

Consolidated Corporate Governance Report

OMV, as a publicly listed company with its headquarters in Austria, is dedicated to the principles of sound corporate governance and has always sought to comply with best practice in corporate governance to ensure responsible management and control of the OMV Group, a high level of transparency for every stakeholder and, ultimately, the sustainable and long-term creation of value.

Austrian law, the articles of association, the internal rules for the corporate bodies and the Austrian Code of Corporate Governance (ACCG) provide the core legal framework for OMV's corporate governance. OMV adheres to the ACCG issued by the Austrian Working Group for Corporate Governance. The code is publicly accessible at www.corporate-governance.at. OMV's compliance with the ACCG in 2016 was evaluated externally by independent advisors. The report on the evaluation is available at www.omv.com and confirms that OMV conformed to all the compulsory comply or explain rules (the "C-rules") and also all of the recommended rules (the "R-rules"). As for C-rules 27 and 28, explanations concerning the variable remuneration plans are provided in the corresponding sections in the remuneration report. As for C-rule 36, an explanation concerning the self-evaluation of the Supervisory Board is provided in the section concerning the working practices of the Supervisory Board.

For OMV PETROM S.A., a company consolidated within OMV Group and the shares of which are publicly listed on the Bucharest Stock Exchange as well as on the London Stock Exchange, the relevant Corporate Governance Report can be found at www.omvpetrom.com > OMV Petrom > Investor Relations.

Executive Board

Rainer Seele, * 1960

Date of initial appointment: July 1, 2015

End of the current period of tenure: June 30, 2018

Chairman of the Executive Board and Chief Executive Officer.

Responsible for the overall management and coordination of the Group.

Rainer Seele received his Ph.D. in Chemistry at the University of Göttingen and subsequently had senior appointments at BASF Group, where, in 2000 he first became a member of the executive board and then later Chairman of the executive board at WINGAS GmbH. From 2009 until 2015, he was Chairman of the board of directors of Wintershall Holding GmbH.

Functions in major subsidiaries of OMV Group:

| Company | Function |
|-----------------------------------|--|
| OMV PETROM S.A. | President of the Supervisory Board |
| Borealis AG | Deputy Chairman of the Supervisory Board |
| OMV Exploration & Production GmbH | Chairman of the Supervisory Board |
| OMV Refining & Marketing GmbH | Chairman of the Supervisory Board |
| OMV Gas & Power GmbH | Chairman of the Supervisory Board |
| OMV Solutions GmbH | Chairman of the Supervisory Board |

David C. Davies, * 1955

Date of initial appointment: April 1, 2002
 As of July 31, 2016, David C. Davies resigned as Chief Financial Officer and Deputy Chairman of the Executive Board, being responsible for Finance and OMV Solutions GmbH.

Member of the supervisory boards of Wiener Börse AG and CEESEG Aktiengesellschaft.

David C. Davies graduated from the University of Liverpool, UK, with a degree in Economics in 1978 and began his working life as a chartered accountant. He subsequently held positions with international corporations in the beverage, food and health industries. Before joining OMV, he was Finance Director at a number of British companies.

Functions in major subsidiaries of OMV Group:

| Company | Function |
|-----------------------------------|---|
| OMV PETROM S.A. | Member of the Supervisory Board (until August 1, 2016) |
| OMV Petrom Global Solutions SRL | President of the Supervisory Board (until August 1, 2016) |
| OMV Petrol Ofisi A. S. | Deputy Chairman of the Supervisory Board (until August 1, 2016) |
| OMV Gaz ve Enerji Holding A. S. | Deputy Chairman of the Supervisory Board (until August 1, 2016) |
| OMV Petrol Ofisi Holding A. S. | Deputy Chairman of the Supervisory Board (until August 1, 2016) |
| OMV Solutions GmbH | Managing Director (until July 5, 2016) |
| Central European Gas Hub AG | Deputy Chairman of the Supervisory Board (until August 9, 2016) |
| OMV Exploration & Production GmbH | Deputy Chairman of the Supervisory Board (until July 14, 2016) |
| OMV Gas & Power GmbH | Deputy Chairman of the Supervisory Board (until July 14, 2016) |
| OMV Refining & Marketing GmbH | Deputy Chairman of the Supervisory Board (until July 14, 2016) |
| OMV Trading GmbH | Deputy Chairman of the Supervisory Board (until July 14, 2016) |

Reinhard Florey, * 1965

Date of initial appointment: July 1, 2016
 End of the current period of tenure: June 30, 2019
 Chief Financial Officer (since July 1, 2016).

Responsible for Finance.

Reinhard Florey graduated in Mechanical Engineering and Economics from the Graz University of Technology, while also completing his music studies at the University of Fine Arts. He started his career in corporate consulting and strategy consulting. From 2002 to 2012, he worked in different positions worldwide for Thyssen Krupp AG. Until June 2016, he was CFO and Deputy CEO of Outokumpu Oy.

Functions in major subsidiaries of OMV Group:

| Company | Function |
|-----------------------------------|--|
| OMV PETROM S.A. | Member of the Supervisory Board |
| OMV Petrom Global Solutions SRL | President of the Supervisory Board |
| OMV Petrol Ofisi A. S. | Deputy Chairman of the Supervisory Board |
| OMV Petrol Ofisi Holding A. S. | Deputy Chairman of the Supervisory Board |
| OMV Gaz ve Enerji Holding A. S. | Deputy Chairman of the Supervisory Board |
| Central European Gas Hub AG | Deputy Chairman of the Supervisory Board |
| OMV Solutions GmbH | Managing Director |
| OMV Exploration & Production GmbH | Deputy Chairman of the Supervisory Board |
| OMV Gas & Power GmbH | Deputy Chairman of the Supervisory Board |
| OMV Refining & Marketing GmbH | Deputy Chairman of the Supervisory Board |
| OMV Trading GmbH | Deputy Chairman of the Supervisory Board |

Johann Pleininger, * 1962

Date of initial appointment: September 1, 2015
End of the current period of tenure: August 31, 2018

Responsible for the Business Segment Upstream.

Johann Pleininger started his professional career at OMV in 1977 and later studied Mechanical and Economic Engineering. During his time at OMV, he held various senior positions. From 2007 to 2013, he was Executive Board member of OMV Petrom in Bucharest, responsible for Exploration and Production. Most recently he has been the Senior Vice President responsible for the Upstream countries Romania, Austria as well as the development of the Black Sea region.

Member of the supervisory board of FK Austria Wien AG.

Functions in major subsidiaries of OMV Group:

| Company | Function |
|---|--|
| OMV PETROM S.A. | Member of the Supervisory Board |
| OMV Petrom Global Solutions SRL | Member of the Supervisory Board |
| OMV PETROM GAS SRL | Member of the Supervisory Board |
| OMV Exploration & Production GmbH | Managing Director |
| OMV Austria Exploration & Production GmbH | Chairman of the Supervisory Board |
| OMV Gas & Power GmbH | Deputy Chairman of the Supervisory Board |
| OMV Refining & Marketing GmbH | Deputy Chairman of the Supervisory Board |
| OMV Solutions GmbH | Member of the Supervisory Board |

Manfred Leitner, * 1960

Date of initial appointment: April 1, 2011
End of the current period of tenure: December 31, 2019

Responsible for the Business Segment Downstream and OMV Group's plastic and chemical interests.

After graduating in Commerce at the Vienna University of Economics and Business Administration, Manfred Leitner joined OMV in 1985. After working for two years in the Finance Department of the Exploration and Production business unit, he became Head of Finance at OMV's branch in Tripoli, Libya. Following his return to Austria, he was in charge of the Controlling Department within Exploration and Production until 1997. He then moved to the Refining and Marketing Business Segment, where he led the Planning & Controlling Department until 2002, and was Senior Vice President for Downstream Optimization and Supply from 2003 until 2011.

Functions in major subsidiaries of OMV Group:

| Company | Function |
|-----------------------------------|--|
| OMV PETROM S.A. | Member of the Supervisory Board |
| OMV Petrol Ofisi A. S. | Chairman of the Supervisory Board |
| OMV Petrol Ofisi Holding A. S. | Member of the Supervisory Board |
| OMV Gaz ve Enerji Holding A. S. | Chairman of the Supervisory Board |
| Borealis AG | Member of the Supervisory Board |
| OMV Supply & Trading Limited | Chairman of the Supervisory Board |
| OMV Gas & Power GmbH | Managing Director |
| OMV Refining & Marketing GmbH | Managing Director |
| OMV Exploration & Production GmbH | Deputy Chairman of the Supervisory Board |
| OMV Solutions GmbH | Deputy Chairman of the Supervisory Board |
| Central European Gas Hub AG | Chairman of the Supervisory Board |
| GAS CONNECT AUSTRIA GmbH | Chairman of the Supervisory Board |
| OMV Gas Storage GmbH | Chairman of the Supervisory Board |
| OMV Trading GmbH | Chairman of the Supervisory Board |

Working practices of the Executive Board

The approval requirements, responsibilities of individual Executive Board members, decision-making procedures and the approach to conflicts of interest are governed by the Internal Rules of the Executive Board. The Executive Board holds at least bi-weekly meetings to exchange information and take decisions on all matters requiring plenary approval.

Remuneration report

The remuneration report provides an overview of the remuneration package for the Executive Board members. It outlines the principles of the remuneration policy and details of the different elements of remuneration including incentives and other benefits.

Executive Board remuneration policy

The Executive Board members of OMV are employed under local Austrian terms and conditions, and the salaries are therefore set in EUR (gross). Their employment contracts are concluded with OMV Aktiengesellschaft and governed by Austrian law. Reflecting additional responsibilities in Group companies, David C. Davies had an additional employment contract with OMV Solutions GmbH until July 31, 2016.

The remuneration of OMV’s Executive Board members is at competitive levels for the relevant industry, and has a strong performance-related component. Competitive rates are maintained through regular external benchmarking against peer groups, such as European oil and gas companies and relevant Austrian and European industrial companies. PricewaterhouseCoopers LLP (PwC) acted as advisor to the Remuneration Committee throughout the year.

The performance-related component includes both short- and long-term elements. The measures used are based on financial and non-financial metrics. Specific projects related to the implementation of OMV’s strategy are also taken into account.

Annual Remuneration of OMV’s Executive Board members

Base salary

The fixed base remuneration of Executive Board members is paid monthly as a salary. The employment contracts stipulate 14 payments per year to be paid on the last banking day of a month.

Non-cash benefits

Executive Board members receive a company car and are eligible for an accident insurance. Health

coverage is only provided under the Austrian public social insurance system.

Bonus

The annual bonus consists of two integrated elements. In total, the maximum entitlement is 200% of the annual gross base salary, depending on the achievement. One part of the bonus is paid out in cash (the Cash Bonus), whereas the other part is allocated in shares (the Matching Share Plan). Both elements are equal and subject to the same performance criteria.

The **Cash Bonus** for the year 2016 was approved by the Remuneration Committee of the Supervisory Board. Depending on the achievement, a maximum of 100% of the base salary may be paid as variable cash remuneration in the following financial year.

The **Matching Share Plan (MSP)** for the year 2016 was approved by the Annual General Meeting in 2016 and serves as a long-term compensation vehicle for the members of the Executive Board that promotes retention and shareholder alignment in OMV, combining the interests of management and shareholders via a long-term investment in restricted shares. The plan also seeks to reduce inappropriate risk-taking. Depending on the achievement, a maximum of 100% of the base salary may be awarded in shares net of taxes in the following financial year. The awarded Company shares shall be transferred to a trustee deposit, managed by the Company, to be held for three years.

The **performance criteria** for the annual bonus may not be amended during the term of the MSP.

Performance measures are agreed and then assessed at the end of the performance year. The performance criteria for the performance year 2016 are made up of the three areas set out below.

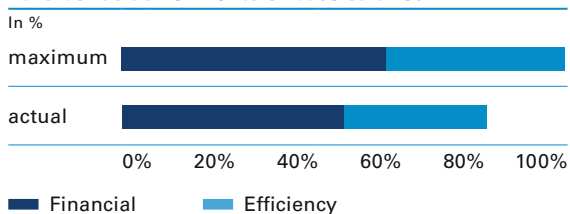
| Area | Criteria | Weighting |
|----------------|--|--------------------|
| Financial | Clean CCS NOPAT; Free cash flow after dividends and before divestments; Reported RONA | 60% |
| Efficiency | Includes, for example, the execution of capital projects in time and budget and cost savings | 40% |
| Sustainability | General progress | +/- 10% multiplier |

The achievement of targets shall be determined by comparing agreed targets with achieved results. The actual achievements are reviewed by an independent expert. The award of the Cash Bonus is conditional upon the relative achievement of the performance criteria against agreed threshold, target and stretch levels entitling to an award of 25%, 70% or 100% of the annual base salary, respectively.

The actual achievements in 2016 result in a payment of 82% of the base salary to be paid in 2017 and the same percentage also applies to the payments under the MSP in 2017.

Despite the challenging market environment, clean CCS NOPAT and free cash flow targets were fully achieved, whereas reported RONA was burdened by impairments. A weaker performance of project targets was compensated by the successful implementation of the cost savings program. There was no adjustment of the target achievement with regards to sustainability.

2016 bonus achievements of base salaries



In the case of a **clawback event**, shares granted will be reduced or may be clawed back upon request from the Supervisory Board. The following reasons are considered to be clawback events: reopening of audited financial statements due to miscalculation, material failure of risk management which leads to significant damages, and serious misconduct of individual Executive Board members which violates Austrian law. Furthermore, if the shares or cash equivalent were based on incorrect calculations of the bonus, the Executive Board members are obliged to return or pay back benefits obtained due to such wrong figures.

Summary of annual remuneration

Based on the assumption that the performance criteria for the Cash Bonus and the MSP are reached at target level, the total annual remuneration corresponds to 240% of the base salaries of the Executive Board members.

Long-term remuneration and incentives

Long-Term Incentive Plan

The Long-Term Incentive Plan (LTIP) has operated since its introduction in 2009 and has been granted on an annual basis since then. The LTIP 2016, as approved by the Annual General Meeting in 2016, is a long-term compensation vehicle for the members of the Executive Board that promotes mid- and long-term value creation in OMV. The plan seeks to align the interests of management and shareholders by granting OMV shares to management subject to performance against key measures linked to the medium-term strategy and shareholder return.

The maximum share grant for each Executive Board member is expressed as a percentage of the annual gross base salary: 175% for the Chairman of the Executive Board, 150% for the Deputy Chairman of the Executive Board, 125% for other Executive Board members.

The performance period is three years (January 1, 2016 until December 31, 2018). At the start of the program, weightings were established for key indicators:

| Measure | Weighting |
|--|-----------|
| Relative Total Shareholder Return (Relative TSR) | 70% |
| Free cash flow after dividends over three years | 10% |
| Sustainability element | 10% |
| Performance in Divestments and Acquisitions | 10% |

Relative TSR is measured against a well-balanced peer group of twelve oil and gas companies (i.e. Shell, BP, Total, Eni, Statoil, Lundin Petroleum, Repsol, Galp Energia, MOL, Tupras, Neste Oil and PKN Orlen). The achievement of targets shall be determined by comparing agreed indicators with actually achieved results.

To the extent the shareholding requirement is not fulfilled, the payment will be automatically made in the form of shares (net after tax deduction). As far as the shareholding requirement is already fulfilled, the payout can be made in cash. The base for the calculation of the respective number of shares is the average closing price on the Vienna Stock Exchange of the OMV share over the three-month period from January 1, 2016, to March 31, 2016 (EUR 23.92). The LTIP 2016 vests on March 31, 2019. The vesting levels for each performance metric are shown in the tables.

Free cash flow and Sustainability: Level of vesting

| Performance | Vesting |
|-----------------|---------|
| Stretch | 100% |
| Target | 70% |
| Threshold | 25% |
| Below threshold | 0% |

Relative TSR: Level of vesting

| Performance | Vesting |
|--|---------|
| Stretch: at or above upper quartile (≥75th percentile) | 100% |
| Target: at median (= 50th percentile) | 25% |
| Threshold: at lower quartile (= 25th percentile) | 0% |

Awards will vest on a straight line basis between the performance levels/quartiles.

Based on the assumption that all performance criteria of the LTIP 2016 are reached at target level, the awards will be 67%, 58% and 48% of the base

salary for the Chairman of the Executive Board, the Deputy Chairman of the Executive Board, and the other Executive Board members, respectively.

Executive Board members are required to **accumulate an appropriate shareholding** in OMV and have to hold these shares until retirement or departure from the Company. The shareholding requirement is defined as a percentage of the annual gross base salary: 200% for the Chairman of the Executive Board, 175% for the Deputy Chairman of the Executive Board, 150% for other Executive Board members. The shareholding must be accumulated and achieved within five years after start of the current employment contract as Executive Board member. All Executive Board members (except for Reinhard Florey) have already fulfilled at least a part of their minimum shareholding requirement through MSP payouts, previous LTIP investments and/or transfer of private shares (see table).

Executive Board remuneration ¹

In EUR 1,000

| Remuneration 2016 | Seele | Davies ² (until July 31, 2016) | Florey ¹ (from July 1, 2016) | Pleininger | Leitner | Total |
|--|--------------|--|--|------------------|--------------------|---------------|
| Fixed (base salary) | 900 | 506 | 300 | 550 | 700 | 2,956 |
| Variable (Cash Bonus) | 324 | 603 | 0 | 132 ³ | 504 | 1,563 |
| Benefits in kind (company car, accident insurance and reimbursed expenses) | 13 | 8 | 80 ⁴ | 12 | 13 | 126 |
| Total | 1,237 | 1,116 | 380⁵ | 694 | 1,217 | 4,645 |
| Variable (Matching Share Plan; in shares) | 12,975 | 24,112 ⁶ | 0 | 5,286 | 20,184 | 62,557 |
| Fixed/variable ratio ⁷ | 58/42 | 30/70 | 100/0 | 68/32 | 41/59 | 50/50 |
| LTIP 2013 (in shares) | 0 | 11,496 ⁹ | 0 | 0 ⁸ | 6,842 ⁹ | 18,338 |

¹ There are discrepancies between individual items and totals due to rounding differences. The variable components relate to target achievement in 2015, for which the bonuses were paid in 2016 (accordingly, no bonus payments were made to Reinhard Florey in 2016). The base salary for David C. Davies includes an annual accommodation allowance. The base salary for David C. Davies was adjusted as of April 1, 2016. This adjustment is linked to the inflation index.

² Partly paid out under the employment contract with OMV Solutions GmbH

³ Johann Pleininger received a cash bonus in the amount of EUR 112 thousand related to his target achievement as a senior manager in 2015.

⁴ Including rent, home flights, relocation costs, schooling costs and related taxes

⁵ In addition, Reinhard Florey received a one-time payment in the amount of EUR 260 thousand which is linked to an obligation to buy OMV shares for the LTIP shareholding requirements.

⁶ Paid out in cash

⁷ Fixed includes base salary and benefits in kind; variable includes Cash Bonus and Matching Share Plan

⁸ Johann Pleininger was entitled to 3,850 shares based on the senior manager LTIP 2013 (paid out in cash).

⁹ Paid out in cash

Shareholding requirement and fulfillment

| | Shareholding requirement ¹ | | Fulfillment | |
|------------|---------------------------------------|-------------|---|---------------------|
| | In shares | As % salary | In shares (on Company trustee deposit) | As % requirement |
| Seele | 75,790 | 200% | 38,038 | 50.19% |
| Florey | 37,626 | 150% | 0 ² | 00.00% |
| Pleininger | 34,737 | 150% | 12,979 | 37.36% |
| Leitner | 44,211 | 150% | 51,249 | 115.92% |

¹ The shareholding requirement for David C. Davies, Jaap Huijskes, and Hans-Peter Floren was no longer valid at year end. The shareholding requirement for Gerhard Roiss is still valid and currently fulfilled.

² The purchase of shares was restricted because of potential insider information during the trading windows.

The degree of fulfillment of the LTIP 2014 goals is 10% and the corresponding allocation of shares or cash payment will be made in 2017.

LTIP 2014–2016 achievements

| Measure | Weighting |
|---|------------|
| Relative TSR vs. peers | 50% |
| ROACE | 40% |
| Sustainability: Action Item Response Rate | 5% |
| Sustainability: Contractor Management | 5% |
| Total vesting percentage | 10% |

Strategic Incentive Plan

The Strategic Incentive Plan (SIP) is a long-term compensation scheme for Executive Board members (as well as for members of the executive management and selected Upstream experts), promoting a combined focus on the achievement of OMV's strategic objectives. It is based on virtual share grants that are paid out in cash equivalent, subject to achievement of defined performance measures, at the end of the plan period.

It was decided by the Supervisory Board and Executive Board in Q1/16 to terminate the SIP without replacement or compensation as the SIP was considered to be contradictory to the new strategy. The termination was implemented until July 2016. However, the SIP is still in place for three former Executive Board members, for details, please see Termination-related benefits.

Pursuant to C-rules 27 and 28 of the ACCG, for the variable remuneration components, measurable performance criteria shall be fixed in advance. Given the industry-inherent volatility of commodity prices and market conditions, political country risks as well as an increased safety exposure, the variable remuneration plans (Cash Bonus, MSP and LTIP) give the Supervisory Board, respectively

the Remuneration Committee, in line with the general practice in the oil & gas industry, certain room for discretion to amend individual components in case of significant changes in the underlying circumstances as well as to determine the achievement of individual criteria, always in line with relevant factors and within maximum limits.

Pensions

All members of the Executive Board are entitled to defined contribution pension payments. The Company pays the contributions into a pension fund (APK Pensionskasse AG). The amount of the company pension depends on the amount of available capital in the pension fund. The annuitization is made in accordance with the pension fund's approved business plan. The retirement age for all Executive Board members is the Austrian statutory retirement age.

Termination-related benefits

David C. Davies resigned as member of the Executive Board effective July 31, 2016, while his contract continues for eight months beyond that date. Gerhard Roiss resigned as member of the Executive Board effective June 30, 2015, with his contract upright for further 21 months. Jaap Huijskes resigned as member of the Executive Board effective August 31, 2015, with a valid contract for another seven months. Hans-Peter Floren resigned effective December 31, 2014. His contract continued for six months. They continued to receive payments (including benefits in kind) under their employment contracts during these periods.

Payments to former Executive Board members

In EUR 1,000

| Applicable period | Davies | Huijskes | Roiss | Floren |
|--|--------------------|--------------------|--------------------|--------------------|
| | Aug.– Dec. 2016 | Jan.– Dec. 2016 | Jan.– Dec. 2016 | Jan.– Dec. 2016 |
| Remuneration entitlements for 2016 (bonus and LTIP) ¹ | – ² | 901 | 858 | 203 |
| Payments for contractual obligations ³ | 385 | 530 | 1,694 ⁴ | – |
| Total | 385 | 1,431 | 2,552 | 203 |
| Accruals for outstanding fixed payments | 1,087 | | | |

¹ (Pro rata) Cash Bonus and MSP related to target achievement in 2015 and LTIP related to target achievement in 2013–2015

² Regular remuneration see Executive Board Remuneration table

³ Base salary and benefits in kind

⁴ Including upfront bonus payments for the period January 2016 to March 2017

Based on their employment contracts they will receive additional payments in subsequent years. David C. Davies is entitled to bonus and LTIP payments for the period August 2016 to March 2017 which have been agreed as a lump-sum payment. SIP payments will be settled according to the plan terms for good leavers effective March 31, 2017. LTIP and SIP payments for Gerhard Roiss will be settled according to the plan terms for good leavers effective March 31, 2017. Jaap Huijskes was entitled to salary and bonus payments until March 31, 2016. LTIP payments will be settled according to the plan terms for good leavers effective March 31, 2016. For Hans-Peter Floren LTIP and SIP payments will be settled according to the plan terms for good leavers effective December 31, 2015, and June 30, 2015, respectively. LTIPs will be vested according to the regular schedule (unless otherwise mentioned). SIP payments, if any, are due in 2022 to 2024.

Pension fund contribution

In EUR 1,000

| | |
|--------------|------------|
| Seele | 225 |
| Davies | 323 |
| Florey | 75 |
| Huijskes | 39 |
| Pleiningner | 138 |
| Leitner | 175 |
| Total | 974 |

In accordance with C-rule 27a of the ACCG, the employment contracts with members of the Executive Board provide that settlement payments in the event of premature termination of such contracts without a material breach shall not exceed the amount set forth in the ACCG (maximum of two years annual pay). For contracts concluded after July 2015, settlement payments in the event of termination within the contract period have been reduced to 18 months' pay and have been limited to fixed salary only. No settlement payment is made if the Executive Board member terminates the contract prematurely.

Note 32 provides additional information on the Long Term Incentive Plan, the Matching Share Plan and the Strategic Incentive Plan (valuation and exercise in previous years).

Directors' and officers' (D&O) insurance

OMV has concluded a Directors' and Officers' liability insurance (D&O insurance) on a group-wide basis. The expenses are borne by the Company. This insurance covers Executive Board members, Supervisory Board members and other OMV employees (officers). Coverage is provided for the personal legal liability of insured persons for financial losses out of wrongful acts committed while acting within the scope of their function. For the actual insurance period, the yearly premium (including taxes) for the entire OMV Group D&O insurance amounts to approximately EUR 550,000.

Indemnity

The Executive Board and officers of direct and indirect subsidiaries of OMV Aktiengesellschaft, to the extent legally possible, are also indemnified against claims by third parties in respect of their actions in exercise of their duties, except in cases of willful intent or gross negligence.

Policy principles for the remuneration within OMV Group

OMV aims to ensure competitive compensation and benefits packages that best drive and support the strategy. OMV continuously monitors market trends and international best practices in order to attract, motivate and retain best-qualified talent around the world. OMV strives for long lasting employment relationships. The basic salaries of such employees are set in accordance with internationally accepted methods for determining market levels of remuneration and with the relevant legal regulations and collective agreements. The principles applicable to the Executive Board are applied to these employees in adapted form. Also, the

remuneration for the Executive Board of OMV Petrom is subject to OMV compensation standards. In general, OMV's compensation is designed to be highly competitive within local labor markets in the oil and gas business. This is ensured by conducting yearly salary reviews. Furthermore, the packages include a balanced and transparent mixture of fixed and variable, monetary and non-monetary components. The base salaries are market oriented, fair and based on the position and know-how of the employee. In addition, OMV uses a variety of compensation elements to strengthen the position as an attractive employer in the oil and gas business, for example:

- ▶ performance bonuses
- ▶ long-term incentive plans
- ▶ employee stock ownership plan
- ▶ company cars

Beyond that, the benefits portfolio is customized for each of the countries OMV operates in to meet the needs of the local employees. As an example, depending on local circumstances additional incentives may include:

- ▶ retirement plans
- ▶ subsidized canteen
- ▶ health centers
- ▶ kindergarten
- ▶ anniversary payments

Some employees at senior management levels of the Group (97 people) are eligible for membership of the Long-Term Incentive Plan. They are also eligible for bonus agreements, as discussed below.

In 2016, a total of some 3,800 managers and experts participated in a graduated Management by Objectives (MbO) program entitling them to bonuses for fulfilling objectives. There are also bonus schemes for other employees, which vary from country to country. Employee representatives are involved in designing these incentive schemes. In all these systems, payments are conditional on the attainment of financial and non-financial corporate targets, as well as individually agreed objectives. Participants in MbO programs can inspect their goal-setting agreements using the group-wide Performance and Development System (PDS). This enables them to take account of each other's targets.

Supervisory Board

OMV's Supervisory Board consists of ten members elected by the General Meeting (shareholders' representatives) and five members delegated by the Group works council. Five of the current shareholders' representatives were elected at the 2014 Annual General Meeting (AGM), one was elected at the 2015 AGM and four were elected at the 2016 AGM. The members of OMV's Supervisory Board in 2016 and their appointments to supervisory boards of other domestic or foreign listed companies are shown below.

Peter Löscher, * 1957

(from May 18, 2016)

Chairman

Seats: Deutsche Bank AG (until May 18, 2017), Sulzer AG (Chairman), and Telefonica, S.A.

Peter Oswald, * 1962

(until May 18, 2016)

(Chief Executive Officer: Europe & International Division, Mondi Group), Chairman

Seats: Mondi plc (UK), Mondi Ltd (UK)

Gertrude Tumpel-Gugerell, * 1952

Deputy Chairwoman

Seats: Commerzbank AG, Vienna Insurance Group AG

Murtadha Al Hashmi, * 1966

(Chief Financial Officer, International Petroleum Investment Company (IPIC)), Deputy Chairman
Seat: Banvit Bandirma Vitaminli Yem Sanayii A.Ş.

Alyazia Ali Saleh Al Kuwaiti, * 1979

(until May 18, 2016)

(Head of Midstream and Upstream Investments, IPIC)

Wolfgang C. Berndt, * 1942

Seats: GfK SE (until May 20, 2016)

and Miba Aktiengesellschaft (Chairman)

Helmut Draxler, * 1950

Seat: RHI AG (Deputy Chairman)

Marc H. Hall, * 1958

(from May 18, 2016)

Wolfram Littich, * 1959

(until May 18, 2016)

(Chairman of the Executive Board of Allianz Elementar Versicherungs-AG)

Ahmed Matar Al Mazrouei, * 1972

(from May 18, 2016)
(CEO, Emirates Liquefied Natural Gas L.L.C.)

Karl Rose, * 1961

(from May 18, 2016)
(Managing Director, Strategy Lab GmbH)

Herbert Stepic, * 1946

(until May 18, 2016)
(Senior Advisor, Raiffeisenbank International AG)
Seats: Raiffeisen Bank Aval JSC, Tatra Banka a.s.,
and PT Matahari Department Store Tbk.

Herbert Werner, * 1948

Seats: Ottakringer Getränke AG
(Deputy Chairman)

Elif Bilgi Zapparoli, * 1967

(Co-Head of Asia Pacific Global Investment and
Corporate Banking, Bank of America Merrill Lynch)

**Delegated by the Group works council
(employee representatives)**

Christine Asperger, * 1964**Wolfgang Baumann, * 1958****Herbert Lindner, * 1961****Alfred Redlich, * 1966****Martin Rossmann, * 1970**

(until September 26, 2016)

Gerhard Singer, * 1960

(from September 26, 2016)

More detailed information about all members of OMV's Supervisory Board, including their professional careers, can be downloaded from OMV's website at www.omv.com > About OMV > Corporate Governance & Organization > Supervisory Board.

Diversity

The main considerations in selecting the members of the Supervisory Board are relevant knowledge, personal integrity and experience in executive positions. Furthermore, aspects of diversity of the Supervisory Board with respect to the internationality of the members, the representation of both genders and the age structure are taken into account. The Supervisory Board includes three women and three non-Austrian nationals. The members of the Supervisory Board are aged between 45 and 74.

Independence

The Supervisory Board has defined the criteria that constitute independence (resolutions dated March 21, 2006, and March 25, 2009). In addition to the guidelines set out in Annex 1 of the ACCG, the Supervisory Board has established the following criteria with regard to its members elected by the General Meeting:

- ▶ A Supervisory Board member shall not serve on the Executive Board of an OMV Group company
- ▶ A Supervisory Board member shall not hold stock options issued by the Company or any affiliated company, or receive any other performance-related remuneration from an OMV Group company
- ▶ A Supervisory Board member shall not be a shareholder with a controlling interest in the meaning of EU Directive 83/349/EEC (i.e. a shareholder's interest of 50% or a dominant influence, e.g. through the right to appoint Board members) or represent such a shareholder

All of the members elected by the General Meeting except Helmut Draxler and Herbert Werner, regarding the duration of their terms, have declared their independence from the Company and its Executive Board during the 2016 financial year and up to the time of making such declarations (C-rule 53 of the ACCG). Under C-rule 54 of the ACCG, Peter Löscher, Peter Oswald, Wolfgang Berndt, Elif Bilgi Zapparoli, Helmut Draxler, Karl Rose, Marc H. Hall, Wolfram Littich, Herbert Stepic, Gertrude Tumpel-Gugerell and Herbert Werner have made declarations to the effect that they were not shareholders with a stake of more than 10% or represented such shareholders' interests during the financial year 2016 and up to the time of making such declarations. In the cases of Peter Oswald, Wolfram Littich and Herbert Stepic their respective declarations relate to the period up to their leaving office as member of the Supervisory Board on May 18, 2016. Peter Löscher, Peter Oswald, Gertrude Tumpel-Gugerell, Marc H. Hall and Karl Rose were nominated for the election as Supervisory Board members by the nomination committee of the Österreichische Bundes- und Industriebeteiligungen GmbH and, subsequently (after being so proposed by the Presidential and Nomination Committee and the Supervisory Board), they were elected as Supervisory Board members.

| Name¹ (current members in bold) | Position and committee memberships in 2016² | Remuneration (in EUR, for 2015)⁵ | Term of office² |
|---|---|--|--|
| Peter Löscher | Chairman; Chairman of the Pres. Com. and Remun. Com.; Deputy Chairman of the Proj. Com.; Audit Com. (all since May 18, 2016) | – | May 18, 2016, to 2020 AGM |
| Peter Oswald | Chairman; Chairman of the Pres. Com., Proj. Com. and Remun. Com.; Audit Com. (all until May 18, 2016) | 45,524 | May 19, 2015, to May 18, 2016 |
| Gertrude Tumpel-Gugerell | Deputy Chairwoman (since May 18, 2016); Chairwoman of the Audit Com.; Deputy Chairwoman of the Pres. Com.; Proj. Com. | 12,170 | May 19, 2015, to 2020 AGM |
| Murtadha Al Hashmi | Deputy Chairman; Deputy Chairman of the Pres. Com., Proj. Com., Audit Com. and Remun. Com. | 77,375 | May 10, 2012, to 2019 AGM |
| Wolfgang C. Berndt | Deputy Chairman (until May 18, 2016); Deputy Chairman of the Pres. Com. (until 18 May 2016), Proj. Com. (until 18 May 2016), Audit Com. and Remun. Com. | 62,629 | May 26, 2010, to 2019 AGM |
| Karl Rose | Chairman of the Proj. Com. (since May 18, 2016) | – | May 18, 2016, to 2019 AGM |
| Alyazia Ali Saleh Al Kuwaiti | Pres. Com. and Proj. Com. (both until May 18, 2016) | 38,250 | May 14, 2008, to May 18, 2016 |
| Helmut Draxler | Audit Com. and Remun. Com. | 30,600 | Oct. 16, 1990, to 2019 AGM |
| Marc H. Hall | Proj. Com. | – | May 18, 2016, to 2019 AGM |
| Wolfram Littich | Proj. Com. and Audit Com. (both until May 18, 2016) | 30,600 | May 23, 2001, to May 18, 2016 |
| Ahmed Matar Al Mazrouei | Pres. Com. and Proj. Com. (both since May 18, 2016) | – | May 18, 2016, to 2019 AGM |
| Herbert Stepic | | 14,600 | May 18, 2004, to May 18, 2016 |
| Herbert Werner | Audit Com. | 22,600 | June 4, 1996, to 2019 AGM |
| Elif Bilgi Zapparoli | | 18,250 | May 13, 2009, to 2019 AGM |
| Christine Asperger | Proj. Com. (since Sept. 26, 2016) | – ³ | since Jan. 1, 2013 ⁴ |
| Wolfgang Baumann | Pres. Com., Proj. Com. (until Sept. 26, 2016) and Audit Com. | – ³ | Dec. 16, 1998, to Apr. 1, 1999, and again since Nov. 11, 2004 ⁴ |
| Herbert Lindner | Proj. Com. and Audit Com. | – ³ | since June 1, 2013 ⁴ |
| Alfred Redlich | Pres. Com. (since Sept. 26, 2016) | – ³ | since June 1, 2013 ⁴ |
| Martin Rossmann | Pres. Com., Proj. Com. and Audit Com. (all until Sept. 26, 2016) | – ³ | May 5, 2011, to Sept. 26, 2016 ⁴ |
| Gerhard Singer | Audit Com. and Proj. Com. (both since Sept. 26, 2016) | – ³ | Since Sept. 26, 2016 ⁴ |

¹ Members of the Supervisory Board whose term ended in the business year 2015 are not listed herein

² Abbreviations: Pres. Com. = Presidential and Nomination Committee; Proj. Com. = Project Committee; Audit Com. = Audit Committee; Remun. Com. = Remuneration Committee; AGM = Annual General Meeting

³ Members delegated to the Supervisory Board by the Group works council do not receive remuneration but just attendance expenses

⁴ Delegation by the Group works council is for an indefinite period of time; however, the employee representatives may be recalled at any time by the delegating body

⁵ Meeting fees in the amount of EUR 365/meeting, as well as any applicable reimbursement of withholding tax, are not included therein

Working practices of the Supervisory Board

The Supervisory Board fulfills its duties – in particular supervising the Executive Board and advising it on strategy – by discussing the Company's situation and objectives during board meetings. Decisions are also taken at these meetings, except in cases of urgency where decisions can be taken by circular vote. The set-up of four committees ensures that best possible use is made of the Supervisory Board members' expertise. Brief descriptions of these committees are given below (see also the Report of the Supervisory Board for an overview of the individual committees' main activities in 2016).

In 2016, the Supervisory Board held nine meetings. In several of these meetings, the Executive Board and the Supervisory Board discussed strategic matters of OMV. With the exception of Elif Bilgi-Zapparoli, no member of the Supervisory Board attended fewer than half of the meetings.

Pursuant to C-rule 36, the Supervisory Board shall discuss the efficiency of its activities annually, in particular its organization and work procedures (self-evaluation). In the business year 2016, the Supervisory Board initiated a thorough self-evaluation of its activities with external support, the results of which will become available in early 2017 and will then be discussed within the Supervisory Board in the first quarter of 2017.

Presidential and Nomination Committee

This committee is empowered to take decisions on matters of urgency. The Supervisory Board may transfer other duties and powers of approval to the Presidential and Nomination Committee on an ad hoc or permanent basis. In its capacity as the Nomination Committee, this body makes proposals to the Supervisory Board for the appointment or replacement of Executive Board members and deals with succession planning. It also makes recommendations to the General Meeting for appointments to the Supervisory Board. There were five meetings of the Presidential and Nomination Committee in 2016, in which discussions focused on Executive and Supervisory Board matters.

Audit Committee

This committee performs the duties established by section 92 (4a) Stock Corporation Act. The committee held six meetings during the year. It predominantly dealt with preparations for the audit of the annual financial statements, assessment of the auditors' activities, internal audit, internal control and risk management systems, as well as the presentation of the annual financial statements. Gertrude Tumpel-Gugerell is the

financial expert within the Audit Committee in the meaning of section 92 (4a) (1) Stock Corporation Act.

Auditors

The Supervisory Board monitors auditors' independence and reviews a breakdown of the audit fees and fees for additional services besides auditing activities. In 2016, the auditors Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (including their network in the meaning of section 271b Code of Commerce) received EUR 2.64 mn for the annual audit, EUR 0.99 mn for other assurance services and EUR 0.22 mn for other engagements.

Project Committee

This committee supports the Executive Board in preparing complex decisions on key issues where necessary, and reports on these decisions and any recommendations to the Supervisory Board. In 2016, four meetings of the Project Committee were held.

Remuneration Committee

This committee deals with all aspects of the remuneration of Executive Board members and with their employment contracts. The committee's membership does not include employee representatives. The committee is empowered to conclude, amend and terminate Executive Board members' employment contracts, and to take decisions on the award of bonuses (variable remuneration components) and other such benefits to them. The Remuneration Committee met four times during 2016. Executive Board members were invited to attend parts of some of the meetings of the Remuneration Committee.

PwC provided remuneration advice to the Committee, which included market information drawn from published data, advice on the appropriate structure of short-term and long-term incentives as well as information on peer group performance and remuneration systems. They were appointed by the Remuneration Committee and did not advise the OMV Executive Board, ensuring independence with respect to the Austrian Code of Corporate Governance. Besides, PwC provided tax and reporting advice in 2016.

Conflicts of interest and dealings by members of the Supervisory Board requiring approval

There were no transactions requiring approval in accordance with section 95 (5) (12) Stock Corporation Act. The Internal Rules of the Supervisory Board contain detailed procedures for the treatment of conflicts of interest on the part of Supervisory Board members.

Remuneration

In accordance with the articles of association, the AGM resolves the remuneration of the Supervisory Board members elected by the General Meeting for the previous financial year. The 2016 AGM adopted the remuneration scale for the 2015 financial year as shown in the table below. The remuneration for members of the Supervisory Board has remained unchanged since the business year 2005.

Remuneration for Supervisory Board members

In EUR¹

| | |
|--------------------------------------|--------|
| Chairman/Chairwoman | 29,200 |
| Deputy Chairman/Chairwoman | 21,900 |
| Ordinary member | 14,600 |
| Committee Chairman/Chairwoman | 12,000 |
| Committee Deputy Chairman/Chairwoman | 10,000 |
| Ordinary Committee member | 8,000 |

¹ Meeting fees in the amount of EUR 365/meeting, as well as any applicable reimbursement of withholding tax, are not included therein

The amounts for the financial year 2015 were disbursed to the Supervisory Board members concerned in 2016; these were exclusive of expenses (travel and attendance expenses).

In 2016, the Supervisory Board members' remuneration (for the 2015 financial year and including reimbursement for withholding tax as applicable) accounted for EUR 0.39 mn, attendance expenses for EUR 0.09 mn and travel expenses for EUR 0.4 mn.

Employee participation

The Group works council holds regular meetings with the Executive Board in order to exchange information on developments affecting employees. Furthermore, the Group works council has made use of its right to delegate members to the Supervisory Board (one employee representative for every two members elected by the General Meeting). Therefore, out of the 15 Supervisory Board members, five members are employee representatives.

Rights of minority shareholders

- ▶ General Meeting: An Extraordinary General Meeting must be convened at the request of shareholders holding not less than 5% of the shares
- ▶ Agenda items must be included at the request of shareholders holding not less than 5% of the shares

- ▶ Shareholders holding not less than 1% of the shares may submit resolution proposals on all agenda items. Such resolution proposals must be posted on the website upon request of the respective shareholders
- ▶ Shareholders holding not less than 10% of the shares may require an extraordinary audit in the event of grounds for suspicion of irregularities, or gross violations of the law or the articles of association
- ▶ All shareholders having duly provided evidence of their shareholding are entitled to attend General Meetings, ask questions and vote
- ▶ Election of the Supervisory Board: If elections to two or more positions on the Supervisory Board are held at the same General Meeting, separate votes must be held for each position. If elections to three or more seats on the Supervisory Board are held at the same General Meeting, and if prior to the vote on the last position to be assigned it is found that at least one-third of all the votes have been cast in favor of the same person but he or she has not been elected, then this person must be declared as Supervisory Board member

Diversity

Diversity is of high importance within OMV's resourcefulness strategy. The OMV Group diversity strategy comprises two major focus areas: gender and internationality. Being active in an industry with a strong technical focus, it is particularly challenging for the Company to achieve a satisfactory gender balance in all fields of business activity. OMV is committed to supporting women's advancement to managerial positions. The strategic objective is to achieve the best diversity mix at senior management level, with the target of having 30% female Senior Vice Presidents by 2020. Mariana Gheorghe is the Chairwoman of the Executive Board of OMV Petrom SA, and Lacramioara Diaconu-Pințea is a member of OMV Petrom's Executive Board since April 2015. Gülsüm Azeri is the Chairwoman of the Executive Board of OMV Petrol Ofisi. There are three female members in the OMV Supervisory Board; this corresponds to about 20% of the members. At the end of 2016, women held 23% of the Senior Vice President positions. The proportion of women in the Group as a whole is about 25%. Within OMV's leadership development programs the proportion of women reached 33% in 2016. Within OMV's integrated graduate development program the proportion of women was 32% in 2016. So far, a variety of measures to foster diversity at OMV has been initiated and imple-

mented successfully. A group-wide educational program – the diversity e-learning program – is in place to improve organizational capabilities and raise awareness. In addition, the topic of diversity is incorporated in all Leadership Development Programs. OMV promotes talents from different backgrounds, thus ensuring the best mix in diverse teams. OMV especially supports the recruitment and development of women in technical positions. Through using gender neutral language in OMV’s job advertisements and internal communication, OMV is contributing to equal opportunities among men and women. Gender diversity measures include the “Technikqueens” project designed to spark girls’ interest in technical careers early. Furthermore, OMV participated in Vienna’s Girls’ Day and the FIT (Frauen in die Technik) initiative. In 2016, female employees in Upstream initiated a Diversity Network to raise awareness for diversity issues and to boost female careers in the technical area through a collaboration site and joint activities. The OMV head office in Vienna has two company kindergartens attended by children of OMV employees.

OMV constantly monitors gender, age, employee background, seniority as well as salary equality to ensure fair treatment and equal opportunities at all career stages.

External Evaluation of Corporate Governance

An external evaluation of OMV’s compliance with the provisions of the ACCG is being performed each year. Regarding the evaluation for 2016, OMV engaged Mathias Ettl of the law firm Berger Ettl Rechtsanwälte. The official questionnaire of the Austrian Working Group for Corporate Governance was used for the evaluation, and the result was that OMV is in full compliance with the Austrian Corporate Governance Code including all non-compulsory recommendations. The report of the evaluation is available for download on OMV’s website (www.omv.com).

Vienna, March 22, 2017

The Executive Board



Rainer Seele



Reinhard Florey



Johann Pleininger



Manfred Leitner