

# OMV, THE UN GLOBAL COMPACT AND HUMAN RIGHTS: FROM SIGNATURE TO IMPLEMENTATION<sup>1</sup>

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## Human rights issues addressed

- Child labour
- Complicity
- Diversity and/or non-discrimination in employment
- Forced labour
- Freedom of association/collective bargaining
- Resettlement and compensation of affected communities
- Right to education
- Social security and social insurance
- Sphere of influence
- Standard of living
- Supply chain management

## Human rights management practices discussed

- Getting started
- Strategy
- Policy
- Processes and procedures
- Communication
- Training
- Measuring impact and auditing
- Reporting

## Human rights standards, tools and initiatives mentioned (beyond the Global Compact)

- Business Leaders Initiative on Human Rights Matrix
- Danish Institute for Human Rights Quick Check
- Extractive Industries Transparency Initiative
- Global Reporting Initiative

## Abstract

OMV is the leading energy group in Central and South-Eastern Europe and one of Austria's largest listed companies. It became a signatory of the UN Global Compact at the beginning of 2003. While OMV is also active in addressing the UN Global Compact Principles on environmental protection and anti-corruption, this

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<sup>1</sup> NB: Appendices and figures are available for this case study in the online version, found here:  
[http://www.unglobalcompact.org/data/ungc\\_case\\_story\\_resources/doc/E3D2C114-CFFC-4584-B38B-09B8B5E87A9D.pdf](http://www.unglobalcompact.org/data/ungc_case_story_resources/doc/E3D2C114-CFFC-4584-B38B-09B8B5E87A9D.pdf)

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study focuses specifically on how OMV internalized the UN Global Compact Principles on human rights and labour rights. The study provides a detailed account of OMV's development of tools for its human rights implementation (in particular, its human rights policy and human rights matrix) and how the company has been striving to create a favourable climate for the acceptance of human rights among its employees and within its wider sphere of influence, the way it integrated human rights into its business processes and how it strives to further implement and improve its human rights tools. Over a two-year period, the company developed all human rights initiatives and efforts jointly with its staff and consultants. It captured the issues, approaches and policies in an internal Human Rights Matrix, which helps to map OMV's responsibilities in relation to human rights, assess existing gaps between OMV responsibilities and activities and prioritize OMV's actions. While the author is familiar with the entirety of the Matrix, she signed a confidentiality agreement with the company that permits disclosure of the framework but not the details of the Human Rights Matrix, which is part of an internal company directive. International business operations, with a particular focus on Pakistan, Yemen and Tunisia, serve as the backdrop for this case study. It is based on interviews with OMV managers and Prof. Manfred Nowak, head of the Ludwig Boltzmann Institute of Human Rights in Vienna and UN Special Rapporteur on Torture, in his capacity as advisor to OMV. The case study covers the period from 2003 to 2008. As OMV's work on its human rights policy is not a completed process but rather a continuing one, the case study also gives an outlook on OMV's planned actions in 2009. The UN Global Compact Office had asked OMV to describe its human rights policy in the case study. OMV, however, decided not only to speak about the human rights policy document but to describe the whole development process of its human rights framework.

## 1. Company Profile

OMV was founded in 1956 as the state owned Österreichische Mineralölverwaltung (“Austrian mineral oil administrative authority”) and was partly privatized in 1987.<sup>3</sup> In 2007, Austria’s investment and privatization agency, Österreichische Industrieholding AG, still held 31.5% of ownership.<sup>4</sup> With Group sales of €25.54 billion and a workforce of 41,282 employees in 2008, OMV is one of Austria’s largest listed industrial companies.<sup>5</sup> OMV further strengthened its leading position in Central and South-Eastern Europe through the acquisition of 41.58% of Petrol Ofisi, Turkey’s principal company in the retail and commercial business, in 2006.<sup>6</sup>

OMV’s oil exploration and production activities (E&P) are spread across nineteen countries in six core regions: Central and Eastern Europe, North Africa, North-Western Europe, Middle East, Australia/New Zealand as well as Russia and the Caspian Sea region. OMV’s daily production is about 317,000 barrels of oil equivalent (BOE) and guaranteed oil and gas reserves of about 1.2 billion BOE.<sup>7</sup>

OMV Gas & Power (G&P), with business units Gas Supply, Marketing & Trading, Gas Logistics and Power, as well as the Nabucco Gas Pipeline Project and the Central European Gas Hub, is one of the major gas trading and logistics companies in Central Europe. With the establishment of a new business unit, Power, OMV entered the electrical power business. OMV owns gas storage facilities with a volume of 2.3 bcm gas as well as a 2,000 km pipeline system. In 2008, OMV sold 13.07 bcm gas and approximately 66 bcm gas is transported annually via the gas turntable Baumgarten. With OMV’s important role in major infrastructure projects such as the Nabucco Gas Pipeline and participation in both the Liquefied Natural Gas (LNG) terminals in Croatia (Adria LNG) and the Netherlands (Gate Terminal), OMV significantly contributes to upholding the gas supply in Europe. In gas trading, with an exchanged volume of 15 bcm in 2008, the Central European Gas Hub developed into one of the three most important gas platforms in Continental Europe and will be further developed into a gas exchange in the future.<sup>8</sup>

OMV is active in oil refining and marketing (R&M) in thirteen Central and Eastern European countries. R&M represents the largest share of the Group’s consolidated sales. Together with its refineries in southern Germany, the plants in Romania and its 45% stake in Bayernoil, Germany, the OMV group has a total refining capacity of approximately 26 million t/year and a network of 2,528 filling stations.<sup>9</sup>

In June 2006, OMV established the OMV Future Energy Fund with more than €100 million. It is a wholly owned subsidiary to support projects in renewable energy. OMV wants to move away from being a traditional oil and gas company to an energy group with renewable energy in its portfolio. The Fund supports projects that focus on emission reduction, energy efficiency and renewable energies like geothermal energy and biogas.<sup>10</sup>

In June 2007, Mr Wolfgang Ruttendorfer, Chairman of the Executive Board, together with executive board members, gave the impetus for formalizing OMV’s corporate social responsibility (CSR) policy

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<sup>3</sup> OMV Group in Figures 2007, p.22

<sup>4</sup> OMV Annual Report 2007, p.64

<sup>5</sup> OMV Annual Report 2008, p.55

<sup>6</sup> <http://www.highbeam.com/doc/1P2-10838884.html>

<sup>7</sup> OMV Annual Report 2008, p.16 and information provided by OMV “Corporate Affairs”

<sup>8</sup> OMV Annual Report 2008, p.51

<sup>9</sup> OMV Annual Report 2008, p.24

<sup>10</sup> OMV Annual Report 2008, p.27 and updated information provided by OMV “Corporate Affairs”

with a focus on human rights. For the case study, the author interviewed OMV managers Ms. Simone Alaya, Corporate CSR Manager, Mr. Wolfgang Remp, Senior Vice President Exploration and Production (E&P) International, Mr. Wolfgang Kraus, CSR Manager E&P International, and Mr. Elmar Collins, General Manager OMV Yemen.

## 2. Case Analysis

### (a) *Getting Started*

The deteriorating human rights situation in Sudan in 2002 was one of the determining factors that led OMV to look at the human rights principles of the UN Global Compact more closely. OMV had acquired shares in two blocks operated by Lundin Sudan Ltd., Malaysian PETRONAS and the Sudanese State company Sudapest.<sup>11</sup> OMV never actively operated or had any employees of its own in Sudan. OMV was only a financial investor. However, in view of the ongoing atrocities in Sudan's Darfur region, OMV, like other companies present in Sudan, faced significant criticism from human rights advocates, parliaments and the media for its engagement in the region. Having commissioned an independent human rights report, OMV did not want to risk being accused of complicity in human rights violations, despite the possibility of easy exploration of natural resources. After intensive internal discussions, OMV designed a clear exit strategy on a commercially viable basis and opted to sell its stakes in Sudan. Despite OMV's exposure to challenging situations in other countries, the experience in Sudan marked the first time the firm realized the boundaries of its commercial interests and took a closer look at its human rights risks and impacts. OMV realized how vital it is to analyze the operating environment before acquiring stakes in a new country. In the future, this analysis should be part of a thorough country entry study.

### (b) *Strategy*

Having faced the challenges mentioned above, OMV was determined to make a public commitment to corporate responsibility, and at the beginning of 2003, the company became a signatory of the UN Global Compact. The reasons for joining were threefold: first and foremost, to foster a company culture that recognizes moral and ethical obligations toward the population of host countries – OMV views local communities as key to the success and longevity of its operations abroad; second, the overall trend by Western stock market listed companies to commit publicly to social concerns; and third, the increased awareness of operative and political risks within its core business. Being exposed to a wide range of technical, financial, commercial as well as health, safety, environmental quality (HSEQ), and human security risks, OMV saw the need to deal with them in a professional and structured manner and searched for a tool to help manage those risks. An integrated corporate social responsibility (CSR) policy, which is based on universal values, such as the UN Global Compact Principles, seemed to be the answer.

OMV's approach to corporate social responsibility<sup>12</sup> is based on the triple bottom line of financial, social and environmental components. Only by including all of these into its company culture and its daily business, including policies and tools, does OMV see a realistic chance to obtain the acceptance of local communities, the so-called "license to operate" in a country. For OMV, a CSR strategy is also a risk management tool. Corporate CSR Manager, Ms. Simone Alaya, says, "Our goal is to reduce risk through a systematic approach, enhance our reputation at a national and international level, strengthen identity and corporate culture and in doing so ultimately create a competitive advantage."<sup>13</sup> To reduce the risks within the non-financials, OMV currently scrutinizes human rights, health, safety and environmental risks.

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<sup>11</sup> "OMV closes sale of Sudan exploration blocks," OMV Investor News 2004, 12 May 2004

<sup>12</sup> While the UN Global Compact uses the term "corporate citizenship," OMV refers to it as corporate social responsibility. CSR will be used in the text for coherence purposes.

<sup>13</sup> Ms. Simone Alaya, Corporate CSR Manager, in "OMV employee magazine XXL Driving Values 1/2008"

OMV strives to incorporate these into its enterprise wide risk management tools.<sup>14</sup> For OMV, CSR is also necessary to building a coherent and uniform corporate culture. OMV's company culture builds on its "driving values" as forces for sustainable growth.<sup>15</sup> OMV seeks to act as

- a "pioneer" with a spirit of change for continuous development,
- a "professional" with excellence for lasting success and
- a "partner" engaging in responsible relationships for mutual benefit.

OMV believes that only if it lives CSR, can it become or maintain being a pioneer, a professional and a partner. In short, OMV wants to conduct its business in alignment with its role as a good corporate citizen.

OMV feels that it has been engaging in partnership projects long before CSR became an issue for other businesses. Within OMV's own structure, the international business operations of oil exploration and production (E&P) were at the forefront of innovating good business practices. For instance, they have been managing partnership projects in Libya and Pakistan since 1990. Its efforts and targeted CSR actions in the latter country have now been recognized as a best practice within OMV and serve as inspiration for development projects by the company in many other countries. Ten additional staff members have been hired for various projects in Pakistan, where OMV is the largest international gas producer. OMV provided the funds for the reopening of a school and regular training for teachers. In a first phase, it set up a water supply system, a mother and child health care center as well as a hepatitis prevention project<sup>16</sup> to protect 9,000 people. The second phase, being conducted in 2009, involves vaccination and awareness-raising of 15,000 persons. In developing and implementing the hepatitis prevention project, OMV was inspired by its CSR drivers, the UN Global Compact and the Millenium Development Goals<sup>17</sup> (MDGs). More specifically, when conceptualizing the Community Development Programme and its projects,<sup>18</sup> OMV was guided by its CSR drivers related to improving the company's reputation, risk management, response to stakeholder expectations, MDGs 1-7, and the UN Global Compact Principles One and Two. More information on OMV's community development project is available on video.<sup>19</sup>

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<sup>14</sup> In 2006, 150 people in 20 countries assessed approximately 600 risks, pointed out 15 principal risks and strategies to address them. "OMV in Dialogue. Corporate Social Responsibility Performance Report," p. 31

<sup>15</sup> "We get people on the move," <http://www.omv.com>, OMV Holding>About OMV>Our Vision as of 9 March 2009

<sup>16</sup> The OMV Community Development Programme in Pakistan received 50% co-financing from the Austrian Development Agency (ADA). A total of 9,000 mothers and children are being inoculated. For this programme, OMV received the Austrian CSR Award TRIGOS in 2007 (OMV Annual Report 2007, p. 27). TRIGOS annually awards Austrian companies for its CSR actions in the four categories: workplace, marketplace, society und ecology. More info on [www.trigos.at](http://www.trigos.at)

<sup>17</sup> <http://www.undp.org/mdg/basics.shtml> as of 6 May 2009

<sup>18</sup> Slide CDP within OMV's overall CSR strategy, OMC Corporate Affairs

<sup>19</sup> [www.omv.com](http://www.omv.com), OMV Holding>Our Commitment>Corporate Social Responsibility>Human rights>Regional Projects (Selection)

OMV in Eco 4 the World, as of 30 April 2009.

In 2003, OMV drew up its Code of Conduct collaboratively with its works council, staff units and business segments. The Code of Conduct is aligned with the UN Global Compact Principles and other internationally recognized standards. Its content can be summarized as follows: While striving for growth, activities should create lasting improvements in the quality of life for the people and areas affected by OMV's work. It covers all core areas of CSR: human rights, HSE and corporate governance, with its employees and stakeholders. Its principles apply to all joint ventures and companies in which OMV has a major influence. In situations where OMV operates with a partner, it strives to ensure equally high standards are met. It is also the basis for its supply chain management.<sup>20</sup> (For more information on OMV and the supply chain see below.)

(c) *Focus on human rights*

The following section gives an account of how OMV familiarized itself with human rights issues and developed tools to help embed human rights into business practice. After signing onto the UN Global Compact and OMV's experience in Sudan, focusing on human rights issues was seen as the natural next step to formalizing the company's commitment to corporate responsibility. The company embarked on an intensive two-year process, characterized by its inclusiveness of stakeholders, to establish which human rights issues were key to OMV and how to implement its human rights vision and corresponding processes into its core business and cooperation frameworks. The executive board and the management of the E&P International Department accompanied by the Corporate Affairs Department began the formal process of formulating a human rights policy within the firm. The Business Leaders Initiative for Human Rights (BLIHR) Matrix<sup>21</sup> served as the basis for the development of a human rights tool unique to OMV.

OMV consulted external human rights specialists to accompany them in the process of adapting the BLIHR Matrix to OMV's specific needs with the overall objective of giving human rights more weight within OMV's CSR policy. OMV approached Prof. Manfred Nowak, Head of the Ludwig Boltzmann Institute of Human Rights (BIM) Vienna and UN Special Rapporteur on Torture, for advice. The team working with Prof. Nowak on OMV's case was comprised of Karin Lukas, team leader, Human Rights in Development Cooperation and Business at BIM, Mr. Walter Suntinger and Prof. Alfred Zauner, both of HumanRightsConsulting Vienna.

In various workshops and interviews the team discussed the topic jointly with key OMV staff. Prof. Nowak's team interviewed staff of OMV's E&P International Department both at headquarters and in the field. All executive board members and all general managers<sup>22</sup> were consulted on what OMV's commitment to human rights should be and how to best translate it into practice. During one of the regularly occurring workshops for all E&P general managers at OMV headquarters in Vienna, a whole day was dedicated to human rights and CSR. Prof. Nowak's team introduced the broader human rights agenda, and OMV's CSR team focused on the implications for the company. A big portion of the meeting was dedicated to listening carefully to what general managers had to say about potential obstacles in the implementation of the proposed human rights agenda. In this process, the management and employees took a close look at which issues to include in the OMV's human rights tool and which to remove. For instance, the company paid particular attention to equality and non-discrimination as well as security issues, but felt it was appropriate to disregard issues that the company was unlikely to impact negatively such as prisoners' rights or the right to marry. In addition, OMV held several workshops with general managers from selected socio-politically sensitive countries.

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<sup>20</sup> OMV Code of Conduct-Our Values. Corporate Social Responsibility, p. 4f

<sup>21</sup> [www.blihr.org/Reports/GIHRBM\\_Matrix.pdf](http://www.blihr.org/Reports/GIHRBM_Matrix.pdf)

<sup>22</sup> General Managers have responsibility for all of OMV's operations within a given country.

General managers initially challenged the relevance of the human rights discourse and the decision to bring the debate to an operative level. Reluctance by general managers to embrace the topic stemmed from the perception of a top-down approach and the lack of information about human rights. The team faced the challenge of bringing employees with varied backgrounds to the same level of understanding human rights and international law. Topics concerning freedom of expression and investment in politically sensitive countries fuelled particularly good and lengthy discussions. The question, “Do we need to take ownership of human rights?” was a predictable and natural one to be asked in the beginning. General managers are by nature of their jobs very concerned with financial and production targets. Introducing human rights into that equation required a paradigm shift.

General managers feared that human rights would entail extra work. It was important to show that human rights would in the future be an integral part of the work process. The managers also pointed out that they were not human rights experts themselves and were concerned about the lack of funds and time available to address human rights. They had many questions on the issues of refugees, free speech and the responsibility of the state to fulfil and protect human rights. Slowly, the general managers became more familiar with the subject, including resettlements, standard of living, security forces training and anti-discrimination. In addition to workshops at headquarters, OMV invited external CSR and human rights experts to the countries where OMV is active.

Since 2006, OMV has been holding structured yearly stakeholder fora at the corporate level to listen and gather advice from external stakeholders. Executive board members meet for one day with political parties, civil society representatives (NGOs), industry associations and other interest groups to: 1) report what OMV has achieved in the environment and social areas since the last forum; and 2) to listen to stakeholder expectations and receive feedback. In addition to human rights, the fora traditionally focus on climate change and other environmental concerns. OMV also holds stakeholder fora at the local level. For its human rights commitment, OMV has been recognized by Amnesty International Austria as a leader in Austria.<sup>23</sup>

The dialogue on human rights within the firm helped the company to reach a common understanding of the human rights issues OMV is facing and how to tackle them. The joint prioritization of issues and elaboration of OMV’s sphere of influence was key to bringing the managers on board. The Corporate Affairs Department together with human rights experts created awareness tools such as a Human Rights Questions & Answers (Q&A) document and a human rights checklist. The Q&A document was particularly helpful in addressing uncertainty in general managers – what they are and are not responsible for. For instance, general managers wondered to what extent they should be concerned about violence against women outside working hours. Once the issues were agreed upon, a holistic concept seemed to be the only way forward. The Human Rights Matrix was born.

In 2007, the Corporate Affairs Department convinced the executive board to summarize its understanding and responsibility regarding human rights issues in a public policy statement (see Appendix). At that point in time, OMV felt it had sufficiently developed an understanding of what human rights meant for the company. It was time to communicate its vision. While the OMV Human Rights Policy Statement became OMV’s official communication tool regarding the commitment to human rights, the Human Rights Matrix remained an implementation tool. In mid-2008, however, the content of the Human Rights Matrix entered the corporate directive on corporate social responsibility, available to all employees on the intranet. The directive describes the management of the CSR process and OMV’s commitment. It is available in English, German and Romanian. The directive was also adopted by Petrom, the largest oil and gas producer in South Eastern Europe. OMV has a 51% stake in the company.

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<sup>23</sup> Mr Christian March, Managing Director of Amnesty International, [OMV Holding, Our Commitment, Corporate Social Responsibility, Stakeholder Forum 2008, External perception, Human rights versus exploration, www.omv.com](#)

(d) *A tool unique to OMV*

The following section explains the structure of the OMV Human Rights Matrix, which human rights issues it decided to address and possible limits. As mentioned above, the BLIHR Matrix served as the basis for OMV's own tool, which then carefully looked at each of the human rights issues below and developed a comprehensive internal company document. While the OMV Matrix<sup>24</sup> was shared in detail with the author, she signed a confidentiality agreement with OMV, which prohibited her from disclosing the details of the Matrix, except for the excerpts mentioned in this case study. The Matrix is part of an internal CSR Management system and, like all OMV company directives, is not available to the public.

The OMV Human Rights Matrix is a tool for 1) mapping its human rights responsibilities and 2) assessing existing gaps. It concentrates on the following human rights issues:

- equality,
- security,
- forced labour,
- child labour,
- health and safety,
- adequate remuneration,
- freedom of association and collective bargaining,
- property,
- procedural rights and effective remedy,
- social security,
- standard of living,
- education,
- minorities and indigenous rights and religions, and
- freedom of expression and assembly.

The Matrix explains each of the human rights issues and outlines what OMV:

- shall do by law and moral obligation,
- what it should do within the wider field of OMV's sphere of influence and
- what it might do to support the fulfilment of human rights in the society as a whole.

The wording of the UN Global Compact Human Rights Principles One and Two was crucial for OMV's elaboration of the Matrix. In Principle One, the UN Global Compact states that "businesses should support and respect the protection of internationally proclaimed human rights."<sup>25</sup> OMV added a new aspect that deals with the fulfilment of human rights. It wanted to express its desire to be particularly active in this area. (see Policy Statement, Appendix 1)

The above mentioned categories of what OMV shall, should and might do to fulfil, respect and support human rights, are synonymous with what OMV regards as:

- essential,
- expected and
- desirable.

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<sup>24</sup> Version 7.2, 3 November 2008

<sup>25</sup> <http://www.unglobalcompact.org/AbouttheGC/TheTENPrinciples/index.html>, as of 6 May 2009

In the category “essential,” OMV highlights what it has to comply with according to national and international law, orienting itself by the higher standard in each case. For each issue, it also provides a practical example of how to avoid becoming complicit in human rights abuses. It defines the company policy for each issue, referring to internal sources such as guidelines, directives and relevant management structures. It also identifies what training and communication is necessary to further the understanding of and adherence to the relevant issue, as well as how to deal with corrective action and complaints.

The following example illustrates only one of the fourteen human rights issues addressed in the Matrix. For instance, on the issue of equality and non-discrimination, OMV explains in the category “essential” that “no one shall be treated differently” and notes that “not every distinction of differentiation constitutes discrimination as such but only when it is not based on reasonable and objective grounds.”<sup>26</sup> “OMV’s policy in this regard is to avoid any missionary approach, but looks carefully at the context, including local laws.”<sup>27</sup> It also looks at its employment, harassment and maternal/paternal leave policies and explains its stance.

In the category “expected,” OMV identifies for the issue of equality and non-discrimination affirmative action programmes, such as through job recruitment and job promotion programmes, keeping in mind that meeting job requirements has the highest priority. The Matrix lists possible awareness programmes dealing with, for example, diversity at work in the company, in the supply chain and in the surrounding community, paying particular attention to the cultural and social context of the local communities, to name a few. One example is the support OMV provides to women in Islamic societies by focusing on their basic needs such as access to water, rather than focusing on their role in an Islamic society.

In the category “desirable,” OMV considers supporting the promotion of equality and non-discrimination in the wider society. For instance, it participates in global campaigns such as the “25 Days Against Violence Against Women” and supports other human rights-related activities in society.

In several annexes to the Matrix, OMV adds explanatory notes to all human rights issues. It gives examples of state versus business obligations and spells out what the distinction is between concrete measures to fulfil or to support the fulfilment of human rights. It also gives a historical account of where human rights standards originate and what sources of international law were relevant for the development of human rights.

In order to determine where its human rights obligations end and to avoid becoming complicit in human rights abuses, OMV first tried to define its sphere of influence. Principle Two of the UN Global Compact states that “businesses should make sure that they are not complicit in human rights abuses.” This became a central element of OMV’s Human Rights Matrix. OMV oriented itself by way of the report of the High Commissioner for Human Rights on the responsibilities of transnational corporations and related business enterprises, which states, “that the sphere of influence of a business entity tends to include the individuals to whom the company has a certain political, contractual, economic, or geographic proximity.”<sup>28</sup> OMV mapped its sphere of influence and defined the following categories for itself<sup>29</sup>:

- employees,
- business partners,
- suppliers and contractors,
- the surrounding community,
- government and state bodies, and

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<sup>26</sup> OMV Human Rights Matrix, p.13

<sup>27</sup> OMV Human Rights Matrix, p.13

<sup>28</sup> <http://www.unssc.org/web/hrb/images/Selected%20Quotes%20SoI.pdf>

<sup>29</sup> OMV Human Rights Matrix, p.35

- the wider society.

In each of those categories, OMV looks at its legal obligations and moral responsibilities. It distinguishes between four types of complicity:

- 1) substantial participation complicity – when a company participates in human rights violations by others
- 2) benefit complicity – when a company benefits from a human rights violation by others and knows of it
- 3) joint venture complicity – when the human rights violation is perpetrated by a business partners and the company should have known of it
- 4) moral complicity – when a company is active in a country known for grave and systematic human rights violations<sup>30</sup>

The first three cases show the direct corporate responsibility of a company and its legal implications. While moral complicity does not imply a legal liability, consequences of it, such as reputational damages, are even more difficult to assess. OMV must check its legal complicity and engage in executive board consultations.<sup>31</sup> When OMV is active in a particularly politically sensitive country, it takes a pro-active approach and supports, for instance, community development and job creation programmes.<sup>32</sup>

OMV also describes its sphere of influence and human rights commitments in its public Human Rights Policy Statement. It defines OMV's sphere of influence as "individuals and groups to whom we have a certain political, contractual, economic or geographic proximity."<sup>33</sup> It also recognizes that the vast majority of OMV's human rights obligations are to its own employees. It further states that, "Where OMV is the designated operator on behalf of a consortium it has a responsibility to respect the human rights of the people in the surrounding communities as well as, in agreement with its partners, to support the fulfilment of their rights."<sup>34</sup> Also, "where OMV has an asset equity share of 50% or greater or has a controlling interest, OMV has a direct responsibility to respect and fulfil human rights and to support their fulfilment."<sup>35</sup> OMV also seeks to use its influence to make its business partners in consortia, as well as its suppliers and contractors, comply with human rights standards.<sup>36</sup> In Tunisia, for instance, OMV set up a code of conduct with its joint venture partner (see Figure 5). If national law falls short of international human rights standards, OMV will be guided by the higher standards, unless this would result in a clear violation of national law.<sup>37</sup>

OMV sees its work on human rights as closely aligned with the work of John Ruggie, United Nations Special Representative of the Secretary General on Human Rights and Transnational Corporations and other Business Enterprises (SRSG). OMV's Human Rights Matrix and Policy, however, were developed

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<sup>30</sup> OMV considers the following as grave and systematic human rights violations: extermination, enslavement, deportation or forcible transfer of population, imprisonment or other severe deprivation of physical liberty in violation of fundamental rules of international law, torture, rape, sexual slavery, enforced prostitution, forced pregnancy, enforced sterilization, or any other form of sexual violence of comparable gravity, persecution against identifiable groups or collective or political racial, national, ethnic, cultural, religious, gender or other grounds that are universally recognized as impermissible under international law, in connection with any act referred to in this list, enforced disappearance of persons, the crime of apartheid, other inhumane acts of similar character intentionally causing huge suffering or serious injury to body or to mental or physical health. OMV "New Country or Joint Venture Entry Checklist," p. 5, as of 6 May 2009

<sup>31</sup> OMV "New Country or Joint Venture Entry Checklist," p. 5, as of 6 May 2009

<sup>32</sup> OMV "New country or joint Venture Entry Checklist," as of 6 May 2009

<sup>33</sup> OMV Human Rights Policy Statement, June 2007

<sup>34</sup> OMV Human Rights Policy Statement, June 2007

<sup>35</sup> OMV Human Rights Policy Statement, June 2007

<sup>36</sup> OMV Human Rights Policy Statement, June 2007

<sup>37</sup> OMV Human Rights Matrix, p.31

before the SRSG's main report, *Protect, Respect and Remedy: a Framework for Business and Human Rights*, was released in 2008. The Framework, which has been welcomed by the Human Rights Council,<sup>38</sup> describes States as having a duty to protect rights, whereas the corporate responsibility is to respect human rights, that is, not to infringe human rights. OMV subscribes to the concept of, respecting human rights and remedying human rights abuses, but also aims, where appropriate, to protect human rights. OMV's specific actions to respect and protect are documented in other parts of this case study. In the case of "remedying" human rights abuses, OMV is currently considering the introduction of a grievance mechanism in the form of a human rights helpline (see below) and has already introduced such a mechanism in community development projects. OMV holds hearings with local community leaders and NGOs when a problem arises in a community development project. The SRSG recommends that companies apply a due diligence process to satisfy themselves and their stakeholders that they respect human rights. In determining the scope of the due diligence process, he recommends that companies consider three factors: their operating context; the human rights impact of their operations; and their relationships. OMV's approach is aligned with these suggestions. It has introduced the human rights "new country/new area entry" checklist to help operationalize their commitment.<sup>39</sup>

OMV's understanding differs from the SRSG's work in the use of the concept "sphere of influence." While OMV makes a distinction between the rights it is directly responsible for through its sphere of influence (see below), the SRSG asks companies to consider all the actual and potential human rights impacts resulting from companies' business activities and relationships connected to those activities.<sup>40</sup> The SRSG does not promote the concept of sphere of influence. He recognizes, however, that it may be useful to determine where and how a company may want to go beyond respecting human rights.<sup>41</sup> OMV's understanding differs as how to apply the concept of sphere of influence. OMV uses the concept of sphere of influence to help systematically think through the categories of rights holders relevant for its business and to prioritize which human rights the company should pay most attention to. The term, sphere of influence, is used in this document in accordance with OMV's internal documents, which were elaborated together with Prof. Manfred Nowak before 2008.

#### (e) *Implementation of Tools*

The Human Rights Matrix provided the opportunity to systematize and pull together the company's existing human rights practices into a coherent framework. Before the Human Rights Matrix was introduced, the issue of human rights was mainly dealt with within OMV's human resources department and focused on human rights of its employees. While OMV's policy statement confirms that human rights issues are still strongest with its employees, the Matrix for the first time examined human rights issues in all business practices along the value chain; it served as an umbrella for work already undertaken and allowed for the translation of practices into company directives. The following examples serve as illustration of how human rights are integrated into OMV's business processes.

For instance, human rights matters are now part of OMV's formal decision-making process. During this so called "Tollgating" process,<sup>42</sup> a business proposal is also checked against the Human Rights Matrix and other CSR & HSEQ criteria. Only if the proposal passes these, does the "gate open" and the proposal

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38 A/HRC/8/5, UN General Assembly, Human Rights Council, 8th Session, Agenda Item 3, 7 April 2008

39 Interpretation of John Ruggie's work by Ms. Lene Wendland, Adviser on Business and Human Rights, Office of the UN High Commissioner for Human Rights

40 <http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf>, A/HRC/8/5, para 75

41 Interpretation of John Ruggie's work by Ms. Lene Wendland, Adviser on Business and Human Rights, Office of the UN High Commissioner for Human Rights

42 The tollgating process comprises the following phases: 1. acquire/divest; 2. explore; 3. appraise; 4 develop; 5. produce; 6. abandon

passes muster. The tollgating is carried out at the beginning of the decision-making process. Whether or not to enter a new country is highly dependent on the outcome of this process. After seismic examinations, OMV carries out a due diligence process assessing the political situation of the country and associated risks for OMV. With the help of the new country entry checklist and international human rights reports by Amnesty International and Human Rights Watch, OMV reflects on the general human rights situation, how OMV could be affected, and what OMV's human rights responsibilities are. If OMV decides on business entry, it carries out a baseline study for social and environmental concerns. It seeks to address the question of what impact OMV would have on the communities (see Figure 3). It develops a mitigation plan for a corresponding CSR project and nominates an experienced CSR professional to carry out the plan and stakeholder analysis. An evaluation is conducted at the end of the project.

The Human Rights Matrix is also a key component of the social impact analysis carried out when considering a new exploration opportunity and the building of related infrastructure. Exploration is no longer a purely economic decision in OMV. For instance, in Pakistan in 2008, OMV decided against developing an exploration project in the North Western Territories despite a bright economic outlook. The intelligence gathering or the so-called "scouting" by the CSR & HSEQ Teams of OMV Pakistan led to important discoveries. Findings concerning the changes in the security situation of the region among other things ultimately influenced the decision to abandon the exploration project.

The OMV Human Rights Self-Check constitutes another important part of OMV's toolkit for human rights. It is a 130-page description for managers of every human rights issue contained in the Matrix, the corresponding source of international law and indicators against which to make his/ her assessment when carrying out a gap analysis. The Human Rights Compliance Assessment (HRCA) developed by the Danish Institute for Human Right<sup>43</sup> served as a major inspiration in the development of OMV's tool and was subsequently adapted to OMV's reality. As a practical application, the management of E&P International requested ten general managers to undertake the gap analysis in 2008. A discussion of the proposed actions to be taken will follow.

OMV also strives to incorporate human rights into its supply chain. The Code of Conduct as a corporate directive, the business ethics directive and other CSR guidelines,<sup>44</sup> serve as a basis. Potential suppliers and contractors of OMV need to demonstrate that they are in line with OMV's human rights policy and need to fill a pre-qualification questionnaire.<sup>45</sup> With the help of the questionnaire, OMV seeks to determine whether the potential supplier holds similar values to OMV, is a member of the UN Global Compact and is ready to sign OMV's Code of Conduct. In the rare event that a potential supplier does not complete the questionnaire claiming to implement human rights standards higher than OMV, the company, if selected for the contract, will be audited by OMV as a matter of priority. During the purchasing process, suppliers are required to document their commitment in writing. OMV requests a clear position on human rights in general and against child and forced labour in particular.<sup>46</sup> However,

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<sup>43</sup> <https://www.humanrightsbusiness.org/>

<sup>44</sup> In addition to the UN Global Compact, OMV also abides by the standards and guidelines of the International Association of Oil & Gas Producers (OGP) and the International Petroleum Industry Environmental Conservation Association (IPIECA). OMV has not signed the Extractive Industries Transparency Initiative (EITI) as only two governments of countries in which OMV is operating, are candidates to the initiative: Kazakhstan and Yemen. OMV signed a Memorandum of Understanding with Kazakhstan. EITI aims to strengthen governance by improving transparency and accountability in the extractives sector. It sets a global standard for companies to publish what they pay for exploration rights and for governments to disclose what they receive in return.

<sup>45</sup> [http://www.omv.com/sustainability2007-08\\_en/procurement.html](http://www.omv.com/sustainability2007-08_en/procurement.html), as of 6 May 2009

<sup>46</sup> Slide "HR in the supply chain," 17 November 2008

other labour issues still need to be defined in the supply chain.<sup>47</sup> OMV is currently working on harmonizing all human rights and HSE elements in its supplier audit process.

#### (f) *Examples of Common Issues*

The following section describes common human rights issues that oil and gas companies, such as OMV, face. The issues were selected on the basis of importance for the industry and discussions on some of the issues were held during workshops in which the Human Rights Matrix was developed. The Human Rights Matrix allows OMV to address these and others in a systematic manner.

- 1) Resettlements,
- 2) Standard of living,
- 3) Freedom of association and collective bargaining,
- 4) Security, and
- 5) Gender equality

To date, OMV has not faced any resettlement issues in its E&P business segment. Nevertheless, it is an important topic that OMV is glad to have a clear policy on, as it plans to expand its Gas & Power business segment. To support the right to an adequate standard of living in the surrounding community and to support global poverty reduction strategies, OMV finances community investment projects in countries such as Pakistan, Yemen, Romania and Iran.

If freedom of association is forbidden by law in a given country, OMV tries to navigate the situation by using an open door policy. OMV managers are encouraged to take a pro-active approach with regards to freedom of assembly such as the creation of works councils. General managers and members of policy units cannot replace channels such as employee union representations. In 2008, 95% of OMV's employees were represented by statutory or voluntary trade unions, work councils or the like.<sup>48</sup>

Security was one of the first issues the company selected to work on as a matter of priority before developing the more comprehensive Human Rights Matrix. In 2003, OMV developed, together with an external consultant, security checklists for managers. The checklists are used when hiring security forces. The Security Manager of E&P International was actively involved in the security forces training in Romania, Yemen and Austria. OMV's efforts to achieve its goals are guided by the Voluntary Principles on Security and Human Rights,<sup>49</sup> which are referred to in its Human Rights Policy Statement (see Appendix). In 2009, OMV included a stipulation which requires a training course on human rights in its contracts with security companies. According to OMV, important aspects to consider in the field of security are:

- 1) the use of proportionality when using force or firearms: Measures must be legitimate and suitable.
- 2) the sustainability of security training programmes: OMV applies a train-the-trainer principle to ensure the dissemination of its guidelines.<sup>50</sup>

The fight to end discrimination against women needs affirmative action and positive discrimination. Prof. Nowak recommends that companies look at ways to promote women to higher management positions, while carefully considering the legitimate stakes versus cultural prerogatives in the perspective country.

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<sup>47</sup> "OMV & Human Rights. Frequently Asked Questions," 6 February 2008

<sup>48</sup> *OMV in Dialogue. Sustainability Report 2007/08*, p.47

<sup>49</sup> <http://www.voluntaryprinciples.org/principles/index.php>, as of 6 May 2009

<sup>50</sup> Information on the training for Romanian Private Security Companies: [http://www.omv.com/sustainability2007-08\\_en/rights\\_training.html](http://www.omv.com/sustainability2007-08_en/rights_training.html)

However, OMV has also learned that engagement in an area restricted by law can negatively impact the company. In such cases, OMV concentrates its efforts on supporting already existing local or international initiatives. For instance, OMV supports education programmes for girls in human rights sensitive countries and finances the Press Freedom Award of “Reporters without Borders.”<sup>51</sup>

If a human rights violation occurred within its sphere of influence, OMV would consider tasking a human rights expert to objectively assess the situation. Only after careful consideration of the situation and its business interests would OMV take appropriate action. OMV CEO, Senior Vice President for Corporate Affairs and CSR managers have all been open to dialogue with human rights activists to discuss their concerns in the light of OMV’s sphere of influence.

The following country examples aim at giving the reader a clearer picture of OMV’s operating environment and illustrate the practical application of OMV’s human rights tools.

#### Country Example: Tunisia

OMV has been operating in Tunisia since the early 1970s. With the acquisition of Preussag’s crude oil and natural gas division in 2003, OMV significantly expanded its position by obtaining exploration and production licenses for seven oil fields.<sup>52</sup> In 2007, OMV carried out a human rights consulting visit to its operations in Tunisia with the aim of testing its internally developed human rights gap analysis tool and assessing OMV’s activities against the backdrop of the Human Rights Matrix. The team included members of OMV’s CSR department and human rights consultants. It interviewed local OMV management and staff, joint venture partners and contractors. When carrying out the gap analysis, the team found two human rights issues within its sphere of influence. One issue was the standard of living: Among the contractors hired by OMV was a Chinese firm that provided Chinese meals for its staff (among the staff were also Tunisians). During the interviews, it became clear that this was unacceptable to the local staff. OMV supported the non-Chinese workers and insisted that local food be provided in addition to Chinese meals. A second issue was health. A service company hired by OMV had not provided social security for its staff members. OMV insisted on the provision of social security and has been checking regularly if the commitment by the service company has been kept. As a result of the consulting visit, OMV improved its own tool with the help of the Danish Institute for Human Rights. The tool in its current form also comprises sources of international law and explanations of the human rights issues, making it much more comprehensive. OMV also realized that it needed to review the transparency of its remuneration schemes, refine its procedure on how to conduct a stakeholder analysis and improve HSEQ areas in the supply chain. Following the consulting visit, OMV conducted intercultural seminars for its staff and held a local stakeholder forum. OMV also insisted on working with its national joint venture partner to help them set up a code of conduct based on OMV’s corporate Code of Conduct, in an effort to further improve human rights.

#### Country Example: Yemen

In 2003, OMV acquired Preussag’s international upstream assets.<sup>53</sup> An exploration project in Yemen was part of that portfolio. After OMV had completed the appraisal drill in Yemen, it decided to develop the project. It started with small CSR projects, such as granting locals from the nearby community access to OMV’s field hospital. But the question of how to operate sustainably in an environment characterized by human rights issues such as labour and corruption, security, health, education and discrimination against women, remained. The Habban oil field is situated in a poor tribal area, where it is customary that men carry weapons, and girls sometimes are not allowed to attend school. Members of OMV Management

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51 OMV Holding/Presse/Pressemappe/Reporter ohne Grenzen, 9 March 2009

52 “Introducing OMV Exploration and Production,” p. 40

53 “Introducing OMV Exploration & Production,” p.43

and the CSR/Security team talked to members of central and local government, tribal chiefs and other stakeholders about their expectations from OMV. The longer the discussions lasted, the more people from different tribes came to the project area, looking for work and basic health care. As a first step, the E&P International management held discussions with its managers about the situation. In November 2007, the E&P International management acknowledged its commitment to CSR by approving additional resources and funds for CSR activities. In spring 2008, the CSR manager of E&P International carried out a specific training for line and HSEQ managers in Yemen. At the same time OMV tasked human rights consultancies, such as Synergy, to carry out thorough studies looking at health, environmental and social issues. The consultancies gave specific recommendations, even including detailed job descriptions for CSR team members. Following the recommendations of Synergy, OMV hired local, experienced CSR staff who speak the local languages to implement the projects identified and proposed by the consultancy. OMV's approach in general is to support existing local or international initiatives and development projects rather than starting new ones independently. This approach builds on the ownership of local initiatives and helps to ensure that the projects really meet the needs of the population. In autumn 2008, the Human Rights Matrix was introduced. Since then, OMV's advisors Prof. Nowak, head of the Vienna Boltzmann Institute of Human Rights and Mr. Suntinger of HumanRightsConsulting Vienna have been supporting OMV in Yemen in the interpretation of the gap analysis carried out with help of the Human Rights Matrix. They have been advising OMV on how to deal with sensitive issues within the Human Rights Gap Analysis process, such as interviewing staff, contractors, business partners and local communities in order to gain a comprehensive and objective picture of the working and living environment in and around OMV's operation field site. Finally, the report was followed by a management debriefing. It included detailed recommendations which provided the basis for further improvements in the field of Human Rights within OMV's sphere of influence in Yemen.

*(g) Timing*

OMV dedicates a considerable amount of financial and human resources to introducing the Human Rights Matrix to all employees. In class-room style trainings, the Human Rights Matrix is rolled out to first and second level line managers. While E&P International served as a leader in defining human rights issues for OMV, management pays due attention to transferring the knowledge to all its other business segments for implementation of the Matrix. The training methodology benefits from the experience gathered during the roll out for general managers in the two-year elaboration process. Corporate responsibility in general and certain key issues concerning human rights in particular are on the agenda during the standard three-days training on HSEQ and social issues. The company even offers extra training on leadership in HSEQ & CSR for managers. Managers are expected to become drivers of the issue. As its latest innovation, OMV will roll out an e-learning tool modelled after the industry best practice human rights training toolkit for the Oil and Gas industry by the International Petroleum Industry Environmental Conservation Association (IPIECA). In order to facilitate the roll-out of all the above mentioned training resources, they will be issued in three languages: German, English and Romanian.

*(h) Timeline: Introduction of Human Rights concepts, process summary*

The following section summarizes the process of OMV's history with CSR and human rights from the signing the UN Global Compact to the development of the Human Rights matrix, policy, tools, and its testing and general roll-out.

2003 OMV joined the UN Global Compact.

OMV developed a Code of Conduct.

- OMV published its first CSR Performance Report on the implementation of the ten UN Global Compact Principles covering the time period from 2001 to 2002.
- Training of security forces on human rights in Pakistan.
- 2004 OMV assessed which of the UN Global Compact Principles it needed to address further and decided to focus on human rights.
- OMV worked together for the first time with human rights experts focusing on two issues: child labour and forced labour.
- 2006 OMV searched for implementation tools. OMV decided to use the BLIHR Matrix and the Danish Institute for Human Rights Quickcheck tool as a basis for further development of its own human rights tools.
- With the help of Prof. Manfred Nowak, OMV began to develop the OMV Matrix choosing a bottom up approach, prioritizing involvement of general managers of highly sensitive countries.
- 2007 OMV enlarged the number of participants and invited E&P general managers to take part in the Matrix elaboration process.
- OMV developed together with the Boltzmann Institute its Human Rights Policy after it had thoroughly worked on the Matrix.
- OMV tested its Human Rights Matrix (70 pages) together with HumanRightsConsulting Vienna in Tunisia.
- OMV developed a Human Rights Q&A document and checklists for all its business segments.
- 2007 Security forces trainings on human rights in Romania and Austria.
- 2008 OMV introduced a CSR Management system detailing managers' responsibilities and management processes.
- OMV set up a CSR committee to support the executive board on human rights matters.
- OMV adapted the Quickcheck tool developed by the Danish Institute for Human Rights and set up its own indicators.
- OMV developed a "New Country Entry/New Area Entry" checklist.
- OMV sent "self-check" lists to every E&P country it is operating in.
- Petrom introduced the Human Rights Policy + Matrix.
- The OMV CSR team paid a consultative visit to its operations in Yemen together with HumanRightsConsulting Vienna and Prof. Nowak.
- OMV published the brochure *CSR Integration into the Business*.
- OMV conducted workshops to explain its human rights commitment and to raise awareness for the Human Rights Matrix.
- 2009 External human rights experts tested the OMV self-check tools in E&P countries.
- First meeting of the OMV CSR Committee.
- OMV will implement the recommendations stemming from the human rights consultative visit to Yemen.

Due to the security situation in Pakistan, the OMV CSR team decided to hold a consultative video conference with its operation managers rather than visiting the country.

First comprehensive human rights workshops took place for Petrom CSR representatives.

### 3. Lessons Learnt and Plans for the Future

From the first discussion of systematizing its approach to human rights to developing its latest training resources, OMV has learned many lessons. While placing the introduction of such a comprehensive new policy with top management gave the necessary weight, anchoring the responsibility for implementation within line management was key. A CSR department alone would not have been able to achieve the same results. The joint elaboration of the Matrix in dialogue and workshops proved vital to dissipate the fear employees had of embarking on something new. OMV is convinced that because the tool was thoroughly discussed, its implementation will be easier at a later stage. In short, careful perception and information management were indispensable.

The discussions on issue prioritization were an eye opener. While OMV had previously placed great emphasis on community development projects, it became clear that a shift of focus towards the group on which it has the most direct impact, its employees, was necessary. OMV would also recommend integrating central departments such as Human Resources at a very early stage of the discussion process. OMV has also learned to take time in any given country. In each of these countries, the direct contact with the local population will continue to play a major role. Acceptance by the local communities is OMV's biggest asset.

OMV recognizes that it is vital to have a long-term planning horizon when introducing new policies or considering setting up new structures and projects. When it is understood that new policies are here to stay and will have a longer term impact, they are easier to accept. OMV's experience with training programmes in Tunisia showed that training on inter-cultural issues should go both ways. Rather than only offering seminars on host country customs, in the future, OMV would also like to offer information on its own culture to host country staff. The human rights e-learning tool, to be introduced in 2009, will help to ensure that every OMV staff member is trained on human rights issues. Tracking the completion of the training will help to counter knowledge loss caused by staff fluctuations. OMV considers it important to continuously discuss human rights issues to guarantee that its human rights policy is understood and implemented.

Entry into a new country bears significant risks. In 2008, for instance, OMV faced public outrage for considering investment in Iran.<sup>54</sup> While OMV held individual consultations with stakeholders and human rights activists in Iran before negotiating the letters of intent for oil exploration, this proved not enough to inform the public about OMV's human rights policies and standards within its sphere of influence. When entering a politically sensitive country, Prof. Nowak recommended holding a broader public stakeholder forum, making it clear what standards a UN Global Compact participant can meet.

In its report *Corporate Social Responsibility. Integration in the Business*, OMV identified the following recommendations for implementing human rights:

- Use a cascading principle for introducing human rights. Make line managers responsible for implementing the CSR policy and for communicating the principles behind this policy to all staff.

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<sup>54</sup> <http://www.iranhumanrights.org/themes/news/single-news/article/austrian-firm-should-delay-investment-pending-abolition-of-child-executions.html>, <http://www.repclub.at/licra/aktuelles.php?show=aktuelles.inc.html>

- Raise awareness for sensitive issues such as widespread corruption, the importance of local tribal structures, and actions of security personnel.
- Hold training seminars in local languages, too.
- Map the socio-economic situation before project planning. A social impact analysis helps to identify how legal and other obligations can be met and what resources have to be made available.
- Involve reputable local consultants in the baseline study.
- Use locals to help set appropriate expectations. Be clear what a company can and cannot take responsibility for.
- Assess community projects carefully. Community investments can lead to unfair gains for certain persons and groups and can result in counterproductive reactions by others.
- Select business partners with the highest possible standards. More outsourcing means that a company's reputation is increasingly dependent on the behaviour of suppliers.

In future OMV will concentrate on four issues: 1) the sustainability of its projects and policies, 2) CSR reporting, 3) the human rights gap analysis per country and 4) the improvement of information available on human rights to its employees

First, OMV aims at moving from project evaluations to impact analysis. While individual CSR projects are evaluated and managers' CSR performance shows up on the Balanced Score Card, the impact of specific actions let alone their longer term human rights policy is not yet systematically captured. To move forward, OMV is considering social audits by third parties (e.g. NGOs).

Second, with regards to reporting, OMV will continue to rely on internationally accepted indicators such as those developed by the Global Reporting Initiative (GRI), and will look for ones that are better at capturing sustainability aspects.

Third, OMV will focus on strengthening its assessment tool for new country entry. In future, the questionnaire will be shorter, yet still comprehensive and it will be made clear from the start who is responsible for filling them in. In the long run, audit missions should be able to use this tool as a yardstick against which to measure the attainment of objectives.

Fourth, OMV will also continuously look at improvements of tools and availability of information. OMV has established a business ethics directive including a web-based business ethics helpline (the helpline is also available via telephone) with the support of Prof. Mark Pieth of the Basel Institute of Governance.<sup>55</sup> Employees can file complaints anonymously. OMV is now evaluating whether to introduce such a tool for human rights as well. Finally, in its efforts to inform all employees about the company's human rights commitment and achievements, OMV posts the sustainability report online and publishes articles on human rights and CSR in the employees' magazine *Move*. E&P International has set up on the intranet a knowledge exchange platform called "E&P Connect," which gives E&P employees the opportunity to access all material related to the Human Rights Matrix and to enter into dialogue on important topics, including business ethics. Also, an e-learning tool on human rights as mentioned above is being prepared. Overall, the CSR team will improve the amount of information available to all employees on the intranet.

## 4. Conclusion

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<sup>55</sup> In this process OMV is also guided by the Partnering Against Corruption Initiative (PACI). See OMV in *Dialogue. Corporate Social Responsibility Performance Report 2005/06*

OMV's human rights identification process was characterized by its comprehensiveness and inclusiveness of stakeholders. Each human rights subject matter was tackled in several steps. OMV first concentrated on what freedoms it was obliged to respect by law and subsequently looked at the more challenging questions. To implement human rights successfully in the company, the process required active participation from both headquarters and field managers. It was essential to show that human rights are not based on a rigid framework but are based on an approach with which one can carefully balance issues and actions. Working with managers to identify the key human rights issues for the company helped develop a more complete understanding of the importance of human rights. Investing a significant amount of time into that process was key. An important dividend from this investment of time was that during consulting visits and test runs of the tools, employees judged the new tools quite favourably.

Since the introduction of its human rights policy, OMV reported to have received positive feedback from industry and CSR platforms. In its efforts to communicate on CSR more broadly, OMV has been publishing human rights and health, safety and environment (HSE) information in its financial quarterly reports since 2009. Measuring feedback from stakeholders is difficult. However, since OMV provides more information on CSR, the company is less prone to allegations by stakeholders and has more room to manoeuvre.

In order to further implement OMV's existing human rights commitments, one issue in particular remains to be addressed in detail: the implementation of the same human rights standards within the supply chain or at least with suppliers and contractors that cooperate very closely with OMV. This is likely to entail cost implications. Ideally, from an efficiency and effectiveness standpoint, the oil and gas industry will find a way to collectively deal with this issue.