



Stakeholder engagement and identification of material topics

Appendix to:
OKEA ESG report 2022

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Introduction

OKEA has conducted a stakeholder and materiality analysis in line with the GRI (Global Reporting Initiative) standard. The analysis shows the economic, social, and environmental significance to the company's operations that have the greatest importance to our stakeholders. The analysis has been conducted with an interdisciplinary group of in-house specialists from relevant areas and is reviewed annually. The results of the materiality analysis are approved by OKEA's board of directors annually and are used for defining content and topic boundaries in the ESG Report.

1.0. Stakeholder engagement

OKEA exercises corporate responsibility by running and developing its operations profitably and in a manner that conforms with fundamental ethical values and respect for individual people, society as a whole and the environment. This approach includes maintaining a dialogue with stakeholders, which is important in our day to-day operations and when decisions are made. We believe a good dialogue with the stakeholders is a valuable means of building trust and understanding of the role the company plays in local communities and society.

1.1. OKEA's most important stakeholders

OKEA has surveyed the groups, organisations and individuals that are either impacted by our company's operations or which, in a variety of ways, have an impact on the company's strategy and goal achievement. Our key stakeholder groups include investors, license partners, business partners and suppliers, employees, employee representatives and labour unions, regulators and authorities, local communities, and industry associations.

1.2. Our stakeholders' expectations

We continuously assess issues that are relevant for the relationship between the company and society. Below is an overview of topics that our stakeholders are concerned with, as well as their expectations with respect to the company.

Table 1. Stakeholder groups, expectations, arenas for dialogue and measures

Stakeholder group	Expectations of OKEA	Arena for dialogue	OKEA`s measures
Investors and owners	<ul style="list-style-type: none"> - Sustainability reporting - Good practices of corporate governance and compliance with laws, regulations - Transparent and available information - Clear and consistent reporting - Quantitative goals 	<ul style="list-style-type: none"> - Investor meetings and seminars - Quarterly presentations - Shareholder general meetings - Annual report with sustainability report - Third-party analyses and audits - The company's website 	<ul style="list-style-type: none"> - Sustainability reporting according to GRI standards - Availability of information - Setting up relevant and quantifiable goals - Preparing and highlighting policies - Communicating responsibilities - Surveying risks and opportunities
Employees, including unions and employee Representatives	<ul style="list-style-type: none"> - Safe workplaces - Excellent reputation - Responsible and attractive workplaces - Management and employee participation - Compliance with employee rights - Qualified and competent workforce 	<ul style="list-style-type: none"> - General meetings/departmenal meetings - Cooperation with trade unions - Whistle blowing procedure - Employee surveys - Intranet - Competence programmes and on-the-job training activities 	<ul style="list-style-type: none"> - Zero harm ambition - Internal and external communication measures - Competitive conditions - Competence mapping and evaluation
Authorities	<ul style="list-style-type: none"> - Compliance with laws and regulations - Health, safety and environment, energy, and climate measures - Comprehensive risk management 	<ul style="list-style-type: none"> - Dialogue meetings and conferences - Supervision, audits, and verifications - Public consultation - Submissions - Environmental and climate reporting 	<ul style="list-style-type: none"> - Reporting on progress/sustainability reporting - Clear goals and ambitions for ESG - Proactive dialogue with authorities

2.0. OKEA materiality assessment methodology

OKEA regularly assesses stakeholder concerns and expectations, as well as the topics that we believe present the greatest risks and opportunities for our business. Our materiality analysis helps us identify where we can provide the most value and drive our strategy, and where we should focus our efforts, allocate resources, and direct our reporting.

In 2022, we have reviewed the materiality assessment published in relation to our ESG Report for 2021. The analysis is updated by a preliminary introduction of the so-called “double materiality” approach, according to European Financial Reporting Advisory group (ERFRAG)¹, which provides for an assessment according to the impact and financial outlook, defined as follows:

- The impact perspective assesses the relevance of sustainability issues in terms of the impacts of the company’s operations and its value chain, based on the severity and likelihood of actual and potential negative impacts on people and the environment; magnitude and likelihood of positive effects on people and the environment related to the company’s operations and value chain; and immediacy derived from social or environmental public policy objectives and planetary boundaries.
- The financial perspective evaluates sustainability matters that are financially material for the reporting entity based on evidence that such matters are reasonably likely to affect its value beyond what is already recognised in financial reporting

To enable a more precise and objective identification of the priority areas for the company’s stakeholders, the sustainability issues for the business have been updated within the relevant context from the previous analysis. The 2022 materiality matrix therefore includes 14 topics that have been highlighted as a higher priority. The illustration below shows the results of the materiality analysis.

¹ ESRG 1 Double materiality conceptual guidelines for standard-setting Working paper, January 2022

Social and environmental aspects

Where OKEA takes responsibility to mitigate significant potential negative impacts and increase positive impacts on people, society, and the environment

Financial aspects

Where environmental, social and governance issues pose significant short or long-term financial or strategic risks or opportunities to OKEA



Social and environmental materiality

- **Greenhouse gas emissions reduction:** Meeting our obligation to decarbonise our operations
- **Environment and ecosystems:** Protect the ecosystems in which we operate
- **Research and development:** Technologies and solutions researched, developed, and brought to market that address the challenges posed by climate change
- **People development and engagement:** Creating stable jobs and good working conditions, especially by enabling skills development
- **Diversity, equal opportunity, and engagement:** Create an inclusive workplace with diversity of thought
- **Employee relations and labour rights:** Ensure decent working conditions and engagement, collaboration and constructive discussions with employee representatives
- **Occupational health and safety and security:** Provide a safe working environment for employees and contractors through a strong health and safety culture
- **Human Rights:** Continue to protect and fulfilling the fundamental rights, freedom of association of OKEA employees, contractors and suppliers
- **Sustainable and responsible supply chain:** Ensure responsible practice in our supply chain
- **Responsible tax:** Being a responsible and transparent taxpayer
- **Socio-economic impact:** Contribute to communities and societies where we operate



Financial Materiality

- **Sustainable and responsible supply chain:** Enabling our operations
- **Employee attraction, talent management:** Ensuring access to critical talents
- **Research and development:** Enabling our growth strategy through innovation
- **Corporate governance and transparency:** Foundation of a well-run business
- **Business ethics and integrity:** Managing compliance risks across our operations
- **Occupational health and safety:** Managing critical risks across our operations

Figure 1. Material topic and its relevance for OKEA`s financial, social, and environmental impacts

Step 1: Identification of potentially relevant topics

The first part of the analysis mapped key ESG issues and figures to understand the extent to which internal and external impacts are already considered in OKEA's existing materiality assessment methodology. We used the following information sources to identify these topics:

Table 2. *External and internal information sources*

External sources	Internal sources
<ul style="list-style-type: none">- Stakeholder engagement and consultation- ESG ratings and standards- Studies and surveys commissioned by OKEA- Ongoing dialogue with growers, communities in which we operate, civil society, NGOs, business community, industry associations, governments, regulators, investors, and the media- Sustainability topics identified by leaders and peers- Emerging risks and regulations- Relevant sustainability standards and reporting frameworks have informed our assessment, such as the GRI Standards (including the Oil and Gas Sector Standard), the Recommendations of the Task Force on Climate-related Financial Disclosures and the UN Global Compact	<ul style="list-style-type: none">- Company business model, strategies, and policies- ESG reporting- Human rights assessment- Enterprise risk management reports- Employee surveys- Employee feedback- Regulatory tracking- Earlier materiality assessments

Step 2: Assess parameters of impact of the material topic

Second, we assessed the potentially relevant topics identified in the first step to decide the ones that were important to OKEA and our stakeholders. We used the following criteria's:

Table 3. Criteria for assessing significance of issues to stakeholders

Significant to stakeholders	Impact on environment or society	Level of stakeholder concern	Contribution to sustainability
High	Known to directly cause extensive or severe damage or harm	Widely acknowledged as a major issue or unacceptable situation	An opportunity, with the potential to generate lasting improvement and development
Medium	Known contributor to declining state of ecosystems or socioeconomic conditions	Perceived as important in several locations or by some groups	Opportunities for localized improvement or support for wider initiatives
Low	Known to have measurable but limited effects	Isolated or indirect criticism	Can provide minor but measurable improvement

Table 4. Criteria for assessing significance of issues to the company

Significant to stakeholders	Societal License to operate	Media, public or political impact	Impact on business strategy
High	Global, regional, or irreversible loss in societal license to operate	Strong criticism or anger expressed at an international level	Fundamental business change, including new opportunities
Medium	Substantive enforcement, fines, or regulatory action	Prolonged coverage or local criticism (e.g., National)	Alteration to stated intentions or commitments
Low	Minor non-compliance without penalties	Short-term coverage or local complaints	Modifications to positions or systems

The list of relevant topics was given a score related to importance to stakeholders and significance of OKEA`s Economic, Environmental and Social Impacts.

Step 3: Classification of topics

Finally, the topics that were identified as important to OKEA and our stakeholders, were classified with regards to:

- The impact of OKEA on society from an economic, environmental, and people perspective (i.e., impact materiality), and;
- The impact of society on OKEA's business value (i.e., financial materiality)

After consolidating the results from the survey, the following double matrix was obtained:

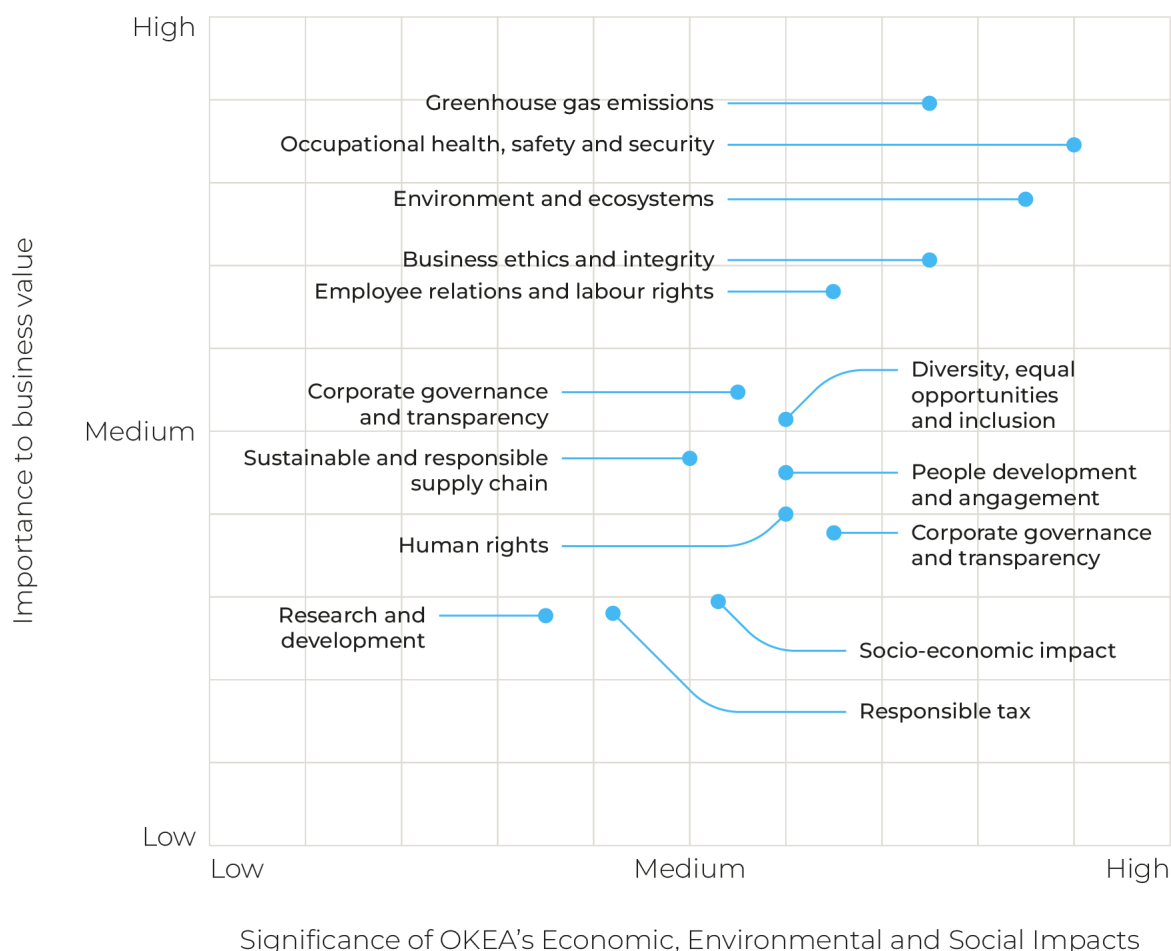



























Figure 2. Materiality matrix

The results of this assessment will support our preparations for the new European Corporate Sustainability Reporting Directive (CSRD) and will help to inform our ESG strategy going forward.

Step 4: Alignment of material topics to relevant SDGs

In addition, material topics were aligned to relevant SDGs. The result is documented in table 5.

Table 5. OKEA material topics and relevant SDGs

OKEAs material topics	UN SDGs	Detailed UN SDG reference
Greenhouse gas emission reduction	 	7.3 13.1
Environment and ecosystems	 	3.9 14.1, 14.3
Research and development	 	7.3 17.6, 17.16, 17.17
People development and engagement		4.4
Diversity, equal opportunity, and engagement	 	5.1, 5.5 10.2, 10.3
Employee relations and labour rights	 	8.5, 8.7, 8.8 16.3, 16.7
Human rights	 	8.5, 8.7, 8.8 16.3
Employee attraction, talent management & retention		4.4
Occupational health and safety and security		8.8
Sustainable and responsible supply chain	  	8.7, 8.8 12.6 16.5
Corporate governance and transparency	 	12.6 16.3
Business ethics and integrity		16.3, 16.5
Socio-economic impact	 	8.3 11.5
Responsible tax	 	16.6 17.1