Sustainability Report 2007/08

Move & More. OMV

About This Report

Description
This OMV Sustainability Report replaces the CSR Performance Reports and HSE Reports of previous years. The print version presents key information on OMV's sustainability performance. Additional information is provided in the full-length version of the report, available on the OMV website.

The Sustainability Report covers the business years 2007 and 2008, in seamless continuation of the 2005-06 reporting period covered in the last Performance Report and HSE Report. In the future we plan to publish the Sustainability Report concurrently with the OMV Annual Report. Readers of this report are welcome to get in touch with us and let us know what they think.

Reporting Boundaries
The following data are fully taken into account:

- Data from all OMV activities with a stake of more than 50%, except Kazakhstan and Petrom Marketing (reporting systems under development)
- Joint ventures where controlling influence is exerted and in which OMV acts as an operator, including minority shareholdings.

The following data are not taken into account for this report:

- Figures from holdings of equal or less than 50% if there is no significant operational influence
- Environmental data from filling stations, due to the fact that the vast majority of filling stations are operated by partners functioning as independent companies.

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

Content
The information contained in this report relates to the typical impacts of an oil and gas company on social and environmental sustainability issues. The report takes into account recommendations from stakeholder dialogues and industry associations, as well as disclosure demands by financial analysts and by the general public. The report was prepared with reference to the guidelines of the Global Reporting Initiative (GRI) and the Greenhouse Gas

Chapter Openers

Protocol (GHG Protocol), a corporate accounting and reporting standard developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). We self-declare this report to the A+ Application Level of the GRI. This self-declaration was checked and approved by the GRI.

Reporting Methodology
Data generation at site level relies on a variety of business-specific methods, process systems, and tools. A central reporting tool that can be accessed from all OMV sites and offices via the OMV Intranet is used for the Group-wide collection of HSE data. Standardized definitions were developed for all indicators and made available online. The completeness and accuracy of reported data are checked at corporate level. Cross-checks (over time, between sites, and comparison with normalized industry-specific data) are performed systematically. Feedback and commenting loops with the reporting sites and departments ensure high data quality. If we identify limitations in the coverage or reliability of data, we disclose them and introduce measures to improve the reporting process. The HSE-related information in this report was reviewed by Ernst & Young. All other content not related to HSE was verified by Dietmar Kanatschnig, director of the Austrian Institute for Sustainable Development.

Corporate HSE Regulations
OMV regulations for HSE management and reporting are contained in corporate directives (HSE Policy; HSE Management System; HSE Awareness and Competency; Environmental Management; Safety Management; Investigation, Management, and Reporting of Incidents; Emergency and Crisis Management; Health and Health Management), and standards (e.g. HSE Terms and Definitions).

Links

This symbol points to additional information on the OMV website:

www.omv.com

To help save natural resources by avoiding repetition in our periodic reporting, this OMV Sustainability Report is a combination of two previous reporting formats, the Corporate Social Responsibility Performance Report and the HSE Report. For the same reason, OMV decided to publish on its website or in its Annual Report certain subject matter and detailed data which must be included in comprehensive sustainability reporting in order to meet the criteria of the A+ Application Level of the GRI Reporting Guidelines. In the present report, reference is made to the OMV website whenever more detailed descriptions of specific subjects or chapters of the report can be found there. A text passage on the website will be indicated by a Web symbol. The OMV Annual Report, which is published concurrently with the Sustainability Report, focuses on performance data but also contains information on the OMV organizational structure, objectives and strategy, corporate governance, risk management, and the business segments.

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

Objectives and Strategy
Objectives and strategy of OMV as well as of the operating business segments and Petrom

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

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

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

Financial Performance
Presentation of the performance data for the 2008 reporting period in the directors' report, consolidated financial statements, and performance indicators

Contents

* fF = front Flap
bF = back Flap

Foreword by the CEO

Welcome to the Sustainability Report 2007/08. Sustainability has become a buzzword today, yet this term is often understood in very different ways. Before I come to the report itself, I would like to begin by explaining what sustainability means to OMV.

We see corporate sustainability as supported by three pillars:

- An economic pillar, i.e. profitable growth;
- An environmental pillar, i.e. the responsible use of natural resources, and the preservation of the basis for life on earth; and
- A social pillar, i.e. equitable and peaceful co-existence, and ensuring the right to a decent life.

In the English-speaking world, these three pillars are summed up in the phrase "people, planet, profit." Together they constitute the triple bottom line and reflect a firm belief in the linkage between the three elements. As a signatory to the UN Global Compact, we can claim to be behaving in a sustainable manner only when we take all three aspects into consideration in our decisions and activities, from our corporate strategy and values to the actions of any one of our employees, whether they work in an exploration well, in natural gas logistics, at a refinery, or at a filling station. Each member of the organization is called upon to make a contribution within his or her sphere of influence, for it is those individual achievements which in toto pave the way for the long-term sustainable development of our business.

It is a pleasure for me to present the OMV Sustainability Report 2007/08, which represents a milestone in OMV's history for several reasons:

- This is our first-ever Sustainability Report (formerly CSR Performance Report), the result of unstinting efforts to develop and expand our activities in the sustainability area.
- The new format combines the CSR Performance Reports and HSE Reports published in previous years.
- The OMV Sustainability Report and the OMV Annual Report are being published for the first time concurrently, as twin reports.

> "For OMV, sustainability is not something to which we pay lip service. It's how we manage our business. Profitable growth is inextricably linked with environmental and social responsibility. These are the elements that guarantee sustainability. Our genuine commitment to sustainability becomes all the more apparent in a challenging environment."

These changes are intended to underscore a key fact: Sustainability is an integral part of OMV's business. Only the simultaneous publication of both financial and non-financial indicators can give readers a fully up-to-date, complete, and accurate picture of OMV. Thus the aim of this report is to provide a transparent account of our activities since the last CSR Performance Report.

We can all take pride in what has been achieved in this period:

- Petrom made great strides in implementing its modernization program, which involved a variety of investments with positive environmental and social impacts.
- OMV established a Carbon Management function and set targets for the reduction of greenhouse gas emissions.
- New corporate directives on sustainability management, including a human rights matrix and a Business Ethics Directive, were approved.
- OMV launched a safety program aimed at preventing road accidents, and introduced the new incident reporting and management tool "Think:Ahead CARE."

All of us at OMV are distressed by the number of fatal injuries that occurred during this period, the majority of them the result of traffic accidents. My deepest sympathy goes out to the families of the victims. Accidents like these cannot be tolerated. The Executive Board has instituted measures to ensure that the causes are investigated and the necessary steps taken to prevent similar accidents from occurring in the future.

Fatal accidents, several incidents in our plants, and an oil-spill rate that remained unacceptably high – they all serve to remind us that we still have a considerable way to go on improving our performance. In light of the challenging environment, and also our understanding of sustainability as an integral aspect of our activities, it is clear, however, that the development and implementation of the elements of sustainability can only go hand in hand with business development, which indeed they should foster and support.

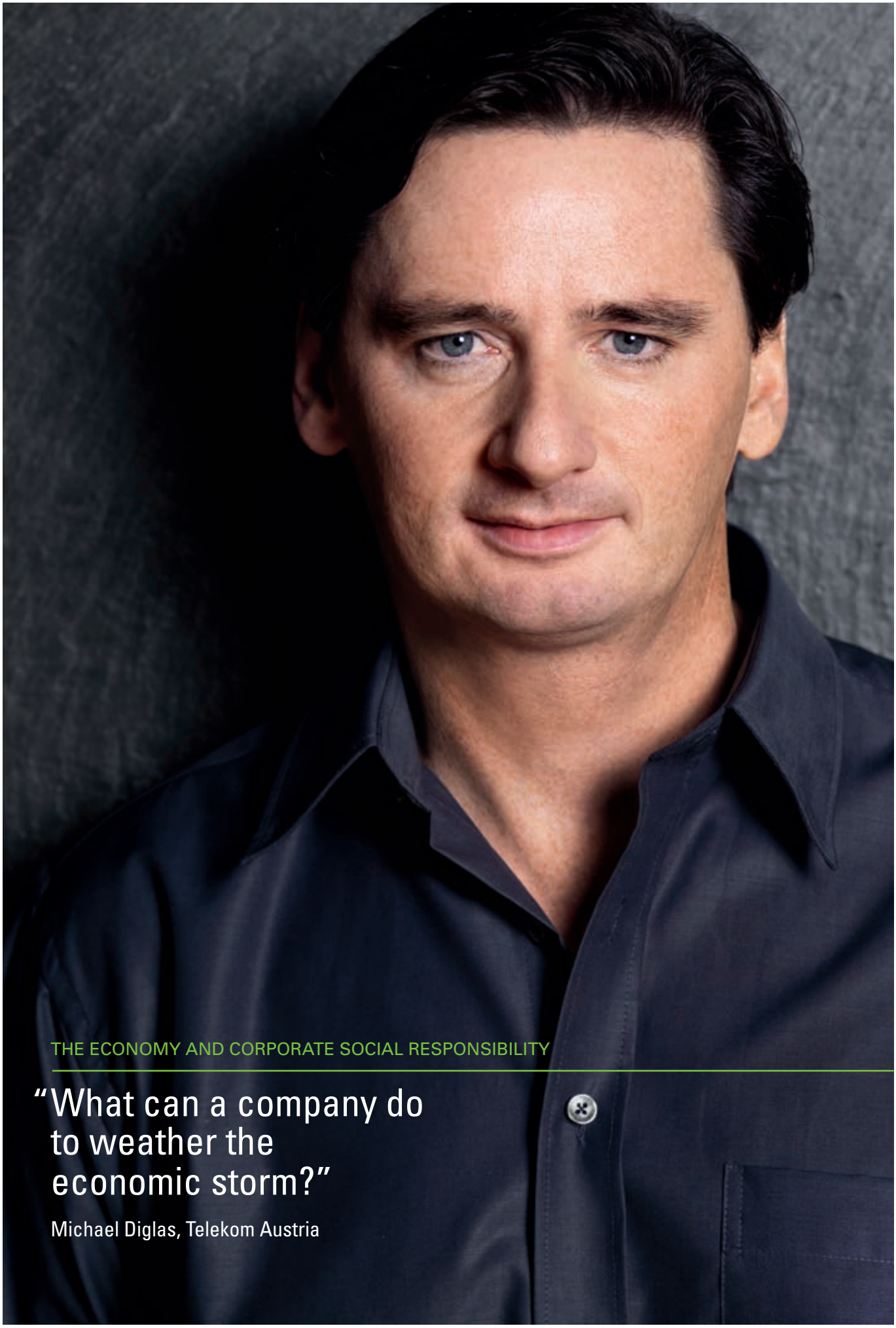
That is why each of the chapters in this report covering the different areas of sustainability includes goals for the further implementation and strengthening of sustainability at OMV. These are clearly summarized in the OMV Sustainability Program at the end of the report. I invite you, the reader, to let us know how you view OMV so that with your help we can look for more ways to improve and therefore together we can contribute to sustainability at OMV.

I foresee a number of challenges for sustainability in the coming year: We face a tougher market, low oil prices and weak refining margins will put pressure on results, and the battle for resources and market share is due to intensify. Our genuine commitment to sustainability becomes all the more apparent when times are hard.

Nevertheless, with its solid financial structure OMV is well placed to weather these new conditions. Cost-saving measures implemented early on now give us the flexibility required to respond quickly to new opportunities as they arise. I see the forecast slowdown in growth, accompanied by more focused investments, as offering us a chance to integrate sustainability structures even more firmly within OMV; further promote awareness of sustainability issues; and accentuate the fact that social and environmental responsibility contributes to OMV's successful performance.

Thus we want to be and to remain a profitable investment, a welcome guest in the countries in which we operate, and a good employer.

Wolfgang Ruttenstorfer

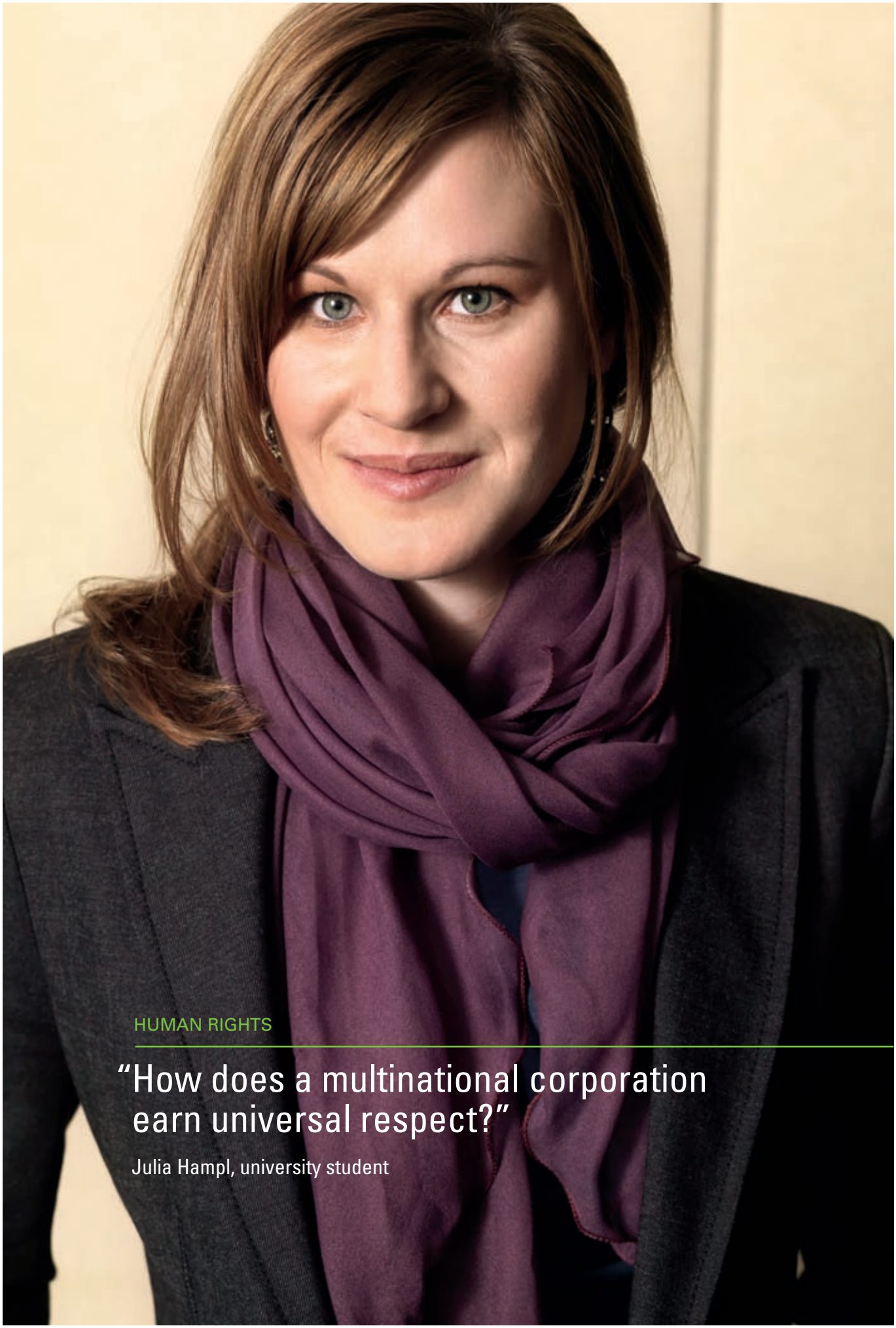


THE ECONOMY AND CORPORATE SOCIAL RESPONSIBILITY

"What can a company do to weather the economic storm?"

Michael Diglas, Telekom Austria


"Stand firm on its commitment to social responsibility."
Horacio Haag, Health, Safety, Security, and Environment, OMV

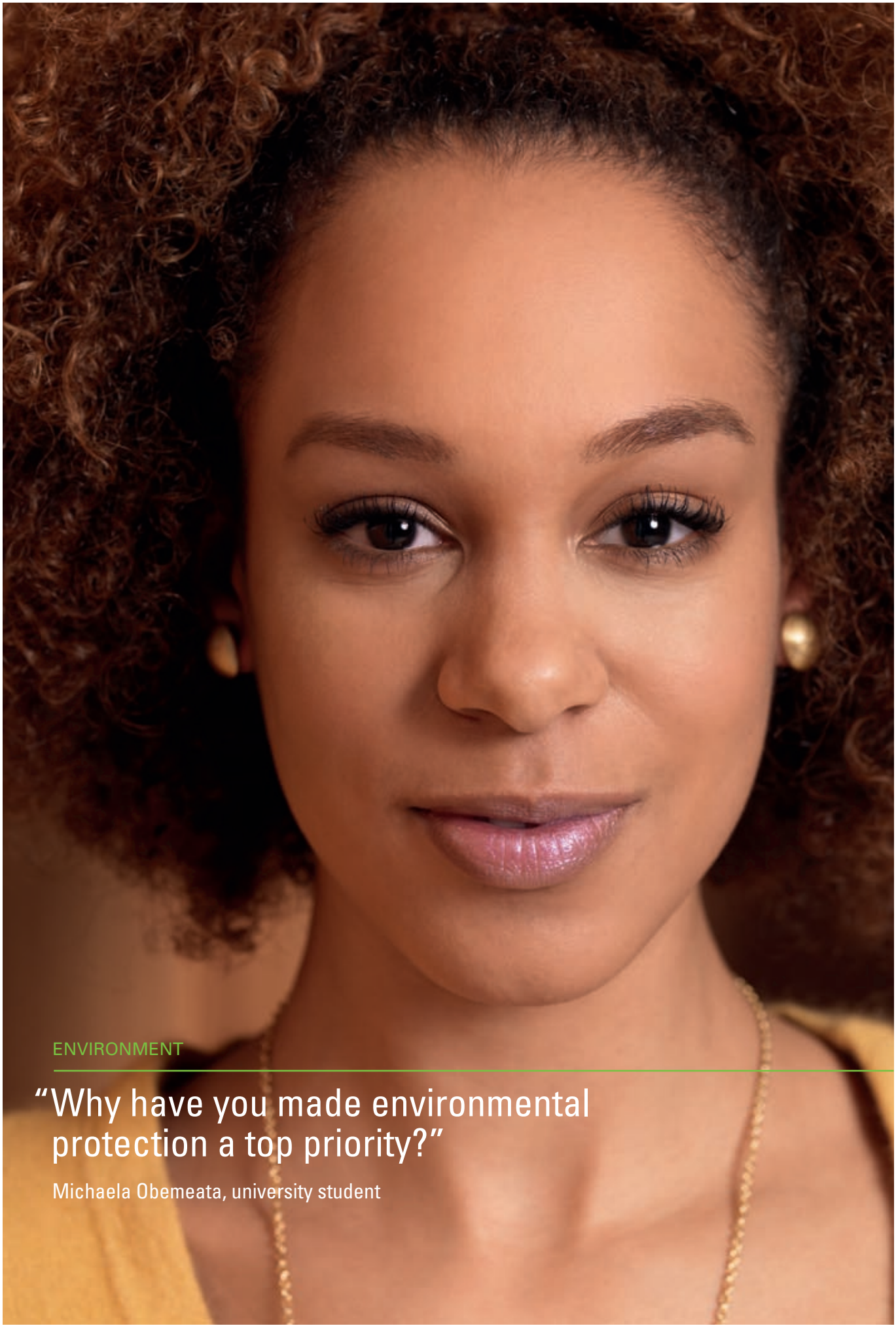


HUMAN RIGHTS

“How does a multinational corporation earn universal respect?”

Julia Hampl, university student

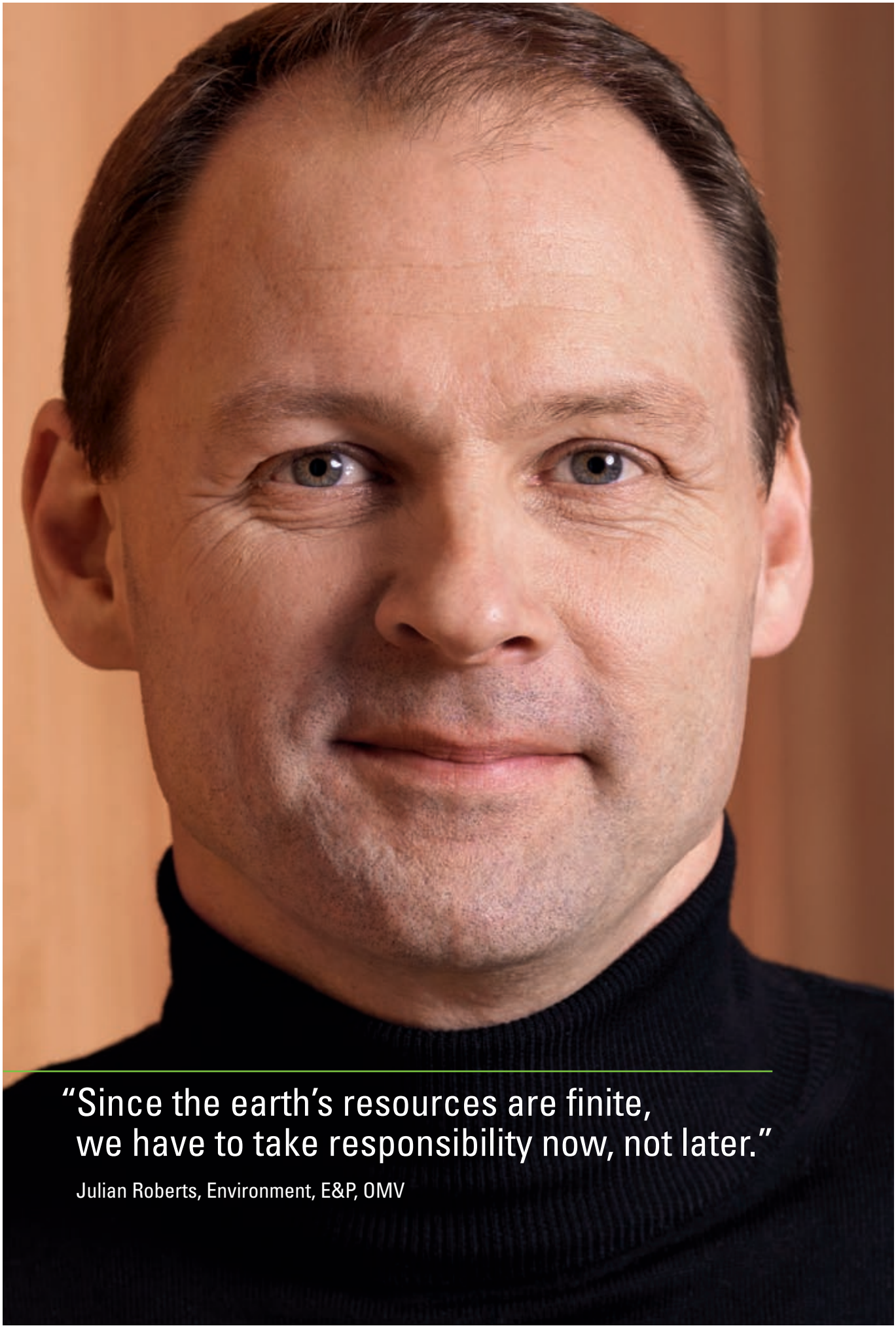

“By respecting the
rights of the individual.”
Daniel Jagsch, Avanti Brand Management,
R&M, OMV



ENVIRONMENT

“Why have you made environmental protection a top priority?”

Michaela Obemeata, university student



"Since the earth's resources are finite,
we have to take responsibility now, not later."

Julian Roberts, Environment, E&P, OMV

Corporate Structure

Integration of Sustainability within the Organization

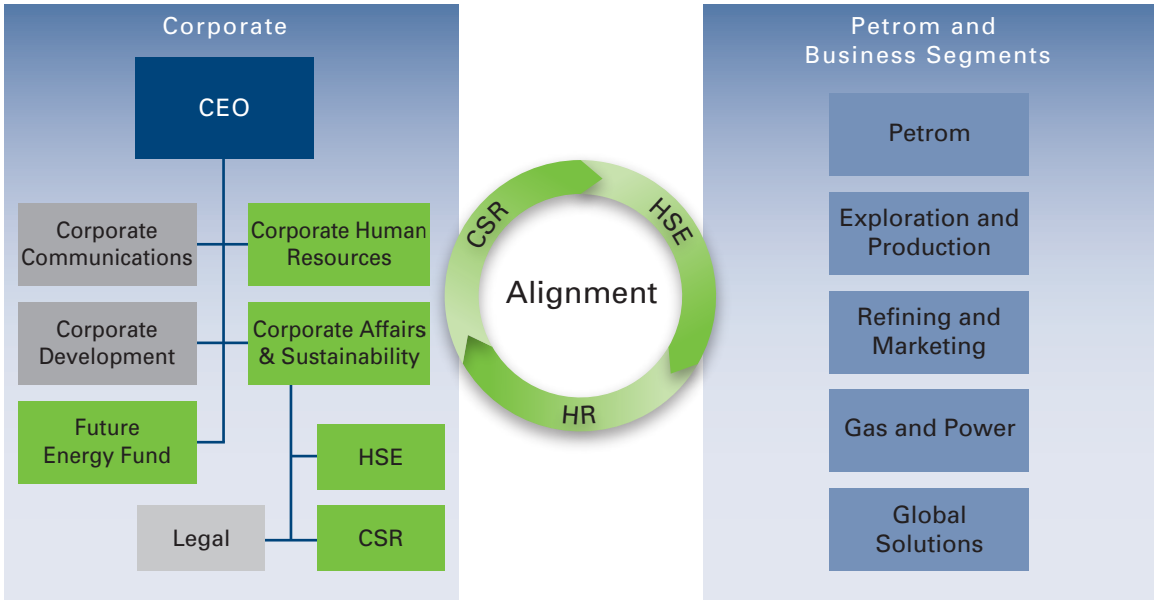
OMV's Corporate Affairs & Sustainability (CA&S) Department is in charge of matters related to corporate social responsibility (CSR) and health, safety, security, and environment (HSE). When the former Corporate Affairs and HSE departments were merged to form CA&S in 2008, essential responsibilities associated with the social and environmental pillars of CSR were combined into one management function. CA&S reports directly to the CEO. Each operating business segment has a CSR manager and an HSE manager, who report to the OMV Executive Board. The Corporate Human Resources (HR) Department also deals with sustainability issues. CSR, HSE, and HR are staff functions with specific responsibilities and processes for the coordination and implementation of social and environmental activities in the operating business segments.

Two management systems were set up to ensure sustainable value creation. In 2006, OMV introduced a corporate HSE management system based on international environmental standards such as ISO 14001 and health and safety standards such as OHSAS 18001. It was followed in 2008 by the adoption of the corporate directive "Management of Corporate Social Responsibility – Processes and Commitments," based on the global social accountability standard SA8000. These management systems apply to all consolidated holdings and non-consolidated holdings over which OMV exercises a controlling influence.

Our joint venture partners are expected, and our contractors are required, to implement HSE and CSR standards which are in accordance with our corporate directives. Our approach to sustainability goes far beyond legal compliance. We see sustainability as a process of ongoing improvement rather than as a project with a definable conclusion. The HSE and CSR managers support the integration of the triple bottom line approach – with an emphasis on the social and environmental aspects – into OMV's business activities. The business segments coordinate their HSE and CSR strategies and activities with CA&S. The CSR Committee, managed by CA&S, was established to provide strategic coordination across business segments and departments.

Organizational responsibility for sustainability through CSR, HSE, and HR:

www.omv.com

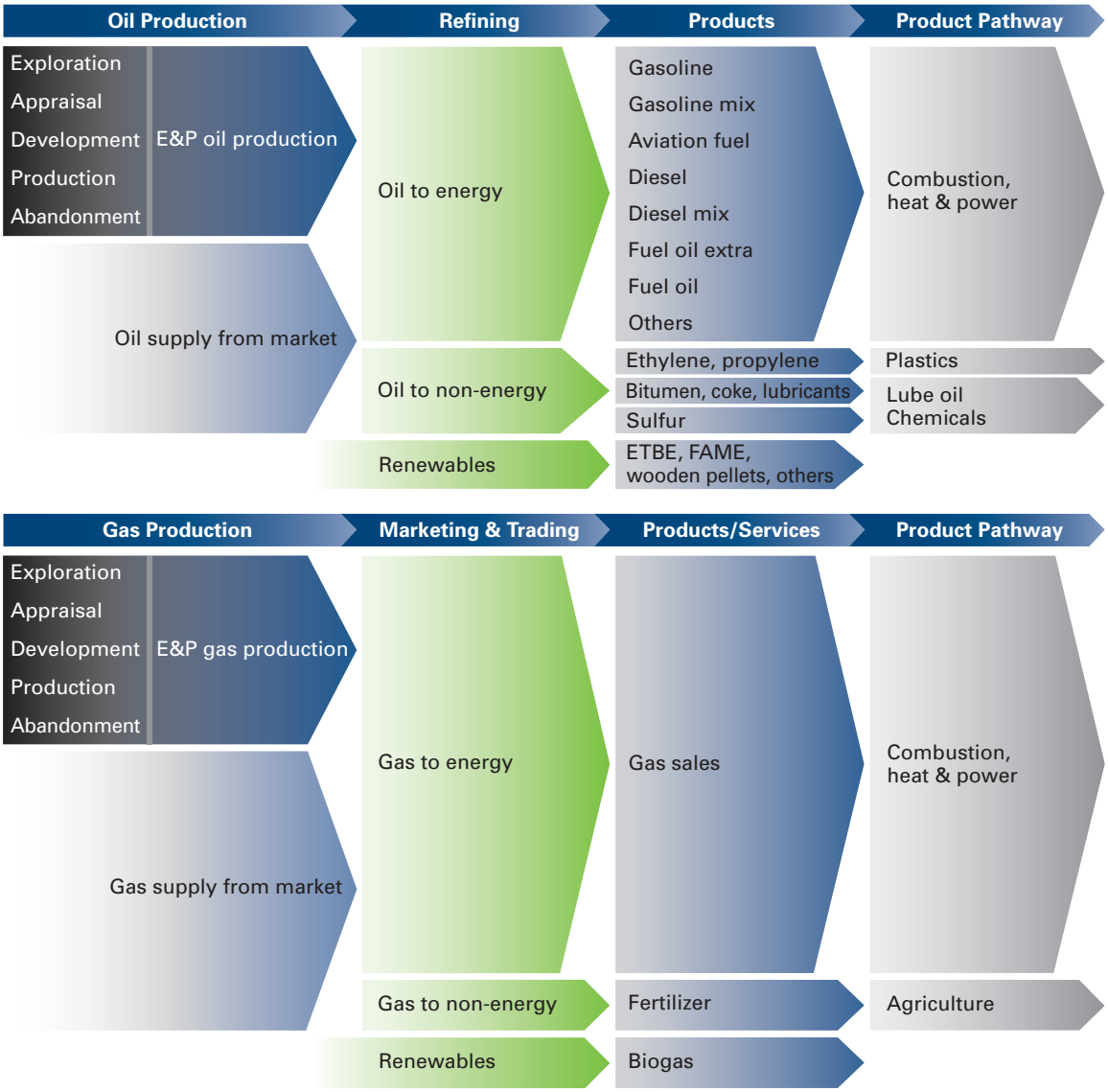


Products and Production

Sustainability in the Value Chain
Over the last decade, OMV has grown to become Central Europe's leading integrated energy group. We explore, discover, and extract oil and natural gas in six core regions, providing millions of people with energy, heating, mobility, and everyday products and services. OMV works hard to improve people's mobility and quality of life.

Our actions reflect our responsibility towards people, towards the environment, and towards technological progress. OMV produces far more than just fuel. Along with gasoline and diesel fuels, our product range includes bitumen, oils, lubricants, gas, and heating oil, as well as specialty products, such as petrochemical products and fertilizers, for our industrial customers.

Being a fully integrated energy group, OMV continually looks for ways to achieve synergies between the business segments and all along the value chain. For example, we produce natural gas and then transport it, store it, and either market it as gas or convert it to power or heat in our own plants.



The value chain of OMV

Strategy and Objectives

Group Management Strategies

The OMV Strategy in detail:

www.omv.com

OMV operates in a challenging business environment marked by volatile oil prices, major investments – including measures to combat climate change – and the need to diversify and secure energy supply. Against this background, OMV has positioned itself as an integrated energy group and a market leader in the European growth belt, and will continue to strengthen regional energy security.

As a pioneering professional partner, OMV ensures sustainable value growth and acts responsibly. We are committed to upholding not only economic but also environmental and social values. These include environmental protection, sustainable development, and ensuring the security of our employees, customers, and partners. In addition, we support a wide range of social development projects and sponsor numerous sports activities.

Three Pillars of Sustainability

OMV's sustainability policy is based on three pillars: economic, environmental, and social. This Sustainability Report focuses on the second and third pillars, while the economic pillar is covered in the Annual Report. At corporate level, it is primarily the HSE, CSR, and HR staff functions that hold responsibility for the environmental and social pillars.

Sustainability and social responsibility are fully enshrined in our corporate strategy and the strategies of the individual business segments. Moreover, these commitments are included in the Balanced Scorecard both at corporate level and in the business segments, through measurable objectives and measures along the value chain.

OMV has compelling ethical and economic reasons for integrating sustainability and social responsibility into its business operations. As a responsible company, we seek to improve the quality of life of our employees and the communities in which we work; promote respect for human rights; initiate and encourage dialogue with stakeholders; maintain high ethical standards in our own business and in general; and ensure secure processes to protect our employees, the local population, and the environment.

At the same time, our business faces economic and technological challenges in today's world. Competition is increasing, not only for customers but also for exploration and production licenses. OMV's activities in regions with sensitive political, cultural, and social conditions can entail risks.

OMV will continue to work towards the long-term security of energy supply; to confront the challenges of climate change and international climate change policy; to ensure it has a well-qualified and highly motivated workforce as the key to staying competitive; and to do all it can to meet stakeholders' needs as well as the expectations of the general public.

	Vision	Goals
CSR Functional Strategy	We manage our business responsibly and live a culture of integrity.	CSR is an integrated part of the new OMV management style and culture. Employees, customers, investors, and the general public perceive OMV as a company that has successfully integrated CSR. We achieve our goals by behaving ethically and with integrity. We know our stakeholders and seek to involve them.
HSE Functional Strategy	HSE is a natural and integrated part of our activities. We apply industry best practice, act responsibly, and are accountable for our actions.	We promote an HSE culture by demonstrating leadership and commitment, and by improving competencies. Health standards are fully implemented and health risks are systematically assessed, reduced, and managed to ensure that employees are fit to carry out the work assigned to them. Safety risks are minimized and a safe working environment is ensured for our employees and contractors. People, business, and assets are protected by appropriate risk management and implementation of global emergency and crisis preparedness. Environmental impacts, risks, and liabilities are minimized by reducing emissions, discharges, and pollution as well as through better and more efficient use of natural resources.
HR Functional Strategy	In all our HR-related activities we aim at positioning ourselves as an employer of choice on a truly international level.	Strategy areas of aligned activities are focused on optimizing our HR management systems, tools, and efficiency throughout international HR operations, strengthening our employer image and attractiveness, and having the right talent at the right time in the right workplace. Further major areas of strategic thrust are activating above-average performance and leadership, managing our corporate culture and organizational development across the entire OMV Group, building cross-divisional effectiveness, and thereby leveraging an integrated approach in stakeholder relations.

Petrom's CSR Strategy and Objectives

As an integral part of the sustainable development strategy, CSR must support the long-term development of Petrom. By deciding to adopt the OMV Values and Code of Conduct, Petrom management expressed its commitment to the high standards of integrity at OMV. Petrom has taken a systematic approach to developing a management system aligned with that of OMV, while ensuring compliance with international CSR standards and access to best practices. Petrom's main CSR objectives and achievements in 2007-08 were:

Consolidate the company's role model position

- Continuation of projects on the environment, community investment, and education, e.g. "Parks of the Future," "Resources for the Future," and "Habitat for Humanity"
- Continuation of partnerships, e.g. with the Red Cross, in support of the Petrom Olympics, and others
- Initiation of new projects involving community dialogue to identify and respond to needs, school rehabilitation, and school transportation.

Promote volunteering among Petrom employees

- Organization of an internal campaign to raise interest in becoming a volunteer
- Created the Volunteer of the Year Award hand in hand with the project "The Best in Us."

Build an efficient CSR network across Petrom

- Nomination of a CSR responsible for each business division
- Coordination of CSR efforts in order to capitalize on synergies.

UN Global Compact and the OMV Code of Conduct

www.unglobalcompact.org

The UN Global Compact

By joining the UN Global Compact OMV made a commitment to implementing its 10 principles on human rights, labor standards, the environment, and anti-corruption. In line with the requirement that member companies produce an annual Communication on Progress (COP), this Sustainability Report provides an accounting of what we are doing to meet our commitment. To give the reader an overview, the relevant activities described in the report are color-highlighted in the GRI Content Index (pp. 77-79).

OMV endorsed the voluntary "Caring for Climate" leadership platform for UN Global Compact participants in 2007, and continues to actively address the problem of climate change. Read more about these efforts in the "Environment" section of this report (pp. 26-41).

In 2008, OMV became a member of the Global Compact Human Rights Working Group. The chief executive of OMV helped mark the 60th anniversary of the Universal Declaration of Human Rights by signing the Global Compact's CEO Statement, which was published in the Financial Times to call attention to the business community's responsibility to support human rights. OMV also promoted the anniversary by enclosing an Amnesty International "passport for human rights" with each copy of the OMV employee magazine.

THE GLOBAL COMPACT

WE SUPPORT

The OMV Code of Conduct

Our Code of Conduct applies to all OMV business segments. In this central document we declare that our actions and the pursuit of our goals will be in accordance with the principles of the UN Global Compact. It clearly acknowledges our corporate social and environmental responsibility within our sphere of influence. The principles and rules of behavior set out in the Code of Conduct are binding on our contractors as well as on OMV employees, all of whom are required to respect our standards in their daily work. In 2003, the Code of Conduct was published in German and English for Group-wide distribution. In 2008, it was circulated throughout Petrom in Romanian. As of 2009 it is available in Urdu for use by OMV in Pakistan.

Roll-out of the Code of Conduct at Petrom

Petrom launched an awareness campaign entitled "The Best in Us" to explain and promote the Driving Values and the Code of Conduct through consultations with key stakeholders, i.e. managers, the human resources community, and unions. Internal coaches were recruited from all Petrom divisions to conduct 44 workshops during 2008. More than 1,000 employees from all Petrom divisions had a chance to discuss how the Values and the Code of Conduct help them achieve their objectives. Participants sharing best practices included white-collar employees from Petrom headquarters and from the field. Further information about "The Best in Us" can be found on the OMV website.

Driving Values

In 2007-08, OMV redefined its corporate values to create an ongoing basis for action which is intended to serve as a source of both motivation and guidance. The results of extensive surveys and other input from internal and external stakeholders led to the adoption of a trio of driving values: Pioneers, Professionals, Partners. (The process is described on the OMV website.) The OMV Values were introduced to employees in the course of 2008, and from 2009 they will be integrated into the work environment under the motto "Living the Values."

Pioneers

OMV has played a pioneering role in promoting corporate social responsibility and sustainability in Austria and in the numerous other countries in which it is active. We were among the first Austrian companies to sign the UN Global Compact with its 10 principles regarding human rights, labor standards, the environment, and anti-corruption. We were also one of the first to regularly publish sustainability reports. In socially and politically sensitive regions we aim to set high standards for the protection of human rights.

When national laws fall short of OMV's policies on human rights, OMV will abide by its own standards provided they do not violate the laws of the country. We are well on the way to systematically integrating CSR and sustainability goals into all areas of our business, as shown by the inclusion of key sustainability issues in our corporate directives and strategy.

Professionals

As professionals we are committed to fully integrating social and environmental awareness into our decision-making processes and management systems. To achieve this, OMV adheres to international standards and examples of best business practices. We monitor and assess the potential impacts, both direct and indirect, of our business activities on the local environment and community, and look for solutions to mitigate them. In our relationship with our employees, professional management ensures high occupational health and safety standards. Supporting employee development is extremely important to OMV because we want to be an employer of choice.

With regard to its social responsibility, OMV continuously strives to increase its contribution to society.

Partners

We strive to be a partner to all the interest groups affected by our activities. We maintain an ongoing and respectful dialogue with stakeholders. We talk to individuals and civil society organizations to find out what their concerns, needs, and expectations are.

At the same time we explain our views and our performance in the area of sustainability. The goal is to create mutual understanding leading to trust and cooperation on a partnership basis, with benefits for both sides. Because OMV is active in so many different countries, the stakeholders are widely diverse. OMV routinely organizes events for stakeholders wherever it operates.

OMV in Dialogue

Stakeholder Forum

In October 2008, the OMV Stakeholder Forum, which has become a key part of OMV's dialogue with various interest groups, took place for the third time since 2006. At the event, which was held in Vienna, over 70 people participated in a lively discussion with the OMV Executive Board.

Claudia Saller, Network Social Responsibility

The goal of the 2008 Forum was to enhance dialogue with stakeholders by giving them a better opportunity to express their views and expectations directly to the company. Christian March, head of Amnesty International Austria, spoke about human rights, and Ingmar Höbarth, head of the Austrian Climate and Energy Fund (KLIEN), described the challenges of climate change. In their talks, the speakers examined OMV's performance in the two areas. These perspectives which the important external stakeholders offered were a valuable addition, and also served as a counterpoint to the presentations by OMV representatives Simone Alaya, Dorothea Sulzbacher, and Rosa Zehner on human rights and the challenges posed by the European Union's post-Kyoto regime. The senior vice president of OMV's new Corporate Affairs & Sustainability Department (CA&S), Hilmar Kroat-Reder, began by discussing the importance of sustainability management as an integral aspect of OMV's business activities, and went on to describe its implementation in the OMV Group. As at the previous Stakeholder Forum in 2007, the participants in the 2008 event took a lively interest in the discussion and brought up a number of relevant, at times controversial issues. These issues are addressed in the "In the Spotlight" section of this report.

Expert Groups

OMV representatives are active members of the working groups of the International Petroleum Industry Environmental Conservation Association (IPIECA). IPIECA aims to develop and promote scientifically sound, cost-effective, practical, and socially and economically acceptable solutions to global environmental and social issues pertaining to the oil and gas industry. IPIECA is not a lobbying organization, but provides a forum for encouraging continuous improvement of industry performance in areas such as biodiversity, climate change, and social responsibility. IPIECA regularly issues guidance documents for the oil and gas industry and other publications. In 2008, it published a booklet on human rights and ethics in the oil and gas industry, which includes a description of OMV's community development program in Pakistan.

In 2009, IPIECA's Social Responsibility Working Group will issue an overview document for the oil and gas industry on issues affecting indigenous peoples. It aims to help inform and guide company interactions in situations where indigenous communities are or may become involved. The document will look at a range of complex and diverse issues across the globe, examining the international and national legal frameworks, outlining different companies' approaches in their relations with indigenous communities, and identifying possible future trends and challenges. OMV contributed a case study from OMV New Zealand.

OMV is also a member of the International Association of Oil & Gas Producers (OGP).

Selected list of OMV memberships:

www.omv.com

Local Stakeholder Dialogues

Romania

As preparation for productive stakeholder dialogue, several management training workshops to raise awareness of CSR and stakeholder engagement were organized at Petrom in 2007-08. During the implementation of social projects, Petrom representatives held over 100 meetings with different stakeholder groups. Petrom representatives took part in numerous other CSR-related events as well.

New Zealand

Recognition of and consultation over indigenous rights is a key pillar of all OMV's business activi-

ties in New Zealand. This is both a societal expectation and a legal requirement. Ongoing stakeholder communication was undertaken with Maori groups that had a significant interest in OMV's Maari oilfield development. The approach taken by Exploration and Production (E&P) was to seek professional advice on the engagement and consultation process, and to become familiar with Maori customs and history in its area of operations.

Austria

Open House for Natural Gas Station Neighbors: Every year an OMV gas compressor station opens its doors to the public so that people living in the area can see how it operates and learn about the logistics activities of Gas and Power. The 2008 open house was held at the compressor station in Kirchberg am Wagram.

New Gas Compressor Station in Weitendorf: Some members of the local community were initially opposed to the idea of having a compressor station built in Weitendorf. In addition, an environmental impact assessment (EIA) was required for the project. OMV therefore began a dialogue process with various stakeholder groups:

- Municipalities and local residents
- Mayors and town council members
- Property owners, local fire department members, hunters, etc.
- Regional and national media representatives
- Local, district, and provincial politicians
- District and provincial authorities and environmental commissions.

Due to the delayed inclusion of the local population – the EIA process had already begun – a great deal of communication and persuasion had to be accomplished in a short period of time in order to move from reaction to action. Civic participation was much more intensive than is foreseen in an EIA process, which ultimately led to constructive cooperation with all the stakeholders. OMV is confident that it can maintain a good and consensus-based dialogue in the upcoming construction stages, as well as for the follow-up project to build a waste heat recovery system in Weitendorf.

Visitors touring the Kirchberg am Wagram compressor station during the 2008 open house

New Gas Compressor Station in Neustift and Oberkappel: The project to build a compressor station in Neustift and Oberkappel is an exemplary case of timely stakeholder dialogue. By establishing communication with local stakeholders on a partnership basis early on in the project, OMV was able to address their concerns right from the start.

At the beginning of the planning stage, OMV made a deliberate effort to involve those local inhabitants who were recognized parties to the authority proceedings, and the other residents who would theoretically be affected by the construction project. OMV held similarly intensive discussions with the town as the authority, with the fire department, and with the tourist office. OMV presented its plans for the project and their technical implementation at a series of public discussions. The local citizens took advantage of the opportunity to raise their objections, of which there were many. At the residents' suggestion, an expert simulated the height of the facility and potential noise emission levels. As the result of these discussions, over the next few months agreement was reached on 19 subjects of dispute. For example, OMV agreed not to build gas turbines but to use new, emission-free electric motors instead.

The compressor station project is still underway, and OMV is continuing its efforts to find satisfactory solutions to resolve the three remaining issues of community concern.

More about OMV stakeholder dialogue:

www.omv.com

IN THE SPOTLIGHT

"Who will make sure that there's enough energy for everyone by the time I grow up?"

Max Daichendt, aged 5

"That's exactly what we're working on today."

Ashiq Hussain, Exploration & Reservoir Management, E&P, OMV

Future Mobility

More about the OMV Mobility Forum:

www.omv.com

We Are All Mobile

Mobility is a sign of our times. Never before have so many people covered so many kilometers. And the forecast is for further growth. Being mobile is an essential aspect of our daily lives and a cherished value.

Indeed, highly developed societies cannot function if people, goods, and information are not mobile. Because mobility gives us flexibility, freedom, and the ability to be fully involved in business and society, it plays a vital role in our quality of life.

Mobility is inextricably linked to time, space, energy, community, communication, lifestyle, environment, economy, and society. We face far-reaching challenges in connection with the rising global demand for energy, higher transportation costs, more flexible patterns in work, time, and use of space, demographic changes and an aging society, and the pervasive use of digital technologies in traffic and communication systems.

These trends present challenges not least because traffic and mobility are the greatest sources of CO_2 emissions. In the European Union, the transport sector's share in greenhouse gas emissions has steadily grown over the past two decades to around one-quarter today. The sector also accounts for over two-thirds of EU oil consumption.

How Will We Remain Mobile?

Turbulent markets and dynamic changes in society make it difficult to predict developments in social mobility with any kind of reliability. The issue is complex and the possible scenarios range from optimistic to more pessimistic. What is certain is that radical changes in mobility are already occurring. The energy industry, for example, is undertaking substantial economic and technological efforts to switch from fossil fuels to regenerative energy.

New fuels and drive technologies, such as natural gas, hybrids, hydrogen, and fuel cells, are becoming attractive alternatives to conventional gas and diesel engines. With the advent of telematics in traffic systems, the use of smart technologies is spreading as well. Nevertheless, only a broad-based cluster of technical, economic, political, and social innovations will ultimately lead to sustainable mobility.

In Times Like These: Move & More

Mobility is a core concern for OMV. And OMV sets priorities by making fuels more eco-friendly to reduce the impacts of mobility on health and the environment. OMV will continue on the way forward by replacing classic petroleum products with sustainably produced substitution products of high technological quality.

OMV Mobility Forum

Together with the OMV Future Energy Fund, the Refining and Marketing business segment commemorated World Environment Day on June 5, 2008, by holding a discussion forum on the future of individual mobility. The focus was on a question that had been raised at the 2007 OMV Stakeholder Forum: How can mobility be designed to become as sustainable as possible? Experts in the field presented future trends and the technological developments on the horizon. The forecast is that the future of individual mobility will be determined by innovative drive system technologies. Thus technical progress will lead to more efficient and environmentally friendly mobility behavior, but there will also be changes in the mobility mix, with public transportation, cycling, and walking gaining an increasing share.

Is the World's Oil Running Out?

Petroleum has been the most important primary energy source in the world's supply for over 40 years. Oil currently meets 34% of global primary energy demand, and in the transportation sector petroleum products meet 94% of final energy demand. In its World Energy Outlook for 2007-30, the International Energy Agency (IEA) predicts that oil consumption will grow by 1% annually. If this is the case, demand will rise by 25% from 85.2 million barrels per day in 2007 to 106.4 million barrels in 2030. These growth prospects and highly volatile oil prices increasingly lead to debate over issues of availability and reserves-to-production ratios, and our dependence on them.

What is undisputed is that the crude oil deposits in the earth's crust are limited due to their formation and the geological conditions required. But opinions differ as to when the last drop of oil will be extracted or when oil production will peak.

Pessimistic scenarios have predicted the end of oil reserves and the passing of peak annual oil production many times in the past. Such projections assume peak oil in the near future, but usually only take conventional crude oil and proven reserves into consideration. In addition, they frequently compare only the new discoveries in a given year with the annual production. Optimistic predictions are based on the assumption that vast oil resources are still available and oil will be able to meet a major part of global energy demand over the coming decades.

Both pessimistic and optimistic scenarios paint an incomplete picture of the real situation. Realistic evaluations take into account the fact that the figures for reserves are not based on exact calculations. They are taken from estimates using methods that are no longer up to date and are currently being revised. As a result, a distinction should always be drawn between proven, probable, and possible reserves. All these reserve categories vary depending on the source, and are affected by anticipated prices in the future and assumptions regarding progress in exploration and production technology.

According to the BP Statistical Review, the proven oil reserves at the end of 2007 were 1,238 billion barrels, or 169 billion tonnes. Current IEA estimates assume that conventional oil reserves account for another 1,200 billion barrels. In addition, there are other sources of unconventional petroleum (oil sands, extra heavy oil, oil shales), amounting to around 2,000 billion barrels, which have hardly been developed. However, the exploration and development costs are considerably higher than for conventional deposits. On average worldwide, only around 35% of the oil in a field is currently extracted, with 65% remaining in the ground. If enhanced recovery techniques are used in mature reservoirs (injecting steam, CO_2, polymers, etc.), oil extraction can be substantially increased. In the North Sea, for example, it will reach around 50% by 2010. At a global level, an increase of 1%, based on conventional reserves, is roughly equivalent to the annual crude oil consumption figure. OMV's great efforts to significantly increase yields from mature reservoirs have proved highly successful, particularly in Romania, Austria, and Libya. Whenever we increase the oil recovery factor by 1%, our reserve base grows, for example by ~200 million barrels in Romania, and by ~20 million barrels in Austria.

Oil reserves are not likely to run out in the near future. By the middle of the 21st century, oil will no longer be the sole dominating primary source of energy in the world's supply. There will be a much broader energy mix, and renewables in particular will play a key role in supplying us with energy. If we look only at the reserves-to-production ratio, we find that it has risen from 31 to 43 years over the past four decades. The actual availability of oil cannot be reliably gauged in years. Nevertheless, we can legitimately assume that oil will be available for many decades to come and, as other technologies are developed, reserves will last for at least 100 years.

Energy Security in Europe

In the European Union today, 500 million people in 27 countries want to be able to rely on a secure, affordable, and eco-friendly energy supply. Supply security is therefore one of the cornerstones of the European energy system, together with cost efficiency and sustainability.

The greatest challenges in the global energy market are constantly rising demand, stiff competition for resources, significant price fluctuations, and temporary supply disruptions. Current trend scenarios show that energy production in the EU will drop 15-20% by 2020. Even if energy consumption grows only moderately, import demand could increase by up to one-third and import dependence could rise to up to 66%. As a result, energy policy is increasingly focusing on the issue of supply security.

EU Measures

The current goals in the EU's energy and climate change package for 2020 are aimed at securing Europe's future energy supply. The new Energy Security and Solidarity Action Plan identifies five long-term priorities:

- Investing primarily in energy infrastructure and diversification of energy supplies
- Rooting the energy issue more firmly in the EU's foreign policy
- Increasing oil and gas stocks and enhancing crisis response mechanisms
- Further improving energy efficiency
- Making the best use of the EU's indigenous energy resources.

These long-term priorities should secure Europe's energy supplies to an even greater extent.

OMV's Contribution

OMV is playing its part by planning a range of investments. With its commitment to locating and developing new hydrocarbon reserves in its core regions, as well as to the ongoing expansion and improvement of oil and gas production, OMV will help strengthen Europe's supply base for many decades to come.

Developing the transport infrastructure for oil and gas is critical both for the single European market and for cooperation with the EU's neighbors (Russia, Ukraine, Norway, the Balkan states, Turkey, and North Africa). For OMV and its partners in the Nabucco consortium, the pipeline link to the large gas reserves in the Caspian states and the Middle East is a key project for ensuring Europe's gas supply, which will be considerably strengthened by the resulting diversification of supplier countries and pipelines. Projects for supplying liquefied natural gas (LNG), storing natural gas, and generating power efficiently will further increase the flexibility and stability of pipeline energy supply.

Current and planned activities also focus on modernizing and expanding the refineries to turn them into energy centers. In the future, not only will they produce petroleum and chemical and petrochemical products, but they will also be able to generate heat and electricity at high efficiency to meet internal and external demand.

At the same time, the OMV Future Energy Fund is working to add renewable energy to OMV's portfolio, which will contribute to the expansion and integration of the value chain.

A Turbulent Oil Market

Developments in the fuel sector have attracted considerable attention in the Austrian media over the past two years. There were two main reasons: first, the fluctuations in the price of crude oil, which skyrocketed to a record level of around USD 145 per barrel for Brent on the international commodity exchanges; and second, intense price competition at Austrian filling stations.

From 2007 through the first half of 2008, international trends in crude oil and petroleum product prices reflected expectations of rising demand, especially in China and India, as well as the uncertainty surrounding future crude oil production capacities and the geopolitical situation in some of the oil-producing countries such as Russia and several OPEC member states. These assumptions underpinned decisions by financial investors that strongly influenced the markets. The relatively weak US dollar helped keep crude oil prices high.

The second half of 2008 saw a remarkable fall in crude oil and petroleum product prices to below USD 50 per barrel. Given the shortage of capital due to lack of confidence in the financial and business sector, and partial reductions in demand, the global financial crisis led to a sharp drop in oil prices on the international commodity exchanges.

Austria is also subject to these global competitive forces. Competition in the domestic fuel sector is stiff. Although now and again collusive behavior in an oligopolistic market is suspected, no statistical proof has been found. Instead, price adjustments in Austria tend to follow international trends, especially for diesel and gas. Prices at Austrian filling stations are adjusted either up or down according to the situation on the international exchanges, such as the commodities exchange in Rotterdam, and also in response to regional competition. The latter is affected by the geographical location of the filling stations, national fiscal legislation for petroleum products, and other factors.

The question of whether greater delays in adjusting prices are at the consumer's expense, as

claimed in the media, was examined in a study by the Austrian Competition Authority based on the average price in the first half of 2008 and in previous years during a period of high prices. Market prices for crude oil and oil products change so fast, however, that the results of the study can probably be seen as momentum without predictive accuracy with regard to future developments.

Finally, it is worth pointing out that the oil price turbulence in Austria should not be seen in isolation. Transparent pricing and generally high market transparency, in particular for oil product prices, are a feature of the Austrian filling station market, which means that prices can be compared and adjusted locally. Yet price comparisons can be misleading both for consumers and for filling station operators. International price fluctuations must be reckoned with in turbulent times. Fixed price reductions in regional markets are not justifiable.

By Johannes Benigni, energy expert and Managing Director, JBC Energy GmbH, Vienna

Biofuels

Read about OMV's current research on biofuels on pp. 68-71 and at:

www.omv.com

The European Union set itself an ambitious target in Directive 2003/30/EC of the European Parliament and the European Council "on the promotion of the use of biofuels or other renewable fuels for transport": 5.75% of all gas and diesel fuels placed on member states' markets should be replaced with biofuels by December 31, 2010. Some member states, such as Germany and Austria, have undertaken to meet this target even sooner. Since the term "biofuels" is used in all EU laws and directives, OMV also uses it, while acknowledging the fact that agrofuels or renewables would be more appropriate.

When raw materials are of European origin, their sustainability is regulated by the legal requirements of the EU's Common Agricultural Policy. The sustainability of imports from non-EU countries, be it raw materials or biofuels, is not governed by those guidelines. Not until the directive on energy from renewable sources comes into effect in the member states in 2010 will the sustainability requirements be extended to imports from non-EU countries. OMV has therefore set its own standards for purchasing biofuels, based in part on discussions with non-governmental organizations. In 2008, OMV implemented these standards step by step in Austria and Germany, with the ultimate aim of applying them to all OMV markets.

As of 2009, OMV will require that its suppliers comply with the following contractual requirements concerning the purchase of biofuels (ethanol and biodiesel):

- Raw materials for producing biofuels should preferably come from Europe and must not directly contribute to rainforest clearance.
- The raw materials used must be free of genetically modified organisms (GMOs).
- Residual materials, such as used cooking oil and animal fats, may and should be used, within the limits of our procurement specifications, as raw materials for OMV biodiesel.
- OMV must be notified of the raw material mix for all biofuel deliveries.
- A means of transport with the lowest environmental impact possible, such as ship or rail, should be used for transporting raw materials for biofuels in general, and for conveying biofuels to our storage facilities.
- Biofuels supplied to OMV must be superior to fossil fuels in their life cycle assessment.

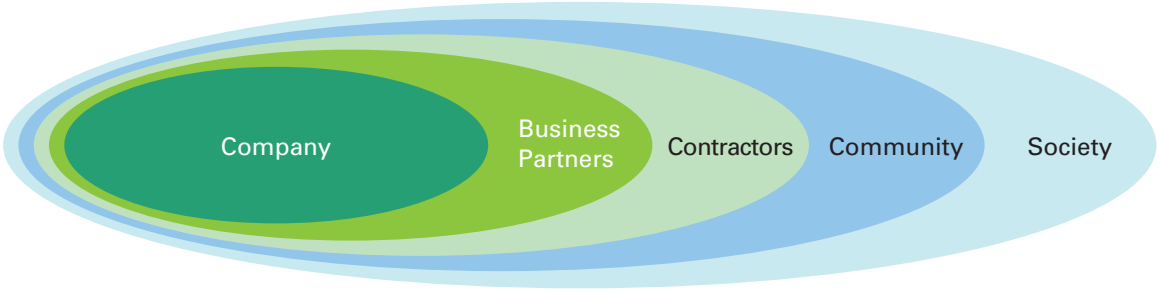
In the future OMV will continue to build on these high standards for the procurement of biofuels. Moreover, we will push for the raw material base to be gradually altered to include next-generation raw materials, i.e. cellulose and residual materials. If for economic, competitive, or procurement reasons we cannot maintain or extend the standards we have set ourselves, the public will be informed accordingly.

OMV in Socially and Politically Sensitive Regions

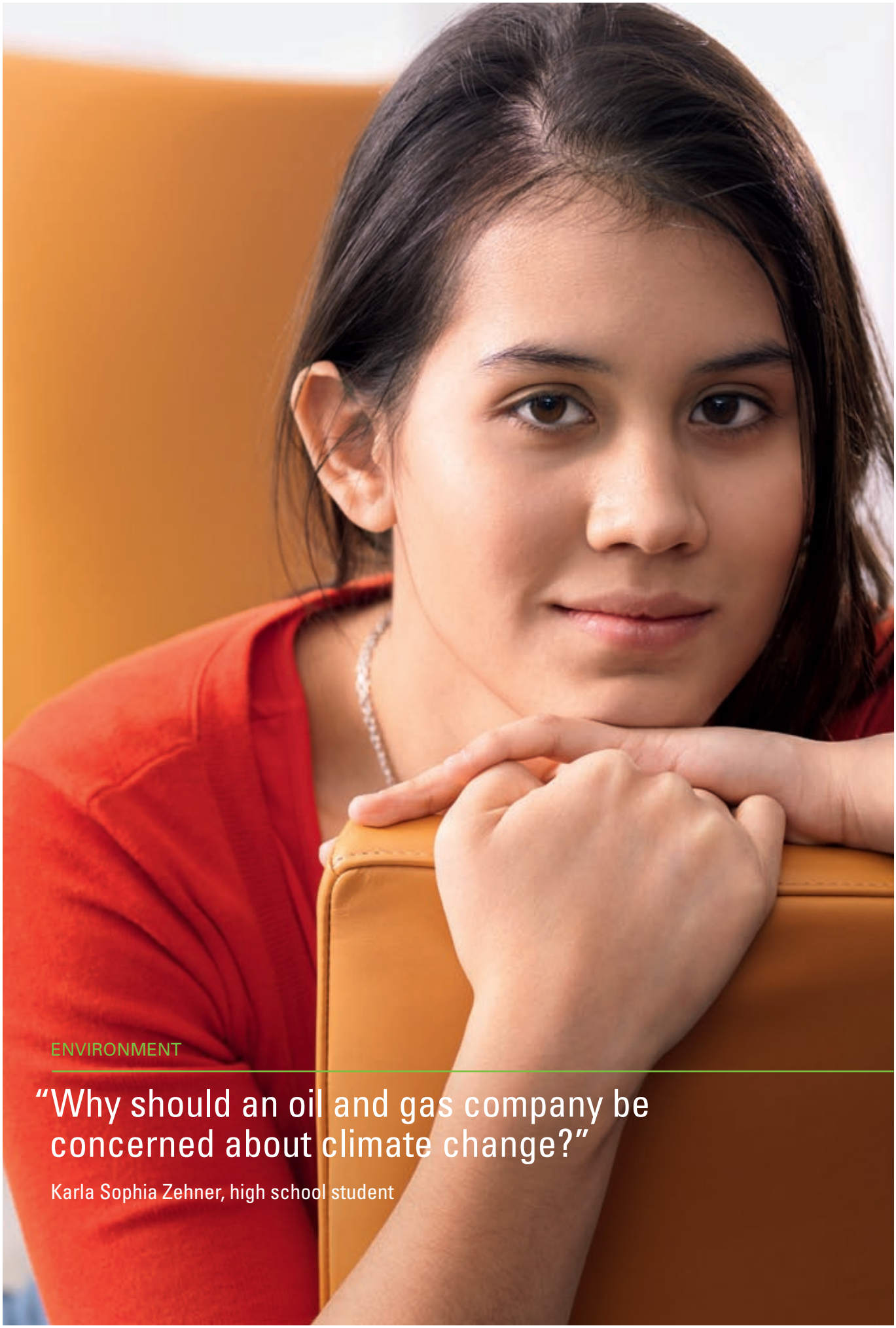
OMV is fully aware of its social responsibility in its international activities. Our aim as a company that operates in many different countries around the world is to achieve our business objectives in line with our environmental and social responsibilities. Therefore, OMV committed itself in 2003 to upholding a code of conduct that specifically addresses these issues. The OMV Code of Conduct is based on the universal values enshrined in the UN Global Compact, and on today's international understanding of the responsibility which businesses have in regard to human rights. We want to make an impact and will thus do everything possible to afford special protection to people and their rights.

OMV is active in more than 25 countries. Some of these countries are socially and politically sensitive. OMV cannot engage in political activity either at national or international level, nor does it seek to do so. We draw a clear distinction between the general policies of a country and of its political representatives, and our responsibility for human rights as understood under current international human rights law. This means that we bear responsibility for the people in our sphere of influence. We take this social responsibility seriously and view corporate social responsibility as a management tool: For us it is the understanding of how we conduct our business. It requires us to take into account the environmental, social, and economic aspects of our business in every decision we make and in all our activities.

Based on the Human Rights Policy adopted in 2007, OMV's human rights responsibilities within its sphere of influence were defined in the OMV Human Rights Matrix in 2008: We respect, fulfill, and support the fulfillment of internationally recognized human rights, and we undertake to verify that wherever we are active, no human rights violations are occurring from which we knowingly benefit. Consequently, human rights-related issues are included in our due diligence process as well as in other decision-making processes. In the interests of systematic implementation across the Group, OMV undertook a participatory process with the operating business segments to develop an instrument that facilitates close examination of human rights-related issues whenever OMV prepares to engage in new activities. This involves taking into consideration human rights reports by internationally recognized non-governmental organizations. Moreover, we ourselves evaluate potential human rights-related risks which our activities in a new country or region, or our participation in a new joint venture, could entail. We also consult independent human rights experts as needed. The issues which demand particular attention are security provision by armed security forces in harmony with human rights, the prevention of systematic human rights abuses, and fair treatment by joint partners of their employees, and many others as well. For example, the instrument was used in connection with our planned activities in Turkey in 2008 (see "Challenges and Goals in 2009" in the chapter on "Human Rights," p. 60), and the aim is to apply it throughout OMV in 2009.



OMV's sphere of influence



ENVIRONMENT

“Why should an oil and gas company be concerned about climate change?”

Karla Sophia Zehner, high school student


“Because we want to preserve natural resources for future generations.”
Rosa Zehner, Carbon Management, OMV

Our Approach

The OMV HSE Policy:

www.omv.com

Policy and Guidelines
Environmental management at OMV is based on a precautionary approach and proactive management aimed at minimizing environmental impacts. Climate protection measures at production sites, the quality of OMV products, and support for alternative energy sources all play a key role.

Group-wide requirements for environmental management processes are defined in the Environmental Management Directive. It links the high-level principals set out in the OMV Policy on Health, Safety, Security, and Environment (HSE), in other directives, and in our commitment to the UN Global Compact, with implementation at the operational level. To ensure the integration of environmental management processes in the core business, the directive is linked to other business processes such as investments, strategy development, planning, budgeting, and purchasing. Detailed environmental standards are defined at the level of business segments and sites, according to the specifics of the respective business activities.

Objectives and Performance in 2007-08
The harmonization of a Group-wide directive for environmental management at all OMV operations, including acquisitions, divestment, and investment programs, set the basis for benchmarking environmental Key Performance Indicators (KPIs). Due to the overwhelming importance of climate change, the greenhouse gas (GHG) intensity of OMV products is measured systematically and provides crucial information that contributes to the development of a strategic sustainability path and a specific carbon strategy.

Objectives in 2007-08	Implemented	Ongoing
Strengthen the HSE management system and monitor the path towards 1st quartile environmental performance in defined industry KPIs		●
Manage the GHG intensity of the portfolio and define a strategic sustainability path		●
Seek new business opportunities in the renewable energy field which can be integrated into OMV's core business		●

Organizational Responsibility
Environmental issues are managed vertically and horizontally across the whole organization. They are taken into account at specific stages in the decision-making processes at corporate level as well as in the different businesses. Line management receives advice on environmental matters from its respective HSE advisors and experts.

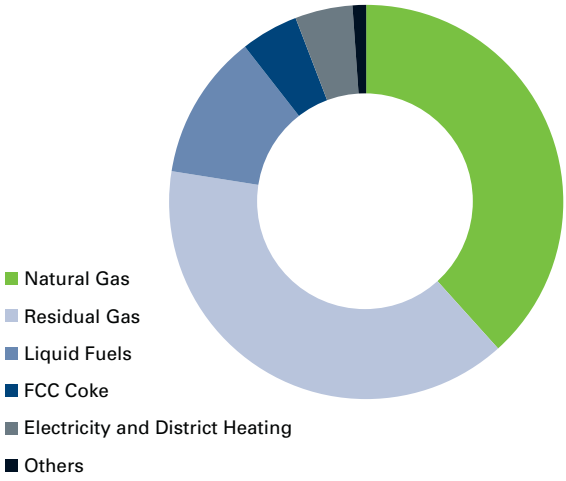
The Corporate Carbon Management function was created in 2007 to tackle the challenges of climate change and climate policies. This is a cross-functional team of environmental managers, strategy and business development experts, and members of technical and production departments. They come from all OMV business segments and the OMV Future Energy Fund. Their work is coordinated by the Corporate Carbon Manager from the Corporate HSE Department.

Monitoring and Further Development
On the corporate level, the monitoring of environmental KPIs is embedded in standardized reporting processes on an annual and monthly basis. Annual targets are set in the Corporate Balanced Scorecard and deployed to the business segments.

All OMV contractors and suppliers must comply with the OMV Code of Conduct and its commitment to environmental protection. This principle is in the process of being rolled out at Petrom as well.

Energy Consumption
The integration of Petrom nearly doubled the total energy consumption of OMV, which rose to 165.4 PJ in 2008 (2007: 159.5 PJ). Purchased energy such as electricity and heat accounted for only 5% of total energy consumption. As a result, indirect energy consumption is not assessed regularly.

Cogeneration is important, especially for OMV refineries. More than 50% of the demand for electricity in the refining division is produced inside the refineries. 100% of this electricity production is cogeneration.

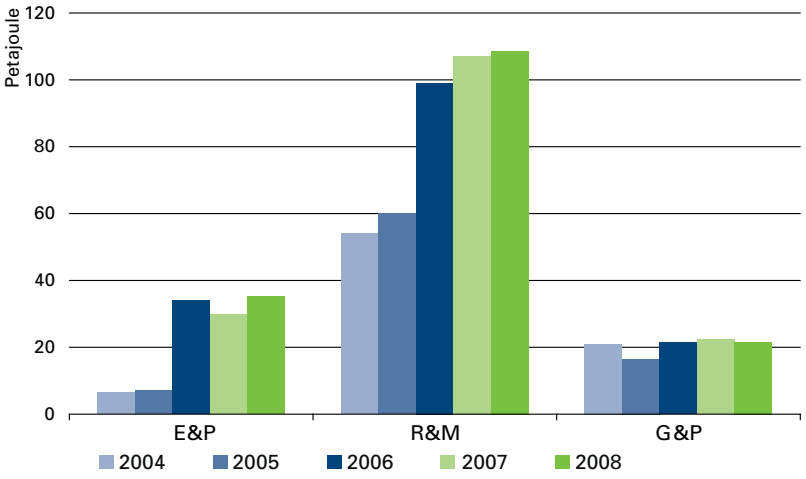


Energy Efficiency
Improved energy efficiency is a core interest in all business segments. The last few decades have seen substantial progress achieved at Austrian and German sites, focusing on thermal integration, heat recovery, process optimization, etc. New projects and ventures are starting at high levels of efficiency. At Petrom, the ongoing modernization projects, involving a total investment of around EUR 3 billion between 2005 and 2010, will lead to significant energy efficiency improvements.

In 2008, the Exploration and Production (E&P) business segment started on a comprehensive program aimed at improving energy efficiency across all operated ventures. It includes development of venture-specific energy efficiency plans, benchmarking against peers and against other OMV facilities, and finding engineering solutions to improve overall efficiency. E&P will work to achieve ongoing incremental improvements through a targeted process of upgrades and operational measures.

Flaring and Venting
Flaring is the burning of natural gas and venting is its release into the atmosphere. Both processes waste a valuable clean energy resource and result in emissions of greenhouse gases (GHGs). The HSE strategy of E&P foresees the minimization of GHGs and emissions throughout E&P operations. This includes the elimination of continuous and routine flaring and venting of hydrocarbons from existing facilities after 2010, unless there are no feasible alternatives. A design philosophy of zero continuous and routine flaring and venting of hydrocarbons is in place for new plants and projects. E&P developed a new global environmental standard as part of its ongoing commitment to improved environmental performance. Although not a member, E&P has adopted the principles set out by the World Bank-led Global Gas Flaring Reduction Partnership for its own management of flaring and venting activities. Some flaring of associated gas has occurred in our operations in Pakistan, Yemen, and Kazakhstan as we move from temporary production facilities to permanent ones, where all associated gas will be injected. Flaring is also used during well tests, for the safe disposal of small amounts of residual gas in sour gas treatment processes, and in emergency flares.

Left: Group energy intake by primary energy sources in 2008 Right: Total energy consumption per business segment



Further information and case studies:
www.omv.com

Climate Protection and Emission Management

Greenhouse Gas Accounting

Today's energy and climate policies present major challenges for the oil and gas industry. The industry has a primary responsibility to contribute to the security of energy supply as energy demand grows. Yet in order to mitigate climate change, greenhouse gas (GHG) emissions must be reduced in all economic sectors. OMV is fully committed to developing its business sustainably, balancing economic, environmental, and social considerations: We are strengthening our gas business, promoting the use of natural gas for power generation by building high efficiency gas-fired power plants, and exploring renewable energies. It is no less essential that we control and monitor our GHG emissions.

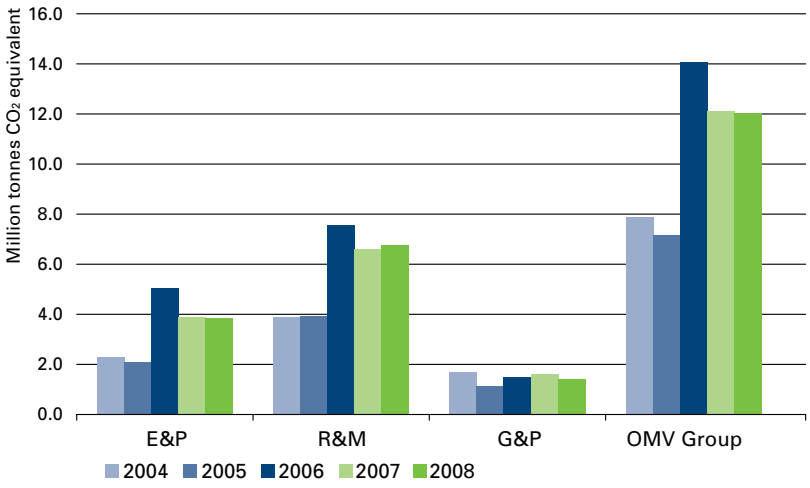
GHG accounting methodology:

www.omv.com

Direct Emissions (Scope 1)

Direct emissions of carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O) were 12 million tonnes in 2008 (2007: 12.1 mn t). The other GHGs are of minor relevance and therefore are not included in OMV's GHG figures. GHG emissions have increased considerably with the growth of OMV, mainly due to the integration of Petrom (data included as of 2006).

GHG emissions per business segment



Emissions Trading

OMV is subject to the European Union Emissions Trading Scheme (EU ETS), with 23 of its installations included in the scheme. Four installations in Austria and Germany have been part of the EU ETS since it began in 2005, and 19 installations were added upon Romania's accession to the EU on January 1, 2007.

For unexpected situations (additional allowances for new projects and unplanned plant stoppages), OMV had no need for emissions trading in the reporting period. Its position is likely to be increasingly short in the current trading period 2008-12.

OMV follows a low-risk trading strategy. In addition to the trading of EU allowances, the OMV carbon portfolio is optimized by using credits from the flexible project-based mechanisms, the Clean Development Mechanism (CDM) and Joint Implementation (JI), as provided for under the Linking Directive.

A systematic screening of our own CDM or JI projects is periodically updated and the viability of identified opportunities examined. Several projects and project proposals are currently under development at different stages of the CDM or JI project cycle. For these projects an internal threshold for the GHG reduction potential has been set in order to reduce the administrative burden.

Participation in carbon funds for purchasing credits from CDM and JI projects is another instrument used to manage the OMV carbon portfolio.

Reduction of Direct Greenhouse Gas Emissions

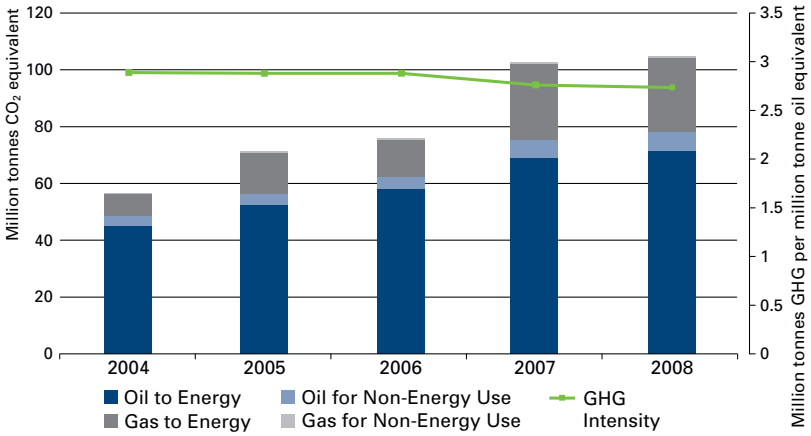
- Energy efficiency: All measures taken to improve energy efficiency contribute directly to the reduction of GHGs.
- Flaring and venting: By applying alternative methods such as mobile flaring and smart plug, methane emissions during gas pipeline tie-in activities within our gas transport business were reduced by nearly 95%. The reduction of flaring and venting is a key element in the Exploration and Production environmental strategy.
- OMV gas pipelines are leakage-proof, but a potential source of methane emissions is the

sealing system of the compressor units. Dry gas seal systems in newer compressors reduce emissions considerably. The replacement of gas-pneumatic control valves by electrical ones also helps cut methane emissions by up to 80%.

Indirect Emissions from OMV Products (Scope 3)
OMV systematically assesses the GHG intensity of its products based on the Scope 3 approach according to the Greenhouse Gas Protocol, a corporate accounting and reporting standard launched by the World Business Council for Sustainable Development (WBCSD). The OMV methodology is also aligned to the ISO 14064 series of standards (Parts 1-3) on GHGs. The results are taken into account in the strategic business development process to enhance the sustainability of the business model.

The GHG intensity of the product portfolio is slightly decreasing due to the strengthening of the less carbon-intensive gas business, investment in renewables, and the non-energy use of oil and gas in downstream activities (oil and gas used as input for the production of polymers, fertilizers, etc.). However, growth has led to an increase in absolute indirect GHG emissions.

Other Indirect Emissions (Scope 3)
Although indirect GHG emissions from the supply chain, logistics, business travel, and other business activities are not quantified on a Group-wide basis, they are the focus of special projects and awareness programs for employees and contractors. Several articles on indirect emissions have been published in the OMV employee magazine, and presentations are given during "HSE Hour" events. In 2007, the OMV Kronos Citroën World Rally Team was the first CO_2-neutral competitor in the FIA World Rally Championship. OMV offset the CO_2 emissions from the Annual General Meetings in 2007 and 2008 and other events by purchasing CO_2 reduction certificates. In 2008, a very successful compressed natural gas (CNG) rally car supported by the Gas and Power business segment ran 100% on biomethane, highlighting the potential role of biogas in GHG reduction.



GHG intensity of the OMV product portfolio

External Verification
Over 60% of the direct GHG emissions of OMV (7.7 mn t) are CO_2 emissions from 23 installations within the EU Emission Trading Scheme. They are externally verified every year based on applicable EU and national regulations. The assessment method for indirect GHG emissions from products is documented in the OMV Scope 3 Inventory Manual, which was verified by an independent third party.

Assurance statement on the Scope 3 Inventory methodology:
www.omv.com

OMV Promotes Climate-Friendly Mobility
In 2007-08, 90 truck drivers from three Austrian transport companies underwent OMV-sponsored training aimed at cutting CO_2 emissions by about 150 tonnes per year and lowering fuel consumption. The pilot project resulted in a 6.5% drop in CO_2 emissions, and an average fuel consumption reduction of 12%. OMV and the companies will continue to jointly monitor fuel consumption and emission reduction.

Carbon Risks and Opportunities

Carbon risks and opportunities in detail:

www.omv.com

Risks

Regulatory Risks: Current energy and climate policies, as well as upcoming regulations at international, EU, and national level, will constitute important challenges to the oil and gas industry in the near future. OMV welcomes initiatives to promote renewables in order to frame a mix of conventional and new energies, to foster innovative technologies for reducing GHG emissions, and to apply market-based instruments in the field of energy and climate policies. Nevertheless, these policies should provide for:

- A harmonized level playing field on a global scale
- Incentives for innovation
- A clear and stable framework that allows long-term business planning in terms of economic, environmental, and social sustainability.

For OMV, regulatory risks concerning climate change include the tightening of rules in the European Union Emissions Trading Scheme (EU ETS) for the period 2013-20. This will lead to increased production costs, which in turn will significantly affect international competition. Some regulatory risks, such as the impact on the carbon market of the inclusion of aviation in the EU ETS, will materialize in the short term (two to four years), while others will evolve in the mid term (until 2020).

Physical Risks: The frequency and intensity of extreme weather events (e.g. floods in Central Europe, storms, and cyclones) might increase in the future, affecting our production and transportation infrastructure directly or indirectly via complex interactions on global energy markets. At OMV, physical risks and their consequences, such as business disruption, are evaluated twice a year within the OMV Enterprise Wide Risk Management (EWRM) system. For every facility and project, risk assessments are routinely carried out and emergency plans are in place.

General Risks: Energy and climate policies are already influencing our markets. Further risks related to climate change include the market price risk assessment for CO_2 in the form of unknown future costs. Emissions forecasts for the existing facilities already included in emissions trading schemes, as well as for new projects that will start operations in the next few years, reveal an increasing need to purchase allowances and credits in order to cover GHG emissions, and this will impact on OMV's EBIT and cash flow. Rising insurance fees due to reinsurance pools affected by hurricanes in recent years are already impacting our business.

Opportunities

The industries involved in providing energy for entire economies can make important contributions to help mitigate and adapt to climate change. OMV is working in different areas of its core business to respond to the challenges represented by climate change:

- Increased energy and environmental efficiency of both products and production sites
- Lower carbon fuels
- Support for research and projects on renewables, energy efficiency, and future technologies.

Increased Energy and Environmental Efficiency of Both Products and Production Sites

- OMV is boosting the share of gas in production and sales, and thus strategically focusing on lower carbon intensity in its portfolio.
- Improving energy efficiency is a core interest in all business segments, for both environmental and cost considerations.
- The Power Business Unit was set up in 2007. Modern, highly efficient combined cycle gas turbine plants will help meet future energy demand in Central and Eastern Europe, and replace some coal-based power generation capacities. Power generation from renewables will be explored.
- Zero-emission power plants (ZEP) and carbon capture and storage (CCS) will be important challenges and are seen as opportunities for the future development of the OMV business strategy.

Lower Carbon Fuels

- Strengthening renewables: biogas and biofuels (blending of FAME and ETBE or ethanol into conventional fuels and E85)
- Compressed natural gas (CNG) as a transport fuel: natural gas produces the lowest emissions of all fossil fuels
- In Bruck an der Leitha, Austria, purified biogas (methane) is injected into the natural gas grid and sold to the customer.

Support for Research and Projects on Renewables, Energy Efficiency, and Future Technologies

- As an energy group, OMV is committed to taking advantage of renewable energy forms and making them economically viable. To that end, in 2006 OMV established the OMV Future Energy Fund, which is investing over EUR 100 million in renewable energy projects. The goal of the Future Energy Fund is to support OMV's move from a pure oil and gas group to an energy group with renewable energy in its portfolio.

Financial Implications

We assess the current and future financial effects of climate change issues by using complementary approaches at two levels, strategic and operative. As part of our regular strategic review we monitor the development of the future macroeconomic and industry environment (market growth, regulations, technologies, etc.), and try to understand the impact of these trends on OMV. The results of this analysis are used to raise awareness within OMV, and may lead to further specific impact analysis and the development of strategic initiatives.

In addition, current and future financial risks are measured by their potential impact on OMV's EBIT and cash flow. The evaluation of climate change-related risks is an integral part of the OMV Enterprise Wide Risk Management (EWRM) system. EWRM is integrated with our business processes both horizontally and, in conjunction with strategic and mid-term planning, vertically. Climate change-related risks are assessed together with all other identified risks on a biannual basis.

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

For the OMV Future Energy Fund and its projects, see pp. 68-71, and www.omvfutureenergyfund.com

Carbon Strategy

Targets
Carbon exposure is one of the biggest challenges for the oil and gas industry in the future. Sustainable growth and contributing to the decarbonization of European energy markets are among the key distinguishing factors of the OMV investment proposition. We have made a clear commitment to decrease the carbon intensity of activities where OMV is the operator, and to set targets for managing GHG emissions:

- Reduction of direct GHG emissions from Exploration and Production (E&P) and Refining and Marketing (R&M) by 1 million tonnes, or at least 10%, until 2015, as the result of efficiency improvements
- Contribution to the decarbonization of the energy markets in Central and Southeastern Europe by reducing the carbon intensity of the portfolio, promoting gas, and selectively including power
- Power generation portfolio at no more than 0.37 t CO_2 per MWh, applying state-of-the-art technology.

To implement the Carbon Strategy, annual targets will be integrated in the Corporate Balanced Scorecard, establishing the contribution of each business segment towards achievement of the strategic goals. Cost estimates and projections for GHG emissions form part of the Group-wide planning assumptions. The corporate directive for the controlling of investments requires analysis of GHG emissions and emission reduction for each project. Costs and potential revenues are factored into the corresponding economic analysis and become part of each investment decision.

Organizational Responsibility
The overall Group-wide responsibility for climate change issues lies with the CEO, and for each business segment with the respective member of the Executive Board.

Given the complexity of climate change-related issues and the interrelation between the three business segments, E&P, R&M, and G&P, and corporate functions (strategy, controlling, risk management, treasury, and others), a corporate Carbon Management system was introduced at the beginning of 2007 to ensure appropriate Group-wide coordination and support. The Carbon Management team is involved in Group-wide reporting processes and the handling of the OMV carbon portfolio; contributes to the development and update of the emissions trading strategy in cooperation with Corporate Risk Management; develops harmonized procedures for the integration of climate change issues into key business processes such as investment planning, risk management, and others; facilitates information and experience exchange across OMV; promotes the identification of emission reduction projects; and fosters general awareness of climate change at all levels of the corporation.

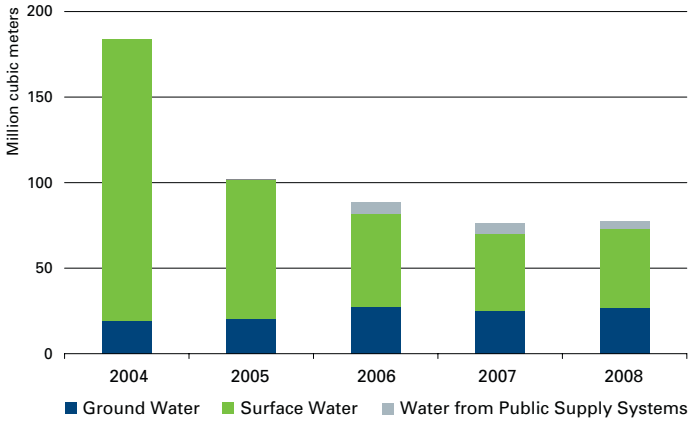
The Carbon Steering Committee, made up of corporate functions and senior managers from the business segments, meets three to four times a year to discuss the OMV emissions trading strategy and the relevant business and sociopolitical factors.

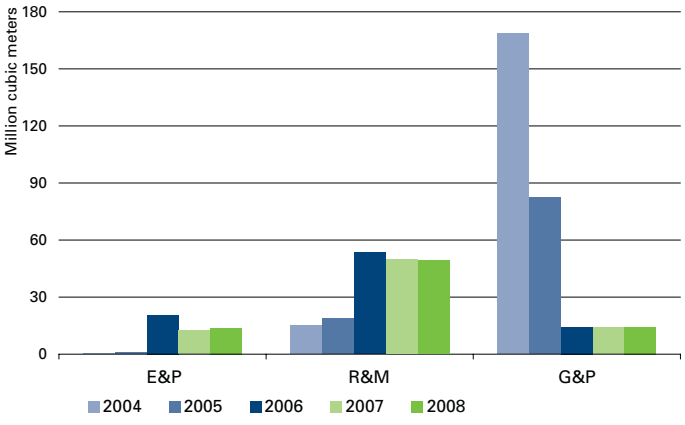
Water Management

Water is used primarily for steam generation, cooling, and processes during downstream processes. Efficient water use is ensured by closed-loop cooling systems. Total water withdrawal by OMV has decreased considerably due to OMV's divestment of its chemicals business in 2005. Surface water consumption fell from 170 million cubic meters per year in 2004 to about 46 million in 2008. Groundwater consumption is about 27 million cubic meters per year. Waste water (in total 37 million cubic meters) is discharged after appropriate treatments on site or off site in OMV-owned or communal water-treatment facilities.

Large amounts of saline waters have to be managed in Exploration and Production operations – 51 million cubic meters in 2008. In oil and gas production, the proportion of produced water can exceed 90%. OMV reinjects 100% of produced water in Austria and Pakistan, and in Romania over 95%. The remaining quantities are treated appropriately and discharged.

Left: Total water withdrawal by source
Right: Water consumption per business segment

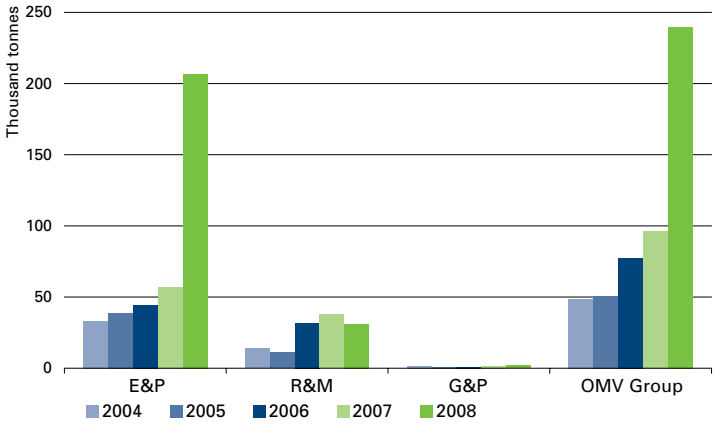


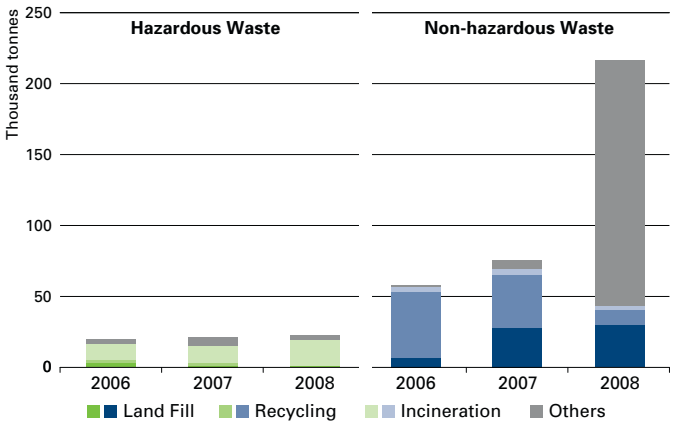


Waste Management

Waste generation associated with ongoing production was almost multiplied by five from 2004 (before the acquisition of Petrom) to 2008. Waste figures from Petrom E&P, including drilling waste, are considered as of 2008 and contributed most to the increase. Production waste that is temporarily stored on site for later treatment and disposal accounted for about 35,000 tonnes in 2008

Left: Total production waste per business segment
Right: Type and disposal of production waste





and is not included in the reported figures. There was no transport, import, or export of waste deemed hazardous under the Basel Convention.

At Petrom, the large amounts of hazardous waste which were accumulated over a long period of time (sludge pits in E&P and refineries) will be subject to specific waste management programs in the next few years. Petrom E&P is constructing its own infrastructure, including eight temporary storage facilities, 15 bioremediation facilities for decontamination of contaminated soil, and eight landfills. Once these projects are achieved, Petrom is set to become the largest private owner and operator of waste infrastructure in Romania. In addition, Petrom Refining has set up specific waste management contracts with specialized companies.

Drilling Mud

"Skip and ship" strategy for synthetic-based drilling mud in New Zealand:

www.omv.com

E&P will seek to avoid the use of hazardous substances whenever less hazardous alternatives are available. In drilling operations we use water-based, chloride-free mud wherever technically feasible: 90% of the drilling mud used by E&P is water-based. If this is not possible for technical reasons, e.g. in the case of extended reach wells, we use non-aqueous drilling fluids (NADF), selecting the least toxic option. Waste amounts are minimized, e.g. through reuse of drilling mud according to waste minimization and management plans. Cuttings are treated to reduce toxicity and disposed of in accordance with applicable national regulations and best available technology (BAT).

At Petrom E&P, drilling waste management was greatly improved by changing the chemicals and drilling fluids used. This allowed Petrom to stop the discharge of fluids as cuttings become potentially recyclable.

Spills and Leakages

Pipeline operation and technical integrity undergo regular monitoring. Among other techniques used, pipeline sectors are periodically scanned with "intelligent pigs" to assess pipeline condition. While in most of the countries OMV does not have a high rate of oil spills, the rate of pipeline spills at Romanian and Austrian operations remains unacceptably high. The majority are related to aging infrastructure. However, the number of spills will decline further as older facilities are upgraded and increased focus is placed on preventive maintenance. An ongoing rationalization and replacement program has already resulted in substantial infrastructure improvements at E&P operations in Austria. These include the replacement of several small production and separation plants by new and larger produc-

The Petrom E&P Well Modernization Program
This successful program achieved both environmental improvements and upgraded site conditions. A total of 5,049 wells were renewed, generating positive effects on production cost, production volumes, and operational safety. The work at each well site included site cleanup, soil remediation, sludge treatment, and waste management and disposal. On beam units, new brakes were provided for the motors and new paint was applied on all units to protect against corrosion. Production time at well sites was optimized to reduce energy consumption. In Moinesti, for example, some wells that used to operate for 24 hours now operate for only three to four hours yet produce the same amount of oil as before. The program was the winner of the Romanian Project Management Excellence Award in 2008.

tion plants, and the replacement of about 100 km of old pipeline in 2007-08.

OMV recorded a total of 14 significant hydrocarbon spills (over 1,000 liters) and 870 minor releases in 2007, and 12 significant hydrocarbon spills and over 1,689 minor releases in 2008. The amount of hydrocarbons spilled fell from 211,000 liters in 2007 to 131,000 liters in 2008.

A spill of about 100,000 liters of gasoline at a filling station in Klagenfurt, Austria, in December 2007 was caused by a damaged flange sealing, the failure of a leak detector, and misinterpretation of fuel stock lists. After cleanup the site was reopened, and lessons learned were applied to the entire retail network.

Leakage at a filling station in Klagenfurt:

www.omv.com

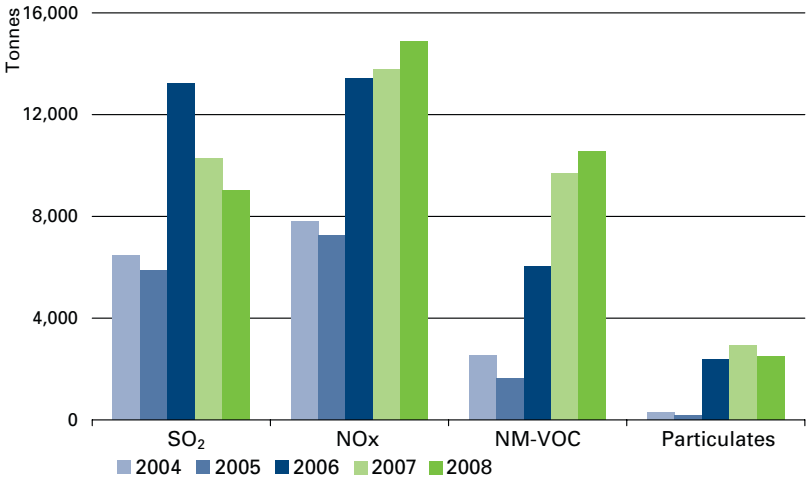
Air Emissions

Emissions of sulfur dioxide (SO_2), nitrogen oxides (NOx), non-methane volatile organic carbon compounds (NM-VOCs), and particulates have increased almost in parallel with production growth. Thus the figures rose sharply with the integration of Petrom data in 2006.

Both the modernization of existing facilities and new investments help control and reduce air emissions. At the Schwechat refinery a new SNOx plant costing around EUR 150 million successfully started operations in October 2007. The reduction in air emissions amounts to minus 2,800 tonnes SO_2 per year and minus 1,800 tonnes NOx per year (> – 70% and > – 60%, respectively, compared to 2006). Flue gas emission concentrations are half the current EU limits.

The Refining and Marketing (R&M) business segment installed vapor recovery systems at all major distribution sites in order to reduce hydrocarbon emissions to a minimum. The coverage of vapor recovery systems in the filling stations network was increased during the last two years to 99% for OMV and 96% for Petrom. OMV only uses ozone-depleting substances on a laboratory scale (<1 tonne per year). Wherever possible these are replaced with other substances, or are reused or recycled.

Air emissions by type of pollutant



Biodiversity

Before new projects and operations are launched, biodiversity issues are addressed through environmental impact assessments and permitting processes, in line with national legal requirements and best practice. Special restrictions in sensitive areas are implemented and compliance is closely monitored.

As part of its ongoing commitment in New Zealand offshore operations, OMV continues to fund a NZ Department of Conservation project studying whale migration patterns through New Zealand waters. A number of threatened species of whale, such as the southern right whale, are found in NZ waters at specific times of the year. The OMV-supported project helps NZ scientists better understand the whales' migration patterns and abundance throughout NZ waters. OMV NZ has also led the NZ industry in adopting voluntary guidelines for seismic operations to limit the potential impact on marine mammals.

The Komsomolskoe oil field currently being developed by Petrom Kazakhstan is located close to a series of conservation zones. It is also within the Caspian Sea water conservation and protection

zones. The area is characterized by low-lying flat plains surrounded by shallow intertidal sor areas of salt flats and mudflats. The dominant feature to the east of the Komsomolskoe is the Sor Kaidak, a roughly 15 km-wide marine inlet. The entire region is recognized as having high biodiversity value.

While the Komsomolskoe field is generally onshore, unpredictable wind-driven tides often flood the area of operations, increasing the potential for marine impacts from these predominantly land-based operations. A significant focus is therefore placed on spill prevention and response.

One of the challenges at Komsomolskoe is the amount of scrap that had been left on the site from Soviet-era operations, including two abandoned oil rigs. This waste presents a number of environmental and safety issues. Throughout 2008, Petrom Kazakhstan cleaned up much of the waste and disposed of it, but considerable work remains to be done in the coming years.

In Pakistan, we work in three sensitive areas: the Nara Desert Wildlife Sanctuary (NDWS), the Nara Game Reserve (NGR), and the Takkar Wildlife Sanctuary (TWS). To protect these areas, we rigorously comply with preventive actions enforced by the environmental management plans in environmental impact assessments. Drilling and seismic activities are conducted at a prescribed buffer distance from wildlife colonies and water bodies.

Transport

OMV looks for safe and environmentally-friendly as well as economical means of transporting its products. For environmental considerations, pipeline transport is the best alternative because energy consumption is low, and road and rail transport can be reduced. A decrease in road transport minimizes the risk of incidents and emissions to the atmosphere, including greenhouse gas emissions. The percentage of the different types of transport used will vary from refinery to refinery according to product range, the location of the customers, and the regional distribution network. Road and rail transport each accounts for 20-35% of deliveries from refineries, ship transport for up to 15%, and pipeline transport for 30-50%. Deliveries to consumers are carried out mostly by road transport (51%), but also via rail (35%) and ship (14%). OMV does not own tankers; all vessels are chartered through first-class ship brokers. The highest quality and safety standards are applied to shipping operations. No vessel will be contracted without owner confirmation of the following items:

- The vessel must be in line with the ISPS Code as certified by the competent authorities
- The owners must be aware of and the vessel must be in compliance with the Trieste Port Regulations
- The vessel must conform to all requirements under European Council Directive 95/21/EC.

In 2004, OMV lowered the age limit for all chartered ships from Trieste to 15 years. Petrom accepts vessels aged up to 20 years, but about 80% of the ships used are less than 10 years old and are double-hulled. Danube River transport is only undertaken with double-hulled ships.

Clean-up at the Petrobrazi Refinery
In 2008, considerable progress was made on a large cleanup and renewal project at Petrom's Petrobrazi refinery aimed at aligning the site with international refinery standards. Some 140 hectares, or 40% of the total surface area, have already been cleaned up. In the course of dismantling old unused installations, 49,000 tonnes of scrap and 300,000 tonnes of concrete were destroyed. Over 800 people from 16 Romanian and international companies are working on the project.

Cleaner Fuels

OMV has played a pioneering role in Europe in the promotion of cleaner fuels, launching a series of innovative products in recent years. In October 2005, we began adding a minimum of 4.4% biodiesel (FAME) to diesel sold in Austria and in Germany. In 2008, the share of biocomponents (ethanol/ETBE and FAME) in the total volume of fuels sold was 5.75% in Austria, 5.25% in Germany, and in Romania 2% for gasoline and 3% for diesel. Pure biodiesel is available at 12 OMV filling stations in Germany.

OMV supports the use of compressed natural gas (CNG) as a transport fuel due to its significant advantages: up to 15% less CO_2 emissions, 80% reduction of carbon monoxide, and practically no emissions of particulates. In Austria, CNG is currently sold at 49 OMV filling stations, and eventually will be available at 80 OMV retail outlets. CNG is available at 14 OMV retail outlets in Germany and five in Italy. The next market will be Bulgaria.

OMV opened the world's first AdBlue filling station in Germany in 2003. Today, AdBlue is available at more than 130 OMV filling stations in 12 countries. OMV thus provides the commercial vehicles industry with the required infrastructure for the new trucks equipped with AdBlue SCR technology. The results are reduced emissions from diesel engines in commercial vehicles, fuel savings, and lower CO_2 emissions in the transport sector.

OMV contributes to emission reductions in the heating sector with its low-sulfur (50 ppm) heating oil OMV econPlus and the new sulfur-free heating oil Vitatherm.

We help our customers save costs and reduce the environmental and climate impacts of our products not only by enhancing product quality but also through our support for public awareness campaigns. OMV has collaborated with EUROPIA and Austria's environment ministry on campaigns to promote energy efficiency and fuel saving. In 2008, the OMV Move & Help social program focused on environmental issues in cooperation with Caritas, SOS Children's Villages, and the UN Environment Programme (UNEP).

Energy efficiency and fuel-saving initiatives:

www.omv.com

REACH

The new EU regulation on the "Registration, Evaluation, Authorisation and Restriction of Chemicals" (REACH) has completed its first phase, in which all manufactured or imported chemical substances had to be pre-registered with the European Chemicals Agency (ECHA) in Helsinki, including their annual production amount and the envisaged deadline for registration. REACH applies to all chemical substances that are produced in or imported into the EU in quantities of one tonne or more per company. Nearly 30,000 substances, including those produced in the oil industry, are affected.

A core team was set up in the Refining and Marketing business segment to oversee implementation of REACH at OMV and Petrom. It also provides expertise and support to other business segments affected by the new regulation.

The current REACH phase will end with the final registration before December 2010 of substances produced in or imported from outside the European Economic Area in annual quantities of 1,000 tonnes or more. Lower tonnages have a later deadline of 2015 or 2018.

Three main activities are underway in the current phase:

- All registrants of the same substance are to set up a Substance Information Exchange Forum (SIEF)
- Chemical Safety Assessments (CSA) and Chemical Safety Reports (CSR) are prepared
- Manufacturers and importers submit their registration dossiers to ECHA.

Legal Compliance

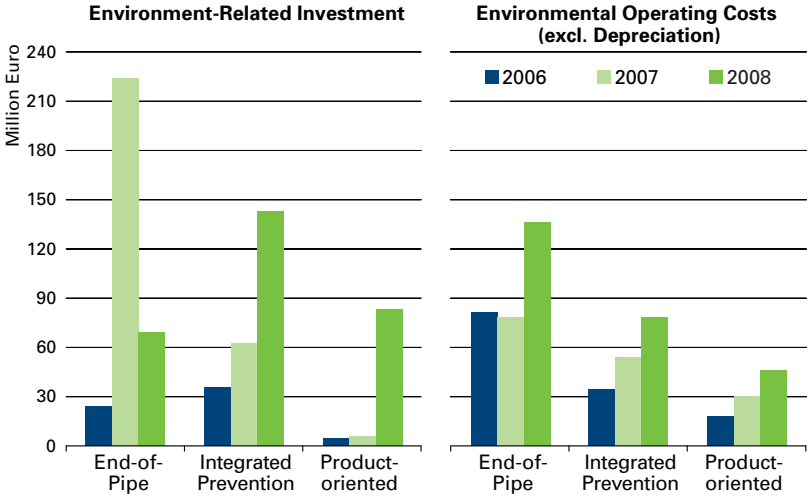
Compliance with environmental regulations is monitored at site level and by business segments using several IT tools. Integration of the monitoring processes is ongoing, with specific challenges at Petrom.

Petrom faced monetary fines for non-compliance totaling EUR 0.48 million in 2007 and 0.55 million in 2008. The fines are related to environmental incidents such as spills and exceeded discharge limits; non-conformities related to waste management; and measures established in authorizations and inspection reports. No fines were imposed on OMV (excluding Petrom) in the same period, with the exception of a fine of under EUR 2,000 in 2007. Non-compliance can result in non-monetary sanctions such as warnings from the authorities or even the suspension of permits. In 2007, Petrom's Arpechim refinery had its Integrated Pollution Prevention and Control (IPPC) permit suspended from May 28 – August 7 by the regional environmental authorities due to delays in projects planned under the modernization program (revamping tanks and closing a waste lagoon). In 2008, the permit was reviewed and modified by the authorities.

Environmental Expenditures and Investments

Environmental expenditures and investments

Since 2006 OMV has followed the IFAC guidelines for Environmental Management Accounting in reporting environmental expenditures and investments. In addition, costs for measures to reduce the environmental impact of our products are assessed. Environmental protection expenditures, excluding depreciation, amounted to EUR 215 million in 2008, of which EUR 78 million were spent on integrated pollution prevention (in 2007, EUR 132 million and EUR 54 million). EUR 46 million (in 2007, EUR 30 million) were spent on direct measures to reduce the environmental impact of OMV products, such as desulfurization and the production of hydrogen for it.



Environmental investments for assets put into operation in the reporting year totaled EUR 212 million in 2008, of which EUR 143 million were allocated for integrated prevention (in 2007, EUR 286 million and EUR 62 million). The largest environment-related investments in 2007-08 were made in the refineries, with EUR 242 million invested in Schwechat, EUR 29 million in Arpechim, and EUR 53 million in Petrobrazi.

Petrom City, Romania's Biggest Environmental Rehabilitation Project

Petrom's future headquarters, Petrom City, will be located on a site with severe contamination dating from bomb attacks on a tank farm during World War II. The site must be rehabilitated prior to the start of construction. Under the "Verde Petrom" project, a 200,000-sq.-meter area is undergoing remediation of soil and groundwater that are highly contaminated with hydrocarbons. The three-year, EUR 10 million investment will restore the area to environmental standards in line with current regulations. At the International Conference on Managing Urban Land, held in Stuttgart, Germany, in April 2007, "Verde Petrom" was recognized as one of the most important rehabilitation projects in Europe.

Challenges and Goals in 2009

Appropriate management of environmental impacts is an ongoing responsibility for OMV in all its operations and projects. It includes the consolidation and strengthening of processes related to legal compliance, especially at Petrom. Waste management and remediation of historically accumulated waste will also continue in 2009.

In 2009, a special focus will be placed on hydrocarbon spill prevention and preparedness plans, including drills as a basis for reducing spills.

The OMV Carbon Strategy expresses a clear commitment to decreasing the carbon intensity of activities where OMV is the operator. Project monitoring and portfolio analysis will contribute to the achievement of this mid-term goal. Specific actions will include the development, deployment, and fostering of energy reduction strategies in all business segments; greenhouse gas reduction projects in conventional operations; and renewable energy projects supported by the OMV Future Energy Fund.

Communication and stakeholder dialogue are essential whenever we engage with new partners, particularly in the case of the innovative projects undertaken by the OMV Future Energy Fund.

A program to raise awareness of indirect emissions from business activities will target not only technical departments but all OMV employees.

SOCIAL ISSUES

“How would you describe the people who work for OMV around the world?”

Ferhat Güldürücü, Austrian Social Insurance Authority for Business

"Each of us is different
but we all have equal access to opportunities."

Simone Alaya, Corporate Social Responsibility, OMV

Employees

Our Approach

Policy and Guidelines
OMV employs around 40,000 people worldwide. Their rights and obligations are set out in their labor contracts, and are also derived from various company agreements, collective bargaining agreements, corporate directives, and locally applicable policies.

Objectives and Performance in 2007-08
In the reporting period, the Human Resources (HR) Department systematically pursued its goals, the majority of which it achieved. To improve work-life balance, for example, a model was developed that makes it possible under company agreements for employees to take up to a year off as a sabbatical. A new collective bargaining agreement that went into effect on July 1, 2007, created uniform occupation group definitions for hourly-paid workers and salaried employees. The European Works Council, which meets twice a year, increased its members from 14 to 21 following Romania's accession to the European Union.

Objectives in 2007-08	Implemented	Ongoing
Development of internationalization		●
Development of work-life balance at OMV		●
Uniform employee definitions	●	
Expansion of the European Works Council	●	

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

Monitoring and Further Development
In its responsibility towards its employees and society, OMV is guided by the principles of the international social accountability standard SA8000. As a signatory of the UN Global Compact, OMV is committed to upholding further principles of relevance to HR, and has included them in its corporate directives.

OMV maintains an ongoing dialogue with employees to find out what works well in their jobs and where there is room for improvement. The main means of monitoring employee satisfaction was a Group-wide staff survey on human capital management (HCM). The findings are described under "Complaints Procedure and Antidiscrimination" (p. 45).

Careers and Equal Opportunities

Apprentice Training
Providing high-quality apprenticeship training is a key concern at OMV. At the end of 2008, OMV had 130 apprentices in Austria and 30 in Germany. A variety of measures and projects are aimed at making young people aware of the apprenticeships available at OMV, and at presenting and positioning the company as an attractive employer.

As part of the Austrian government's "Research Goes to School" project, for example, OMV invited students to the OMV training center to carry out chemistry lab experiments together with our apprentices. Equally popular was a three-day open house event at the training center, at which we welcomed some 600 visitors. The training program for OMV apprentices includes in-depth English-language training as well as sports, fitness, and team-building activities.

Employee Training and Development
In recent years, OMV has developed a number of programs for professional human resources training and development, which are now largely well established and are running successfully. In addition to the existing programs, in the report-

ing period OMV launched the following new development initiatives:

Step2Excellence: The first part of this new OMV program began in 2008 and has not yet been completed. OMV developed the expert program in cooperation with IMD, a leading Swiss-based business school with a high international reputation. The program content focuses on strategy, finance, organization, broadening expert leadership skills, knowledge management, innovation, and diversity. The aim is for participants to strengthen their ability to make an impact for themselves and for the company.

Career Campaign: The OMV Job World was created in 2007-08 to offer more career prospects and development opportunities, and making them transparent. This animated Intranet world gives every employee a chance to learn about all the career paths and development programs available at OMV. It also presents employees who have had exemplary careers and explains the human resource development tools. This hands-on method provides an attractive way to find out about careers at OMV, and encourages employees to promote their own advancement.

Equal Opportunities
Under its corporate antidiscrimination directive, OMV is committed to providing equal opportunities for all employee groups in all recruitment processes, company procedures, and employment contracts. This principle applies throughout the entire employment period from hiring to termination.

Given the demographic trends at OMV, a large-scale project was started in 2006 to examine the problem of an aging workforce, above all in Europe. The main issues covered were the burden on health, knowledge transfer, alternative working hours schemes, and alternatives to early retirement. The projects result included developing the existing compensation plan and creating the above-mentioned OMV Job World.

OMV is extremely interested in achieving a high percentage of local staff in the countries where we have operations. The same applies to management positions. Because the market conditions and job requirements differ from country to country, the percentage varies but as a whole it is over 90%.

Complaints Procedure and Antidiscrimination
In the reporting period, the results of the OMV HCM questionnaire, the Group-wide employee survey, showed that there were some informal complaints. Nevertheless, the 2007 survey produced a very good overall HCM index of 76 (out of a maximum 100 points). According to the benchmarking of the consulting firm that helped us carry out the survey, OMV ranks among the best 20% in terms of employee satisfaction. The response rate rose from 79.4% in 2006 to 81.2% in 2007, which goes to show that the survey is increasingly gaining acceptance in the Group, and that actively

Overview of employee development programs:

www.omv.com

Petrom Trainees in Austria
In Romania there is no comparable system to Austria's dual education system where trainees attend a vocational school part time while working for companies. OMV therefore developed a pilot project enabling Romanian trainees to attend vocational school in Austria as external students and to take the apprenticeship examination in the dual profession of electrical engineering and mechanical engineering technician. In September 2008, three talented Romanian trainees were sent to Austria and were quickly integrated into OMV. This new project helps OMV meet its goal of increased internationalization, and has a very positive effect on the atmosphere in apprenticeship training. After completing their Austrian training, the young employees will return to their country to work at Petrom. As a result, targeted, practical know-how will be transferred to Romania.

Petrom trainee Georgel Ionut Cioropina at work on an electrical circuit exercise

shaping their work environment is important to employees.

In connection with the corporate antidiscrimination directive, OMV is committed to giving employees the support they need as far as is legally possible. Management dealt with the formal complaints made during the reporting period and took the necessary action.

Social Security

OMV pension plans are described in the Annual Report

Employee Benefits
In addition to the company pension plans adopted some time ago in Austria and Germany, in 2008 OMV introduced retirement plans at Refining and Marketing in the Czech Republic and Slovakia as well. Also new is private health insurance for local employees of OMV in Turkey, which covers 20% of the costs payable for out-patient treatment. This insurance not only covers health care in and outside the hospital, but also medical checkups. OMV pension schemes in the different OMV countries are described in the OMV Annual Report.

Employee representation in Iran:

www.omv.com

Personnel Risk Review
In 2008, a working group began to determine what personal risks there are for an OMV employee and whether or how these are covered by insurance or otherwise. Over the next few years OMV plans to remedy any shortcomings in preventive measures, to the extent that this proves reasonable and economically feasible.

Employee Profit-Sharing Plan
An employee profit-sharing plan in 2007 and 2008 gave OMV employees who purchased three shares a fourth share free of charge up to a certain amount. The aim was to let employees participate in the company's success. In the reporting period, a total of 2,436 employees took part in the plan and purchased 268,695 shares (excluding the free shares).

Career and Succession Planning
In the area of career and succession planning, particular attention was paid in the reporting period to the needs of expatriate employees. This involved mandatory career development planning and a focus on planning the repatriation positions.

Freedom of Association
When OMV signed the UN Global Compact, it committed itself to upholding freedom of association and recognized the right to collective bargaining. In countries where these rights are not politically welcome or recognized by society, OMV seeks to enable the establishment of employee representation in house, or tries to find other solutions. As a result, in the reporting period

- 95% of employees were represented by local trade unions or works councils
- Minimum wages or salaries were fixed by law or agreed by collective bargaining for over 99% of the workforce
- In the event of restructuring, around 90% of employees were covered by mandatory periods of notice under employment law or collective bargaining.

Petrom Outplacement Program
In 2006, Petrom established an outplacement program to help former employees make a new start in their working lives. Under this program, Transition Centers provided support services to over 8,000 people in 2007-08. The Transition Centers will continue their activities in 2009.

Over EUR 60,000 were spent on retraining released employees to boost their chances of finding a new job. A survey showed a 96% client satisfaction rate with Transition Center services. The outplacement program has thus become a successful part of Petrom's CSR efforts.

An Innovative Workplace

Idea Management
Idea management gives our employees a platform for putting forward new suggestions and alternative solutions to problems concerning products, processes, working conditions, increasing product quality, and similar topics, thereby contributing to the company's success. It also promotes cross-departmental entrepreneurial thinking and action. Innovative ideas from its employees saved the company EUR 4,700,005 in 2007 and EUR 4,412,434 in 2008. In 2007, OMV paid out bonuses of between EUR 208 and EUR 5,475 for valuable suggestions from its employees.

Work-Life Balance
In Austria, company agreements now allow employees to take up to a year off work. A sabbatical is not restricted to any particular purpose, but can for example be used for spending a period of time abroad, for further education, or simply for rest and recreation. OMV developed the model for employees who have been with the company for at least two years. A sabbatical can be arranged by mutual agreement, taking the company's interests into consideration.

In response to the demographic trends in Germany and the resulting raising of the retirement age, during the reporting period OMV in Germany introduced long-term compensation accounts which give employees greater flexibility in planning their future and lifetime working hours. Participating employees pay time and salary components into these long-term accounts in the course of their working lives. Employees can decide for themselves if they want to take part in the scheme, and how much they wish to pay in and how often, which provides flexibility if their circumstances change.

Challenges and Goals in 2009

- **Continuing Internationalization:** OMV will push forward on creating standardized tools. A further aim is to exploit stronger synergies between employee programs, and evaluate existing differences and potential compensation for them, especially in insurance and occupational health and safety.
- **Cooperation and Synergies Between Business Segments:** The goal is to expand existing HR networks on various HR issues, and more fully exploit synergies in the Group.
- **Intelligent Cost Management:** Additional cross-functional programs and employee exchange.
- **Values:** Continued implementation of the new OMV Values (Pioneers, Professionals, and Partners).

Health

Our Approach

The OMV HSE Policy:

www.omv.com

Policy and Guidelines
The health of our employees is a primary asset and resource. OMV is committed to promoting their physical and mental well-being. OMV occupational health (OH) teams view fitness for work as a mixture of cognitive, emotional, motivational, and biological potential that is supported by positive self-esteem and a network of social contacts. The teams' mission is to promote good health by offering up-to-date medical treatment, preventive care, and psychological counseling.

Objectives and Performance in 2007-08
OMV's OH policy centers on improving employee well-being as well as health. The high-quality services provided often exceed legal requirements. In addition to standard medical care, employees have access to physiotherapy and a range of prevention measures, including a program aimed at the prevention of musculoskeletal disorders.

At the start of 2008, Petrom set up PetroMed Solutions, a network of 30 healthcare clinics for Petrom employees. In addition to curative heath care, PetroMed offers prevention programs such as flu vaccinations and voluntary health checks. A round-the-clock psychological counseling hotline is available to Petrom Refining employees and their families, and prevention programs are developed in response to the problems most frequently reported by callers.

Objectives in 2007-08	Implemented	Ongoing
2007: Roll-out and start of implementation of the OMV Health Standard in all countries in which OMV operates **2008:** Substantial progress made towards achieving OMV's Health Standard, released in 2006	●	
Implementation of a healthcare program (including flu vaccinations and health checks for metabolic syndrome) at Petrom		●
Initiation of "Health Circles" to encourage employee participation in health matters		●

Organizational Responsibility
Through regular input on health topics and practices, OH experts support line management to take the ultimate responsibility for occupational health. In order to achieve a broad and effective network of knowledge concerning OH, the corresponding organization works according to a shared service concept. The Center for Occupational Health has a strong focus on the integration of international activities according to the specific needs of the business units and countries, as well as for the Group as a whole.

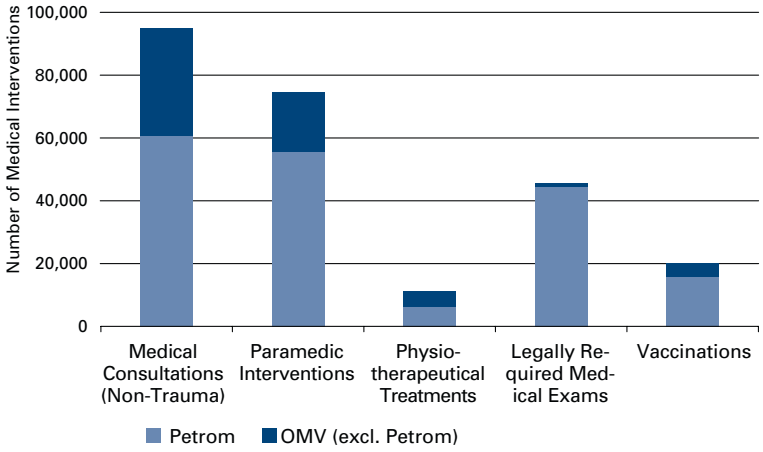
In addition to the legal requirements for OMV as a company, we have to be aware that there is an individual dimension as well. The responsibility for personal lifestyle choices, such as eating, drinking, and smoking habits, remains with the individual. This is why OH teams invest much effort in motivating all employees to also play an active role in promoting their personal health.

Monitoring and Further Development
Specific health surveillance and health checks were performed according to legal requirements and OMV regulations. These serve as the basis for the development of future health promotion, such as the sleep-disorder prevention program for shift workers or individual adaptation of working boots.

Group-Wide OH Standards

Our target is 90% implementation of the new OMV Health Standard by 2010. The first stage began in 2007 and included an awareness campaign aimed at OMV employees.

In 2007, the Center for Occupational Health undertook an analysis of the medical resources currently available across the Group and the resources required by the OMV Health Standard. Tangible needs were identified as marginal compared with intangible factors and structural harmonization requirements. Petrom established a project to refurbish OH clinics at its locations by the end of 2010.



Medical Interventions

Health Initiatives

In addition to their ongoing efforts to promote good nutrition and fitness, OMV's OH experts launched a variety of activities in 2007-08. These included eye examinations, skin checks, a new stress-screening program, vaccinations against flu, tick-borne encephalitis, and hepatitis, and information campaigns.

In 2007, "Health Circles" were created as a means of encouraging active employee participation in health matters. Health Circles now exist at all major OMV sites in Austria and Germany. Pilot Health Circles are planned for nearly all the countries in which the Refining and Marketing (R&M) business segment operates, as well as for Petrom locations in Romania. The moderators were trained by the end of 2008.

Broad-based preventive programs were implemented within R&M to identify people at risk of developing vascular diseases in order to help prevent metabolic illness, strokes, and heart attacks. About 1,500 employees took part in the voluntary "Vitalcheck" screening program in Austria and Germany. The 70% participation rate was significantly higher than the average rate of participation in prevention programs.

More OMV health initiatives:

www.omv.com

Challenges and Goals in 2009

At the end of 2008, operational audit courses were organized for senior medical officers. Medical operational audits will be a valuable source for the continuous improvement of OH standards at OMV.

In addition to clinic refurbishment and the introduction of a new medical software application, the main challenge for Petrom's PetroMed Solutions will be to carry out an intensive training program to implement the harmonized OH and medical regulations.

To ensure evidence-based, legally compliant OH monitoring, the Center for Occupational Health will establish work procedures for conducting health risk assessments (HRA).

Prevention program development is based on medical examination results, input from employee Health Circles, and current epidemiological evidence. Prevention programs in 2009 will focus on:

- Cardiological prevention
- Stress-related activities
- Medical examinations for drivers.

In its operations in developing countries, OMV will further improve existing infrastructure by strengthening on-site emergency capability.

Safety

Our Approach

The OMV HSE Policy:

www.omv.com

Policy and Guidelines
OMV makes clear in its policy on health, safety, security, and the environment (HSE) that occupational and process safety is a top priority. Everyone at OMV should come home from work in good mental and physical health. All workplaces and processes must be safe and secure for OMV, its stakeholders, and the environment. This commitment means that we believe all accidents are preventable. We strive to keep risks as low as is reasonably practical.

Corporate directives define the Group-wide standards for HSE awareness and competencies; reporting, investigation, and management of incidents; and emergency and crisis management. Implementation of the directives and standards is supported by Group-wide tools, communication campaigns, and expert teams. The ultimate objective is to create a genuine safety culture with and for all OMV employees.

Objectives and Performance in 2007-08
OMV's business strategy sets out two ambitious safety targets to be achieved in the Group by 2010: less than one lost-time injury per million hours worked (LTIR), and zero incidents rated at Level 4 or above on a classification scale ranging from Level 1 (low severity level) to Level 5 (highest severity level). This means no fatalities or process safety incidents with partial plant damage. All Group targets are deployed to the business segments. Additional targets at segment or site level are defined if needed.

A Key Performance Indicator (KPI) system drives our safety performance. Safety statistics are carefully monitored. Progress was measured on a monthly and quarterly basis and reported directly to the OMV Executive Board.

Objectives in 2007-08	Implemented	Ongoing
Reduce until 2010: LTIR to <1 and incidents at Level 4 or above to zero		●
Implementation and roll-out of an incident reporting and management tool until 2008	●	
Consolidation of Petrom's safety program: contractor management, road safety, further strengthening of the safety culture		●

Organizational Responsibility
Safety is a line management responsibility that starts with the top senior management, supported by a team of experts. However, it is also each employee's responsibility to contribute to a safe work environment, whether in the operating plant or the office. Employees are encouraged to report and discuss hazardous behaviors or conditions.

We require contractors and partners to comply with OMV safety standards and integrate them into their management systems.

Monitoring and Further Development
Safety KPIs are monitored on a monthly basis. The reporting and investigation of incidents as well as the sharing of lessons learned are carried out in a standardized way. Group-wide implementation of an incident tracking tool was launched in 2006 and completed by the end of 2008.

Workplace Safety

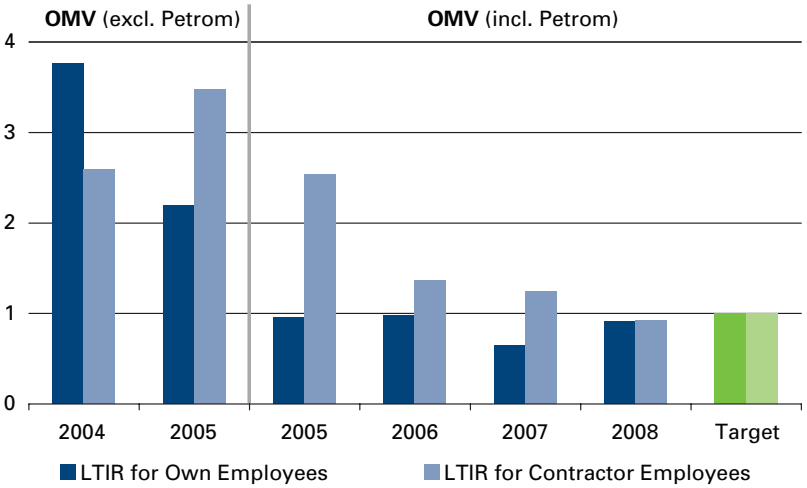
The reporting period was overshadowed by a high number of fatalities: In 2007, three employees and eight contractors lost their lives while working for OMV, and seven employees and nine contractors died in 2008. Road accidents accounted for a large majority of these fatalities. Most occurred within the Exploration and Production (E&P) business segment. However, safety measures implemented at OMV facilities produced positive results.

To avoid future fatalities, the overall safety culture continues to be addressed. At Petrom, this cultural change process started from day one with the full commitment of the senior management. Substantial investments have been made in plants, devices, and personal protective equipment.

In 2008, the LTIR for the entire Group, including Petrom, was 0.91 injuries per million hours worked for OMV employees and 0.92 for contractors. While the LTIR for contractors continued to decrease in 2008, the further reduction of employee accidents remains a challenge, as the increase in the LTIR in 2008 compared to 2007 indicates.

During the European Week for Safety and Health at Work in October 2007, the HSEQ team from the Petromar field cluster received an award for its activities from the Romanian safety authority.

Lost-Time Injury Rate (LTIR) in 2004-08



Contractor Safety

Under the OMV HSE management system, suppliers and contracted services must comply with OMV HSE standards. While HSE is everyone's responsibility, it ultimately rests with line management, which has statutory and moral obligations to provide for suppliers and contracted services the same safe working environment as for OMV employees. Contractors and service providers are strongly encouraged to actively support this principle.

Before entering into any contractual agreement, OMV assesses the contractor's management of HSE risks, assigning these the same priority as technical and commercial risks. In our tender process the pre-qualification, selection, and retention of contractors are assessed to ensure that a candidate's HSE values are consistent with those of OMV. We develop interfaces between OMV and contractors and manage them effectively to control HSE risks, e.g. by preparing and implementing bridging documents. Precautions for unplanned events are included in emergency and crisis control.

We set HSE performance standards for our contractors, and monitor and audit their performance against those standards. The inspection and testing of plants and equipment used by OMV and its contractors form an essential part of monitoring HSE compliance as required by regulatory authorities and contractual requirements. Contractors will have inspection and testing regimes in place to ensure compliance. The goal is for contractors to fully understand and work in accordance with HSE management system standards. In 2008, three major Refining and Marketing (R&M) contractors were audited for compliance with OMV safety standards. Recommendations will be subject to a joint follow-up in the future.

Setting HSE standards for contractors and joint ventures:

www.omv.com

Road Safety

Road accidents accounted for the majority of fatal accidents in the reporting period. Twelve fatal road accidents occurred in 2008. Drivers' lack of knowledge and risk awareness, rule breaking, and inadequate safety qualifications were the main causes of accidents. Proactive remedial strategies and corrective measures are a top priority for OMV. Improving road safety awareness is therefore key.

Training courses on defensive driving in cooperation with the Austrian Automobile Association (ÖAMTC) began back in 2006. During the reporting period courses were held in Austria and in Romania.

Petrom's Executive Board approved a road safety program focusing on five areas:

- Ensuring corporate standard compliance (driving policy and fleet management manual)
- Medical and psychological examinations
- Monitoring daily driving behavior via vehicle-monitoring systems
- Driver and pedestrian training, first aid training
- Communication (pedestrian and driver road safety campaigns).

Corporate HSE is developing a strategy to support and facilitate the business segments' efforts to implement further transportation safety initiatives.

Product Safety

Safety data sheets:

www.omv.com

OMV provides its partners and customers with detailed information about its products and the materials used in producing them. All products that are manufactured, marketed, or distributed by OMV are in compliance with the applicable legal regulations. Safety data sheets for OMV products can be downloaded from the OMV website (www.omv.com, Products > eServices > Product Information). These specifications contribute to the safe use of the products.

OMV application engineers and sales staff conduct product training on an ongoing basis for OMV employees, suppliers, and filling station partners and other customers.

Complaint management processes are already well established for corporate clients, for the refineries in Schwechat and Burghausen, and for VIVA products. Additional complaint management processes need to be implemented for all business units throughout the market in the near future.

Safety Awareness and Training

Safety is an important issue and awareness of it is high. However, the findings during safety audits, management walkarounds, and incident investigations often addressed predominantly technical issues.

In 2007-08, the next step in OMV's "Think:Ahead and Talk About It" campaign, which in 2006 had won a DuPont Safety award for Europe, the Middle East, and Africa in the "Innovation" category, involved implementing a new Group-wide IT application for incident management and reporting. The "Think:Ahead CARE" tool focuses on reactive and proactive HSE management.

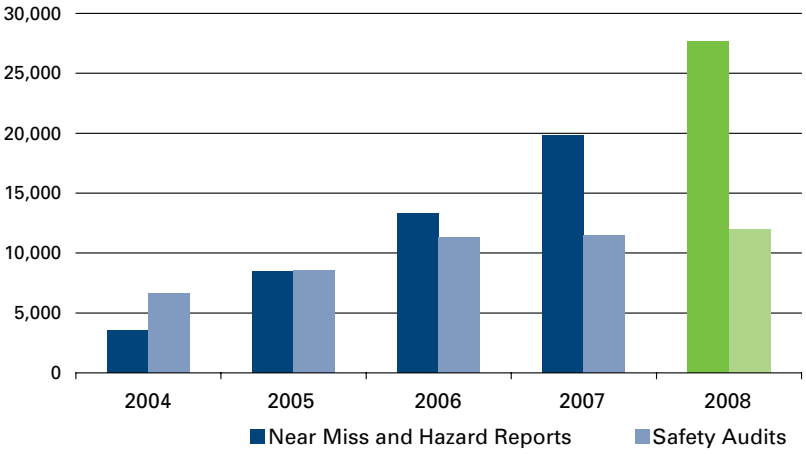
By recording and investigating incidents and near misses, we can ensure that we learn from previous experiences and prevent recurrence. Proactively collecting reports about near misses, hazards and findings, and using assessments and lessons learned, will reduce the likelihood of an incident occurring in the first place. The number of near miss and hazard reports was more than doubled in the last two years to 27,700 in 2008. This sets a good basis for raising safety awareness. It is of critical importance that OMV and Petrom, as well as contractors, learn from previous experiences via data reporting and analysis.

The implementation of "Think:Ahead CARE" was supported by an internal media campaign

In 2007, the "Think:Ahead" safety campaign won a Petroleum Economist Award in the "Health & Safety Project" category. It has also won an award from the Romanian press.

During the Safety Days held at all R&M sites, a touch of humor was used to draw attention to the risk of accidents. Slipping on a banana peel may be classic slapstick but in real life this and other hazards are far from funny. Strategically placed banana peel stickers helped raise awareness of everyday hazards and encourage discussion.

Increasing the number of safety audits and near miss reports strengthens the safety culture



with posters, newspapers, and a motivation video. All users were trained on the tool and additionally on HSE basic knowledge, via a wide range of training formats from face-to-face training to e-learning, which was used for the first time at OMV.

Emergency and Crisis Management

An Emergency and Crisis Management Directive was introduced in 2006 to ensure that OMV is adequately prepared for emergencies and crisis situations. The system described in the directive enables a structured approach to such situations and supports the necessary preparatory organizational steps. To support implementation of the directive, in 2007 a Crisis and Emergency Response Plan was developed and rolled out. In 2008, the directive was audited by an independent party and a number of improvement measures were raised, with definite timelines for their completion into the year 2009.

Emergency and crisis exercises take place regularly. Response scenarios for E&P, refineries, tank farms, gas transport, commercial and retail business, and office buildings are rehearsed. More than 75 crisis and emergency exercises took place in 2007-08, involving OMV staff, contractors, authorities, and other organizations. Evaluation of these exercises leads to the identification of lessons learned, which are

considered in the regular updates of crisis and emergency response plans.

OMV operates in various parts of the world where there are social, religious, cultural, political, and economic challenges. Some of the business units operating in these regions have dealt with real emergency situations. Their preparedness in terms of planning and competences enabled a quick and effective response that prevented the emergency from escalating into a major organizational or personal crisis.

In the case of avian flu preparedness, OMV demonstrated its ability to proactively plan a response for minimizing the impact of a pandemic threat on its employees while ensuring business continuity. With the Pandemic Preparedness Plan, OMV set an example of best practice for the industry.

Process Safety

Process safety and integrity at production facilities are always key concerns in the global oil, gas, and chemical industries, but were even more of an issue in the last few years, when several major accidents occurred. In 2007-08, OMV faced large fires in the Petrobrazi, Arpechim, and Schwechat refineries. There were no injuries in the fires and no risk to neighbors. Thanks to immediate professional fire-fighting efforts, only some parts of the plants were affected and actual asset losses were limited. The incidents were thoroughly investigated with the help of external consultants to find technical and managerial root causes. Process safety measures that have been introduced include organizational changes focusing on process integrity, adapted risk evaluation processes, and revised change management procedures. All activities have senior management attention. The increasing importance of process safety was taken into account in the reorganization at the Refining and Petrochemicals Business Unit, where the Process Safety Department in the newly established Center of Excellence will take on this responsibility in the future.

A process safety workshop developed for OMV and Petrom by DNV and attended by OMV HSE senior managers took place in January 2008 in Vienna and Bucharest. The objectives were to:

- Highlight findings and root causes from recent OMV process safety accidents such as the Schwechat refinery fires, E&P accidents, and analogies with the BP Texas City investigation findings
- Share process safety management approaches and methods used in each business segment
- Define synergies and the way forward.

Based on the results of this workshop, the Executive Board approved the establishment of a process safety management working group led by Corporate Safety with participation by all business segments. The focus of this working group is to raise and align all process safety-related standards throughout OMV.

Challenges and Goals in 2009

The challenge for the future is to minimize risks and ensure a safe and secure working environment for OMV operations. Our work in 2009 will focus on:

- Implementing further transportation safety initiatives
- Using "Think:Ahead CARE" to improve safety awareness via leading indicators such as the "Action Items Response Rate" (AIRR)
- Introducing a new safety management directive
- Further developing and strengthening process safety management.

Human Rights

Our Approach

The human rights policies of OMV and Petrom:

www.omv.com

Policy and Guidelines
The OMV Human Rights Policy was adopted by the Executive Board in 2007. It served as the model for the Human Rights Policy introduced by Petrom the following year. The OMV Human Rights Policy is based on the OMV Code of Conduct, and sets out the principles of our understanding of, and our responsibility for, the protection of human rights in the business environment. In the document OMV commits itself to respect, fulfill, and support the fulfillment of human rights within its sphere of influence, and not to become complicit in human rights violations as understood under international law. The Human Rights Policy is the normative umbrella for the management of human rights issues in our operations, as developed and implemented over the last few years.

Objectives and Performance in 2007-08
OMV made substantial progress towards achieving the human rights targets defined in earlier Corporate Social Responsibility Reports. One of the implemented activities was the development of a human rights matrix and the organization of human rights workshops aimed at raising employee awareness. HSEQ and CSR training courses were revised to include human rights issues as a central element. Moreover, OMV committed itself to focusing on human rights aspects in its assessment of the impacts and risks of planned projects and investments in relation to the local environment, and to take these issues into account in the decision-making process. Such assessments have already been implemented by Exploration and Production (E&P). OMV supports community development projects in Pakistan, Yemen, Iran, and the Kurdistan Region of Iraq.

Objectives in 2007-08	Implemented	Ongoing
Raising awareness of OMV's responsibility for human rights protection		●
Promoting dialogue with local stakeholders	●	
Local application of the OMV Human Rights Matrix, needs assessments, and planning activities		●
Monitoring the supply chain to enforce the prohibition of forced labor and prohibited child labor		●
Continuation of human rights training for security forces	●	

Organizational Responsibility
We see human rights as one of the central elements of social sustainability. Any activity undertaken by OMV entails potential risks and opportunities in the area of human rights. These will vary from country to country. Collecting baseline information about the social conditions in the countries in which we operate is therefore the key first step we take when we prepare to take decisions about our business activities. This obligation is the responsibility of project managers, the general managers of the local OMV companies, and line managers. They are supported by the CSR manager of OMV and the CSR managers of the business segments. The CEO of OMV bears ultimate responsibility for CSR, including human rights.

Monitoring and Further Development
To identify the risk of human rights violations and avoid them, before it begins operations in a new country or region OMV seeks dialogue with the local stakeholders and assesses the human rights situation.

At the end of 2007, the CSR manager of OMV, working with human rights experts, tested a questionnaire based on the OMV Human Rights Matrix (see below) in a survey in Tunisia. On a consulting visit to Yemen in fall 2008, the CSR manager of E&P and human rights experts conducted a detailed survey based on the human rights indicators defined by the Danish Institute for Human Rights (DIHR), to further develop the questionnaire used in Tunisia. The findings of the pilot survey in Tunisia are available on the OMV website. The results of the survey in Yemen are currently being evaluated. Using the DIHR indicators, OMV carried out a human rights gap analysis in all E&P countries at the end of 2008. In 2009 the data are due to be analyzed by external human rights experts and appropriate improvements will be implemented as needed.

The OMV Human Rights Matrix

OMV's human rights responsibilities are contained in a comprehensive human rights matrix aligned with the matrix developed by the Business Leaders Initiative on Human Rights (BLIHR). The OMV Human Rights Matrix is derived from the OMV Human Rights Policy and constitutes the basis for our activities in the field of human rights. It includes highly sensitive areas, ranging from the rights of indigenous peoples to security measures involving armed personnel.

The OMV Human Rights Matrix was developed in cooperation with human rights experts, particularly members of the Ludwig Boltzmann Institute for Human Rights in Vienna. We placed great importance on the operative integration of the business segments into the development process. In 2008, the OMV Executive Board adopted the matrix as part of the CSR management system. Among the various tools created to strengthen awareness of human rights and promote implementation of the matrix are Q&As (e.g. What are human rights? What do they have to do with the company?), indicators for conducting gap analyses in the OMV countries, and checklists for human rights implementation. Issues that are relevant to the matrix are incorporated in the Balanced Scorecard.

More information on the OMV Human Rights Matrix:

www.omv.com

Human Rights Training

OMV organizes training courses and workshops to raise human rights awareness on the part of employees and other stakeholders, and promotes the development of specific competencies and qualifications. In the reporting period, the importance of CSR, human rights, and business ethics along the OMV value chain was the focus of a number of workshops held in the different business segments and in the OMV Communication Department. The participating department heads and team members were given information about OMV's approach to CSR and the challenges it presents. The basic principles of OMV's business ethics and a presentation on the OMV Human Rights Matrix were also on the agenda.

In a program introduced at Gas and Power (G&P), newly hired employees can attend a one-day workshop that provides general information on G&P and also covers OMV's approach to CSR, business ethics, and human rights during the reporting period.

Human rights training is provided for the personnel of security companies contracted by OMV. In 2007-08, courses were held in Yemen, Austria, and Romania.

Training for Romanian Private Security Companies
In November 2008, OMV CA&S and Petrom held a "train-the-trainers" workshop on "Security Services in Line with Human Rights" for Human Resources managers and project managers from private security companies contracted by Petrom. The workshop was a follow-up measure suggested by participants in a 2007 workshop at which Petrom had presented its approach to security and human rights to senior managers of these companies. The "train-the-trainers" workshop was conducted by external human rights trainers and CSR and security managers from OMV and Petrom. Its aims were twofold: to raise awareness of the need to align security service provision with human rights standards; and to strengthen the capacity to provide stimulating and practical training workshops on the subject and integrate them into current training programs.

Community Development Projects

Pakistan
E&P in Pakistan supports 64 government primary schools with a total enrollment of about 3,000 children. Part of the support covers regular training courses for teachers and school infrastructure development. All the schools are managed by a training resource center established by E&P in Pakistan and district education departments.

Model primary and middle schools were set up in local communities. Adult literacy classes are held for local communities and workers at the Kadanwari plant. In partnership with a non-governmental organization and district health departments, E&P in Pakistan provides medical services focusing on mother and child health.

Every day 36,000 liters of safe drinking water are distributed to communities in remote areas of the Nara Desert. E&P in Pakistan initiated forestation and green dunes projects with the district forest department, which are aimed at improving people's living conditions through sustainable energy solutions.

Another project to promote traditional craft skills is helping people increase their income potential.

Yemen
In Yemen, various community development projects were carried out in 2008 in Old Shabwah, Habiliyan Astor, and Sudara in Block S2.

Based on a 2007 social impact assessment for the OMV operation in Yemen, the recommended CSR structure was set up and actions in line with the findings of the studies were implemented. To combat the high incidence of waterborne diseases due to poor water quality, OMV distributed silver water filters to the local communities and provided training on filter usage and maintenance, as well as basic hygiene issues.

OMV provided continuous electricity for the local health unit, school, and mosque through a solar generator. OMV also installed water pipes to supply water to the health clinic, mosque, and teacher's hostel.

Thanks to these projects and to the intensive dialogue conducted with the local communities in Yemen, community relations have improved significantly. This has a positive effect on the security situation in the communities. Regular visits by security and CSR representatives assure ongoing stakeholder dialogue.

Hepatitis B Project in Pakistan
The Austrian Development Agency (ADA) and OMV funded Phase I of the hepatitis B vaccination project for Pakistan. The project was launched in 2006 and successfully completed in 2008, with over 9,000 women and children vaccinated.

The total project budget was EUR 100,000. Activities included an information campaign and hepatitis prevention training in the Sindhi language. For this project OMV won the Austrian TRIGOS corporate social responsibility award in 2007.

On a consulting visit to Yemen

Iran
To provide income-generation opportunities for families in Khuzestan province and Qeshm Island, OMV in Iran implemented community development projects involving training in local crafts and the production of season's greetings cards. The sale in 2007 of 2,150 greetings cards to OMV funded the purchase of 35 sewing machines for local women in early 2008.

The project continued in 2008. OMV refurbished and equipped village schools near operation sites, and helped fund a documentary about disadvantaged women. The documentary was supported by the non-governmental organization Omid-e-Mehr.

OMV also offers internships with the company to members of Omid-e-Mehr.

Kurdistan Region of Iraq
Prior to beginning its seismic exploration activities in the Kurdistan Region of Iraq, OMV carried out a baseline study of local community needs. A community development program was set up based on the findings.

The first phase, which consisted of three parts, has already been implemented:

- During winter 2008-09, OMV supported villages near the OMV sites with diesel because these communities will not be connected to the national electric grid until winter 2009-10
- In 2008, OMV started renovating local schools to ensure water supply, improve hygienic standards, repair or replace damaged and missing infrastructure, etc.
- "Children's packages" were delivered to 600 schoolchildren living near the OMV exploration blocks.

"Children's packages" were delivered to 600 Kurdish pupils

Works Council Projects

As part of the "Equal Opportunities" project started by the OMV Group Works Council in 2001, in fall 2008 the Works Council conducted its second employee survey since 2002 on equal opportunities at OMV in Austria. The survey was held on the initiative of OMV Group Works Council Chairman Leopold Abraham and the OMV Women's Representative, Works Council member Christine Asperger, with the support of the OMV Executive Board and the Human Resources management.

The goal of the recent survey was to evaluate changes at OMV over the past six years with regard to equal treatment of all the company's employees in Austria.

The anonymous questionnaire was distributed to 3,400 OMV employees and returned by September 2008 with a response rate of 30.6%. Respondents volunteered information that could not have been obtained in personal conversations in the daily work environment.

Not everyone may be aware that equal opportunity is not only about the equal treatment of men and women in the organization but also about diversity. The survey went beyond questions related to gender issues to also cover the issue of migration, a subject of particular importance to a company that is active in many parts of the world. The inclusion of questions on issues related to multinationalism provided important new data on how people from different cultures work together in a multinational organization.

Nearly all respondents noted improvements over the previous six years, with the exception of two areas: opportunities for further training and family-friendly policies.

The Group Works Council will propose a package of measures based on the survey findings which, it is hoped, will eventually lead to an agreement between the company and the Works Council aimed at ensuring further improvement of working conditions for all employees.

Challenges and Goals in 2009

The year 2009 will see further implementation of the Human Rights management system. The focus will be on G&P and Petrom. At E&P, the human rights analyses carried out in 2008 will be evaluated and identified gaps will be addressed. In the next reporting period the difficult global economic situation will present challenges.

- In late 2009, roll-out at OMV and Petrom of a human rights e-learning tool based on the IPIECA Toolkit
- Further human rights training courses at OMV and Petrom, organized in cooperation with the Ludwig Boltzmann Institute for Human Rights in Vienna
- Development of a human rights action plan based on the 2008 gap analysis at E&P
- For new engagements, the due diligence and tollgate process will be a basis for specific human rights goals and activities
- A tollgate process will be implemented at G&P, where baseline studies and social impact assessments will become an important means to ensure in-depth analysis of relevant social and human rights issues in each project
- Human rights training for security companies working for G&P projects
- Development and implementation of country CSR strategies
- Social and environmental impact assessments for the Nabucco gas pipeline project
- Structured dialogues with local stakeholders
- International infrastructure projects will be carried out in a socially responsible way according to international standards on social and environmental sustainability such as those of the International Finance Corporation (IFC).

Business Ethics

Anti-Corruption Regulations
OMV issued its new corporate directive on business ethics in 2007. The directive covers conflicts of interest, gifts, facilitation payments, third-party assessment (checklists and an approval procedure), and a Group-wide compliance structure.

Preparation of the directive began in 2006 with the support of the Basel Institute on Governance, headed by Mark Pieth. An extensive questionnaire was circulated to the business segments and units. Their feedback was integral to the drafting of the directive. Employees from across OMV participated in several workshops held to discuss the proposed regulations. The directive was approved by the Executive Board in September 2007.

Petrom S.A. initiated its own Business Ethics Directive in September 2008. A train-the-trainers course took place in December 2008. More courses followed. The directive was approved and released in December 2008 and will be effective as of April 1, 2009.

The OMV Corporate Compliance Officer actively supported Petrom by providing advice and performing training courses. The electronic tools developed for OMV will be adapted for Petrom.

Implementation
All employees across OMV, excluding Petrom, have received information about OMV's Business Ethics Directive.

Before the directive became effective on May 1, 2008, intensive training courses were held in the third quarter 2007 and the first quarter 2008 to ensure that employees clearly understood the new regulations. These courses targeted executives, compliance officers, and white-collar workers. So far 85% of employees have undergone training. To increase that figure, and to train new employees, courses continue to be offered.

An anonymous, toll-free hotline was set up for employees. As of late 2008 they can also request information via a web-based form. In addition, inquiries can be directed to any OMV compliance officer. The majority of employee inquiries involve the following issues:

- How to interact with officials, including how to determine if someone qualifies as an official
- How to assess the value of received gifts, and how to decide whether to return them or to keep them, registering their receipt
- Giving lectures at third-party events
- Private contacts with officials, politicians, or business partners
- Holding positions in associations and communities
- Approval and documentation procedures
- Selection and employment of agents, consultants, and other third parties.

Under the guidance of the Corporate Compliance Officer, divisional and local compliance officers provide advice, templates, and sample contracts, especially to employees working in corruption-prone business areas or regions.

In 2008, 5,000 copies of a folder explaining OMV's business ethics principles, rules, and procedures were distributed. An e-learning tool will become available in 2009.

All business segments and units at OMV, excluding Petrom, were analyzed for risks related to corruption. The Basel Institute on Governance provided the questionnaires and evaluated the responses.

Actions Taken
OMV obliges its suppliers and contractors to abide by the OMV Code of Conduct. OMV has terminated or decided not to pursue a number of business relationships and activities due to attitudes or behavior found to be in violation of our ethical standards.

For two OMV employees, non-compliance with our anti-corruption policy led to the termination of their employment in 2008.

Information on the Extractive Industries Transparency Initiative (EITI):

www.omv.com

Community Relations

Social Sponsoring

Social sponsoring and community investment projects:

www.omv.com

OMV's international social and education program, OMV Move & Help, targets socially relevant issues and needs. The program works closely with its three partner organizations, Caritas, SOS Children's Villages, and the UN Environment Programme (UNEP). UNICEF was an additional partner in 2007, when road safety was the theme of the OMV Move & Help projects. In 2008, the program drew attention to the environment and more efficient energy use with the launch of the energy-saving campaign "OMV Move & Help Mobilizes Against Unnecessary CO_2." OMV invested about EUR 800,000 in OMV Move & Help projects in 2007-08.

Community Investment

OMV promotes development in the communities in which it operates through substantial investment in social projects. In the reporting period, numerous projects to improve infrastructure, education, health, and leisure were launched in Romania. For some of the larger projects, particularly at Petrom Exploration and Production, systematic needs assessments were carried out to guarantee the targeted use of funds.

Community Investment in Romania

"Parks of the Future": Green spaces are the lungs of a city. Petrom's "Parks of the Future" project has already turned five Romanian urban parks into places of fantasy and education, complete with alternative energy equipment, children's play areas, artesian wells, and thousands of trees and shrubs.

"Parks of the Future" project, Romania

Lunca Florilor Park in Bucharest, Central Park in Moinesti, Expo Park in Pitesti, and parks in two other cities were redesigned in 2007-08 by young architects and landscape architects who had won a national competition for creative solutions. Petrom volunteers, local communities, officials, and public figures who supported the project participated in the planting activities.

Environmental Awareness: Global warming and the depletion of the earth's natural resources are an undisputed reality. Petrom is the first private company in Romania that has understood the importance of making the public aware of the responsible use of resources. It decided to act now, before it is too late.

Switching off your computer overnight, turning the water off when it is not in use, disconnecting the audio system when leaving home, not taking plastic bags from the supermarket but using paper bags, turning the lights off when leaving a room: These are all small gestures, seemingly unimportant, but they could lead to positive changes for the environment, natural resources, and even your own life.

In an education and public awareness campaign the most important thing is setting a personal example. Therefore almost 3,000 Petrom employees took part in such campaigns in 2008. They collected around 20 tonnes of paper to be recycled, planted more than 8,700 trees, and contributed to the Romanian Ministry of the Environment and Sustainable Development's "Great House-

Cleaning" campaign with over 100 tonnes of old equipment from the Ploiesti storage.

"Andrei" TV Spot: Petrom's spot is a simple story that sends a powerful signal about the consequences of wasting resources. It was the only attitude spot from Central and Eastern Europe to receive a Responsibility Award at the World Congress of the International Advertising Association in 2008.

The "Andrei" spot had an impressive impact on the public: 51% of the targeted population knew about the spot; 82% of those who saw it understood the message; 25.6% declared that they would change their habits; 20.6% became aware of the importance of a change in attitude; and 22.4% admitted that the waste of resources is a problem that exists today.

Following the integrated "Resources for the Future" campaign, which centered on the "Andrei" spot, Petrom was designated the most responsible Romanian company by bloggers (cited by 45% of respondents).

"Building for the Future" with Habitat for Humanity Romania: Petrom was actively involved in the largest volunteer project in Europe, which aimed at helping families without a decent home build one through their own efforts. It was carried out in partnership with the non-profit organization Habitat for Humanity.

Under the project, 650 European volunteers built 27 homes in Radauti for needy families. Each house symbolically represents a European Union member state. Petrom financially supported the construction of the "Romania House," but also became involved on a personal level because employees worked together with the beneficiaries of the new houses.

Close relationships developed not only between the Petrom employees and the future owners, but also with the volunteers involved in the project. Trees and shrubs were planted in the yards of all 27 houses.

Houses for Flood Victims: Thousands of people in northern Romania were left without shelter following floods in summer 2008. Once again Petrom decided to help people in need. Together with our partners, Habitat for Humanity and the Romanian government, we built 110 homes for 500 beneficiaries in the affected families in Doljesti, Neamt County.

The award-winning "Andrei" TV spot: www.petrom.com

"Romania Takes Roots": Petrom became involved in "Romania Takes Roots," a reforestation project that will be carried out over five years in partnership with Realitatea TV, Romsilva, and the organization Mai Mult Verde.

Three million trees will be planted in Suceava, Bacau, and Neamt counties. Petrom welcomed the "Romania Takes Roots" reforestation initiative and immediately made a commitment to invest over EUR 1 million to reduce the effect of future floods, stabilize the soil, and enhance air quality. Petrom's contribution in 2008 was EUR 200,000.

Disaster Preparedness: Petrom and the Romanian Red Cross share a concern for the future and a desire to improve peoples' lives. Since 2007 we have been jointly implementing several important social projects within the National Campaign for Preparing Against Disasters.

Romanian disaster preparedness projects: www.petrom.com

Gas Fund: Petrom signed a protocol regulating its participation in a government social fund to grant subsidies to low-income families and single households that use natural gas for household heating.

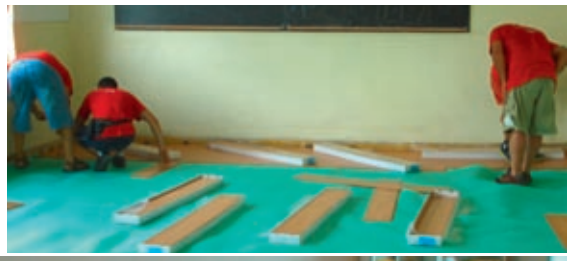
Petrom contributed EUR 21.5 mn to the gas subsidy fund

Petrom contributed RON 80 million (EUR 21.5 million) in voluntary monthly installments in 2008. The Fund's supply method is sponsoring. The transparency of the distribution process is guaranteed by the Romanian Ministry of Labor, Family, and Social Protection in accordance with government ordinances No. 3 /2003 and No. 14/2008 (Art. 8).

School Renovation Project: For the 2008 Team-Building Workshop, Petrom Gas selected a social project to renovate a school in the village of Partizani in a deprived area in the Danube Delta.

During the five-day project, 34 Petrom Gas participants proved they could achieve a common goal as a team within a given timeframe, even in a field in which they were not particularly skilled or experienced.

A school renovation project in Partizani in 2008



The team replaced the floors in a classroom and the kindergarten (the concrete bed was done by a construction firm), laid the parquet floor, refurbished the rooms, and purchased essential items.

Community Investment in Bulgaria

"Business Hour" Initiative: Since summer 2008, the Bulgarian Business Leaders Forum (BBLF) and the Bulgarian Center of Training Firms have been organizing "Business Hours" as a bridge between school and business. OMV Bulgaria is one of the many large companies that participate.

Professionals from these companies share their real-world experience with students. They talk about their own golden rules and innovations, as well as business ethics, labor law, and taxes, and offer career advice. Both the companies and the students benefit from the discussion of socially responsible business practices and the exchange of ideas and information at local and at international level.

P.E.T.R.A. Sponsorship: OMV in Bulgaria has undertaken sponsorship of P.E.T.R.A. activities in the country, with the support of the Gas and Power country manager for Bulgaria.

P.E.T.R.A. (Program for Educational Trainings and Regional Assistance) is an Austrian nonprofit organization that seeks to improve young people's job prospects through education, including foreign-language training for orphans and children from minorities and poor families. Plans include setting up a database from which sponsor companies can choose future trainees and employees.

Public Affairs

As an internationally active group that is committed to European values, OMV conducts public affairs activities at a European and a national level. We participate actively in the development of the framework that impacts on our company. In consideration of our stakeholders' expectations we provide input to an environment that is favorable to our business and the economy.

Crisis Communications

OMV places high value on professional crisis communications. The goal is to provide clear, in-depth information to the media and the public as well as to our employees. Communication between the crisis management team and emergency services must be managed effectively. To that end, simulation drills are held in the business segments and at corporate level several times a year.

"Brückenschlag" Program

The Austrian CSR initiative "respACT – Austrian Business Council for Sustainable Development" helped launch the "Brückenschlag" (Building Bridges) program in eastern Austria in 2005.

The program is designed to give company executives an opportunity to work for five days in a social institution of their choice. There they test their own social skills and limits in an unfamiliar environment, where they may be confronted with challenging situations. In addition to learning about the structures, values, and culture of social work by observing professionals in the field, they meet people who have been marginalized as a result of poverty, illness, disability, or social factors.

Participants hone their communication and other personal skills, such as creativity, flexibility, authenticity, tolerance, and the ability to deal with conflict. OMV encouraged its senior employees to take part in "Brückenschlag" as soon as it was set up. Thirteen OMV employees successfully completed the program in 2007-08.

Hilmar Kroat-Reder, Senior Vice President, OMV CA&S, at the "Brückenschlag" program: www.bruecken schlag.org

Filling Station Partners

Training
OMV's filling station partners undergo general theoretical and practice training before they begin operating the filling station. HSEQ topics are an integral part of the training, which is provided at a special training filling station. During their training, the new filling station partners become familiar with the basic HSEQ documents, the Handbook and the Alert Plan.

VIVA Shops
The VIVA shops at OMV filling stations offer a clearly defined range of over 1,500 everyday items. The "VIVA Pure" line features fresh fruit and vegetables. "The Conscious Alternative" is a line of low-fat, low-sugar products. VIVA shops in Austria also carry a line of organic products, wholemeal products, and soy products, including fresh baked goods and dairy products. This line will be market-tested in Germany in 2009.

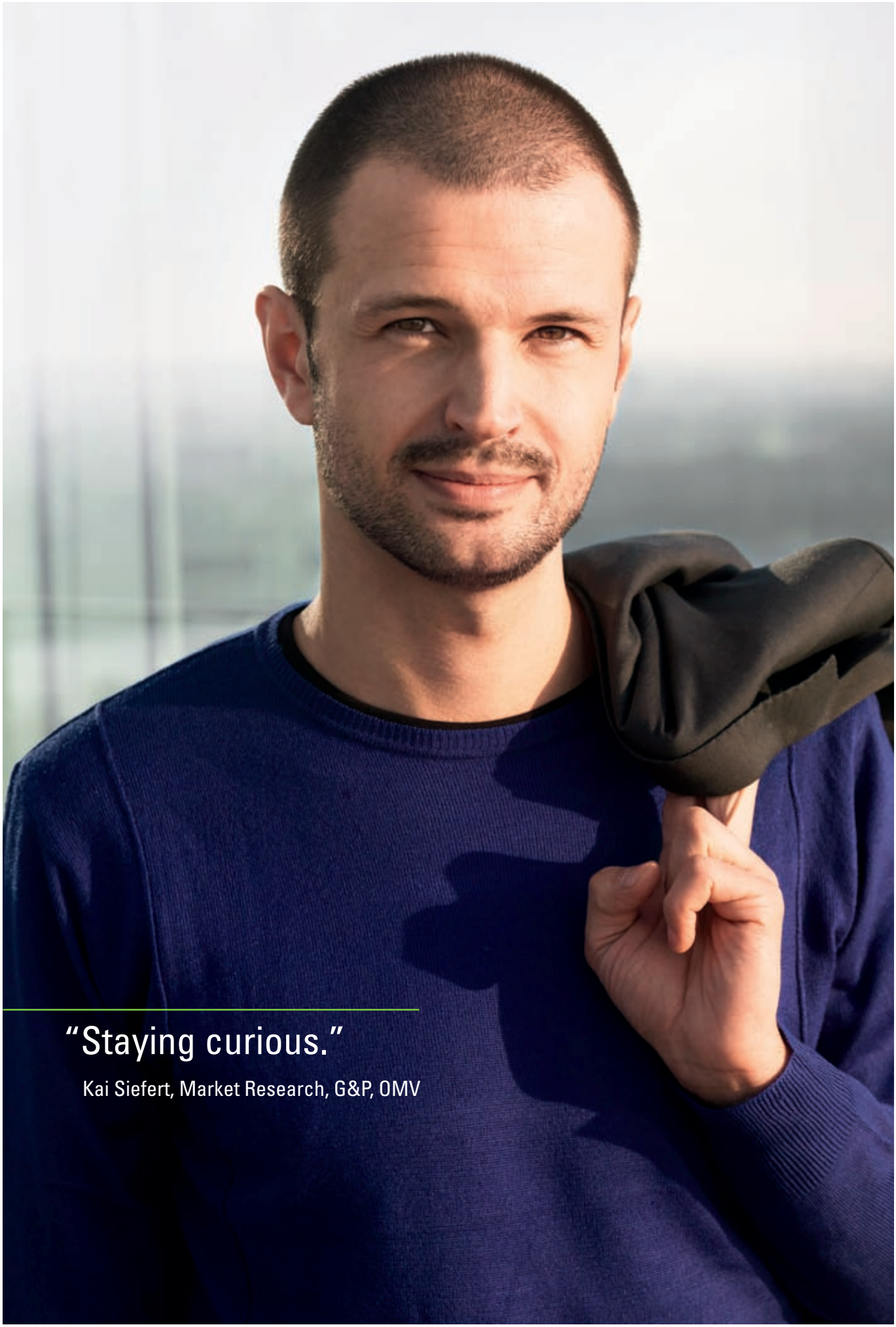
VIVA cares about the conditions under which the products it sells are produced and traded. A number of FAIRTRADE products, including milk and fruit juice, are already available at VIVA shops in Austria, with those in other countries soon to follow suit.

The chain's sense of responsibility towards its customers is reflected in a ban on gambling machines and the sale of pornographic products.

OUTLOOK

“What’s the best way to prevent stagnation?“

Marie Carlier, Product Manager


“Staying curious.”
Kai Siefert, Market Research, G&P, OMV

Future Energies and Innovation

Research and Development

OMV invests in research and development (R&D) for the benefit of our customers, the environment, and our business. Extensive R&D cooperation and close collaboration with the OMV Future Energy Fund enable OMV to tap into a huge potential for technology and knowledge transfer. OMV works together with universities, non-university research institutes, and numerous industrial partners, and is an active member of diverse technology networks. In expanding its knowledge base, OMV places particular emphasis on leveraging synergies with existing expertise. R&D expenditure in the Group totaled EUR 15 million in 2007 and EUR 14 million in 2008.

Targeted R&D activities support the business segments in developing their core competencies and achieving high-quality standards for OMV products and services. In addition to the traditional issues in the areas of oil and gas production, processing, and products for our customers, renewable energy is a focus of research and innovation activities for all the business segments.

OMV Future Energy Fund

More on the OMV Future Energy Fund: www.omvfutureenergyfund.com

Challenges
As an energy group OMV must respond to the challenges of rising energy demand, finite fossil fuel reserves, and climate change. OMV is therefore committed to identifying opportunities in the renewable energy field which can be integrated into its core business activities.

Mission
The OMV Future Energy Fund was established in 2006 with startup capital of EUR 100 million. Its goal is to identify and provide funding for projects in the areas of renewable energy, reducing greenhouse gas (GHG) emissions, and improving energy efficiency. With the aid of this funding, OMV aims to generate a total investment volume of EUR 500 million in the three business segments. OMV will allocate the available funds as start-up funding for research and pilot projects to help them over the feasibility threshold.

The Future Energy Fund pools and supports renewable energy projects that are directly related to our core business. In addition, it is dedicated to exploring and developing future energy forms with high-growth potential in related areas. The Fund also supports a large number of projects for foreign holdings, such as Petrom, where a working group was set up on the model of the Future Energy Fund. It searches for suitable projects, possible partners and funding sources, and supports implementation of the projects selected.

OMV **future energy** fund

The OMV Future Energy Fund has an independent Advisory Board made up of four internationally renowned scientists and a representative from each of the three business segments. The Advisory Board confers with the OMV Executive Board before deciding on the individual projects. The Advisory Board's voting procedure is by simple majority, which promotes competition between the projects submitted and ensures that scientific standards are maintained.

Projects
Since the Future Energy Fund was established, its Advisory Board has approved 24 projects in Austria and Romania. The total investment volume for these projects is EUR 31.2 million, with the Fund providing EUR 10.5 million. OMV's three business segments are investing EUR 9.9 million, with the remaining EUR 10.8 million coming from external project partners. The Fund's current projects focus on:

- Geothermal energy
- Carbon capture and storage
- Solar energy
- Second-generation alternative fuels
- Biogas
- Energy efficiency.

Franz Kafka preparing an oil sample for a viscosimeter in a refinery lab

Exploration and Production

Fossil Energy
The trend in exploration is inevitably towards complex deposits that are difficult to develop. Examples include the complicated structures in the extremely deep Vienna Basin, fractured reservoirs in the limestone alpine (e.g. in the Vienna Basin) or crystalline basement (e.g. in Yemen) of sedimentary basins, exploration areas in deep water (e.g. in Egypt and Australia) or reservoirs with very low permeability. Targeted research projects in the fields of geology, petrophysics, and geophysics helped build the necessary experience. In reservoir management, a range of technology projects is also aimed at increasing yield not only in reservoirs that are already producing but also in the complex ones mentioned above. To achieve this, researchers explored the possibilities of injecting various gases or polymers into the reservoirs in the laboratory and with mathematical modeling (assisted history matching).

Future Energies
The following projects are currently supported by the OMV Future Energy Fund:

Geothermal Power: Boreholes enable geothermal energy to be used for heating purposes and for electricity generation. The greatest obstacles in using geothermal power are the high cost of drilling wells and the risk of striking layers where the water temperature is too low.

To exploit the potential of geothermal energy, old oil and gas wells in Austria and Romania that would otherwise be abandoned are kept in continued use. A project in the Exploration and Production (E&P) business segment is evaluating the potential for using geothermal energy in the northern and central Vienna Basin to generate heat and electricity. The aim is to design specific projects. Work includes an update on the known geothermal reserves, the existing hydrocarbon wells and their suitability for future geothermal use, and additional opportunities for hydrothermal projects. At least two concrete project options to be decided on and developed are currently in preparation.

In 2008, OMV, with the support of the Future Energy Fund, launched a pilot project to convert geothermal energy into power for community use. It involves installing a heat exchanger in an old well for converting geothermal energy. The energy obtained is supplied to customers in Lower Austria for heating in winter and air conditioning in summer. The project is aimed at optimizing the energy yield from depleted wells.

Carbon Capture and Storage:
Another research focus is the capture and storage of CO_2 during the production of oil and gas. With the support of the Future Energy Fund, E&P is developing a process for separating off the carbon dioxide released during oil and gas production, and injecting it into the reservoir.

Gas and Power

Fossil Energy
In line with OMV's strategic goal of diversifying its fuel portfolio, as well as the search for opportunities to achieve a further reduction in emissions, a few years ago compressed natural gas (CNG) was introduced as an OMV fuel. Developing the network of natural gas filling stations will create the infrastructure required for distribution.

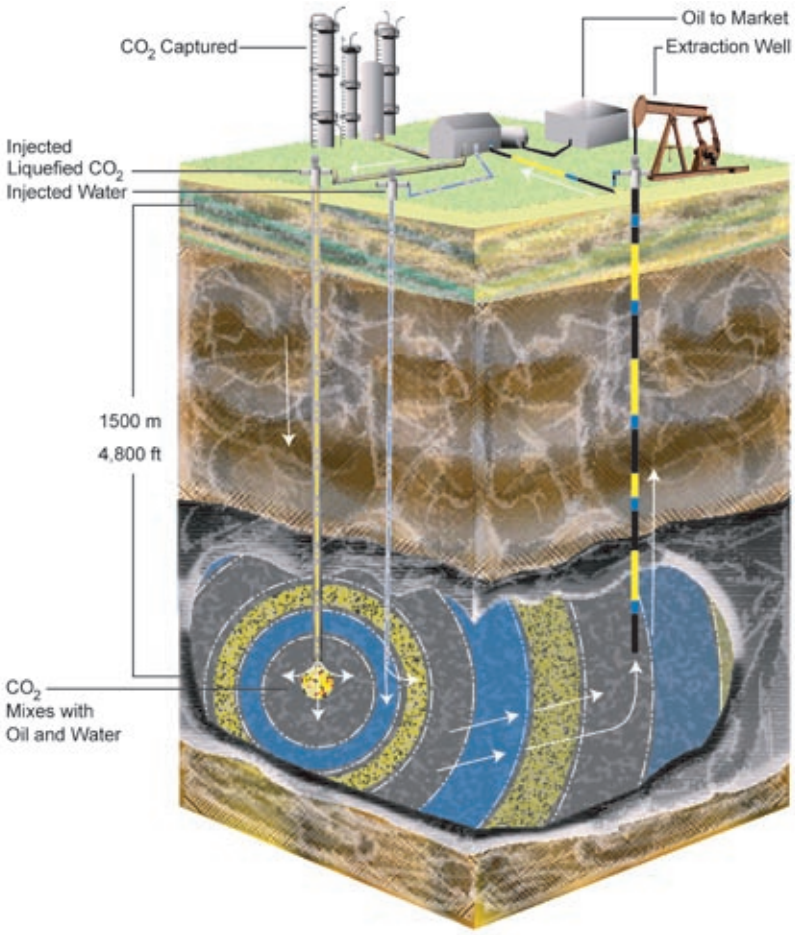
Future Energies
The following projects are currently supported by the OMV Future Energy Fund:

Biogas:
By adding biogas (biomethane), which has high potential for reducing GHG emissions, natural gas becomes an even more attractive product in environmental terms.

A pilot project in the Gas and Power (G&P) business segment aims to demonstrate the economic feasibility of the production of biogas and its refinement to natural gas quality for feeding into the natural gas network. A broad-based consortium for covering the entire process chain should help this innovative technology gain acceptance. The biogas that is added mixes with the natural gas and is supplied to the customer on a cost basis, i.e. virtually.

The purpose of another biogas project is to evaluate the biogas potential in Romania. A study will examine questions concerning types of raw material and the possibilities for providing biogas in Romania. Assuming conditions are suitable, a business model for biogas in Romania can then be developed based on the findings.

A zero-emission power plant



Zero-Emission Power Plant:
In a zero-emission power plant (ZEP), the CO_2 produced during electricity generation is transported to a suitable reservoir and injected into strata located deep below the earth's surface. As a result, electricity can be generated almost without any CO_2 emissions (CO_2 reduced by 80-90%).

G&P submitted a project to the OMV for the Future Energy Fund which would explore possible technologies for capturing, transporting, and storing CO_2. It also examines the economic and legal aspects of a potential pilot power plant project, including the location.

Refining and Marketing

Fossil Energy

Fuels: Market-oriented development work focuses on adding biofuels to gasoline and diesel. Ethanol is already being added to gasoline and biodiesel to diesel in quantities of up to 5% v/v in many countries. Austria and Germany have been blending diesel with 7% v/v since the beginning of 2009, thereby achieving the highest substitution rates in Europe. The main work done in this area was determining and evaluating all issues relevant to quality in the European and national product standards regarding the addition of biofuels, ranging from production to the consumer.

Other work in the field centered on the standardization and market preparation of E85, the ethanol blend for flexible-fuel vehicles. Various research projects carried out with universities and partners in industry made an important contribution to product launches.

Other research projects dealt with evaluating further possible biocomponents for blending with gasoline and diesel fuels, and the fuel requirements for future engine and vehicle technologies. The range here includes high-quality biogenic components with combustion properties superior to conventional fuels, and hydrogen.

Future Energies

The following projects are currently supported by the OMV Future Energy Fund:

Second-generation Bioethanol: A project in the Refining and Marketing (R&M) business segment is aimed at developing a biotechnological process for producing ethanol from lignocellulose (e.g. straw or wood). Expectations are that between 15% and 30% of the raw material can be converted into ethanol. Suitable ways of recycling the residue are under development, such as producing biogas, animal feed, or plant nutrients. This project is being coordinated by Petrom and implemented in cooperation with universities in Romania.

Hydrogen Filling Station and Research Facility in Graz: This R&M project is intended to pave the way for the medium-term market launch of the alternative fuel green hydrogen. Its aim is distributed hydrogen generation at filling stations on the basis of green electricity. A great advantage is that electricity can be transported much more efficiently than hydrogen.

A prototype for the green hydrogen filling station of the future was built on the premises of HyCentA (Hydrogen Center Austria) in Graz, Austria, to enable testing of cogeneration (electrolysis with green electricity) and the use of green hydrogen, oxygen, and heat in practice.

The hydrogen filling station in Graz

INDICATORS AND ASSURANCES

"What do you consider is the key to good reporting?"

Michael Buhl, Management Board, Vienna Stock Exchange


“Transparency.”
Angelika Altendorfer-Zwerenz,
Investor Relations, OMV

Performance Indicators

Indicators for the E&P, Refining, and Gas operating business segments:

www.omv.com

Environment

	Environmental figures[1]		2008	2007	2006	2005	2004
EN3	Energy consumption	PJ	165.4	159.5	154.5	83.6	81.5
EN8	Water consumption	mn m^3	77	76	89	102	184
	Thereof groundwater	mn m^3	26.9	25.3	27.5	20.5	19.5
	Emissions						
EN16	GHG (direct, Scope 1)	mn t CO_2 equivalent	12.0	12.1	14.1	7.2	7.8
EN16	GHG (indirect, Scope 3)[2]	mn t CO_2 equivalent/toe	105	102	n.r.	n.r.	n.r.
EN16	CO_2	mn t	11.1	10.8	11.6	6.2	6.7
EN16	CH_4[3]	t	27,136	39,880	95,285	37,426	44,052
EN16	N_2O	t	1,036	1,440	1,384	442	907
EN20	SO_2[3]	t	9,039	10,290	13,247	5,861	6,484
EN20	NOx[3]	t	14,890	13,759	13,439	7,264	7,819
	NM-VOC[3]	t	10,553	9,707	6,028	1,649	2,519
	Particulate emissions	t	2,492	2,944	2,369	183	293
EN21	**Waste water discharges**						
	Chemical Oxygen Demand	t	1,890	2,741	2,939	240	630
	Hydrocarbons	t	84.0	62.2	72.8	3.3	2.4
	Total nitrogen	t	372	437	349	441	1,546
EN22	**Waste**[4]						
	Non-hazardous production waste	t	216,681	75,261	57,456	42,537	39,244
	Hazardous production waste	t	22,714	21,004	19,835	8,174	9,058
	Waste oil	t	439	322	262	296	495
	Total production waste	t	239,834	96,587	77,552	51,007	48,857
EN23	Spills	number	1,701	884	2,782	1,353	43

n.r. = not reported

[1] Environmental figures including Petrom as of 2006. Kazakhstan and Petrom Marketing not included, since HSE reporting systems are still under development.

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

[3] Increases due to adapted estimation and calculation methodologies in refineries (NM-VOC, 2007) and E&P (2008).

[4] Production waste of Petrom E&P included as of 2008.

Safety

LA7	Safety figures[1]		2008	2007	2006	2005	2004
	Own employees						
	Fatalities	number	7	3	6	3	0
	Lost workday injuries	number	61	40	73	72	38
	Fatality rate (FAR)	per 100 mn working hours	9.39	4.54	7.45	3.49	0.00
	Lost-time injury rate (LTIR)	per million working hours	0.91	0.65	0.98	0.87	3.76
	Lost-time injury severity (LTIS)	per million working hours	57.7	21.3	22.7	10.8	106
	Total recordable injury rate (TRIR)	per million working hours	2.17	n.r.	n.r.	n.r.	n.r.
	Commuting accidents	number	25	n.r.	n.r.	n.r.	n.r.
	Contractors[2]						
	Fatalities	number	9	8	8	8	2
	Lost workday injuries	number	77	100	68	124	41
	Fatality rate (FAR)	per 100 mn working hours	9.64	9.22	14.31	15.42	12.07
	Lost-time injury rate (LTIR)	per million working hours	0.92	1.24	1.36	2.54	2.59
	Lost-time injury severity (LTIS)	per million working hours	31.9	35.2	41.1	18.0	46.8
	Total recordable injury rate (TRIR)	per million working hours	1.73	n.r.	n.r.	n.r.	n.r.
	Commuting accidents	number	12	n.r.	n.r.	n.r.	n.r.

n.r. = not reported

[1] Safety figures including Petrom as of 2005.

[2] As of 2007, partners and employees of filling stations are included in the scope of safety statistics. Between 2006 and 2008, demergers and integration of contractor companies led to shifting of incident numbers between employees and contractors.

LA 1 Total workforce by employment type and region

Workforce structure 2008 (as of November 30, 2008)

Employees	Europe without Austria[1]	Middle East/ Africa	Rest of the World	Austria	**Total**[1]
Total	35,055	883	492	3,790	**40,220**
Status					
White-collar workers	11,983	589	306	2,819	**15,697**
Blue-collar workers	23,072	294	186	971	**24,523**
Total	35,055	883	492	3,790	**40,220**
Employment type					
Full time	34,992	881	473	3,646	**39,992**
Part time	63	2	19	144	**228**
Total	35,055	883	492	3,790	**40,220**

Workforce structure 2007

Employees	Europe without Austria[1]	Middle East/ Africa	Rest of the World	Austria	**Total**[1]
Total	27,835	833	432	3,691	**32,791**
Status					
White-collar workers	10,062	546	279	2,673	**13,560**
Blue-collar workers	17,773	287	153	1,018	**19,231**
Total	27,835	833	432	3,691	**32,791**
Employment type					
Full time	27,796	833	413	3,563	**32,605**
Part time	39	0	19	128	**186**
Total	27,835	833	432	3,691	**32,791**

[1] Only including Petrom S.A. (foreign company branches where Petrom is a shareholder: data n.a.).

LA 2 Net employment creation and average turnover segmented by region

2008

	Europe without Austria[3]	Middle East/ Africa	Rest of the World	Austria	**Total**
New recruitments[1]	10,314	159	107	616	**11,196**
Thereof new jobs created	365	40	66	183	**654**
Contract terminations[2]	3,128	90	43	341	**3,602**
Total sum of employees	**35,055**	**883**	**492**	**3,790**	**40,220**

[1] Includes 9,774 employees taken over from Petrom Service.

[2] Included are Social Plan termination and retirements.

[3] Petrom S.A.: out of 3,013 terminations 2,130 employees benefited from the Social Plan.

2007

	Europe without Austria[2]	Middle East/ Africa	Rest of the World	Austria	**Total**
New recruitments	597	131	134	447	**1,309**
Thereof new jobs created	365	51	92	205	**713**
Contract terminations [1]	7,005	60	105	277	**7,447**
Total sum of employees	**27,835**	**833**	**432**	**3,691**	**32,791**

[1] Included are social plan termination and retirements.

[2] Petrom S.A.: out of 6,886 terminations 5,876 employees benefited from the Social Plan.

Breakdown of workforce by region into different categories (including temporary agency workers). Some companies are not included (e.g. OMV Exploration and Production Ltd, Petrom Exploration and Production Ltd). For this reason the figures are not exactly comparable with the figures in the Annual Report 2007 and the Annual Report 2008.

LA 10 Average hours of training divided into categories

	Trainings and Education 2008				Trainings and Education 2007			
	Europe excl. Austria[1]	Middle East/ Africa	Rest of the World	**Total**	Europe excl. Austria[1]	Middle East/ Africa	Rest of the World	**Total**
Senior management								
Number of employees	101	91	6	**198**	84	61	4	**149**
Money spent on training per category	724,616	61,785	9,976	**796,377**	708,721	90,115	4,420	**803,256**
Hours per category	3,970	1,741	280	**5,991**	3,506	1,032	102	**4,640**
Middle management								
Number of employees	934	118	32	**1,084**	724	218	16	**958**
Money spent on training per category	1,597,638	150,553	80,050	**1,828,241**	1,819,736	192,152	25,253	**2,037,141**
Hours per category	108,908	2,502	1,175	**112,584**	94,417	3,440	792	**98,649**
Professional								
Number of employees	6,264	214	167	**6,645**	5,992	216	36	**6,244**
Money spent on training per category	2,596,303	300,430	184,640	**3,081,373**	2,337,752	186,244	83,445	**2,607,441**
Hours per category	221,638	7,281	21,258	**250,177**	292,385	4,464	1,202	**298,051**
Technical assistance								
Number of employees	664	222	70	**956**	2,865	399	61	**3,325**
Money spent on training per category	245,323	242,101	120,722	**608,146**	196,102	225,686	128,154	**549,942**
Hours per category	9,162	5,906	3,372	**18,440**	41,428	6,090	2,034	**49,552**
Administrative								
Number of employees	448	301	66	**815**	905	225	41	**1,171**
Money spent on training per category	193,570	39,974	63,019	**296,563**	156,612	34,594	43,402	**234,608**
Hours per category	17,833	6,247	1,383	**25,463**	24,248	3,696	1,118	**29,062**
Facility management/Maintenance								
Number of employees	294	21	13	**328**	10,167	31	7	**10,205**
Money spent on training per category	71,577	147	22,500	**94,224**	139,427	1,727	18,151	**159,305**
Hours per category	4,060	165	786	**5,011**	145,235	568	354	**146,157**
Sub-Total excluding Austria								
Number of employees				**10,026**				**22,052**
Money spent on training				**6,707,794**				**6,404,205**
Total hours of training				**417,665**				**626,111**
Austria[1]								
Number of employees				**2,598**				**2,836**
Money spent on training				**5,195,596**				**4,944,270**
Hours of training				**114,438**				**148,123**
Grand Total								
Number of employees				**12,624**				**24,888**
Money spent on training per category				**11,903,390**				**11,348,475**
Hours per category				**532,103**				**774,234**

[1] Data for Austria not available by category

GRI Content Index

Profile Disclosures

G3 Code	Description	Status	UNGC	Links
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization	●	✔	SR pp. 2-3 AR pp. 9-11
1.2	Description of key impacts, risks, and opportunities	●	✔	AR pp. 60-63; SR p. 32; /risks.html
2. Organizational Profile				
2.1	Name of the organization	●		SR back cover; AR p. 33
2.2	Primary brands, products, and/or services	●	✔	SR p. 11; AR p. 20; /regional.html
2.3	Operational structure of the organization	●	✔	SR p. 10; AR pp. 131-34
2.4	Location of organization's headquarters	●	✔	AR p. 17
2.5	Number of countries where the organization operates	●	✔	AR pp. 40, 44, 48, 138
2.6	Nature of ownership and legal form	●	✔	AR p. 32
2.7	Markets served	●	✔	AR pp. 16-17
2.8	Scale of the reporting organization	●	✔	AR pp. 52, 58, 131-37
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	✔	AR pp. 52-53
2.10	Awards received in the reporting period	●	✔	/awards.html
3. Report Parameters				
3.1	Reporting period for information provided	●		SR front flap
3.2	Date of most recent previous report	●	✔	SR front flap
3.3	Reporting cycle	●	✔	SR front flap
3.4	Contact point for questions regarding the report or its contents	●	✔	SR Impressum, back flap
3.5	Process for defining report content	●	✔	SR front flap; /about.html
3.6	Boundary of the report	●	✔	SR front flap; /about.html
3.7	Limitations on the scope or boundary of the report	●	✔	SR front flap; /about.html
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	●		SR front flap; /about.html
3.9	Data measurement techniques and the bases of calculations	●	✔	SR front flap
3.10	Re-statements of information	●	✔	SR front flap
3.11	Significant changes from previous reporting periods	●	✔	SR front flap
3.12	GRI Content Index	●	✔	SR pp. 77-79
3.13	External assurance	●	✔	SR pp. 81, 82-84
4. Governance, Commitments, and Engagement				
4.1	Corporate governance/Management structure of the organization	●	✔	AR pp. 24-29
4.2	Independency of the highest governance body	●	✔	AR pp. 24-29
4.3	Structure of the governance body in organizations that have a unitary board structure	n.a.	✔	
4.4	Mechanisms for shareholders and employees to provide recommendations	●	✔	SR pp. 46-47, 60; AR p. 29
4.5	Linkage between compensation for members of the highest governance body and the organization's performance	●	✔	AR pp. 25, 28, 124, 130
4.6	Mechanisms to avoid conflicts of interest	●	✔	SR pp. 46-47, 61; AR pp. 26-27
4.7	Expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	●	✔	AR pp. 26-27
4.8	Mission statements, codes of conduct, sustainability principles	●	✔	SR pp. 12-15
4.9	Procedures for overseeing the organization's sustainability management	●	✔	SR p. 10 /sustainability.html
4.10	Evaluation of the highest governance body's own performance, particularly with respect to sustainability	n.a.	✔	
4.11	Precautionary approach addressed by the organization	●	✔	SR p. 68 AR pp. 30, 60, 113-14
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives	●	✔	SR p. 14 /memberships.html

Commentary

4.3 The organization has a Supervisory Board.

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

www.omv.com

Links to indicators on the OMV website begin: http://www.omv.com/sustainability2007-08_en/ The rest of each specific address appears in the table in green

Legend:

EC1	Key Performance Indicators
EC5	Additional Indicators
●	Fully reported
●	Partly reported
❍	Not reported
n.a.	Not applicable
✔	Complies with UN Global Compact
SR	Sustainability Report 2007/08
AR	Annual Report 2008

Commentary

DMA SO At OMV this is not a clearly demarcated responsibility (department or staff function). Management of these aspects falls under the responsibility of various departments.

DMA PR At OMV this is not a clearly demarcated responsibility (department or staff function). Management of these aspects falls under the responsibility of various departments.

EN1 The data refer to the amounts of oil and gas produced and sold since these products make up the company's key material flows.

EN2 0 percent

www.omv.com

Links to indicators on the OMV website begin: http://www.omv.com/sustainability2007-08_en/ The rest of each specific address appears in the table in green

G3 Code	Description	Status	UNGC	Links
4.13	Memberships in associations and advocacy organizations	●	✔	/memberships.html
4.14	List of stakeholder groups engaged by the organization	●	✔	SR pp. 16-17; /dialogue.html
4.15	Basis for identification and selection of stakeholders with whom to engage	●	✔	SR pp. 16-17 /about.html, /dialogue.html
4.16	Approaches to stakeholder engagement	●	✔	SR pp. 16-17; /dialogue.html
4.17	Key topics and concerns of stakeholders	●	✔	SR pp. 16-17, 20-25 /dialogue.html, /pspotlight.html
Disclosure on Management Approach				
DMA EC	Disclosure on Management Approach – Economic	●	✔	/economy_approach.html
DMA EN	Disclosures on Management Approach – Environmental	●	✔	SR p. 28
DMA LA	Disclosure on Management Approach – Labor Practices and Decent Work	●	✔	SR p. 44
DMA HR	Disclosure on Management Approach – Human Rights	●	✔	SR p. 56
DMA SO	Disclosure on Management Approach – Society	●	✔	SR pp. 56, 61, 62-64
DMA PR	Disclosure on Management Approach – Product Responsibility	●	✔	SR pp. 48, 50, 52, 61; /crisis.html
Performance Indicators				
Economic				
EC1	Direct economic value generated and distributed	●		AR pp. 52-54, 57-58 /indicators_economy.html
EC2	Financial implications and other risks and opportunities due to climate change	●	✔	SR pp. 32-34
EC3	Coverage of the organization's defined benefit plan obligations	●		AR pp. 58, 81-82, 86, 101
EC4	Significant financial assistance received from the government	●		/indicators_economy.html
EC6	Policy and practices of spending on locally-based suppliers	●		/regional.html /indicators_economy.html
EC7	Procedures for local hiring	●	✔	SR p. 45; /regional.html
EC8	Services provided primarily for public benefit	●		SR pp. 58-59, 62-65
Environmental				
EN1	Materials used by weight or volume	●	✔	AR pp. 41, 43, 46
EN2	Percentage of materials used that are recycled input materials	●	✔	
EN3	Direct energy consumption by primary energy source	●	✔	SR pp. 29, 74; /energy.html
EN4	Indirect energy consumption by primary source	●	✔	SR p. 29; /energy.html
EN5	Energy saved due to conservation and efficiency improvements	●	✔	SR p. 29 /energy.html, /saving.html
EN6	Initiatives to provide energy-efficient and renewable energy-based products and services	●	✔	SR pp. 29, 68-71 /energy.html
EN8	Total water withdrawal by source	●	✔	SR pp. 35, 74 /indicators_environment.html
EN10	Percentage and total volume of water recycled and reused	●	✔	SR p. 35
EN11	Location and size of land owned, leased or managed in protected areas	●	✔	SR pp. 37-38 /biodiversity.html
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas	●	✔	SR pp. 37-38 /biodiversity.html
EN14	Strategies and current actions for managing impacts on biodiversity	●	✔	SR pp. 37-38 /biodiversity.html
EN16	Total direct and indirect greenhouse gas emissions by weight	●	✔	SR pp. 30-31, 74 /indicators_environment.html
EN17	Other relevant indirect greenhouse gas emissions by weight	●	✔	SR p. 31 /indicators_environment.html
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	✔	SR pp. 30-31, 34
EN19	Emissions of ozone-depleting substances by weight	●	✔	SR p. 37
EN20	NOx, SOx, and other significant air emissions by type and weight	●	✔	SR pp. 37, 74 /indicators_environment.html
EN21	Total water discharge by quality and destination	●	✔	SR pp. 35, 74 /indicators_environment.html

G3 Code	Description	Status	UNGC	Links
EN22	Total weight of waste by type and disposal method	●	✔	SR p. 35, 74 /indicators_environment.html
EN23	Total number and volume of significant spills	●	✔	SR pp. 36-37; /spills.html
EN24	Weight of waste deemed hazardous	●	✔	SR p. 35; /waste.html
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	✔	SR pp. 39, 68-71 /fuels.html
EN27	Packaging materials that are reclaimed	n.a.	✔	
EN28	Fines for non-compliance with environmental regulations	●	✔	SR p. 40; /compliance.html
EN29	Significant environmental impacts of transport	◐	✔	SR p. 38
EN30	Total environmental protection expenditures and investments by type	●	✔	SR p. 40
Labor Practices				
LA1	Total workforce by employment type, employment contract, and region	●		SR p. 75 /indicators_employees.html
LA2	Rate of employee turnover	●	✔	SR p. 75
LA4	Percentage of employees covered by collective bargaining agreements	●	✔	SR p. 46; AR p. 101
LA5	Minimum notice period(s) regarding significant operational changes	●	✔	SR pp. 59, 65
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and work-related fatalities	●	✔	SR pp. 51, 74 /indicators_safety.html
LA8	Risk-control programs in place to assist workforce members regarding serious diseases	●	✔	SR pp. 49, 53
LA10	Average hours of training per year per employee by employee category	●		SR pp. 44-46, 76
LA11	Programs for skills management and lifelong learning	●		SR pp. 44-46; /careers.html
LA13	Composition of governance bodies and breakdown of employees in terms of diversity	◐	✔	AR p. 26 /indicators_employees.html
LA14	Ratio of basic salary of men to women by employee category	○	✔	
HR1	Investment agreements that include human rights clauses	●	✔	SR pp. 25, 56
HR2	Suppliers and contractors that have undergone screening on human rights	●	✔	SR pp. 56-57 /procurement.html
HR3	Employee training on policies and procedures concerning aspects of human rights	●	✔	SR pp. 57-58
HR4	Total number of incidents of discrimination and actions taken	●	✔	SR pp. 45, 46, 60
HR5	Right to exercise freedom of association and collective bargaining	●	✔	SR p. 47 /social_security.html
HR6	Operations identified as having significant risk for incidents of child labor	●	✔	SR pp. 56, 84 /procurement.html
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor	●	✔	SR pp. 56, 84 /procurement.html
HR8	Security personnel trained concerning aspects of human rights	●	✔	SR pp. 56, 58, 84
SO1	Effectiveness of practices that manage the impacts of operations on communities	●		SR pp. 58-59, 62-64 /procurement.html /social_sponsoring.html
SO2	Business units analyzed for risks related to corruption	●	✔	SR p. 61; /eiti.html
SO3	Employees trained in organization's anti-corruption procedures	●	✔	SR p. 61
SO4	Actions taken in response to incidents of corruption	●	✔	SR p. 61
SO5	Public policy positions and participation in public policy development and lobbying	●	✔	SR p. 64
SO8	Fines and sanctions for non-compliance with regulations	●		SR p. 40; /regional.html
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	●	✔	SR pp. 52, 54
PR3	Type of product and service information required by procedures	●	✔	SR p. 52
PR6	Programs for adherence to laws related to advertising	●		/crisis.html
PR9	Fines for non-compliance with regulations concerning the provision and use of products and services	●		AR p. 76

Commentary

EN27 The company's main products, oil, gas, and electricity, are delivered without packaging materials.

LA13 Distribution by gender and age is fully reported for the Executive Board and the Supervisory Board, and for OMV employees in Austria and at Petrom. For technical reasons more detailed information cannot be supplied at this time. OMV will seek to provide medium-term reporting on gender and age distribution in all countries where it has operations. In accordance with the law, no data have been or will be collected on minority groups.

LA14 This information cannot be reported for reasons of confidentiality.

Legend:

EC1	Key Performance Indicators
EC5	Additional Indicators
●	Fully reported
◐	Partly reported
○	Not reported
n.a.	Not applicable
✔	Complies with UN Global Compact
SR	Sustainability Report 2007/08
AR	Annual Report 2008

Application Level Check

GRI Sustainability Reporting Guidelines

The Global Reporting Initiative (GRI) develops globally applicable quality criteria for sustainability reporting in consultation with a wide range of stakeholders drawn from business, employer and employee representation, civil society, academic institutions, and other areas. The GRI Sustainability Reporting Guidelines are designed to serve as a universally valid framework which an organization can use to report on its economic, environmental, and social performance. The voluntary adoption of the criteria set out in the Guidelines increases transparency, credibility, and comparability in sustainability reporting.

3rd Generation
The latest revised version of the GRI Sustainability Reporting Guidelines was published in October 2006 in Amsterdam. This third-generation version (G3) was developed in a process involving thousands of stakeholders, and follows the first revised version (G2) of the original Guidelines which appeared in 1999 (G1).

Application Levels
Organizations that use GRI G3 for their reporting are obliged to declare the extent to which the GRI Guidelines have been utilized. The requirements for reporting on each of the three Application Levels, A, B, and C, are shown in the table below. A+ indicates that the maximum criteria for completeness were met.

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

* Sector Supplement in final version

GRI Confirmation of Application Level A+

The present report, the OMV Sustainability Report 2007/08, meets the requirements of the A+ Application Level of the GRI G3 Sustainability Reporting Guidelines. Compliance with the reporting criteria for this level has been thoroughly checked by the Global Reporting Initiative and is herewith officially confirmed.

Third-Party Statement

Independent Verification
As director of the Austrian Institute for Sustainable Development, I was commissioned by OMV to prepare a third-party statement concerning the OMV Sustainability Report 2007/08. This statement is based on my verification of the content of the report according to the international Global Reporting Initiative (GRI) guidelines, as well as on the in-depth senior management interview which I conducted with Dr. Hilmar Kroat-Reder and Mag. Simone Alaya. The verification covers the full version of the report on the OMV website and comprises two areas: all content that is relevant to CSR, with the exception of the separately certified HSE content, and the interrelation between the CSR and the HSE content.

The present report is the first to be prepared by OMV since the company reorganized its reporting approach. It was a highly commendable decision to combine the previously separate CSR and HSE Reports into one report, which in the future will be presented to an interested public concurrently with the Annual Report. This step underscores the intention of the company to take into account all three pillars of sustainability, from the corporate strategy to the actions of each individual employee.

As the first in the new format, this report still has a certain amount of optimization potential in terms of completeness and balance. Through the presentation of information from three sources – the print version, the full online version, and the Annual Report – OMV offers a detailed and complete picture of its sustainability performance. Even so, in the future completeness should be found in one single source. This would require including the economic pillar of sustainability in the Sustainability Report where, for the sake of balance, it would be given an equal amount of attention as the social and environmental pillars.

The content of the report focuses on the operative implementation of sustainability. That is positive because the report demonstrates that sustainability plays an important role at the implementation level. Yet not enough attention is paid to those aspects of sustainability which make up the strategic superstructure for the operative implementation. Moreover, the three key information areas of the social and environmental sustainability pillars of OMV, namely HR, HSE, and CSR, remain insufficiently linked. In future reporting it would be preferable to see stronger linkage between them, with the reported information categorized more in terms of the three pillars of sustainability than of organizational responsibilities.

The parts of the report which I verified (i.e. not including the separately certified HSE content and the economic content covered in the Annual Report) make clear, and it was confirmed by the senior management interview, that the operative implementation of sustainability at OMV is producing exemplary achievements. This applies above all to the CSR area. Here there is an impressive demonstration of what an international corporation can achieve in concrete terms when it comes to the protection and promotion of human rights. However, a similarly pioneering approach towards integrating the supply chain into these efforts receives too little attention in the report.

The OMV Sustainability Report, with all its constituent parts, meets the criteria of the A+ Application Level of the international GRI, which means that the reporting covers all the GRI indicators. This focus on the indicators is also reflected in the language used in the report. What is often missing is the "warmth" with which a company lives its sustainability values, and which can also come through in a report.

Reports are an important element in the sustainable development of a company. But the internal sustainability process is what holds the key to making progress towards sustainable performance. Even greater stakeholder engagement and committed innovation management could further advance this process. I look forward to seeing OMV continue to "Move & More" on its path to sustainability.

Univ.-Doz. Mag. Dr. Dietmar Kanatschnig,
Director of the Austrian Institute for Sustainable Development

Ernst & Young Independent Assurance Report

Independent Review of the HSE information included in the Sustainability Report 2007/08

Engagement

We have performed a limited review of the HSE (Health, Safety, and Environment) information included in OMV's Sustainability Report 2007/08 (hereafter **"Report"**). Our review covered the Chapter "About This Report" on the inner flying pages, HSE related information in the Chapters "Corporate Structure" and "Strategy and Objectives" on pages 10 and 12-13, respectively, "Environment" on pages 26-41, "Health" on pages 48-49, "Safety" on pages 50-54, "Performance Indicators" on page 74 and HSE related parts in the "Sustainability Program" on pages 84-85. In the web content (hereafter as above **"Report"**) our review covers all pages with the statement "View Ernst & Young's assurance statement"; in case that the reviewed pages contain *links* to other pages, we point out that we did not review the other pages' content.

We performed the review in order to obtain limited assurance that the HSE information as stated above provides, in all material respects, a reliable and sufficient representation of the policy, business operations, events and performance with respect to HSE during the reporting years 2007 and 2008.

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

"General Conditions of Contract for the Public Acconting Professions" see: http://www.kwt.or.at/de/desktopdefault.aspx/tabid-85/

The "General Conditions of Contract for the Public Accounting Professions" in the version of February 26th 2008 (AAB 2008), issued by the Chamber of Public Accountants and Tax Advisors are binding for this engagement. Our liability is limited with regards to section 8, according to which an accountant is only liable for violating intentionally or by gross negligence the contractual duties and obligations entered into. In cases of gross negligence the maximum liability towards OMV and any third party together is EUR 726,730 in the aggregate.

Limitations to our Review

- Our assurance engagement is limited to the HSE information included in the Report as mentioned in the Engagement Section. We did not perform any assurance procedures on other information presented in the Report;
- We have not tested comparative data, derived from the Sustainability Report from 2005-2006;
- The scope of our review procedures at site level was limited to a sample of 3 site visits of OMV Group of a total of 22 reporting sites.

[1] http://www.globalreporting.org/ReportingFramework/G3Online/
[2] International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE3000).

Criteria

The HSE information included in the Report was prepared under the responsibility of OMV's HSE Department, based on the criteria applicable in the years 2007 and 2008 (**"The Criteria"**), consisting of:

- External guidelines elaborated by the Global Reporting Initiative (GRI) and available on the GRI website[1];
- *OMV's Corporate HSE Regulations* (directives, standards and procedures) related to HSE reporting, of which a summary is provided in the Chapter "About This Report" on the inner flying pages.

We assessed the HSE information in the Report against these criteria. We believe that these criteria are suitable for our assurance engagement.

Management responsibilities

OMV's management is responsible for the preparation of the Report and the information therein in accordance with the criteria mentioned above. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Report that is free of material misstatements, selecting and applying appropriate reporting policies and using measurement methods and estimates that are reasonable in the circumstances. The choices made by management, the scope of this report and the reporting policy, including any inherent limitations that could affect the reliability of information, are set out particularly in the Chapter "About This Report" on the inner flying pages of the Report and on page 74.

What we did to form our conclusion

It is our responsibility to express a conclusion on the HSE information included in the Report on the basis of the limited review.

Our assurance engagement has been planned and performed in accordance with the International Federation of Accountants' ISAE3000[2] and the Code of Ethics for Professional Accountants, issued by the International Federation of Accountants (IFAC), which includes requirements in relation to our independence.

We have performed all the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. Our main procedures were:

At headquarters level

- Assessing the suitability of the Reporting Criteria for the purpose of this engagement;
- Obtaining insight into the industry, the characteristics of the organisation, and relevant HSE issues;

- Reviewing the HSE management including reporting systems and processes underlying the preparation of the information in the Report;
- Reviewing the application of the Reporting Criteria on HSE information on a sample basis;
- Reviewing the reporting principles and significant estimates and calculations used in the preparation of the Report;
- Assessing the reliability of the consolidation process for the key performance indicators and the plausibility of the HSE information in the Report by:
  - Identifying inherent risks that might affect the reliability of the information and investigating the extent to which such risks are covered by internal controls;
  - Testing, on a sample basis and insofar as relevant for our engagement, the design and existence of the internal controls aimed at the reliability of the consolidation process;
  - Performing analytical procedures at Group level;
  - Conducting interviews with responsible company officials in order to verify the existence of the HSE policies and measures described in the Report.
- Evaluating the overall view of HSE information provided in the Report.

At site level
We have selected a sample of three sites on the basis of their activity, their contribution to the Group's consolidated data, their location, and the results of the review performed during prior years. During our site visits in: Burghausen (refinery, Germany), Arpechim (refinery, Romania) and E&P Petrom (Headquarters and two *Field Clusters* in Romania, namely Moinesti and Zemes) we were,

- Assessing whether the HSE management including HSE reporting systems and process is effective by performing procedures on the existence of the relevant parts of HSE management;
- Conducting interviews with the people responsible for HSE reporting at site level;
- Verifying the understanding and application of the Reporting Criteria on HSE reporting systems and processes;
- Performing analytical procedures at site levels;
- Performing a limited number of sample tests to verify the substantiation of the HSE information contained in the Report.

Our Conclusions

Based on our procedures performed to obtain a limited assurance, nothing came to our attention that causes us not to believe that the HSE information in the Report provides, in all material respects, a reliable and sufficient representation of the policy, business operations, events and performance with respect to HSE during the reporting years 2007 and 2008, in accordance with the Global Reporting Initiative Guidelines and OMV's *Corporate Regulations* of which a summary is provided in the Chapter "About This Report" on the inner flying pages.

Emphasis of matter
Without qualifying our conclusion, we would draw your attention to the footnotes in the performance indicators section of the Report on page 74, which explain that certain HSE data are subject to inherent limitations due to the way these data are measured and obtained. The company intends to work towards appropriate improvements.

Commentary
Our observations and recommendations for improvement will be raised in a report to OMV's management. Selected observations are provided below. These observations do not affect our conclusions as set out above.

- *OMV's Corporate HSE Regulations* (directives, standards and procedures) as well as terms and definitions of HSE-KPIs are in place. Further specific guidance at business segment level for collecting, calculating and keeping records for defined environmental data at site level is under development and will lead to more harmonized and standardized reporting of the environmental indicators.
- *Internal HSE Management System Audits* and other *audits* are partly in place. Nevertheless we recognized that up to now only a limited number of specific audits of reported HSE data were performed. Strengthening the audit function would contribute to the improvement of the reporting of HSE data.

Vienna, March 27th, 2009

ERNST & YOUNG
Wirtschaftsprüfungsgesellschaft m.b.H

Brigitte Frey Georg Rogl

ERNST & YOUNG
Quality In Everything We Do

Impressum
Owner and publisher:
OMV Aktiengesellschaft
info.corporate-responsibility@omv.com

Concept and design: FABIAN Design
Photos: OMV and Suzy Stöckl

Coordination: plenum gmbh
Art direction: Starnegg Art & Design

Paper
This report was printed on Arctic Volume White, a paper manufactured in Sweden. The paper contains a minimum of 10% FSC-certified fiber and was bleached in an elemental chlorine-free process. It therefore meets Forest Stewardship Council (FSC) standards for papers from sustainably managed forests.

FSC
Mixed Sources
Product group from well-managed forests and other controlled sources
Cert no. GFA-COC-001087
www.fsc.org
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Print
gugler* cross media, Melk/Donau, Austria
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Produced and published in:
Vienna, Austria, April 2009

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

What We Did

Environment

Strengthening of the HSE management system and monitoring the path towards 1st quartile environmental performance in defined industry KPIs
- Implementation of the Environmental Management Directive
- Further integration of carbon management and other HSE issues into core business processes such as investment control and risk management
- Evaluation of environmental KPIs against defined peer groups

Management of the GHG intensity of the portfolio and definition of a strategic sustainability path
- Creation of Carbon Management as a Group-wide coordinating and support function
- Development of the OMV Carbon Strategy and incorporation of annual targets in the Corporate Balanced Scorecard

Identification of new business opportunities in the renewable energy field which OMV can integrate into its core business
- Approval in 2007-08 of 18 projects for cofunding by the OMF Future Energy Fund

Employees

Development of internationalization
- Evaluation and development of standardized tools for agreement on targets in the Group
- Unification of different staff development systems, such as PDS

Promotion of work-life balance at OMV
- Development of a sabbatical model in Austria
- Introduction of long-term compensation accounts in Germany

Development of uniform employee definitions
- Uniform occupation group definitions for hourly-paid workers and salaried employees in Austria

Expansion of the European Works Council
- Increase in membership from 14 to 21

Health

Roll-out and start of implementation of the OMV Health Standard in all OMV countries
- Stakeholder communication and information
- Raising awareness among local management
- Development of work procedures for core processes defined in the Health Standard
- Development of a standardized medical operational audit system

Active employee involvement in health matters through "Health Circles"
- Development of a guideline on the Health Circles
- Training of Health Circle moderators
- Introduction of Health Circles at main sites in Austria and Germany
- Promotion of the idea at Petrom, including pilot moderator training in Romania

Start of implementation of a healthcare project at Petrom
- Setup of the PetroMed healthcare clinic network
- Planning of new clinics and setup of managerial infrastructure
- Development of harmonized OH regulations

Safety

Reduction until 2010 of the Lost-Time Injury Rate (LTIR) to <1 and no incidents at Level 4 or higher
- LTIR total 2007: 0.99
- LTIR total 2008: 0.92

Implementation and roll-out of an incident reporting and management tool
- Level 4 and 5 incidents: positive results shown by the implemented measures, with the exception of an increase in road incidents
- Group-wide roll-out of the new incident reporting and management tool "Think:Ahead CARE"

Consolidation of the Petrom safety program
- Senior management involvement in incident management and measures
- Contractor management, road safety programs, continued strengthening of the safety culture

Human Rights

Promotion of awareness of OMV's responsibility for human rights protection
- Development of a human rights management system, incl. the OMV Human Rights Matrix
- Human rights workshops for OMV managers
- Human Resources corporate directives checked for human rights aspects

Local application of the Human Rights Matrix, needs assessments, and planning activities
- On-site gap analyses in Tunisia and Yemen
- Community development and investment projects in Pakistan, Romania, Yemen, and Iran

Promotion of local stakeholder dialogue
- Stakeholder Fora in 2007 and 2008
- Dialogues with local stakeholders, such as Maori communities in New Zealand

Monitoring of the supply chain to enforce the ban on forced labor and prohibited child labor
- Self-assessment questionnaires for suppliers and the pre-qualification process

Continuation of human rights training for security forces
- Human rights training for security personnel in Austria, Romania, and Yemen

What We Will Do

Strengthening of HSE leadership and commitment
- Achievement of a common understanding of demonstration and measurement of HSE leadership and commitment

Spill prevention and preparedness plans
- Focus on spill prevention and preparedness plans and drills in order to reduce hydrocarbon spills

Implementation of the OMV Future Energy Strategy
- Monitoring and implementation of Future Energy Strategy milestones, and progress on developing renewable energy projects

Implementation of the OMV Carbon Strategy
- Management and monitoring for reduction of direct GHG emissions from OMV operations
- Management and monitoring for reduction of indirect GHG emissions from OMV products

Further development of OMV stakeholder management
- Management of stakeholder expectations through internal and external communication, public events, and other activities

Continuing internationalization
- Further development of standardized tools in the Group, and greater use of synergies between employee programs
- Evaluation of current differences in the areas of insurance and occupational health and safety, and potential compensation for them

Cooperation and synergies between the business segments
- Greater use of synergies in the Group
- Expansion of existing Human Resources networks on various HR issues

Intelligent cost management
- Additional cross-functional programs and employee exchange

Implementation of the OMV Values
- Continued implementation of the new Values (Partners, Pioneers, Professionals)

Further implementation and monitoring of the OMV Health Standard
- Ongoing implementation in all OMV countries
- Monitoring of Health Standard implementation

Ongoing health risk assessment
- Systematic health risk assessment of workplaces

Ongoing promotion of health activities
- Health promotion activities for employees according to local needs and priorities
- Active support of Health Circles at OMV and Petrom sites

Intensified training of medical staff
- Training in emergency medicine and other areas

Harmonization and improvement of medical infrastructure
- Harmonization of occupational health and medical regulations
- Ongoing clinic refurbishment
- Recruitment of medical staff

Roll-out of the new Safety Management Directive
- Development of training material
- Start of training activities and the promotion of safety awareness

Implementation of further transportation safety initiatives
- General safety awareness promotion measures
- Specific transportation safety program at Petrom

Improvement of safety performance
- Through prevention: number of reported hazards and findings
- Through actions: Action Items Response Rate (AIRR)
- Promotion of best use of the "Think:Ahead CARE" tool

Strengthening of contractor management
- Follow-up on the Corporate Contractor Management Regulations at OMV and at Petrom

Human rights awareness training
- Roll-out of a human rights e-learning tool based on the IPIECA Toolkit
- Training courses at OMV and Petrom with the BIM

Continuation of local stakeholder dialogue
- Ongoing stakeholder dialogues and involvement

Human rights training
- Continuation of training courses for security forces

Start of a due diligence and tollgate process
- Implementation of a tollgate process at G&P
- Making the due diligence and tollgate process the basis for future human rights goals and activities

Development of a human rights action plan
- Development of an action plan for OMV based on the gap analysis conducted at E&P in 2008

Development of CSR strategies
- Development and implementation of country CSR strategies based on gap analyses

Social and environmental impact assessment (SEIA)
- Nabucco project in line with international standards

Application of international standards on social and environmental sustainability
- Implementation of infrastructure projects in line with international standards (IFC guidelines)

Abbreviations and Definitions

A

AdBlue, SCR Technology for reducing diesel engine emissions via selective catalytic reduction

B

Barrel 1 barrel equals approx. 159 liters

BIM Ludwig Boltzmann Institute for Human Rights, Vienna, Austria

C

CNG Compressed natural gas

CSR Corporate Social Responsibility

E

E85 Fuel mix containing 85% ethanol and 15% gasoline

EBIT Earnings before interest and tax; measures a company's profitability

E&P Exploration and Production

ETBE Ethyl tert-butyl ether; additive to increase octane rating of petrol mixed with ethanol

F

FAME Fatty acid methyl ester obtained from animal fat or vegetable oils; used in biodiesel

G

GHG Greenhouse gas

GRI Global Reporting Initiative

G&P Gas and Power

H

HR Human Resources

HSE Health, Safety, Security, and Environment

HSEQ HSE and Quality

I

IFAC International Federation of Accountants

IFC International Finance Corporation; a member of the World Bank group

Intelligent pig Robotic tool used for inspection or measurement purposes in difficult-to-access pipelines

IPIECA International Petroleum Industry Environmental Conservation Association

IPPC Integrated Pollution Prevention and Control; EU directive on environmentally relevant industrial installations

ISPS International Ship and Port Facility Security to ensure supply chain security

K

KPI Key Performance Indicator

L

LTIR Lost-Time Injury Rate; number of injuries per one million working hours

M

mn Million

MWh Megawatt hour; unit of energy

N

Nabucco Natural gas pipeline project to connect the Caspian region with Austria via Turkey and the Balkans

NOx Nitrogen oxides

P

Peak Oil Maximum global oil extraction

PDS Performance & Development System

PJ Petajoule; 10^{15} joule

ppm Parts per million

R

REACH Registration, Evaluation, Authorisation and Restriction of Chemical Substances; EU regulation

R&M Refining and Marketing

RON Romanian currency

S

Scope 1 Category of CO_2 accounting as defined by the Greenhouse Gas Protocol;
Scope 1: direct emissions

Scope 3 Indirect emissions

SOx Sulphur oxide

T

t Metric tonne equal to 1,000 kilograms

toe Tonne of oil equivalent

Tollgate Process A project management tool; a project progresses by passing through defined milestones

Triple Bottom Line Standard for reporting economic, social, and environmental company performance

U

UN GC United Nations Global Compact; UN initiative to encourage companies to adopt and report on sustainable and social policies

UNICEF United Nations Children's Fund

V

V/V % Volume-volume percentage

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