mammals, but can also disrupt their behavior. In 2010, OMV undertook a 2D marine seismic survey in the Great South Basin, southeast of the South Island of New Zealand. In addition to complying with all relevant New Zealand and international legislation, statutes, and regulations, OMV chose to follow offshore oil and gas industry best practices by using PAM techniques to increase the chances of detecting and mitigating any possible impacts on marine mammals and being able to take appropriate action. The use of PAM in addition to visual survey methods increased the total number of detections of cetaceans by 57%, demonstrating the benefits of using dual-mode visual and acoustic monitoring techniques during seismic surveys. There were eleven disruptions to seismic operations due to marine mammal detections, only one of which was initiated by PAM. The total increase in survey costs attributable to the use of PAM was a negligible 0.85%.

Protecting marine mammals during offshore seismic activities



## Water Management

OMV uses water from various sources for steam generation, cooling, and industrial processing. Closed-loop cooling systems in our refineries are a good example of efficient water use.

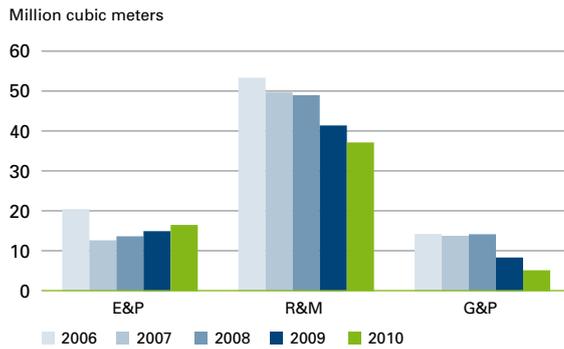
In 2010, total water consumption throughout OMV Group operations was about 59 mn cubic meters. A total of 32 mn cubic meters of wastewater were discharged after appropriate treatment on- or off-site in OMV-owned or community water treatment plants.

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

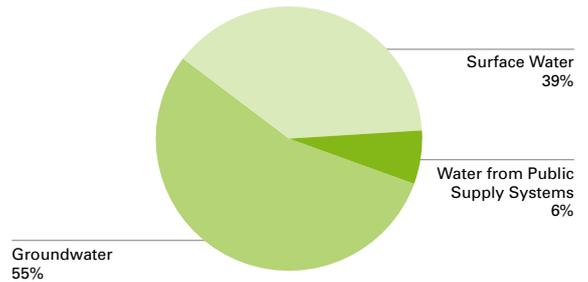
Due to restructuring and optimization activities, total water consumption at Petrom Refining has decreased by 46% since 2005 and wastewater management systems have also been improved.

The volume of discharged wastewater fell from 22.7 mn cubic meters per year in 2006 to 18.8 mn cubic meters in 2010.

### Water Consumption per Business Segment



### Water Withdrawal by Source



#### Water Management at the Petrobrazi Refinery

The rehabilitation of the sewerage system will minimize the amount of treated wastewater by segregating wastewater streams based on their level of contamination. Wastewater will be collected safely, and any leakage into the ground will be avoided.

The revamp of the wastewater treatment plant with a planned investment value of EUR 10.6 mn will result in better quality discharged wastewater and a reduced amount of sludge waste. The project encompasses an efficiency increase in the mechanical stage, optimization of the denitrification stage, modernization of the dosing unit for chemical substances, and stream monitoring.



Scarcity of water resources is a specific environmental challenge in Yemen, especially in our Block S2 in the Yemeni desert. We are aware that for our business to be sustainable, we need sustainable water resources where we operate. Therefore, we strive to operate using methods and practices that ensure an efficient use of water. We installed a new wastewater treatment unit that enables us to use the treated water for irrigation and dust control. Additionally, at a newly built tanker-truck washing station, water is reused instead of being discharged into the desert.

Water consumption was reduced in Sawan, Pakistan. 28 leakage sources were identified and subsequently repaired. In addition, the pressure of potable water supplied to the accommodation area was reduced from 7 bar to 2.4 bar. These measures resulted in a decrease of approximately 20% in wastewater generation from non-process areas during the peak summer months when the water consumption usually soars. The minimization of impacts on water bodies is considered both in the design of facilities (e.g., discharge of cooling water from a planned gas-fired power plant into the Black Sea) and in environmental management plans.

## Decommissioning

We pay special attention to the safe decommissioning of sites in accordance with industry best practices. Environmental aspects,

such as decontamination and waste disposal, are managed carefully.

### Decommissioning of Doljchim, Petrom's Chemical Plant

Fertilizer production was shut down by the end of 2009 as the chemicals segment was not one of Petrom's core business areas, and management decided that current and foreseeable market conditions made economic viability unlikely. Methanol production was closed in 2010. The decommissioning activities, scheduled for completion in 2012, will include demolishing all plants at the site. These high-risk activities require careful planning and compliance with strict safety standards.

Thus far, the shutdown of Doljchim, Petrom's chemical plant, has proven that a good safety culture is in place. Additionally, the staff reduction by 1,000 employees was implemented gradually and was covered by a social plan. To minimize operating costs, flexible methanol production was allowed up to October 2010 and then shut down. Appropriate steps were taken to ensure continuing site security while demolition and decontamination operations are carried out. Petrom has been working with the local communities to identify the negative impacts, such as the loss of jobs and tax revenue, and to set up appropriate mitigation plans.

Planning and realization of decommissioning activities



## Waste Management

OMV activities generate solid and liquid wastes, including oily sludges, waste chemicals, spent catalysts, and construction debris. Total waste generated in 2010 increased by 16% to 602,186 t. Due to cleaning and remediation of sludge pits, the amount of hazardous waste increased by 95,000 t compared to the previous year.

There was no transport, import, or export of waste deemed hazardous under the regulations of the Basel Convention.

The E&P division at Petrom is in the process of cleaning 44 sludge pits containing about 450,000 m<sup>3</sup> of sludge. Water, oil, and solids are separated out. Then the water is reinjected into the residual and technological wells, oil is reintroduced into the production process, and residual solids are treated by way of a thermal desorption system before final disposal.

The remediation of the Petrobrazi refinery's external sludge lagoons was contracted in 2009

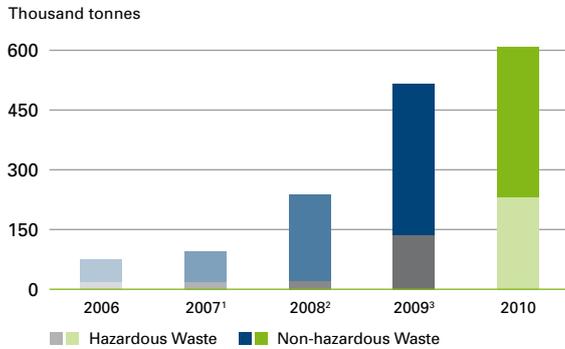
and begun in 2010, with an anticipated cost of EUR 26.8 mn. A thermal treatment plant for lagoon sludge was installed between April and August 2010 and is now in the testing phase. In 2010, state-of-the-art waste treatment facilities were installed by Petrom's contractors near the Arpechim and Petrobrazi refineries, and they are treating the waste from the refineries' internal sludge lagoons. These facilities enable land remediation to be integrated with waste and water management.

During implementation of Petrom's program to create the waste infrastructure needed for the cleanup of contaminated soil as well as abandonment of over 10,000 oil wells and hundreds of production facilities, E&P is building a total of 15 bioremediation plants, eight landfills, and eight temporary waste storage facilities. Construction of one combined landfill and bioremediation plant as well as of one bioremediation plant will be finalized in 2011.

Find out more:  
[www.OMV.com/sustainabilityworld](http://www.OMV.com/sustainabilityworld)

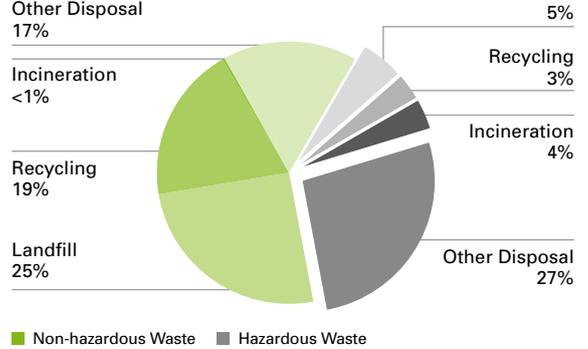


### Total Waste by Type



<sup>1</sup>Until 2008, waste from ongoing production only, one-off waste from projects not included  
<sup>2</sup>Increase due to drilling waste from Petrom E&P being included for the first time in 2008  
<sup>3</sup>Change in Group-wide reporting methodology: total waste amounts (production and projects)

### Waste Disposal Paths



## Drilling Mud

E&P seeks to avoid the use of hazardous substances whenever less hazardous alternatives are available. In drilling operations, we use water-based drilling fluids wherever technically feasible: 90% of the drilling mud used by E&P is water-based. If this is not possible for technical reasons, as in the case of extended-reach wells, we use non-aqueous drilling fluids (NADF), selecting the least toxic option. The use of

diesel-based drilling fluids has been completely phased out in OMV operations. Waste amounts are minimized, for example, through reuse of drilling mud according to waste minimization and management plans. Cuttings are treated to reduce toxicity and disposed of in accordance with applicable national regulations and best available technology.

Remediation project in Tunisia



#### Remediation of Drilling Sites in Tunisia

In accordance with corporate commitments, OMV undertook a project in Tunisia, which ensures that its drilling footprint at its concession in the Sahara Desert is reduced to a minimum.

The strategy is to treat the drilling wastes (cuttings from water-based and synthetic oil-based muds) so that they can be certified by an approved lab as being fully inert, with minimal potential impact on the environment. Once certified, they will then be disposed of in the soil to ensure the landscape is not affected by historical drilling operations and that there is no environmental impact.



In E&P operations, drilling mud and cuttings account for the major part of the total waste

quantities generated.

## Spills and Leakages

### Kapiti Coast Clean-Up

During an October 2010 operation to discharge ballast water from the vessel FPSO "Raroa", it was determined that some of the ballast water had become contaminated by crude oil from a cargo tank. The subsequent discharge of this product with the ballast water resulted in a spill visible on the ocean surface. OMV immediately took steps to monitor the spill and reported it to Maritime New Zealand, the national regulatory authority, which is also in charge of handling offshore spills.

In November 2010, globules of oil were reported to have beached along the West Coast north of Wellington. Although not confirmed as OMV oil, OMV became involved in the clean-up response as soon as the oil had been observed since the "Raroa" spill was the only spill reported in the preceding weeks.

After various assessments from independent consultants and Maritime New Zealand, it was decided to manually clean the oil from the affected beaches. OMV volunteers, along with 15 people from OMV's contractor Tanker Pacific (NZ) helped to clean up the Peka Peka, Te Horo, and Waikanae Beaches. Contaminated sand and melted tar balls were collected along the beaches. After the clean-up, OMV employees continued to monitor the beaches. Since no new contamination was found, the beach clean-up was finally concluded with a site assessment and a documentation of the actual condition of the beaches.

Approximately 7 t of contaminated sand and rocky material were collected and disposed of appropriately. This incident emphasizes the need for OMV to fully understand the way crude oil will behave if spilled into the marine environment. OMV will ensure that lessons learned from this incident are incorporated into future spill response planning.

In 2010, OMV recorded eight significant hydrocarbon spills (>1,000 liters; level 3, 4, and 5 on a scale of 1 to 5) and 2,239 minor releases (2009: 21 and 2,650, respectively). The amount of hydrocarbons spilled was 147,000 liters. (2009: 110,800 liters). At Petrom, the number of spills experienced by E&P and the amount of hydrocarbons spilled was reduced by 30% and 20%, respectively. Spills were mostly caused by corrosion of aging infrastructure and in some cases were the result of safety or security incidents. Programs to improve pipeline integrity will continue. As part of optimized anti-corrosion measures, 20 new maintenance trucks were purchased and monitoring and treatment procedures were revised. The impact of spills on adjacent soils, water bodies, and local communities was limited and immediately controlled and cleaned up.

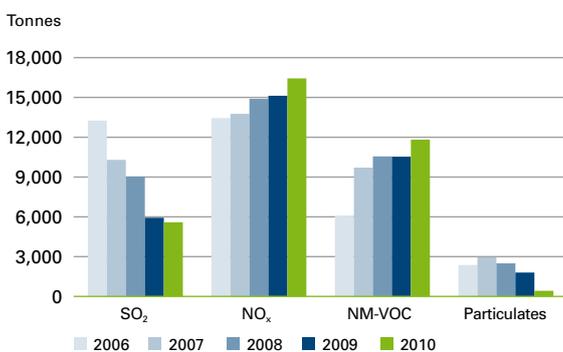


*The management team and staff of OMV's office in New Zealand helped to clean up the coast.*

## Air Emissions

While emissions of sulfur dioxide (SO<sub>2</sub>) were significantly reduced over the past years, emissions of nitrogen oxides (NO<sub>x</sub>) and non-methane volatile organic carbon compounds (NM-VOCs) increased. The reduction of particulates is due to the shut down of fertilizer production in Doljchim.

### Air Emissions by Type of Pollutant



At the Feldkirchen tank farm, we have invested EUR 1.5 mn to equip four Jet A-1 tanks with internal floating roofs, which reduces the emission of volatile organic compounds from these tanks by 95%.

By installing internal floating roofs in two Jet A-1 tanks in the Burghausen refinery, the volatile organic compounds emissions will be cut by another 5.6 t per year.

We were able to reduce air emissions in the Petrobrazil refinery by installing low NO<sub>x</sub> burners in process plants (coker, isomerization plant). Ongoing modernization of the tank farm is expected to result in a significant reduction of volatile organic compound emissions.

Gas and Power (G&P) is in the process of introducing a change in its operations philosophy for the gas logistics business in Austria, where electrically-driven compressors will replace gas-driven turbines and compressors at the Neustift and Baumgarten compressor stations beginning in 2011. Additionally, two compressor stations in the WAG pipeline system will be replaced with e-compressors by 2013. Monitoring and recording of air emissions has also been updated.

The redevelopment of the Auersthal tank farm in Austria was completed in 2010, resulting in a significant reduction of air emissions and optimized use of hydrocarbons.

Find out more:  
[www.omv.com/sustainabilityworld](http://www.omv.com/sustainabilityworld)



## Challenges and Goals in 2011

OMV will strive to further minimize environmental impact, risks, and liabilities resulting from its operations. The focus will be on the

- ▶ Reduction of carbon intensity of OMV Group's portfolio
- ▶ Identification and effective management of environmental risks in all operations

- ▶ Reduction of harmful discharges to the atmosphere, land, and water to an absolute minimum
- ▶ Efficient usage of natural resources and avoidance of waste

## Product Responsibility

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

### Cleaner Fuels

At present, 93% of gasoline and 99% of diesel sold by OMV Group is sulfur-free (sulfur content <10 ppm). In 2010, OMV blended 424,000 t FAME into diesel and 171,000 t ethanol into gasoline fuels. According to the calculation method established in the EU Renewable Energy Directive, biofuels blending results in the avoidance of GHG emissions of 839,000 t CO<sub>2</sub> equivalent in the transportation sector.

OMV has been producing and selling sulfur-free light heating oil since mid-2008. Use of this new product reduces CO<sub>2</sub> emissions by roughly 1% compared to standard heating oil. In 2009, Austrian heating oil companies established

a fund to sponsor the replacement of old, inefficient heating boilers with new condensing boiler technology. For each new boiler, CO<sub>2</sub> emissions can be reduced by 3–4 t per year. By 2016, the reduction of CO<sub>2</sub> emissions in the Austrian heating sector will be as much as 430,000 t. OMV supports the use of compressed natural gas (CNG) as an environmentally friendly transportation fuel: up to 20% fewer CO<sub>2</sub> emissions, 80% reduction of carbon monoxide, and practically no emissions of particulates. Across our network of 2,291 filling stations, we offer gas as fuel (either LPG or CNG) at 466 filling stations, a coverage of 20%.

### Product Safety

#### Material Safety Data Sheets

We provide our partners and customers with detailed information about our products and the materials used to produce them. All products that are manufactured, marketed, or distributed by OMV are in compliance with the applicable legal regulations. Safety data sheets help ensure the safe use of OMV products.

OMV application engineers and sales staff conduct product training on an ongoing basis for OMV employees, suppliers, filling station partners, and other customers. Complaint management processes are well established for corporate clients, for the Schwechat and Burghausen refineries, and for VIVA products. Additional complaint management processes need to be implemented in all business units all across our markets in the near future.

#### REACH

The implementation of the EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) continued throughout 2010. The registration of the substances produced or imported in amounts higher than 1,000 t per year as well as CMR substances had to be completed before December 1, 2010.

OMV refineries all across the Group successfully registered around 200 substances by this deadline. This process generated costs of approximately EUR 3.5 mn, including fees for registration dossiers and internal costs.

After 2010, REACH will remain a daily business process for OMV refineries. Substances produced or imported in amounts below 1,000 t per year will also have to be registered.

Safety data sheets:  
[www.omv.com](http://www.omv.com) >  
[Products](#) >  
[eServices](#) >  
[Product information](#)



A close-up profile shot of a man with glasses, wearing a suit and a red patterned tie, smiling. The background shows an OMV gas station with its characteristic blue and green branding and a large glass and metal canopy structure under a clear blue sky.

“Minimizing costs is part of our daily business.”

David C. Davies  
Chief Financial Officer, OMV

“So is responsible risk management.”



Manfred Leitner  
OMV Executive Board Member responsible for R&M  
(starting April 1, 2011)

## Employees

**OMV employs over 31,000 people worldwide. Their performance is responsible for our success. High safety and health standards, fair pay, and flexible employment models create a positive work environment, making OMV an employer of choice on a truly international level.**

### Our Approach

OMV is committed to upholding the principles of the UN Global Compact relevant to Human Resources (HR) and has included them in corporate directives. To get the “big picture” of our Human Resources management approach,

we invite you to follow the link, where you will find information on our policies and guidelines, our self-conception and responsibility, our (long-term) objectives, and much more.

**OMV's human resources management approach in detail:** [www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Employment



### Development

#### Apprentice Training

Providing high-quality apprenticeship training is a key concern at OMV. At the end of 2010, OMV had 121 apprentices in Austria and 25 in Germany. We try hard to make young people aware of the apprenticeships we offer and to present ourselves as an attractive employer.

In 2010, the Schwechat refinery again competed for one of the “amaZone” awards which are given to companies that actively recruit female apprentices. Participating for the second time, we placed first in the “Large Company” category due to our consistent measures toward improving apprentice training.

#### Local Workforce Development

Developing the local workforce, especially in countries with a shortage of skilled workers, is one of the highest priorities for OMV. Local graduate and expert development programs have been initiated in several countries. In Yemen, for example, 40 local graduates were hired and successfully completed two years of training, including one year of classroom training by an international training provider and one year of on-the-job training in Yemen and abroad.



*At the “amaZone” award presentation ceremony: Vienna Councilwoman S. Frauenberger, A. Steinwender, M. Rustler, N. Hofer, S. Scherzer, R. Gödl, R. Rohatsch, Federal Minister G. Heinisch-Hosek, M. Bican*

#### Integrating the OMV Values

We have undertaken a new major initiative within the scope of the ongoing “Driving Values” project by appointing “Driving Values Advocates.” This is a group of young, ambitious colleagues who have freed themselves from traditional hierarchical structures and have created an “open space” to invigorate the OMV Driving Values project (Professionals, Pioneers, Partners) and to highlight the role that corporate values play in daily business life.

Petrom trainees in Austria



Generation Innovation: “Schwechat on Air”



Career and succession planning



Information on the HCM survey 2011



## Diversity

### OMV's Diversity Strategy 2020

Along with OMV values, the Executive Board has defined diversity as one of its high-level objectives for the Group. This includes the development and implementation of a Group-wide diversity strategy which had been set as a target in the Balanced Scorecard (BSC). We are currently concentrating on two major areas: nationality diversity and gender diversity. Efforts are directed at the highest possible management level, as all other levels would automatically follow suit.

Our target is to achieve a diversity mix at the senior management level of 18% women and 38% internationals by 2015 and 30% women and 50% internationals by 2020. We have secured top management buy-in and approval of the strategy. A Diversity Committee within the Sustainability Committee will serve to provide feedback to the Board on the status of the set key performance indicators (KPIs). KPIs for HR professionals will enable ongoing follow-up. A "Work Satisfaction Survey" of a representative sample of internationals and women should reflect their perceptions.

[More information on our diversity strategy](#)



	Sex		Age						Nationality		Total		
	Woman		Men		<30		30-50		>50			Non-Austrian Non-Romanian <sup>2</sup>	
	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%		Absolute	%
Supervisory Board	2	13	13	87	0	0	4	27	11	73	3	20	15
Executive Board	0	0	5	100	0	0	2	40	3	60	2	40	5
Senior Mgmt.	2	5	39	95	0	0	26	63	15	37	8	20	41
Austria <sup>1</sup>	865	24	2,707	76	687	19	1,945	55	940	26	389	11	3,572
Romania <sup>2</sup>	5,606	23	18,984	77	888	4	18,127	74	5,575	23	328 <sup>2</sup>	1 <sup>2</sup>	24,590

<sup>1</sup>Austria: Data covers only companies that use the Austrian SAP payroll accounting system. Other companies, such as EconGas, are not included.

<sup>2</sup>Romania: Data covers Petrom excluding temporary agency workers.

### Examples for Current Diversity Measures in OMV's Day-to-Day Activities:

#### ► Joint Diversity Goal for all Senior Managers in G&P in 2010

To reach the set goal, the senior management of Gas and Power (G&P) had to ensure that the workforce had 10% more international personnel and 10% more women in key positions or as candidates for key positions in 2010.

#### ► Expatriate Service

OMV's Expatriate Service assists some 500 expatriates across the Group. An intercultural training program for expatriates was

introduced in 2010. Such measures help to promote the internationalization and diversity across OMV Group.

#### ► Recruitment

In 2010, several hundred recruitment processes were carried out Group-wide. Since August, each recruiting shortlist should contain at least one woman and one international applicant for a vacant job.

#### ► Employees with Disabilities

It goes without saying that OMV Group employs people with disabilities and provides them with a suitable working environment.

[Freedom of association / Group Works Council](#)



### Pilot Project: Job Grading according to the Hay Method

As part of the project "Reshaping the Corporate Center," we launched a test run of the Hay job evaluation system, an objective assessment of positions and not of the people occupying them. All in all, more than 400 corporate positions were evaluated based on an agreement with the Works Council. If this system stands the test of experience, we will engage in a dialogue with the Works Council about expanding this system throughout all Austrian OMV companies.

[More about organizational changes](#)



## Social Benefits

More social benefits



### Employee Profit-Sharing Plan

In 2010, an employee profit-sharing plan gave OMV employees who purchased three shares a fourth share free of charge up to a certain number

of shares. The aim was to enable employees to participate in the company's success. In 2010, 963 employees took part in the plan, purchasing 132,747 shares (excluding the free shares).

## Flexible & Innovative Workplace

More about work-life balance



### Favorable Working Conditions Offered to Parents

Taking the needs and wishes of our employees into consideration, OMV has created a work-

at-home possibility during periods of parental part-time work in collaboration with the Works Council. A "Home Office Agreement" enables male and female employees to work half of their weekly working days at home and half at their respective OMV offices, which should help make the early years of parenthood easier for them.



*Located right next to the head office, the opening hours of the OMV kindergarten are aligned with working hours in order to help working parents achieve work-life balance.*

### New Head Office in Bucharest

The first business division (E&P and EPS) started to move into the new head office in Petrom City, Bucharest in November 2010. To inform employees about the move, question-and-answer sessions and an online chat were organized and additional information was provided on the intranet. Furthermore, those moving received a relocation guide with all the information about the move and the facilities at Petrom City. The move is expected to be completed by May 2011.

## Challenges and Goals in 2011

Improvements of our strategic workforce planning will focus on the following aspects:

### Diversity

- ▶ Begin implementation of the diversity strategy action plan
  - ▶ Take initial steps to achieve long-term targets
- ### Human Capital Management
- ▶ Conduct the HCM survey Group-wide
  - ▶ Develop an action plan based on the results of the survey

### Job Rotations

- ▶ Continue to increase the number of job rotations between business segments; in 2010, 49 job rotations were conducted on the management level

### Realization of HR's new role

- ▶ The new HR organization, which was established in line with the new head office organization, is being implemented; all international HR processes are being analyzed and redefined

### Preparation of the Integration of Petrol Ofisi

- ▶ Setting up language and cultural training for Turkey

## Sustainability Pillar PEOPLE

### Safety Is Non-Negotiable

**Safety awareness has been successfully integrated into the corporate culture, says OMV's Rod Ritchie. Everyone shares responsibility for ensuring full compliance with the Group's strict safety standards. Preparation is the best prevention.**

Mr. Ritchie, photos on the wall in your office show the "Deepwater Horizon" drilling rig burning in the Gulf of Mexico. Are they there to remind you of what can go wrong for an oil company?

They remind me and every visitor that safety must be a top priority for our company. The message is that we cannot afford to take shortcuts and be complacent. At OMV, we have a robust management system in place for health, safety, security, and environment (HSSE), and we're constantly training people to use it. We make it clear that HSSE standards have equal priority with other business functions and that this priority cannot be negotiated.

**What are the lessons learned from the Gulf of Mexico oil spill for OMV?**

My background is in exploration and production so I am familiar with the kind of equipment and processes that were involved in the Gulf of Mexico operation. But it could be some time until we understand exactly what happened leading up to the tragic accident on the "Deepwater Horizon".

An accident, whatever its magnitude, rarely has just a single cause. To me, what is most important is to take a holistic approach to embedding HSSE in our business. Safety must be an everyday concern, a natural behavior, and an integral part of our culture. And it has to happen naturally.

**How does OMV implement its safety standards on the ground?**

I'll give you an example. In 2009, OMV drilled an exploration well in the North Sea, where the weather conditions are more severe than in the Gulf of Mexico. The drilling took place in a water depth of 1,000 meters. The project was completed prior to the Deepwater Horizon incident. The senior managers responsible for this drilling operation asked me how they could

ensure that this operation would be conducted in the safest possible way. Together, we listed all the high-risk areas of operation we were concerned with and introduced a detailed risk mitigation process, plus we used our HSSE management system to check that our rigorous HSSE standards were in place. The key to achieving the required safety performance is preparation and planning. As a result of this diligent planning and risk management, this well was drilled within budget, on time, and without incident – it can be done!

**So OMV managers need to observe extensive safety rules?**

Safety, as we understand it, is not about ticking off checklists. There is a danger that safety is seen as the responsibility of managers sitting in a corporate ivory tower. But each employee needs to be aware of their own personal role and duty of care in performing their job function safely. That's our top priority, and it is supported by management showing commitment and leadership in HSSE.

Plus, we need to constantly check that our systems and processes reflect the current industry best practice, which is our goal. This is our responsibility; it cannot come from the industry regulator alone.



**Rod Ritchie** is Senior Vice President Sustainability:HSSE (Health, Safety, Security, Environment, Community Relations & Social Affairs). Born in Australia, he holds a degree in petroleum engineering and has worked in the oil industry since 1974.

## Health

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

### Our Approach

The health of our employees is a primary asset and resource. In our HSSE policy, we have committed ourselves to promoting our employees' physical and mental well-being. Our objectives include the roll-out of high health standards that have been harmonized

Group-wide and the systematic assessment and reduction of health risks. The occupational health organization at OMV is based on the shared-services concept. Regular performance monitoring enables continuous improvement.



OMV's health management approach in detail: [www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Health

### Health Risk Assessment (HRA)

After assessing 19,500 employee workplaces in 2009, another 8,500 workplaces in Austria, Germany, New Zealand, and Romania were

assessed in 2010. The results of these HRAs will be the basis for measures to improve work conditions and reduce health risks.

### Health Promotion Initiatives

Specific health surveillance and health checks were performed according to legal requirements

and OMV regulations. These serve as a basis for the development of health promotion activities.

Healthy eating campaign



#### Healthy Eating Project

The campaign "Step-by-step toward health" was developed in Romania after the initial results of a cardiovascular screening of employees were released. Promotion of a healthy lifestyle included meetings of medical staff and employees at the workplaces, online quizzes, and other relevant information. Apples were distributed to emphasize the need for healthy eating habits.



#### Preventive Medicine

A specialized preventive screening program for spine and joint disorders was offered in Austria and Romania. Vaccination campaigns against tick-borne encephalitis, flu, hepatitis, and other illnesses, adapted to specific local and epidemiological situations, were carried out in various OMV countries.

Our local health teams ran specific health sessions, such as, a skin cancer prevention program in Austria; prevention of and first aid for scorpion bites in Pakistan, Yemen, and Tunisia; work under hot weather conditions in the summer in Bosnia, the Czech Republic, Pakistan, and Romania; back pain prevention in the Czech Republic; prevention of alcohol misuse in Croatia; diabetes prevention in Germany and Romania;

health aspects related to shift work in Austria; prevention and treatment of dengue fever in Yemen; and nutrition sessions in Pakistan with a focus on well-being while fasting during Ramadan.

During the year, several reorganization processes were implemented throughout OMV Group. Our medical teams diagnosed health impacts on employees resulting from uncertainty and fear due to the organizational changes and provided care and medical interventions.

### Emergency Preparedness

With the help of “emergency simulators” (specifically trained nurses) and an external consultant, a major emergency drill took place at the Petrobrazi refinery. Training plans, equipment, and material in stock were updated. Similar emergency drills were performed at the off-shore platforms in Romania, at the Arpechim refinery, at the Doljchim fertilizer plant, and in Austria, at the Schwechat refinery and throughout the Exploration and Production (E&P) business segment.

In 2010, medical staff also assisted in preparations for temporary shutdowns at major sites (the Schwechat and Petrobrazi refineries as well as Doljchim). The activities included simulating the emergency response in potentially critical

situations, such as gas emissions or leakages of dangerous substances. Special medical assistance programs were in place during the shutdown periods.

First aid training was a major focus in 2010. In Romania, about 2,500 first aid responders and 800 drivers were trained. First aid trainings were also held in Austria, Croatia, Iraq, Kazakhstan, Libya, Tunisia, and Yemen.

### Medical Support Abroad

A network of international doctors and clinics collaborate with OMV to provide medical service for our expats. Over 600 medical examinations of expats and their family members in 2010 helped to assure their health and fitness for their tasks.

### Health Impact Assessments and Community Health

We have developed a new tool on how to conduct a social baseline study and our health impact assessments, which will help us manage potential health impacts associated with our operations. We provided expertise to community relations projects, such as the hepatitis B vaccination campaign in Pakistan or the distribution of water filters in Yemen. During the floods in Pakistan, first aid and medical support was provided to affected local communities.

## Challenges and Goals 2011

Occupational health programs are based on health risk assessments, medical exam results, and current epidemiological evidence. In 2011, we will focus on:

- ▶ Health promotion activities focusing on healthy living, cardiovascular prevention, vision, and prevention of back and joint problems
- ▶ Prevention of alcohol misuse and support for those with alcohol problems
- ▶ Vaccination campaigns (flu, hepatitis, tick-borne encephalitis)

After the reorganization of our occupational health services, the focus will be on the harmonization of OH and medical regulations, continued

implementation of our health standards including audits, review and development of processes for internal and external relationships with local health care providers.

Group-wide health management will focus on development of the health risk register and a knowledge management system, evaluation of examination results as a basis for future health programs, and development of training and communications materials related to preventive and occupational health management.

We anticipate that the refurbishment of OH clinics in Romania will be completed in 2011.

## Safety

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

### Our Approach

All workplaces and processes must be safe and secure for OMV, for our stakeholders, and for the environment. We believe that all accidents are preventable. Group-wide safety directives and standards, reporting, management tools, and training courses contribute to improving safety performance.

We are particularly concerned about transportation safety and contractor management. Safety is a line management responsibility, supported by expert advice. Leading and lagging safety indicators are monitored monthly and provide information for management decisions.



OMV's safety management approach in detail: [www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Safety and Security

### Safety Awareness and Training

Safety training accounted for most of the 229,000 HSSE training hours provided in 2010. Training at the refineries focused on: working in confined spaces; working at elevated heights; incidents investigation techniques; road safety

and traffic rules; slipping, falling, and stumbling; work with dangerous substances; breathing devices; and others. All these trainings are essential to further develop a strong safety culture across the Group.

Building a safety culture



#### DuPont Safety Award for Petrom Refining

The Petrom project "Improvement of Safety Culture" received the 2010 DuPont Safety Award in the category "Sustainable Business Impact." The goal of the project was to improve safety performance by building awareness on all levels within the organization, in order to create a sense of personal commitment to safety and to promote a mentality change within the company. The main focus was to eliminate the belief that accidents can be expected as part of daily work and that only operational staff needs to be concerned about safety. Line management was exceptionally committed to the project and participation by employees at all levels was outstanding, creating a momentum on the issue of safety at the Refining division.



Reporting as a key to improvements in safety performance



Proactively collecting reports about near misses, hazards, and findings and using assessments and lessons learned helps us reduce incident rates and the likelihood of an incident occurring in the first place.

- ▶ Over 147,000 records and reports were entered into the "Think: Ahead CARE" reporting and management tool
- ▶ Over 50,000 measures were assigned and 88% were completed within the scheduled time frame

## Workplace Safety

In 2010, the number of severe incidents could not be significantly reduced compared to 2009. Sadly, there were four fatalities, all of them in Exploration and Production (E&P): three Petrom employees and one contractor employee in Yemen died as a result of work accidents.

In 2010, the LTIR for the entire Group, including Petrom, was 0.74 injuries per million hours worked for OMV employees; the figure declined to 0.56 for contractors.

### Permit-to-Work System

The implementation of an electronic permit-to-work system was finished and fully rolled out in 2010 at the Schwechat refinery and at the Lobau and St. Valentin tank farms. The Gas Logistics unit of Gas and Power (G&P) introduced a revised work permit system. The Petrobrazil refinery also improved its work permit system. All foremen and supervisors in the unit, as well as contractor representatives, were trained with regard to the revised procedure.

### Gradual Development of HSSE Management in the Kazakhstan Operations

Establishing HSSE management in our Kazakhstan operations is presenting various technical, organizational, and cultural challenges. In 2010, we placed particular emphasis on the reporting of incidents, near misses, and hazards; personal protection equipment; a zero-tolerance approach to alcohol consumption; proper usage of vehicle seat belts; job safety analysis and risk assessment; and the permit-to-work system.

Emerging HSSE management in Kazakhstan



## Contractor Safety

During the turnaround (scheduled large-scale maintenance every six years) of the Schwechat refinery, when approximately 40% of the plants underwent extensive maintenance and inspection work, more than 2,000 additional contractor workers were employed on site for around six weeks. Good preparation by the Safety Initiative 2010+ team and the use of an external safety partner enabled the turnaround and parallel projects to provide more than 500,000 working hours without any lost time injury.

At the E&P operations in Yemen, contractors involved in drilling, early production, and oil transport were routinely inspected and audited with regard to their HSSE performance. Production facilities underwent HAZIDs and HAZOPs.

Safety management at G&P continues to focus on construction sites (pipelines and power plants), contractor management, and road safety.

### Assessment of Contractor Performance

While in the past, subjective evaluations of contractors were conducted, we have now introduced a standardized performance assessment based on key performance indicators (KPIs). This has proven to be a reliable method of quantitative evaluation and is now being used in E&P operations in Pakistan and at the Petrom refineries. Based on the assessment results, contractors may either be eligible for an award or be subject to penalties.

## Process Safety

Process safety management is focused on reducing the likelihood and severity of unplanned releases that can result in environmental or safety incidents. To this end, OMV has developed strong asset integrity standards, which are being reinforced even more powerfully across all operating entities. There were no major releases recorded in 2010 across OMV Group. Petrom's more mature assets present significant challenges, and we are addressing these through a comprehensive approach to asset integrity.

- ▶ Process safety events (i.e., loss of primary containment (LOPC), fire, explosion, harm to humans following process safety incidents, and neighborhood complaints)
- ▶ Challenges to safety systems (including unplanned safety-related maintenance)
- ▶ Performance of process safety management including asset integrity (e.g., change management, process hazard analysis, trainings, past-due inspections)

Process safety management and asset integrity



In 2010, a process safety management working group focused on the implementation of Group-wide reporting of process safety performance indicators (PSPI) as well as on establishing a Group standard for change management.

In 2010, more than 200 employees from the refineries participated in a series of workshops with open discussions to evaluate the actual level of process safety management and performance and to identify actions for further improvement. The findings were collected and the resulting recommendations will be part of the continuous improvement program.

### Implementing PSPI Reporting in Refineries

In 2009, our refineries established indicators in accordance with the API 754 Recommended Practice on Process Safety Performance Indicators (PSPI) for the Refining and Petrochemical Industries; in 2010, it focused on internal reporting. A Group-wide roll-out is being prepared. Reporting of process safety indicators includes:

The results of PSPI reporting and performance are evaluated internally and discussed in cross-industry fora at the national and international levels.

For the new combined-cycle power plant in Romania, a pre-start-up assessment was conducted with regard to asset integrity, training, competencies, and the management system.

MAHs and risk reduction measures



### Major Accident Hazards (MAHs) and Risk Reduction Measures in Petrom E&P

In 2010, four of Petrom's E&P facilities were downgraded by the regulator from their status as Seveso II sites, as production has been reduced vis-à-vis the capacity for which they were designed. This triggered the decision to assess the implementation of the risk reduction plans, which had been developed for the original HSSE cases. The evaluation revealed that the implementation of actions in the risk reduction plans needs to be intensified.

Although personal safety improvements remain an important topic, attention needs to shift to MAHs. Follow-up on MAHs and risk reduction measures will now be intensified and centralized in CARE, the Group's action tracking tool. Furthermore, a budget was defined for facilities with the most significant risks, and training for line management was set up.

## Road Safety

In 2010, OMV Group signed the European Road Safety Charter, thereby committing itself to road safety in Europe, e.g., by using in-vehicle

monitoring technology and by providing its drivers with theoretical and practical training in how to prevent car crashes.

[www.erscharter.eu/signatories/profile/18428](http://www.erscharter.eu/signatories/profile/18428)



Petrom continued its road safety initiative. After installation of about 1,000 electronic black boxes in company cars in 2009, additional training was provided in 2010:

- ▶ 1,013 drivers took part in PetroMed's medical and psychological testing program to identify problems that could affect driving behavior
- ▶ 2,798 drivers underwent a two-day driving skills course that emphasized road safety



The awareness campaign "Have a safe trip with Petrom Refining & Petrochemicals" also focused on defensive driving. Cards with safety tips for traveling in Romania were distributed and also posted on the intranet. The "Drive for Life" campaign about defensive driving on the

refinery sites included radar surveillance, tests, training, and monitoring driving behavior.

The number of serious road accidents resulting in injuries decreased in 2010, however, there was one fatality.

## Emergency and Crisis Management

In 2010, OMV developed a plan to ensure business continuity in case the head office in Vienna was not available. This was developed by analyzing critical business processes and various scenarios. We evaluated critical sites and activities and reviewed emergency plans to improve resilience and emergency management capability.

Response scenarios for exploration and production, refineries, tank farms, gas transportation, commercial and retail business, and office buildings are rehearsed on a regular

basis. About 90 crisis and emergency exercises involving OMV staff, contractors, authorities, and other organizations took place in 2010. The scenarios included offshore oil spills and business continuity issues. The Gas Logistics unit trained a black-out scenario in Austria together with local authorities and emergency response teams along the entire pipeline. The OMV fire brigade at Gänserndorf, Austria, trained about 200 local policemen to make them better understand the nature of our E&P operations and to improve coordination in case of emergencies.

## Challenges and Goals in 2011

- ▶ Contractor management: suppliers and contractors will be monitored to ensure that they comply with OMV Sustainability:HSSE requirements, with equal priority being given to both technical and commercial risks
- ▶ High potential incidents: HiPos are properly investigated and actions defined and carried out
- ▶ Security management: our operations in politically and economically challenging countries all over the world will require specific efforts to ensure the security of our employees, contractors and assets

## Business Ethics

**Gaining and maintaining trust in the communities where we operate is based on honesty and integrity. Everyone working for OMV or on behalf of OMV is required to comply with our Code of Conduct. Open interaction with our stakeholders enhances our reputation as employer of choice and reliable business partner.**

### Our Approach

Everyone who works for OMV must be committed to honesty and integrity in all business dealings. The OMV Business Ethics Directive clearly defines our rules on conflicts of interest, gifts and hospitality, and assessment of third parties. A

compliance organization and relevant processes help to ensure compliance with our regulations. Behaving fairly toward our stakeholders adds substantially to our good reputation as an employer and business partner.

**OMV's business ethics management approach in detail:** [www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Society



While face-to-face trainings are mandatory, an e-learning tool was advertised as an add-on, with employees invited to check and refresh their knowledge of our rules by using the tool. As the number of users ("e-learners") is still small, this indicates that more advertising is needed in order to convey the importance of knowing our policies and rules. However, while the rules apply to everyone, the level or the probability of personal involvement with ethically critical situations varies significantly. Therefore, the definition and evaluation of the aforesaid measures must recognize the factual differences.

ethics. The business ethics e-learning tool was introduced at Petrom in February 2010.

#### Monetary fines



#### Actions Taken

There were 13 investigations of violations of business ethics regulations in 2010. In three cases, employment was terminated, in three cases, the disciplinary commission took action against the persons involved (e.g., salary cut). In one case, a warning was issued and the employee will be put on job rotation.

#### Business ethics at Petrom



The OMV Corporate Compliance Officer actively assisted Petrom by providing advice and conducting training courses on business

In 2010, several complaints from external stakeholders were thoroughly investigated. In some cases, this resulted in a reconsideration of business decisions.

### Outlook 2011

Taking our experience in the years 2008 to 2010 into account, we will review the Business Ethics Directive and will amend it where necessary. Improvements shall serve the genuine purpose of the directive by clarifying terms and procedures, thus making them easier to understand and comply with.

Furthermore, we will develop a uniform case management system for complaints and grievances that will be implemented in the course of 2011.

# Human Rights

**Human Rights are subjective rights to which all people are equally entitled. By signing the UN Global Compact, OMV committed itself to protect human rights within its sphere of influence. Over the last few years, we were able to develop our human rights management system and implement a comprehensive matrix covering our business processes.**

## Our Approach

The human rights management system was developed in close cooperation with external experts. Its key elements are the OMV Human Rights Policy and the OMV Human Rights Matrix. The Policy is based on the OMV Code of Conduct and sets forth the principles of our

understanding of protection of human rights in the business environment. All investment decisions requiring Executive Board approval undergo a mandatory sustainability evaluation that includes human rights aspects.

OMV's human rights management approach in detail: [www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Human Rights



## Human Rights Trainings

In 2010, OMV continued to conduct training courses and workshops to raise human rights awareness both internally and externally. An essential part of these trainings was providing an explanation of OMV's Human Rights Matrix. The functionalities of OMV's Human Rights Self Checks, OMV's Country Entry Checklist, and the human rights portion of OMV's supplier audits were important training topics. Furthermore, the basic principles of the OMV Code of Conduct, the OMV Business Ethics Directive, as well as our approach to sustainability were on the agenda of the trainings.

Human Rights Trainings Held in 2010		
Where	When	For whom
Egypt	Jan. 2010	Staff and management
Libya	Jan. 2010	Staff and management
Tunisia	Jan. 2010	Staff and management
Pakistan	May 2010	Staff and management
UK	Nov. 2010	Staff and management
Norway	Sept. 2010	Staff and contractors
Kurdistan Region of Iraq	Sept. 2010	Business partners
Romania	Feb. 2010	Staff and management

We also provided human rights training for the staff of security contractors in the Kurdistan Region of Iraq and in Pakistan, as well as for procurement auditors.

## Human Rights Tools

To evaluate the human rights situation and enforce the commitment to human rights in our areas of operation, we have developed and implemented various tools.

### The OMV Human Rights Matrix

OMV's human rights responsibilities are contained in a Human Rights Matrix derived

from the UN Global Compact approach toward human rights. Matrix-relevant issues are incorporated into the OMV Balanced Scorecard. Our objective is to respect, fulfill, and support the protection of human rights in our sphere of influence, both internally and among external individuals and groups.

Supplier and contractor audit process



### Human Rights Audits

We have developed a mandatory human rights questionnaire for standard OMV supplier audits and have trained auditing teams in how to use it. Of the 789 A suppliers, from whom 80% of OMV Group's purchasing volume is sourced, ten companies were selected in 2010 to undergo a comprehensive audit, including their compliance with human rights criteria.

### Human Rights Compliance Check

In 2010, the Gas and Power (G&P) business segment began a human rights self-assessment jointly with an external human rights expert. The goal was to assess if G&P businesses were compliant with all essential and desirable categories of the OMV Human Rights Matrix. Initial results indicate some compliance deficiencies, including within the category "essential responsibilities." Appropriate measures and recommendations will be defined for all identified non-compliances.

"Having been involved in the development of the OMV Human Rights Matrix, I have also accompanied G&P in the process of self assessing compliance with the Matrix responsibilities. While one has to take into account the limited nature of any self-assessment, it was possible to not only verify compliance in most instances, but also to identify deficiencies as well as areas that require particular attention, e.g., in the area of non-discrimination, grievance channels, and community relations."

Walter Suntinger, HumanRightsConsulting Vienna

List of human rights implementation tools



### Human Rights E-Learning Toolkit

OMV regards human rights as universal values that guide our conduct in all our spheres of influence. In 2010, OMV launched an e-learning training tool in both English and in German as a proactive instrument to increase its employees' awareness with regard to human rights. Most of OMV's employees will have access to this e-learning tool, which was implemented concurrently with a newsletter and an internal campaign.

### New Country Entry Check

A key element of the "Guiding Principles for the Implementation of the United Nations 'Protect, Respect And Remedy' Framework" developed by John Ruggie, which is currently still under consultation, constitutes due diligence in order to become aware of, prevent, and address adverse human rights impacts.

OMV proactively evaluates the human rights situation in a potential operating area prior to entering new countries or new areas by means of a "New Country Entry Check." Using this checklist, we perform a general evaluation of the human rights situation in the country or area of interest and also assess how OMV could be affected by it. Taking a risk management-based approach, it is important to gather as much social knowledge as possible about a country or area where OMV is planning to be active and, if necessary, to develop strategies that ensure compliance with our Code of Conduct and Human Rights Policy.

G&P is expanding its borders and entering into different countries with very challenging projects. In 2010, G&P updated all of its New Country Entry Checklists based on current human rights reports and current developments in the specific countries.

In already existing projects and countries where we are active, we carry out case-by-case advisory visits with a focus on human rights, together with external human rights consultants.

### Grievance Channel

Ruggie's guiding principles draft requires the establishment of a grievance mechanism. OMV has established a grievance mechanism for the power plant project in Samsun, Turkey, and in countries, where this is legally binding (e.g., for the filling stations in SEE). In other countries, this still needs to be done.

### Engaging with Indigenous People

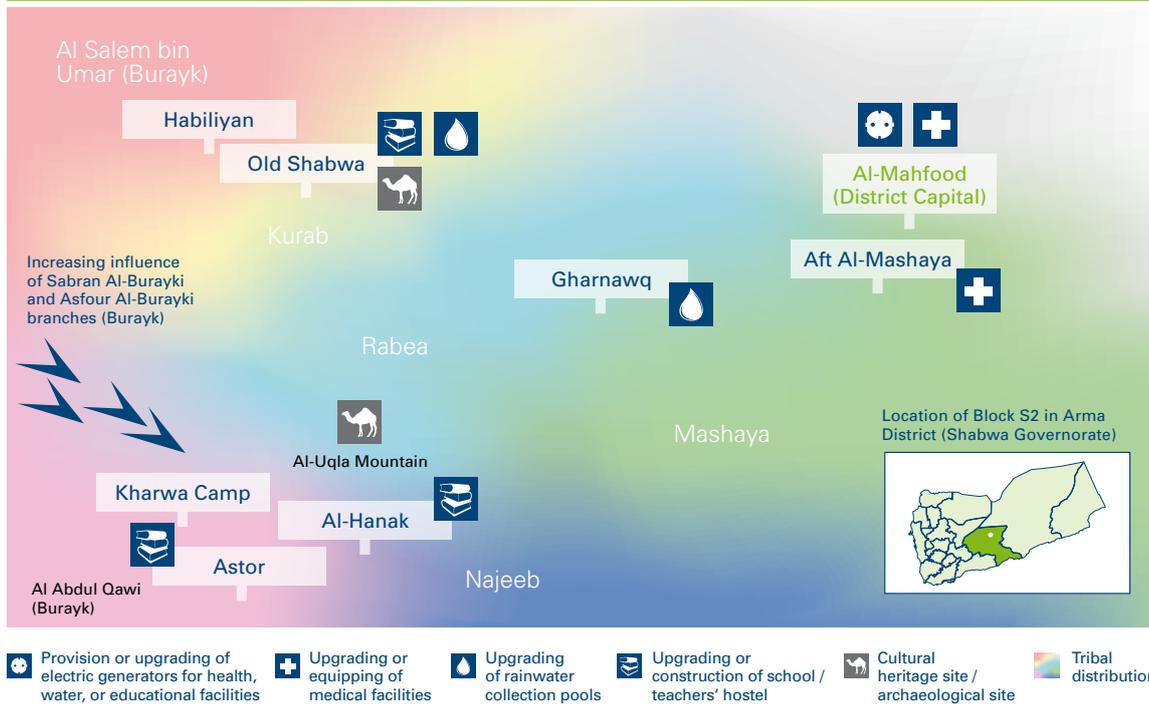
Indigenous people are those who have inhabited a region as the "first people," prior to exposure

of that region to other civilizations. They have preserved a collective identity, based on specific sociopolitical and cultural beliefs and practices.

The inhabitants of Arma in Yemen, a community that adjoins OMV activities in Block S2, are characterized by a strong tribal identity that emphasizes their honorable descent, their

ownership of their ancestors' territory, their traditional laws and code of conduct, as well as a perception of a certain autonomy from the central government. Their estimated population is 10,000 (according to the 2005 Yemeni census). About 3,000 of them were beneficiaries of our community relations projects in 2010, with some benefiting from several projects.

### Completed Community Investment Projects in Block S2, 2009/10 OMV in Yemen



Conflicts between tribes in Block S2 and between tribes and oil and gas companies or contractors were related to using land ownership as an argument for claiming the right to employment, compensation, and rental of equipment; workers' contracts; traditional water utilization and water administration; and traditional versus government land ownership.

OMV is applying a proactive strategy in its engagement with local communities. Claims and demands are taken seriously and discussed in order to find solutions and agreements. Negotiation skills are highly useful here when striving for a transformative approach, with empathy playing a more important role than analyzing the underlying reasons for a conflict.

Tribal conflict resolution



### Challenges and Goals in 2011

- ▶ Preparation of the human rights e-learning tool in Romanian and Turkish
- ▶ Roll-out of the Code of Conduct in Urdu
- ▶ Set-up of human rights trainings for Petrol Ofisi management and security forces in Turkey
- ▶ Security forces training in the Kurdistan Region of Iraq

## Community Relations

**We have made a commitment to consider the social impacts and risks of our activities, to play a responsible role in the communities local to our activities, to build mutual understanding, and to minimize negative impacts. We promote development in the communities in our sphere of influence in order to improve education, health, and the environment.**

### Our Approach

The Community Relations Standard applies from the conceptual stage of a project right through to successful implementation and abandonment. Integrating community relations

into business operations is the responsibility of line management and will be monitored by tracking not only the action plan for the project but the project site and corporate targets.

**OMV's community relations approach in detail:** [www.omv.com](http://www.omv.com) > Sustainability:HSSE > Sustainability:HSSE Management > Society



Find out more:  
[www.omv.com/sustainabilityworld](http://www.omv.com/sustainabilityworld)



#### Moringa Tree Project

OMV in Yemen has started a project to supply local communities with highly nutritious Moringa trees as had been done in the project in Tunisia. Moringa oleifera trees provide a wide range of benefits and have a great potential to enhance the living standards of local communities. Seeds begin to sprout only 15 days after being planted and do not need any chemicals or high-tech instruments to ensure that the local community can take over the project.

a social project that was promoted by a major advertising campaign in Austria and Germany.

#### Building Partnership in New Zealand

The goal of this project was to build partnership and understanding with the Maori, New Zealand's indigenous people, and to work with the local population to address their concerns. This collaboration has resulted not only in a longstanding friendship and mutual respect, but we have improved energy efficiency and life quality by installing insulation in homes and have also supported young people by providing specific self-improvement programs.

In a collaboration with the New Zealand Department of Conservation, OMV sponsored research costs for a project studying migratory whale species and members of OMV's Wellington-based staff volunteered as researchers. The project resonated strongly with local communities, including the Maori, who have an important economic stake in the business of whale-watching.



#### VIVA Mi Escuela: Coffee Drinkers Help Educate Children in Nicaragua

One cent for every cup of coffee sold. This is the contribution that OMV is making toward a school project in Nicaragua. OMV's VIVA shop chain is collaborating with ICEP, an Austrian NGO, on

More information about community relations activities in 2010 is available in the online version of this report. You can find additional projects in the interactive "Sustainability World" at [www.omv.com/sustainabilityworld](http://www.omv.com/sustainabilityworld).

## Social Affairs

Large companies depend on people's trust. For OMV to continue its successful growth, we need to gain and retain not only the trust of our customers, investors, and employees, but also that of the local communities in which we operate. We take our responsibility very seriously, and we build this trust by taking the social impacts and risks that our activities can create into consideration. Because it is essential that we maintain our excellent reputation, we carefully evaluate potential partners and suppliers as well as NGOs for our collaborative efforts.

### Social Sponsoring

OMV's international education program OMV Move & Help targets socially relevant issues and needs. The program works closely with its three partner organizations, the Austrian Book Club for Young People, Caritas, and UNESCO. The purpose of the OMV Move & Help initiative "Moving On with Reading" is to help children with severe reading problems in the OMV markets of Austria and Turkey. As part of the education initiative, an international contest at all OMV filling stations in eleven countries

supported the "OMV Move & Help Reading World Record."

Within the scope of an OMV advertising campaign in Austria, Germany, Hungary, Bulgaria, Croatia, and Slovenia, children were invited to participate in special activities. In Slovenia, for example, 200 children from socially disadvantaged families were invited to see the new Shrek movie in 3D. In addition, the children received a small gift from OMV.

OMV Move & Help in 2010: [www.omv.com](http://www.omv.com)  
> About OMV  
> Sponsorship  
> OMV Move & Help



Social Sponsoring: [www.omv.com](http://www.omv.com)  
> About OMV  
> Sponsorship  
> Sponsoring News



Communications and advertising standards



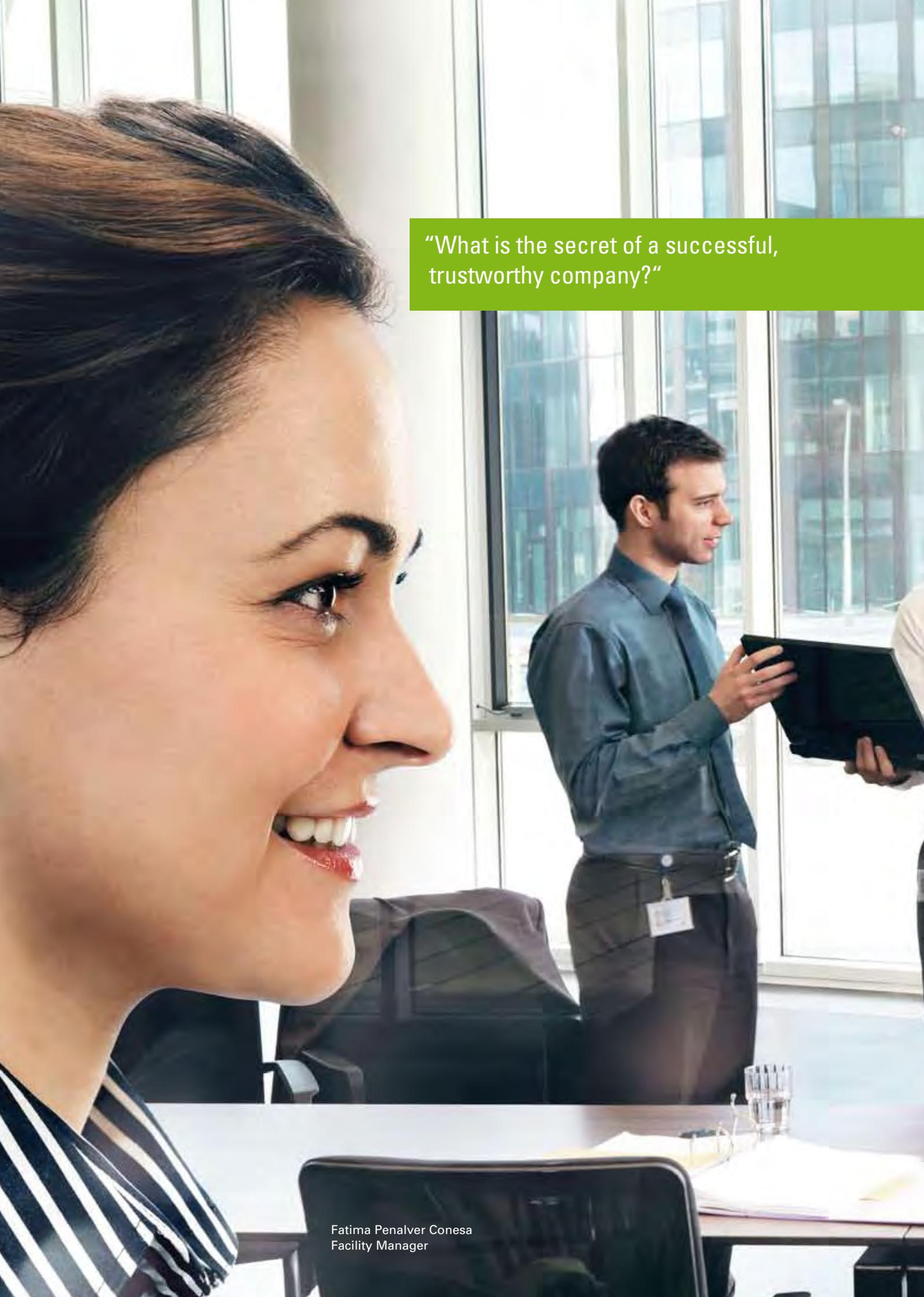
### Public Affairs

As an internationally active Group that is committed to European values, OMV conducts public affairs activities at a national, European, and international level. We participate actively in the development of the political, economical,

and regulatory framework that impacts our company. In order to meet our stakeholders' expectations, it is essential that we foster an environment that is favorable to our business and the economy.

### Challenges and Goals in 2011

- ▶ A visit from OMV Community Relations Managers to OMV in Kazakhstan is planned for the first half of 2011, with comprehensive training sessions on OMV's sustainability approach. In addition, discussions with relevant stakeholders, in particular local communities, are on the agenda.
- ▶ The acquisitions of new blocks in Pakistan will require a review of the existing set-up of OMV's community development projects.
- ▶ Refining and Marketing (R&M) will plan further development and roll-out of program activities such as "VIVA Mi Escuela" in a defined region in Nicaragua. Due to higher donations after the first year of the "VIVA Mi Escuela" project (in 2010, 30,000 more coffees were sold in the filling station VIVA shops than in the previous year), a new region will be included in the scope of the project and eight more schools will be integrated into the community relations project in 2011.



“What is the secret of a successful, trustworthy company?”

Fatima Penalver Conesa  
Facility Manager



"The fact that it has nothing to hide."

## Performance Indicators

Taxes per country and indicator for financial assistance from government: [www.OMV.com](http://www.OMV.com) > Sustainability:HSSE > Sustainability Report > Indicators and Assurance



Economy		
EC1 Economic Value 2010		Thousand EUR
<b>1. Revenues generated</b>		<b>30,075,724</b>
<b>2. Distribution to stakeholders</b>		
Suppliers		19,840,318
Governments		7,566,516
Employees		1,109,898
Capital providers		367,550
Shareholders		333,555
Society		12,271
		<b>29,230,108</b>
<b>3. Value retained</b>		<b>845,616</b>

Environment							
Environmental figures <sup>1</sup>							
		2010	2009	2008	2007	2006	
EN3	Energy consumption	PJ	134.1	147.8	165.4	159.5	154.5
EN8	Water consumption	mn m <sup>3</sup>	59	65	77	76	89
	Of which groundwater	mn m <sup>3</sup>	32.4	28.1	26.9	25.3	27.5
<b>Emissions</b>							
EN16	GHG (direct, Scope 1)	mn t CO <sub>2</sub> equivalent	12.2	11.7	12.0	12.1	14.1
EN16	GHG (indirect <sup>2</sup> , Scope 3)	mn t CO <sub>2</sub> equivalent	108	109	105	102	n.r.
EN16	CO <sub>2</sub>	mn t	10.0	10.7	11.1	10.8	11.6
EN16	CH <sub>4</sub> <sup>3</sup>	t	100,004	36,008	27,136	39,880	95,285
EN16	N <sub>2</sub> O	t	215	975	1,036	1,440	1,384
EN20	SO <sub>2</sub> <sup>3</sup>	t	5,587	5,927	9,039	10,290	13,247
EN20	NOx <sup>3</sup>	t	16,432	15,123	14,890	13,759	13,439
	NM-VOC <sup>3</sup>	t	11,818	10,531	10,553	9,707	6,028
	Particulate emissions	t	422	1,799	2,492	2,944	2,369
EN21	<b>Waste water discharge</b>						
	Chemical oxygen demand	t	1,525	1,860	1,890	2,741	2,939
	Hydrocarbons	t	55.5	55.6	84.0	62.2	72.8
	Total nitrogen	t	261	331	372	437	349
EN22	<b>Waste<sup>4</sup></b>						
	Non-hazardous waste	t	369,060	379,933	216,681	75,261	57,456
	Hazardous waste	t	233,126	138,294	22,714	21,004	19,835
	Waste oil <sup>5</sup>	t	—	—	439	322	262
	Total waste	t	602,186	518,227	239,834	96,587	77,552
EN23	Spills	number	2,247	2,671	1,701	884	2,782
OG6	<b>Flaring and Venting</b>						
	Hydrocarbons flared	t	477,284	n.r.	n.r.	n.r.	n.r.
	Hydrocarbons vented	t	81,483	n.r.	n.r.	n.r.	n.r.

n.r. = not reported

<sup>1</sup>Environmental figures including Petrom as of 2006; Kazakhstan and Petrom Marketing as of 2009.

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

<sup>3</sup>Increases due to adapted estimation and calculation methodologies in refineries (NM-VOC, 2007), E&P (2008–09) and Petrom E&P (2010).

<sup>4</sup>While until 2008 only production waste was reported, total waste amounts, including those from one-time projects, are given as of 2009.

<sup>5</sup>As of 2009, included in hazardous waste.

Indicators for the E&P, Refining, and Gas operating segments: [www.OMV.com](http://www.OMV.com) > Sustainability:HSSE > Sustainability Report > Indicators and Assurance



## Safety

### LA7 Safety figures

Own employees		2010	2009	2008	2007	2006
Fatalities	number	3	1	7	3	6
Lost workday injuries	number	41	46	61	40	73
Fatality rate (FAR)	per 100 mn working hours	5.08	1.50	9.39	4.54	7.45
Lost-time injury rate (LTIR)	per million working hours	0.74	0.71	0.91	0.65	0.98
Lost-time injury severity (LTIS)	per million working hours	23.6	36.8	57.7	21.3	22.7
Total recordable injury rate (TRIR)	per million working hours	1.29	1.53	2.17	n.r.	n.r.
Commuting accidents	number	13	20	25	n.r.	n.r.
Contractors <sup>1</sup>						
Fatalities	number	1	3	9	8	8
Lost workday injuries	number	52	55	77	100	68
Fatality rate (FAR)	per 100 mn working hours	1.05	3.54	9.64	9.22	14.31
Lost-time injury rate (LTIR)	per million working hours	0.56	0.68	0.92	1.24	1.36
Lost-time injury severity (LTIS)	per million working hours	13.1	27.9	31.9	35.2	41.1
Total recordable injury rate (TRIR)	per million working hours	1.23	1.58	1.73	n.r.	n.r.
Commuting accidents	number	3	8	12	n.r.	n.r.

n.r. = not reported

<sup>1</sup> As of 2007, partners and employees of filling stations are included in the scope of safety statistics. Between 2006 and 2008, demergers and integration of contractor companies led to shifting of incident numbers between employees and contractors.

## Labor

### LA1 Total workforce by employment type and region 2010

	Europe excl. Austria <sup>1</sup>	Middle East/ Africa	Rest of the World	Austria	Total <sup>1</sup>
<b>Total</b>	25,734	2,500	575	3,739	32,548
<b>Status</b>					
White-collar workers	10,160	1,651	575	2,734	15,120
Blue-collar workers	15,574	849	0	1,005	17,428
<b>Total</b>	25,734	2,500	575	3,739	32,548
<b>Employment type</b>					
Full-time	25,706	2,494	575	3,577	32,352
Part-time	28	6	0	162	196
<b>Total</b>	25,734	2,500	575	3,739	32,548
<b>Employment type</b>					
Permanent	25,403	1,844	575	3,679	31,501
Temporary <sup>2</sup>	331	656	0	60	1,047
<b>Total</b>	25,734	2,500	575	3,739	32,548

<sup>1</sup> Data include figures for Petrom S.A. but not for foreign companies where Petrom is a shareholder.

<sup>2</sup> A temporary contract of employment is of limited duration and terminated by a specific event, such as the end of a project or work phase, the return of replaced personnel, etc.

Breakdown of workforce by region into different categories (including temporary agency workers). Some companies are not included (e.g. OMV Exploration & Production Ltd, Petrom Exploration & Production Ltd). For this reason the figures are not exactly comparable with the figures in the Annual Report 2010.

Indicators for the E&P, Refining, and Gas operating segments:  
[www.OMV.com](http://www.OMV.com) >  
 Sustainability:HSSE  
 > Sustainability Report > Indicators and Assurance



**Labor**
**LA2 Net employment creation and average turnover segmented by region 2010**

	Europe excl. Austria	Middle East/ Africa <sup>1</sup>	Rest of the World	Austria <sup>2</sup>	Total
New recruitments	243	301	73	139	756
Of which new jobs created <sup>3</sup>	217	159	57	49	482
Contract terminations <sup>4</sup>	3,037	48	30	199	3,314
<b>Total number of employees</b>	<b>25,734</b>	<b>2,500</b>	<b>575</b>	<b>3,739</b>	<b>32,548</b>

<sup>1</sup>Middle East/Africa: Petrol Ofisi not included

<sup>2</sup>Austria: Data covers only companies that use the Austrian SAP payroll accounting system. Other companies, such as EconGas, are not included.

<sup>3</sup>Excluding replacements

<sup>4</sup>Including Social Plan termination and retirements

**LA10 Average hours of training and education divided into categories 2010**

	Europe excl. Austria	Middle East/ Africa <sup>1</sup>	Rest of the World	Austria	Total
<b>Senior management</b>					
Number of training participants	3	1	0	34	38
Money spent on training per category	2,147	120	0	79,680	81,947
Hours per category	124	16	0	1,414	1,554
<b>Management</b>					
Number of training participants	573	70	89	237	969
Money spent on training per category	188,747	140,737	122,242	566,556	1,018,282
Hours per category	10,680	2,192	3,396	13,418	29,686
<b>Experts</b>					
Number of training participants	5,010	509	152	1,425	7,096
Money spent on training per category	1,282,458	390,476	227,349	2,722,119	4,622,402
Hours per category	123,914	12,296	6,012	67,893	210,115
<b>Project managers</b>					
Number of training participants	267	11	35	44	357
Money spent on training per category	84,178	16,780	23,841	146,765	271,564
Hours per category	5,691	384	952	3,839	10,866
<b>Technicians</b>					
Number of training participants	4,010	139	292	455	4,896
Money spent on training per category	141,915	130,030	249,671	218,344	739,960
Hours per category	76,206	3,416	15,760	10,996	106,378
<b>Administrators</b>					
Number of training participants	128	116	44	92	380
Money spent on training per category	47,416	69,927	45,670	104,617	267,630
Hours per category	3,893	3,981	1,487	3,773	13,134
<b>Grand Total</b>					
Number of training participants					13,736
Money spent on training					7,001,785
Hours of training					371,733

<sup>1</sup>Middle East/Africa: Petrol Ofisi not included

# GRI Content Index

The Global Reporting Initiative (GRI) develops globally applicable quality criteria for sustainability reporting in consultation with a wide range of stakeholders drawn from business, employer and employee representatives, civil society, academic institutions, and other areas. The GRI Content Index gives an overview of all the disclosures in the present report.

Description	Status	Links	IPECA	UNGC	Statement/Commentary
<b>Profile Disclosures</b>					
<b>1. Strategy and Analysis</b>					
1.1 Statement from the most senior decision-maker of the organization	●	SR pp.2-3			Statement of Continuing Support
1.2 Description of key impacts, risks, and opportunities	●	SR pp.6,30; AR pp.56-58; 🔗 Sustainability:HSSE Strategy			
<b>2. Organizational Profile</b>					
2.1 Name of the organization	●	SR back cover			
2.2 Primary brands, products, and/or services	●	SR p.9; 🔗 Corporate Facts			
2.3 Operational structure of the organization	●	SR pp.7,9; AR pp.133-138; 🔗 www.omv.com > About OMV			
2.4 Location of the organization's headquarters	●	SR back cover			
2.5 Number of countries where the organization operates	●	SR front flap; SR pp.9,23-24; AR pp.38,42,46			
2.6 Nature of ownership and legal form	●	AR pp.30-31			
2.7 Markets served	●	AR pp.12-13; 🔗 Corporate Facts			
2.8 Scale of the reporting organization	●	AR 50,54-55,133-140			
2.9 Significant changes during the reporting period regarding size, structure, or ownership	●	AR pp.50-52			
2.10 Awards received in the reporting period	●	SR pp.25,42,48; 🔗 Corporate Facts			
<b>3. Report Parameters</b>					
3.1 Reporting period for information provided	●	SR front flap			
3.2 Date of most recent previous report	●	SR front flap			
3.3 Reporting cycle	●	SR front flap			
3.4 Contact point for questions regarding the report or its contents	●	SR front flap, back flap			
3.5 Process for defining report content	●	SR front flap			
3.6 Boundary of the report	●	SR front flap; 🔗 Introduction			
3.7 Limitations on the scope or boundary of the report	●	SR front flap; 🔗 Introduction			
3.8 Basis for reporting on joint ventures, subsidiaries, etc.	●	SR front flap; 🔗 Introduction			
3.9 Data measurement techniques and the bases of calculations	●	SR front flap			
3.10 Restatements of information	●	SR p.63			3.10 No restatements of information since the last report.
3.11 Significant changes from previous reporting periods	●	SR p.63			3.11 No significant changes since the last report.
3.12 GRI Content Index	●	SR pp.63-66			
3.13 External assurance	●	SR p.67			
<b>4. Governance, Commitments, and Engagement</b>					
4.1 Corporate governance/Management structure of the organization	●	SR pp.7,9,52; AR pp.19-27; 🔗 Our Commitment			
4.2 Independence of the highest governance body	●	AR pp.19-27			
4.3 Structure of the governance body in organizations that have a unitary board structure	n.a.	SR p.63			4.3 The organization has a Supervisory Board.
4.4 Mechanisms for shareholders and employees to provide recommendations	●	SR pp.12-13; AR pp.26-27			
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	●	SR pp.3,8; AR pp.21-22,25-27,126,132			
4.6 Mechanisms to avoid conflicts of interest	●	SR p.52; AR pp.24-25; 🔗 Our Commitment		👉 1-10	
4.7 Expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	●	AR pp.23-25			
4.8 Mission statements, codes of conduct, sustainability principles	●	SR pp.6,9, back flap; 🔗 Sustainability:HSSE Strategy			4.10 According to the Austrian Stock Corporation Act, responsibility for evaluating the performance of the highest governance body does not lie with the reporting organization.
4.9 Procedures for overseeing the organization's sustainability management	●	SR pp.7-8; 🔗 Sustainability:HSSE Management			
4.10 Evaluation of the highest governance body's own performance, particularly with respect to sustainability	n.a.	SR p.63			

**Legend:** EC1 Key Performance Indicators ENS Additional Indicators ● Fully reported ● Partly reported  
n.a. Not applicable n.m. Not material SR Sustainability Report 2010 AR Annual Report 2010  
👉 Actions taken to implement principle(s) 📊 Outcomes from implementing principle(s)  
🔗 www.omv.com > Sustainability:HSSE 🔗 www.omv.com > Sustainability:HSSE > Sustainability Report

Statement/ Commentary	Description	Status	Links	IEPECA	UNGC
4.11 Investments in portfolio adaptation and decarbonization are the strategic expression of our precautionary approach.	4.11 Precautionary approach addressed by the organization	●	SR pp. 19, 28, 64; AR pp. 28, 56–58, 113–114; <a href="#">Sustainability:HSSE Management</a>		➤ 7
EN1 Raw materials refer to the amounts of oil and gas produced, used, and sold and make up the company's key material flows. While amounts of auxiliary, working, and packaging materials are marginal and therefore not reported, detailed information about energy consumption is given for EN3 and EN4. Due to the complexity, more detailed reporting is not planned in the future.	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives	●	SR p. 9; <a href="#">Our Commitment</a>		➤ 1–10
	4.13 Memberships in associations and advocacy organizations	●	SR p. 13; <a href="#">Corporate Facts</a>		
	4.14 List of stakeholder groups engaged by the organization	●	SR p. 12; <a href="#">Stakeholder Dialogue</a>		
	4.15 Basis for identification and selection of stakeholders with whom to engage	●	SR pp. 12–13; <a href="#">Stakeholder Dialogue</a>		
	4.16 Approaches to stakeholder engagement	●	SR pp. 12–13; <a href="#">Stakeholder Dialogue</a>	SE1	Sharing the Communication on Progress with the company's stakeholders
	4.17 Key topics and concerns of stakeholders	●	SR pp. 14–18; <a href="#">Stakeholder Dialogue</a>	SE1	
	EN2 Insignificant percentage given the reliance on materials derived from primary extraction.	<b>Disclosures on Management Approach</b>			
DMA EC		●	SR pp. 23, 68–back flap; <a href="#">Sustainability:HSSE Management</a>		➤ 1, 4, 6, and 7
DMA EN		●	SR pp. 28, 68–back flap; <a href="#">Sustainability:HSSE Management</a>		➤ 7, 8, and 9
DMA LA		●	SR pp. 42, 68–back flap; <a href="#">Sustainability:HSSE Management</a>	SE16, HS1	➤ 1, 3, and 6
DMA HR		●	SR pp. 53, 68–back flap; <a href="#">Sustainability:HSSE Management</a>	SE8, SE2	➤ 1, 2, 3, 4, 5, and 6
EN4 Purchased energy, such as electricity and heat, accounted for only 5% of total energy consumption.	DMA SO	●	SR pp. 52, 56, 68–back flap; <a href="#">Sustainability:HSSE Management</a>	SE1	➤ 10
	DMA PR	●	<a href="#">Sustainability:HSSE Management</a>	HS4	➤ 1 and 8
<b>Performance Indicators</b>					
<b>Economic Performance Indicators</b>					
EN11, EN12 For new projects, biodiversity is addressed in environmental impact assessments and permitting processes, but the use of biodiversity action plans has not yet been implemented in any of our operations.	EC1	●	SR pp. 25, 60; AR pp. 50–56; <a href="#">Economy</a>	SE13	
	EC2	●	SR pp. 30–31; <a href="#">Environment</a>		➤ 7
	EC3	●	SR p. 44; AR pp. 83, 103; <a href="#">Social Responsibility</a>		
	EC4	●	<a href="#">Indicators and Assurance</a>		
	EC6	●	<a href="#">Economy</a>	SE7, SE5	
	EC7	●	SR p. 42; <a href="#">Social Responsibility</a>	SE6, SE5	➤ 6
	EC8	●	SR pp. 56–57; <a href="#">Social Responsibility</a>	SE4	
	EC9	●	SR pp. 23–25	SE1	
	<b>Environmental Performance Indicators</b>				
EN17 Scope 3 emissions from product use are material and reported. All other Scope 3 emissions, for example, emissions related to externally purchased crude oil intake, employee business travel, and logistics, are not material because of their relatively insignificant amounts compared to indirect emissions from product use.	EN1	●	SR p. 64; AR pp. 39–40, 44		⊕ 8
	EN2	●	SR p. 64		⊕ 8 and 9
	EN3	●	SR pp. 29, 60	E2, E3	⊕ 8
	EN4	n.m.	SR p. 64	E2, E3	
	EN5	●	SR pp. 29, 31	E2, E3	⊕ 8 and 9
	EN6	●	SR pp. 19, 31, 39	E3	➤ 8 and 9
	EN8	●	SR pp. 33–34, 60; <a href="#">Environment</a>	E6	⊕ 8
	EN9	●	SR p. 34	E6	
	EN11	●	SR pp. 33, 64	E5	
	EN12	●	SR pp. 33, 64; <a href="#">Environment</a>	E5	⊕ 8
	EN14	●	SR p. 33	E5	
	EN16	●	SR pp. 30–31, 60	E1	⊕ 8
	EN17	n.m.	SR p. 64	E1	
	EN18	●	SR p. 31; <a href="#">Environment</a>	E1	➤ ⊕ 7, 8, and 9

**Legend:** EC1 Key Performance Indicators EN5 Additional Indicators ● Fully reported ● Partly reported  
 n.a. Not applicable n.m. Not material SR Sustainability Report 2010 AR Annual Report 2010  
 ➤ Actions taken to implement principle(s) ⊕ Outcomes from implementing principle(s)  
[www.omv.com > Sustainability:HSSE](#) [www.omv.com > Sustainability:HSSE > Sustainability Report](#)

Description	Status	Links	IPECA	UNGC	Statement/Commentary
EN19 Emissions of ozone-depleting substances by weight	n.m.	SR p.65	E7		
EN20 NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight	●	SR pp.38,60; <a href="#">Indicators and Assurance</a>	E7		
EN21 Total water discharge by quality and destination	●	SR pp.33–34,60,65; <a href="#">Indicators and Assurance</a>	E9	8	EN19 OMV uses ozone-depleting substances only on a laboratory scale (<1 t per year).
EN22 Total weight of waste by type and disposal method	●	SR pp.35–36,60,65; <a href="#">Environment</a>	E10		
EN23 Total number and volume of significant spills	●	SR pp.37,60; <a href="#">Environment</a>	E8		EN21, EN22 Classification structure adapted to specific business characteristics.
EN24 Weight of hazardous waste shipped internationally	●	SR p.35	E10		
EN26 Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	●	SR pp.19,39	HS4	7, 8, and 9	
EN27 Packaging materials that are reclaimed	n.m.	SR p.65		8 and 9	EN27 The company's main products, oil, gas, and electricity, are delivered without packaging materials.
EN28 Fines for non-compliance with environmental regulations	●	SR pp.28,65		8	
EN29 Significant environmental impacts of transport	●	<a href="#">Environment</a>			
EN30 Total environmental protection expenditures and investments by type	●	SR p.28		7, 8, and 9	
<b>Social Performance Indicators: Labor Practices and Decent Work</b>					
LA1 Total workforce by employment type, employment contract, and region	●	SR p.61	SE6, SE15		EN28 Reporting on dispute resolution concerning environmental issues will be developed.
LA2 Rate of employee turnover	●	SR pp.62,65		6	
LA4 Percentage of employees covered by collective bargaining agreements	●	<a href="#">Indicators and Assurance</a>	SE16	1 and 3	LA2 Data split by age group and gender are not yet available and will be reported next year.
LA5 Minimum notice period(s) regarding significant operational changes	●	<a href="#">Indicators and Assurance</a>		3	
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	●	SR pp.48–49,61	HS3	1	
LA8 Risk-control programs in place to assist workforce members regarding serious diseases	●	SR pp.46–47	HS3, HS2	1	LA13 In accordance with the Austrian law, no data have been or will be collected on minority groups.
LA10 Average hours of training per year per employee by employee category	●	SR p.62	SE17		
LA13 Composition of governance bodies and breakdown of employees in terms of diversity	●	SR pp.43,65; AR p.24	SE15	1 and 6	
LA14 Ratio of basic salary of men to women by employee category	●	SR p.65	SE15		LA14 The principle of equal remuneration for men and women for equal work is anchored in the OMV Anti-Discrimination Directive. The level of compensation is based on the employee's function and management level as well as skills and professional experience. Compliance with OMV's Anti-Discrimination Directive is reviewed annually by internal auditors.
<b>Social Performance Indicators: Human Rights</b>					
HR1 Investment agreements that include human rights clauses	●	SR p.53	SE8, SE9	1, 2, 3, 4, 5, and 6	
HR2 Suppliers and contractors that have undergone screening on human rights	●	SR pp.54,65; <a href="#">Social Responsibility</a>	SE9	1, 2, 3, 4, 5, and 6	
HR3 Employee training on policies and procedures concerning aspects of human rights	●	SR pp.53–54,65	SE8, SE17	1, 2, 3, 4, 5, and 6	
HR4 Total number of incidents of discrimination and actions taken	●	SR pp.52,65	SE18	1, 2, and 6	
HR5 Right to exercise freedom of association and collective bargaining	●	<a href="#">Social Responsibility</a>	SE16	1, 2, and 3	
HR6 Operations identified as having significant risk for incidents of child labor	●	<a href="#">Sustainability:HSSE Management</a>	SE8, SE9	1, 2, and 5	
HR7 Operations identified as having significant risk for incidents of forced or compulsory labor	●	SR p.54; <a href="#">Sustainability:HSSE Management</a>	SE8, SE9	1, 2, and 4	
HR8 Security personnel trained concerning aspects of human rights	●	SR pp.53,65	SE10	1 and 2	
<b>Social Performance Indicators: Society</b>					
SO1 Effectiveness of practices that manage the impacts of operations on communities	●	SR pp.35,54–57; <a href="#">Sustainability World</a>	SE2,SE1, SE3,SE5		HR2, HR3, HR8 Quantitative data are not yet available and will be reported no later than 2012.
SO2 Business units analyzed for risks related to corruption	●	SR pp.52,65	SE11, SE12	10	
SO3 Employees trained in organization's anti-corruption procedures	●	SR p.52	SE11		HR4 Reporting systems are under evaluation and quantitative data will be available over the long term.
SO4 Actions taken in response to incidents of corruption	●	SR p.52	SE11, SE12	10	
SO5 Public policy positions and participation in public policy development and lobbying	●	SR p.57	SE14	1–10	
SO8 Fines and sanctions for non-compliance with regulations	●	<a href="#">Social Responsibility</a>	SE13		SO2 Risks-related audits, including fraud and corruption issues, are inherent parts of the audit program of Corporate Internal Audit.
<b>Social Performance Indicators: Product Responsibility</b>					
PR1 Life cycle stages in which health and safety impacts of products and services are assessed	●	SR pp.39,50	HS4	1	
PR3 Type of product and service information required by procedures	●	SR p.39	HS4	8	
PR6 Programs for adherence to laws related to advertising	●	<a href="#">Social Responsibility</a>			
PR9 Fines for non-compliance with regulations concerning the provision and use of products and services	●	SR p.65; <a href="#">Social Responsibility</a>			PR9 No product-related fines in the reporting period.

**Legend:** EC1 Key Performance Indicators EN5 Additional Indicators ● Fully reported ● Partly reported n.a. Not applicable n.m. Not material SR Sustainability Report 2010 AR Annual Report 2010 [▶](#) Actions taken to implement principle(s) [+](#) Outcomes from implementing principle(s) [▶](#) www.omv.com > Sustainability:HSSE [▶](#) www.omv.com > Sustainability:HSSE > Sustainability Report

Statement/ Commentary	Description	Status	Links	IEPECA	UNGC
<b>OG3</b> Zero, but wind farm currently under construction, commissioning planned for 2011.	<b>Oil &amp; Gas Sector Specific Indicators</b>				
	<b>OG1</b> Volume of proven reserves	●	SR p.23		
	<b>OG2</b> Amount spent on renewable energy R&D	●	SR p. 19	E3	
	<b>OG3</b> Installed capacity of renewable energy technologies by source	●	SR p.66	E3	
	<b>OG4</b> Volume of formation/produced water	●	SR p.33	E9	
	<b>OG5</b> Percentage of operating sites in which biodiversity risk has been assessed and monitored	●	SR p.64	E5	
<b>OG5</b> See EN11, EN12	<b>OG6</b> Volume of hydrocarbon flared and vented	●	SR p.60	E4	
	<b>OG7</b> Amount of drilling mud and cuttings	●	SR pp.36,66	E9, E10	
<b>OG7</b> The system to report drilling mud and cuttings separately from total waste will be fully developed within the next two years.	<b>OG8</b> Benzene and sulfur content in diesel and gasoline	●	SR p.39	HS4	
	<b>OG9</b> Total number of indigenous peoples' communities adjacent to or influenced by operations taking place, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	●	SR pp.54-55,66	SE2	
<b>OG9, OG10, OG12</b> Some examples are given in this report. Systematic reporting will be set up in the long term.	<b>OG10</b> Number and description of significant disputes relating to land use and use of marine areas, customary rights of local communities, and indigenous peoples and cultural heritage	●	SR pp.54-55,66	SE3, SE1, SE2	
	<b>OG11</b> Percentage of facilities in which health impact assessments have been conducted (including employees and communities)	●	SR pp.46-47,68	HS2, SE1	
	<b>OG12</b> List of sites where resettlements took place, the number of households resettled in each of the affected localities, and how their livelihoods were affected in the process	●	SR p.66	SE3	
	<b>OG13</b> Sites that have been decommissioned or are in the process of being decommissioned	●	SR p.35	SE1	
	<b>OG14</b> Percentage of facilities covered by asset integrity and safety processes	●	SR p.50	HS5	
	<b>OG15</b> Volume of biofuels produced, purchased, and sold	●	SR p.39	E3	

## GRI Application Level A+

The present report, the OMV Sustainability Report 2010, meets the requirements of the A+ Application Level of the GRI G3 Sustainability Reporting Guidelines. A+ indicates that a report meets the criteria for maximum completeness and has undergone external assurance. We have asked Deloitte for a third-party check of the GRI Application Level.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 3.1-3.8, 3.10-3.12	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as required for Level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		20 Performance Indicators, at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission	

**Legend:** EC1 Key Performance Indicators EN5 Additional Indicators ● Fully reported ● Partly reported  
 n.a. Not applicable n.m. Not material SR Sustainability Report 2010 AR Annual Report 2010  
 ➤ Actions taken to implement principle(s) ➤ Outcomes from implementing principle(s)  
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# Independent Limited Assurance Statement on Specific Topics of the OMV Sustainability Report 2010

## Introduction

We have reviewed certain aspects of the OMV Sustainability Report 2010, print and web version, (the "Report"), and of the underlying management systems.

The Report and the underlying management systems, including the subject matters and criteria are the Responsibility of OMV's management. Our responsibility is to issue a conclusion based on our review. We conducted our review in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" in order to obtain limited assurance on the subject matters. In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance can be obtained.

For this engagement the "General Conditions of Contract for the Public Accounting Professions", as issued by the Chamber of Public Accountants and Tax Advisors in Austria on March 8, 2000, revised on March 22, 2010 ("AAB 2010"), are binding. According to section 8 AAB 2010 our liability is limited to willful intent and gross negligence. In cases of gross negligence the maximum liability is limited to EUR 726,730. This amount constitutes a total maximum liability cap which may only be utilized up to this maximum amount even if there is more than one claimant or more than one claim has been asserted.

## Subject matters

We reviewed the following subject matters including whether information and data are appropriately reflected in the Report:

1. The procedures for the collection, compilation, validation and aggregation of 2010 information and data on
  - ▶ Human Rights from reporting units.
  - ▶ Workplace and process safety from reporting units including all relevant KPIs.
  - ▶ Economy with a focus on the linkage between sustainability management and economic performance as presented in the Annual Report.
  - ▶ Environment (with focus on certain KPIs) at corporate level and selected sites. Sites were chosen where reporting systems are still developing.
2. The systems, structures and processes for managing Health, Safety, Environment, and other Sustainability issues material to the oil and gas industry; established at OMV Group.
3. The methodology and process that OMV at group level has put in place for the preparation of the Report, as described in the chapter "About the Report", and whether the information presented in the Report meets its objectives and was set up in alignment with the Global Reporting Initiative Sustainability Reporting Guidelines (GRI application level A+), including the emerging Oil & Gas Sector Supplement.

## Criteria

Based on an assessment of materiality and risk we have gathered and evaluated evidence supporting the conformity of the subject matters with following criteria:

- ▶ Relevance/Materiality
- ▶ Completeness
- ▶ Balance
- ▶ Comparability
- ▶ Accuracy
- ▶ Reliability
- ▶ Clarity

## Summary of work performed

Our work included (i) analytical procedures, (ii) interviews with management representatives, HSSE & sustainability management representatives and employees at OMV Group headquarters in Vienna and Petrom headquarters in Bucharest and at business segment "Exploration & Production"; and (iii) visits to and phone reviews with a limited number of reporting sites, including non-OECD countries.

## Limitations

Our engagement is limited to information included in the Report on systems, structures and processes for managing human rights, workplace and process safety, environmental and economical aspects as well as Sustainability aspects material to the oil and gas industry established by OMV Group. We did not perform any assurance procedures on other information presented in the Report.

This also applies to our procedures performed regarding alignment of the Report with the relevant parts of the GRI Sustainability Reporting Guidelines.

We have not tested comparative data, derived from the Sustainability Report 2009. The scope of our review procedures at site level was limited to a sample of 7 site reviews of a total of 35 reporting sites.

Our work was performed on a sample basis as we deemed necessary in the circumstance, but did not include any substantial testing. Therefore, the assurance that we obtained from our evidence gathering procedures is limited.

## Conclusion

Based on our work described above, nothing has come to our attention that causes us to believe that:

- ▶ during the reporting year 2010 systems to manage material HSE, Sustainability and related economical aspects material to the oil and gas industry affecting OMV were not designed appropriately;
- ▶ detailed and systematic procedures for collecting, compiling, validating and aggregating 2010 data from reporting units, including presentation and disclosure in the Report, were not applied adequately;
- ▶ and that the 2010 reporting was not aligned with the relevant parts of the GRI Sustainability Reporting Guidelines (application level A+).

Vienna, March 22, 2011

Deloitte Audit  
Wirtschaftsprüfungs GmbH

Manfred Geritzer  
Wirtschaftsprüfer

i.V. Dr.-Ing. Sam Vaseghi  
Engagement Manager

# Sustainability Program

## What We Did in 2010

<b>Leadership</b>	<p><b>Sustainability management and leadership</b></p> <ul style="list-style-type: none"> <li>▶ Each Executive Board member sponsored an HSSE target in the corporate Balanced Scorecard (BSC)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Individual targets set for all managers participating in management by objectives (MbO) programs comprise over 3,600 sustainability targets</li> </ul>
<b>Economy</b>	<p><b>Sustainability in the core business</b></p> <ul style="list-style-type: none"> <li>▶ Ongoing modernization of the Petrobrazi refinery</li> <li>▶ Service improved in the non-oil business: ATM machines introduced</li> <li>▶ Stable number of VIVA shops despite slight decrease from 993 to 954</li> <li>▶ Gas value chain strengthened further: projects on track</li> </ul>	<p><b>Increased purchasing from domestic suppliers</b></p> <ul style="list-style-type: none"> <li>▶ More than 75% of purchasing volume via local spending</li> <li>▶ 11.2% of A supplier purchasing covered by a CoC</li> </ul> <p><b>Inclusion of Sustainability:HSSE elements in all supplier audits</b></p> <ul style="list-style-type: none"> <li>▶ 95% of supplier audits included human rights aspects</li> <li>▶ Specific questionnaire developed for health, safety, and environmental audit criteria included</li> </ul>
<b>Human Rights</b>	<p><b>Human rights training and awareness</b></p> <ul style="list-style-type: none"> <li>▶ E-learning tool rolled out in English and German</li> <li>▶ Human rights compliance check in all G&amp;P business units</li> </ul>	<ul style="list-style-type: none"> <li>▶ Human rights trainings for staff and management held in eight countries; trainings also held for security contractors and internal and external auditors</li> </ul>
<b>Employees</b>	<p><b>Diversity</b></p> <ul style="list-style-type: none"> <li>▶ Development of a strategy and an action plan to ensure equal employment and leadership opportunities for everyone</li> </ul> <p><b>Internationalization and cooperation between businesses</b></p> <ul style="list-style-type: none"> <li>▶ Revision of more than 70 international HR processes</li> <li>▶ Unification of different staff development systems</li> <li>▶ Risk review in the areas of insurance, OH, and safety</li> </ul>	<ul style="list-style-type: none"> <li>▶ Expansion of existing human resources networks</li> </ul> <p><b>Intelligent cost management</b></p> <ul style="list-style-type: none"> <li>▶ Additional cross-functional programs and job rotations</li> <li>▶ Review of travel costs, especially flight costs, and enforcement of video- and telephone conferences</li> </ul> <p><b>Continued implementation of the OMV "Driving Values"</b></p> <ul style="list-style-type: none"> <li>▶ Networking and cross-divisional initiatives</li> </ul>
<b>Health</b>	<p><b>Development of a health risk register</b></p> <ul style="list-style-type: none"> <li>▶ After 56% in 2009, another 20% of employee workplaces risk assessed</li> </ul> <p><b>Implementation and monitoring of the OMV Health Standard</b></p> <ul style="list-style-type: none"> <li>▶ Monitoring of Health Standard implementation</li> <li>▶ All medical staff of PetroMed trained in the Health Standard and medical work procedures; ongoing clinic refurbishment</li> <li>▶ Harmonization of occupational health and medical regulations</li> </ul>	<p><b>Health promotion activities</b></p> <ul style="list-style-type: none"> <li>▶ Health promotion activities for employees according to local needs and priorities</li> <li>▶ Active support of Health Circles at OMV and Petrom sites</li> </ul> <p><b>Continuation of emergency and preventive medicine training</b></p> <ul style="list-style-type: none"> <li>▶ Emergency drills and special medical assistance programs implemented for plant shutdowns</li> <li>▶ Intensified training of medical staff and first aid responders</li> </ul>
<b>Safety and Security</b>	<p><b>Further improvement of safety performance</b></p> <ul style="list-style-type: none"> <li>▶ Over 60,000 findings and hazards reported and followed up</li> <li>▶ Over 147,000 records (incidents, near misses, investigations, findings, hazards, assessments, and measures) and reports entered into CARE.</li> <li>▶ Over 50,000 measures assigned, 88% completed on time</li> <li>▶ Lessons learned at Petrom E&amp;P systematically followed up</li> </ul>	<p><b>Follow-up on safety management standards</b></p> <ul style="list-style-type: none"> <li>▶ High risk contractors in Petrom E&amp;P monitored by specific KPIs; regular meetings held</li> <li>▶ IVMS system trialed on 1,000 vehicles in Petrom</li> </ul> <p><b>Further strengthening of process safety management</b></p> <ul style="list-style-type: none"> <li>▶ Risk assessment and evaluation criteria standard implemented</li> <li>▶ Process safety KPIs based on international standards defined</li> </ul>
<b>Environment</b>	<p><b>Spill prevention and preparedness plans</b></p> <ul style="list-style-type: none"> <li>▶ Marine oil spill response plans updated for all offshore sites, dedicated marine oil spill response teams established and regular exercises undertaken</li> <li>▶ 80% of existing onshore sites with fully developed oil spill response plans and response teams</li> </ul>	<p><b>Carbon management and GHG emissions reduction</b></p> <ul style="list-style-type: none"> <li>▶ Reduction of another 70,000 t CO<sub>2</sub>eq per year in R&amp;M</li> <li>▶ Construction of 800 MW-class combined cycle gas-fired power plants in Brazi, Romania and Samsun, Turkey on track</li> </ul> <p><b>Future Energies</b></p> <ul style="list-style-type: none"> <li>▶ Construction of first wind farm in Dorobantu, Romania begun</li> <li>▶ Desertec Industrial Initiative joined as an Associate Partner</li> </ul>
<b>Community Relations</b>	<p><b>International community relations workshops</b></p> <ul style="list-style-type: none"> <li>▶ Workshop of E&amp;P employees and international NGOs in Vienna to discuss best practices</li> <li>▶ Joint review of ESIA findings for projects in Tunisia</li> </ul> <p><b>Professionalization of the stakeholder management system</b></p> <ul style="list-style-type: none"> <li>▶ Acceptance of our power plant project in southern Germany after local stakeholder dialogue with trained G&amp;P managers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular stakeholder dialogues related to the Samsun power plant project in Turkey</li> </ul> <p><b>"VIVA Mi Escuela" project in Nicaragua, a "non-OMV country"</b></p> <ul style="list-style-type: none"> <li>▶ Number of children enrolled in primary schools in the project region rose from 892 to 1,441</li> </ul>

## What We Will Do in 2011 (and after)

### Sustainability management and leadership

- ▶ New committees to follow up on sustainability focus areas report to the Sustainability Board
- ▶ Executive Board members sponsor Sustainability:HSSE

targets in the corporate Balanced Scorecard (BSC)

- ▶ Individual sustainability targets for all managers
- ▶ Integration of Petrol Ofisi: harmonization of its systems with the OMV Sustainability:HSSE management system

### Contractor Management

- ▶ Control of suppliers and contractors to ensure that they comply with our Sustainability:HSSE requirements

### Sustainability:HSSE in supply chain management

- ▶ Evaluation of % of A suppliers who have adopted our CoC
- ▶ Evaluation of % of A suppliers who have created their own CoC

- ▶ At least 60% of purchasing volume via local spending

### Effectiveness of community relations

- ▶ Track downtimes associated with community issues, analyze root causes, and define improvement measures

### Inclusion of human rights elements in all supplier audits

- ▶ 95% of supplier audits to include human rights elements and HSSE criteria

### Human rights training and awareness

- ▶ Human rights e-learning tool in Romanian and Turkish
- ▶ Roll-out of the Code of Conduct in Urdu for Pakistan venture

- ▶ Set up of human rights trainings for Petrol Ofisi, for private security forces in Samsun and for other G&P operations
- ▶ Security forces training in the Kurdistan Region of Iraq

### Diversity

- ▶ Start implementation of the diversity strategy action plan

### Realization of HR's new role

- ▶ Implementation of the new HR organization; all international HR processes to be analyzed and redefined

### Human Capital Management (HCM)

- ▶ Conduct the HCM survey Group-wide

- ▶ Develop an action plan based on the results of the survey

### Job Rotations

- ▶ Continued increase of the number of job rotations between business segments

### Integration of Petrol Ofisi

- ▶ Set up language and cultural training for Turkey

### Development of a health risk register

- ▶ Once additional medical staff has been trained, all remaining employee workplaces will be risk assessed
- ▶ All clinics to be risk ranked and audited, starting with those with highest risk; action plan

### Implementation and monitoring of the OMV Health Standard

- ▶ Continued implementation of the Health Standard and status monitoring

### Health promotion activities

- ▶ Specific focus on cardiac prevention, back pain, and prevention of ergonomic risks

### Continuation of emergency and preventive medicine training

- ▶ Continued emergency and preventive medicine training

### Harmonization and improvement of medical infrastructure

- ▶ Continued harmonization of OH and medical regulations and ongoing clinic refurbishment

### Further improvement of safety performance and standards

- ▶ Knowledge sharing to ensure proper follow-up of incidents and dissemination of lessons learned
- ▶ High potential incidents (HiPos) properly investigated, actions to be established and closed out
- ▶ Extension of IVMS concept across Group and harmonization of Group driving policies and standards

### Development of Group-wide standards and KPIs

- ▶ Extension of management walk-around concept to process safety
- ▶ Risk ranking of safety critical locations and identification of operating assets with the potential to cause a major accident

### Strengthening of security management

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

### Strive for minimum environmental impact

- ▶ Improvement of environmental risk assessment methodology
- ▶ Review of marine oil spill response arrangements for OMV tanker charter operations and terminal operations
- ▶ Further updates of onshore oil spill response plans and teams

### Ensure efficient waste management

- ▶ Assessment of waste inventory and evaluation of waste flows

### Decrease in the carbon intensity of activities where OMV is the operator

- ▶ Identification and implementation of activities to further reduce direct GHG emissions
- ▶ Start of commercial operation of Brazi gas power plant and Dorobantu wind park

### International community relations initiatives

- ▶ Comprehensive training on OMV's sustainability approach in Kazakhstan and discussions with relevant stakeholders
- ▶ Review of the existing set-up of community development projects in Pakistan after acquisition of new blocks

### Professionalization of the stakeholder management system

- ▶ Further development of our stakeholder database

- ▶ Identification and classification of stakeholder groups in more detail

- ▶ Definition of criteria to prioritize stakeholder groups

- ▶ Roll-out of the stakeholder database throughout the Group to gather data and trace and report on stakeholder interaction

# Sustainability:HSSE Strategy 2015

As a pioneering professional partner we create sustainable value growth and act responsibly.



## Vision

## Sustainability:HSSE Goals

### Health, Safety, Security, and Environment (HSSE)

HSSE is a natural and integrated part of our activities. We apply industry best practices, act responsibly, and are accountable for our actions.

- ▶ We promote a Sustainability:HSSE culture by demonstrating leadership and commitment, and by improving competencies.
- ▶ Health standards are fully implemented and health risks are systematically assessed, reduced, and managed to ensure that employees are fit to perform the work assigned to them.
- ▶ Safety risks are minimized and a safe working environment is ensured for our employees and contractors.
- ▶ People, businesses, and assets are protected by appropriate risk management and the implementation of global emergency and crisis preparedness.
- ▶ Environmental impacts, risks, and liabilities are minimized by reducing emissions, discharges, and pollution, as well as through better and more efficient use of natural resources.
- ▶ We decrease the carbon intensity of activities where OMV is the operator.

### Community Relations and Social Affairs

We manage our business responsibly, live a culture of integrity, and seek to gain and maintain our license to operate.

- ▶ Responsible management of community relations and social affairs is an integral part of the OMV management style and culture.
- ▶ Employees, customers, investors, and the general public perceive OMV as a company that has successfully integrated sustainability.
- ▶ We achieve our goals by behaving ethically and with integrity.
- ▶ We know our stakeholders and seek to involve them.

### Human Resources (HR)

In all our HR activities our aim is to position OMV as an employer of choice on a truly international level.

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

### People



### Planet



### Profit



# Abbreviations and Definitions

<b>CCS</b> Carbon capture and storage	<b>LTIR</b> Lost-Time Injury Rate; number of injuries per one million working hours
<b>CEE</b> Central and Eastern Europe	<b>MW</b> Megawatt
<b>CMR</b> Carcinogenic, mutagenic, toxic for reproduction	<b>NO<sub>x</sub></b> Nitrogen oxides
<b>CNG</b> Compressed natural gas	<b>NORSOK</b> Norwegian industry standards
<b>CO<sub>2</sub></b> Carbon dioxide	<b>OGP</b> International Association of Oil & Gas Producers
<b>CoC</b> Code of Conduct	<b>PDS</b> Performance & Development System
<b>E&amp;P</b> Exploration and Production business segment	<b>PJ</b> Petajoule: 1 PJ equals 10 <sup>15</sup> joules
<b>EBITD</b> Earnings before interest, tax, and depreciation	<b>ppm</b> Parts per million
<b>ESIA</b> Environmental and Social Impact Assessment	<b>R&amp;D</b> Research and development
<b>FAME</b> Fatty acid methyl ester	<b>R&amp;M</b> Refining and Marketing business segment
<b>G&amp;P</b> Gas and Power business segment	<b>Scope 1</b> Direct emissions; category of GHG accounting as defined by the Greenhouse Gas Protocol
<b>GHG</b> Greenhouse gas	<b>Scope 3</b> Indirect emissions; category of GHG accounting as defined by the Greenhouse Gas Protocol
<b>GRI</b> Global Reporting Initiative	<b>SEE</b> Southeastern Europe
<b>HAZID</b> Hazard Identification	<b>TJ</b> Terajoule: 1 TJ equals 10 <sup>12</sup> joules
<b>HAZOP</b> Hazard and Operability Analysis	<b>toe</b> Tonne of oil equivalent
<b>IPIECA</b> International Petroleum Industry Environmental Conservation Association	<b>UNGC</b> United Nations Global Compact
<b>IVMS</b> In-vehicle monitoring system	
<b>LPG</b> Liquefied petroleum gas	

## Masthead

**Owner and publisher:** OMV Aktiengesellschaft  
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### Disclaimers

None of the information provided in this Sustainability Report constitutes or shall be deemed to constitute an invitation to purchase or trade in stocks, securities of any kind, or American Depository Receipts (ADR) issued by OMV Aktiengesellschaft.

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

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