Presentation of the OMV Sustainability Strategy 2025
(literal transcript of the oral German presentation)

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1. Introduction

Magdalena Moll, SVP Corporate Affairs: Good morning Ladies and Gentlemen. We are delighted to see so many of you here at our press conference. The theme today is the OMV Sustainability Strategy 2025, and our CEO Rainer Seele will be presenting this in detail following a brief introduction.

The discussion regarding the future of energy supply is characterized by a large number of interests, variables, and unknown factors. On the one hand, the United Nations and the World Economic Forum have stated that they see the **oil and gas sector as a crucial factor in covering the ongoing need** for affordable, reliable, and sustainable energy. However, in contrast with this there are lots of other stakeholder groups that are critical of our industry. They are demanding an end to fossil fuels and a move towards renewable energy sources.

This is why, Ladies and Gentlemen, OMV’s positioning in this environment is not an easy one. Our objective, however, is to do something that is effective for the future, and therefore we are committed to a comprehensive sustainability approach. And this is where I would like to hand over to Rainer.
2. OMV’s DNA

Rainer Seele, CEO: Many thanks, Maggie. Hello Ladies and Gentlemen, and a warm welcome to OMV. I’d like to also welcome you to a topic that is becoming increasingly important for us at OMV as a company, as well as for our employees, our shareholders, and for the whole of society. I want to talk to you today about sustainability. The theme of sustainability has become an integral part of OMV’s corporate strategy.

When I think about sustainability, then I have to admit that I first think of keeping OMV healthy over the long term, and that is of course why I have a crucial interest in OMV still being a financially successful company in ten, twenty, fifty years, and in us being able to demonstrate to our employees the prospect of a secure job here at OMV. And, as a very important employer here in Austria, we will of course continue to boost the competitiveness of the Austrian location and continue to increase our overall competitive strength. That's the economic aspect that we have here. By way of introduction I would like to briefly explain OMV’s DNA, since some of you who I welcomed may not have such a close connection with OMV, or know us as a company because you are not from the industry.

By DNA I mean how we are structured as a company: we are not an oil company as is sometimes claimed, that's not what OMV is. We may have our original roots there, but as OMV we have grown into an integrated oil and natural gas chemicals group over the years. This means that we have several corporate divisions here, we refer to this here as Upstream where we are focusing our attention on searching for and producing oil and gas. We have a separation into Downstream Oil and Downstream Gas, into both product groups,
and it means that OMV is integrated into the value chains, as we always say, of the two main product groups, oil and gas. This means that we are effectively investing in further processing of both products that we are producing, and have therefore built up a significant presence over many years in the energy and heat sector in particular, as well as in the chemical sector.

3. Affordable energy, reliable supply, climate protection

Let’s go back to the topic of sustainability. When we talk about sustainability within the context of OMV, then we do of course derive a certain aspiration from this topic in terms of how the company positions itself. And in summary here you can see that we are first and foremost an energy supplier whose particular mission is to supply affordable energy. That is because we have a crucial interest in our customers also having a sustainable future. It means that where we operate, we boost the competitiveness of Austria and Europe. And in line with this it is our job to procure and produce energy on favorable terms and supply it with best quality.

That comes with a seal of quality Ladies and Gentlemen, which is the second cornerstone that I would like to address here: this seal of quality is reliable supply. It is the naturalness with which you say that your electricity comes from a plug socket and the heating comes on when you open the valve. All the processes that go on behind the scenes are provided by OMV, and we are in charge of reliable supply. That will be a task that we continue to perform going forward and that OMV has been able to represent perfectly since the company was founded, and this is also a legal obligation that we are very happy to accept.
The third component is the topic of **climate protection**. We always want to supply energy with the most environmentally friendly conditions, and heat with the most environmentally friendly conditions. We want to invest so that both our oil and gas products have the longest possible life cycle, which means a long lifetime so that these products ultimately only start to become carbon at a very late stage. That is our obligation in terms of climate protection.

You can also see this split as a very clear sign of my belief that we should not be discussing climate and environmental policy detached from economic policy. Because ultimately, in addition to our obligation in terms of ensuring a clean environment, we also have an obligation towards Austria as a business location, because we will also need secure jobs in this country in the future.

### 4. Oil as a valuable resource

When we talk of both products, then with oil we usually think first of all about driving cars. That is also our main value chain that we know here of course. Oil is a base material for the great wave of mobility that we have experienced in our highly developed countries, particularly in Europe, and which improves our quality of life. Yet **oil is more than just mobility**, oil is one of the most important raw materials that we have on our planet. It provides the starting point for all kinds of products. I have outlined a large number of these products to you. Wherever you find them: in the plastics area, or you even find them in the area of pharmaceutical products, originating as a starting point there. At the very early stages oil was even used directly as a treatment. We don’t want to go back there, given the major progress made since then. But what I would like to say to you is that everything that you see in this room – from my suit with the refined fibers to this surface coating on the table, this carpet lying here, even the finishing on the wooden panel – is where we create superior high-performance materials. Your iPhone, all these things are based on oil as raw
material. And OMV’s clear strategy can be summarized very simply: we want to burn less oil and refine more of it in future. This means we want to extract oil much more as a raw material in order to create high-performance products from it for our society. Oil is the raw material for us, the valuable raw material for the future, and that means first and foremost higher levels of refinement for use in chemical products and applications. If you think of light plastics as an example, or lightweight construction in the automobile industry aimed at reducing fuel consumption, this involves highly valuable polyethylene and polypropylene from our subsidiary Borealis.

5. The potential of natural gas

The energy source of the future in OMV’s strategy is natural gas. Natural gas has a huge potential as an energy source of the future. Natural gas has potential in two very large segments when we are talking about the issues of climate protection, climate studies, and emissions. One is the area of power production, i.e. electricity production, and this image explains it all here in my opinion. If we look at electricity production Ladies and Gentlemen, then it is of course quite obvious that we can save half of emissions by switching from coal capacities, i.e. coal-based electricity production, to natural-gas-based electricity production. This image demonstrates this, if you compare the green natural gas bar with the brown coal bar for instance.

What you can also see in this chart is that the specific CO₂ emissions are still higher with wood heating than with coal, as can also be seen from this image. And my position on this is very clear Ladies and Gentlemen: we should let trees grow rather than cut them down, because the trees are hugely important when it comes to retaining carbon. We keep coming
back to this issue, but we should emit as little carbon as possible as this is the right approach. Because that is ultimately the result of the Industrial Revolution that we have seen in highly developed countries. Yet it is just as important Ladies and Gentlemen for us to concentrate on no further deforestation for the rainforests on our planet, and focus instead perhaps on planting additional rainforests.

If we look at the issue of electricity production, then it is advisable for everyone to rely primarily on renewable energies for the future, which is where we are fully in line with the Federal Government’s climate strategy. Yet all scientists agree that proceeding solely on the basis of renewable energies, particularly if we also consider the aspect that I have touched upon – a **reliable supply** – then this alone is not enough. We need coexistence between multiple forms of energy in production so that we can continue to secure a high degree of reliable supply. And this, Ladies and Gentlemen, is where natural gas is the right partner compared with coal-based electricity production, and this is why OMV will deploy all means to ensure switching from coal to natural gas.

A second aspect that I have mentioned and that is important for us is the approach in the transport sector. I don’t believe that as an industry we have adequately recognized the opportunities arising from **natural gas mobility**. Because what you can also see here is that a natural gas vehicle can lead to CO₂ savings of at least 20 per cent compared to a vehicle powered by gasoline or diesel. That’s something that we are able to build on. The infrastructure is largely available here in Austria, we have 160 CNG filling stations – you can see a third of them at my beautiful OMV filling stations. And I believe that we need to develop this potential further, and OMV will also do a lot more here in its discussions with partners from the automotive industry to encourage further exploration of natural gas mobility.
When we talk about electricity production here, we’re talking about CO₂ emissions. Far more significant is not primarily carbon, but rather particulate matter emissions – just think of the masks worn by people in large cities such as in China, e.g. in Beijing. And this image speaks volumes when you look at particulate matter emissions and compare that with wood and coal in electricity and heat production.

6. The UN Sustainable Development Goals

When we talk about the Sustainability Strategy, OMV is committed to the climate protection targets, or the United Nations Sustainable Development Goals. When we talk about sustainability, Ladies and Gentlemen, we limit this in public debate to the topic of the climate. Yet when you look at the issue of sustainability, there is a whole number of items that have faded into the background; the United Nations has defined 17 different categories here. Take a look, the first one is No poverty on our planet, which is where we say that our job is also to help development in other continental regions to reach a standard of living that we, for example here in Austria, do not always appreciate enough.

The contributions that I have addressed here, which in terms of the United Nations Sustainable Development Goals apply in particular to a large extent to OMV, relate to goal number seven, Affordable and clean energy, which I have already covered, but we are also involved with the issue of Climate action. In terms of working conditions as well as the selection criteria for our activities the two other goals are of significance: Decent work and economic growth, as well as the topic of Peace, justice and strong institutions.
7. The new Sustainability Strategy

Let’s now turn to the objectives of our OMV Sustainability Strategy. We have defined five focus areas which you can see listed here.

7.1. **Health, Safety, Security and Environment**
This is the topic of Health, Safety, Security and Environment (HSSE), and I would also like to start with this first objective. This first objective summarizes the top priority that we have in our OMV Group. **OMV’s employees** are our number one priority in our thinking and actions. It is our obligation and for me an honorable task to ensure that each of our employees returns home safely at the end of the working day, so that they can spend their evenings and weekends and their vacations with their families. That is our number one priority. And I’ll be very honest with you, I can announce outstanding corporate targets and results to you, but when these are at the cost of our employees’ health then those are not the results that I would ever want to see.

We are on the right path here. You can see that we are investing very heavily in this area. We have also launched a new initiative. An initiative that we are combining with a new **HSSE Strategy**, that is an implementation project in our Group, it is a topic that we discuss regularly with our supervisory body. We have this as an issue but it is an issue that the Executive Board cannot really solve. As Chairman of OMV’s Executive Board I can present lots of nice targets here, along with some nice statistics – after all, those are the ones that we define. The main task is making them part of OMV’s culture.

It is important for me that an employee uses the handrail when he or she goes up or down the stairs. And I will say something if I see that someone runs this risk and doesn’t take hold, and will ask him or her to do it. That’s an obligation on our part. As regards **occupational safety**, you can see a statistic here, i.e. the injury rate that we have at OMV. This is a quotient based on 1 million working hours, and you can see that the numbers have fallen significantly between the start of this decade and today - from a value of 0.7 to 0.34,
so basically halved. We have of course set ourselves the target of achieving numbers below this value in future. As defined by me at the start, Ladies and Gentlemen, the maximum target here is really zero. It’s just extremely difficult to achieve this target because someone is bound to trip on their way to work. Or someone will not be paying attention loading materials. But that is our target nevertheless.

We have also optimized and ultimately improved our facilities and our processes within the same period, or actually a shorter period from 2014, as you can see from the second image related to **process safety**.

### 7.2. Carbon efficiency
The second focus area is the topic of the climate and carbon efficiency, and OMV will first and foremost take a good look at its own performance here. This means, what contribution can OMV itself make? I said to you right at the start, OMV will be relying on natural gas going forward because it is the most environmentally friendly energy source for us, and is where we are seeing a major impact in the short term, e.g. in electricity production. That is the reason why in terms of OMV’s further development, we clearly defined that with our strategy at the start of the year: OMV will rely more heavily on natural gas in future. You can see this through the fact that we will be expanding our production by 2025, and this is an expansion that is very much focused on natural gas.

If you look at the projects we have announced and that are in the OMV pipeline, and I’m not making any distinction now between investment projects and new acquisitions, then we’re talking predominantly about natural gas. The Neptun project in Romania is 100 percent natural gas, and our Achimov IV and V projects in Russia are 70 percent natural gas. Our Aasta Hansteen project in Norway is 100 percent natural gas and production is due to go live there by the end of the year. Our Nawara project in Tunisia is natural gas and production is due to go live there next year; 90 percent of our production site in Malaysia will involve natural gas. Ladies and Gentlemen, I don’t want to list all of the projects right now, I just want to demonstrate how we are not just preaching this switch towards natural gas, we are also already actively implementing it as OMV. And we don’t just rely on natural gas as an energy and heat source in production, but also in our trade activities. You can see how in the Downstream natural gas business we have gas sales in Europe that will double in the period 2017-2025 from 11 billion to a good 20 billion cubic meters, and the second major topic which I have also announced to you, that is in the oil business, is a strategic axis that we will also be pursuing towards the chemical business. OMV will now be expanding petrochemical capacities by 2025. This means that we plan to expand our chemical production capacities within Europe in this period. We will be working on this on the...
Executive Board next year. This means initial investments. The expansion of our Cracker facilities in Burghausen on the German/Austrian border is one example of how we are actively implementing this topic. Over the longer term we will be focusing our strategy more heavily on petrochemical capacities outside of Europe.

After all, Ladies and Gentlemen, we can’t save the climate just in Austria. Of course, we also need to take action as OMV outside of Austria, and therefore we also go into those regions where switching from coal to natural gas is being pursued intensively. China is an example of this. China has taken the decision to increase its share of natural gas in primary energy consumption from 8 to 30 per cent. This represents a major opportunity for OMV, as we can make a contribution with this strategy, and then the dust and the CO₂ emissions will probably drop a bit in Beijing.

7.3. Innovation
The third focus area in this strategy is innovation. We have already addressed the topic of innovation a little over the last few weeks. But when I talk about the ReOil process, Ladies and Gentlemen, then I am talking about more than an innovation. It represents a huge contribution towards solving a problem in society that we actually keep on seeing each and every day. It is a potential solution to the problem of plastic in society. Think of the images with plastic bottles floating on rivers, think of the images where plastic is mixed with other trash and simply burned. And the same principle that I mentioned to you about oil applies here also: we want to recognize this plastic trash as a raw material, we want to recognize this trash as a raw material by recycling instead of burning it. And if we don’t burn it, then of course automatically no carbon is produced.

OMV has carried out some very successful research here over the last few years by preparing this plastic waste as a raw material in order to produce high-quality synthetic crude oil. We are operating a pilot plant for this not far from here. Where exactly? In Schwechat. Nice refinery, but unfortunately it’s not in view. It’s a bit foggy today, but we do have this pilot plant in Schwechat. And this pilot plant can currently process 100 kg of this plastic waste per hour to produce 100 l of premium crude oil concentrate. We can then channel this into our processes, meaning that ultimately we can use it to produce the entire range of oil. This synthetic crude oil has one major benefit, Ladies and Gentlemen. It is the sweetest crude oil that I have ever seen in my life. You know, we always say sweet crude oil to crude oil that contains no sulfur. That means that if you introduce it into the process, you would have no SO$_x$ and no NO$_x$ emissions. That is exactly what we are currently discussing in our cities talking about diesel. It’s not about carbon but about nitrogen oxides and sulfides, and these are components that this crude oil does not contain. OMV will be doing everything it can to develop this process into a marketable one. We need a scale-up, and are currently training on the technical process for this pilot plant; that’s going to take some time. We will then discuss within the Executive Board whether we’ll invest in a major plant,
and have of course already completed a sample calculation for this major plant. We believe that we would manage to make any such plant profitable if we were to install an annual production of 200,000 tons.

OMV has budgeted on EUR 500 million of investment by 2025 for this process, as well as for the next one, which we have named Bio-oil Co-Processing. That Ladies and Gentlemen is our commitment to this technology. I believe that our experts in research and development are capable of turning this process into a marketable one, and I’m convinced that we will also find partners to help us treat the raw material plastic waste in such a way that this plant will operate without any problems. We will be introducing biogenic oil into our processes for Bio-oil Co-Processing, which you can also see listed there. This means that, aside from the crude oil that we acquire on the global markets, we will also be purchasing biogenic oil, i.e. rapeseed oil, or even more importantly, think about the old oil from fast food stands that also needs to be “disposed of” somehow or other. But I don’t want to dispose of it and burn this old oil from those restaurants; we can produce premium products from it already today in our refineries.

We have earmarked half a billion euros for this in our investments, and I’m convinced that OMV can make an effective contribution here.

The third project in the innovation area is one that really is an innovation flagship for OMV. It is known as the Enhanced Oil Recovery method. That may sound incredibly complicated, but in reality the principle is a very simple one. We want to get more oil out of the deposits, that means we don't want to start working on a new deposit, but want to increase the recovery factor of the existing deposits, which on average only yield around 40 percent of existing oil reserves worldwide, using special technologies that OMV has developed here in Gänserndorf in Austria.
Our next focus area in our Sustainability Strategy is our employees. This has nothing to do with prioritization of the focus areas: just remember what I said at the start of this short speech, that is, our employees are our top priority.
I don’t want to talk about safety now in this context, but rather about OMV as an employer. We do, of course, aspire to be the most attractive employer in Austria, and as far as I’m concerned, we are. We have to continue that.

But if we do have this aspiration, then we also have to ensure for the company’s sake that we have an employee structure that is fit for the modern age and that meets our modern requirements. This means that as OMV we rely on interdisciplinary teams, and when I say interdisciplinary teams, I’m not just thinking about different skillsets, such as different specialties, like putting a chemical scientist together with an engineer or IT specialist. I’m also thinking of international experience, like a good cultural mix, since we are an international company.

And I’m also thinking about the proportion of women at management level. It is our obligation to offer prospects within the company to all of our highly talented employees, and this also means a management career, and we have set ourselves a target of increasing the proportion of women at management level to 25% from 18% at the present time. By the way, this figure was just five percent in 2010, not so you now think that nothing has ever happened at OMV, we can also see it the other way round, there were also some tough starting conditions in place, but de facto we increased the proportion to 18%, and I’m convinced that together with my colleagues on the Executive Board, I’ve implemented all of the steps in the right direction. It would be stupid of us as OMV not to make better use of the huge potential that women offer to the company as future employees. If we only do this at a rate of 18% and not 25%, or 50% which is of course the long-term goal, then we’ve got the wrong strategy.

7.5. Business principles and social responsibility
The final cornerstone that I want to address here in relation to our Sustainability Strategy is the topic of business principles and social responsibility.

Our social responsibility as OMV is visible all over Vienna in some form or another, for example via cultural projects which we sponsor by trying to bring cultures closer. Think of the art exhibition think of the State Opera, and if we go into this category, then Ladies and Gentlemen I think primarily of our ethical principles and our compliance program.

The topic of compliance is impossible to bypass at OMV. Whatever project we happen to have, the first check for each project, whether we invest, whether we sponsor in some way, or any other questions, is an examination by our Compliance department. The Chief Compliance Officer reports directly to me, and on some issues and items has a higher right to veto plans than I do. And I can assure you of one thing, if I listen to anyone really carefully in this company then it’s the Compliance Officer.

How can we ensure within the company that we comply with our basic principles and rules, that we play no part in corruption, that we respect and value human rights in all our operations? How can we ensure this? Quite simply, through training, that is training measures and informational measures, and we send all our managers and employees to take part in all these training processes, regardless of whether the topic is anti-trust law or the Code of Conduct. And the first thing anyone gets when they start working at OMV is a small booklet covering the principles of conduct and business at OMV. I also assume that everyone has not just read this, but that everyone puts these business principles into practice.
This chart shows that OMV has a very good starting position in the area of sustainability, and how we have done an awful lot over the last few years to encourage sustainability. It shows that we are listed in various indices, where our sustainability concept and our activities have been audited, where our sustainability targets quantified by us have been assessed in many areas for the first time, and it has led, for example – and we are particularly proud of this – to the fact that OMV is the only company in Austria to be listed on the Dow Jones Sustainability Index.
In summary, this is the contribution that OMV wishes to make in the context of our Sustainability Strategy. This is just a summary. We have defined 15 sustainability targets which can be specifically measured. One thing that is also very important in the discussion surrounding the climate is as follows: we want to reduce 19 percent of the carbon intensity in our company. Behind this, Ladies and Gentlemen, as I’ve mentioned, is the strategic switch and more intensive orientation towards natural gas as a raw material, and we have budgeted half a billion euros for innovative energy solutions as part of our investment planning by 2025. Thank you for listening.