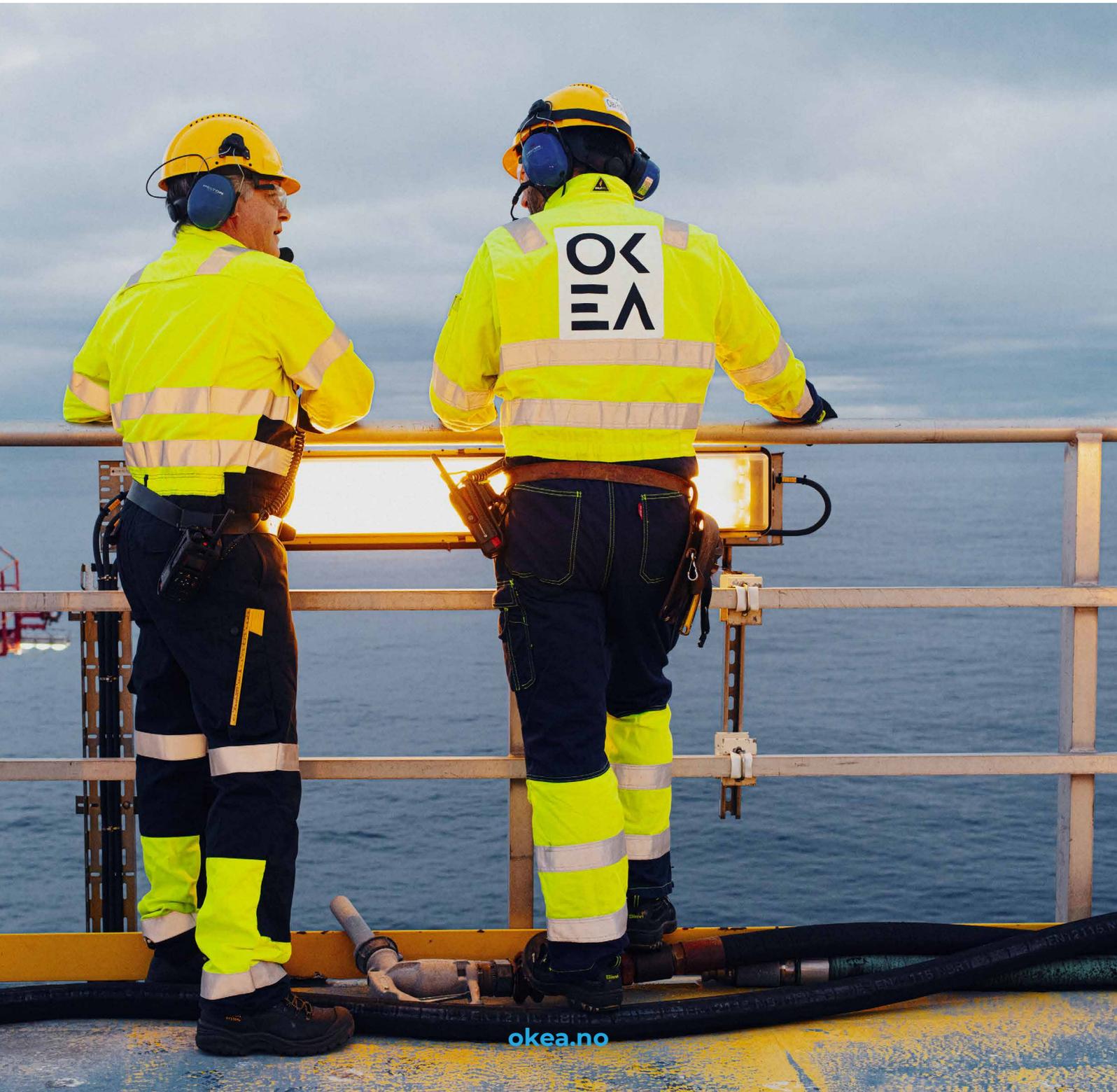




2019

Corporate social
responsibility and
sustainability report



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Organisational profile

OKEA is a fast-growing oil producer operating on the Norwegian continental shelf (NCS) aiming to bring undeveloped discoveries with less than 100 million barrels of oil equivalents (BOE) in reserves into production. Our overall vision is to be the leading company on the NCS in terms of delivering safe and cost-effective field developments and operational excellence, while maintaining a competent organisation with direct management engagement in all our projects.

The NOK 4.5 billion acquisition of interests in Draugen and Gjøa in 2018 transformed OKEA from an Exploration & Production start-up to an established player. At the end of 2019, the company had 207 employees. All our activities are in Norway and the NCS. Our head office is in Trondheim and includes most of our management functions. Our offshore operational centre for existing and future OKEA-operated fields is based in Kristiansund.

OKEA purchased goods and services such as engineering, equipment and drilling and well services, or rental of rigs and marine services for its operated and corporate activities for 2.25bn NOK in 2019, mostly from providers located in Norway.

OKEA is the Operator of the Draugen field, partner in the Gjøa and Ivar Aasen fields and has as of the date of this report a total of 25 licenses, in-

cluding non-operated fields. OKEA ASA is owned by BCPR PTE. LTD. (46,52%), OKEA Holding Ltd. (20,18%) and other shareholders (33,32%) and is listed on the Oslo Stock Exchange under the ticker "OKEA". Read more about OKEA in the 2019 Annual Report available on <https://www.okea.no/investor/reports/> and on www.okea.no.

OKEA is a member of The Norwegian Oil and Gas Association (NOROG).

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Reporting practice

This corporate social responsibility and sustainability report covers OKEA ASA's ("OKEA") business in 2019 and aims to provide our stakeholders with information on how we manage environmental, social and governance (ESG) issues resulting from our activities. Our goal is to make this information as balanced as possible concerning the company's challenges and how they are solved.

The report refers to the relevant United Nations (UN) Sustainable Development Goals (SDG) and UN Global Compact Ten Principles. OKEA has incorporated the Ten Principles of the UN Global Compact in the day-to-day business and governing policies in OKEA, and actively works towards selected SDGs. The report also looks to the Global

Reporting Initiative (GRI) Sustainability Reporting Guidelines and indicators.

In addition to reporting on general social responsibility and sustainability matters, this report contains required disclosure on non-financial reporting pursuant to the Norwegian Accounting Act, Section 33c. Information on corporate governance can be found in the 2019 Annual Report.

Please contact our VP Investor Relations if you have any questions to the report; Ståle Myhre, stale.myhre@okea.no



Letter from the CEO

2019 was a good year for OKEA. Following completion of a successful transition process, our first year as production operator of Draugen was carried out with solid operational performance. It was managed and executed without any serious incidents and high uptime.

Draugen is the driving force behind OKEA and we are continuously working to streamline production, maximise the drainage and extraction of the existing hydrocarbon resources available in the field and discover and exploit additional resources in the nearby areas around the Draugen field. Through this we aim to achieve sustainable

production beyond 2040.

Our experience from Draugen is that close cooperation between our skilled employees and our key suppliers provides good benefits. It constantly improves operations and delivers value to the Company. It also demonstrates that the OKEA organisation can take on new operatorships and as we continue to grow this will become increasingly important. In 2019 we have developed a highly efficient and effective operating organisation which is tailored to support future growth utilising the company's competence and capacity across all disciplines. We will continue to

pursue new value-adding initiatives, including technology, digitalisation and partnering.

Our work on ESG-topics is structured around three main pillars in OKEA's business; **prudent operator, safe and efficient operations and commitment to our people.**

Acting in line with established and acknowledged international guidelines and references, such as the UN Sustainable Development Goals and the UN Global Compact, is a vital part of acting as a prudent operator on the NCS – in addition to ensuring compliance with all regulatory requirements. Adhering to such standards is an important element when establishing strategies

Sustainability is part of everything we do in OKEA. We constantly strive to achieve the smallest possible footprint from our activities and operations while at the same time facilitating the greatest possible value creation. To achieve the Norwegian emission reduction targets in line with the Paris Agreement, the industry will need to identify ways to reduce the overall emissions from oil and gas production. In this context, the Norwegian Oil and Gas industry is a forerunner and pioneer in continuously driving new initiatives and technology development within all areas which will facilitate such emission reductions. OKEA are engaged in several initiatives to support continuous improvement of our environmental footprint.

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Our work on ESG-topics is structured around three main pillars in OKEA's business; prudent operator, safe and efficient operations and commitment to our people.

The Board of Directors of OKEA takes the Company's environmental responsibility seriously and will remain committed to reducing the environmental impact from the Company's activities going forward without negatively impacting our ability to create shareholder value.

and policies for our work.

Continuous attention to people's safety and control of major accident risk will always be the most important issue for OKEA and are pleased that there were no serious incidents or uncontrolled discharges during 2019. We are further convinced that this is a result of an efficient integration between a highly experienced workforce and effective and risk-based business management systems and demonstrates a culture that takes all aspects of quality, health, safety and environment most seriously.

Ethics and integrity

OKEA's core values are built on openness (Open), engagement, creativity and commitment (Keen), efficiency (Efficient), and flexibility and agility (Agile).

- We share experience and knowledge openly and believe in cooperation and sharing of information both internally and externally, to the benefit of both our company and the industry.
- We are dedicated, creative and enterprising to improve the company and the industry.
- We manage the company in a safe, competitive and cost-efficient manner, focusing on simple, standardised and efficient solutions of sound quality.
- We are flexible and agile, adapting rapidly to shifting conditions and need for change.

These values constitute an important basis for all OKEA's operations and business activities and are integrated and embedded in everything that we do.

OKEA uses a risk based and proactive approach in all its work. We have implemented core management systems, documentation and well-defined procedures to establish Quality, Health, Safety and the Environment ("QHSE") awareness and lawful business practices as key values embedded in all operations and business activities, hereunder in all dealings with suppliers, business partners and stakeholders. This includes monitoring of adherence to our guidelines and procedures for governing anti-corruption, fair and transparent business practices and other issues to ensure that all our activities are performed to the highest level of business ethics and integrity.

OKEA has transparency as a basic value and aims to provide information which isn't considered to be commercially sensitive to those who wish it, including within the operational side of our business. This was illustrated by live streaming of data from the Draugen drilling operations during 2019.



OKEA is committed to maintain high standards of corporate governance and business ethics and has implemented rules and procedures to ensure all operations are conducted in adherence with high standard of business ethics and integrity. In OKEA, we conduct all our business in a lawful manner and comply with applicable anti-corruption laws and regulations. OKEA has zero tolerance for corruption in any form, including but not limited to bribery, facilitation payments, and trading in influence. In 2019 we established an updated Code of Conduct applicable for all who work on behalf of OKEA. Obligation to adhere to our Code of Conduct or similar internal regulation is incorporated in our contract standards. This includes rules and regulations for the avoidance of conflicts of interest, combating corruption and improper payments/financial induc-

ments, as well as safeguards for ensuring that human rights, equality and integrity are respected in all operations in which we are involved. The Code of Conduct is available on www.okea.no. OKEA has risk based and pre-cautionary approach when establishing contract and procurement strategies, highlighting compliance on business ethics (human rights, forced labour, child labour, anti-corruption and other financial crime) based on a risk assessment for each process. Through Norsk Industri and EPIM (Exploration & Production Information Management Association), the operators and the supplier industry on the NCS have developed a joint qualification system (JQS) to enable the pre-qualification of suppliers. This includes screening for social criteria such as human rights, forced labour, child labour, anti-corruption and other financial crime). OKEA uses the EPIM JQS, and screens potential and current suppliers through Descartes Denied Party Screening (DPS) services, to reduce the risk of transactions with sanctioned, restricted and denied parties.

There were no recorded breaches or violations of the Code of Conduct, including the anti-corruptions regulations, in 2019. OKEA has not identified any non-compliance laws or regulations in the social and economic area. OKEA has not made any financial or in-kind political contributions, either directly or indirectly in 2019.





Strategy

Our business strategy is to increase recovery from late life assets and develop smaller discoveries and fields on the Norwegian Continental Shelf by capitalising on our expertise and ability to operate at a lower cost than our competitors. We are totally focused on cost-effective and safe development and operations and will seek to leverage existing infrastructure to reduce both the cost and the environmental footprint of our business. Our aim is to maximise shareholder value while ensuring that resources are utilized in an efficient and responsible manner to the benefit of all stakeholders.

We are operationally skilled with an experienced and empowered organisation supported by full engagement from a strong management team. We seek to simplify processes, increase efficiency, make quick decisions and build value-creating alliances with the service industry. Our employees and contractors are key stakeholders for our success as a company. By stimulating and motivating employee participation we aim to create and sustain a corporate culture that fosters innovation and creative solutions leading to the most efficient and cost-effective solutions while delivering the best possible operational, financial and QHSE performance.

Reducing emissions to air

The world faces fundamental challenges in the decades to come. The UN Sustainable Development Goals set an important context for all companies on how we organise and execute our business operations. We believe that the world will remain dependent on carbon-based energy, which inevitably emits CO2, for many decades to come. In the quest to reduce global CO2 emissions, Norway has committed to the Paris Agreement and will incentivise emission reduction by implementing a significant tax on CO2 emissions. OKEA embraces this challenge and will investigate and implement technologies which will continue to reduce our footprint. It is important to note that the Norwegian Petroleum

cally prudent way while maximising the recovery, and thus the value, of the resources.

During 2019 OKEA has initiated a number of projects on effective energy management and efficiency on the Draugen platform. We seek to achieve very stable operations with fewer production interruptions which will reduce emissions to air while adding value to the Field. We have also developed a strategy to continuously improve the efficiency of the power turbines and the water injection turbines which will result in a further reduction of emissions to air. OKEA has also initiated feasibility studies to supply offshore production with electrical power from shore and the technical and economic feasibility of these

are currently being assessed. We will continue to build on these projects during 2020 and will continue to identify further initiatives which will allow us to reduce the environmental impact of our production.

Safe and efficient operations

The prevention of major accidents and incidents is a key part of all OKEA's activities. Following the transition of the operatorship of Draugen in 2018,

OKEA has completed a barrier management project and development of a major accident risk monitoring system to reduce the risk of a major accident and ensure that there is always a total overview and control of barriers and barrier status in OKEA's operations.



We want to simplify processes, make quick decisions and build alliances with the service industry. Our employees and contractors are key stakeholders for our success as a company.

Directorate (NPD) has a high focus on increasing recovery from existing fields through near-field exploration and life-time extension of assets and development of discovered resources, such as Draugen. As oil and gas assets age, production declines and consequently the CO2 emissions per barrel will increase unless measures are taken to reduce them. OKEA recognises the challenges that this brings and as part of our commitment to the responsible stewardship of these assets, we will seek to identify technology and research and development initiatives which will allow us to minimise emissions in an economi-

In 2019 OKEA has completed a number of key facility integrity projects which will safeguard Draugen production well into the future. This has included the replacement of 190 meters of aging carbon steel piping with more robust stainless steel piping which will secure the long term technical integrity and corrosion minimisation in this critical system. This replacement was carried out in less than a week, which was significantly ahead of target and under budget. Topsides well trees have also been replaced with long lasting trees in new materials and the Draugen control system has been upgraded. These projects are all part of our commitment to deliver maximum value from the Draugen Field by extending its life as far as is economically viable.

To further exploit the possibility of adding additional resources to the existing Draugen facilities, we also matured and drilled two targets on and near the Draugen field early 2019, completing OKEA's first drilling operations as an operator offshore in November. The drilling operations were executed exactly as planned, significantly under budget and with good QHSE results. OKEA has now, in accordance with PSA regulations, been approved drilling operator on the NCS, enabling us to further pursue our objective of realising additional reserves in the nearby areas around the Draugen field and other existing fields in our portfolio.

We continually strive to ensure good corporate governance and full compliance to all the necessary requirements at all stages of the company's activities. As an operator and license partner on the NCS, the effective execution of the "see-to-it" duty", which is embedded within the petroleum legislation on the NCS, is an important part of our accountability as a responsible Norwegian oil and gas company.

An effective internal audit, verification and monitoring process has been implemented and fully adhered to throughout 2019. Compliance verification and internal control activities has been executed across the defined management process areas, both to control and reduce downside risk, ensure quality and effectiveness of the management system and quality of processes and products. Supervision and monitoring of the management performance in OKEA are both proactive and reactive.

Supervision activities towards OKEA as an operator on the NCS from external stakeholders, including license partners and the regulators, are further applied as a key tool by our stakeholders to supervise and verify that the company is pursuing its operations prudently and in accordance with the applicable regulations.



Environmental impact

OKEA manages risk and QHSE methodically as part of daily decisions and activities, to prioritise safety and reduce risk. This also applies to environmental and energy management areas. Both are integrated in decisions and activities, promoting efficient use of resources and energy, minimising waste and preventing pollution. OKEA has in 2019 revised and further developed the management system, to ensure that the principles of ISO 14 001 (Environmental Management System) and ISO 50 001 (Energy Management) are integrated as part of the management system as relevant and adhered to in all OKEA's activities.

and further revised the oil spill contingency plan to ensure that the best emergency response solutions and resources are available in the unlikely event of an acute oil spill. OKEA has a competent and well-trained emergency preparedness organisation and this is strengthened through our membership of NOFO, the Norwegian Clean Seas Association for oil companies, as well as in OFFB, Operators' organisation for Emergency preparedness. These are two professional organisations with the sole purpose of supplying personnel and equipment for emergency response if needed.

All activities in OKEA are in accordance with Norwegian laws and regulations and international obligations related to the environment, as well as in accordance with requirements and permits granted by the Norwegian authorities for the specific operations and activities, as well as industry standards (e.g. NORSOK S-003 Environmental Care), and best practice on the NCS.

As part of the management system improvements, in 2019 OKEA matured further the emergency preparedness plan and organisation for handling of long-term emergency response incidents, i.e. handling a situation that lasts for several days or more.

OKEA has in 2019 developed an updated revision of the environmental risk analysis for Draugen

“*Efforts are ongoing to find solutions and measures to reduce emissions to air and discharges to sea, and to utilise chemicals that are as environmentally friendly as possible.*”

OKEA has, in cooperation with the license partners, established a long-range plan for the Draugen license, emphasising the strong engagement and commitment to minimise the impact on the external environment from the Draugen operations.



The work to achieve continuous improvement involves cooperation with our suppliers, contractors and licence partners. Efforts are ongoing to find solutions and measures to reduce emissions to air and discharges to sea, and to utilise chemicals that are as environmentally friendly as possible. One example is the work to substitute production chemicals, where OKEA succeeded in substituting a so-called “de-oiler” with a flocculant (improving separation of oil from water), which is less harmful to the external environment. Other examples are the continuous operational follow-up activities to ensure reduction of oil-in-water content and reduction of the amount of produced water discharged to sea. Increasing the produced water reinjection is a highly prioritised area, as one of several initiatives to reduce

the amount discharged to sea.

Energy

The principles in ISO 50 001 (Energy Management) are an integrated part of our management system. The Energy Management work processes have been updated in 2019.

OKEA has further initiated projects on energy management and efficiency on Draugen, including work to improve efficiency of the power turbines and the water injection turbines.

Water and effluents

A total of 10,589,970 m³ of produced water was generated from the Draugen production in 2019.



Of this, 5 238 845 m³ were discharged to sea, and 5 351 125 m³ were reinjected, representing 50,5% produced water reinjection. A total of 121 tonnes of oil were released to sea from the Draugen platform, of which discharges of produced water contributed about 119 tonnes (98.7%). The discharge of displacement water contributed about 1 ton while the discharge of drainage water contributed almost 0.6 ton.

Emissions

Currently, OKEA is the operator for one (1) producing offshore field on the NCS, the Draugen field. Draugen is a mature, late-life field, and has been in production since 1993. This implies that emissions from oil production are approximately 26 kg CO₂e/boe today and will increase in coming years unless production can be increased from additional resources. Gjøa, where the company has a 12% ownership, is partly electrified with power from shore and emissions per barrel is hence approximately 2 kg CO₂e/boe in comparison.

Greenhouse gas emissions (CO₂, CH₄ and N₂O) from OKEA's portfolio (equity basis), including drilling, amounted in 2019 to 99 658 tonnes carbon dioxide equivalents. The GHG emissions for 2018 were 10 306 tonnes. The reason for the increase to 2019 is the significantly higher activity level, related to the acquisition of the shares in the Draugen and Gjøa licences, effective from December 2018. The GHG emission intensity (GHG emissions per net boe) from the portfolio was 15 kg CO₂e/boe in 2019. The global average emissions from oil production is 21 kg CO₂e/boe, and for the Norwegian continental shelf it is 8 kg CO₂e/boe (2018). The reported emissions of volatile organic compounds excluding methane (nmVOC) from Draugen were 970 tonnes in 2019.

Biodiversity

OKEA aims to reduce the impact on wildlife as far as possible to minimise any adverse effects from our activities, including our drilling operations. This objective applies to all phases, i.e. in the planning and preparations including well design, as well as when executing the drilling operations. For example, the fish spawning period is avoided, when drilling operations are planned in the Draugen licence so no drilling is performed in potential oil reservoirs in the period 1 April – 15 June.

As part of planning and preparations for drilling the appraisal wells in 2019, OKEA performed environmental studies, mapped the seabed and executed the operations in a way that ensured the activities would cause no harm to corals or other valuable environmental resources. To ensure that this happens, the well location and the rig anchoring pattern was selected based on mapping by ROV (Remote Operated Vehicle). Two areas with corals were discovered nearer than 200 m from the well location and analyses were performed to estimate the potential sedimentation from the drilling operations and the drilling mud. The statistical possibility for sedimentation that could endanger the two corals was estimated to be low. OKEA collected pictures and video of the corals before and after the drilling operation to demonstrate that there was no observable sedimentation or other disturbance of the corals.

¹ Equity basis means OKEA's share of the total emissions based on ownership in each field

The everyday life at the Draugen platform provides experiences related to nature, and in springtime the kittiwake nests at the platform. The kittiwake (Norwegian "krykkje") is a small seagull that nests in colonies on sea cliffs, and the Draugen platform seems to substitute as a sea cliff for this protected bird. The kittiwake is on the global red list of threatened species, and at Draugen the bird is well taken care of.

Waste

Drilling and production operations generates waste which is handled in accordance with OKEA's high environmental level of quality and in accordance with Norwegian regulations and The Norwegian Oil and Gas Association guidelines. Priorities within the area are to:

- Prevent the occurrence of waste
- Reuse, recycle, reinject
- Reduce the amount of waste
- Treatment and disposal / discharge

Waste which is transported to shore is handled by an approved and experienced waste contractor and OKEA follows up the waste contractor ensuring that all waste is handled and disposed according to regulations and in an environmentally acceptable manner.

In 2019, waste from the Draugen platform was 145 tonnes of hazardous waste and 320 tonnes of non-hazardous waste.

Regulatory compliance

Going into 2019, OKEA had just completed a successful transition process to take over the operatorship of the Draugen asset in December 2018, including establishing and transitioning a complete offshore- and onshore operations organisation from the previous field operator. The transition process was completed in less than five months with no operational disruptions caused by the transition/"cut-over" process, and no incidents were experienced as a result of the process. Both during the transition process in H2 2018 and post-transition throughout 2019, OKEA has been under continuous supervision ("active" audit) from the Petroleum Safety Authority (PSA), which has closely monitored the company's activities as a prudent operator through conducting a series of verification activities. The active supervision process was concluded by PSA in December 2019 with a final report issued in January 2020, with no deviations or observations for improvement noted by the authorities.

The company has during 2019 been subject to a list of other external supervision activities from both license partners and the authorities. This includes among others i.e.:

- Audit of OKEA's planning and execution of its first drilling operations on the NCS as an operator, performed both by the license partners and the PSA
- Audit of OKEA's management of discharges to sea, environmental management system, chemical substitution, discharge of methane and nmVoC, performed by the Environmental Directorate
- Audit of maintenance and integrity management, performed by the PSA
- Audit of material handling, crane and lifting, scaffolding, working environment, performed by the PSA

OKEA welcomes these audits and regards them as good input for learning and experience transfer and a good opportunity to continuously improve our processes and systems. All deviations or observations for improvement identified as part of the above internal or external supervision activities have been recorded in the company's corrective action systems and will be addressed as part of our approach to continuous performance.

Environmental performance data

Environmental parameters for 2019 are presented in the table.

Table Environmental performance 2019

	Operated licence; Draugen production 1)	Operated licence; Draugen drilling	Net emissions based on OKEA share in all licenses 2)
Emissions			
CO2 emissions (tonnes)	187 960	3 645	98 000
GHG emissions (tonnes)	191 685	3 646	99 658
CO2 intensity (kg CO2/boe)	25,2		14,4
CO2e intensity (kg CO2e/boe)	26,1		14,6
NOx (tonnes)	1036,4		-
SOx (tonnes)	7,4		-
Non-methane VOC (tons)	970		-
Flared hydrocarbons (Sm ³)	2 688 616		-
Discharges			
Produced water (PW) total (m ³)	10 589 970		
Discharged PW volume to sea (m ³)	5 238 845		
Produced water re-injection (%)	50,5		
Produced water oil concentration (ppm)	22,8		
Hydrocarbons to sea within PW (tonnes)	119		
HC to sea from other sources (tonnes)	2		
Acute leak incidents			Comments
Number of oil spills to sea (>0,1 m ³)	0		
Oil spills (volume >0,1 m ³)	0		
Number of chemical spills to sea (>0,1 m ³)	2		
Chemical spills (volume >0,1m ³)	0,95		Fire foam release
Number of hydrocarbons leaks (>0,1 kg/sek)	0		
Total mass from HC leaks >0,1 kg/sec (m ³)	0		

1) Numbers represent Draugen production platform only

2) Represents OKEA's shares of emissions from Draugen, Gjøa, Ivar Aasen, Yme and PL 910, drilling included.

Social impact



Safe and efficient operations

OKEA recognises that change and continuous improvement are vital to our business, in order to enable sustained growth and development. The long-term business success of the company depends on our ability to work closely with our partners and stakeholders to implement cost effective field development and operational solutions, while securing that all our operations are conducted in such a way that no harm to people and minimum impact on the environment is imposed as a result of our activities.

Based on this overall conviction, our primary priority is to achieve no harm and no unintentional leaks from our operations. This overall goal is supported by a management system and an operational strategy that ensures priority to the correct risk mitigating activities.

Our overall health and safety objectives to support this are:

- Safe production – no harm – no leaks; *based on the conviction that all accidents and work-related illnesses are preventable, through proactive identification, implementation and maintenance of key barriers to continuously manage risk and eliminate loss.*
- Apply a risk-based management approach in all our activities; *through identification and prioritisation of critical health and safety risks and introducing necessary measures, including technical, organisational and operational barriers to reduce and control risk to a level as low as reasonably practicable, emphasising particularly major accident risks.*
- Implement cost effective field development and operational solutions; *deploy robust and effective QHSE working and*

monitoring methods to actively secure overall quality in all phases of the company and our contractors' activities, including quality in facilities, operations and deliverables, and execute our "see to it" duty, both as license partner and operator.

OKEA experienced no serious incidents resulting from its activities and operations in 2019. There have been three minor lost time injuries and one medical treatment case recorded at Draugen during the same period. All these incidents had a low potential for severe personal harm or long-term health effects to the personnel involved.

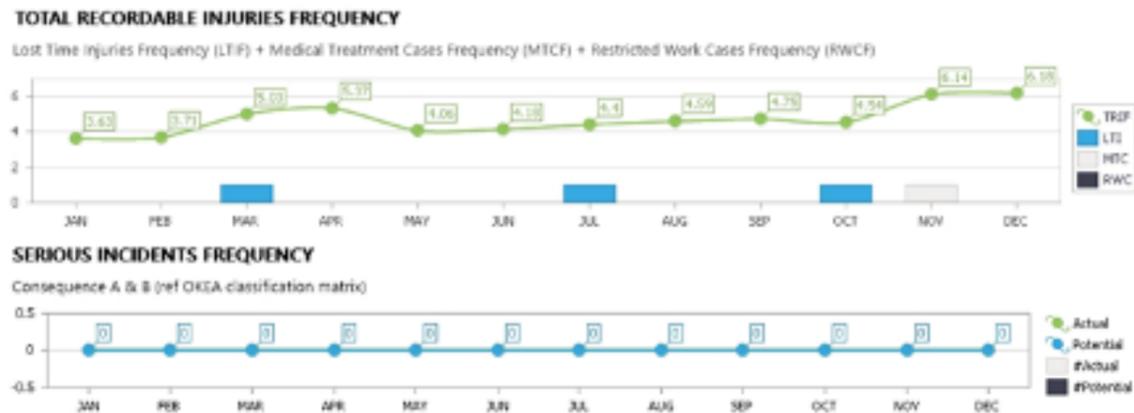


Figure – 2019 injury statistics from OKEA’s activities. Total Recordable Injuries are recorded as injuries per million working hours.

With a very high activity level throughout 2019, the safety statistics provide evidence that our overall QHSE philosophy and objectives are well embedded in our day-to-day activities.

Absence due to sickness was 3.6 % in 2019 vs. 1.3 % in 2018. OKEA works in line with the principles of inclusive working and emphasises close monitoring and dialogue in order to promote health and prevent dropout from work.

OKEA carries out risk assessments as a proactive measure for annual planning and preventive action, in order to eliminate or reduce and control all the hazards identified. This includes appropriate emergency measures and health monitoring activities, applying different protocols depending on the risks the employees are exposed to due to their activity and work location. These activities also include employee training, information and awareness campaigns.

OKEA continued to work to prevent illnesses and protect health in 2019, as follows:

- Monitoring of individual and collective health
- Individual monitoring of employees in high-risk posts (noise, chemical hazards)
- Adaptation of posts and working conditions depending on the hazards
- Training (first aid, CPR, ergonomics etc.)
- Prevention of muscle-skeletal disorders and

“OKEA emphasises gender equality and integration when it comes to opportunities for professional and personal development, as well as salary development.”

- injuries
- Prevent absenteeism by facilitating the work of the individual employee
- Noise exposure mapping for risk exposed groups

All employees in OKEA receive training on safety risk and working environment adapted to the individual’s work situation. Health and safety are regular themes in the introductory program for new employees.

OKEA conducts regular work environment surveys. The overall results from the 2019 survey completed in December 2019 was very good and had an overall response rate of above 90 %. On the index of work satisfaction, the OKEA score was (83) which is significantly above the Norwegian industry average index of (69). The work engagement score was also above average. The scores show that our employees are highly satisfied with the work environment and are happy to recommend others to work for the company.

Cooperation with the company’s working environment committee (AMU/V-AMU) forms an important foundation for a good working environment in the company. The work of these committees functioned very well in 2019.

The company recognises and has great faith in the Norwegian model and the tripartite cooperation and focuses on good cooperation with the labour unions. The level of organisation in the company is high, and we have three unions offshore linked to the offshore agreement, as well as two unions covering onshore employees. We have regular cooperation meetings, as well as negotiations in accordance with the agreement, and strive to be involved in an early phase to get input before decisions are made.

Diversity and equal opportunities

OKEA is committed to cultivating a working environment where quality and diversity is valued, and all employees are treated with fairness, respect and dignity. OKEA does not tolerate unlawful unequal treatment, exclusion or dis-

crimination of colleagues or others working for our organisation on account of race, gender, age, disability, sexual orientation, religion, political views, national or ethnic origin or any other characteristic that may compromise the principle of equality. This is the fundament of our Code of Conduct regulations for a safe working environment and non-discrimination.

Our Code of Conduct states that all who performs work on behalf of OKEA are expected to treat all they encounter through work and work-related activities in a respectful manner and never engage in harassment, bullying, violence or other behavior that colleagues or business partners may regard as threatening or degrading. OKEA’s employees have long experience from the petroleum activities and high professional expertise. The individual employees are crucial to the company’s deliveries and success. We offer competitive conditions and a stimulating work environment that attracts people with the right skills. Opportunities for professional and personal development help to retain, develop and attract talented employees. OKEA wants to be an attractive employer with good working conditions and fair and competitive conditions for all employees and uses external tools for benchmarking wages and conditions.

OKEA emphasises gender equality and integration when it comes to opportunities for professional and personal development, as well as salary development.

OKEA monitors and investigates the risk for discrimination or other barriers for equal opportunities in our company. In 2019 the updated Code of Conduct was important to set clear regulations to ensure that all employees are treated with fairness, respect and dignity. OKEA has formalised procedures for setting wages and employment

agreements that prevent discrimination, safeguard the right to negotiated collective agreements and ensure the necessary protection of employees' rights. OKEA also has key guidelines for preventing discrimination and harassment, safeguarding the right to participate and securing a salary for all employees who meet basic needs. For 2020 equal opportunities will be covered specifically in our regular work environment survey.

The company had no reported incidents of harassment or discrimination in 2019.

The number of employees in OKEA was 207 at the end of 2019, an increase of 196 from 2018. A large part of our employees works within engineering and technology, including offshore work which are disciplines that have traditionally attracted a majority of male applicants. This is reflected in the workforce demographics, which currently consists of 22 % female and 78 % male employees. At the end of 2019, the company's senior management consisted of six men and one woman. The Board of Directors consists of 11 members and four deputy members, whereof six (incl. deputy members) are women. The legal requirements for gender diversity are fulfilled. Of our employees, at the end of 2019, 86 work at Draugen (offshore), 68 in Kristiansund, 42 in Trondheim, 8 in Stavanger and 3 in Oslo.

Community Engagement

OKEA is committed to contributing to the communities we operate in and strengthen local business.

We work actively to recruit the workforce from the regions where we are based. Offshore on Draugen approximately half of the employees are from Kristiansund/Nordmøre. OKEA further em-

phasises building local expertise and has in 2019 hired five apprentices from the immediate area surrounding Kristiansund, who will have their apprenticeship period offshore at Draugen.

OKEA is very conscious of stimulating local activity through work on our contracts. Local presence and content are important factors in procurement strategies and processes.

OKEA is one of the largest private companies in the Kristiansund area. This is a position that comes with an obligation for the company to also be active in the community.

For OKEA this obligation is reflected in the fact that OKEA is a sponsor of the Opera in Kristiansund with a contribution of NOK 350,000 annually for three years. OKEA has entered into a similar agreement with Opera Trøndelag. District operas such as Opera Trøndelag and the Opera in Kristiansund help ensure art and culture are accessible to everyone, regardless of where they live. With their broad cultural commitment these two institutions hold a key position in making each region an attractive place to live and work.

OKEA is the main sponsor of the annual handball cup "OKEA-Cup", hosted in Kristiansund. This cup has been one of Central Norway's leading indoor tournaments since its inception 20 years ago. In 2019, 186 teams and around 2,500 young players from all over central Norway participated and influenced the whole town during the cup.

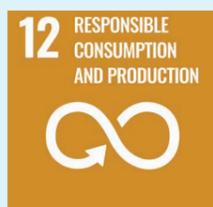




Goal no 7 – affordable and clean energy - provide clean, affordable, reliable anmodern energy services

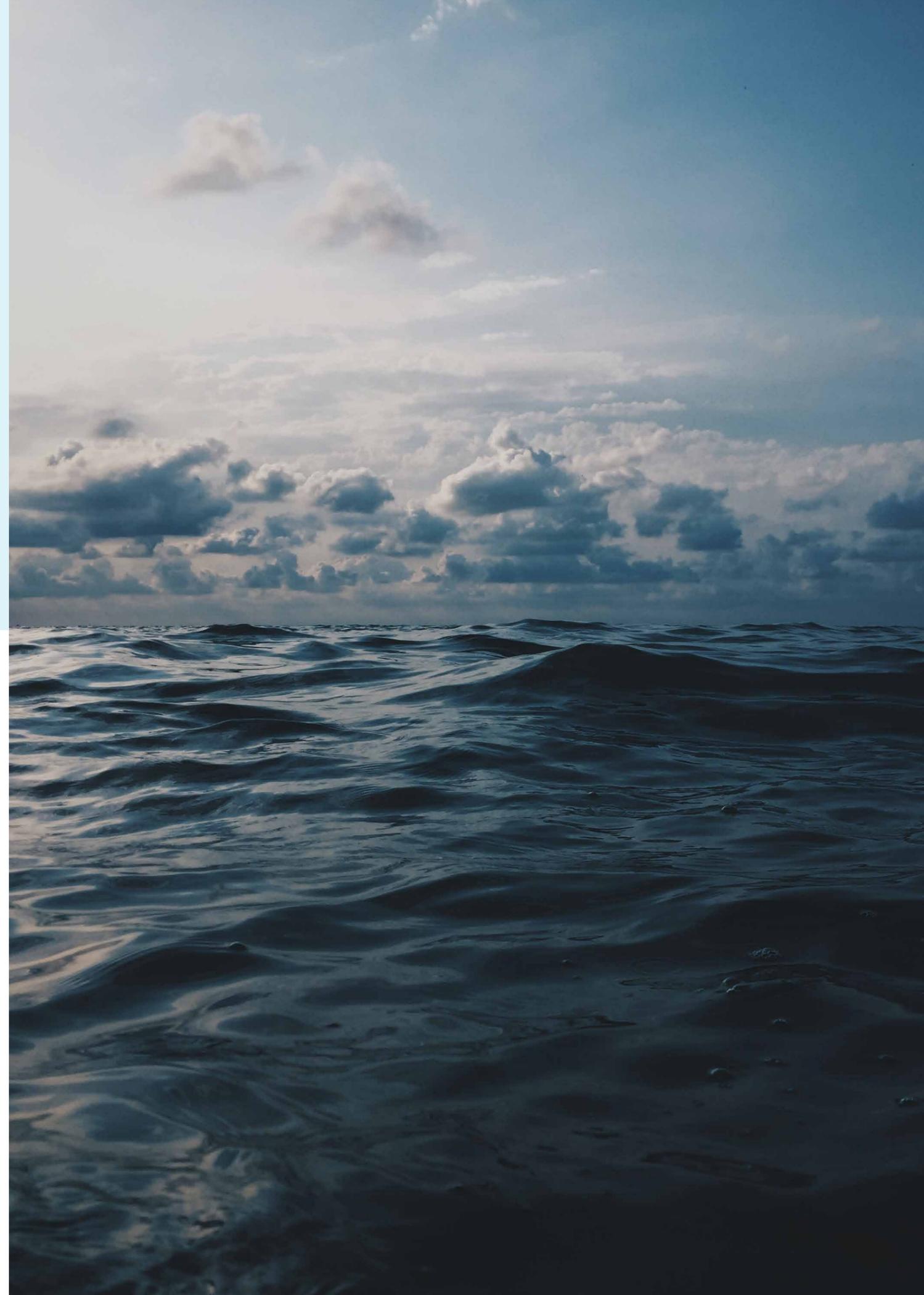


Goal no 9 – industries, innovation and infrastructure - upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes



Goal no 12 – responsible consumption and production - sustainable management and efficient use of natural resources

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OKEA & UN SDG

OKEA has chosen to emphasise the Sustainable Development Goals number 7, 9 and 12 in our business for 2019 and 2020. During 2019 and continuing in 2020 OKEA work actively towards embedding and supporting these UN Sustainable Development Goals and implement them throughout all our business activities, actions and strategic decisions. Below are some examples of how OKEA contributes.

Provide affordable, reliable, sustainable and modern energy for all (UN SDG 7)

Energy is central to nearly every major challenge and opportunity the world faces today, and ac-

cess to energy is essential in order to reach other Sustainable Development Goals.

- Initiated project to shut down the flare on Draugen.
- Strategy to use best available technology to reduce emissions.
- Increase recovery from existing fields through near-field exploration and life-time extension of assets and development of discovered resources.
- Initiated feasibility studies to supply offshore production with renewable electrical power from shore.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation (UN SDG 9)

Technological progress is important to achieve reduced environmental impact, and increased resource and energy-efficiency.

- OKEA continuously works towards more efficient use of resources, including use of new and innovative technology. OKEA is a part of several research and development projects targeting innovation in the industry together with the leading research communities at the Norwegian University of Science and Technology (NTNU) and Sintef.
- In Norway, emphasis has been placed on the possibilities of digital technology. OKEA has in 2019 initiated several projects within digitalisation, to further improve our operations.

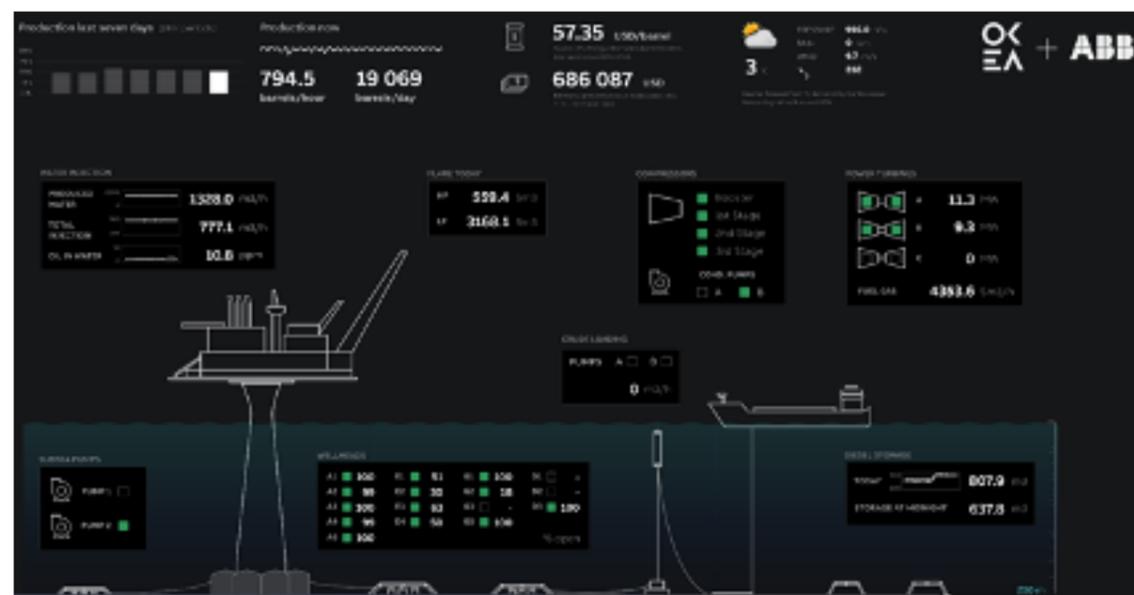
ABB signed a Memorandum of Understanding (MoU), signalling the two companies' commitment to joint business and technical innovation within the digital domain. The relationship has

been further matured through the introduction of a ground-breaking data streaming and platform solution, delivered to OKEA from ABB "as a service". The overall goal of OKEA is to both increase production and reduce operational expenditure for producing assets, as well as identifying and applying innovative field development solutions utilizing new technology. The digital partnership with ABB will continue to be a key focus area for 2020, in addition to other value driven digitalization initiatives, among them a collaboration with Solution Seeker, using machine learning/artificial intelligence to further optimize production for the Draugen field).

Ensure sustainable consumption and production patterns (UN SDG 12)

Sustainable energy and resource management is an integral part of OKEA's decisions and objectives, and the company performs studies and evaluates potential major improvement projects. This is a vital part of OKEA's ongoing efforts to reduce the environmental footprint. OKEA is part of an extensive project to share experience within the framework of Norwegian Oil & Gas. In the current project, three main areas are being worked on; subsea, material handling and standardised supply to the subsea area. The goal is to reduce cost and project efficiency through standardisation and introduction of sharing economy.

- We also emphasise to our contractors to evaluate use of refurbished pre-used equipment, where this may be relevant and does not impact the safety, environmental or operational aspects.
- Construction of platforms and infrastructure results in large emissions of CO2. Therefore, it makes sense to utilise existing installations for as long as possible. It is important for the environment and will also be profitable and sustainable over time.



Screenshot of Draugen Overview report in OKEA Digital Platform (ODP)





conducted on reservoir monitoring and management, operational and production efficiency, reliability, maintenance and safety.

Lifetime extension of equipment

OKEA is involved in Kjeller Flexible Cracking, a project led by the Department of Energy at Kjeller (IFE), on how environmental and chemical conditions in flexible pipelines develop over time. IFE has a leading role in the work on corrosion in flexible pipelines through the Kjeller Flexible Cracking I project. The project is strongly internationally rooted with the largest global players.

The R&D project “Monitoring of corrosion in flexible pipes (II)” is executed by 4Subsea. The main goal of this project is to close technological gaps

offshore Norway and new ways to understand and interpret continuous geophysical monitoring data using controlled and natural sources. From 2020, OKEA will be involved in the PhD study “Development and mapping of the Rogn Formation on the Trøndelag platform” at Royal Holloway, University of London, UK.

Production optimisation

OKEA will this year enter into the project “Optimisation of scale treatment including residual analysis of scale inhibitors” (SWELL JIP). The purpose is to find methods to optimise the scale treatment interval and reduce scale inhibitor consumption. SWELL JIP is funded by Equinor, Shell, BP, Petrobras, Tullow Oil, Baker Hughes etc.

Research and development (R&D)

OKEA supports several R&D projects in the oil & gas industry. With our headquarters in Trondheim, it is natural to use the skilled research community associated with NTNU and Sintef to support innovation initiatives and new technology which further aligns with our overall strategy.

In 2019, OKEA spent close to NOK 6,000,000 on various research projects that will underpin our responsibility as operator of the Draugen field and give important knowledge for field development projects including subsurface. The involvement in various projects is aimed at improving

maintenance, optimising operations, increasing safety, increasing profitability and reducing the environmental impact.

OKEA has initiated several projects in collaboration with NTNU in 2019. Three of these projects are linked to better overall resource utilisation (BRU21), where we have an arrangement with PhD students. BRU21 is an innovative program with emphasis on digital solutions and automation in oil and gas. The goal is to be a world leader in this area. It concentrates on areas such as field development and operational planning, drilling and efficient well design. Research is being

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The involvement in various projects is aimed at improving maintenance, optimising operations, increasing safety, increasing profitability and reducing the environmental impact.

related to corrosion in flexible pipes.

The project “Corrosion fatigue of flexible pipes” is executed by IFE and NTNU. The objective of the project is to understand the effect of the surface conditions on corrosion fatigue in flexible pipelines. This knowledge can enable extended lifetime of flexible pipelines on Draugen.

Increased subsurface knowledge

The project “Geophysics and applied mathematics for exploration and safe production”(GAMES), led by NTNU, aims to contribute to new understanding and mapping of geological uplift



OKEA is an oil company contributing to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems.

OKEA ASA

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