



Human rights risk assessment

Appendix to:
OKEA ESG report 2022

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Summary

This is a report on human rights practices in OKEA. The report describes the steps OKEA has taken to prevent violations of human rights in its operations and supply chains, in accordance with the UN Global Compact.

OKEA and its subsidiaries shall always respect human rights and operate with due diligence to avoid violations of human rights. OKEA is responsible for its own operations, and the duty to respect human rights also applies to the suppliers and business partners engaged by the company’s activities.

1.0. Human rights in OKEA

Our commitment to respecting all internationally recognised human rights is further reinforced in our Human and Labour Rights Policy and integrated into our policies and practices.

OKEA supports and acknowledges the fundamental principles of human and labour rights as set out in UN Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We align our human rights work with the OECD Guidelines for Multinational Enterprises and OECD Due Diligence Guidance for Responsible Business Conduct.

We recognise that our activities can cause, contribute, or be linked to negative human rights and other social impacts. OKEA operates in a low-risk environment regarding human rights abuse, as all our operations are in Norway. Furthermore, most of our tier 1 vendors are based in Norway or other low-risk countries. However, we are aware of potential human and labour rights risks that may occur in our operations or further down in our supply chain.

In cases where OKEA operations might have caused or contributed to adverse human rights impact, we will provide or cooperate in providing appropriate remediation to affected stakeholders.

2.0. Human rights due diligence

OKEA's human rights due diligence is performed in accordance with the UN Guiding Principles on Business and Human Rights. The due diligence is an on-going risk management process to identify, assess, prevent, and mitigate human rights risks across the entire value chain of the business. This process applies to OKEA's operation including subsidiaries, where OKEA has operational control, associated activities within the value chain, and relevant stakeholders e.g., employees, suppliers, and subcontractors.

3.0. Human rights risk assessment

As part of human rights due diligence, OKEA conducts human rights risk assessment, a systematic periodic review of the risk mapping of potential and actual human rights issues, every second years to identify, assess, prevent, and mitigate human rights risk across the entire value chain of the business.

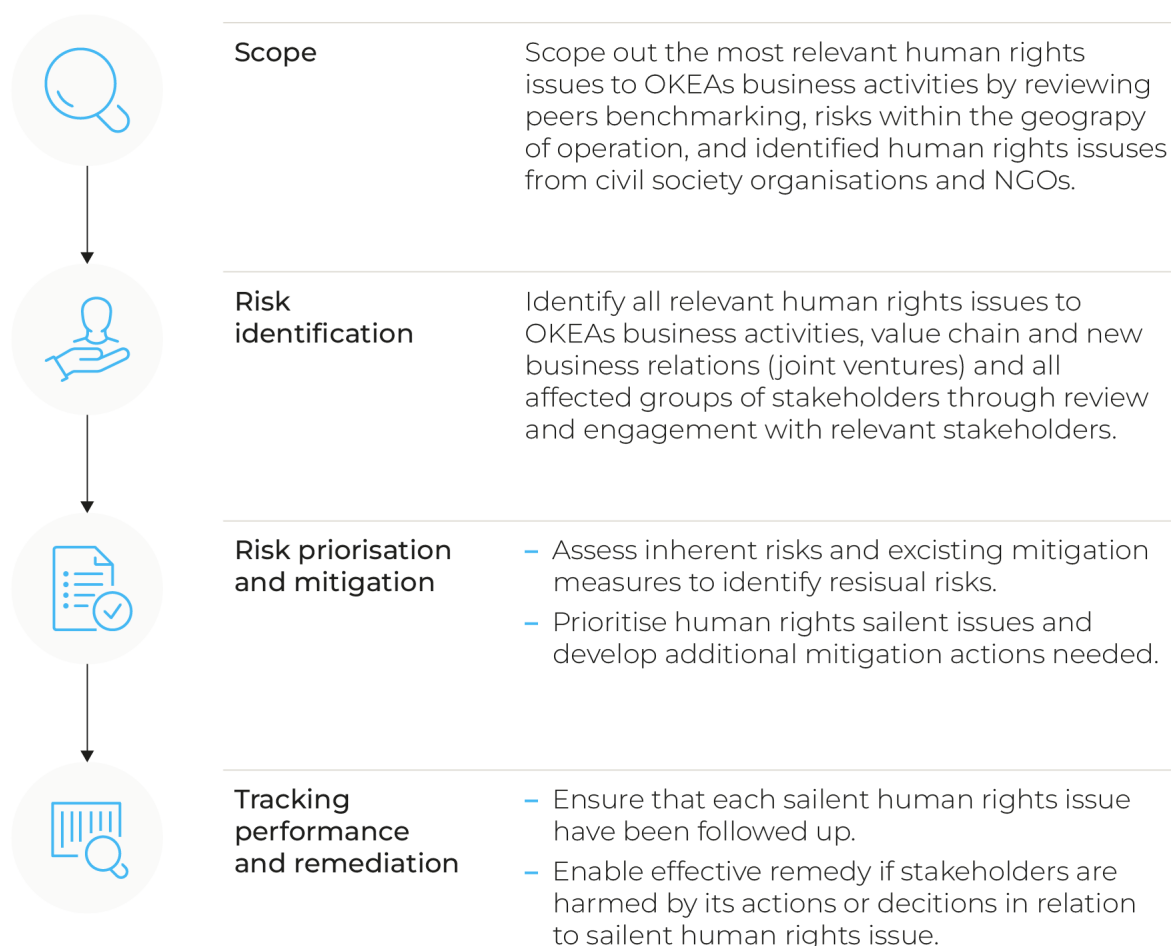


Figure 1. Human rights risk and impact assessment

3.1. Human rights risk assessment matrix

The human rights risk assessment criteria have been developed to support the risk assessment process based on the UN Guiding Principles.

The human rights risk assessment matrix (figure 2) consists of 2 dimensions: severity and likelihood, which will further explained in table 1.

Severity	4	High	Very high	Very high	Very high
	3	Moderate	High	High	Very high
	2	Low	Moderate	Moderate	High
	1	Low	Low	Moderate	High
		1	2	3	4
Likelihood					

Figure 2. Human right risk assessment matrix

Very high/high risks are salient human rights risks that need to be addressed with additional prevention/mitigation measures.

Medium risks are human rights salient issues that are mitigated to some extent but need additional mitigation measures.

Low risks are human rights risks that are appropriately mitigated and should be monitored regularly for changes.

Human rights risk assessment criteria

According to the UN Guiding Principles, severity is not an absolute value, but is relative to the other human rights risks and impacts that have been identified. Severity of the identified human rights risks should be considered based on three characteristics: scale, scope and remedially.

HUMAN RIGHTS ASSESSMENT CRITERIA: SEVERITY

Severity can be considered based on three following characteristics:

- ☐ Scale: How grave the impact is, for instance, impacts on the right to life or the health and safety of individual workers;
- ☐ Scope: How many people are or will be affected - for example, impacts on the livelihoods of entire communities or the freedom of association of an entire workforce;
- ☐ Remedially: Whether it will be difficult to restore the people impacted to a situation that is equivalent to their situation before the impact – for example where religious and cultural heritage of indigenous people has been destroyed.

Source: UN Guiding Principles on Business and Human Rights Article 14

For likelihood, it will be considered based on the local environment or context as shown:

HUMAN RIGHTS ASSESSMENT CRITERIA: LIKELIHOOD

The likelihood of a risk occurring is greater in a high-risk operating environment, including locations with following:

- ☐ Conflict zone;
- ☐ Weak governance;
- ☐ A mismatch between local practices and international human rights standards; and
- ☐ Legacy issues

Source: UN Guiding Principles on Business and Human Rights Article 19

By considering these two dimensions (severity and likelihood), human rights risk assessment criteria are developed to identify level of risks as presented in table 1.

Table 1. Human rights risk assessment criteria for severity and likelihood

Level of severity	Low	Moderate	High	Very high
Scale	Minor impact to health and safety: first aid case	Slight impact to health and safety: minor injury or illness (no loss time)	Moderate impact to health and safety: serious injury that needs rehabilitation (loss time injury)	Significant impact to health and safety: physical disability or fatality
Scope	No negative impact to stakeholder	Impact to some stakeholders in particular stakeholder group	Impact to most stakeholders in particular stakeholder group	Impact to all stakeholders' group (such as local communities, employees, and suppliers)
Remend-ability	Take less than a year (<1 year) to restore the impact	Take 1-3 years to restore the impact	Take 3-5 years to restore the impact	Impossible to restore or will take longer than 5 years (>5 years) to restore the impact
Level of likelihood	Very unlikely	Unlikely	Likely	Very likely
	Human right violation has never occurred in the company's business activity, but has happened to peers (never/unlikely to happen in 10 years)	Human rights violation has happened in the past and may continue to occur sometimes in a department (happened/may happened 1-4 times in 10 years)	Human right violation has happened in the past and may continue to occur frequently today (happened/may occur 5-8 times in 10 years)	Human right violation has occurred in an ongoing manner until now (happened/may happened every year)

3.2. Human rights risk assessment results

OKEA has of the date of this report identified seven human rights issues related to our operations and throughout our value chain, where human right issues that were ranked at high level are considered as salient issues. The figure below (figure 3) shows the identified human risks.

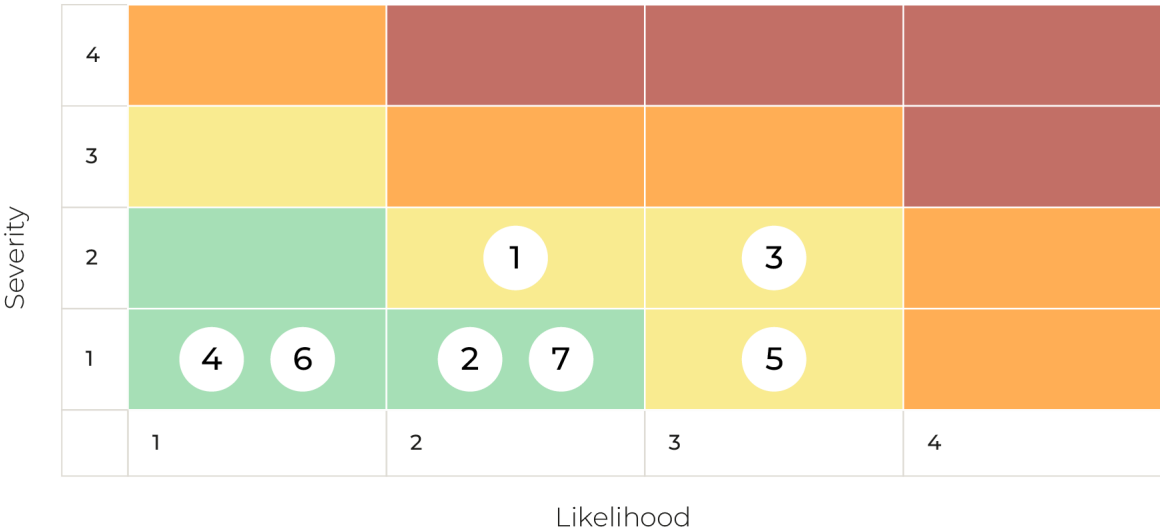


Figure 3. Human right risk assessment matrix

The identifies human rights risk issues are summarized in table 2.

Table 2. *Identified human rights risk issues*

Number	Impact	Description
1	Anti-Discrimination	<ul style="list-style-type: none">- Employees and potential employees may be discriminated against based on characteristics such as gender, national origin, ethnicity, language, pregnancy, or disability—for example, through reduced career opportunities.
2	Labour standards	<ul style="list-style-type: none">- Employees may have certain labour rights violated, such as in the areas of remuneration, working hours, right to family life, social security, and various benefits, e.g.- Employment contract does not match the working conditions- Overtime work that is more than the law regulated.- Various unfair benefits are provided
3	Labour standards	<ul style="list-style-type: none">- Suppliers and subcontractors may have certain labour rights violated, such as in the areas of remuneration, working hours, and various benefits, e.g.- The labour hour exceeds the specified time, and the workers are unwilling.- Collection of deposits or fees in exchange for employment- Detention of labour.
4	Health and Safety	<ul style="list-style-type: none">- Employees may suffer negative impacts on their health and well-being because of poor health and safety procedures.
5	Health and Safety	<ul style="list-style-type: none">- Suppliers and subcontractors may suffer negative impacts on their health and well-being because of poor health and safety procedures, especially in field services/ maintenance work.
6	Child labour	<ul style="list-style-type: none">- Suppliers and subcontractors in high-risk areas might use minor labour (under 18 years of age).
7	Freedom of association	<ul style="list-style-type: none">- Suppliers and subcontractors might restrict individuals to form or join all types of association such as political parties, religious societies, sporting and other recreational clubs, nongovernmental organizations, and trade unions. Individuals can be discriminated against because of trade union membership.

4.0. Salient issues and mitigating measures

We acknowledge that there are certain parts of our supply chain that there might be increased risk of human rights violations. These risk areas include construction suppliers and providers of cleaning services, especially those deeper in OKEAs supply chain.

While OKEA has procurement controls in place, there is a risk that it could miss sub-contractors making use of black-market labour, paying wages that are not sufficient for a reasonable standard of living, not placing reasonable limits on working hours, or undercutting health and safety protections. OKEAs reliance on tier one suppliers to apply minimum standards to the next tier down, may not be sufficient to detect these risks.

4.1. Mitigating measures and follow up

There was no case of human rights violation in 2022. However, OKEA continues to monitor the mitigating measures for high-risk issues on an annual basis, and has identified the following compensating measures to follow up:

Number	Impact	Mitigation measure
1	Anti-Discrimination	<ul style="list-style-type: none">- Undertake discrimination awareness and unconscious bias training for all leaders and employees to reduce discrimination risk at the company, such as discrimination based on gender, age, ethnicity, language, national origin, and disability.
2	Labour standards	<ul style="list-style-type: none">- Ensure compliance with regulations through review of timesheets for employees in "Particularly independent positions"
3	Labour standards	<ul style="list-style-type: none">- Conduct supplier audit through self-assessment, and site visits, depending on levels of risk associated with suppliers.- Conduct initial due diligence for selected high-risk suppliers
4	Health and safety	<ul style="list-style-type: none">- Ensure that surveys and risk assessments are carried out and followed up in accordance with internal requirements and regulatory frameworks
5	Health and Safety	<ul style="list-style-type: none">- Conduct supplier audit through self-assessment, site visits, depending on levels of risk associated with suppliers- Establish timeframes (audit plan) for monitoring based on the activities and level of risks- Pre- screening prior to contract award for larger offshore suppliers.
6	Child labour	<ul style="list-style-type: none">- Conduct initial due diligence for selected high-risk suppliers
7	Freedom of association	<ul style="list-style-type: none">- Conduct initial due diligence for selected high-risk suppliers