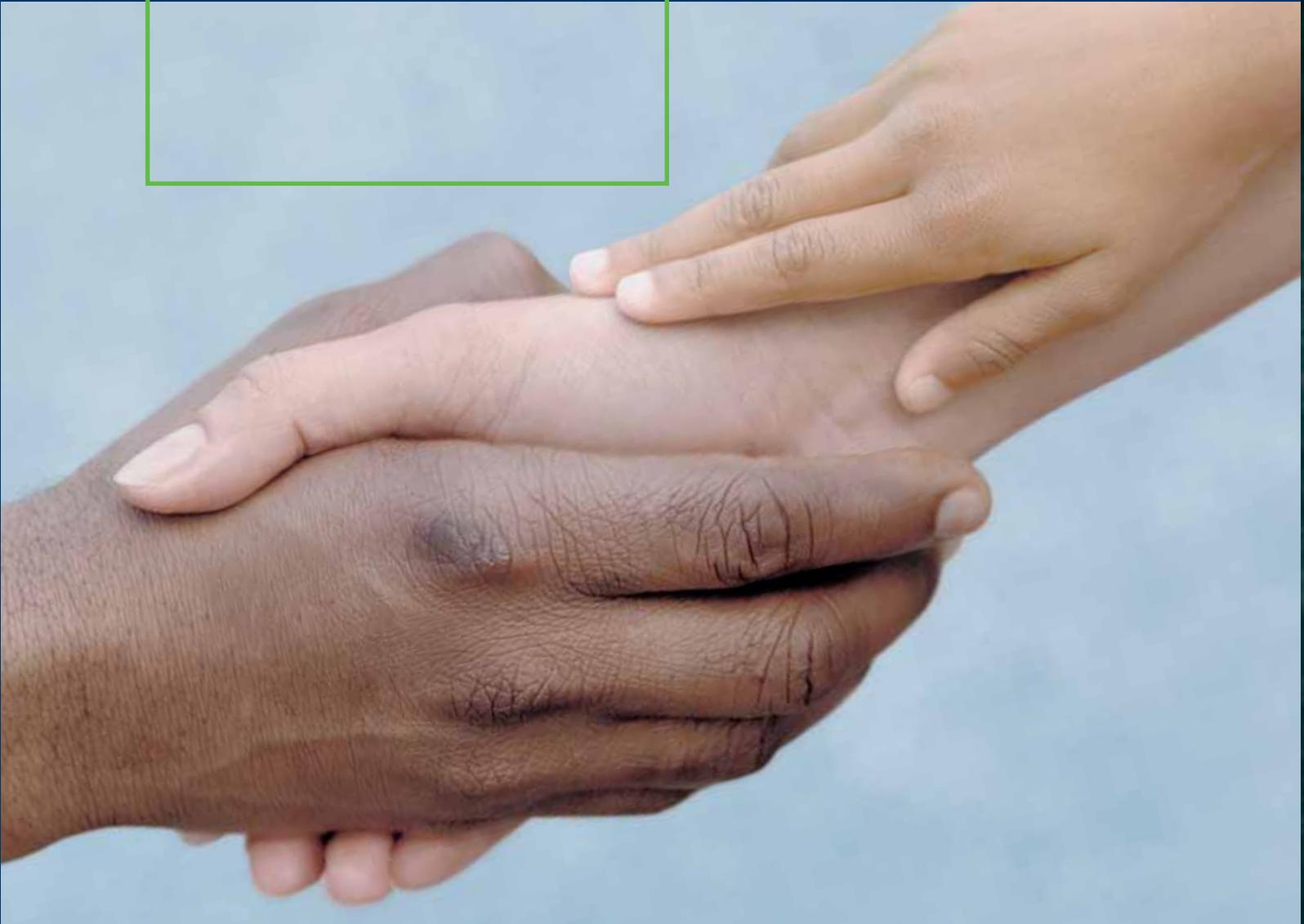


Corporate Social Responsibility

Performance Report 2003/2004





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

In the interests of a fluid style, which is easy to read, non-gender specific terms have been used throughout: the identifiers customers, employees, associates, contracting parties, stockholders etc. relate to both men and women in every case.

Statistical data relate to the reporting period 2003 and 2004 or, to make it easier to compare the data provided, to the reporting period 2000 to 2004.

We report on joint ventures with holdings of more than 50 per cent or on joint ventures in which we are the operator in consortia.

The documentation of major changes to the Group through expansion and the documentation of additional process management systems, directives and or reference projects include the stub period 2005.

Mag. Ana-Barbara Kunčič, Dr. Helga Pražak-Reisinger, Dr. Georg Horacek, Dr. Karl Jung and Mag. Simone Alaya are responsible for the formulation and implementation of financial, environmental and social topics.

Please find additional information on OMV social responsibility at www.omv.com

The last Performance Report was issued in November 2003.

The majority of the photographs used in this Performance Report were produced in the course of an in-house photographic competition. We are most grateful to the staff, who allowed us to use this material.



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Spotlight on OMV



Executive Board

Wolfgang Ruttendorfer (*1950)

As of January 1, 2002 Chairman and Chief Executive Officer; responsible for Gas and Chemicals

He began his career with OMV after graduating from the Vienna University of Economics and Business Administration in 1976, going on to head the planning and financial control, corporate development and marketing functions, among others. He was a member of the Executive Board from 1992 to 1997. From 1997 to 1999 he was State Secretary. At the beginning of 2000 he returned to the OMV Group as Deputy Chief Executive Officer, assuming responsibility for Finance and the Gas segment.

David C. Davies (*1955)

As of April 1, 2002 Chief Financial Officer

David C. Davies graduated from the University of Liverpool (UK) in Economics in 1978 and started his career as a chartered accountant. He then held positions in international companies in the beverage, food and health industry. Before joining OMV he had been finance director of a number of UK companies.

Gerhard Roiss (*1952)

As of January 1, 2002 Deputy Chairman; responsible for Refining and Marketing including Petrochemicals

His business education at Vienna, Linz and Stanford (USA) prepared him for managerial responsibilities at various companies in the consumer goods industry. In 1990 he started as head of OMV Group marketing department. In the same year he was appointed to the board of PCD Polymere GmbH. He moved across to the OMV Executive Board in 1997. Until the end of 2001 he was responsible for Exploration and Production, and for the Plastics operations.

Helmut Langanger (*1950)

As of January 1, 2002 responsible for Exploration and Production

Helmut Langanger complemented his education at the Mining University in Leoben with a degree in economics in Vienna. In 1974 he began his career with OMV. He was appointed Senior Vice President for Exploration and Production in 1992 and played a key role in building up the Group's international E&P portfolio.

The terms of office of all Board members run until the end of March 2010.

Supervisory Board

In addition to managers with international experience of our core shareholders, the Supervisory Board also includes highly qualified independent members elected at the Annual General Meeting (AGM). Regarding the definition of independence, OMV orients itself towards the recommendations of the EU.

Rainer Wieltsch

Chairman
Member of the ÖIAG Management Board
Member of 4 supervisory boards (chairman of 1 board)
First election at the AGM on May 24, 2002

Peter Michaelis

Deputy Chairman
Spokesman of the ÖIAG Management Board
Member of 3 supervisory boards (chairman of 2 boards)
First election at the AGM on May 23, 2001

René Alfons Haiden

until May 18, 2004
First election at the AGM on October 16, 1990

Wolfram Littich

Chairman of the Management Board of Allianz Elementar Versicherungs-AG
First election at the AGM on May 23, 2001

Herbert Werner

Member of 2 supervisory boards (chairman of 1 board)
First election at the AGM on June 4, 1996

Norbert Zimmermann

Chairman of the Management Board of Berndorf AG
Member of 2 supervisory boards
First election at the AGM on May 23, 2001

Mohamed Nasser Al Khaily

Deputy Chairman
Managing Director of IPIC
Member of 1 supervisory board
First election at the AGM on June 7, 1995

Helmut Draxler

Chairman of the Management Board of RHI AG
First election at the AGM on October 16, 1990

Murtadha Mohammed Al Hashemi

Division Manager/Finance of IPIC
First election at the AGM on May 18, 1999

Gerhard Mayr

Member of 1 supervisory board
First election at the AGM on May 24, 2002

Herbert Stepic

Deputy CEO of Raiffeisen Zentralbank Österreich AG since May 18, 2004
First election at the AGM on May 18, 2004

Delegates of the Group Works Council

Leopold Abraham
Wolfgang Baumann
(since November 11, 2004)
Franz Kaba
Hugo Jandl
(until November 11, 2004)
Hugo Pleckinger
(since November 11, 2004)
Wolfgang Weigert
(until November 11, 2004)
Ferdinand Nemesch

Strategy and Project Committee

Rainer Wieltsch
Mohamed Nasser Al Khaily
Peter Michaelis
Murtadha Mohammed Al Hashemi
Wolfram Littich
Norbert Zimmermann
Leopold Abraham
Franz Kaba
Ferdinand Nemesch

Personnel and Presidential Committee

Rainer Wieltsch
Mohamed Nasser Al Khaily
Peter Michaelis
Leopold Abraham
Franz Kaba
(until November 11, 2004)
Wolfgang Baumann
(since November 11, 2004)

Accounting Committee

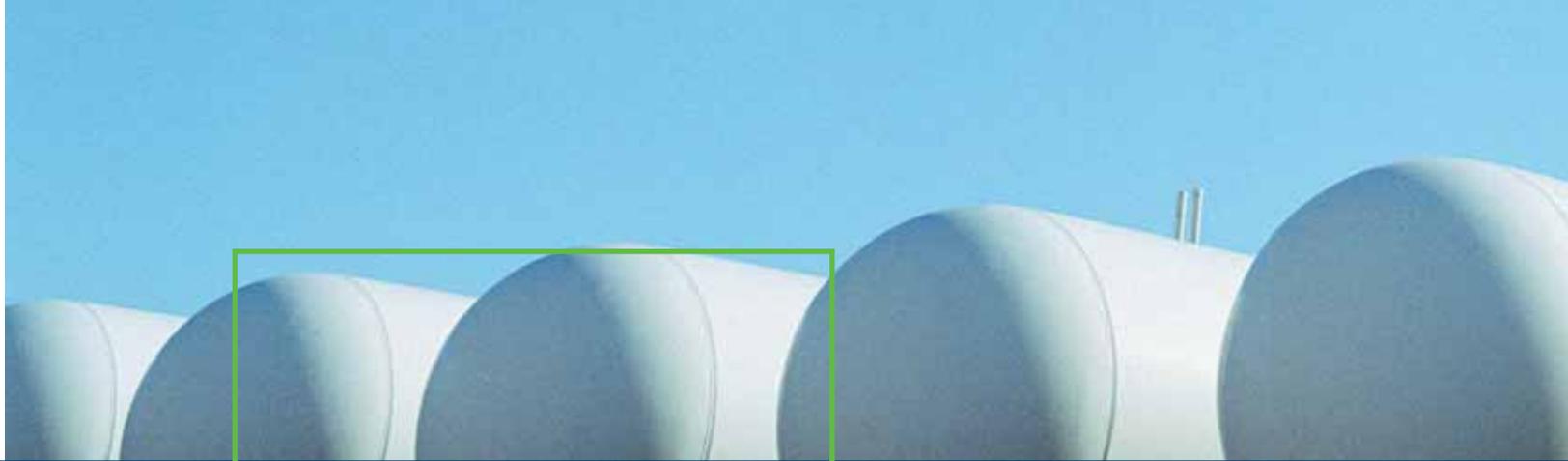
Rainer Wieltsch
Mohamed Nasser Al Khaily
Peter Michaelis
Wolfram Littich
Leopold Abraham
Franz Kaba
(until November 11, 2004)
Wolfgang Baumann
(since November 11, 2004)

The information regarding the supervisory board mandates refers to listed external companies other than OMV. Supervisory board mandates outside the Group are mandates held by the supervisory board member outside his Group, which are counted in accordance with rule 54 of the Austrian Corporate Governance Code (CGK).





Overview of OMV



New Management Holding Structure

OMV is the leading integrated oil and gas group in Central and Eastern Europe. It also owns the filling station brands Petrom and Avanti. We operate refineries in Austria, Germany, and Romania.

Companies must constantly adjust their growth process to the economic and social environment and regenerate themselves again and again. OMV strategy is clearly focused on becoming more international. This means that in various sectors and various countries with different laws and market conditions we shall be faced with different competitors under changing framework conditions.

In order to deal with these challenges, we must increasingly adapt our business units to the specific conditions in question. They must be able to make market-related decisions more rapidly and more effectively than our competitors. This will secure our future.

OMV has been a holding company since the beginning of 2004. Compared with the previous parent company structure with its more centralized decision-making processes, this will allow many processes to be optimized and will promote staff development. A clear and transparent management structure with

flat hierarchies was created with the new management holding structure. Thanks to shorter and more rapid decision-making processes combined with greater responsibility for results, we are better able to concentrate on our customers' needs and the demands of the market.

Decisions are made and actions taken centrally in those cases where this will achieve a Group optimum and where values are stipulated that apply to OMV worldwide.

As a service network OMV Solutions GmbH is responsible for integrating the new structure.

The Executive Board member responsible in each case is the CEO of OMV Exploration & Produktion GmbH or of Refining & Marketing GmbH respectively.



Changes to the shareholder structure and major decisions during the period under review with regard to the geographical situation.

At the beginning of 2003, OMV concluded the acquisition of Preussag Energie's international exploration and production portfolio from TUI AG. The new E&P licenses are largely situated in OMV core E&P regions. As a result, the OMV Group has additional daily output of some 20,000 boe/d.

The international E&P assets of Preussag Energie GmbH in Albania, Ecuador, Yemen, Qatar, New Zealand, Tunisia and Venezuela were hived off into Preussag International GmbH. OMV acquired 100% of the shares in this company. The portfolio in New Zealand was acquired by OMV New Zealand Pty Ltd., a 100% subsidiary of OMV.

In mid-2003, the takeover of 313 Aral and BP filling stations in Southern Germany, Hungary and Slovakia, the acquisition of a 45% share in the BAYERNOIL refining network and of 18% in the Transalpine pipeline (TAL) by OMV took effect. With this acquisition OMV achieved a leading position in Bavaria and reinforced its presence in the EU accession countries Hungary and Slovakia.

The Group has created a strong strategic supply position through its investment in the 12 mn t BAYERNOIL refining network. In addition, the acquisition resulted in synergies with the existing OMV refinery in Burghausen/Bavaria. With an additional 5.4 mn t, OMV increased its Bavarian refining capacity from around 3.4 to 8.8 mn t per year. With its additional 18% share in the Transalpine pipeline OMV now holds over 25% of one of the most important crude oil pipelines from the Mediterranean to Northern Europe.

The takeover of 139 filling stations owned by the Austrian retail network Avanti, which took effect at the end of October 2003, brought OMV additional volume in its most important sales markets.

At the end of 2004, OMV acquired 51% of Petrom including E&P assets in Kazakhstan. This meant that the goal of doubling the company's size by 2008 has already been reached. Since then OMV has been playing in a different league (Petrom on page 26).

The signing of a joint venture agreement as part of the Nabucco gas pipeline project was of particular significance for OMV role in the future European gas market.

The following decisions were also reached in 2003 and 2004, which led to changes with regard to the shareholder structure to be reported under the GRI:

- ▶ Sale of two exploration blocks in Sudan
- ▶ Sale of a 90% share in the Cabimas oil field in Venezuela
- ▶ Sale of the 25.1% holding in Rompetrol
- ▶ Sale of E&P assets in Qatar (Approval from Qatar Petroleum still outstanding)

We must summarize the following at this point:

OMV has withdrawn completely from Sudan. It has signed agreements for the sale of all its assets in Ecuador and Qatar, which only require approval from the government or the government owned oil company. OMV has sold the Cabimas oil field in Venezuela. OMV still has a minority interest in a smaller field in Venezuela where not OMV but BP is the operator. However, OMV intends to sell this field as well.

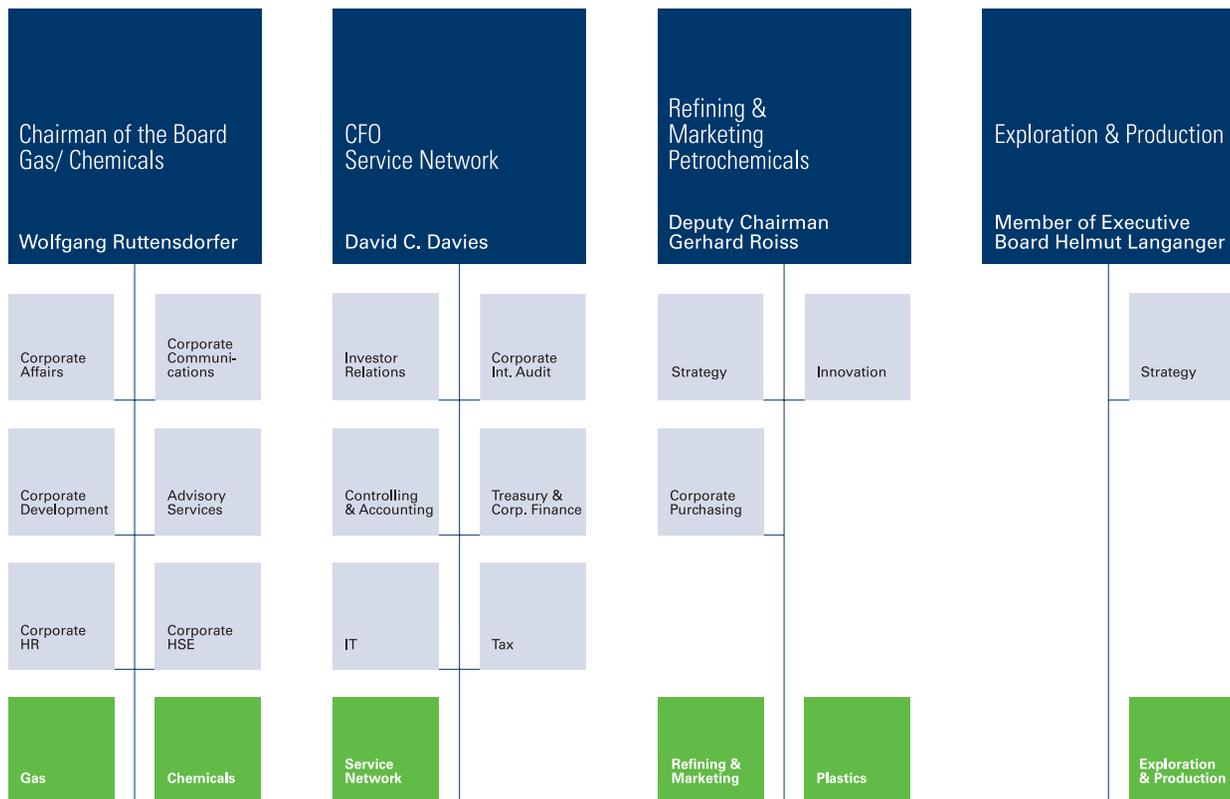


Core regions of OMV with regard to our growth strategy

For further information on the R&M division's core market please see page 168, EC2 „Geographic breakdown of markets“.

In R&M (Refinery and Marketing) Central and Eastern Europe, particularly the countries to the west and east of the Danube and the Adriatic, constitutes OMV core market. The other strategic focus lies along the EU growth belt. The core regions in E&P (Exploration and Production) are Central Europe, the North Sea, North Africa, the Middle East, Australia/ New Zealand. The aim is to have 50% of production originating from OECD countries. OMV core gas market is Central Europe.

OMV Group Organigram



Holding
 Operational business divisions

The Group's corporate profile in figures

	2004	2003	2002	2001	2000
Statement of income (in EUR mn)					
Sales (excluding excise petroleum tax)	9,880	7,644	7,079	7,736	7,455
Earnings before interest and tax (EBIT)	926	644	495	610	491
Financial items	28	(47)	(21)	(40)	(38)
Income from ordinary activities	954	596	474	570	453
Taxes on income	(312)	(203)	(152)	(188)	(130)
Net income	642	393	322	382	323

	2004	2003	2002	2001	2000
Balance sheet* (in EUR mn)					
Fixed assets	8,170	5,204	4,254	3,983	3,929
Current assets	4,701	2,286	1,722	1,635	1,705
Stockholders' equity	5,381	2,685	2,411	2,248	1,968
Provisions	1,399	1,049	1,118	1,052	1,120
Liabilities	4,418	3,002	1,906	1,810	2,412
Balance sheet total	12,950	7,517	6,149	5,772	5,834

	2004	2003	2002	2001	2000	Targets over the business cycle ¹
Amounts in %						
Return on average capital employed (ROACE)	16 ²	12	11	14	12	13
Return on fixed assets (ROfA)	22 ²	16	16	20	16	–
Return on equity (ROE)	19 ²	15	14	18	18	–
Total shareholder return (TSR) ³	91	30	4	19	(12)	–
Gearing ratio	14	40	20	17	28	30
Payout ratio	20	27	29	31	36	30-40

¹ Long-term assumptions: EUR/USD exchange rate 1:1; oil price USD 18/bbl; refining margin USD 2/bbl

² Adjusted for impact of Petrom acquisition

³ Assuming no reinvestment of dividends

⁴ As of December 31, 2004 Petrom has been consolidated into OMV balance sheet

	2004	2003	2002	2001	2000
US GAAP (in EUR mn)					
Net income	655	372	301	389	359
Stockholders' equity	4,102	2,723	2,455	2,345	2,117

	2004	2003	2002	2001	2000
Capital expenditure (in EUR mn)					
Exploration and Production	156	498	227	132	86
Refining and Marketing incl. Petrochemicals	460	709	282	191	277
Gas	29	24	104	69	91
Chemicals	63	109	49	38	36
Corporate and Other	61	41	13	22	180
Petrom (51% stake)	1,505	-	-	-	-
Group	2,274	1,381	675	452	669

Figures by business division

	2004	2003	2002	2001	2000
Group sales (in EUR mn)					
Exploration and Production	329	341	202	289	255
Refining and Marketing incl. Petrochemicals	8,375	6,022	4,920	5,578	5,574
Gas	774	785	1,474	1,421	1,192
Chemicals	393	490	468	439	425
Corporate and Other	8	6	14	9	8
Group	9,880	7,644	7,079	7,736	7,455

	2004	2003	2002	2001	2000
Earnings before interest and tax EBIT (in EUR mn)					
Exploration and Production	459	303	256	273	320
Refining and Marketing incl. Petrochemicals	442	265	125	223	79
Gas	75	79	115	111	105
Chemicals	25	43	43	49	36
Corporate and Other	(76)	(46)	(44)	(46)	(49)
Group	926	644	495	610	491

	2004	2003	2002	2001	2000
Crude oil and NGL¹ production (in mn bbl - barrel)					
Total	27.7	28.5	19.5	19.8	20

	2004	2003	2002	2001	2000
Natural gas production (in bcf - billion standard cubic feet)					
Total	109.3	91.2	65.6	52.3	51.5

	2004	2003	2002	2001	2000
Total production (in mn boe - barrel of oil equivalent)					
Total	45.9	43.6	30.4	28.5	28.5

	2004	2003	2002	2001	2000
Proved² oil and NGL¹ reserves (in mn bbl)					
Total³	210.5	237.0	173.3	173	178.1

	2004	2003	2002	2001	2000
Proved² natural gas reserves (in bcf)					
Total³	1,046.2	1,038.8	1,119.2	1,004.8	959.1

	2004	2003	2002	2001	2000
Total proved² reserves (in mn boe)					
Total³	384.8	410.1	343.1	340.5	338

¹ Natural gas liquids; natural gas which is extracted in liquid form during the production of hydrocarbons

² Developed and undeveloped reserves as of December 31

³ Figures exclude Petrom reserves of 1,025 million boe



OMV Group Our position

Following the acquisition of Preussag's international E&P portfolio, part of the BP/Aral filling station network and an interest in Bayernoil refining network in 2003 as well as the acquisition of a majority stake in the Romanian oil and gas company Petrom in December 2004, OMV is today the leading oil and gas company in Central Europe. We operate in an attractive market of 100 million people with a demand for petroleum products of around 80 million t. In addition, OMV holds a 35% share in the second largest European polyolefin producer, Borealis A/S, and 10% of the Hungarian oil company MOL.



The Petrom acquisition - a milestone in OMV expansion drive

The acquisition of the majority of the shares in Petrom at the end of 2004 created the largest oil and gas company in Central Europe with:

- ▶ Some 1.4 bn boe of oil and gas reserves
- ▶ Daily production of approximately 345,000 boe
- ▶ Annual refining capacity of 26.4 mn t
- ▶ A market share of around 18% in the Danube area
- ▶ Some 2,400 filling stations in 13 countries

Our objectives

The Petrom acquisition means that in many areas of operations we have reached our goal of doubling the size of the Group between 2001 and 2008: oil and gas production has more than quadrupled from 78,000 boe/d in 2001 to 345,000 boe/d. Our market share of 18% in the Danube region is close to the 20% target for 2008. In the gas business wholesale and retail sales in Austria and neighboring countries had already hit 8.4 bcm by 2004 and should reach our 10 bcm target by 2008. Further progress has been made on integrating production and processing.

Our strengths

Our strong market position in Central Europe. The high level of integration of our Exploration and Production and Refining and Marketing operations provide a strong platform for continued profitable growth. Thanks to our robust cash flow and a successful increase in capital, our strong financial position even after the Petrom acquisition creates a solid basis for further expansion.



Our position in Exploration and Production

We are involved as operator and partner in exploration, development, and production projects in our five core regions (Central Europe, the North Sea, North Africa, the Middle East and Australia/New Zealand).

Our strengths

- ▶ Strong track record in optimizing production from complex onshore fields
- ▶ Enhanced oil recovery (EOR) from mature fields
- ▶ Implementation of leading edge seismic technologies and exploration techniques

Our position in Refining and Marketing

We operate refineries in Schwechat, Austria and Burghausen, Southern Germany, both with integrated petrochemical production complexes. Together with Petrom's Petrobrazi and Arpechim refineries in Romania and our 45% stake in Bayernoil's refining network in Southern Germany, our combined nameplate capacity amounts to 26.4 mn t/y (540,000 bbl/d). We operate some 2,400 filling stations (incl. Petrom) in Central and Eastern Europe.

Our strengths

- ▶ Central European markets along the Danube
- ▶ High product quality and environmental standards in our Refining and Marketing business
- ▶ Pioneering rollout of a Europe-wide AdBlue filling station network for low emission trucks



Our position in Gas

We have completely restructured the Gas unit and are consequently well positioned to develop considerable growth potential as an energy supplier of the future in this core business. We are active along virtually the entire value chain. We meet about 90% of Austrian demand, drawing our supplies of gas from Russia, Norway, Germany and domestic reserves. We play a key role in gas transit with roughly one third of all Russian gas exports to Western Europe passing through the Baumgarten hub. Our 2,000 km pipeline network and our gas storage facilities play a major part in safeguarding security of supply in Austria and beyond.

Our strengths

- ▶ Availability of self-produced gas through the physical integration of the Gas and Exploration and Production businesses
- ▶ Long-term relationships with major gas suppliers
- ▶ Highly competitive storage and transportation costs
- ▶ Operation of the international gas transit hub

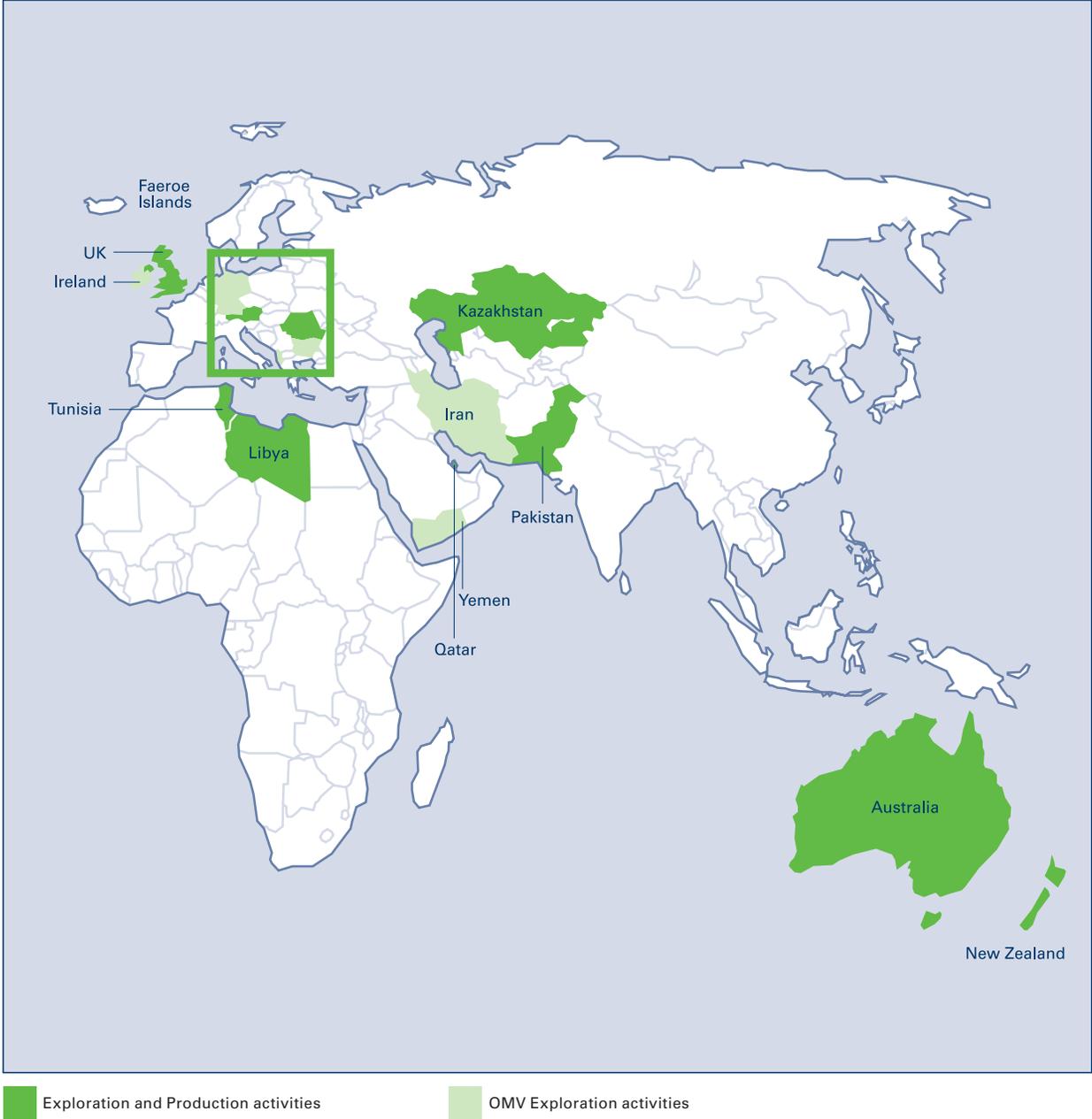
Our position in Chemicals

Our AMI Agrolinz Melamine International GmbH subsidiary is the world's second-largest producer of melamine - a synthetic resin used in laminate flooring, furniture and boards. AMI is currently expanding capacity and is drawing level with the world's largest supplier. We also lead the fertilizer market in Austria and Southeastern Germany.

Our strengths

- ▶ Strong position as one of the two global market leaders in melamine production
- ▶ Cost leadership through proprietary, patented production technology
- ▶ Excellent service quality

Exploration and Production Worldwide activities



Refining and Marketing

OMV is market leader in the Danube Region



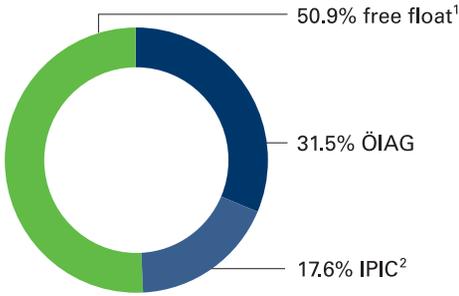
 Capital cities

 OMV refineries

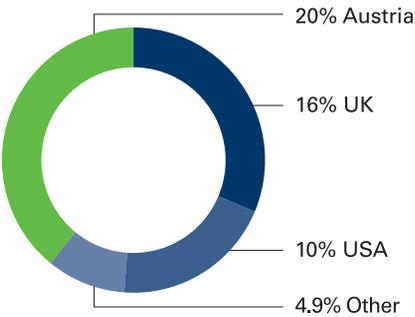


OMV Shareholder structure

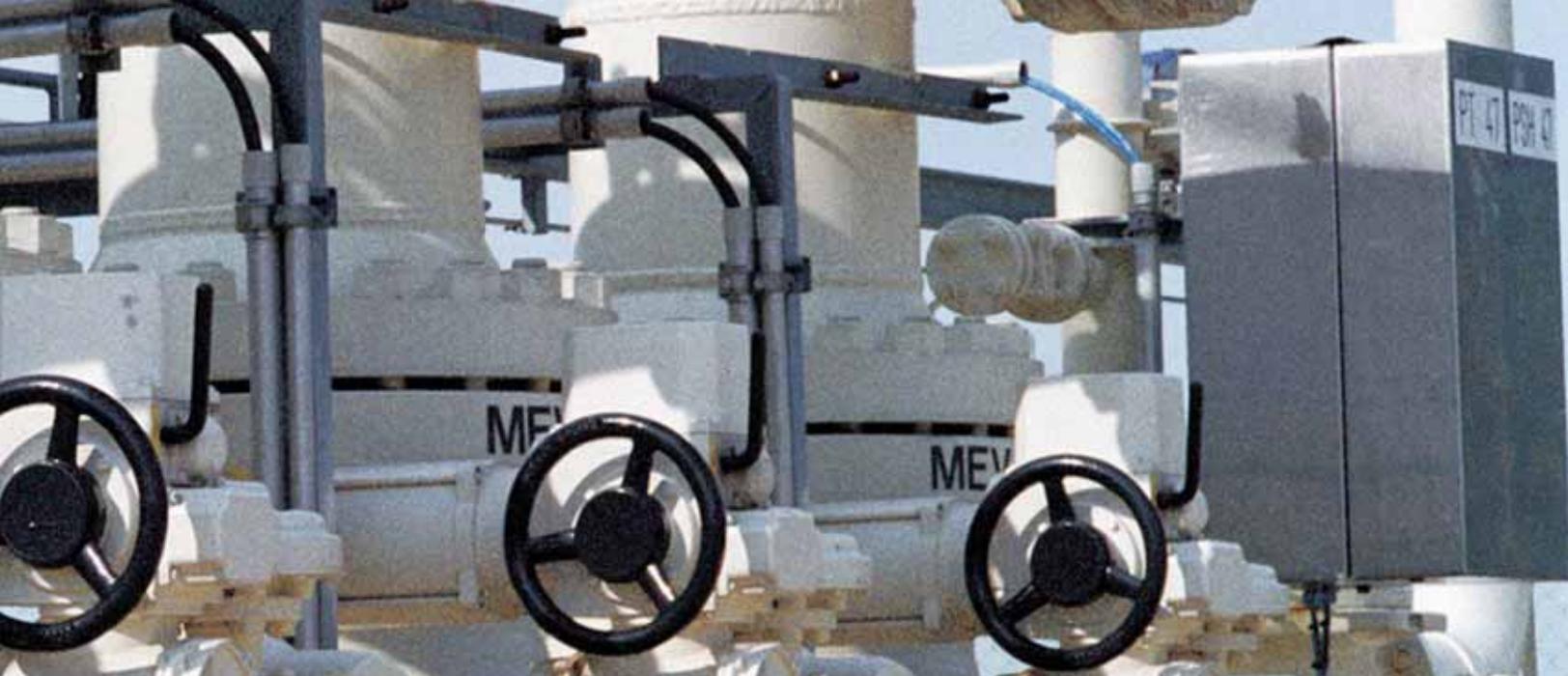
OMV's shareholder structure



Regional distribution of free float



¹ The funds managed by Fidelity International Ltd and FMR Corp. hold some 5.06% of the voting rights in total
² International Petroleum Investment Company, Abu Dhabi



OMV information with regard to ¹

- ▶ Number of employees
- ▶ Products/services produced (number or mass/volume)
- ▶ Net sales
- ▶ Total capitalization broken down into outside capital and equity

Number of employees	
Number of employees excluding Petrom	6,475
Number of employees at Petrom	51,005
Group employees	57,480

Net sales (in EUR mn)	
Total	9,880.229

Products	
Crude oil	
NGL	
Gas	
Refinery products (e.g. fuel-oil, bitumen, fuel, ethylene, propylen)	
Filling station sales from fuels, NOB (car wash, shop, VIVA marts, Vienna cafés)	
Fertilizer, melamine	
Polyethylene, polypropylene	
Geotextiles	

Fixed assets (in EUR mn)	
Total	8,169.668

Capital (in EUR mn)	
Stockholders' equity	5,380.83
Outside capital	7,569.12

¹ Excl. Petrom which was not yet fully consolidated in 2004





Petrom



A Romanian company en route to the future



With the acquisition of 51% of SNP Petrom S.A., Southeastern Europe's largest oil and gas producer at the end of 2004, OMV has now moved up into a new league within the sector. Petrom is an integrated Romanian oil and gas group with estimated oil and gas reserves of around 1 bn boe, daily production of 220,000 boe, some 670 filling stations and a refinery capacity of 8 mn t. Petrom employs ca. 51,000 staff.

With this acquisition OMV has become the undisputed No. 1 in Central and Eastern Europe and is now operating in an attractive market in which 100 million people with an annual demand for around 80 mn t petroleum products live. In Exploration and Production (E&P), we have been able to more than double the daily production of 160,000 boe planned for 2008 and in Refining and Marketing (R&M) we have moved considerably closer to the 20% market share in Central Europe planned for 2008.



	OMV excluding Petrom	OMV including Petrom
Assets 2004		
Oil and gas production	125,000 boe/d	345,000 boe/d
Reserves	0.385 bn boe	1.393 bn boe
Filling station network	1,773	2,385
Refinery capacity	18.4 mn t	26.4 mn t

However, the acquisition also entails major challenges: measured against European standards Petrom has a great deal of ground to make up in many areas. Restructuring and modernization programs as well as the development of a new corporate culture are required to improve its long-term competitiveness. Product qualities, extraction technologies and principles for HSE must be developed, a market focus established and central organizational structures for more efficient operations created.

In the purchase agreement OMV undertook to raise the standards for production and management to an international level gradually. This goal should be achieved in three to five years. OMV will invest around EUR 3 bn in this modernization process up to 2010. The modalities for dealing with contamination due to operations prior to 2005 were also agreed in the privatization agreement. The Romanian government remains liable for toxic waste and has set aside funds for this purpose.





Prior to striking the deal, we agreed a detailed, staged plan for the next three years with clearly defined quarterly targets and are implementing it consistently.

Important steps already been set in the first six months of 2005:

- ▶ **Reorganization of the organizational structures and processes**
- ▶ **Negotiations on collective bargaining agreements for the first year**
- ▶ **A continuous dialogue with the trade unions to support the changes**
- ▶ **Petrom's move to new office buildings in Bucharest and Ploiesti due to the poor building condition of their former offices and the risk of earthquakes**
- ▶ **Centralization of the organization**
- ▶ **Substantial investment in all areas of business**
 - ▶ **Exploration & Production**
EUR 70 mn, predominantly for drilling, natural gas extraction and the natural gas network
 - ▶ **Refining/Petrochemicals**
EUR 62 mn for improving product quality, environmental protection and compliance with EU directives
 - ▶ **Marketing**
EUR 18 mn for the expansion and modernization of the filling station network

A staged plan was agreed with the trade unions, which is now gradually being implemented.



Expatriation

OMV has recruited 80 staff from its own ranks and posted them to Romania for a period of three to five years - of these around half are not Austrian but include German, British, Pakistani, Bulgarian, Czech and Hungarian citizens.

All expatriates underwent a multi-stage program of preparation, which among other things covered cultural awareness as well as security. It is a matter of importance for OMV to observe cultural differences when operating in a foreign country and to ensure that local people are dealt with in a respectful and considerate manner.

Reorganization of the company's management

The Petrom board includes four members of the OMV Executive Board, two representatives from the Romanian government and a member of the EBRD.

It is a matter of importance for OMV to leave as many of the 1,500 management positions in Romanian hands to ensure that the company retains its identity in future.

The reorganization has also demanded mobility on the part of the Petrom staff. OMV offers a relocation package which includes paying rent on a staged basis, offering relocation subsidies and interest free loans to finance the purchase of housing.

Training

The training programs for Petrom staff concentrate initially on language courses to make staff proficient in English - the Group language - and on HSEQ (health, safety, environment, quality) issues. Technical training will also be offered on a selective basis. In addition, management audits and functional audits of the company's technical operations are allowing us to evaluate the current state of affairs and determine the level of training required by managers. Management coaching programs are already underway in individual cases. In the first three months of 2005 alone, some 2,000 Petrom staff attended specialist training courses on technology, law, information technology, finance and economics. The bulk of the training sessions are planned for 2006.

CSP and talent management

Career and succession planning (CSP) is being introduced. Potential that merits promotion is recorded as part of a talent management program.

Remuneration

Negotiations on a new collective agreement started when OMV took a majority holding in Petrom.



Personnel policy

We carry out personnel-related changes and reorganization in close cooperation with the trade union and are endeavoring to transfer the Austrian model for a re-employment scheme to Romania. The project is still in the concept phase and more precise details will not be available for another two years. We provide staff with sustained support during any individual changes. In recent years, OMV has developed - in agreement with employees' representatives - leaner structures in Austria. By implementing the knowledge we have gained here, we shall be able to find socially acceptable solutions in Romania too.

Communication and sponsoring

Immediately after taking a majority stake in Petrom, OMV started to build up and expand Petrom's corporate communication both inwardly and outwardly. Public relations work was concentrated in cooperation with colleagues in Bucharest. Press releases and press interviews transmit information on the company's strategies, actions and results to the general public. All Petrom staff also receive press releases now.

In line with the for Petrom at any rate new - understanding of public relations, internal communication is also of great importance. Press releases, the newly created internal newsletter, bulletins from the Executive Board and notices from Human Resources and HSEQ are published on notice boards, which also provide a space for information and illustrative material for new advertising campaigns.

A new bi-monthly staff newspaper is available for collection at separate info-points. The Communications Manual for Managers functions as a further information module. This folder provides Petrom managers with information on the reorganization and Group guidelines. It also contains a question and answer manual. Unit communicators have the role of optimizing the flow of information within the business units. They have been prepared for their role with training sessions in press relations, sponsoring, corporate design and advertising.

In its sponsoring activities, Petrom - like OMV - focuses on social issues and sports. In mid-2005, for example, it concluded longer-term agreements with UNICEF and the Red Cross. In addition, Petrom provided emergency aid of EUR 1 mn for the floods in 2005. Some of these funds went to the Red Cross and some directly to the flood victims.



HSE – Health, Safety, Environment

New health, safety and environmental standards

Petrom aims to achieve the same level of profitability as OMV by 2008. OMV will invest around EUR 3 bn in this modernization process up to 2010. The bulk of this investment will be devoted to replacing and improving plants - with a view to conforming with the EU's more exacting environmental and safety standards as well. In 2010, Petrom will be subject to the same HSE targets as the rest of the OMV Group and will rank among the best of the comparable oil and gas companies.

In future, Petrom will concentrate on developing its gas business as the energy of the future. As the leading gas producer in Romania, the company can produce 6 bn m³ annually up to 2008. A sales network will sell gas directly to its customers and will support the integration of the gas business in the company's operations.

At the beginning of 2005, a far-reaching HSE integration program was devised to introduce international best practice models. It focuses on employees' health and safety. The most important precondition for the improvements required is that managers are aware of their responsibility for people and the environment and they are being trained accordingly. The first steps to implementing this program successfully are the adoption of OMV HSE policy and the switch to new protective equipment. In 2005, safety data will be collected in line with OMV standards for the first time.

Incidents are analyzed and improvements for our own staff and for contractors are developed from the knowledge gained. OMV and the Romanian government have concluded an agreement on the modalities for dealing with contamination due to operations prior to 2005.



Environmental laws in Romania soon to reach EU standards

One of the biggest challenges for Petrom will be to raise environmental standards at its facilities to reach EU standards. In May 2005, Romania signed the treaty of accession to the European Union allowing it in all likelihood to become a Member State as of 2007. By this time, Romania should have adopted all EU environmental legislation, although transition periods for some areas are foreseen.

Key priorities for the next five years will be to align the sulfur content in fuels, environmental impact assessments, implementing the Integrated Pollution Prevention and Control Directive (IPPC Directive) and the Directive on the control of major-accident hazards involving dangerous substances (Seveso II Directive). Romanian environmental policy is enforced on the basis of the Environmental Protection Act passed in 1995 and by the environmental protection agencies established in all the regions. These agencies are also responsible for pollution monitoring and granting of permits.

Fertilizer production: new measures for plant operators and consumers

Petrom produces fertilizer based on ammonium nitrate at its facility in Doljchim in Craiova. This highly explosive product can only be produced and stored under very strict conditions, and in 2004 was involved in a very serious transportation accident in Romania. Immediately after OMV became a stockholder, a new non-explosive formula was devised by Agrolinz Melamine International (AMI) in conjunction with the local management team. The company has been delivering this safer product since May 2005.





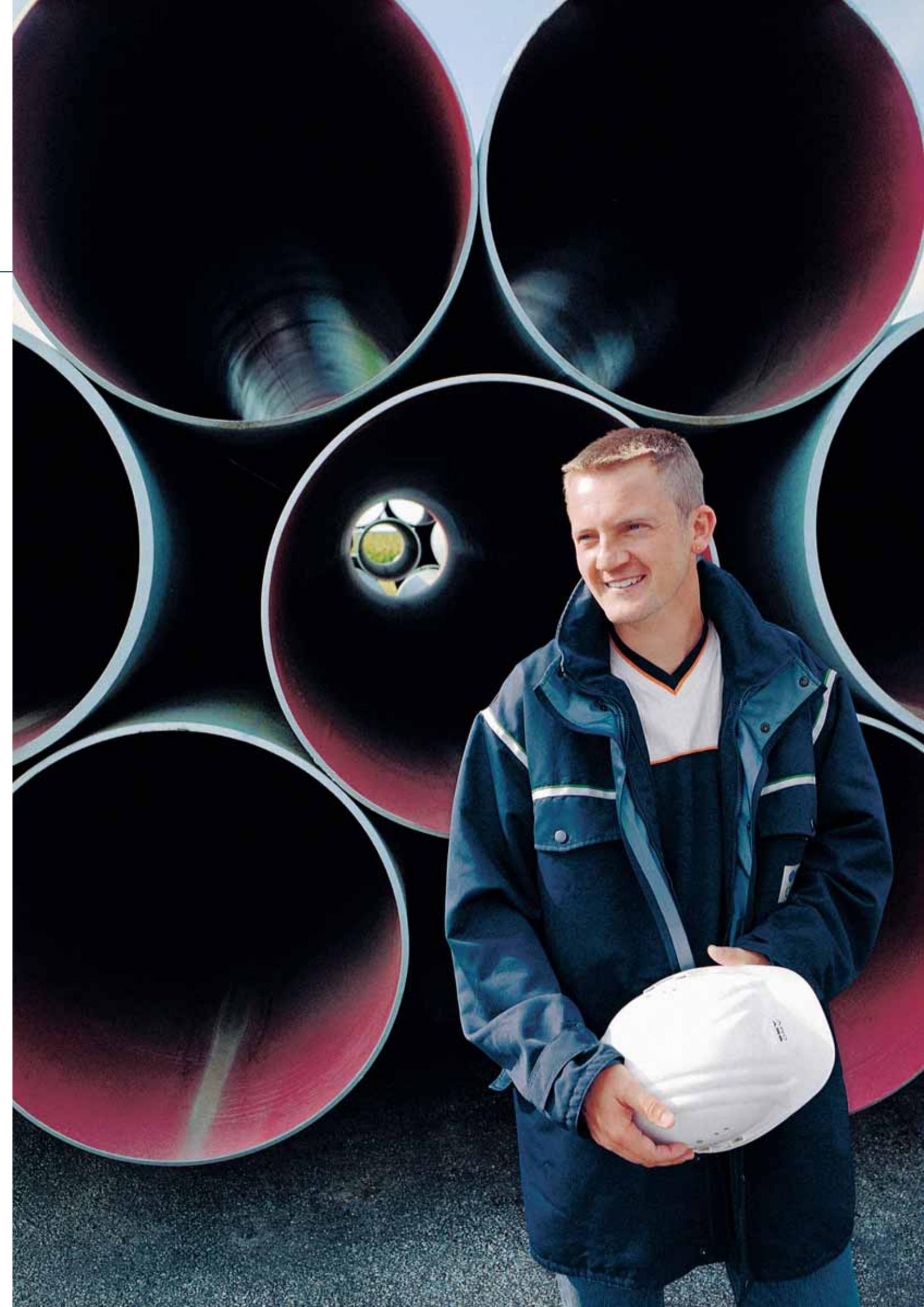
Highlights of the Reporting Period

Corporate Social Responsibility (CSR)

The company-wide Code of Conduct was drawn up in January 2003 and we systematically implemented our CSR strategy and associated measures throughout the Group during the reporting period.

The strategy covers three key areas

- ▶ Raising awareness of CSR among executives and employees in accordance with the Code of Conduct
- ▶ Positioning the Group vis-à-vis stakeholders as a socially responsible company committed to sustainability
- ▶ Aligning CSR measures with the OMV Code of Conduct and the UN Global Compact and using the Global Reporting Initiative (GRI) as the basis for our reporting





Highlights during the Reporting Period

Introduction of the Code of Conduct as Group guideline and preparation of a 10 principle folder providing an extract from the Code of Conduct for all employees worldwide

- ▶ The Code of Conduct is a collection of the values we believe in.

FAQs on CSR available for employees on the portal; in-house CSR training and workshops

- ▶ CSR – corporate social responsibility – is a tool linking economic success with added value for society as a whole.

OMV benefit bazaar

- ▶ The proceeds from the sale of handicrafts from Pakistan in 2005 were offered to local people as self-help aid.

Preparation of a Q&A brochure

- ▶ Optimizing communications between OMV and SRI (socially responsible investment) ratings agencies.

Strengthening links with UN organizations

- ▶ Supporting UNICEF, maintaining links with the UN Global Compact office and participating in the UNGC summit.

Support to maintain biodiversity in the rainforest of Costa Rica

- ▶ OMV is committed to maintaining biodiversity and is supporting a research project conducted by the University of Vienna in the rainforest in Costa Rica. The cooperation aims to achieve sustainable reforestation and the cultivation of alternative cultures.



Environmental certification for Schwechat refinery

- ▶ In 2004 Schwechat refinery became one of the first in Europe to obtain certification to the new ISO 14.001:2004 standard. The refinery had already gained the OHSAS 18.001 certificate in 2003.

Launch of AdBlue technology

- ▶ OMV is pioneering the sale of the AdBlue urea solution for selective catalytic reduction (SCR). The solution breaks down nitrogen oxides into nitrogen and water, thereby clearly reducing emissions from diesel engines in commercial vehicles.

Sulfur-free gasoline at OMV filling stations throughout Austria

- ▶ Since January 1, 2004 – five years ahead of the EU deadline – OMV filling stations and direct customers in Austria have only been supplied with sulfur-free fuels. This makes a significant contribution to reducing CO₂ and particulate emissions.

Child labor

- ▶ In its Code of Conduct OMV undertakes to prohibit the use of child and forced labor in its area of influence and to promote measures to combat these practices. The company also checks the supply chain for the use of prohibited child labor.

Move & Help

- ▶ This project is supporting children's educational projects in twelve countries in cooperation with international aid organizations such as HOPE 87, SOS-Kinderdorf and Caritas.

Supporting the Reporters without Borders project

- ▶ OMV has been supporting "Reporters without Borders" since 2002. The organization is committed to maintaining journalistic standards, independence and freedom of the press throughout the world. In this context, OMV helped launch the "Press Freedom Award".





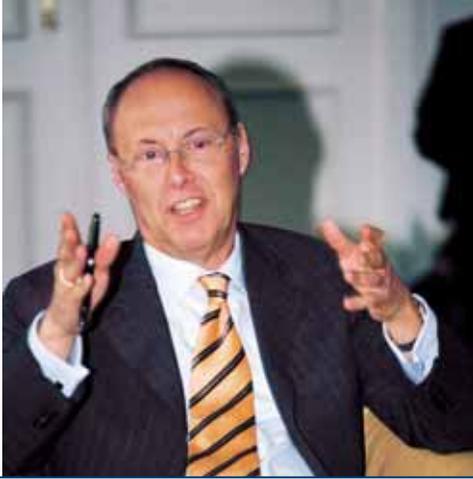
Stakeholders' Expectations

Round Table Dialogue on the OMV Performance Report

In June 2005, we arranged a Round Table Dialogue with our stakeholders and asked them about their expectations of the OMV Performance Report. The findings gleaned there put us in a position to tailor the report to the information required by our dialogue partners.

The following persons participated in the dialogue:

- ▶ **Wolfgang Rutenstorfer**
OMV Chief Executive Officer and
Chairman of the Executive Board
- ▶ **Christian Willi**
Spokesman for OMV Filling
Station Licensees Advisory Board
- ▶ **Monika Langthaler** (moderator)
brainbows gmbh
- ▶ **Robert Lechner**
Austrian Ecological Institute
- ▶ **Evelyn Bohle**
Senior Analyst oekom research AG
- ▶ **Manfred Nowak**
Ludwig-Boltzmann Institute of
Human Rights
- ▶ **Werner Muhm**
Director Arbeiterkammer
(Chamber of Labor) Vienna



► **Ruttenstorfer**

OMV developed a Code of Conduct – a compilation of those values that we wish to stand for – and published its first Performance Report as early as 2003.

There were two crucial factors behind this development: in the first place we are becoming more and more international and the statutory provisions in many countries in which we operate are still inadequate. The rights of employees, human rights, equality, the environment, community involvement or transparency are specified far less in countries such as Pakistan than in Austria. We have therefore given our staff a system of values on our path to globalization that will help us all to make the right decisions even in these countries and also to know which values the Group stands for there.

The second reason for the discussion of corporate social responsibility lies in the fact that politicians are less and less willing to assume additional responsibility. The policy of liberalization means that in Europe - and therefore in Austria too - business and companies are acquiring an ever-greater degree of responsibility.

For our second Performance Report it is important for us to learn from you:
What should be dealt with in this report in any case?

What must be included at all costs?

What may be of less significance?

Should we emphasize the positive things or also admit weaknesses?

► **Langthaler**

Ms Bohle, as an analyst at the independent German rating agency, oekom research, have you dealt with companies in the energy sector – and consequently also with OMV?



► **Bohle**

oekom research works for investors that invest their capital in ethical and ecological funds. Primarily these are ecclesiastical institutions, foundations and private investors. I have been dealing with OMV for five years and I always have a very good impression of the company.

As to reporting in general: a great deal has been achieved in the past five years. Initially a few very good companies reported in detail on the environment but included very little about social issues. They led the field while OMV featured somewhere in the mid-field.

Currently, there is evidence of a trend towards sustainability. Social issues are becoming more important. The public is well aware of the problems in non-OECD countries and they are frequently discussed. The spotlight is on the oil and gas sector in particular. The companies should be proactive here, they are critically monitored and therefore have to produce more detailed and constructive reports than others.

It is very important that OMV has moved from simply reporting on the environmental matters to focusing on sustainability.

► **Langthaler**

Mr. Muhm, the Chamber of Labor compared sustainability reports in December 2004. OMV fared rather well, didn't it?

► **Muhm**

OMV moved to sustainability reporting at a very early stage. The last report is good (publisher's note: the 2001/2002 report). The fact that it is geared to EU norms is positive. However, the GRI guidelines were only partly fulfilled. Only a few of the requisite indicators were used. Important parameters were missing. This restricts comparability and leaves the report open to different interpretations. The involvement of the labor representatives was one positive aspect of the last report.

Well-run companies wisely - if they want to be successful in the long term - react sensitively to environmental changes. By this I mean both social and political aspects as well as the environment in the narrow ecological sense.

Globalization as well as concentration and monopolization trends in the oil sector in particular - the five largest oil groups have a global market share of 58% - are the subject of critical discussion worldwide. The better the report is and the less it is merely a public relations and marketing exercise, the more successful it will be.

I would like to see the philosophy of the European model - the Lisbon strategy based on the three pillars of sustainability, social responsibility and competitiveness - take root in the heart of major groups operating in Central and Eastern Europe.

► **Langthaler**

Mr. Lechner, some environmental NGOs are very critical of companies' sustainability reports and argue that they are just done for marketing purposes.



► **Lechner**

I find the approach adopted in the last Performance Report 2003 (publisher's note: the 2001/2002 report, which appeared in 2003) and the candor in stating that the products produced by OMV are not sustainable per se since emissions contribute substantially to the problem of global warming admirable.

I cannot understand NGOs' anxieties about marketing. This is a very heated internal discussion between the NGOs and the entities involved therein. I think rather that companies will become more transparent and comparable thanks to sustainability benchmarking, which is a success in itself.

The more major groups draft reports of this kind the better. However, the use of generally accepted and comparable indicators as laid down in the GRI guidelines is essential here. I would use the GRI indicators as core indicators for a reporting system and if possible present the information even more clearly using additional sector or business specific indicators.

I view the 2003 report slightly as a prototype. I read a great deal of philosophy and huge numbers of commitments in the values but this is too much in my view. I want concrete information on the policy OMV is pursuing to reduce greenhouse gases for example.

Apart from transparency, the reader must be able to understand the data. Data that might be too much to be included in the report could be shown in more detail on the Internet.

► **Langthaler**

Manfred Nowak is Director of the Ludwig Boltzmann Institute of Human Rights in Vienna and UN Special Rapporteur on Torture.



► **Nowak**

I am also delighted by the type of corporate social responsibility practiced by OMV in Austria. CSR in Austria generally focuses heavily on the environment while OMV includes the environment, human rights and development - this is a first - in its Code of Conduct. This is very important. There are only a few companies in Austria that do this.

However, the trend is clearly evident worldwide that respect for human rights and combating poverty are major goals in addition to the environment in the question of corporate responsibility.

It would be good for companies to assume not just ethical responsibility but increasingly also political and legal responsibility. Transnational groups operating globally are more powerful than many small countries - particularly in the countries where we operate, namely in Africa, Asia and Latin America. They therefore have a global responsibility not just for their employees but also with regard to their customers and the people in the vicinity of their projects. I would view OMV Pakistani Community Development Project as a showpiece here because the communities there are supported with concrete projects – linked to health or education – aimed at combating poverty.

► **Langthaler**

Mr. Willi, as spokesman for OMV filling station associates, you have direct contact with customers. You are the first to realize that a large company's image is suffering: the most striking example in recent years was Shell and Brent Spar.

► **Willi**

It is certainly important that a company adopts a long-term approach, especially in dealing with its associates and, of course, with its customers.

For me it is extremely important to know where the way leads. Does the company welcome us as a partner or does it simply view us as employees? Should we remain independent or not? If we partners feel a great deal of motivation with regard to the Group, we shall be able to pass this motivation on to our customers. As for the Shell situation: customers actually stopped using Shell filling stations and came to us instead. We are on the front line but have no influence on the Group's decisions. I expect candor and honesty from the company.

► **Langthaler**

From your viewpoint, which points must be included in this report at all costs?



► **Bohle**

The relationship between OMV and its projects in Ecuador and Sudan must be included at all costs. It is a very complex assessment as to whether there are breaches of human rights, of employment law or a financial scandal there. If there are serious problems with one of these three points, it is virtually immaterial whether the company is good in other respects. For most investors, breaches of these criteria will result in a company being struck off their list of potential investments. The integration of Petrom is also important from our viewpoint. You have taken on a large workforce. We shall be watching how you deal with it and what steps will be taken to integrate it as well as the pace of integration. Of course, it is also important for us that you include more detail with regard to the indicators than in the last report.

► **Muhm**

I would consider it a wise move to address the GRI standards in greater depth. The published figures must be comparable, for example, with regard to the employees in the individual countries: a distinction between full and part-time jobs, staff turnover within the company, the percentage of staff that are members of independent trade unions etc. This would make it very clear in an international group just how different the standards worldwide still are.

The question of OMV future in Romania with the purchase of Petrom is also very important for us. With around 57,000 employees, OMV is a major player in this country. How is the restructuring going? In which technologies is the company investing? How are they dealing with the staff?



► **Lechner**

Perhaps the example of Romania can also illustrate the potential for ecological savings that may still be developed in these countries because investments in modern technologies bring substantial ecological benefits.

We are, of course, still waiting for indications as to how OMV will deal with the fact that oil and gas are finite resources. How much is OMV investing in the relevant research and development? What are its long-term strategies? That would certainly increase its plausibility.

► **Bohle**

Actually every oil company should also be involved in the field of renewable energies. OMV should be considering it. At some point they will have to make a start - and not just when the oil is running out. A move to renewable energies is evidence of far-sightedness.

► **Nowak**

The report should be as honest and as realistic as possible. Today, civil society and international organizations are extremely clued-up, which means that unrealistic reports or those that paint too rosy a picture will rapidly be debunked.

I assume that OMV does not violate any human rights itself, but it may be indirectly responsible for such violations: no child labor, no forced labor, no exploitation of women in sweatshops etc. even in its supply chain. I expect the report to contain answers as to how their associates and suppliers deal with this issue.

► **Willi**

From the report I would like to know above anything else how they will deal with us filling station licensees in future and what they expect from us. However, we also expect answers about the finite nature of oil and gas.



► **Ruttenstorfer**

Thank you for the many proposals. For me, the most important thing is that the second Performance Report must be more specific. We shall comply with the GRI guidelines and publish comparable data.

We shall also comment on Petrom in detail. We are as yet unable to present any data on the period under review, namely 2003/2004, since we did not start operating until 2005. We shall, however, describe our goals and the progress we have made in integrating the company.

We shall also show how we are dealing with the issue of the finite nature of our resources and how we are looking at the issue of renewable energies although this may still be unsatisfactory for some stakeholders.

We shall, of course, highlight the issue of human rights, which we have previously taken very seriously and will deal with combating poverty in greater depth. Dialogue is important to us. We wish to continue it at all costs.

► **Feedback**

We have provided the participants in the Round Table Dialogue with a draft of this report and asked for feedback. We have been able to include many of their comments in the final version. We view all other points as valuable encouragement to enter into a dialogue more or to look at these issues in our next report.





In the Spotlight

In the Spotlight

As a Group with a focus on Central and Eastern Europe, OMV corporate philosophy is based on the European three pillar model of competitiveness, sustainability and responsibility. This forms the basis for our long term success and the model complies with the economic and socio-political agenda adopted at the EU summit in Lisbon in the spring of 2000.

The aim of the Lisbon strategy is to fundamentally restructure science, the economy and social systems to make the EU the most competitive and dynamic knowledge-driven economy in the world by 2010.

The challenge we face is to integrate the growth generated in recent years in line with our OMV standards and leverage potential and develop profitably. We need to ensure we have the human resources to do this by further developing our employees and recruiting new staff.

When a company with global operations undergoes a period of rapid growth, it is particularly important that it has a

strong and unmistakable identity that encompasses an independent corporate culture. In addition to the values outlined in our Guidelines, we want to make Corporate Social Responsibility (CSR) an even stronger element of our company culture. Our aim is to implement CSR in our day-to-day operations and link it with the demands of the capital market. Our efforts in this regard have also been recognized by ratings agencies and fund managers.

Our growth projects have to take account of ethical principles and be CSR compliant. We carry out impact assessments to analyze our involvement from a CSR viewpoint and develop programs to



improve shortcomings in environmental conditions. Our commitment covers the protection of our employees from hazards as well as treating the environment with care and taking account of the needs of the regional population.

The first step for many acquisitions is the legal compliance process. Our goal, however, is to operate in line with European standards for all our global activities. This means that in many locations we voluntarily comply with regulations that are much stricter than the local legal requirements. Where feasible, and with regard to local needs, we try to gradually implement OMV values.

A company's social competence has become increasingly important in the wake of globalization. We believe that where human rights are concerned our commitment goes beyond simply adhering to regulations and conventions. In our terms and conditions of purchase, we require compliance with the values enshrined in our Code of Conduct. These include combating child labor and forced labor for example. However, it must be

said that the efforts of a single company, especially one like OMV which is not the biggest player in global terms, can only have a limited effect. It therefore makes sense to join forces and form organizations.

This is why OMV is represented in a series of relevant organizations and associations at national and international level. These include associations focusing on areas such as sustainability, training, social affairs, the environment and the economy, e.g.: ABCSD (Austrian Business Council for Sustainable Development), B.A.U.M. (German Environmental Management Association), ÖGUT (Austrian Society for Environment and Technology); memberships of universities and technical universities, the CEMS (Community of European Management Schools); "Nachbar in Not" (Neighbour in Need); Biowater Association; our CEO is also a member of the European Round Table of Industrialists.

In the following we look at several topics that are of particular concern to our stakeholders in the sustainability debate.



Crude Oil Price

The rapid hike in the price of crude oil will certainly bring additional costs for many people and dampen economic growth.

We assume that throughout the upcoming 3 to 5 years, the oil price will remain high at about USD 50. In the long run, however, we anticipate a price level of USD 30-35/bbl.

Our assumptions take into account the fact that there have already been huge fluctuations in the price of crude oil in the past. In 1980, the oil price hit USD 42/bbl, which equates to over USD 80 today. Then by the end of the 90's, the price had dropped to USD 10/bbl. Experience also shows that when the price of oil is high, investment in alternative energies increases and new production technologies are developed and become economically viable. On the supply side, this trend should reduce the oil price accordingly in 3-5 years. Naturally, the new technologies will impact on production costs, this is just one factor influencing the movement in oil prices. Although the oil industry is technologically very innovative, today's sophisticated methods were not even available 10 years ago.

Gasoline Prices

Fuel prices have always been and still are a very emotive subject, especially when the price is high.

The upward trend comes in for particular criticism when oil companies are reporting very good results.

However, such opinions often overlook the fact that the filling stations segment generates poor earnings and most of the profit comes from oil and gas extraction. The mineral oil product market is declining because of the high prices.

OMV pricing policy follows movements in the international markets. These are fluctuations over which OMV has no control and are governed by demand for crude oil or finished products, production capacities, OPEC policy and the psychological element produced by perceived crises.

The Austrian Ministry of Economic Affairs commissioned a survey - "The Austrian Fuels Market 2004" - which looked into whether the price of fuel at Austrian filling stations was unjustifiably higher than in other European countries. The survey covered the period from 1999 to 2004.

The conclusion stated that overall competition in the Austrian fuels market functioned well and therefore there is very little potential for savings and cost reductions compared to the total price.

The survey also concluded that the Austrian fuels market depends to a great extent on Rotterdam product prices and relevant transport costs. Competition in the filling stations market is predominantly regional and the authors of the survey identified a high level of concentration in the filling stations market - bordering on an oligopoly but not yet significantly dominant. The survey also confirmed that the Austrian market was very transparent, thus forming a basis for competition.

Another important fact is that our refinery business has become more international, with a clear increase in sales abroad by our Schwechat refinery. Demand for fuels in Austria accounts for less than 50% of the market covered by Schwechat and its sister refinery across the border in Germany.

In this connection it is also important to note that we use our profits to achieve sustainable, profitable growth. The significance of this for the economy as a whole is outlined on page 76.

The search for new oil and gas reserves and developing such fields is becoming more and more expensive. Competition is fierce with the number of players from countries with a growing demand for energy rising. In global terms, only one out of 10 wells drilled is successful. The oil industry is therefore investing much of its profit in maintaining, and during growth phases in expanding, the oil and gas reserves that are the jewel in the crown of every company.

What do these terms mean for our markets: “mobility” and “heat”?

In the mobility sector, conventional technologies will lead to improved efficiency and CNG (compressed natural gas) and hybrid vehicles are slowly offering alternative options. Fuel cells and hydrogen technology are, however, still in the research stage. It is important for OMV to participate in a large number of these research projects, which also enables the company to keep pace with the developments of the future (see Research + Development, page 128).

Combating Climate Change

OMV takes a three-tiered approach to combating climate change.

First of all, the increase in energy and environmental efficiency thanks to sulfur-free products and structural modifications at Schwechat refinery, for example, has led to a 5% energy saving and reduced CO₂ emissions.

Secondly, we are promoting the use of gas in the form of low carbon fuels and OMV strategy has upped the ratio of natural gas to oil. OMV is also involved in the Nabucco pipeline project which is set to transport gas from the Middle East to Europe via the Baumgarten hub by 2011. As part of its lower carbon fuel activities, OMV is expanding its network of gas filling stations. CNG supplies are already being delivered in the large conurbations.

Thirdly, we are focusing on zero carbon fuels or renewable energies and since October 2005, OMV diesel products have included 5% bio components.

(See additional information on page 117)

Hydrocarbons – a finite resource

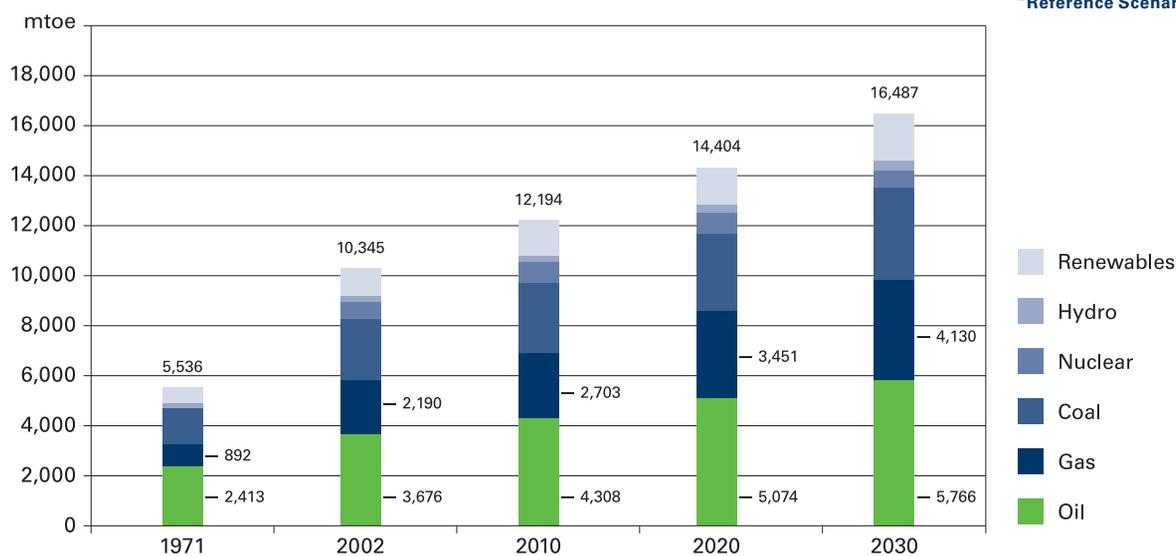
For decades there has been talk of hydrocarbons running out. However, not only have hydrocarbon reserves not reduced since the mid 70's, they have risen clearly instead. This is also partly due to the fact that new methods are being used in oil and gas exploration and oil production. Such cost intensive methods naturally impact to a significant extent in the form of a high crude oil price.

The global energy requirement currently stands at around 11 bn toe and is set to rise to around 16.5 bn by 2030 according to the IEA. Oil will continue to be the primary source of energy for the next few decades. The oil market is growing more slowly and will stagnate in mature markets, but worldwide it will remain the number one.

Gas will become considerably more important in the global market, which is why OMV is also involved in several projects in this field, such as the Nabucco pipeline (see Combating Climate Change).

Renewable energies are on the increase but will only be able to cover a minor portion of the additional energy requirement by 2030. During this period, two thirds of the increased requirement will have to be covered by hydrocarbons. OMV therefore sees increased energy efficiency and leveraging of all potential in this regard as a key focus for the supply of energy.

World primary energy demand by fuel



Source: IEA / World Energy Outlook 2004 "Reference Scenario".





OMV

Strategy + Vision



OMV Strategy + Vision

Our Vision

As the leading oil and gas group in Central Europe, headquartered in Vienna, our job is mobility. We keep people and ourselves moving.

Our Mission

We explore and produce oil and gas on five continents. We supply millions of people with transportation and heating fuels, and with goods and services to produce everyday consumer products.

Our Strategy

We are looking to double our oil and gas output in Exploration and Production, double the market share of our retail and commercial business in Refining and Marketing, and double sales volumes in our Gas and Chemicals businesses until 2008. We plan to produce half of the oil and gas we process ourselves. We are aiming for profitable organic growth and growth by selective acquisitions.



Our Values

► **Mobility**

We work with people who know how to get things moving. We are working for a world in which everyone has access to mobility and the opportunities it brings. Our “Move & More” claim stands for growth, innovation and entrepreneurial thinking on the part of each and every staff member.

► **Success**

Our measure of success is profitable growth. To get there, we depend on our people’s ability to innovate, execute, interact, maximize profits and to lead. Their skills depend critically on our ongoing staff development effort.

► **European roots**

We promote open-minded attitudes among our workforce, and require them to respect universal values.

► **People focused**

We put people first. Our growth comes from a service led approach, and from a strong sense of responsibility to our customers, stockholders, employees, and to the environment and society.

Our Position

In terms of sales, OMV is the biggest listed industrial company in Austria. Following the purchase of Preussag's international E&P operations, part of the BP/Aral filling station network and the holding in the BAYERNOIL refining network in 2003 as well as the acquisition of a majority in the Romanian oil and gas company, Petrom, in December 2004, we have become the leading oil and gas group in Central Europe. Our core activities comprise exploration & production, refining and marketing as well as natural gas.

OMV also holds a 50% stake in Agrolinz Melamine International GmbH (AMI) - the world number two in melamine production and the leading manufacturer of fertilizers in the Danube region, a 35% stake in Europe's second largest polyolefin producer Borealis A/S and a 10% shareholding in Hungary's oil group MOL.

Sustainability and Strategy

Implementation

OMV uses the balanced score card (BSC) as a management tool to implement and monitor its strategy. The score card is reviewed every six months by the Executive Board and reflects indicators covering finance, customers, processes and growth potential. There is a sustainability dimension to the BSC as it includes career and succession planning and LTIR (lost time incident rate) monitoring for example as well as checks for child labor on the supplier chain.

The BSC broadens the management perspective from the traditional view based on financials to encompass all the relevant areas, thereby contributing to a balanced picture of the company including sustainability.

OMV Growth Strategy 2008

Our activities during the reporting period covered by this Performance Report were governed by strategy 2008. By 2004, we had already achieved our goal of doubling the size of the Group between 2001 and 2008 in some areas, and will achieve this in others ahead of 2008. Oil and gas production has more than quadrupled from approximately 78,000 boe/d in 2001 to approximately 345,000 boe/d today. At 0.64 to 1, the ratio of oil and gas to refining capacity is well above our 0.50 to 1 target.

Our 18% market share in the Danube region is close to the 20% target for 2008. In the Gas business, wholesale and retail sales in Austria and neighboring countries had already hit 8.4 bcm by 2004 and should reach our 10 bcm target by 2008.

The capital market has also recognized our position and the opportunities we have created as a result. Between the end of 2001 and the end of August 2005, OMV market capitalization more than quintupled from EUR 2.5 bn to EUR 13.2 bn.

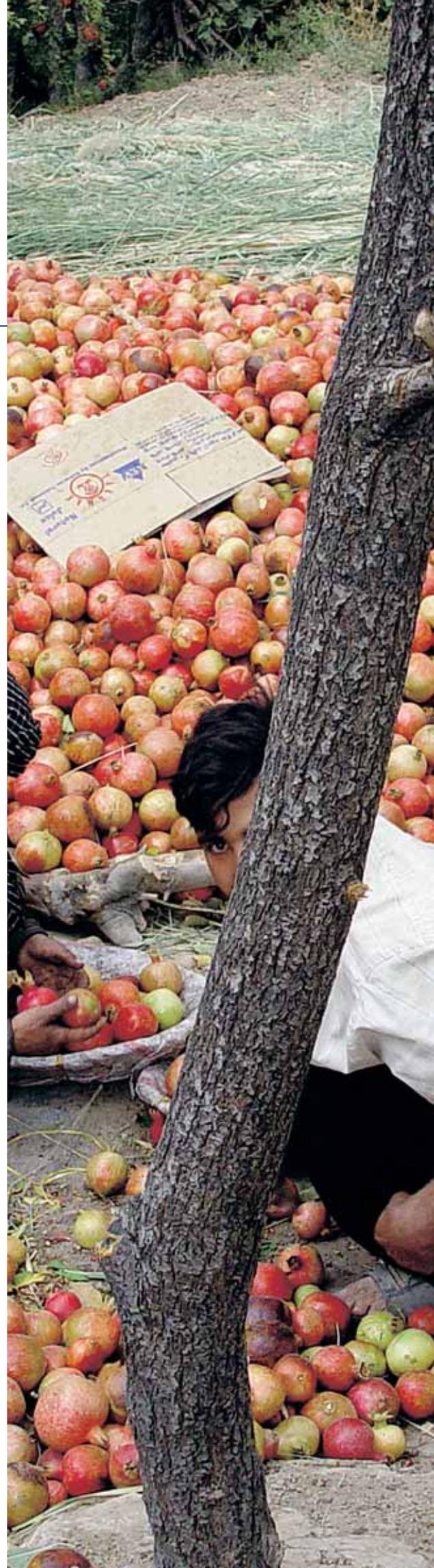
OMV Strategy 2010

By the time this Report is completed, the new strategy 2010 will have been presented. Over the next few years the management will focus not only on developing and integrating Petrom, but also on a strong cash flow and successful capital increase which gives the Group a solid base for further growth. In future, we intend to achieve greater organic growth and further develop our operations in our core businesses. This will ensure our independence and add value for our stockholders.

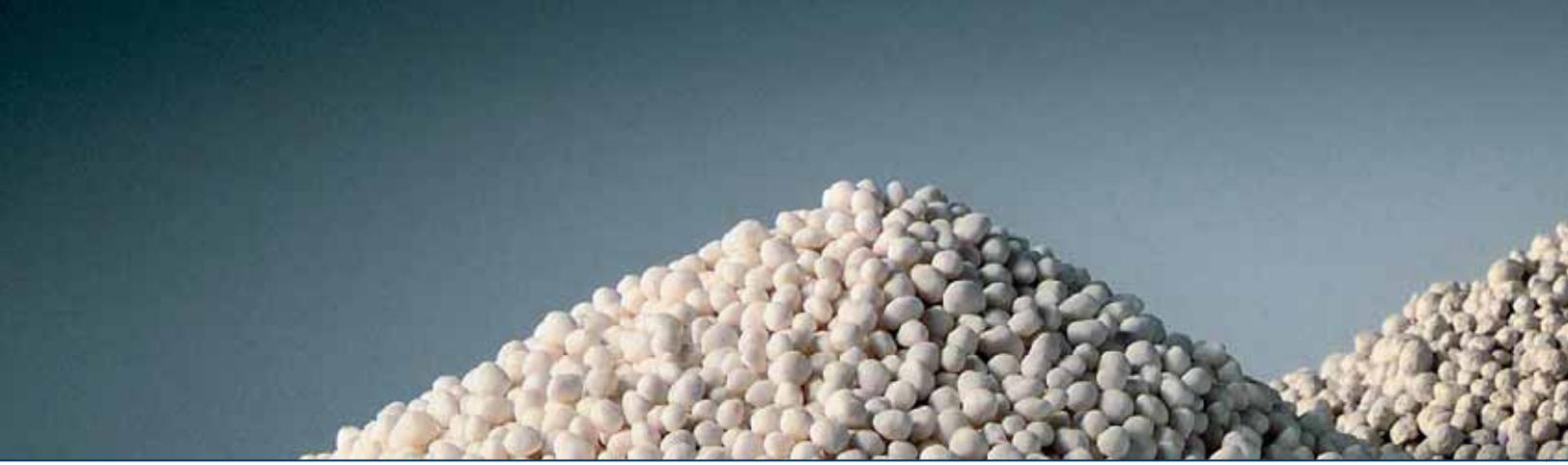
The core element of the strategy is to extend our leading position in the oil and gas business in Central Europe and maintain the return on capital employed of 13%.

We will continue to grow successfully and profitably as

- ▶ EU growth regions will offer OMV additional business opportunities
- ▶ faster growth is possible in the dynamic markets of Eastern and Southeastern Europe
- ▶ we intend to increase our lead on our competitors
- ▶ we aim to enhance our earnings potential and fulfill the expectations of the capital market







We are setting ourselves new and ambitious goals for 2010:

R&M

We have a strong position in the Danube region and moving into new markets will improve our growth opportunities. In our core market, which is the Danube region, we will optimize the performance of our 500,000 bbl/d refining capacity. We intend to be able to take advantage of any opportunities for further capacity acquisitions of up to 500,000 bbl/d within the EU and its potential accession candidate countries. The target ratio for retail and the bulk business at refinery level is 0.2 to 1.

E&P

OMV extensive expertise should also become standard at Petrom and impact positively on the company value. The high level of integration of the E&P division in Refining and Marketing as well as Gas promotes growth and stability. By 2010, daily production should be 500,000 boe in the six core regions (Central Europe, North Sea, North Africa, Middle East, Australia/New Zealand and Russia/Caspian region). This will ensure a 0.5 to 1 ratio of E&P to R&M. OMV also aims to achieve a target ratio for E&P gas to gas sales of 0.33 to 1.

Gas

Growth in the gas market is being driven by the advantages it offers in terms of technology, environmental standards and efficiency. New target markets for gas operations are also showing stable growth potential. We are therefore setting up international gas operations with major supplier Ecomgas and will increase the market volume to 20 bcm by 2010. New projects should also increase our transport and storage business. The Nabucco pipeline will provide a new transport route and diversify the natural gas supply.

Chemicals

OMV intends to maintain its significant share of the growing international chemicals business (polyolefins, plant nutrients, melamine) with locations in Europe, the Middle East and Far East using in-house technology.



The aim of the strategy is to make OMV even more attractive to owners, stockholders and employees. We also want to evaluate and make better use of the market opportunities offered by the trend towards innovative technologies and more eco-friendly or alternative energy sources.





UN

Global Compact



UN Global Compact is our Guideline on Social Responsibility.

In 2002 OMV signed the UN Global Compact (UNGC). At national level we are a member of ABCSD, the Austrian Business Council for Sustainable Development.

With over 400 participants the Global Compact Leaders Summit in June 2004 was the biggest meeting of company delegates, government officials and NGO representatives from across the globe, who came together to discuss Global Corporate Citizenship.

In a creative and innovative setting, the participants, including an OMV representative, formed 40 working groups to talk about ideas and experiences related to corporate social responsibility. Together they drew up future visions of UNGC and discussed its practical implementation. As an active member of the UNGC, OMV is involved in the “communication on progress” procedure and publishes information about CSR projects on the UNGC website.

S SUMMIT
JUNE 2004 



At the summit, the UN Secretary General and patron of the initiative, Kofi Annan, announced the expansion of the UNGC from nine to ten principles. To ensure a sustainable and fair global economy, the UNGC principles now include fighting corruption.

“Let us not rest until we have truly succeeded in bringing positive change into the lives of people, and laid the foundations for peaceful, well-functioning, sustainable societies throughout the world”, declared Kofi Annan.

Annan also urged the delegates to do more to achieve the millennium development goals when carrying out CSR initiatives.

By signing the UN Global Compact in 2002 OMV underlined its support for the goals of the UNGC and its belief in these values. Thanks especially to the personal commitment of Kofi Annan, the UNGC has become a symbol throughout the world for the support of ethical values. The UN Global Compact initiative currently has more than 2,500 participants, five of which are in Austria, and about 45 national networks. The ten principles of the UNGC are derived from four standards:

- ▶ The Universal Declaration of Human Rights
- ▶ The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- ▶ The Rio Declaration on Environment and Development
- ▶ The United Nations Convention against Corruption

Within OMV, signing the UNGC was seen as a positive step and our undertaking backs up the management in its efforts to deal systematically with the topic of Corporate Social Responsibility (CSR). OMV CSR activities are based on the UN Global Compact and any shortcomings are eliminated in an ongoing evaluation process.

These are the ten UN Global Compact principles we have undertaken to uphold:

Human rights

- ▶ To support and respect the protection of international human rights
- ▶ To make sure that we are not complicit in human rights abuses

Labor relations

- ▶ To uphold freedom of association and the effective recognition of the right to collective bargaining
- ▶ To eliminate all forms of forced and compulsory labor
- ▶ To abolish child labor
- ▶ To eliminate discrimination with respect to employment and occupation

Environmental protection

- ▶ To support a precautionary approach to environmental challenges
- ▶ To undertake initiatives to promote greater environmental responsibility
- ▶ To encourage the development and diffusion of environmentally friendly technologies

Corruption

- ▶ To work against all forms of corruption, including extortion and bribery




OMV



Economic Significance of OMV in Austria and Germany

OMV Moves Economies

Every job at OMV generates an additional two in other sectors

OMV commissioned the Institute for Industrial Research (IWI) to conduct a survey to assess the company's significance for the economies in Austria and Germany as well as its importance as a client in other industrial sectors. The survey covered OMV in Austria, Agrolinz Melamine, Linz and OMV in Germany and assessed the impact of investments and ongoing operations on production, value added, gross wages, gross salaries and employment. The survey was based on fiscal year 2000 because the data required for the input/output analysis was only available from all industrial sectors for that year. However, certain assumptions can be made for 2004 based on the results. The survey focused on Austria and Germany because there is no comparable economic data for the other countries, although this will improve in the future, in the EU Member States at least.





Austria

Investment effects

OMV companies covered in the survey invested about EUR 222 mn (excluding VAT) in Austria in 2000. To meet demand for goods, production was required mainly in business operations in Austria. These companies produce goods, generate value added and secure jobs. These upstream suppliers require input materials, which in turn triggers similar effects. The full effect of investment is determined in this way.

The survey showed that gross output of about EUR 230 mn was required to meet the demand for capital goods - this represents a 1.54 fold increase.

Investment demand led to added value in all sectors of the economy in Austria of about EUR 110 mn, as well as gross wages and salaries of EUR 52.5 mn. The jobs of 1,838 full-time employees were secured. This means that an investment of EUR 1 mn invested by OMV in Austria creates 12 jobs in the country, which constitutes a strong boost for the domestic labor market.

Production effects

These show how many domestic goods are required to enable OMV to carry out production through the provision of intermediate inputs (taking into account all interdependencies through product cross-overs).

The ongoing production operations of the OMV companies covered by the survey required production in the Austrian economy of EUR 4,556 mn - 16% more.

In total OMV production operations generated value added of EUR 1,337 mn. The company is linked directly and indirectly to 7,300 jobs, mainly in the company service sectors, closely followed by the mechanical engineering and energy supply sectors.

Income effects

Taking account of taxes, charges and savings, the wages and salaries secured through OMV production and investment activities in Austria have an impact on domestic consumption and most of the money flows into Austria through the purchase of Austrian goods. The domestic consumer demand in turn boosts production, creates value added and secures jobs. The gross output amounts to EUR 346 mn, while value added stands at EUR 188 mn. The consumer effects triggered by OMV generated 3,432 jobs.

Overall economic significance

Looking at all the input/output analysis effects in total gives the overall picture of the economic significance of OMV. The following effects represent the lower level of the impact.

The total production "attributable" to OMV exceeds EUR 5 bn and the induced value added EUR 1.6 bn. The number of jobs secured outside OMV amounts to 12,600, and for every job at OMV, the company generates an additional two in other companies.

Germany

In the German economy, investment by OMV in 2000 led to overall production effects of EUR 133 mn and value added effects of EUR 63.5 mn, which in turn secured jobs for 1,156 employees. The overall production effects of OMV production operations amounted to EUR 1,340 mn and EUR 223.7 mn for value added. These effects were linked to 2,889 jobs. As in Austria, the overall effects clearly outperformed the primary effects. The boost to employment triggered by stimulating consumer demand was also very significant in Germany.





2004

The lack of economic data prevents any thorough analysis, but comments can be made about trends based on long-standing experience. Increased investment by OMV was countered by shifts in investment in other sectors and the two effects offset each other.

All the fundamental statements in the 2000 survey also apply to 2004 and despite the large sums invested outside Austria to achieve our growth targets, OMV remained just as significant in the Austrian economy.

Central and Eastern Europe

Currently there is little data available to assess OMV activities in Central and Eastern Europe.

Over the next few years the data inventory will improve both in terms of quality and quantity, particularly in the EU Member States. It will then be possible to properly document the positive effects of OMV investment and production in these countries.

Taxes and levies

The assessment of OMV overall economic impact should also include the considerable amount OMV pays in the form of taxes and levies.

Tax payments

	2000	2003	2004
Taxes (in EUR mn)			
Tax payments	3,456	4,219	5,867

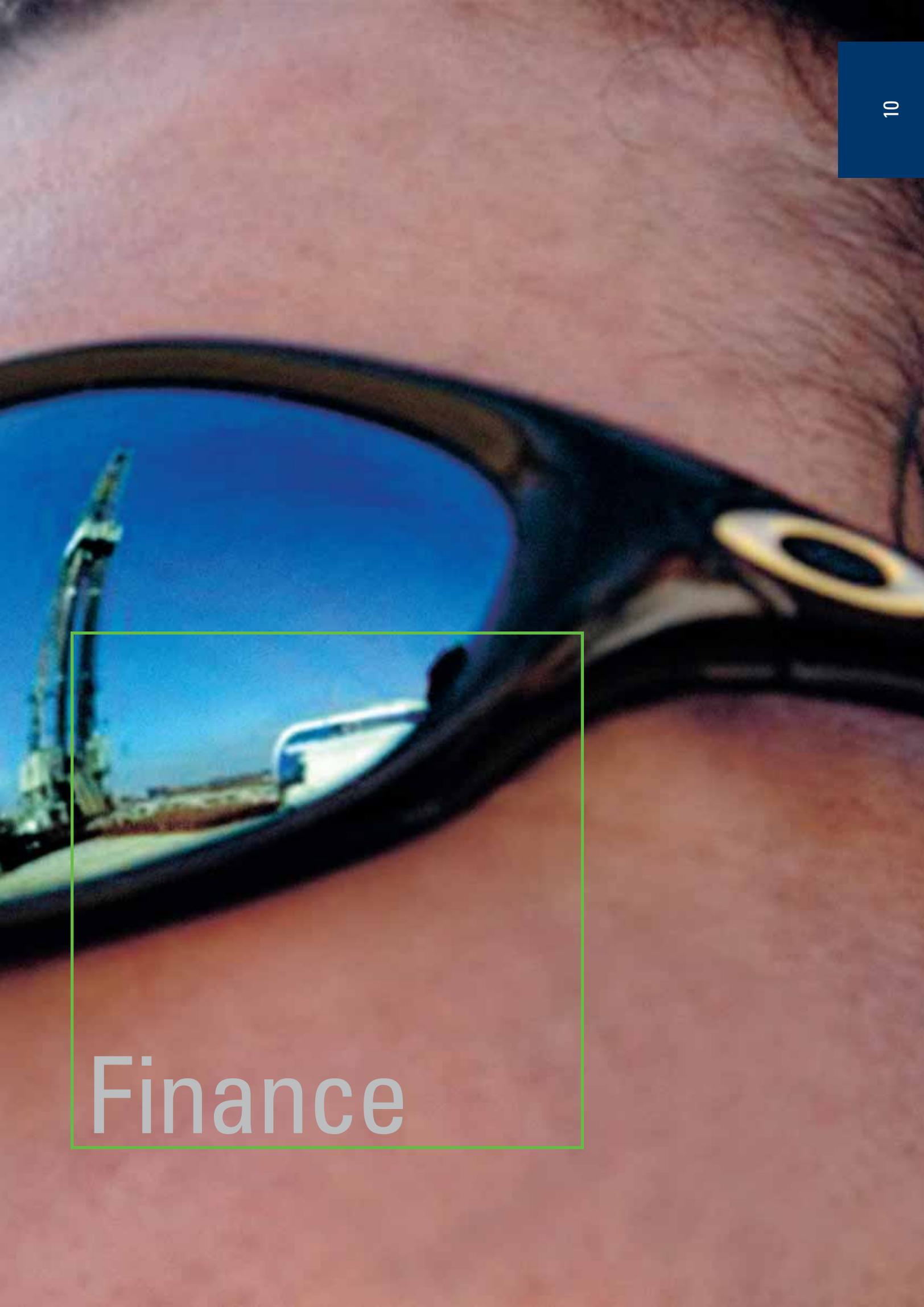
	2000	2003	2004
Details (in EUR mn)			
Collected in petroleum excise tax and VAT	3,216	3,848	5,343

	2000	2003	2004
Details (in EUR mn)			
Income taxes amounted to	130	203	312

	2000	2003	2004
Details (in EUR mn)			
The total tax payment also includes the value of the quantity of the oil produced from the Murzuk holding, to which the Libyan state is entitled under the production distribution agreement	110	131	171

	2000	2003	2004
Details (in per cent)			
If, in the interests of simplicity, these total tax payments, which OMV has paid across the Group, are taken as a proportion of sales the following percentages are attributable to tax payments in Austria	58%	43%	39%





Finance



Challenges and Objectives 2003/2004

- ▶ Long-term diversified financing for growth strategy
- ▶ Enterprise wide integrated risk management (establishment)
- ▶ Attractive growth in value
- ▶ Integration of acquisitions

Challenges and Objectives 2005/2006

- ▶ Integration of Petrom/cost restructuring
- ▶ Access to new capital markets
- ▶ Implementation of risk management to include acquisitions
- ▶ Investor Relations communications for Petrom

Achievements

- ▶ Expansion and strengthening of contact with SRI agencies – development of communications tool for rating agencies
- ▶ Petrom acquisition
- ▶ Adding value through profitable growth
- ▶ Capital increase; convertible bond

Strategy

- ▶ Continuous growth in company value



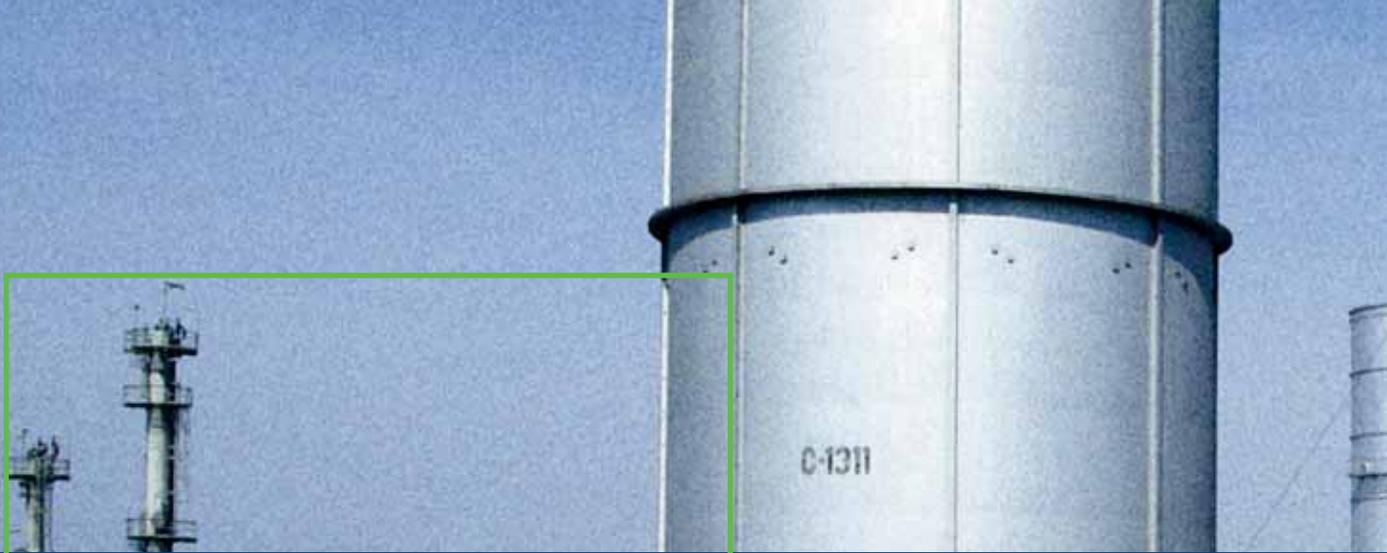
The challenge: adding value through profitable growth

OMV goal is to double its position in the market by 2008 and every year about EUR 1 bn is invested to finance this growth out of company funds.

Long-term, diversified financing of this organic growth and company acquisitions ensures the Group's profitable growth. The target financial system is based on strategic development, operating earnings power and the return expected by stockholders. The value management approach is firmly anchored in the planning and decision-making process. Shareholder value enhancement is at the forefront when investing in growth and financing acquisitions.

Risks are systematically analyzed and assessed to ensure a sound financial base for the Group. The aim of the risk management system is to raise awareness of risk and exclude significant risks. With their systematic and targeted approach, independent and objective checks and advisory services from the Internal Audit department review the effectiveness of risk management, the control systems and management and monitoring processes (Corporate Governance). This creates added value and increases the likelihood of achieving the corporate goals. As a listed company, we are committed to open, consistent, timely and targeted communications for the financial market.

The acquisition of a 51% stake in Petrom for EUR 1.5 bn, OMV largest single investment to date, was a milestone in the company's history. This has resulted in a major transformation process within the Group and puts OMV on a different footing to its competitors. Integrating Petrom and bringing it up to OMV Group standards represents a challenge for the next three to five years.



Our Achievements 2003/2004

Long-term diversified financing for growth strategy

OMV invested EUR 1.38 bn in 2003 to consistently implement its growth strategy. Most of this went to Refining & Marketing for the acquisition of filling stations from Aral, BP and Avanti as well as a 45% stake in the refinery group BAYERNOIL. In the Exploration and Production division, the acquisition of the international exploration and production portfolio of Preussag Energie International GmbH demonstrates the implementation of our growth strategy aimed at doubling oil and gas production.

To fund this major acquisition, OMV issued its first Euro bond with a volume of EUR 250 mn in June 2003. Also in June, the company successfully placed a USD 320 mn bond with institutional US investors. The two transactions diversified the borrowings beyond the European banking market and significantly increased the term of the debt.

At the same time, the capital increase (EUR 657 mn) and convertible bond (EUR 550 mn) in December 2004 - the first of its kind in Austria - should secure profitable growth and a sound financing structure, even after the Petrom acquisition. OMV share capital was increased through the issue of 3 million new shares at a price of EUR 219. All of the 1,793,868 convertible bonds initially entitle the holder to convert the bond into an OMV share. The innovative structure of this deal has attracted a new investor base, avoided dilution problems and increased the free float to over 50%. The convertible bond has enhanced our capital structure, giving us an additional cost-effective financing instrument.



Integrating acquisitions

The integration of the acquisitions made in 2003 (45% holding in BAYERNOIL, filling stations from Deutsche BP AG, international upstream activities of Preussag Energie AG and Avanti filling stations) was completed in 2004. This is also reflected positively in the Group's results. The Preussag acquisition also included activities in Latin America, which is outside our core regions, and action was taken to streamline the portfolio. In 2004 OMV sold the Cabimas oil field in Venezuela and the exploration operations in Sudan. At the beginning of October 2004, the acquisition of a 50% holding in OMV Adriatik (previously OMV Istrabenz) concluded the takeover of filling station companies in Slovenia, Croatia, Bosnia and Herzegovina and Italy. Full integration into the OMV Group will produce cost synergies in a growing market. This will lead to significantly better integration where product supplies are concerned and speed up harmonization with OMV quality standards.

Adding value

To consolidate further growth, OMV planned an annual investment budget of approximately EUR 1 bn for 2003 and 2004. In order to reach the target return on average capital employed (ROACE) of 13% long term – over a business cycle with average market indicators - all investment decisions are based on value-oriented indicators which improved performance. The strong upturn in results also impacted positively on the return on capital. ROACE climbed from 12% (2003) to 16% (2004); the return on fixed assets (ROfA) rose from 16% to 22% and the return on equity (ROE) from 15% to 19%.

The growth strategy requires careful planning and monitoring of our financial indicators and cash flows. This includes the net gearing ratio (net debt to equity) with medium term target of 30% as well as indicators from loan agreements (covenants) as well as monitoring our credit standing in the financial markets in order to secure favorable financing costs in the medium and long term along with access to financing sources in the capital markets.



Enterprise wide risk management

Enterprise wide risk management (EWRM) plays a key role when moving into new countries or business fields. Our EWRM system was developed and introduced in 2003. EWRM applies to all fully consolidated companies. Soft issues and hard issues are carefully assessed in terms of the Triple Bottom Line (TBL) and responsibilities and reporting obligations precisely defined. The project manager is responsible for identifying risks during major strategic processes such as acquisitions or when entering new countries. A nominated risk coordinator determines the risk criteria in the relevant business division or country and regularly brings risk aspects to the project manager's attention, who in turn will inform the Executive Board.

This was the procedure that applied in the pre-project phase ahead of the Petrom acquisition. Before the deal was closed, a risk map was drawn up to define the key risks of the business and integrated this portfolio into the Group portfolio. Immediately after the closing, risk reducing measures were taken, especially in the areas of environment, insurance and finance and the decision taken to gradually introduce a first risk management system at Petrom with the aim of full integration into EWRM. The Risk Monitor software tool used throughout the Group facilitates efficient system maintenance. It guarantees a uniform assessment system and supports the monitoring of the risks that are deemed relevant.

As part of an impact assessment when moving into new countries or new spheres of activity, EWRM takes particular account of the potential indirect effects of corporate operations. The applicable criteria were prepared by a project team and are defined in the EWRM Manual.

Open, consistent communications with financial markets

To strengthen the trust of the capital market we provide all stockholders, analysts and bondholders with key information, in an accurate, reliable, fair, open and timely manner. The information is published regularly under Investor Relations on our website at www.omv.com.

Our Investor Relations activities increased as a result of the Petrom acquisition and the placement of new shares and the convertible bond. We held our first ever Creditor Day for bondholders in Vienna. The Executive Board and the Investor Relations team went on an increased number of roadshows in Europe and America to maintain and enhance our contacts with analysts, investors and stockholders. More than 350 hours of direct meetings were held and over 1,000 people attended around 250 meetings.

Preparation of a Q&A brochure for SRI rating agencies - access to new capital markets

As a listed company, OMV is constantly talking to analysts, investors and rating agencies. Transparent, open, coherent communications and up-to-date information is therefore very important to us.

The growing number of SRI (Socially Responsible Investment) agencies that are looking at how companies comply with and implement ethical values is a favourable trend. Extensive questionnaires are used to review the sustainability aspect of OMV activities relating to governance, the environment, human rights, safety etc. We believe this development is due to the growing interest in sustainable investment and the rapid growth achieved by the Group, especially through the Petrom acquisition.

To strengthen the sustainability discussions with rating agencies and optimize our access to new capital markets, we have prepared an OMV Q&A brochure together with a European SRI specialist. This information can be found on our website at www.omv.com under Corporate Social Responsibility. This communication tool gave OMV another opportunity to review how it implements sustainability within the Group.

Valuation of reserves

Every two years OMV proved reserves are audited by an internationally renowned independent auditor. The most recent valuation was carried out by DeGolyer & MacNaughton as of December 31, 2003 who confirmed the results published by OMV in its Annual Report for 2003.

Petrom's reserves became part of E&P on December 14, 2004. The contract to value these reserves was put out to international tender in 2005 and awarded to the best bid which came from DeGolyer & MacNaughton, one of the world's most renowned auditing firms. The results are expected in summer 2006.







Corporate Governance

As a joint stock corporation, OMV has a dual management system with an Executive Board that is responsible for the management of the company and a Supervisory Board, a completely separate body which monitors how the company is managed and appoints the members of the Executive Board. The organizational structure of the company, the names of the members of the Executive and Supervisory Boards along with their curriculum vitae and the date of their initial appointment to the boards and seats on other boards are published in the Annual Report and on OMV website under Corporate Governance.

The Supervisory Board members representing the stockholders are elected by the Annual General Meeting. The corporate strategy is discussed in detail with the Supervisory Board each year and decided jointly and forms the basis for company operations. The stockholder representatives on the Supervisory Board are independent experts (in alignment on EU Recommendation 2005/162 EG). The Supervisory Board has formed committees:

- ▶ The Accounts Committee deals in particular with the annual financial statements, risk management and internal audit.
- ▶ The Presidential and Personnel Committee approves certain transactions. However it is also responsible for tasks which in other countries would be the remit of a nomination and remuneration committee.

Due diligence processes, impact assessments, enterprise wide risk management, auditor's reports on the efficiency of this management tool, management letters, accounting and financial reporting according to International Financial Reporting Standards (IFRS), financial statement auditing in accordance with international standards, decisions requiring the consent of the Supervisory Board, analyses, reporting obligations for major projects after two years comprise the main elements of the control process used to identify and manage economic, ecological and social risks and opportunities.

The remuneration of the Executive Board and the stock option plans are disclosed in the relevant Annual Report.

The powers of the Annual General Meeting are stipulated by law and the Articles of Association which are available on the Internet. OMV has implemented the one share, one vote principle without limitation and stockholders have an unrestricted right to ask questions about the items on the agenda at the AGM. Investor Relations maintains contact with stockholders and contact details are published on the website. Communications on major topics are carried out by the Executive Board.

In a period of rapid growth OMV corporate governance is even more important for investors. International standards set new benchmarks and raise expectations, especially in terms of independent



control and transparency. OMV is doing all it can to meet these requirements and is developing a uniform standard for the whole Group, including Petrom.

In the Code of Conduct OMV undertakes to document and implement the highest standards of management ethics and transparency in its corporate governance in line with the Austrian Corporate Governance Code.

Corporate governance is a priority in the OMV Group and this meets key requirements which increase the performance of the company for the benefit of all stakeholders. Openness, transparency and predictability are also a key competitive advantage in the capital market.

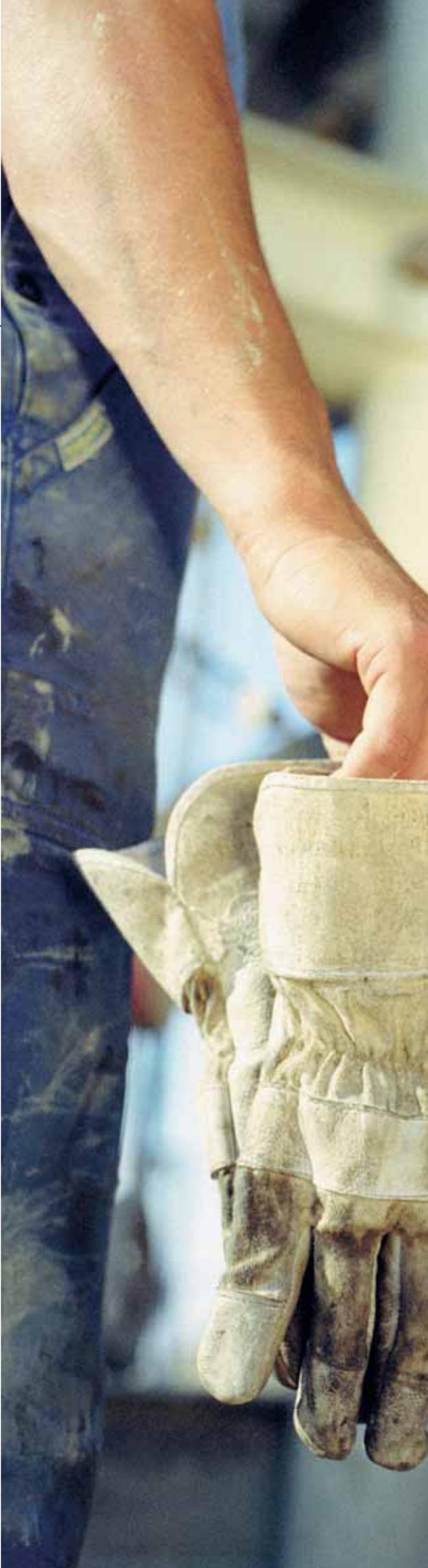
In 2003 OMV was awarded the Gewinn-Börse award for exemplary corporate governance. A questionnaire by the Austrian Corporate Governance Code working group for fiscal year 2004 showed that OMV complies with all the Code regulations. The annual declarations and the review are published on the website.

“Corporate social responsibility is becoming increasingly important for the international capital market.

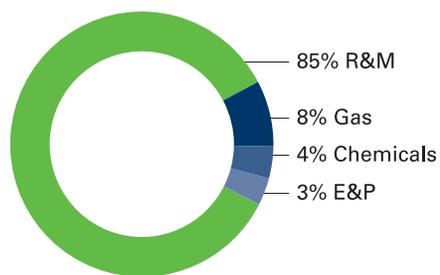
More and more rating agencies are asking for specific indicators other than hard facts. In Austria, we have about 40 companies compiling such reports, and they are doing very well. Wiener Börse welcomes this development.

As an international company, OMV is a particularly important partner for the Austrian capital market. Its Sustainability Report makes a positive contribution to increasing transparency and corporate social responsibility for the economy as a whole.”

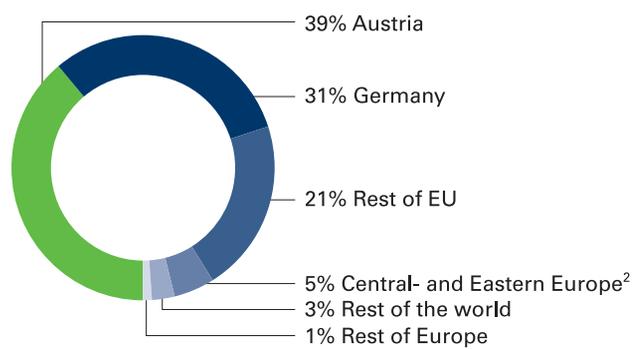
Dr. Stefan Zapotocky,
Member of the Management Board of
Wiener Börse AG



Group sales¹ by divisions



Group sales¹ by regions



¹ Total amount EUR 9,88 bn

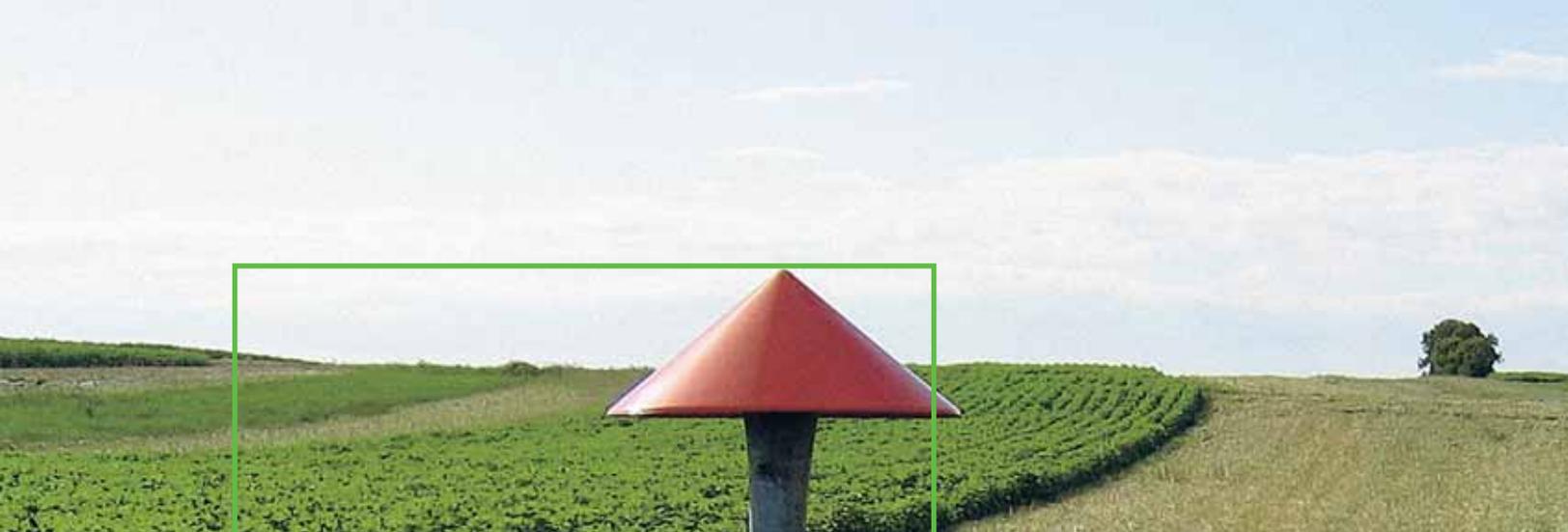
² Bosnia and Herzegovina, Bulgaria, Croatia, Romania and Serbia-Montenegro





Health, Safety,
Environment,
Research +
Development





HSE Strategy and Targets 2010

HSE is part of OMV overall strategy and therefore also applies to Petrom. The HSE targets are fixed in our balanced score card. Our objectives are as follows:

HSE Performance

- ▶ Be listed in 1st quartile in HSE performance of peer group (regional oil and gas companies) by external rating agencies
- ▶ External assessment of all management systems
- ▶ Competency based HSEQ (Health, Safety, Environment, Quality) training for the entire workforce. The target is to train all staff, but compliance of 90% and over will be deemed attainment of this target

Health and Safety

- ▶ LTIR (Lost Time Incident Rate) less than 1 for own employees and contractors
- ▶ No serious incident of level 4 (i.e. fatality or more than 3 people hospitalized) and above
- ▶ Extensive involvement of employees in health: establishment of one health circle per location

Environment

- ▶ Perform among 1st quartile of peer group in external benchmarking in industry relevant key performance indicators
- ▶ Measure greenhouse gas (GHG) intensity of portfolio and develop strategic sustainability path



HSE forms part of the General Terms and Conditions of Purchase and is specified in the framework contracts in line with the relevant object of the contract.

The targets for environmental certification to ISO 14.001 and OHSAS (Occupational Health and Safety Management System) safety certification were stipulated in the balanced score card in 2003 and 2004. All major pro-

duction sites are certified to ISO 14.001 and OHSAS. The company did not quite meet the target for half the workforce to work in certified areas: for ISO the figure was 44% and 36% for OHSAS.

(see also BSC table)

HSE targets in the Balanced Score Card 2003/04

	2003 Targets	2003 Actual	2004 Targets	2004 Actual
LTIR own employees	< 4	4,15	< 2	3,76
Safety audits as part of planned audits	> 90%	88%	> 90%	97%
Legal compliance process	> 61%	61%	> 80%	80%
ISO 14.000/OHSAS of employees	> 50% end 2004	29%	> 50%	40% ¹

¹ISO 14.000 44%; OHSAS 36%

Target achieved
 Divergent
 Target not achieved

OMV has reduced the rate of industrial accidents by 60% since 2000. The aim is to reduce LTIR to less than 2 per million working hours.

The methods for gathering and recording data on industrial accidents and sickness rates are outlined in the HSE Report.



Enhancing and optimizing industrial medical services in the integrated ventures

OMV currently operates in more than 20 different countries in the world, countries that have very different medical standards. One of our key tasks is to prepare our staff as best as possible for their deployment in far-flung regions with lower medical standards and to establish the necessary emergency networks. For its local employees, OMV provides medical care that is of a higher standard than available locally through the use of selected company doctors and well-equipped treatment rooms at the work locations. Doctors from OMV Solutions check and improve the medical care provided in all of the countries on an ongoing basis.

At Petrom, which has a workforce of around 51,000, we are working particularly hard to bring the local medical standards regarding emergency care, industrial and general medical care as well as medical prevention up to the general OMV level.

In 2005, the evaluation of the industrial medical care and health care arrangements at all Petrom locations has been enhanced by a strategic plan to raise standards to the corresponding EU and OMV levels.

New standards for Group wide health management take account of additional and changing requirements and ensure that all employees in all the countries have appropriate access to general health care services.



Technically and economically responsible modifications to acquired facilities in line with OMV safety and environmental standards

OMV investigates the health, safety and environment aspects as part of the due diligence ahead of all acquisitions.

► Case study: Preussag acquisition

Following the Preussag acquisition in 2003, the exploration and production licenses acquired were incorporated into the existing company structure and brought up to OMV HSE standards during the integration process. In addition to the organizational aspects, the focus was on technical modifications and technology adjustments for all operations. Safety standards were improved and environmental risks minimized.

In Yemen where OMV holds the operatorship, a Security and HSEQ officer was brought in on site. In future the HSEQ manager will support the line management team in complying with all standards and guidelines.

In Tunisia, the local HSEQ manager is responsible along with the line management team for implementing OMV standards, even though OMV is not the site operator. The operator had been convinced that it was necessary to set up an HSEQ team to meet HSE standards.

► Case study: Kadanwari (Pakistan)

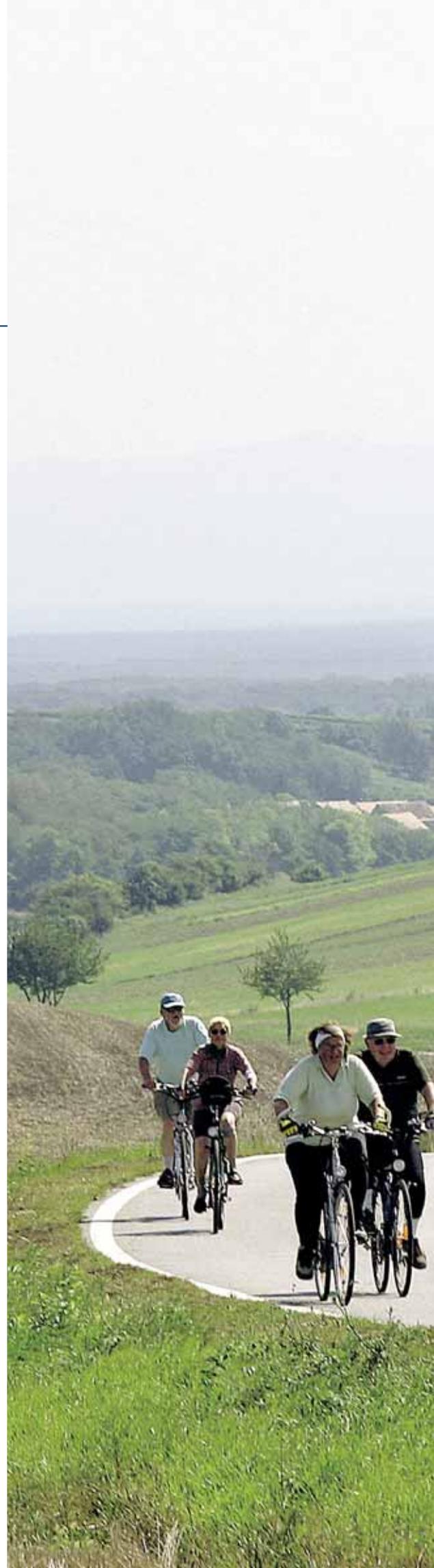
The plant in Kadanwari processes the gas produced in the Kadanwari and Miano fields and as the operator, OMV is directly responsible for HSE management. The local HSE coordinator is supported by the HSEQ team in Islamabad. All of OMV operations in Pakistan, including the facilities in Kadanwari and Sawan, are certified to ISO 14000.

► Case study: Petrom

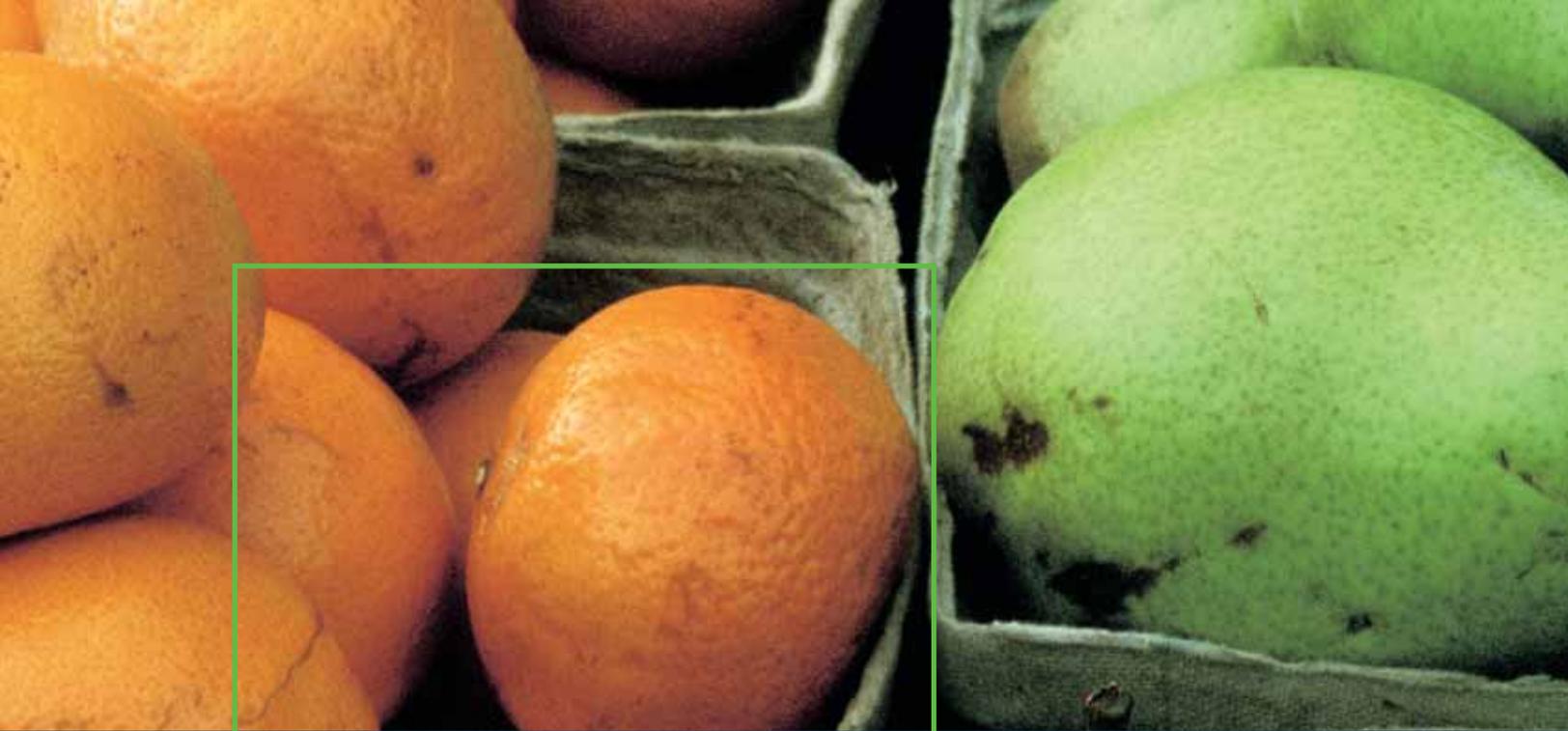
See page 35

Our Achievements 2003/2004:

Group wide
introduction of
safety and
environment
management
systems







Health

The OMV Group attaches the utmost importance to comprehensive, high-quality industrial medical care. We focus on Group wide efforts to promote the health of our employees, maintain their capabilities and improve their general wellbeing. Through the provision of humane workplace conditions and a variety of preventative measures, we strive every day to improve the health care provided for all staff above and beyond the statutory minimum standards.

See also „Enhancing and optimizing industrial medical services in the integrated ventures“ on page 104.

The main topics for health management are

- ▶ prevention programs and health promotion
- ▶ emergency medical care and emergency psychological support
- ▶ medical treatment on site



Health circles

Health circles are a key integrational and participatory tool for health management. Working together in small groups, staff and experts identify positive and negative health factors that can lead to physical, psychological or social stresses and develop proposals to improve or resolve such situations. The total involvement of employees in health groups has already been achieved in the Exploration and Production and natural gas segment at the Austrian sites. Given the good results achieved, OMV management has decided to implement this bottom-up approach throughout the OMV Group.

Occupational prevention programs

The available programs are adapted to meet the relevant workplace conditions. During the reporting period, the priority programs covering orthopedic examinations, skin screening and eye care were running at all major sites in Austria and Germany. High participation levels were also registered for the urology, weight management and health monitoring programs carried out with a focus on the cardiovascular system.

A healthy diet

On March 1, 2004 a Group wide information campaign on healthy eating was launched. The menu in the company cafeterias was optimized with the aid of medical experts to provide a healthy diet.

Run & Fun

As part of its Run & Fun campaign, OMV offers its employees the chance to take part in preparatory training programs and examinations so they will be fit to run in the Vienna City and Linz marathons. Several hundred participants from Austria, Germany, Hungary, Slovakia and Romania took part in the various races.

Psychological support

In particularly stressful situations, OMV doctors or selected doctors of choice are brought in to provide employees not only with medical care but also with psychological support. During the reporting period, OMV has been working together with specialists to offer services enabling employees to deal with traumatic experiences.

Health care

Depending on the local standards of general medical care available, OMV offers its employees better medical services, for example through the guaranteed availability of hospital beds or doctors of choice.



Safety

Safety program leads to fewer accidents at work

OMV introduced its safety program Think: Ahead discover safety in 2002. Safety audits by managers in all areas and the inclusion of employees in reporting near-misses and intensive investigation of incidents are core elements of the program. Since 2000, OMV has reduced the rate of industrial accidents by 60% as a result.

Setting safety standards for partners and contractors

From 2005 onwards, contractors working with OMV must provide evidence of specific safety standards (Safety Certificate Contractors SCC or comparable certification) in order to qualify for certain types of contracts.

Fatal industrial accidents

We deeply regret that in 2003 there was a fatal accident involving an OMV employee in 2003 and three fatal accidents involving contractors. In 2004 two contractors working with OMV lost their lives. These accidents were directly related to operational activities and were not traffic accidents.

Defensive driving

Traffic accidents are one of the biggest causes of injury. OMV holds a large number of defensive driving training courses and provides employees with information on correct driving behavior and how to avoid potential hazards.



Plant safety and fire protection

We have professional technical and Organizational hazard prevention procedures in place and coordinate these with the relevant authorities. We operate refineries and tank farms next to densely populated areas and Schwechat airport, a facility at the Linz Chemical Park and pipelines passing through nature reserves, and have accumulated a great deal of experience in safety precautions. We are continuously improving the precautionary measures taken.

Our emergency plans are checked regularly in terms of efficiency. They clearly and unambiguously establish the contact persons, workflow, call flow and responsibilities in the event of a crisis. In November 2004, a response team of 83 (members of the works fire brigade, voluntary fire fighters, the Vienna fire service, Schwechat police and Schwechat Red Cross) successfully took part in an exercise simulating a fire and massive product spills.

Shipments of oil and hazardous materials

OMV strives to find the best means of transporting raw materials and products in environmental and economical terms. The first choice is pipelines - the safest and most environmentally sound way of transporting large, steady product volumes. In 2003 and 2004, about 33%, that is some 3 mn t of the products supplied by the Schwechat refinery and the Lobau tank farm and some 1.8 mn t of material from the Burghausen refinery were delivered by pipeline. As a result we prevented an estimated 218,000 road shipments of hazardous materials, assuming an average load of 20 t per truck. In order to ensure high standards whenever road shipment is required, we do not just look for competitive freight rates, but apply quality and safety criteria to the selection of carriers.

Safe shipping operations

OMV applies high safety standards to its shipping operations. All the ships chartered are less than 20 years old and in a proven seaworthy state. From 2004, OMV has only used shipping companies with double-hulled tankers and is successively lowering the age limit for the ships to 15 years.

Since the countries along the entire length of the Danube constitute OMV core region and activities are to be massively expanded, we joined the European Barge Inspection Scheme (EBIS) in 2003.

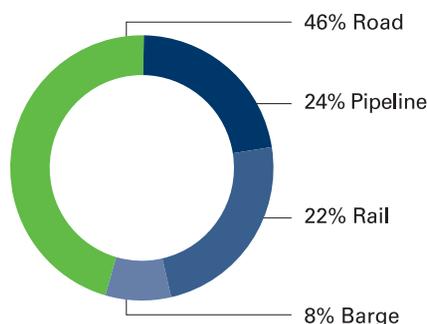
No shipping accidents involving OMV shipments were registered during the 2003/2004 reporting period.

When putting contracts for transport by road out to tender, we attach the utmost importance to the safety standards and levels of environmental compatibility offered by the fleet. The carrier's management system must optimize the number of journeys necessary and thereby minimize harmful emissions. For the tenders we prescribe tanker fleets that comply with emission standards Euro 3 and Euro 4.

Crisis management

OMV is well prepared for any crisis. Emergency notification and information routes are defined along with crisis committees. To be prepared for worst-case scenarios, OMV regularly holds various emergency exercises where external emergency services participate in "dress rehearsals" for emergencies at major sites. The insights gained are translated into improvements to everyday working practices and preparations for real-life crises.

R+M product transport by types of transport



Near-miss reporting as part of risk management

All risk management activities for the OMV Group are incorporated in a uniform, enterprise wide risk management system (EWRM). This system is fully integrated, both horizontally into business processes and vertically into strategy and medium-term planning.

Dealing responsibly with all the risks inherent in our business divisions requires the systematic risk assessment of all processes at various levels. Risks which could affect health, environment and safety are ascertained and assessed twice a year as part of medium-term planning. This is monitored at Group level. We use an extensive range of methods to do this, including Safety Case evaluations, HAZOP, HAZID, work permit system, workplace evaluations, job safety analysis, the 3F method and FMEA analyses. Near-miss reporting and assessments for high-risk activities are also important.

Accident and incident investigations are the basis for improvements in safety management. The causes of every accident and incident are analyzed in detail by a team and measures are drawn up to prevent recurrence in the future.

We take great care over the recording of industrial accidents and encourage staff to report all incidents, including near-misses. In the E&P division, a global incidence reporting database (SafeNet) was developed. We are creating a climate in which our employees and contractors regard reporting accidents and incidents as a way of making things better.

Safety datasheets

OMV provides its partners and customers with detailed information on the products sold and materials used. Safety datasheets, delivery specifications, product descriptions, instructions for use and more can be viewed or downloaded easily on OMV website. The product search function under About OMV/Health, Safety and Environment/Product Information allows users to search according to specific criteria. This information significantly contributes to the safe use of the product.



Environment

AdBlue/CEE expansion

The Euro 4 emission standard will make after-treatment of exhaust gases mandatory on truck diesel engines as of 2006. Selective Catalytic Reduction (SCR) technology is deemed to be the most efficient method of reducing emissions while simultaneously saving fuel. AdBlue urea solution was developed by OMV in conjunction with leading truck manufacturers.

The AdBlue solution breaks down nitrogen oxides into nitrogen and water, thereby reducing emissions from diesel engines in commercial vehicles by one third (or by 60% under Euro 5) and particulate (fine dust) emissions by 80%. At the same time, SCR technology reduces fuel consumption by up to 7%. In the future, 35 new commercial vehicles fitted with AdBlue and SCR technology will emit the same volume of particulate emissions as one single truck 10 years ago.

OMV plays a pioneering role in the international arena in minimizing the pollution from trucks. In March 2003 OMV opened the first AdBlue filling station for commercial vehicles in Germany. Further stations followed in Austria and the Czech Republic in 2004. By 2005, OMV will have equipped a further nine filling stations along the main axis routes in Austria with AdBlue followed by 67 filling stations throughout Europe by 2007.

The first series of trucks with SCR technology have been available since the start of 2005. From the beginning of 2006, the commercial vehicle industry will launch Euro 5 trucks on the market which are equipped with AdBlue technology - three years ahead of the mandatory deadline. Through its Central European filling station network, OMV provides the necessary infrastructure and logistics.



Biofuels

In May 2003, the EU passed Directive 2003/30/EC for the promotion of the use of biofuels and other renewable fuels for transport. Implementation of the directive will open up the market for fuels with biogenic components.

Biofuels generate significantly less greenhouse gas emissions than diesel or gasoline fuels. Biodiesel is a fat methyl ester, which in Austria is produced essentially from rapeseed. Biodiesel can be used in its pure form or mixed with fossil diesel. One of the main areas of OMV development work is therefore to optimize diesel/biodiesel mixed fuels.

By 2005, 2% of the energy content of fuels used by the Member States should be substituted with this proportion rising to 5.75% by 2010. The Austrian biofuels directive 2004 provides for earlier implementation, whereby the objective is to be reached by 2008. OMV supports Austria's ambitious targets and from October 2005, will mix 5% biodiesel in all its diesel products in Austria.

CNG filling stations

OMV supports the use of natural gas as a transportation fuel as it has the lowest volume of emissions of all fossil fuels. Currently there are 27 public CNG filling stations in Austria, of which 15 are OMV refueling facilities. In 2005, 40 filling stations in densely populated areas of Austria are set to offer gas so that it is possible to drive throughout Austria using CNG. In addition, around 40 works filling stations supply the relevant vehicle fleet with the alternative fuel. OMV intends to further promote the use of this environmentally friendly fuel in the future, and expand the network.

The efficiency and environmental compatibility of natural gas compared to traditional fuels was proven in a research project conducted by the University of Vienna in conjunction with the Austrian Automobile Association (ÖAMTC), Opel (Vauxhall), DHL and OMV.



Sulfur-free fuels

Since January 1, 2004 OMV has been supplying its filling stations and direct customers in Austria with sulfur-free fuel only - five years ahead of the EU deadline. For this initiative, OMV won the 2003 Austrian Automobile Association (ARBÖ) environment prize. The innovative product also led to a 325,000 t reduction per year in CO₂ emissions from traffic as well as to significantly lower particulate emissions from air traffic.

Our refineries produce solely 100% sulfur-free fuel. Of the total 10 mn t that OMV has marketed or sold on, around 86% already has a maximum sulfur-content of 10 ppm (parts per million), 12%–13% has a maximum sulfur content of 50 ppm (EU standard). Only 1% to 2% has a higher sulfur content (mainly limited to local markets).

ISO 14.001 Certification for Schwechat refinery

Schwechat refinery became the first company of its kind to obtain certification to the new ISO 14.001:2004 standard in 2004. The refinery had already gained OHSAS 18.001 certification in 2003.

Burghausen refinery including all tank farms, OMV Pakistan, Agrolinz Melamine International (AMI) and its Linz and Castellanza (Italy) sites and the Csepel fuel depot, in which OMV Hungaria is a 48% stockholder, hold ISO 14.001 certification (and partly OHSAS 18.000).

An average of 40% of OMV employees currently work in certified areas, which is close to our target for the end of 2004 of 50% of employees working in ISO 14.000 or OHSAS 18.000 certified areas.



Climate Protection and Emissions Trading

OMV sees the Kyoto protocol agreement as a major step towards stabilizing the world's climate and actively participates in the Kyoto process. An oil and gas company can make a contribution in several areas, such as by providing lower carbon fuels, improving the energy efficiency of its products and production and driving innovation. OMV has been successful in all of these areas.

Energy should increasingly contain fewer hydrocarbons per energy unit. The global trend towards switching over to lower carbon fuels has been evident for some time. In the coming years, we will see disproportionately high growth in the use of natural gas. OMV will double its business activities in this segment and further expand its CNG network.

In autumn 2003, a new process to break down nitrous oxide was brought online at AMI Agrolinz Melamine International GmbH in Linz. The following year, this process prevented around 640,000 t CO₂ equivalent and also reduced total NOx emissions by around 90%. This is one of the most significant climate protection projects in Austria.

In principle, OMV welcomes economic tools to solve environmental problems and consequently has been participating in EU emissions trading since 2005 with sites in Austria, Germany and Italy.

Under the national allocation plans, the industries in question were allocated CO₂ allowances for the first trading period (2005 – 2007). The oil industry had to accept an allowance that was 8% lower than the anticipated emissions, which is twice as stringent as that for the industry sector (4% lower).

OMV encountered several problems during implementation of the EU trading system as early actions and reductions in other greenhouse gases could not be taken into account. As nitrous oxide is not yet covered by emissions trading, the reduction at AMI Linz, for example, could not be included.

For OMV it is the allowances for the Schwechat and Burghausen refineries that are important. For the period 2005 - 2007 Schwechat refinery was granted an annual allowance of 2.72 mn t CO₂ (emissions in 2004: 2.85 mn t) and Burghausen an annual allowance of 0.95 mn t CO₂ (2004: 1.04 mn t). OMV intends to increase efficiency at the two sites in order to comply with the certificates granted. A decision on the purchase of any additional certificates required will not be made until the end of the trading period.

For an international company such as OMV it is important to harmonize the trading system throughout Europe in order to prevent distortion of competition.



Biodiversity

The impact of our activities on biodiversity is carefully evaluated in environmental impact assessments as part of new projects. This applies especially in the E&P segment and during gas pipeline installation (for example the environmental impact assessments in the Pakistan Sawan project and the Trans Austria Gas pipeline (TAG) loop II in Austria). In the E&P segment, OMV avoids using controlled explosions for seismic tests and uses vibro-seismic technology outside the growing season instead. In offshore exploration in the Indus Delta (Pakistan), investigations were carried out in order to minimize the impact on fish and other marine life where possible.

With the support of a research project conducted by the University of Vienna in the rainforest in Costa Rica, OMV is taking steps to actively maintain biodiversity. The cooperation is scheduled for 2005 to 2008 and aims to achieve sustainable reforestation and the cultivation of alternative cultures in the „Austrian rainforest“ (Austrian citizens and companies bought up an area of approximately 150 km² in the Golfo Dulce region and provided this to the not-for-profit Austrian Association to maintain the Esquinas rainforest).

A renowned group of researchers from the Institute of Botany at the University of Vienna is working with the La Gamba research institute on measures to prevent imminent loss of biodiversity and to develop and implement measures together with the local population for sustainable alternative uses (reforestation with native trees, alternative cultures) in biological corridors. The project is intended to maintain biodiversity long term and to guarantee the survival of peoples in this region at the same time.



E&P in Ecuador: OMV is pulling out

In 2003, OMV acquired shares in blocks 7 (25%) and 21 (17.5%) in Ecuador as part of its takeover of the international E&P business operations of Preussag Energie International GmbH. These are producing oil fields and exploration opportunities. OMV shares in blocks 7 and 21 equate to 763.5 km² of exploration and production rights corresponding to one three hundred and seventieth of the land mass. OMV involvement was criticized several times by Global 2000 because of the alleged impact on the rainforest.

Although OMV is only a minority stockholder, it always takes its responsibilities towards the environment seriously. An environmental audit showed that oil production by the operator, Perenco, was run according to up-to-date environmental standards and did not impact adversely on the rainforest.

Here too we take account of the needs of the local people in line with our Code of Conduct. The operator in the consortium, Perenco, has launched a series of social projects in Ecuador in conjunction with local residents. These include school buildings, water supplies, planting and improvements in health care as well as projects to ensure sustainable value added for communities and gifts of land.

OMV is aware that sabotage led to two oil spills in 2004 and 2005. However, as OMV is not the operator of the facility, our sphere of influence is marginal.

Sale of the shareholdings in Ecuador to joint venture partners Perenco and Burlington Resources Inc.

OMV is selling its stakes in Ecuador and the corresponding agreements were signed in September 2005. The sale forms part of OMV portfolio streamlining process as South America is not one of OMV core regions. The sale is subject to the corresponding consents from the Ecuadorian government and Ecuador's national oil company Petroecuador.



Oil and Product Spills

We have standardized and enhanced incident reporting throughout the Group. In 2003/2004 we recorded 57 oil and product spills. Incidents in which more than 1,000 liters of product was spilled on unmade ground were as follows:

- ▶ 10 m³ of crude oil was spilled on crop producing land due to a break in a main oil pump line in Austria. As a result of the low temperatures, the oil was barely liquid and the groundwater was not at risk.
- ▶ A defective welded seam led to a gas oil spill from a tank farm in Austria of approximately 20 m³ on unmade ground.
- ▶ A hose tore during shunting activities at an Austrian tank farm causing a diesel spill of approximately 2,000 liters. The product spill was contained and disposed of and the soil at the railhead exchanged.
- ▶ There was a 23 t oil leak at an Austrian tank farm.
- ▶ 2 m³ of Benfield lye leaked into the ground from an ammonia plant due to a leaky valve.
- ▶ A spill of 1 m³ Euro Super gasoline due to a tear in a welded seam at a tank farm; the groundwater was not affected.

All incidents were cleaned up in co-operation with the authorities. Measures are drawn up on the basis of internal incident investigations and communicated to the other divisions within the Group.

OMV began reporting spills within the Group during the reporting period and the methods have been continuously improved. As of 2005, OMV can therefore provide detailed reports of hydrocarbon spills.

Drilling mud strategy:

Oil-based drilling mud is only used where no other technical solution can be found. For environmental reasons, mainly water-based drilling fluids are used and make up around 90% of our drilling mud.

Waste motor oils:

OMV offers financial incentives to its commercial customers to dispose of waste motor oil in a safe and environmentally friendly manner. Filling station partners are obliged to instruct a franchised service provider to dispose of the oil.



Asbestos

OMV has removed all components containing asbestos and attaches particular importance to their correct disposal by specialists. There is no indication of any illnesses that could be related to asbestos.

Atmospheric Pollutants

In addition to greenhouse gases, our production sites emit various atmospheric pollutants that are especially relevant to regional air quality. The rise in production levels during the reporting period led to an increase in absolute terms of emissions of sulfur dioxide, nitrogen oxides, hydrocarbons and dust.

OMV only uses ozone-depleting substances on a laboratory scale (in kg), and where possible these are replaced with other substances, reused or recycled.

Flaring:

In the refining segment, flare gas is recovered via gas compressors and used by the power plant for heating; the gas is only flared off as an emergency measure.



High Environmental Protection Standards at Schwechat Refinery:

47% lower NO_x emissions by 2008

With around 1,000 employees, OMV Schwechat refinery is one of the most modern in Central Europe and is operated in line with the high Austrian and EU standards of environmental protection. The emission figures for the refinery meet Austrian and EU regulations. The potential for optimization is regularly reviewed and utilized. Since 1990, EUR 280 mn has been invested in the Schwechat refinery and its sites in Lobau and St. Valentin. This investment has led to a 20% reduction in NO_x emissions at the refinery despite the fact that capacity utilization has increased.

Up to 2008 we will be investing EUR 27 mn in order to reduce emissions still further. From 2008 onwards, OMV will halve the limit value for sulfur dioxide from its current value of 800 mg/m³ to 400 mg/m³. From 2008, the installation of a DENOX plant will bring NO_x emissions significantly below the EU limit value (400 mg/m³) with an annual average of less than 200 mg/m³. Schwechat refinery will therefore almost halve its NO_x loading from its current value of 3,461 t to around 1,800 t.

The optimization of the flue gas desulfurization plant will reduce sulfur dioxide from 3,849 t to approximately 2,400 t a year (a reduction of 38%).

Fine Dust

Particles with a diameter of less than 10 µm are considered to be fine dust (PM10). They can penetrate deep into the lungs and are therefore particularly hazardous to health. In general, the main causes of the PM10 loading are industrial operations, domestic fuel, the building industry, traffic and in rural areas, agriculture. Austria started to measure PM10 emissions in 2000 following the implementation of EU Directive 1999/30/EC.

With its advanced/cleaner fuels, OMV is making a significant contribution to reducing dust emissions from road traffic:

- ▶ The launch of sulfur-free fuels reduces CO₂ emissions from traffic by 325,000 t a year and considerably cuts the volume of particulate emissions.
- ▶ The launch of AdBlue reduces particulate emissions from commercial vehicles by 80%.
- ▶ Fine dust reduction through the use of compressed natural gas (CNG) as a fuel.



“OMV has done much in recent years in the field of environmental protection - be it through the early introduction of sulfur-free fuels, investment in air quality at production sites, emissions trading or the addition of biodiesel to its diesel products from autumn 2005 onwards. As Minister for the Environment, I hope for greater involvement in the area of renewable energies from OMV in the future, as fossil fuels are slowly running out and pose major problems for us in terms of the environment and climate change.”

Josef Pröll,
Austrian Minister for the Environment



2412



Targets and Projects Planned for 2005/2006

- ▶ **HSE training** for every employee
- ▶ **LTIR-reduction** to less than 2 per 1 million working hours for OMV employees and less than 3 for contractors
- ▶ **Safety Index** with key indicators on safety audits, near-miss reporting and implementation of improvement measures
- ▶ **Petrom HSEQ integration**
Evaluation and design: detailed analyses of assets, health standards and main risks in connection with process safety, protection and crisis management
HSEQ-management-systems: implementation of OMV HSE policy and a new HSEQ structure with allocation of tasks and responsibilities
Programs to raise HSEQ-awareness
- ▶ **Expansion of gas operations/CNG filling stations;** market launch of biofuels in October 2005
- ▶ **Increased eco-efficiency/CO₂ reduction/improved energy efficiency:** KPI project-benchmarking with comparable companies in the industry starting 2006–2010. Aim for 2010 to be in first quartile
- ▶ **Promoting biodiversity:** development of standards for OMV
- ▶ **Minimum medical standards:** Group wide definition
- ▶ **HSE-reporting:** establishment of a Group wide non-financial IT reporting tool (HSE Monitor); incident reporting and investigation database Safe.Net developed at E&P with rollout scheduled for OMV as a whole in 2006

Code of Conduct: success stories and optimization potential

In our Code of Conduct we are committed to:

- ▶ Providing medical care for our employees in general and for our employees on deployment in particular. Medical care is to be provided on site not only for staff on postings but for local personnel as well
- ▶ Raising awareness of safety through training; prevention of accidents
- ▶ Safety at work
- ▶ Endeavoring to implement OMV standards even in cases where we are only a partner (not the operator)
- ▶ Emergency plans; coordination with authorities
- ▶ Obliging contractors to comply with safety and environmental standards
- ▶ Complying with regulations and industry standards
(including in areas where local legislation is just being developed)
- ▶ Protecting groundwater; waste water and waste management
- ▶ Combating climate change
- ▶ Renewable energies
(coexistence of renewable and traditional energy sources)

Our achievements during the reporting period 2003/2004 show that we are working hard to comply with our Code of Conduct. We have achieved success and excellent results in some areas but are mindful that we must intensify our efforts in other segments. These include in particular challenges such as:

- ▶ Reducing the LTIR for own employees and contractors.
- ▶ Integrating new acquisitions into HSE and bringing the HSE culture and environment, safety and health standards of new acquisitions up to the standard of the OMV Group (especially Petrom), including investments in technical environmental protection, plant safety and prevention of contamination.
- ▶ Higher greenhouse gas emissions, primarily through production increases and new acquisitions. Increasing methane emissions from the gas production plant in Pakistan unfortunately considerably outweigh the savings at other locations (e.g. nitrous oxide reduction at AMI Linz).
- ▶ Renewable energies: although OMV core business lies in fossil fuels, we have been looking at renewable energies for some years (use of biodiesel, involvement in BIOSTAB and BIOFLAM research projects). We will step up these activities over the next few years.
- ▶ Sustainable development and biodiversity.

- ▶ Security: as a fast growing company operating throughout the world, including in potential conflict zones, we need to take an increasing number of precautions regarding personal safety, and asset and business security by setting up OMV security platform. Crisis management also has to be adapted to the relevant requirements.

- ▶ Health: we need to create new standards for Group wide health management to take account of new and changing circumstances and to ensure that employees in all countries have appropriate access to general health care.

Non-Application of GRI Indicators

Total material used

At present this data is only collated at production level and not consolidated across the entire balance area. Group wide recording will not be possible until 2007.

< EN 1-2

Indirect energy consumption

Indirect energy consumption is not recorded.

< EN 4

Share of recyclable products

This is not relevant for OMV range of products as we principally produce products that are for combustion on first use.

< EN 15

HIV program

The OMV Group does not currently have an HIV program although the relevance of such a program is to be reviewed.

< LA 8



Research + Development

Safeguarding mobility long term

OMV products contribute to safeguarding mobility. This is essential for economic growth and maintaining our prosperity and we strive to deal as sparingly as possible with finite resources such as oil and gas.

A large amount of our R&D activities is dedicated to reducing CO₂ and pollutant emissions as well as to producing fuels made from renewable energies.

In an agreement with the EU Commission, the automobile industry committed itself to reducing CO₂ emissions from new cars to 140 g/km by 2008, a reduction of 25% compared to 1995. By 2012, the EU is planning to cut emissions further to 120 g/km. New, biogenic and largely CO₂ neutral fuel components mixed with gasoline or diesel can reduce the formation of greenhouse gases.

New drive technologies require modern fuels and since 2004 OMV has been supplying solely sulfur-free gasoline and diesel.

Many commercial vehicle manufacturers have opted for selective catalytic reduction technology to comply with Euro 4 and Euro 5 emission limits. Together with the AdBlue urea solution, a special catalyzer in the exhaust system converts nitrous oxides into neutral nitrogen and water. OMV is pioneering the launch of AdBlue and whether or not the technology will be successful in the car market depends on future emission limits. Euro 5 is already under discussion for cars.

Biofuels

OMV supports the EU Biofuels Directive with its parameters for using biogenic components in diesel fuels to improve their ecological properties.

We are investigating options for directly processing oils of biogenic origins in the refinery. In the interests of long term mobility, the proportion of such components in fuels is set to rise. The substitution quota, however, is limited by the size of available crop producing land to less than 10%. The carbon dioxide balance is on the whole balanced for biogenic fuels as during combustion the plants only produce the same amount of carbon dioxide as they have absorbed during their lifetime. With regard to oil plants, only some of the plant can be used for energy purposes and the biomass is therefore not utilized in full.

We are conducting a study to investigate the conversion of biogenic gases into high quality liquid fuels with a view to producing sustainable diesel fuels. However, with the current state of the art this procedure is not yet financial viable.

A greater proportion of biogenic components will also be used in gasoline fuels over the next few years, either through the addition of ethanol or through mixing ETBE (ethyl tertiary butyl ether) especially in high octane products such as OMV Super 100. For a large number of biofuels, a mix of 85% ethanol and 15% gasoline is suitable. Their use requires flexible fuel vehicles and OMV is currently looking into the possible areas of application together with the Umweltbundesamt, the expert authority of the Austrian government for environmental protection and control.



Hybrid vehicles

As part of the competence network “Vehicle drives of the future” OMV and its partners in industry and science are investigating the market relevant environment for hybrid vehicles and the specific requirements placed on fuels.

Natural gas

Natural gas has lower emissions than gasoline or diesel and emits less CO₂ because of the more favorable ratio of carbon to hydrogen. According to the experts, gas will also be available for longer and it can be substituted by biogas. Producing biogas generates significantly higher earnings per hectare than biodiesel as the whole plant can be used. The lower energy density of gas, the installation of the necessary infrastructure and the high costs of gas-powered vehicles currently stand in the way of rapid market penetration. We believe, however, that in the medium term gas will establish itself as the third fuel alongside gasoline and diesel. OMV opened the first public gas filling station in Austria back in 1997 and has continually expanded the network since then.

Hydrogen

Hydrogen is only as environmentally sound as the technology used to produce it and is therefore no guarantor for sustainable development. Today, 98% of the hydrogen used is produced from fossil fuels, primarily natural gas.

There are several technical barriers to be overcome before hydrogen can be introduced on a broad base as a power source for vehicles. Advances can only be achieved through rigorous and targeted research. OMV has a stake in the Christian Doppler laboratory for fuel cell systems and in the Hydrogen Center Austria (HyCentA). All the components that come into contact with hydrogen, especially the tanks for the liquid hydrogen, can be tested and optimized at the Center. In autumn 2005, OMV opened the first filling station in Austria offering liquid and gaseous hydrogen.



BIOSTAB

The EU BIOSTAB project was completed on schedule in mid 2003. However, a series of questions regarding methods to describe specific product requirements, in particular, remain unanswered. From today's viewpoint, technically safe and trouble-free operation using FAME components (fatty acid methyl esters) is not guaranteed and OMV therefore continues to take care of the equipment as part of an in-house project. Eight household heating burners in the field are operated using extra light heating oil (HEL) and 5% FAME additives. Since then the burners have operated largely without problem. The tests will continue for a further two years to gain secure knowledge about long-term stability.

BIOFLAM

A technical solution to reduce the environmental impact of oil-fired heaters was developed as part of the European BIOFLAM project coordinated by OMV R&M GmbH. A new ceramic pre-mix burner for liquid fuels combines the innovative cold flame vaporization process with a new porous burner concept. The BIOFLAM unit was certified by TÜV Rheinland (Germany). Seven units are being tested in a field trial in Austrian households and on test benches by the project partners. The project was successfully completed in spring 2005.

CO₂ sequestration

CO₂ is a major greenhouse gas that contributes to climate change and global warming. Research has been ongoing for several years as to how to remove CO₂ from our atmosphere and whether it can be sequestered into geological formations and stored there indefinitely. OMV has also conducted and completed a feasibility study on CO₂ sequestration.

The findings of the study show that CO₂ sequestration is technically feasible but not currently financially viable. Nevertheless the possibilities for sequestering CO₂ in the sense of enhanced oil recovery (EOR) are always being reviewed in new projects.

The legal basis for the application of this technology is also unclear at present. In accordance with the Mineral Resources Act (MinRoG) OMV may produce and store oil and gas, but the sequestration of CO₂ is not regulated.

Assurance Report on OMV HSE Report

At the time this Performance Report was being prepared, the independent external Assurance Report on the HSE Report had not been completed. The results will be published on OMV website.

OMV has drawn up the HSE Report and the Performance Report in line with the Global Reporting Initiative (GRI) guidelines, which are the most important international guiding principles for the preparation of sustainability reports. In the HSE Report we have taken into account the indicators and content of GRI that relate to health, safety and the environment.

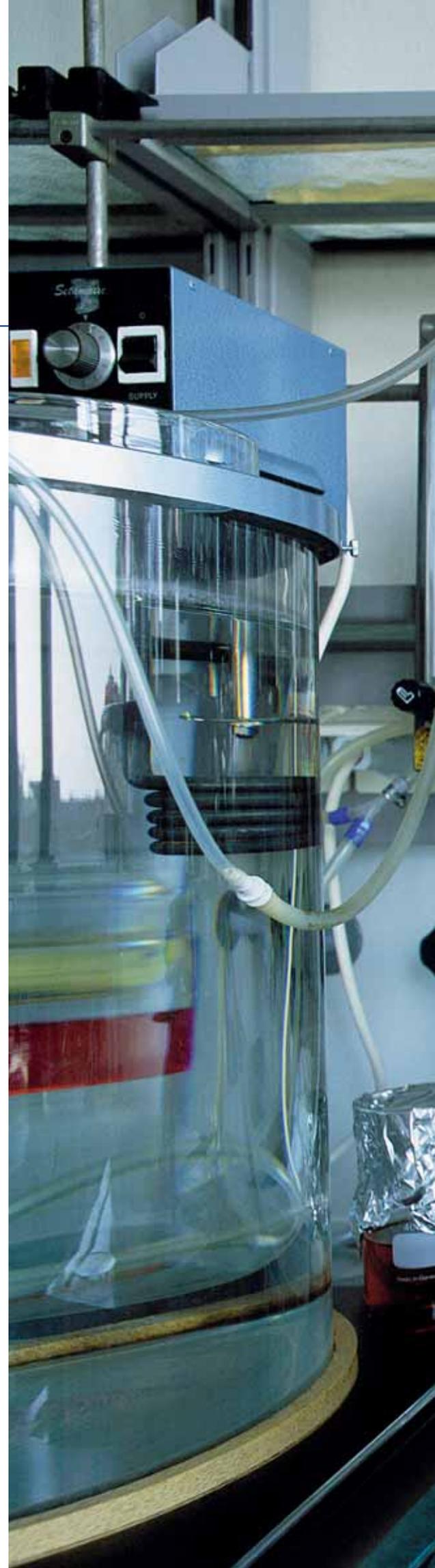
For the first time, an independent external assurance report is being prepared on the 2003/2004 HSE Report for OMV management by Deloitte Global Environment and Sustainability Services.

For OMV, the aim of this Assurance Report is to check the data on which the report is based in order to strengthen credibility and transparency with stakeholders and gain feedback on the HSE management system as a whole in order to build on this and institute measures to continually improve the system.

The assurance audit was carried out in accordance with the International Standard for Assurance Engagements on Non-Financial Historic Information of IAASB, ISAE 3000 and in addition to an analysis of the documents comprised random checks of HSE data, several site visits and interviews with relevant parties at all levels in the Group, including the Executive Board.

The following aspects were taken into account

- ▶ HSE management systems and organizational structures within the OMV Group
- ▶ Procedures to collect and consolidate data at Group level
- ▶ Consistency of the aggregate information in the Report with the data in the individual divisions
- ▶ Random checks on implementation of Group-wide HSE guidelines in the four business divisions
- ▶ HSE reporting methodology and procedures within the OMV Group





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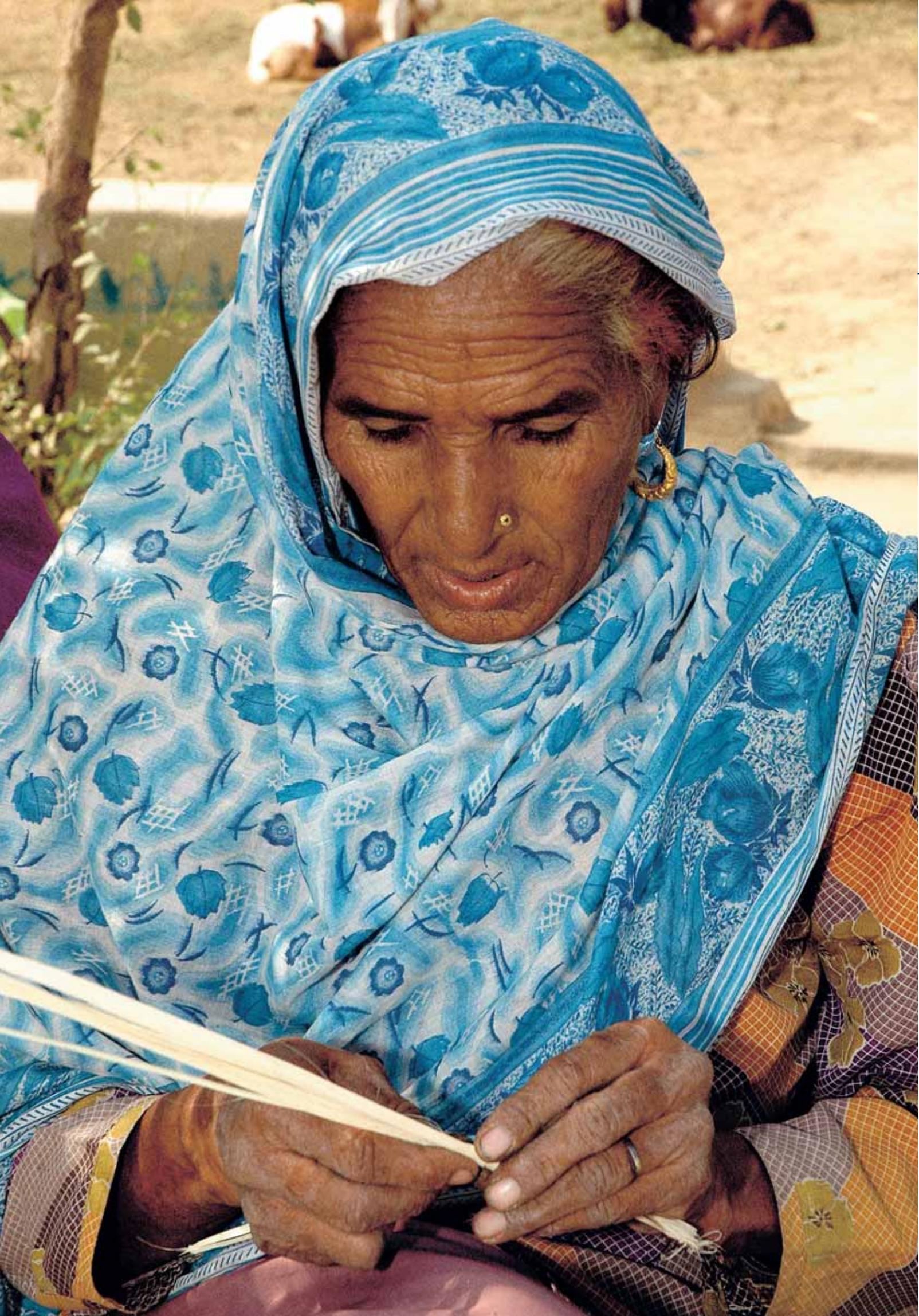
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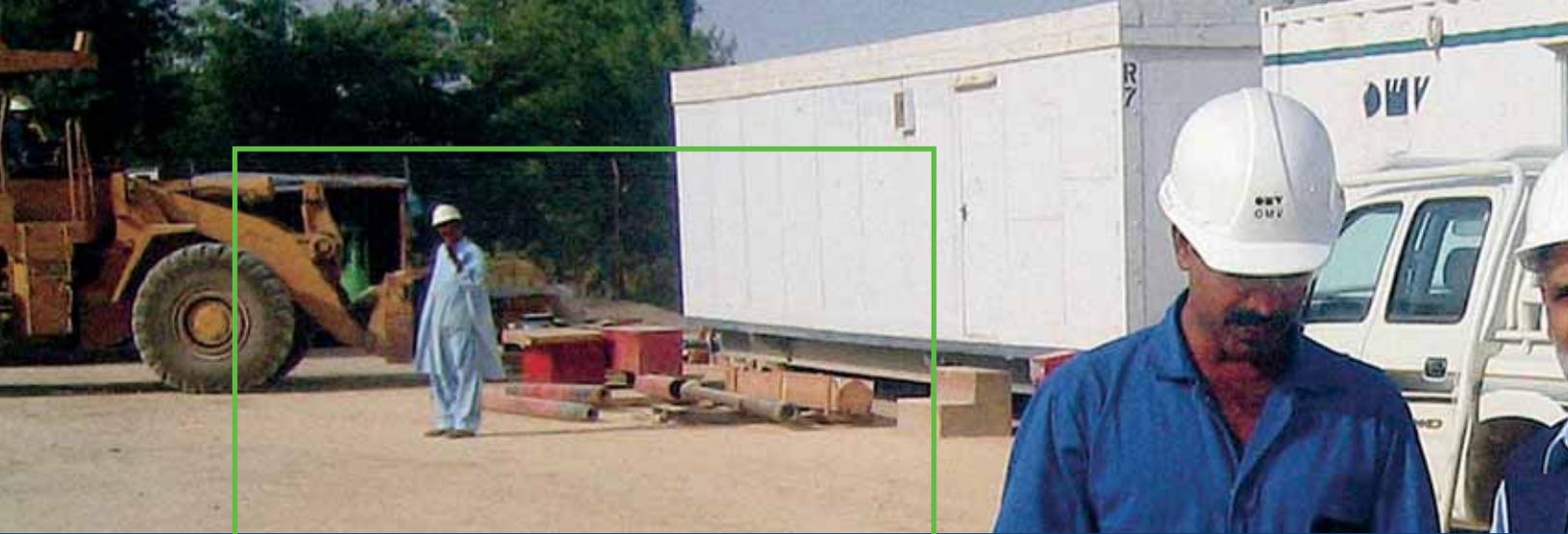


Social Issues



With regard to the environment and the stakeholders OMV has set itself the goals of recognizing relevant social developments at an early stage, of managing its stakeholder relations and ensuring that its communications are target group oriented, transparent and credible. International stakeholders have been involved in CSR activities through the many fundraising activities under the Move & Help umbrella and the OMV bazaar for the Pakistani people. Socially relevant issues such as preventing illegal child labor were taken up in 2003 and implemented in OMV supply chain. Internal programs are increasing awareness of CSR.

During the period under review, the challenges facing OMV in human resources included implementing the expertise that staff and the company need to cope with the phase of intensive growth successfully and remain motivated: the ability to innovate, to implement, to generate earnings, to cooperate and to show leadership. In a word: to think and act as entrepreneurs. A further vital issue was establishing and developing those human resources that recognize the implementation of our strategic goals and the subsequent post merger integration as an opportunity for their career. The identification and promotion of staff with potential in our new acquisitions, talent and integration management as well as the switch to English as the Group language were among the objectives for 2003 and 2004.



Human Resources

Challenges and goals for 2003/04

- ▶ Implementation of the OMV skills needed for success, in particular, boosting entrepreneurship within the Group
- ▶ Management of personnel costs to improve productivity on an ongoing basis
- ▶ Talent management – identification and promotion of employees with potential
- ▶ Managing the integration of new acquisitions, active management of the corporate culture
- ▶ Switching the Group language to English

Challenges and goals for 2005/06

- ▶ Implementation of the values enshrined in the Code of Conduct across the Group
- ▶ Managing the integration of Petrom in a socially responsible manner
- ▶ Extending employees' qualifications with regard to the Group's growth strategy
- ▶ Further action to close the gap between male and female salaries
- ▶ Expansion of the innovation management program
- ▶ Promoting women
- ▶ Sustained career and succession planning



Achievements

- ▶ HCI results, corporate culture improved
- ▶ “Wage pot” for promoting women
- ▶ CSR training sessions, increasing awareness of CSR in the company/10-principles brochure
- ▶ Switching the Group language to English

Strategy

- ▶ Implementation of the OMV growth strategy
- ▶ Living the OMV corporate culture



“We contribute to the discussion and the Group’s growth strategy and fully support this growth strategy to secure OMV future and the sustainability of its companies. We have also proved this with the acquisition of Petrom and the various planned expansionary moves.”

Leopold Abraham,
Chairman of the Group Works Council

The Works Council was also reorganized into an umbrella Group Works Council immediately after the holding structure was put in place, to ensure that the Executive Board of OMV Aktiengesellschaft is matched by a forceful and competent body.

At an international level the Works Council will push ahead with reorganizing the existing “Euro Advisory Board” within the European Union so that all OMV Group companies will be able to be represented to management even after the expansion.

We have set ourselves the goal of treating all employees in the oil industry equally under the collective agreement. This will satisfy the union’s demand dating back over many years for an abolition of the distinction between blue and white-collar workers in the collective agreement. Transitional arrangements will secure employees’ existing claims.

The "Equal Opportunity" project created an approach whereby financial discrimination suffered by women was partially offset by additional wage and salary adjustments in 2004 and 2005.

Apprentice training is a matter of great concern for the Works Council and this is also reflected in the high quality of the new training center from which other companies' apprentices also benefit.

The members of the OMV Group's Works Council endeavor to rectify conflicts with the management on behalf of the employees in fair but tough discussions. We can show a uniform standard of employment law for all parts of the company as a result of many negotiations.

The fact that the Executive Board's awareness of its social responsibility leads it to endeavor to establish fair working and employment conditions, in particular, equal opportunity, employment policy,

compliance with human rights and actions to be taken in cases of violations of human rights in its immediate environment and to protect its employees and the environment is viewed positively by the Group Works Council. Of course, management and the Works Councils often adopt different views on the individual issues and there are incidents in day-to-day work, which are not compatible in the eyes of the Works Council with the aims of the Code of Conduct. In principle and viewed as a whole, however, relations between the Executive Board and the Works Council are positive and constructive and take full account of the interests of the employees.



Complaints Procedure

OMV has set itself a high standard of values with its Code of Conduct, which it wishes to pass on to its staff via Group guidelines among other things.

The internal complaints procedure is also formally regulated. Gratifyingly the only complaints in the period under review were of an informal nature. The majority of complaints from female staff relate to biased power structures. In Austria, the Works Council plays an important role in mediation. OMV declares its support for open dialogue with its staff and the Works Council. Practice confirms the success of this approach of dealing with conflicts at an early stage and thus avoiding any escalation.

Unresolved questions appear on the surveys on HCM (human capital management), which are often grounds for spontaneous complaints. They are summarized and presented to the Executive Board.

In the reporting period, two employees, a man and a woman, appealed to the Equal Opportunities Commission. In both cases, there was no evidence of any breach of the principle of equal treatment. However, in subsequent legal proceedings, the judge ruled in favor of one member of staff for reasons of form. OMV finally settled this case out of court.

Equality and equal opportunity

In 2003, the Works Council initiated a staff survey on the equal treatment of and equal opportunity for women within OMV. Female staff had complained that their salary level was below that of their male colleagues. An investigation by OMV Human Resources management produced a slight differential that is mainly attributable to different positions and is minor compared with other companies. As a consequence in 2004, the company provided the financial resources to adjust salaries – irrespective of individual salary increases or bonuses – to offset specific differences of this kind. A comparable measure is planned for 2005.

Works agreements and framework laws

The adjustment to the framework law for blue and white-collar workers undertaken by OMV is exemplary in Austria. It aims to achieve a uniform table of wages and salaries for blue and white-collar workers. OMV wishes to lead the way here in no longer distinguishing between these groups of workers. This table is currently being worked out in detail and it is expected to apply from 2006.



Performance reviews and career development

OMV will extend the focus of the Group-wide, formal, annual performance reviews from responsibilities and targets to career development. The percentage of staff participating in these reviews stands at 90% and staff feedback is consistently positive. Plans are in place to provide feedback and advice on feedback in 2005. Furthermore, since 2004 staff have been able to carry out a career-check, input their personal career preferences and thus make an active contribution to their career development via the internal portal. Line managers can enquire about their staff's career aspirations "at the push of a button". OMV is following international trends with this tool. Internal mobility is supported and promoted in the Group guidelines.

Career & succession planning

Career and succession planning ranks as one of the paramount responsibilities of HR management since OMV wishes to ensure continuous internal development of its management and expert potential across the Group as part of its growth strategy.

Succession to the most senior positions within the current and future organization is planned both across the Group and in the individual divisions, functions and companies as an ongoing process that is part of a predetermined cycle. Once a year, promotions across the Group are reported to the Group Executive Board, conclusions drawn and career plans as well as the focus of HR's activities for the following year defined. Junior management staff are developed in good time. In 2004, 27% of the most senior positions were filled by new appointees, of whom 84% were promoted internally.

By investing in the development of talent, we were able to recruit many staff for Petrom internally. The integration of Petrom has also created new career opportunities within OMV, since the assignment of 80 staff to Romania opened up the opportunity for many younger OMV staff to be promoted into the senior positions that became vacant.

Each position is advertised internally. If staff have the appropriate qualifications and agreement from the department that they wish to join, they are entitled to move from their existing position to a new one. Figures show that the company's policy of promoting staff is implemented consistently.



English as the Group language

At the beginning of January 2003, the decision was announced that English, as the international language of the oil and gas industry, would be OMV Group language from 2005. It is also hoped that this will avoid staff in the Austrian headquarters adopting a headquarters mentality towards staff in other countries and linguistic barriers impeding collaboration.

The linguistic requirements are geared to level descriptions based on the EU's standards and were developed for the use of English within the company and also form the basis for a wide range of training courses.

However, OMV also wants to give its staff the opportunity to assimilate its corporate culture and this is why we will retain the Hungarian and Czech versions of the portal. The annual staff survey is carried out in a total of 18 languages in 24 countries. (It is described in greater detail in the "Human Capital Management" section.)

European Advisory Board

In principle, OMV views the Group Works Council's plan to establish a formal European Works Council positively. A strong Works Council has already been established in Romania with which the social framework conditions for the reorganization were negotiated and which is also involved in implementing them. An intensive, informal exchange is currently taking place between OMV "larger" countries, namely Austria, Germany and Romania. Works Councils have not been established in most other Central European countries since the units there are usually purely trading organizations employing few staff.

Leadership Initiative

The OMV Leadership Initiative aims to establish entrepreneurial dynamism as one of the OMV skills for success. The development of entrepreneurship is to be promoted by organizational and consciousness raising measures.

"Achieving more through entrepreneurial dynamism" was the aim of the 2004 OMV Leadership Initiative. A total of 14 Executive Board and senior management workshops with 13 project mentors developed and to some extent successfully implemented a large number of initiatives in the business units, aimed at strengthening skills in this area. They were extended to all levels to underline personal responsibility. The projects and any cultural changes are observed continuously. The Initiative will be continued in 2005.

Human Capital Management (HCM)

Internal communication, health, enjoyment of work, cooperation and organization are key indicators of job satisfaction. We gain important insights about changes in job satisfaction and reflections on the Group's values from the job satisfaction survey, which we conduct on an annual basis across the Group. The results of this survey are summarized in the HCM Index (Human Capital Management Index).

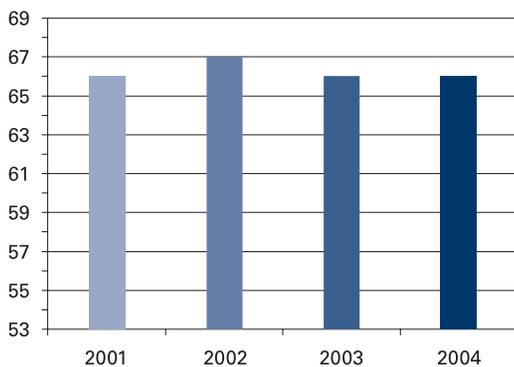
The survey for 2004 shows a slight increase in the overall index, from 66 to 67 points (out of 100 possible) and an

improvement in the response rate from 58 to 66%. Progress was particularly marked in the communications and information flows areas. On the basis of our consultant's international experience, we have set the amber zone on a traffic light scale between 56-70 points and the green zone above 70 points.

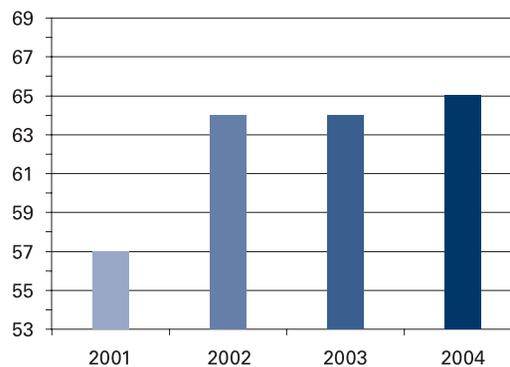
The results of the survey are discussed with the Executive Board. Staff and management assess the results in a bottom-up approach and suggest measures for improvements.

Human Capital Management, annual employee job satisfaction survey

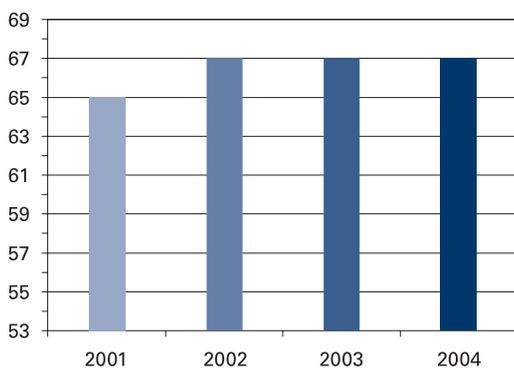
IGA (Health/Enjoyment of Work Index)



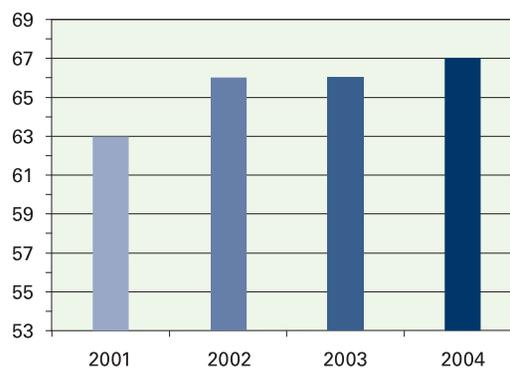
IKI (Communications/Information Index)



IMO (Employee/Organization Index)



HCI (Human Capital Management Index)¹



¹ Calculated from IGA, IKI and IMO

Apprentice training

OMV supports an active program for apprentice training run by qualified staff. This allows us to offer young people an opportunity for their future. Investment in training our staff is important for our future operations in Austria.

In October 2003, we opened a new training center in Gänserndorf/Lower Austria. We invested a total of EUR 9 mn in this facility, which is the most modern and the largest facility for apprentice training as well as technical further education in the region. More than 100 apprentices are currently receiving training and support in Gänserndorf, three quarters of whom come from the surrounding area.

We are able to simulate refining facilities in the new training center for example. Glass components make the complex facilities transparent - in both senses of the word - and comprehensible to the apprentices. All processes can be simulated in live operations. The insights gained from these facilities can also be used in E&P's facilities.

The new facility offers adults retraining programs and technical education seminars for technicians, master craftsmen and specialists. Other elements of the OMV training program such as IT courses, safety training, health panels, staff information etc. are carried out in Gänserndorf. A specialist course in chemistry is also planned.

Ideas management

We encourage creativity, identification with the company and motivation. The staff suggestion scheme was redesigned, made less bureaucratic and fully automated in 2005. It is accessible to all staff via the portal and offers an overview of all previously submitted suggestions for improvements. Bonuses are paid for any ideas that are implemented.

In 2004, innovations suggested by our staff resulted in savings totaling EUR 3,293,750. The average bonus amounted to just under EUR 220, while the highest stood at EUR 6,360.

Two examples demonstrate our staff's creativity:

- ▶ In 2003, a member of staff suggested using two pumps that were no longer required instead of purchasing two new pumps as planned in the course of a project. This meant that we could dispense with constructing new foundations and purchasing new electronic cabling. This saved the company EUR 111,260.
- ▶ In 2004, a member of staff considered redesigning a safety cut-off switch, which had already caused equipment to shut down on two occasions, while the plant was operating. This meant that the planned switch-off of the ethylene plant to carry out work could be avoided. That would have caused the loss of a contribution to fixed costs of EUR 1,162,608.



Employee stock ownership plan

As part of an employee stock ownership plan, when purchasing four OMV stocks OMV employees received a fifth free of charge up to a certain amount. The aim was to make the increase in the company's value clearly apparent to staff.

Flexible working hours

Flexible working hours have been introduced virtually everywhere within the Group.

There are no general arrangements for part-time working. It is left to the line manager's discretion whether this option will be offered, which will also be subject to framework conditions.

Remuneration policy

OMV disclosed the main features of its remuneration policy in a Group guideline. Important elements of the policy include budgeting, salary adjustments, job descriptions and job evaluation, stipulating salaries for new staff, a total remuneration system (bonuses and other payments) as well as the right to demand justification from the line manager – particularly in cases where a salary increase or bonus has been refused or seems inappropriately low.

Each staff member's remuneration includes a performance-related component. It is agreed during the performance review and depends on both the company's performance and individual targets.

Promoting a sense of community, identity, and esprit de corps

Large events for staff from all locations held at least once a year in OMV departments and divisions offer the opportunity to celebrate their and OMV achievements together. Events of this kind are available for some 90% of staff (excluding Petrom). They provide an opportunity to highlight particular achievements and to formulate common goals. These events are very popular because they foster cooperation and disseminate the common corporate culture.

Raising OMV staff's awareness of CSR

OMV defined its standards in the Code of Conduct that it adopted voluntarily in 2003 and laid down as a Group directive in 2004. Implementation of and compliance with the Code is guaranteed through Group directives.

As an integrated oil and gas company operating in more than 20 countries worldwide, we are aware of the importance of corporate culture and social responsibility. The management of OMV attaches great importance to giving our employees a better understanding of the values defined in the Code of Conduct and to creating a uniform OMV culture. The staff brochure entitled "10 Principles", which was developed for this purpose contains an extract of the values described in the Code of Conduct.

Furthermore, a list of questions and answers on OMV corporate social responsibility was placed on the portal in 2004. Our staff can download it there. To complement this, we have carried out training sessions and workshops for just under 200 staff in Austria since 2004. We plan to hold events of this kind at international locations as well in future. Systems are in place to ensure that new staff receive the Code of Conduct, the "10 Principles" brochure and the current Performance Report. The balanced score card (BSC), which was drawn up out at the end of 2004 for subsequent years, contains indicators on raising CSR awareness.

Our common values should contribute to the OMV Group being recognized as more than the sum of the individual parts. They should contribute to our staff enjoying their work, feeling motivated and proud of what they do.



Principles of anti-discrimination and monitoring

In 2003, OMV issued a Group directive on anti-discrimination and subsequently adapted it to the Austrian Law on Equal Treatment of July 1, 2004.

Our policy of equality regulates equal opportunity: employees and potential employees may not be discriminated against because of their race, their belief and their religion, their age, the color of their skin, their nationality and ethnic origin, their political and other convictions, their gender, their sexual orientation, a disability or their marital status.

All corporate principles are guided by the principle of equal treatment.

Employment of people with disabilities

In Austria, the proportion of employees with disabilities is determined by law in companies above a certain size. The OMV Group employs more people with disabilities than is called for under the Disability Employment Act.

Employees talk about OMV:

“OMV is a particularly attractive employer as far as I am concerned because the Austrian company is a global player in the Exploration and Production sector. The Group’s size allows scope for creativity and acting on one’s own initiative so that ideas can be efficiently implemented thanks to short communication channels. Young staff like me benefit from the comprehensive opportunities for personal development. In addition, OMV growth strategy offers the opportunity to assume varied and responsible roles at an early stage in one’s career.

I find the Exploration and Production segment totally fascinating since it combines internationality, multidisciplinary and multiculturalism with the use of the latest technologies.”

DI Harald Scheruga,
Regional Coordinator
Latin America
E&P International



Human Rights

Challenges and goals 2003/2004

- ▶ Instilling sensitivity and awareness in connection with the respective national and local environment
- ▶ Transferring and implementing our standards against the background of different cultures and mentalities in the countries we are operating in and within joint ventures
- ▶ Providing adequate protection against attacks on staff, contractual partners and facilities
- ▶ Continuous and comprehensive monitoring of our foreign activities irrespective of ownership or operatorship
- ▶ Training security staff
- ▶ Making our development work and our humanitarian projects more professional

Challenges and goals for 2005/2006

- ▶ Promoting human rights in our national and local environment:
- ▶ Instilling awareness of human rights issues in Central and Eastern Europe
- ▶ Continued focus on the Millennium Development Goals in our development work and our humanitarian projects
- ▶ Integrating human rights issues in our supply chain management
- ▶ Further expansion of the Community Development Project (CDP) in Pakistan in the fields of education, water supply, health, agricultural development and income generation



Achievements

- ▶ Supporting press freedom
- ▶ Expanding the Community Development Project in Pakistan
- ▶ Supporting a UNICEF education project in Pakistan
- ▶ Linking the CDP with local staff to generate income for Pakistani women
- ▶ Training security staff

Strategy

- ▶ Focusing on the UN Global Compact, the UN Millennium Development Goals and the Code of Conduct

Reporters without Borders – “Press Freedom Award”

Since 2002, OMV has been supporting “Reporters without Borders”, an organization that is committed to upholding journalistic standards, independence and press freedom worldwide. At the instigation of OMV, it created the annual “Press Freedom Award” of EUR 15,000, which is awarded to young journalists from all sectors of the media (print, electronic and online media) for their services to press freedom. In the period under review, the prize went to journalists from the former Yugoslavia (2003) and from EU countries bordering Austria (2004).

With the support of “Reporters without Borders”, OMV is fighting to secure one of the fundamentals of democratic societies: freedom of opinion and press freedom. “Anybody who says yes to the basic economic freedoms, must say yes to all basic freedoms”, argues OMV CEO Wolfgang Ruttensstorfer.

More detailed information available from <http://www.lundin-petroleum.com/>

Sudan

A rise in queries about OMV involvement in Sudan in 2002/03 again caused us to examine the issue of human rights and CSR in the Group more closely.

Therefore - although we ourselves were not actually operating in the country - systematic and detailed studies were carried out with our joint venture with Lundin as the local operator to be able to assess the local situation even more comprehensively. These included OMV discussions with various organizations in Khartoum and in the field.

At the time, operations were limited solely to exploration in the south of the country - the joint venture did not produce any oil. Lundin assumed responsibility for social issues locally and as the consortium's operator among other things invested several million euros in the water supply, medical projects, education and generating income for the local people.

OMV sold its shares in Sudan retrospectively to January 2003.







Pakistan

More detailed information on UN millennium development goals available from: <http://www.un.org/millenniumgoals/index.html>

Having analyzed the needs of the local population in Sindh province in the desert area of Southern Pakistan, OMV carries out community development projects (CDP), which focus on improving local living conditions while giving partial responsibility for the project to the local population. This means that the local inhabitants are involved in development projects long term and in all cycles of the project from identifying it to planning and implementation and finally to monitoring and evaluating it. OMV sets itself innumerable challenges within the CDPs.

Understanding and anticipating challenges of this kind contribute to the projects' success. They include illiteracy, health issues, setting up sustainable businesses, scattered populations, access and mobility problems, high expectations on the part of the local population, socio-political pressure by influential people and individual needs taking precedence over collective awareness. OMV involves all important stakeholders in the planning and implementation of projects to minimize the risks resulting from social conflicts. The projects focus on education, health, the water supply, agriculture and local handicrafts to secure a livelihood.

In 2003–2004, among other things the school infrastructure was improved, the work of community health workers improved through training sessions and financial support provided for mother and child medical centers. Plans are currently being drawn up to extend the water supply in Miano in addition to the hand-pumps and water tanks that have already been installed. The construction of a water pipeline to the Nara canal or water treatment measures at the pumping facilities are currently being investigated.

With these unique development projects OMV contributes to promoting people's rights to education and health as well as to combating poverty and supports the UN millennium development goals.



OMV Benefit Bazaar to support people living in the Pakistani desert

The Benefit Bazaar featuring handicrafts from Pakistan, which was organized in 2004 and held at OMV sites in Vienna in 2005, is directly connected to the CDPs and is aimed at boosting awareness of CSR within the company. The initiative, which was introduced by the project leader in Pakistan, was supposed to make the development project apprehensible in the truest sense of the word. Staff were invited to buy these products manufactured by the Pakistanis living in the region around the OMV plants in the south of the country.

OMV then doubled the amount raised and gave it to the handicrafts center in the desert region of Sindh province. The women, who had produced these items, received some of the funds, while the rest was used to buy raw materials and for product development. In addition, another handicrafts center to connect the workers with the local market was constructed. Similar benefit sales have already been organized for OMV staff in Pakistan.

These initiatives provide examples of the direct involvement of staff in our global CSR strategy and in our Group's social responsibility.

Examples of social commitment in other countries where OMV operates:

- ▶ In Bulgaria, OMV staff collected 1,600 kg of donations in kind for old and visually impaired people as well as orphans and poor people in the region around the OMV office.
- ▶ In Great Britain, OMV supports programs provided by NGOs such as Save the Children, Cancer Research, Shelter for the homeless and a project to save very premature infants.
- ▶ In Tunisia, support is provided above all for social and environmental projects to promote neighborhood links with communities, in particular, the focus is on donations for schools, local sports activities as well as support for non-profit making organizations and waste disposal projects.
- ▶ In Libya and Yemen, OMV supports the provision of medical care to the local population. Financial help for a hospital in Yemen is planned.
- ▶ OMV gave a donation to the victims of the tsunami at the end of 2004.

Over the next few years we shall develop CSR still further with measures to instill increased awareness across the Group and the expansion of long-term social projects throughout the world.



Supply chain and controlling child labor

In its Code of Conduct OMV has undertaken to forbid child and forced labor in its sphere of action and to promote measures against any violations of this policy.

This process began in 2003 with the inclusion of the prohibition on employing illegal child and forced labor in our purchasing conditions. Since 2004, we have been developing a monitoring model with the help of a human rights expert from outside the company. It contains an adequate definition of illegal child and forced labor based on the international standards of the ILO (International Labor Organization) and the UNO, suitable forms for monitoring this in line with established standards such as those of Social Accountability International and appropriate measures to rehabilitate the people affected. These elements are found in the „OMV Supply Chain Control regarding child and forced labor“ manual, which helps us through the rest of the process and will be amended to meet future demands.

The process we have initiated is based on three considerations:

- ▶ The international community increasingly respects children’s dignity and human rights. We want our suppliers to pay particular attention to the principle of forbidding child labor laid down in international conventions so that children can make use of their opportunities now and in the future.
- ▶ The fight against illegal child labor and forced labor is one of the most difficult human rights challenges of our time. Every successful approach must include all aspects of the problem in their entirety – including the causes, the direct impact on those affected and the appropriateness of the measures taken in the respective cultural environment.
- ▶ Measures taken should bring a satisfactory solution for all those involved - particularly those affected. Supporting children’s access to educational establishments is of great importance here.



Non-compliance with OMV purchasing rules

Given the level of skills required of our staff, implementing the prohibition is not difficult in our direct area of operations. However, we demand that our suppliers also comply with our principles. For this purpose we have designed a comprehensive monitoring process involving self-evaluation using questionnaires (from 2005) and monitoring visits (from 2006).

We are convinced that this makes a major contribution to combating these social problems and view this process as an effective step on the way to gradually implementing our Code of Conduct.

Methods to monitor compliance with human rights will be developed and applied in 2004/2005. Our immediate goals here include the establishment of clear principles and directives on the issue of child labor in non-oil business.

Since private companies are only just beginning to produce effective and successful models for action in this field, each of these projects is a pilot by nature.

In principle, suppliers and sub-contractors that fail to commit to observing human rights will not receive any orders. This is a component of our standardized purchasing provisions.

In 2004, a Swiss company submitted a tender as part of a substantial investment by OMV Polyfelt subsidiary. However, since this supplier refused to accept the text of the Code of Conduct in the purchasing rules (combating child labor, forced labor, bribery and corruption), it was not considered in the award process - although it was the cheapest provider.

Human rights in other structures

There is no doubt that health, education, anti-discrimination and freedom of opinion are very important aspects of human rights. Following the structure of our Code of Conduct, we report on these in other sections. They are listed below to enable you to find your way round them more easily:

- ▶ Right to health: 34, 108ff.
- ▶ Right to education: 32, 41, 146
- ▶ Children's rights: 41, 50, 55, 75, 137, 162
- ▶ Forced labor: 41, 50, 55, 75, 162
- ▶ Equality/non-discrimination including involvement of vulnerable groups/orphanages: 45, 138f., 141f., 149
- ▶ Freedom of opinion: 41, 151
- ▶ ILO standards: 74
- ▶ Supply chain: 137

* You will find more about the issue of child labor on page 41 and 156

Social Sponsoring OMV Move & Help

A unique project in which many of OMV stakeholders - including our customers and employees in particular - are involved has been launched with the OMV Move & Help project, which promotes educational projects in 12 countries together with international aid organizations such as HOPE 87, SOS-Kinderdorf and Caritas.

In 2004, the following school projects for 1,700 children and young people were financed in Austria, Romania, Bulgaria, Slovakia and Bosnia-Herzegovina:

- ▶ Five Caritas projects entitled "Learning for Life" in Romania, Bulgaria and Slovakia allow 1,100 Roma children to attend school for one and a half years and receive hot meals.
- ▶ HOPE 87 is able to offer over 500 young war victims, orphans and landmine victims computer, language and study courses with the "Hope for Sarajevo" project.
- ▶ The SOS Clearing House in Salzburg provides schooling and support to about 50 - 60 young asylum seekers.

In the Vienna City Marathon in 2004, OMV donated one euro to Move & Help for every kilometer run by an OMV staff member. Staff interest in OMV Move & Help was also boosted with an in-house photographic competition.

1,800 filling stations in twelve OMV countries sold OMV Move & Help t-shirts and sticker tattoos. Of course, the t-shirts sold during this campaign were not produced by child labor.*

To provide sustained benefit in all OMV countries and to offer children and young people long-term prospects, we shall continue OMV Move & Help program within a new partnership that has been agreed with UNICEF in 2005 and 2006; aid projects run by SOS-Kinderdorf and Caritas will also receive support in 2005. www.omv.com/moveandhelp

We have also been supporting the "Licht ins Dunkel" (Light in the Dark) campaign with our filling station licensees by selling Advent calendars since 2000.

Partnership with Verkehrsclub Österreich

In recent years, OMV has supported Verkehrsclub Österreich (VCO = Austrian Automotive Association) in organizing the Mobility prize. This non-profit making organization advocates safe, environmentally sound and economically efficient mobility. Among other things it devotes itself to improving the public transport infrastructure, safety schemes and removing barriers to mobility. Dialogue with this critical and "alternatively thinking" association expands our horizon. The Mobility prize is awarded to innovative transport projects.





Relationship with the Environment

Communication with filling station licensees

Communication with our filling station licensees and their employees is of great importance to us since they are closest to our customers. They have a significant impact on the impression given of OMV approach to quality and service and consequently shape our brands.

OMV foreign subsidiaries maintain comprehensive, close and regular contact geared to the specific framework conditions applying in the respective country with their filling station licensees.

In so doing, personal meetings with filling station licensees and the retail management as well as the sales team constitute important communication tools. In countries with up to 100 filling stations (such as Bosnia, Serbia or Croatia), these are generally held in head office with all local filling station licensees. In countries with a larger number of filling stations – such as in Germany, Austria and Hungary – the area managers maintain contacts with the filling station licensees in their respective areas through regular meetings.

If possible, we also use electronic media such as Internet and Intranet as well as e-mail newsletters to communicate but we also send out information sheets, magazines and manuals for filling station licensees. In some countries a help desk has been established to support our filling station licensees. Intensive training and education programs also facilitate the exchange of information.

Electronic communication will be expanded further in 2005/2006. E-learning projects as well as increasing personal contacts in the form of workshops and topic-based working groups are planned.

Customers

OMV is committed to respecting customers' and consumers' interests. On its portal www.omv.com OMV maintains an extensive database with information on products, their use and what to do in the event of any accidents.

(See also Section on "Safety", page 113)



Customer complaints

Customer complaints about product and service quality are all recorded centrally in a database and forwarded on a workflow-related basis. The processing status of complaints is evaluated every six months.

Customer complaints about product quality are investigated in detail. Each customer receives feedback within two days. If requested, an OMV technician will visit to assess the problem, take samples and provide advice. In extreme cases the results of analyses will be available within 24 hours to ensure the customer's supply is guaranteed. The fact that results are available so rapidly helps to decide with the customer how we should proceed with the complaint.

We shall consistently develop potential for improvements by continuously recording all incoming complaints in the database and by documenting all the grounds for complaint.

Competition and cartel law

Documentation providing information on competition and cartel law was made available throughout the company as early as 2003 and training carried out in certain divisions. An intensive training program across all divisions will be implemented in autumn 2005; the documentation will be made available online to all company employees via the portal.

Stakeholder communication

The insights and expectations on the part of our stakeholders gleaned from the Round Table Dialogue held in June 2005 have been taken into account in preparing this Performance Report. The insights gained from ongoing consultations with stakeholders provide the impetus for us to rethink, to instill awareness and to increase the efficiency of our social responsibility. This is why for example in the field of human rights we became involved in a comprehensive dialogue with a specialist from the Boltzmann Institute of Human Rights. This led to our refining the project to prevent child and forced labor in our immediate environment, which was started in 2004, to reflect international standards.

OMV maintains a proactive dialogue on issues such as human rights, the local population, the environment or employee rights with all its stakeholders for whom constructive discussions are a matter of concern. We attach great importance to the equal treatment of all stakeholders, while setting context and project-related priorities.

With this in mind we consult with our stakeholders on the planning, implementation and review of projects. With regard to environmental issues we maintain dialogue with the WWF and the Ministry for the Environment, with the Boltzmann Institute of Human Rights and independent human rights consultants on human rights, with the UN Global Compact platform on millennium development goals. In the case of development projects we consult NGOs and representatives of the local population and for communication with filling stations we use the platform

specially created for this purpose. In the field of renewable and alternative energies we cooperate closely with our associates in industry, research establishments and universities.

Discussions are held openly - by consensus but controversial viewpoints are also represented. We appreciate serious, objective dialogue with committed, interested stakeholders above actionism. As part of our stakeholder community we need not balk at an international comparison of our understanding of corporate social responsibility and long-term corporate policy.

The Minister for Agriculture and Forestry, the Environment and Water and the CEO of OMV are both committed to the goals of a five-point program:

- ▶ To guarantee the supply of sulfur free gasoline and diesel fuels across OMV area of operations from January 1, 2004
- ▶ Political initiatives at EU level to make the introduction of diesel particle filters or equally effective technical measures to reduce the finest particles mandatory
- ▶ Gradual expansion of the range and market share of alternative fuels
- ▶ Supporting these measures at national level through appropriate incentives
- ▶ Legal initiative to reduce traffic pollution still further

OMV Stakeholders – a selection



Co-operation with universities

In its Code of Conduct, OMV commits to exploiting synergies by collaborating with universities and research institutions. We concluded an agreement on co-operation with the University of Leoben in 2003. Our assistance is focused on providing grants for particularly gifted students with the aim of expanding the exchange of scientific information with the world's leading universities. We also finance lectures by visiting scientists of international repute and support the university's scientific staff. If we also succeed in persuading the brightest minds to join the labor market, then the company benefits in terms of both synergies and scientific stimulus. We plan to continue this sponsorship program.

We also support the Eastern Europe master class at the Vienna University of Economics and Business Administration's Institute for Corporate Management under the leadership of Professor Gerhard Speckbacher. The master class comprises a one-year training program on corporate management and a field trip to or working group in Central and Eastern Europe.



Anti-corruption

OMV has enshrined a clear policy against corruption and bribery in its Code of Conduct and in its purchasing rules. We participate in the UN's "Global Compact" initiative and have undertaken to comply with the rules laid down therein. In 2002, OMV had already anticipated a recommendation from spring 2005 for e-invoicing in the aviation industry: the fuel handling process was optimized by networking the airline head office – the aircraft/pilot – the operations center – fueling vehicle/attendant and the OMV Aviation department.

Corruption and bribery is brought to a halt by issuing delivery notes and invoices automatically as well as transmitting the invoice data electronically. The entire process is entirely automated – no manual intervention is required, which means that invoice or recipient data cannot be manipulated. The automation has led to increased efficiency and a better service. It also provides additional data, which will allow us to optimize the process still further.

The establishment of the "dual control" principle in the Group is an effective organizational measure to prevent corruption and bribery. Regrettably there was a proven breach of these principles at middle management level during the period under review. The staff member involved was dismissed.



This results in the following challenges, goals and achievements with regard to the relationship with the environment:

Challenges and goals 2003/2004

- ▶ Early recognition of issues and expectations of social relevance to the company, issue management
- ▶ Stakeholder relations management and target group specific communication
- ▶ Speed and variety of information and communication tools
- ▶ Transparency and credibility

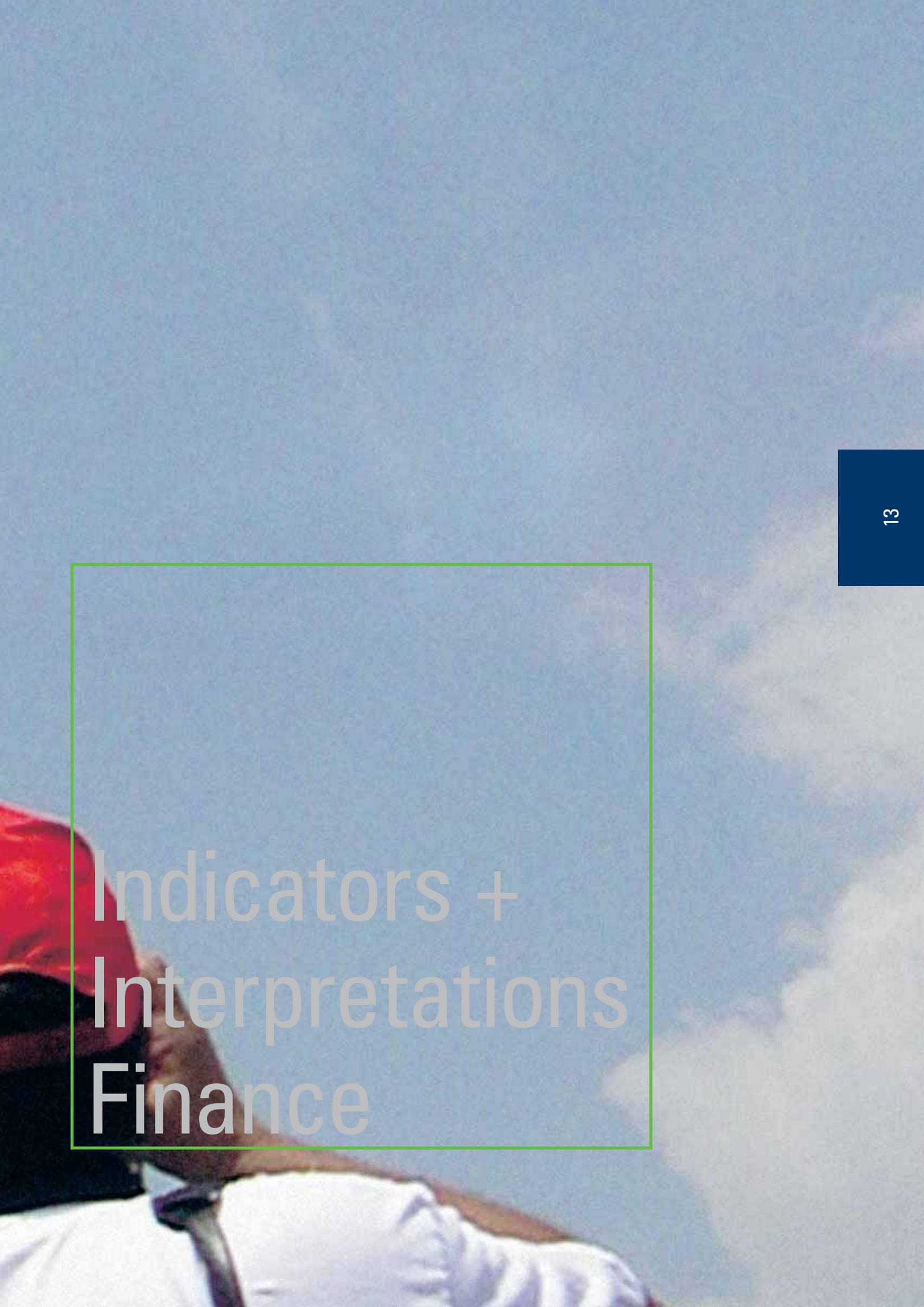
Challenges and goals 2005/2006

- ▶ Raising anti-corruption awareness
- ▶ Continuous stakeholder dialogue
- ▶ Raising competition law awareness

Achievements

- ▶ Move & Help fundraising project for educating children
- ▶ Proactive stakeholder involvement in OMV CSR



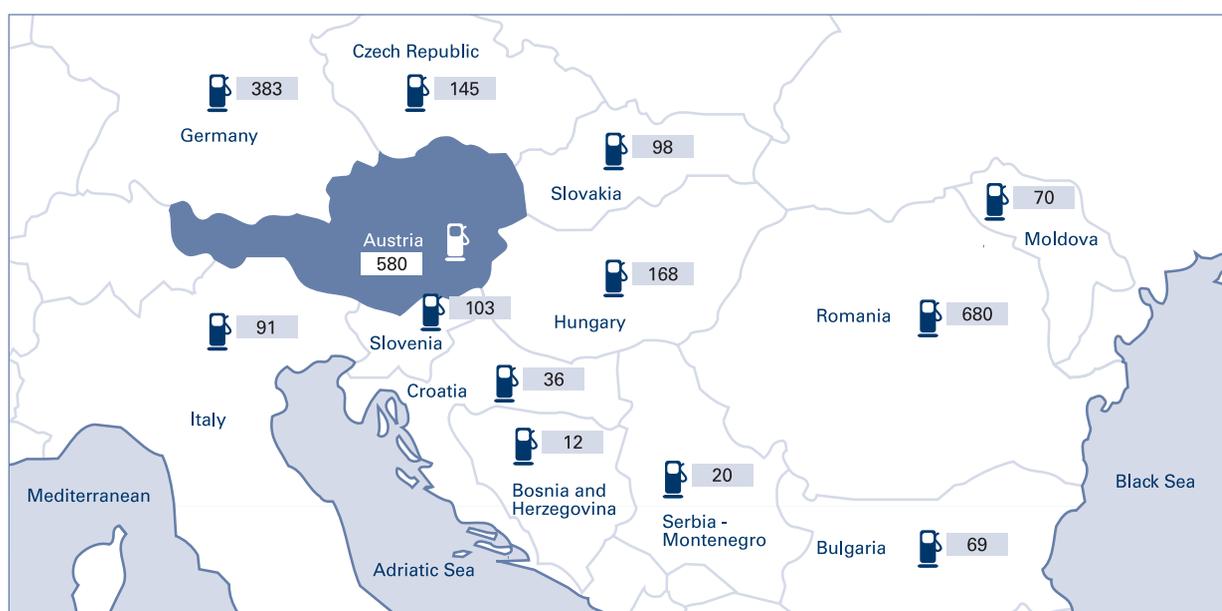
A photograph of a person wearing a red cap and a white shirt, looking out at the ocean under a blue sky with white clouds. The person's hand is visible near their chin. The text 'Indicators + Interpretations Finance' is overlaid on the image within a green rectangular border.

Indicators + Interpretations Finance

EC2 > Geographic breakdown of markets

In 13 countries, we hold roughly 18 % of the marketing services market. All the individual countries are below 25%.

Marketing/ filling station network



As of: December 31, 2004

EC3 > Cost of all goods, materials and services bought in

	2003	2004
Cost (in EUR bn)		
Cost of materials	8.972	12.931
Energy purchased	0.110	0.149
Other third party services	0.288	0.375
Total	9.370	13.455

Agreed penalty arrangements

<<

EC4

Penalties are applied on major projects and on large orders. In terms of the total number of our orders, the percentage is negligible, i.e. less than 1%.

Total payroll and benefits

<<

EC5

Details (in TEUR)	Wages		Pensions		Other Benefits	
	2003	2004	2003	2004	2003	2004
Austria	281,716	295,746	53,056	83,085	62,641	65,746
Europe (excl. Austria)	52,899	63,616	1,612	4,227	12,876	15,509
Middle East/Africa	0	1,288	0	0	0	60
Rest of the world	1,040	1,200	0	331	101	93
Total	335,655	361,850	54,668	87,643	75,618	81,408

Distributions to providers of capital

<<

EC6

Payments (in TEUR)	2003	2004
	Dividends paid	96,974
Interest payments	117,020	107,989

Increase/decrease in retained earnings

<<

EC7

See balance sheet in respective Annual Report (2004: page 57; 2003: page 51).

EC8 > Tax payments

	2000	2003	2004
Taxes (in EUR mn)			
Tax payments	3,456	4,219	5,867
Details (in EUR mn)			
Collected in petroleum excise tax and VAT	3,216	3,848	5,343
Details (in EUR mn)			
Income taxes amounted to	130	203	312
Details (in EUR mn)			
The total tax payment also includes the value of the quantity of the oil produced from the Murzuk holding, to which the Libyan state is entitled under the production distribution agreement	110	131	171
Details (in per cent)			
If, in the interests of simplicity, these total tax payments, which OMV has paid across the Group, are taken as a proportion of sales the following percentages are attributable to tax payments in Austria	58%	43%	39%

Subsidies received

<<

EC9

The figure for “previously received” subsidies covers the period from January 2002 to 2005.

Subsidies for investment expenses in 2004 were not applied for until 2005. Consequently, payment will not be received until the second half of 2005 and later as a small amount is being retained and will not be disbursed until submission of a final statement of account and final report.

AMI Deutschland has already received an investment subsidy of EUR 26,954,200. Overall, we have received a commitment for funds totalling a maximum of EUR 40.3 mn and these will probably be utilized.

The subsidy instruments are IZ and GA, respectively in Germany and the EU.

IZ = Investment subsidy

(tax related, for investments in specific regions in central Germany, disbursed by the German Tax Authorities).

GA = Joint Task

(in addition to German funds includes EU subsidies from the European Regional Development Fund (ERDF), disbursed by the state authorities of the target investment region – for AMI Deutschland this is Saxony-Anhalt).

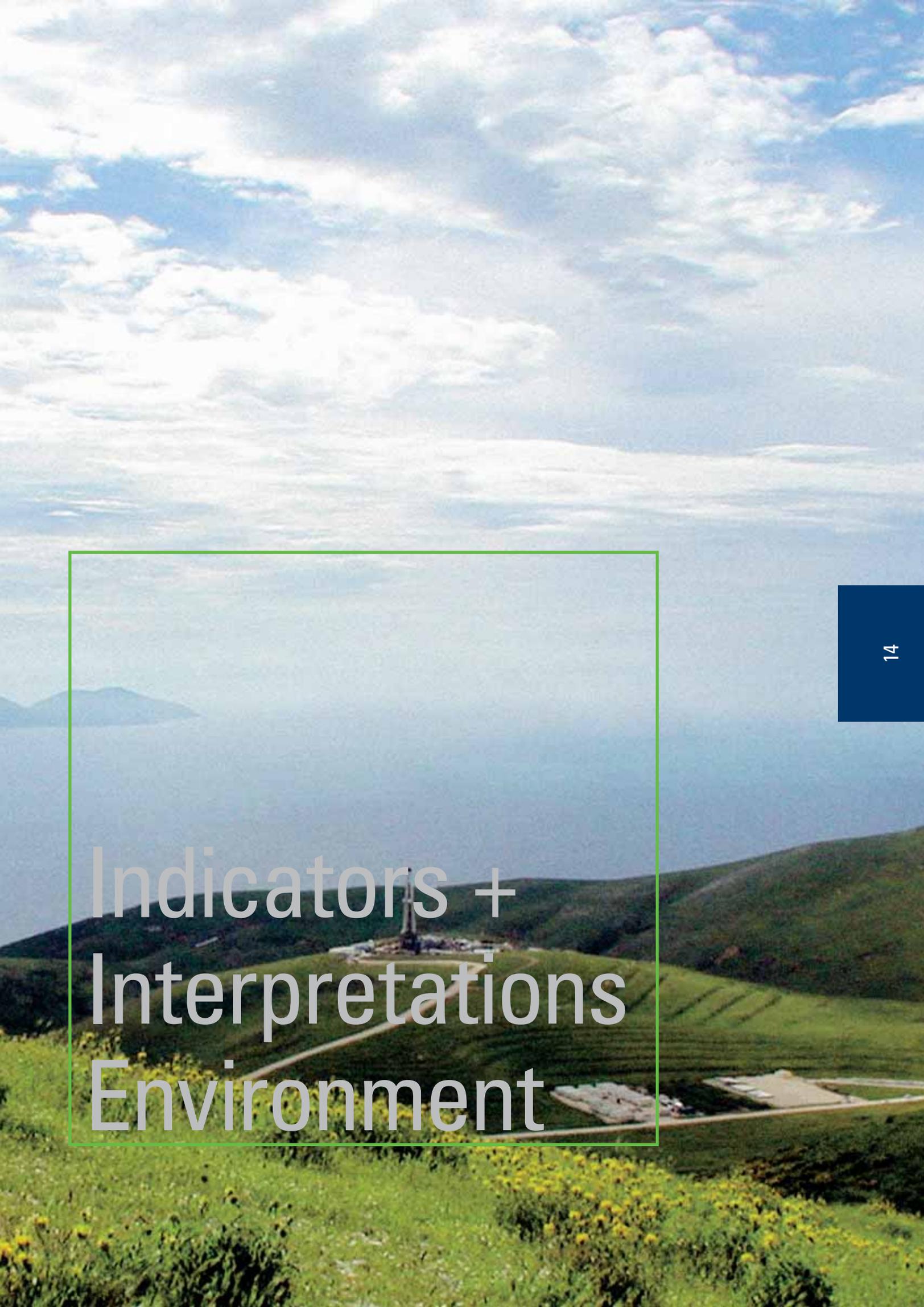
Art, culture and sport donations and advertising expenses

<<

EC10

	2003	2004
OMV Group (in TEUR)		
General advertising	23,298	38,525
Advertising for art, culture and sport	8,328	8,101
Social advertising	2,010	1,287
Art, culture and sport donations and memberships	248	200
Social donations and memberships	589	223
Total	34,473	48,336





Indicators + Interpretations Environment

EN16

> **Limit values for air pollution**

Agrolinz Melamine International Italia S.r.l., Castellanza had to pay a fine of EUR 3,000 in 2004 for exceeding an atmospheric pollutant limit prior to 2003.

Packaging Directive

Proceedings are also pending before the Austrian Administrative Court for infringement of the Packaging Directive. The proceedings relate to the question of whether or not containers for lubricants are subject to a waste collection system or not.

Environment

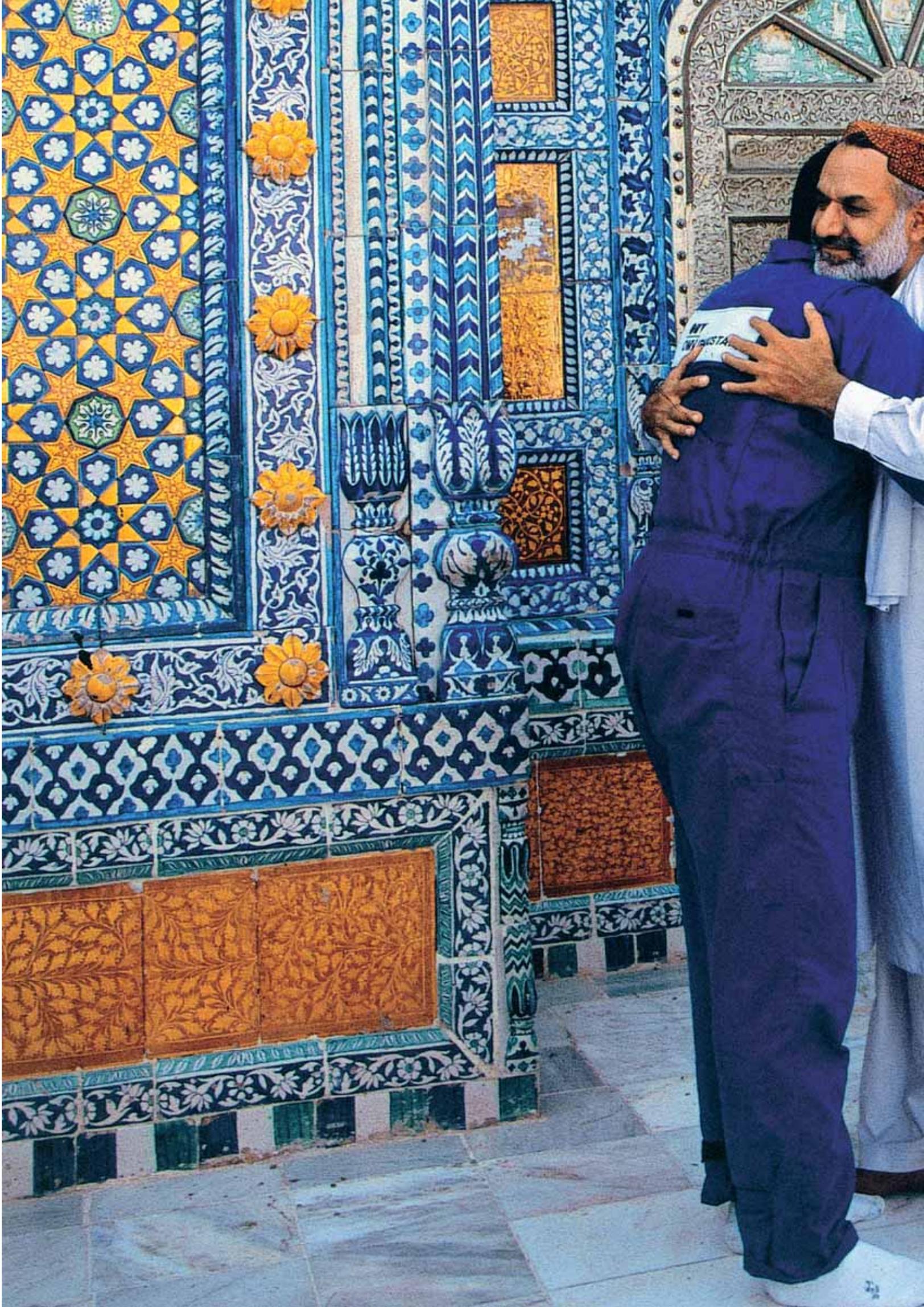
			2000	2001	2002	2003	2004
EN3	Direct energy use	PJ	73.0	74.5	76.5	76.9	81.5
EN5	Total water consumption	million m ³	191	184	185	193	184
	Groundwater consumption	million m ³	20.9	21.1	19.9	21.8	19.5

	Emissions		2000	2001	2002	2003	2004
EN8	Climate altering emissions						
EN8	GHG	million t CO ₂ equivalent	6.0	5.7	5.8	7.5	7.8
EN8	CO ₂	million t	4.9	4.8	5.0	5.7	6.7
EN8	CH ₄	t	2,635	2,415	2,176	51,363	44,052
EN10	Other significant atmospheric emissions						
EN10	SO ₂	t	5,671	5,750	5,947	6,006	6,484
EN10	NO _x	t	6,810	6,891	6,686	6,543	7,819
	VOC	t	**	1,882	1,929	1,911	2,519
EN8	N ₂ O	t	3,483	2,539	2,603	2,850	906.5
	Dust	t	320	314	282	305	293

			2000	2001	2002	2003	2004
EN12	Waste water emissions						
EN12e	COD	t	1,313	906	901	654	630
	Hydrocarbons	t	7.0	2.6	2.8	3.0	2.4
EN11	Total amount of waste						
	Hazardous production waste	t	n.r. ¹	12,092	9,831	8,295	9,058
	Non hazardous production waste	t	n.r. ¹	37,670	41,555	38,211	39,244
	Waste oil	t	n.r. ¹	382	434	474	495
	Total production waste	t	n.r. ¹	50,144	51,823	46,946	48,857
	Recycled	%	n.r. ¹	68	63	83	91

** According to new scientific findings, VOC emissions are lower than assumed, therefore data are not comparable to previous years.

¹ Due to different regulations, waste figures before 2001 are not comparable, and hence, not reported.





Indicators + Interpretations Social Issues

LA1 > Workforce structure 2003

	Europe excluding Austria	Africa Middle East	Rest of the world	Austria	Total
Employees - status					
White collar workers	1,002	229	77	2,368	3,676
Blue collar workers	355	128	30	1,948	2,461
Total	1,357	357	107	4,316	6,137
Employees - type of employment					
Full time	1,330	357	105	3,847	5,639
Part time	27	0	2	469	498
Total	1,357	357	107	4,316	6,137

LA1 > Workforce structure 2004 ¹

	Europe excluding Austria	Africa Middle East	Rest of the world	Austria	Total
Employees - status					
White collar workers	1,344	230	90	2,401	4,065
Blue collar workers	368	133	25	1,884	2,410
Total	1,712	363	115	4,285	6,475
Employees - type of employment					
Full time	1,692	363	113	3,827	5,995
Part time	20	0	2	458	480
Total	1,712	363	115	4,285	6,475

¹ See page 25 for the number of Petrom employees.

LA2 > Jobs created and average labour turnover rate 2003

	Europe excluding Austria	Africa Middle East	Rest of the world	Austria	Total sum of employees
Jobs created	10	5	0	133	
Contract terminations ¹	9	3	14	154	
Net employment creation	1	2	(14)	(21)	
Labour turnover rate ²	0.66	0.84	13.08	3.57	
Employees	1,357	357	107	4,316	6,137

Jobs created and average labour turnover rate 2004

<<

LA2

	Europe excluding Austria	Africa Middle East	Rest of the world	Austria	Total sum of employees
Jobs created	54	0	0	21	
Contract terminations ¹	26	0	0	35	
Net employment creation	28	0	0	(14)	
Labour turnover rate ²	1.52	0	0	0.82	
Employees	1,712	363	115	4,285	6,475

¹ Internal moves are not included.

² Labour turnover rate = 100/total sum of employees x contract terminations

Labour/management relations

<<

LA4

We involve employees in the decision-making process for our business operations. At OMV, we also attach great importance to a constructive working relationship between the management and the employees. We also comply with all the national and international legal regulations relevant to our sphere of operations.

Industrial accidents and sickness

<<

LA7

	2000	2001	2002	2003	2004
Own employees					
Fatal accidents (number)	0	0	0	1	0
Lost time incidents (number)	72	51	45	37	38
LTIR (per 1 million worked hours)	9.3	6.4	5.4	4.15	3.76
LTIS (per 1 million worked hours)	n.r.	n.r.	n.r.	82.2	106
Contractors					
Fatal accidents (number)	n.r.	n.r.	n.r.	3	2
Lost time incidents (number)	n.r.	n.r.	n.r.	43	41
LTIR (per 1 million worked hours)	n.r.	n.r.	n.r.	2.78	2.59
LTIS (per 1 million worked hours)	n.r.	n.r.	n.r.	n.r.	46.77

LA9

> Training and continuous professional development 2003

	Europe excluding Austria	Africa Middle East	Rest of the world
Senior management			
Number of employees who took part in training	36	10	4
Total money spent on training	69,470.73	700	3,878
Total hours of training	2,591	32	102
Middle management			
Number of employees who took part in training	137	17	8
Total money spent on training	267,073.44	17,612	5,124
Total hours of training	11,015	448	221
Professional			
Number of employees who took part in training	185	147	10
Total money spent on training	68,026.31	127,302	6,048
Total hours of training	5,320	11,636	176
Technical			
Number of employees who took part in training	225	240	19
Total money spent on training	88,126.05	104,442	30,704
Total hours of training	1,876	12,736	866
Administrative			
Number of employees who took part in training	244	35	7
Total money spent on training	468,468.56	8,954	2,562
Total hours of training	5,793	456	124
Maintenance			
Number of employees who took part in training	28	53	0
Total money spent on training	44,936.73	21,526	0
Total hours of training	3,622	2,769	0
Austria			
Number of employees who took part in training			2,608
Total money spent on training			3,104,633.98
Total hours of training			100,671.90

Training and continuous professional development 2004

<<

LA9

	Europe excluding Austria	Africa Middle East	Rest of the world
Senior management			
Number of employees who took part in training	25	126	8
Total money spent on training	52,119.23	12,843	3,149
Total hours of training	660	9	209
Middle management			
Number of employees who took part in training	135	27	9
Total money spent on training	241,198.62	89,619	5,518
Total hours of training	3,077	1,168	175
Professional			
Number of employees who took part in training	144	151	12
Total money spent on training	535,238.01	209,500	7,556
Total hours of training	5,614	3,936	160
Technical			
Number of employees who took part in training	153	253	8
Total money spent on training	23,921.48	213,714	6,812
Total hours of training	2,250	3,770	140
Administrative			
Number of employees who took part in training	167	35	5
Total money spent on training	332,851	12,305	1,003
Total hours of training	5,430	404	62
Maintenance			
Number of employees who took part in training	4	54	0
Total money spent on training	767	45,396	0
Total hours of training	134	783	0
Austria			
Number of employees who took part in training			3,168
Total money spent on training			3,095,688.50
Total hours of training			121,096.61

LA11 > **Composition of senior management, female/male ratio**

The senior management consists of 182 (2003: 169) top managers from all our subsidiaries worldwide. 19 (2003: 20) of these are women, which equates to 10.44% (2003: 11.83%).

HR5, LA3 > **Freedom of association and collective bargaining**

We operate throughout the world, working in countries with differing socio-economic and socio-cultural conditions and we are subject to the relevant national regulations.

As a corporate Group based in the West, we are committed to upholding freedom of association and recognition of the right to collective bargaining in our sphere of operations and we maintain a due and proper relationship with the representatives of the workforce.

The 2004 survey showed that 65.68% (2003: 69.14%) of our employees are represented by independent trade unions, works councils or collective agreements. A minimum wage is guaranteed for 72.48% (2003: 74.25%) of our employees through collective agreements or statutory regulations in the relevant country.

Political contributions

<<

S03

We are involved in national and international standards as well as in technical and scientific organizations and interest groups. We believe in a proactive approach to lawmaking and the development of standards with a particular focus on participating in the preliminary legal stages.

Where the political environment is concerned, we believe in acting as a service provider. Where there is a declared requirement for specific, useful and decision-relevant information, we are on hand to provide accurate data. We act in terms of economic policy, not political policy, and respect the sovereignty of the relevant nations.

Financial support for political bodies or organizations can be misinterpreted. We maintain our political neutrality and do not make any donations to candidates for public or political office or to political parties.

Respect for privacy

<<

PR3

We observe all national regulations on consumer data protection. We only use the data gathered from prize draws or similar events where the participants have given their approval. For security purposes, video monitoring systems have been installed at filling stations in the pump areas and by the cash tills.





GRI
Content
Index

The following table provides a summary index to our sustainability report based on the Global Reporting Initiative (GRI) reporting elements and core performance indicators, as defined in the GRI Sustainability Reporting Guidelines 2002. The index shows how and where the GRI reporting elements and indicators are addressed in this report.

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Corresponding with UN Global Compact principles

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Further
Information

-
- ▶ **ABCSD - Austrian Business Council for Sustainable Development** **German only**
<http://www.abcbsd.at>

 - ▶ **Austrian Code of Corporate Governance**
<http://www.corporate-governance.at>

 - ▶ **Austrian Institute for Applied Ecology**
http://www.ecology.at/index_en.php

 - ▶ **Boltzmann Institute of Human Rights**
<http://www.univie.ac.at/bim>

 - ▶ **Bundesarbeiterkammer Österreich** **German only**
<http://www.arbeiterkammer.at>

 - ▶ **EU CSR Department** **Multilingual**
<http://europa.eu.int/comm/csr>

 - ▶ **Global Reporting Initiative–Sustainability Reporting Guidelines**
http://www.globalreporting.org/guidelines/2002/gri_2002_guidelines.pdf

 - ▶ **OECD Guidelines for Multinational Enterprises**
<http://www.oecd.org/dataoecd/33/17/35053171.pdf>

 - ▶ **oekom research**
http://www.oekom-research.de/index_english.html

 - ▶ **Promoting a European framework for Corporate Social Responsibility, Green Paper**
http://europa.eu.int/comm/employment_social/soc-dial/csr/greenpaper_en.pdf

 - ▶ **respACT** **German only**
<http://www.respect.at>

 - ▶ **UN Global Compact**
<http://www.unglobalcompact.org>

 - ▶ **UN Millennium Development Goals**
<http://www.un.org/millenniumgoals>

Abbreviations and Definitions

A >	AGM	Annual General Meeting
	AMI	Agrolinz Melamine International
B >	bbl, bbl/d	barrels (1 barrel equals approximately 159 liters), barrels per day
	bcf, bcm	billion standard cubic feet (60 °F/16 °C), billion cubic meters (32 °F/0 °C)
	bn	billion
	boe, boe/d	barrels of oil equivalent, boe per day
	BSC	Balanced score card
C >	cbm, cf	standard cubic meters, standard cubic feet
	CDP	Community Development Project
	CEE	Central and Eastern Europe
	CNG	compressed natural gas; CNG is sold at OMV filling stations in kilograms. In practice, 1 kg natural gas equals approximately 1.1 liters of diesel or approx. 1.3 liters of gasoline.
	CSP	Career and succession planning
	CSR	Corporate social responsibility
E >	E&P	Exploration and Production
	EBIT	Earnings before interest and tax
	EOR	Enhanced Oil Recovery
	equity ratio	stockholders' equity divided by balance, sheet total expressed as a percentage
	EU, EUR	European Union, euro
EWRM	Enterprise wide risk management	
G >	gearing ratio	net debt divided by stockholders' equity expressed as a percentage
	GRI	Global Reporting Initiative
H >	HCI	Human Capital Management Index
	HCM	Human Capital Management
	HSE, HSEQ	Health, Safety, Environment and Quality
	IFRS	International Financial Reporting Standards
I >	IGA	Health/Enjoyment of Work Index
	IKI	Communications/Information Index
	ILO	International Labour Organization
	IMO	Employee/Organization Index
	ISO 14.000 ff	International series of standards for operational environmental management

LTIR	Lost Time Incident Rate	< L
mn monomers	million Collective term for ethylene and propylene	< M
net debt NGL	bank debt less liquid funds (cash and cash equivalents) natural gas liquids; natural gas which is extracted in liquid form during the production of hydrocarbons	< N
NGO NOPAT	non-governmental organization net operating profit after tax; net income plus net interest and extraordinary items after tax	
OHSAS	Occupational Health and Safety Management System	< O
R&M ROACE	Refining and Marketing return on average capital employed; NOPAT divided by average capital employed expressed as a percentage	< R
ROE	return on equity; net income for the year divided by average stockholders' equity expressed as a percentage	
ROfA	return on fixed assets; EBIT divided by average intangible and tangible assets expressed as a percentage	
SCC SCR SFAS SRI rating agencies	Safety Certificate for Contractors Selective Catalytic Reduction Statement on Financial Accounting Standards Socially Responsible Investment ratings agencies	< S
t, toe TEUR	metric ton, ton of oil equivalent Thousand euro	< T
UNGC US GAAP USD	United Nations Global Compact United States Generally Accepted Accounting Principles US dollar	< U

For more abbreviations and definitions please visit our online-portal:
OMV/Communication/Glossary





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For further information
and to download our
publications please visit
our website
<http://www.omv.com>

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CD-ROM: "Erdöl & Erdgas"

This CD-ROM is available only in German and can be ordered via the portal:
Über OMV/Alles über Erdöl und Erdgas
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Refining, Marketing and Petrochemicals Schwechat refinery brochure

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11 Health, Safety, Environment, Research + Development

03 Petrom

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04 Highlights of the Reporting Period

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18 Contact Details

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