

Lundin
Petroleum



Sustainability Report 2017



Lundin

Petroleum



Sustainable value creation

Lundin Petroleum is one of the leading independent oil and gas companies in Europe. With a strategic focus on Norway, our aim is to develop oil and gas resources efficiently and responsibly for a sustainable and low carbon energy future.

Global Reporting Initiative (GRI)

Lundin Petroleum's 2017 Sustainability Report is the third report in accordance with the Global Reporting Initiative (GRI) G4 Guidelines.

Extractive Industry Transparency Initiative

We support and promote EITI's efforts to combat corruption.



Our Global Compact commitment

We support the 10 United Nations Global Compact Principles on human rights, labour standards, environment and anti-corruption.



United Nations Sustainable Development Goals

We promote the Sustainable Development Goals (SDGs) throughout our value chain.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Lundin Petroleum Sustainability Report 2017

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2017 Sustainability Highlights



Carbon intensity

5.1 CO₂e kg/boe for Edvard Grieg production & drilling



Oil spills

0 recordable oil spills



Safe operations

0.47 lost time incident rate





Foreword by the CEO

2017 was a transformational year for Lundin Petroleum as we decided to spin-off the assets in Malaysia, France and the Netherlands into a new company, International Petroleum Corporation (IPC), to focus our activities in Norway, where we have built a material licence portfolio and have had significant exploration and production success.

This is our third Sustainability Report retracing our performance over the calendar year. In this report we provide information on our sustainability strategy, policies and performance in Norway in 2017.

We are proud to conduct our activities in Norway, a country which is recognised internationally for its stringent HSE policies and regulations, its high labour standards and transparency and its pro-active role in addressing one of the sector's key challenges, climate change. Not only do we want to meet Norwegian expectations but we also wish to play our part in ensuring the world can continue to meet its energy demands while reducing its carbon footprint. We will make efforts individually and collectively, collaborating with peers and other likeminded institutions. We believe we can achieve this goal by producing low carbon intensity oil and by actively seeking ways to further reduce carbon emissions, while maintaining high health, safety and labour standards throughout our value chain.

“ Sustainable value creation means providing oil and gas in a cost effective and energy efficient way

Alex Schneider
President and CEO

To us sustainable value creation means producing oil and gas in a responsible and carbon efficient manner. In this context, 2017 has been an outstanding year for Lundin Petroleum from a business and sustainability perspective. We achieved record high production levels with over 86.1 Mboepd produced for the year at a record low cash operating cost of USD 4.25 per barrel. We were able to reach these results without any significant incidents. We produced one of the lowest carbon intensity oil, at a level of 5.1 kg CO₂ equivalent (CO₂e) per barrel of oil produced. In 2016 the world industry average, released in November 2017 was 20 kg CO₂e per barrel. This demonstrates that it is possible to provide “affordable, reliable, sustainable, and modern energy for all” as per Sustainable Development Goal 7. It is done by integrating energy efficiency objectives and targets into our strategy, ensuring our assets use the latest equipment and technology available as well as aligning our operational processes to meet our efficiency goal. We have further ambitions and commitments: through our partnership in the Johan Sverdrup field, we will further reduce our carbon footprint by powering the facilities with electricity from shore. This will represent a carbon emissions reduction close to 90 percent compared to power supplied from offshore gas turbines.

To avoid accidents to people, the environment or assets, we remain as committed as ever to ensure high standards of performance of our health, safety, security and environmental (HSE) policies by relying on competent and engaged personnel, trained in our procedures.

In 2017, we pursued our exploration activity in the southern Barents Sea, an area with similar operating conditions to other parts of Norway. We remain committed to this underexplored area, as we believe it will deliver important results in the future and help contribute to the provision of reliable low carbon intensity energy. Similarly we will continue to explore and strengthen our production capacity in the Norwegian Sea and the North Sea.

A key element of our success comes from our strong corporate culture. We foster entrepreneurship, innovation, openness, trust, honesty and diversity within the Company and openness and transparency vis-à-vis our stakeholders. These values are held by all our colleagues who share our belief that everyone can make a difference. Our success over the years in finding oil and gas and producing responsibly attests to the robustness of our corporate culture and the great people working for us. To all of them, I would like to express my deep gratitude.

To conclude I would like to reiterate Lundin Petroleum’s support to the Global Compact’s 10 Principles on human rights, labour standards, environment and anti-corruption. We shall continue to promote these principles within our Company and our value chain as we strongly believe that sustainability and good business go hand in hand.

Yours Sincerely,



Alex Schneider
President and CEO

Our approach to sustainable value creation

Focus on Norway

Lundin Petroleum became a one country operating company after it spun-off its Dutch, French and Malaysian assets in April 2017. In this report our sustainability indicators relate to Norway only as our sole operating entity except for people data, insofar as we have office personnel in the Netherlands, Russia, Switzerland and Sweden. Our strategic focus on Norway, ranked No 1 by the Natural Resource Governance Institute in 2017, provides us with the unique opportunity to reach our goal: becoming a sustainability leader in our sector. In this process of transition we have reaffirmed the principles of our Code of Conduct, policies and guidelines which constitute the backbone of our Corporate Responsibility framework. The change in our structure has also led to an adaptation of our business model to ensure salient and material sustainability issues related to our new operating context are addressed.

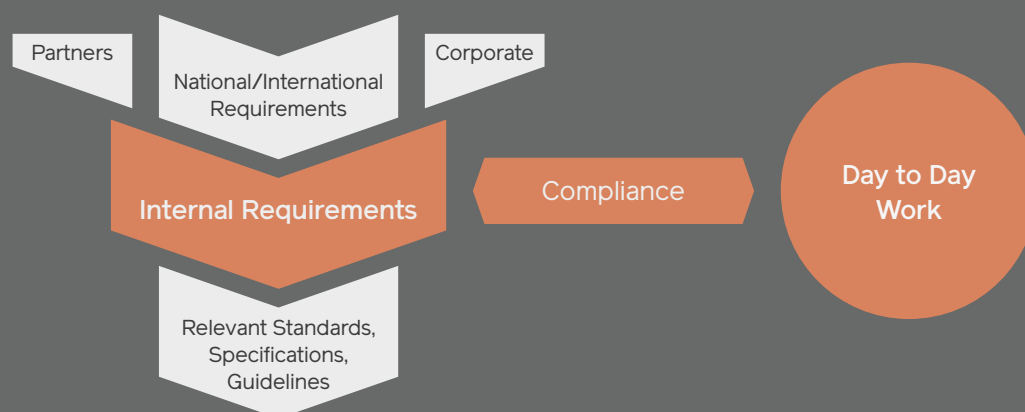
From a sustainability perspective, Norway can be defined as a leading oil and gas producing country. The main laws governing oil and gas operations, the Petroleum Act, the Pollution Control Act, the Working Environment Act and the Health Act, are passed by the Parliament. Three ministries have regulatory authority and oversight over the way in which oil and gas operations are conducted: the Ministry of Petroleum and Energy, of the Environment and of Labour. Each ministry delegates some of its regulatory and oversight authority to agencies, respectively the National Petroleum Directorate (NPD), the Norwegian Environment Agency (NEA) and the Petroleum Safety Authority (PSA). In addition to enacting specific regulations, these three agencies ensure abidance with the laws and regulations by conducting regular audits on all operating companies.

In assessing our sustainability framework in relation to our new operating context, we ascertained that there is no discrepancy between what is required from a regulatory point of view and how Lundin Petroleum, through its Norwegian affiliate Lundin Norway AS, conducts its activities. However, in line with our Code of Conduct and related policies, we are committed to pro-actively seek to have an overall positive impact, not only on the people working for us, but on the wider stakeholder community. To that effect, we address issues which, though not directly relevant to our immediate impact or reach, such as reflected in the United Nations Sustainable Development Goals, are relevant as they constitute global challenges and opportunities for our mission to provide energy the world requires in an energy efficient way.

2017 priorities and way forward

In the course of 2017 we commissioned a third party materiality assessment, which reviewed applicable laws and voluntary initiatives, issues raised by civil society in traditional and social media, and topics reported on by our peers in Norway to ensure we address key stakeholder expectations.

The material issues identified in the assessment were essentially the same as those we had in previous years, namely anti-corruption, environment, health and safety, human rights and labour standards. Other than health and safety, which is of utmost relevance to the extractive industry, these issues are covered by the principles of the United Nations Global Compact, which Lundin Petroleum joined in 2010 and has reported to since.



2018 goals

To ensure the material issues thus identified corresponded to our sustainable value creation business model, we carried out an internal review taking into consideration sustainability and business issues and our operating context, offshore Norway. Each issue identified was assessed in relation to our strategic goals, namely organic growth, opportunistic acquisitions and safe and energy efficient operations. We also considered the level of exposure for each issue from an internal and external point of view, looking at our supply chain, including suppliers of goods and services, such as consultants, drilling services and logistics contractors, engineering services, etc. The results of our internal review showed that our corporate responsibility framework continues to be relevant and that issues reported on to date remain important, though given our operating context, laws and systems in place in Norway, our risk exposure is low. That said we identified climate change and our actions to address global warming as the most salient issue. We have therefore focused our efforts, from a management and operational perspective, to reinforce our energy efficiency efforts.

In 2017 we decided to transfer management responsibility for HSE issues from the VP Corporate Responsibility to the Chief Operating Office, as HSE issues are intrinsically linked to operations. Placing accountability for HSE within operations entails a more effective decision making process. We revised our Environmental Policy to include specific objectives, both from a climate and a biodiversity perspective. We also developed an environmental strategy in Norway which spells out specific goals and targets to be achieved in terms of emissions, waste and water management.

At an operational level, we revised our processes to ensure that we maintain our production related emissions as low as practicable and further minimise our overall footprint through sound water and waste management, achieving clear progress on all fronts.



Insist on
**ethical
conduct**



Uphold
**health and
safety**



Minimise
**environmental
impact**



Focus on
**carbon
efficiency**



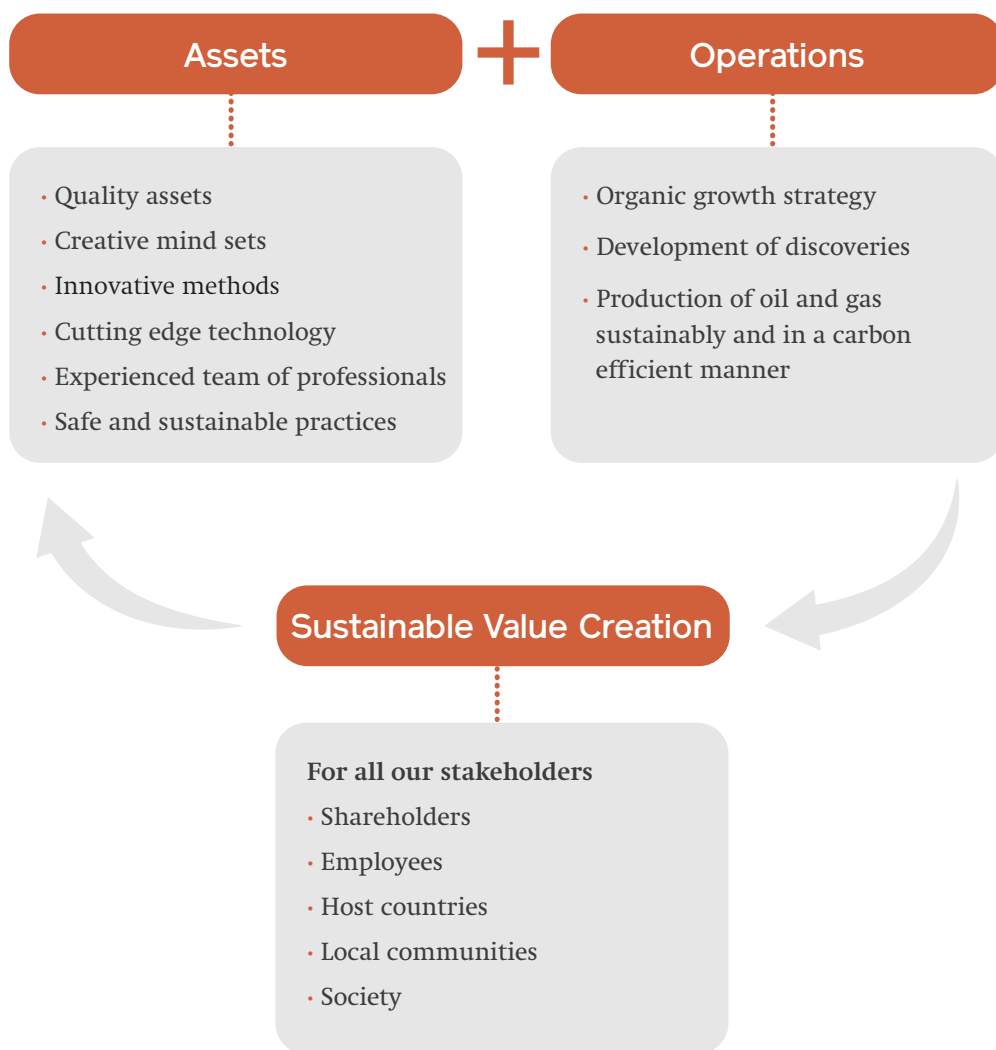
Promote
**Sustainable
Development
Goals**

“ *Sustainable value creation means sustainability is an integral part of our business* ”

Christine Batruch
Vice President Corporate Responsibility

Creating sustainable value

Lundin Petroleum generates sustainable long-term value in all stages of the upstream oil and gas value chain. We have developed the capacity and competence to take exploration success through to the production phase and we retain our standing in the industry as one of the strongest players to capitalise on further growth.



Focus on organic growth in Norway

Lundin Petroleum was founded in 2001 and acquired the first assets on the Norwegian Continental Shelf in 2003. Since then it has become one of the largest operated acreage holders in Norway with a strong production growth trajectory.

Why Norway?

- Significant yet to find resources >16 billion barrels
- Ranks in the top 10 worldwide exploration areas
- Attractive fiscal and licensing regime
- World leading governance environment

Quality assets

- 6 core areas
- Material long-standing acreage position in the North Sea
- High impact trends in the southern Barents Sea
- New core areas in the Norwegian Sea and the North Sea

Southern Barents Sea
7.3 billion barrels ⁽¹⁾

Southeastern Trend

Loppa High

Hammerfest

Harstad

Norwegian Sea
4.7 billion barrels ⁽¹⁾

Norway

Frøya High/
Froan Basin

North Sea
4.6 billion barrels ⁽¹⁾

Alvheim Area
Utsira High Area

Oslo

Stavanger

Mandal High

Organic growth strategy

- Invest in exploration to organically grow our resource base
- Grow our existing asset base with a proactive subsurface strategy
- Actively pursue new exploration acreage in core areas

¹ Estimates from the Norwegian Petroleum Directorate

2017 at a glance

Production Mboepd



Reserves Net MMboe



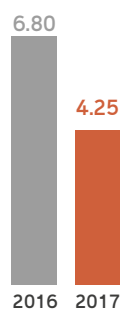
Contingent Resources Net MMboe



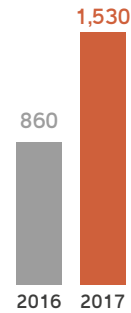
Capital Spend Net MUSD



Cash Operating Costs USD/boe



Operating Cash Flow MUSD

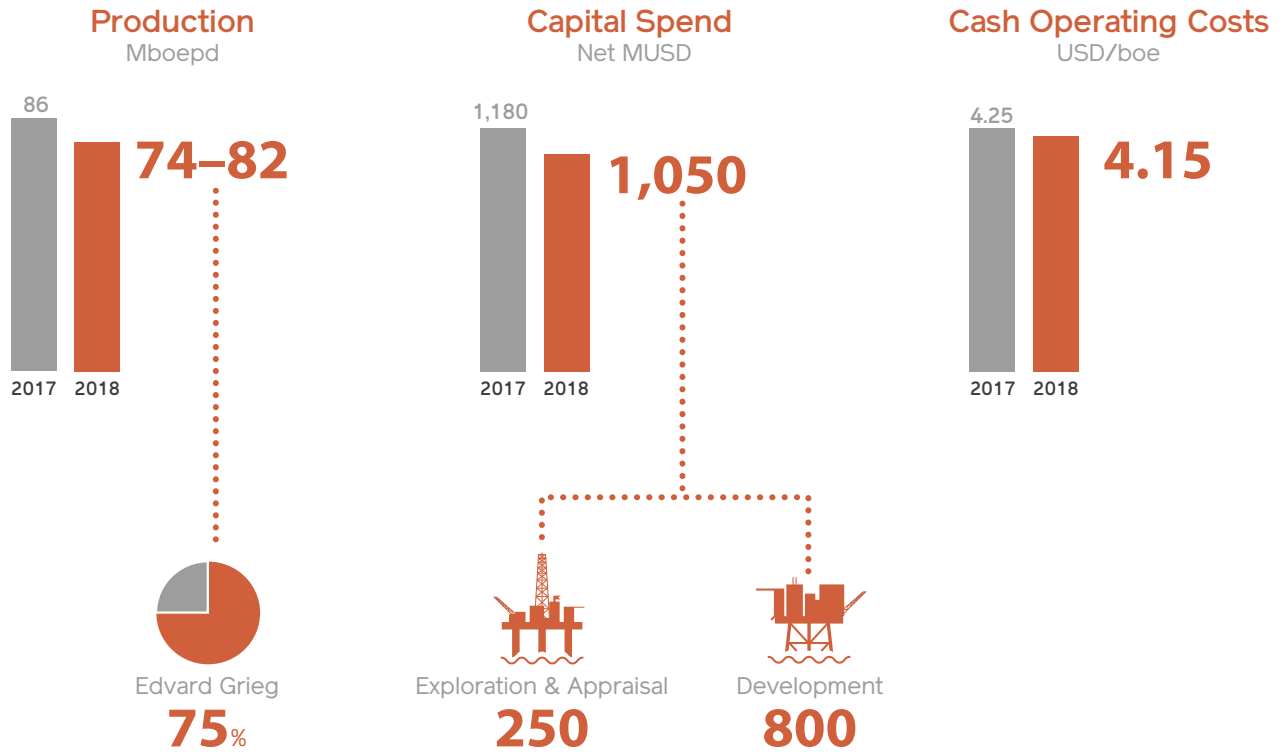


Spin-off of non-Norwegian assets into International Petroleum Corporation

At the end of April 2017, Lundin Petroleum completed the spin-off of the assets in Malaysia, France and the Netherlands into the new independent company International Petroleum Corporation (IPC). The transaction resulted in a dividend distribution, through IPC shares, of USD 410 million to Lundin Petroleum's shareholders.

Following the spin-off, Lundin Petroleum has become fully focused on operations on the Norwegian continental shelf, where we see continued great opportunities for further organic growth and development projects.

2018 guidance



Lundin Petroleum proposes to pay first cash dividend in 2018

After a record setting performance for Lundin Petroleum in 2017, the Board of Directors proposes that a first cash dividend be paid after the 2018 AGM. The inaugural cash dividend distribution of SEK 4.00 per share represents an amount equal to approximately USD 165 million and is based on the current number of shares, excluding own shares held by the Company. The dividend is proposed to be paid after the AGM which will be held on 3 May 2018 in Stockholm.

Lundin Petroleum anticipates to be able to increase this amount and distribute an annual dividend of at least USD 350 million from next year and is optimistic about the capacity to grow annual dividends further when Johan Sverdrup comes onstream in late 2019.

Value creation phases

Finding and developing oil and gas resources

Lundin Petroleum seeks to generate sustainable value from exploration to production in Norway.

Our **vision** is to grow a profitable upstream exploration and production company, focused on core areas in a safe and environmentally responsible manner for the long-term benefit of our shareholders and society.

Lundin Petroleum is pursuing the following **strategy**:

- Proactively investing in exploration to organically grow its reserve base
- Growing its existing asset base with a proactive subsurface strategy to enhance ultimate hydrocarbon recovery
- Acquiring new hydrocarbon reserves, resources and exploration acreage
- Carrying out safe and energy efficient operations

Lundin Petroleum works **responsibly** with:

- Shareholders, to realise and sustain good return on investment and a continuing growth of its asset base
- Employees, to provide a safe and rewarding working environment
- Host country, owner of the resources, to find and produce oil and gas professionally, efficiently and responsibly
- Local communities, to contribute to local development and sustain the well-being of local communities
- Society, to contribute to wealth generation while minimising the impact of our activities on the environment



2017 activities and highlights

Exploration and appraisal phase



Lundin Petroleum focuses on building core exploration areas and on assembling integrated teams of geoscientists and technical experts that have a creative and visionary approach to finding oil and gas resources.

Development phase



Following exploration and appraisal, the strategy is to convert discoveries into reserves and production. After appraisal and completion of a development plan construction of facilities can start, to which wells and infrastructure are connected so production can begin. As partner, Lundin Petroleum is involved in the ongoing construction of oil and gas production facilities on the giant Johan Sverdrup project.

Production phase



The production phase is defined as everything from extraction and processing to delivering the oil or gas for sale. Lundin Petroleum significantly increased its production in 2017, due to the out performance of its Edvard Grieg field and the Alvheim field in Norway.

Sales and marketing phase



Lundin Petroleum sells and delivers its produced crude oil directly to companies which own their refineries, over 75 percent of which are in North West Europe. The sales and marketing activity within Lundin Petroleum, established for first oil from Edvard Grieg, is the last part of the crude oil supply chain.



Revenue
MUSD 1,997
operating revenue



Cash flow
MUSD 1,530
operating cash flow



Expenditure
MUSD 1,178
investments



Research & Development
MUSD 12
spending



Lundin Foundation
TUSD 1,160
contribution



Corporate governance

Guiding principles of corporate governance

Since its creation in 2001, Lundin Petroleum has been guided by general principles of corporate governance. These general principles form an integral part of Lundin Petroleum's business model and seek to:

- Protect shareholder rights
- Provide a safe and rewarding working environment to all employees
- Ensure compliance with applicable laws and best industry practice
- Ensure activities are carried out competently and sustainably
- Sustain the well-being of local communities in areas of operation

Lundin Petroleum adheres to principles of corporate governance found in both internal and external rules. In doing so, Lundin Petroleum decreases the risks associated to unclear allocation of responsibilities. It is also able to manage its responsibilities clearly as well as to mitigate conflicts of interest between its shareholders, management and the Board. Abiding to corporate governance principles hence builds trust in Lundin Petroleum, which results in increased shareholder value. By ensuring the business is conducted in a responsible manner, the corporate governance structure ultimately paves the way to increased efficiency.

Lundin Petroleum's Code of Conduct

The Board has formulated Lundin Petroleum's Code of Conduct, a set of principles directed at giving overall guidance to employees, contractors and partners on how the Company is to conduct its activities in an economically, socially and environmentally responsible manner.

“ Sustainable value creation starts with the Board of Directors and runs through the entire Company

Ian H. Lundin
Chairman of the Board

These principles are for the benefit of all stakeholders, including shareholders, employees, business partners, host and home governments and local communities. Lundin Petroleum strives to continuously improve its performance and to act in accordance with good oilfield practice and high standards of corporate citizenship. The Code of Conduct is therefore an integral part of the Company’s contracting procedure and any violations will be subject to inquiry and appropriate remedial measures.

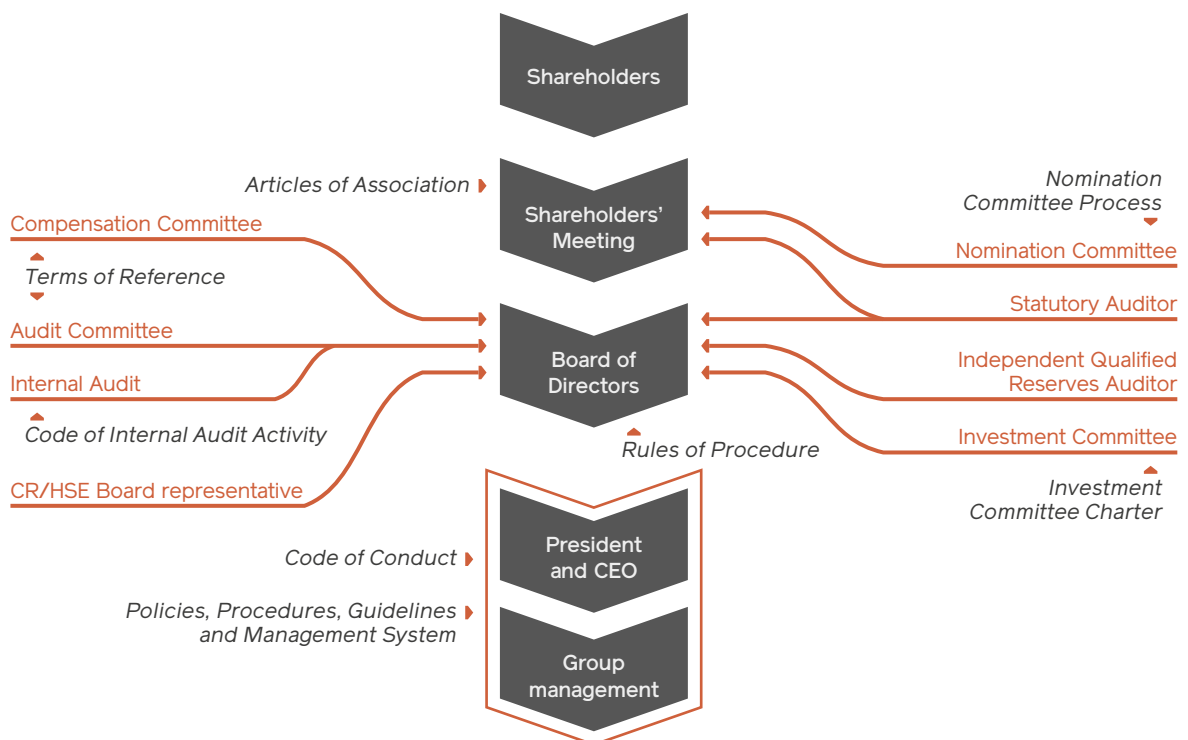
In 2017 Lundin Petroleum developed a corporate HSEQ (Health, Safety, Environmental and Quality) Leadership Charter, which sets out the governance framework as well as operational governance for managing the business following high HSEQ standards. The Charter sets out four core foundation themes: leadership, risk and opportunity management, continuous improvement and implementation. It further details how these themes are to be operationalised.

Governance structure

Lundin Petroleum’s business is to explore for, develop and produce oil and gas and to develop other energy resources, as laid down in the Articles of Association. The Company aims to create value for its shareholders through exploration and organic growth, while operating in a responsible way for the benefit of all its stakeholders. To achieve this value creation, Lundin Petroleum applies a governance structure that favours straightforward decision making processes. It also provides the necessary checks and balances for the control of the activities, both operationally and financially.

Sustainability as a core of corporate governance

By tying the corporate governance framework to its sustainability profile, Lundin Petroleum has managed to achieve the high goals set out in the sustainability strategy.



Climate change

Climate change is one of the biggest global challenges given the world's need to meet global energy demands of the future. Affordable and reliable energy is essential for continued social and economic development and for reducing poverty in the world. The challenge ahead is to create a truly sustainable balance of energy, the environment and the economy. It is our shared responsibility towards society and future generations to solve this complex issue.

Nearly two years ago, world leaders succeeded in agreeing to a comprehensive climate agreement to reduce greenhouse gas emissions in order to mitigate the effects of global climate change. The Paris Agreement was a sign that serious measures must be taken. These ambitions have now been translated into practice through National Action Plans, which outline the way forward for reducing CO₂ emissions and limiting global warming to below 2°C.

Meanwhile, the International Energy Agency (IEA) estimates that global energy demand is going to increase by about 30 percent by 2040, as energy is required to heat our homes, provide light and power, supply fuel for ground, maritime and aviation transportation and produce mobile phones, pharmaceuticals and other consumer goods. Today nearly 60 percent of the world's energy is provided by oil and gas, a trend that is most likely to continue for decades to come.

Lundin Petroleum recognises the tension between the important journey toward a low carbon economy and the global challenge of providing the world more energy in the future.

The issue in front of us is to determine where the needed energy will come from and who should produce it. Rapid and pioneering technological advances are made every day in fuel efficiency. Alternative forms of energy, especially renewables, are growing exponentially and in time will replace fossil fuels. However, despite the progress made, there are many remaining uncertainties regarding the pace of the transition. Renewable energy production is still very limited, and although the transition to a low carbon economy has begun, it will take time to transition to a fully renewable energy system.

Until this happens, it is important that we source the world's limited energy resources in the most efficient and sustainable way possible. The oil and gas industry must and can produce low carbon intensity oil and gas. With a large geographical spread of the world's oil reserves and new unconventional recovery technologies, which are not environmentally friendly, it will make a big difference where and how these resources are extracted. Not every barrel of oil produced in the world is the same.



“ We produce oil and gas with very low emission intensity at Edvard Grieg and are committed to further reduce our emissions through energy efficiency and improved technology

Kari Nielsen
Operations Director

The actions against climate change will not benefit from divestment in responsible oil companies that devote significant resources to adapting their operations to become more carbon efficient and sustainable. On the contrary, it is these companies that must take the responsibility for producing tomorrow's energy and should not be seen as a problem but as part of the solution.

Lundin Petroleum's organic growth strategy consists of expanding its existing asset base and to develop the world's limited reserves of fossil fuels in the most efficient and sustainable way possible. Over the years we have developed systems and processes to integrate climate related considerations into all phases of operations. Today, we produce all our oil in Norway, which is one of the most energy efficient oil and gas producing countries in the world, with carbon emission intensities at half the global average.

The Norwegian government has enacted a number of policy instruments to regulate the oil industry's carbon dioxide emissions. Carbon taxes have played a fundamental role in incentivising emission reductions in Norway, alongside the purchase of carbon emission allowances of the EU emissions trading system. Taken together, these regulatory mechanisms constitute the most stringent policy instruments to date in the world. Norway's zero flaring regime, emission and discharge permits, requirement for energy management, the use of best available techniques and the feasibility assessment of power from shore for new developments represent other key measures to help drive carbon emissions reductions.

Aligning with the SDGs



GOAL 13:
Integrate climate change measures

Monitoring campaign on fugitive emissions

In 2017 Lundin Norway conducted an inspection of the process facilities on Edvard Grieg with an infrared (IR) camera in order to detect and prevent emission leaks.

Fugitive emissions are small amounts of emissions that are released unintentionally by the operational facilities. The IR camera can identify small emission seeps that would normally be missed by other detection methods. The temperature of the emissions differs from the ambient temperature which makes the emissions visible by the IR camera. The tool pinpoints where the leak is coming from. Additional emissions measurements are taken to identify the concentration of emissions in the air by identifying where releases take place we are able to address the problem, make our workplace safer, reduce our greenhouse emissions and keep costs down.

The detection campaign found low levels of fugitive emissions on the Edvard Grieg facility.

Reduction of ad-hoc flaring

Norway does not allow routine flaring; ad hoc flaring is accepted as a safety precaution in the case of operational interruptions. Lundin Norway adopted a flaring strategy prior to the commencement of production at the Edvard Grieg field, which describes its commitment to ad-hoc flaring reduction and stipulates that:

- Lundin's operated facilities shall be designed in such a way that flaring is minimized and excessive gas is recovered
- Operation of process facilities and start-up of new production wells shall be performed in such a way that flaring is minimized

The Edvard Grieg facility is designed with a system for possible re-injection of gas into the reservoir, which allows operations to maintain production and avoid flaring as much as feasible, when possibilities for gas export are limited by the pipeline operator.

We have been very successful on the Norwegian continental shelf over recent years. Our most notable discovery is the giant Johan Sverdrup field, operated by Statoil, which, within five years, will account for a quarter of all Norwegian oil production. Johan Sverdrup is a good example of how we, as oil companies, can make a difference. By using the latest technological innovations, adhering to the world's strictest environmental protection rules and regulations, and paying the highest carbon emissions tariffs in the industry, we can provide the much needed oil at reduced carbon intensity. When production starts on Johan Sverdrup in late 2019 the power required to run the operations on this installation will be delivered primarily by hydropower from shore. This will reduce emissions by up to 90 percent compared to the use of gas turbines offshore resulting in a carbon intensity estimated at 0.5 kg CO₂ per barrel of oil produced. Due to this solution, the expected total carbon emissions reduction for the life of the field is estimated at 19 million tonnes.

Currently, through our investment in new technologies and improved emissions reductions and management, Lundin Petroleum has one of the lowest carbon intensity levels in the industry. Our Edvard Grieg platform emits only 5.1 kg CO₂ equivalent per barrel of oil produced, almost half of the Norwegian average and a quarter of world average. This means that we will be able to supply Europe with reliable and carbon efficient energy for many years to come.

Lundin Petroleum's business model is based on finding innovative and sustainable solutions to continuously improve its performance to remain an energy provider of choice for the climate conscious market. The fact that we can supply the world with energy that is produced in a carbon efficient, responsible and cost effective manner is for us a clear competitive advantage.

Actions to limit climate change and reduce its impacts are essential but will only succeed if designed and implemented in parallel with other important issues, such as the supply of reliable and affordable energy and the continuation of global economic growth. Lundin Petroleum is committed to playing its part in both an informed debate and in the delivery of carbon reducing measures. And whilst we recognise we are but a small part of the overall picture we look forward to continuing to work with our partners, investors, governments and non-governmental organisations to tackle these pressing issues for the benefit of everyone, now and in the future.

Aligning with the SDGs



GOAL 12:
Responsible consumption
and production

NCS value creation and greenhouse gas emissions reduction

The Norwegian oil and gas industry has developed a roadmap for the Norwegian Continental Shelf (NCS) on how to best adapt to a future low carbon society. The roadmap, sets out its greenhouse gas reduction targets and is coupled with an action plan articulating the specific steps that the oil industry must take to achieve their goals.

Goals for 2030:

- Maintain safe and profitable production at the present level and implement CO₂ reduction measures from 2020 to 2030 which correspond cumulatively to 2.5 million tonnes of CO₂ equivalent per year

Goals for 2050:

- Maintain its position as Norway's most important value creator and increase the average recovery factor to at least 60 percent

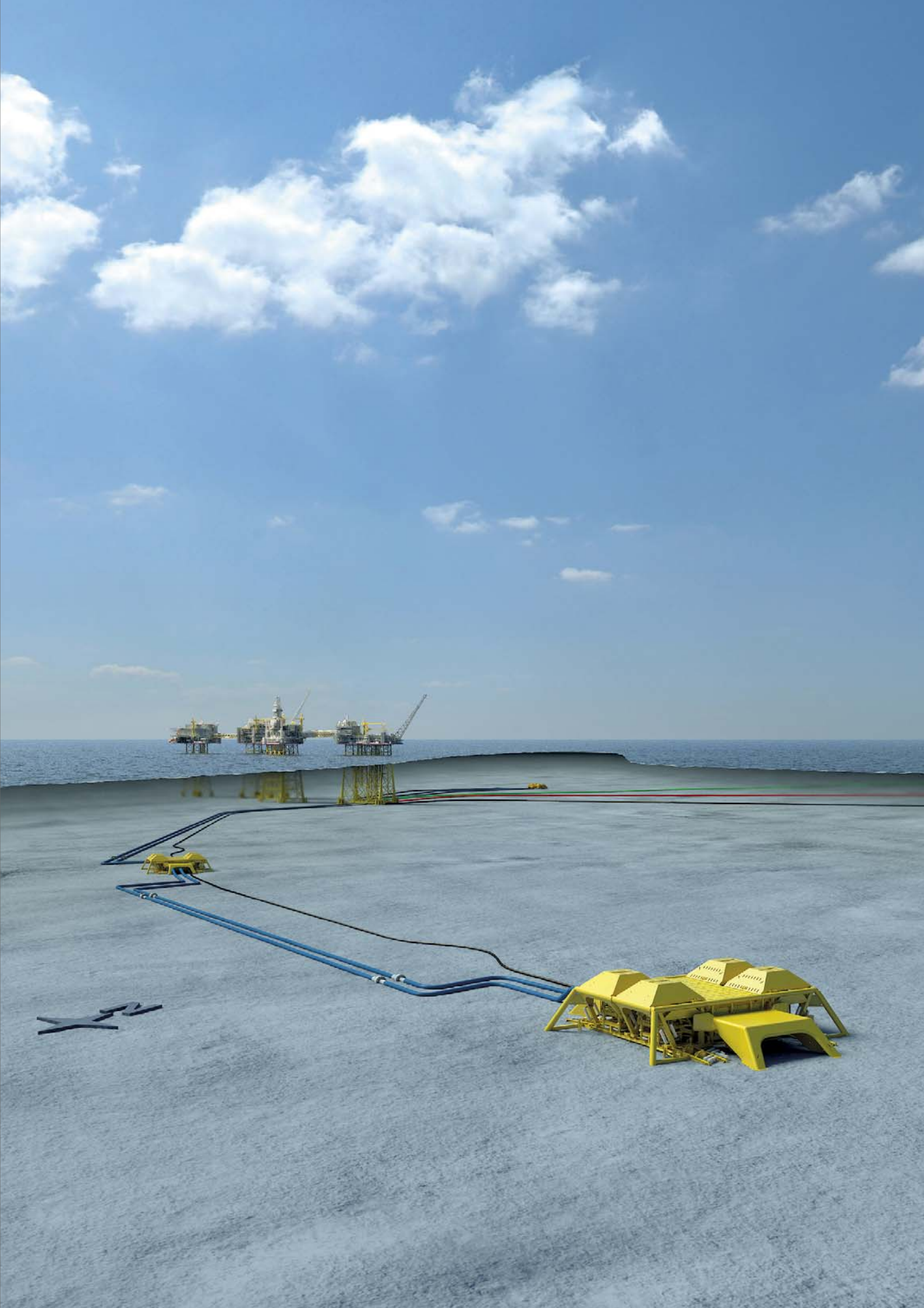
The NCS will also remain the world leader for low carbon intensity. The sector will develop and adopt technology and solutions that substantially reduce average CO₂ emissions per unit of hydrocarbons produced compared with 2030 levels.

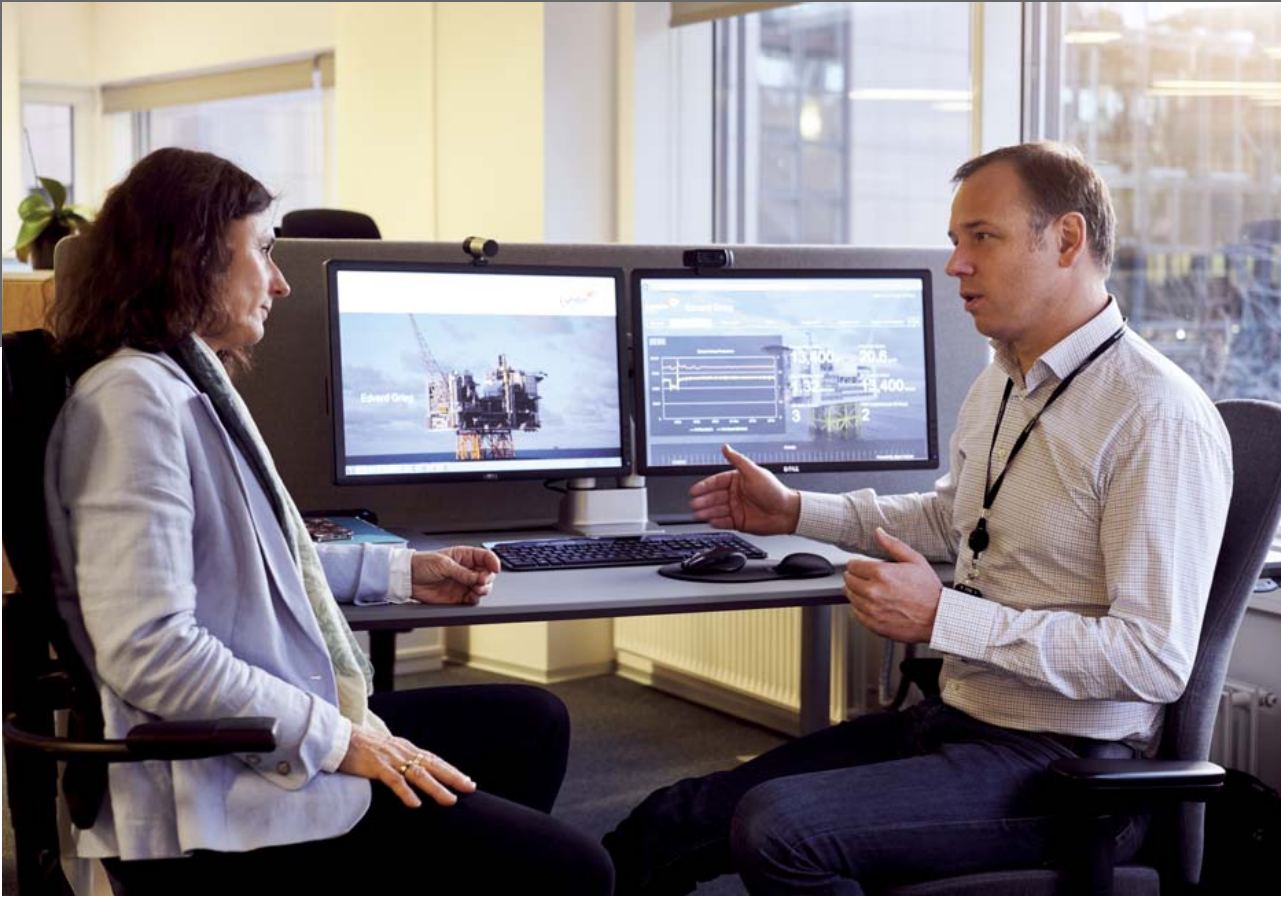
Lundin Petroleum is committed to support and play its part in the Norwegian's industry Roadmap for the NCS, with clear targets for emission reductions.

Climate change and sustainability in the energy sector

As part of its ongoing efforts to improve its sustainability performance, Lundin Petroleum's VP Corporate Social Responsibility conducted research and published an article on climate change and sustainability in the energy sector in the Journal of World Energy Law and Business. The article discusses the concern with climate change and sustainability which emerged in the public debate in the 1970s and how, over the course of the next 40 years progress was achieved on both fronts. This reflects the evolution in societal values, where economic development has to take place with due regard to its impacts on people and the environment.

The article can be accessed at:
<https://academic.oup.com>





Risk management: an integral part of our sustainable business model

Today's business landscape is dynamic, fluid and often characterised by rapid change, regional differences and cultural contrasts that lead to significant business risks.

Risk management creates value by enabling management to make appropriate decisions and deal effectively with potential events in our operations and business environment. We have designed our risk management process to identify and manage the most material risks and uncertainties affecting our business. There are many risks, including those from a corporate responsibility perspective which our Company manages. Identifying and addressing risks and opportunities guide individuals to make appropriate business choices. Risk awareness and quality focus is embedded throughout the business at all levels.

Risk management is a process driven by Lundin Petroleum's Board of Directors to encourage foresight, pro-activeness and informed decision making. Our senior management has responsibility for reviewing and measuring the effectiveness of risk and opportunity management. Country management has the day-to-day responsibility for including risks into the management systems and for monitoring their impact.

Lundin Petroleum uses a recognised risk management methodology based on probability, uncertainty and impact to perform quantitative and qualitative risk assessments and prioritise activities and resources. Definitions are based on standards by the International Association of Oil and Gas Producers and the Norwegian Petroleum Industry Standards.

“ *Lundin Petroleum places risk responsibility at all levels to continually manage threats and opportunities affecting our business* ”

Erin Link
Group Risk Manager



From a risk perspective, Lundin Petroleum’s activities are located in Norway, a country with a robust regulatory framework covering our key material sustainability issues namely environment, health, safety and security, human rights, labour standards and anti-corruption. It also has the one of the lowest carbon intensity levels in the global oil and gas industry. Including climate change considerations in operational activities and in the selection of installation designs, products and equipment has been a way of reducing both carbon emissions relative to a business as usual approach in Norway, as well as operational costs.

Nevertheless we continuously consider sustainability in a broader context. Each quarter, emerging trends are identified from internal and external sources and are reviewed by management. These trends represent key areas where we would like to raise internal awareness so that the associated risks and opportunities can be considered by Lundin Petroleum management. If a trend is identified as a risk or as an opportunity, it is considered at the local level and when relevant is included within corporate reporting, carried out on a quarterly basis.

The main sustainability trends identified in 2017 were:

Climate change: Climate change could lead to stricter regulation on emissions or imposition of mandatory technology in the areas of Norway where we operate. Major developments in this sphere, such as scientific information, COP meetings, and the possible implications of the Paris Agreement on our operations are reported on an ongoing basis through weekly, monthly or quarterly reports as well as through presentations to staff, to the Board and since 2009, annual reporting to the CDP. In the face of technological and regulatory developments stemming from climate change, Lundin Petroleum has set energy efficiency objectives and targets. We pro-actively disclose operational greenhouse gas emissions and review our energy efficiency in terms of equipment and processes. These are evaluated at the time of planning, designing new facilities and on an ongoing basis.

Digital evolution: The increased vulnerability of information to cyber threats or malware attacks enhances the risk to system security potentially affecting people’s data privacy as well as the critical systems related to assets. Companies are becoming increasingly dependent on cutting-edge information technology and digital data. Our information system controls use mechanisms such as firewalls, policies and procedures, and internal training.

Innovation: Due to our exploration activities, we have reviewed the risk and opportunities related to the availability of new technology and R&D to constantly embrace scientific progress and business opportunities, in particular as it relates to health & safety and environmental protection.

Stakeholder engagement: Inadequate stakeholder engagement and poor communication can affect the reputation of Lundin Petroleum and impact our ability to identify opportunities for our business. Lundin Petroleum reviews its activities with consideration towards our multiple stakeholders in our decision making process, including governments and nongovernmental organisations. Lundin Petroleum engages at various levels with stakeholders to ensure alignment with the Company’s presence and operations. It is also a participant of the UN Global Compact and supports social investments directly and through the Lundin Foundation thereby contributing to sustainable development projects and the United Nations Sustainable Development Goals.

Regulatory changes: Effects of legislative or regulatory changes cannot be predicted with certainty and may adversely affect the reputation of Lundin Petroleum. We act in an ethical manner, consistent with our Code of Conduct, management systems and applicable national and international regulations. As a corporate citizen, Lundin Petroleum acts preventively to manage uncertainties that can lead to disruption.

Continuous monitoring of risks and opportunities is an important part of the risk management process. It involves local operational accountability and clear responsibility for continuous identification of risks. Lundin Petroleum provides oversight through regular risk reporting which enables the review of factors such as:

- Focusing on continual improvement through management systems
- Identifying new risks and opportunities
- Reviewing reported risks and incidents to ensure that adequate insurance coverage is in place
- Maintaining an internal audit plan based on reported risks

Risk management in the value chain: contractor management

Through its tendering process, Lundin Norway ensures that all invited Contractors are committed to work in accordance with Lundin Petroleum’s ethical principles. A Contractor Declaration is issued as a part of the Invitation to Tender and the signed Declaration is a prerequisite tender deliverable.

In addition, specific questions related to the contractors’ management system and how they manage corporate responsibility are issued to Tenderers. Responses are reviewed and evaluated as a part of the technical evaluation. Questions typically address:

- Contractor’s Policies and Procedures
- Management Engagement
- Control Mechanisms
- Employee familiarisation and training
- Suppliers and subcontractors management

“Our ability to understand and differentiate our clients - what risks they face and how they approach them - is the single biggest part of an underwriting process. Nowhere is this more true than for our oil and gas portfolio, where we share the huge financial and reputational risks that companies take on as part of their business; and there is no more demanding political, natural and physical environment to operate in than in the offshore acreages of Norway. Despite being a fairly new entrant, and against a backdrop of highly volatile oil prices, Lundin has time and again demonstrated itself to be capable of leading the industry in finding new and economic ways of responsibly building a leading position here. In our engagement with the risk management of Lundin we have learned about how they manage these responsibilities and the direction, strategy and culture that has allowed it to achieve what it has in such a short time. Lundin’s founding role in the ‘Barents Sea Exploration Collaboration Project’ epitomises this attitude; initiatives such as this help build our understanding of the risks we are both taking, giving us a common footing to insure what we would recently have thought of as ‘frontier’ operations.”

Duncan Wilson
 Head of Oil and Gas / QBE European Operations
 Lloyd’s Underwriters



Compliance, anti-corruption and whistleblowing

Aligning with the SDGs



GOAL 16:
Engagement towards anti-corruption and human rights

Regulatory compliance

Complying with laws and regulations that govern the industry, is the minimum basis upon which Lundin Petroleum conducts business. There have been no cases of corruption and no significant fines or non-monetary sanctions for non-compliance, a trend we continuously strive to uphold.

Compliance at Lundin Petroleum

Lundin Petroleum's Anti-Corruption Policy and Guidelines act as the formal basis for our anti-corruption actions. We review our internal conduct, but equally address those of our partners, contractors and suppliers. We have formalised this process through the inclusion of anti-corruption clauses in main contracts and in our Contractor Declaration, which outlines Lundin Petroleum's expectations in relation to corruption. In the event of non-compliance, avenues of action are explored, including the possibility of contract termination. In 2017, we included the issue of corruption in our contractor evaluations in Norway. Through this process, we ensure that we identify early in the process the risks of unwanted acts in our value chain.

At the end of 2017 a case of possible corruption involving the head office of one of Lundin's suppliers was brought to our attention. As part of our due diligence process we issued a formal request for information. A prompt response was received from senior management confirming that the case involved a single event not affecting our pre-existing relationship.

Our commitment to combat corruption

Lundin Petroleum ensures full compliance with anti-corruption laws and internal rules and processes.

In addition we participate in a number of initiatives that actively promote anti-corruption, such as:

- The United Nations Global Compact
- The United Nations Global Compact Nordic Network
- The Extractive Industries Transparency Initiative (EITI)

The EITI's mission is to combat corruption in all its forms specifically in the extractive industry.

Partnering with the EITI helps us to better understand the array of risks that need to be managed, allowing us to partake in an industry wide effort to combat corruption in all its forms.

In 2017, the EITI had 51 implementing countries, disclosing USD 2.3 trillion of taxes and royalties. This demonstrates the sector's increased transparency of payments. Throughout the year, Lundin Petroleum has held regular meetings with the EITI.

Whistleblowing

We encourage people working for us to voice their possible concerns regarding unethical or illegal conduct.

Our Whistleblowing Policy and Procedure prompts individuals to raise concerns regarding inappropriate behaviour, at any time, in an open and direct manner to their line managers or supervisors. Moreover, concerns can be submitted anonymously via whistleblowing@lundin.ch.

In 2017, there were no cases raised through the whistleblowing procedure or otherwise.

Anti-corruption workshops

In 2017 Lundin Petroleum participated in two workshops organised by SNS in Stockholm for CEOs and sustainability managers. EITI's chairman and Secretary General gave keynote presentations, while Lundin Petroleum's VP Corporate Responsibility described how the Company ensures on an ongoing basis that it does not engage, directly or indirectly, with intent or neglect, in any corrupt activity.

Policy on Gifts and Hospitality

Lundin Norway has a Policy on Gifts and Hospitality which acts as an overriding principle across all business relations and activities. Employees are expected to act in an unbiased manner while representing the Company. All gifts must be registered, and employees must refrain from accepting gifts exceeding the value of 500 NOK. Participation to social events must also be approved by the responsible line manager.



Our people

Lundin Norway was one of the few oil and gas companies to increase its employee base in Norway in 2016 and 2017. It has also decided to invest in the future generation by assisting graduates in getting relevant experience through the establishment of one-year positions within the drilling, exploration and reservoir development departments.

At the end of the year, Lundin Norway had 355 employees, with a turnover rate of 0.9 percent. Lundin Norway also employs consultants and contractors who provide services for and on behalf of the Company. More than 40 consultants and a number of contractors were engaged for services related to Drilling, Field Operations, Field Development and HSEQ.

At group level, 2017 is reflective of Lundin Petroleum’s transitional period. As a result of the spin-off of its non-Norwegian assets, Lundin Petroleum saw a relative decrease in its total number of employees. Excluding loss of staff due to the spin-off, the cumulative group employee turnover rate is below 2 percent.

Diversity and gender parity

Lundin Petroleum values diversity and strives to maintain an open and inclusive work environment. A total of 28 different nationalities were included in the employee base in 2017. Women represented 27 percent of the total workforce and 27 percent of managerial positions. Despite efforts both at the national and company level to improve these rates, it is not always possible to attract and recruit suitable female candidates in our sector. One of the measures the Company has put in place to try to increase the percentage of female employees is to require the inclusion of female candidates at the interview stage, when such applications have been received.

Aligning with the SDGs



GOAL 5:
Promote gender equality

“Offering a stimulating, inclusive and rewarding working environment ensures that Lundin Petroleum continues to successfully retain and attract the very best talent in our industry

Sean Reddy

Vice President Human Resources and Shared Services

Human rights

Lundin Petroleum fully complies with the Norwegian Working Environment Act which addresses human rights issues.

Labour relations

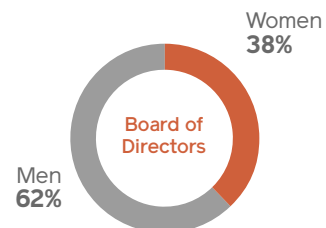
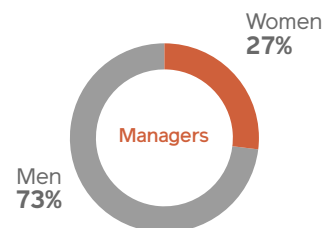
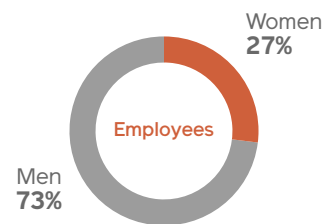
We actively engage and promote good employee relations and sound employment practices, offering attractive and safe working conditions.

Lundin Norway is a member of the Norwegian Oil and Gas Association, (a subsidiary of NHO, the Association of Norwegian Enterprises), an employers association for oil and gas supplier companies, which has in place a framework agreement with affiliated unions. Central salary negotiations are held every year and the agreements are negotiated with the unions on a bi-annual basis.

Norway enjoys freedom of association; with a level of union participation of around 50 percent.

Leadership training

In 2017, Lundin Norway established a leadership training program. The purpose of the training is to help employees in various leadership positions to tackle challenges related to their existing and upcoming responsibilities. 47 completed this program in 2017 and another 20 will be trained in 2018. In addition, the Company pursued its Top Management Training initiated in 2016 for senior managers.



Aligning with the SDGs



GOAL 8:
Ensure decent work

Health and working environment

We are committed to create a safe and healthy workplace for all our employees and contractors

The health and wellbeing of our people and a good working environment are crucial factors to perform our activities safely and efficiently.

Health and well-being

To promote health and well-being, we work systematically and proactively to manage psychosocial conditions in the working environment, and to control workers' exposure to physical and chemical health risk factors. We closely monitor health effects and work related illness for our workforce. For 2017 there were no reported work related illnesses.

The Petroleum Safety Authority conducted an audit on Edvard Grieg regarding management of working environment risks and employee participation. The Health authorities also conducted an audit on the management of drinking water, food and medicine supplies. There were no critical findings but observations have been properly addressed.

Sick Leave at Lundin Norway

| | |
|---|-------------|
| Total sick leave | 2.6% |
| Short term sick leave (less than 8 weeks) | 1.4% |
| Long term sick leave (more than 8 weeks) | 1.2% |
| Average sick leave in Norway | 6.4% |

Aligning with the SDGs



GOAL 3:
Promote health and well-being

Staff survey on working environment

Based on our values of openness, trust, honesty and diversity we seek to offer a stimulating and inclusive working environment. In order to ascertain whether we have met that objective, in January 2017 Lundin Norway commissioned a working environment survey for all employees. 98 percent responded anonymously to the questionnaire, showing the significant engagement of our staff. There was a high level of satisfaction among employees regarding their work situation and the current working environment. A summary of the report was presented in a Town Hall meeting while the detailed findings were discussed at department level leading to improvement plans implemented throughout the year.

Health and working environment survey on Edvard Grieg

The most significant risk factors for offshore staff are high noise, ergonomic strain, and exposure to hydrocarbons and chemicals. In 2017, systematic working environment health risk assessments have been performed for all employee groups on Edvard Grieg. No major risk issues were identified. Audiometric screening as well as ergonomic assessments and occupational hygiene monitoring are carried out according to plans.



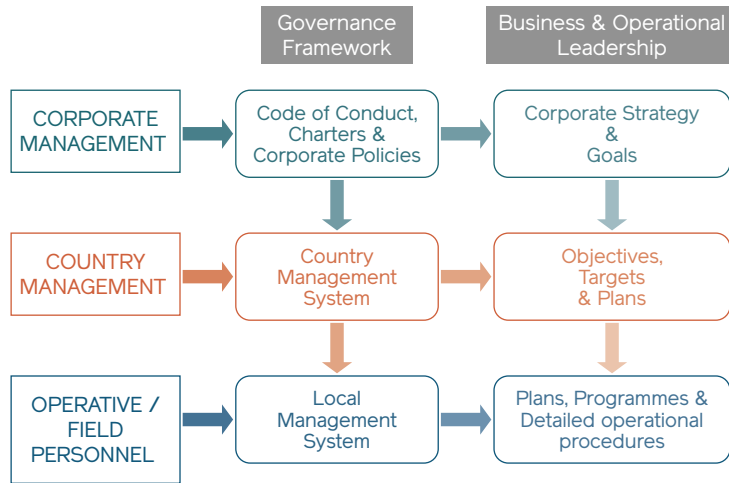
“ *The health and safety of everyone working in our operations is our highest priority* ”

Nick Walker
Chief Operating Officer

Safe and sustainable work practices

HSE as an integral part of our business model

Safe and secure operations that protect people, the environment and our assets are fundamental to our business and therefore command our constant attention. Our management system is modelled after relevant ISO standards, including ISO 1400 for the environment, 45001 for occupational health and safety and 50001 for energy management. Striving for continuous improvement, we have stringent work processes and procedures and adopt best industry practice to ensure we conduct our business in a responsible and sustainable manner.



HSEQ Leadership Charter

At the end of the year, Lundin Petroleum developed a corporate HSEQ (Health, Safety, Environmental and Quality) Leadership Charter, which sets out the governance framework as well as operational governance for managing the business following high HSEQ standards. The Charter sets out four core foundation themes: leadership, risk and opportunity management, continuous improvement and implementation. It further details how these themes are to be operationalised.

“ Sustainable activities means integrating corporate responsibility issues at every operational stage

Christine Batruch
Vice President Corporate Responsibility

Safety performance

We had no incidents resulting in serious consequences in 2017 and no reportable gas or oil leaks throughout the year.

In 2017 we recorded:

- One lost time incident with minor consequence and no further potential
- One high potential incident with no actual consequence

Targets

We did not meet our target for total recordable injuries (TRIR) resulting in absence from work or medical treatment in 2017. Efforts to reduce incidents were identified to reduce the number of recordable injuries in 2018.

We achieved our goal of zero reportable oil and gas leaks.



¹ Adjusted for IPC spin-off

HSE Performance against Targets

| KPI's 2017 | Target | Result ² |
|---|--------|---------------------|
| Serious incident frequency ³ | 0 | 0.49 |
| Total Recordable Injury Rate ³ | 2.77 | 3.41 |
| Serious oil/gas leaks | 0 | 0 |

² Norway only (for Group result see p.40)

³ Per million working hours

Aligning with the SDGs



GOAL 8:
Ensure decent work

Major accident prevention

We are committed to ensure that all our activities, from exploration to production, are conducted safely, cost effectively and in accordance with industry best practice.

We believe that a thorough selection of competent people into our organisation is important for safe and efficient performance. Ensuring that we have the right people at the right place forming multi-skilled teams and ensuring rigorous planning with a focus on risk management and accident prevention are critical to our success.

Process safety also plays an important part, as it involves managing the integrity of operating systems and processes to prevent unplanned releases that could result in accidents. We are continuously aiming to strengthen our safety culture with competence and training, risk understanding, resilient barriers against accidents and pro-activeness as key principles. We had no material process safety incidents in 2017.

Security

Lundin Norway has in place an organisation that understands continuously evolving security risks. It interacts closely with industry partners and governmental security resources such as the Norwegian Police Security Service (PST) and the National Security Government (NSM).

Audits and investigations

We use audits as a tool to verify compliance with legal and corporate HSEQ requirements. Annual audit programmes are prepared and regular audits are conducted towards our contractors and internally within each operating entity and at company level.

In 2017 a number of third party audits were conducted on our licences and operating assets by the regulators and partners. The purpose of these audits is to identify potential failures or weaknesses in our systems or practices and to highlight potential non-conformances or improvement measures.

The Petroleum Safety Authority whose role is to supervise safety, emergency preparedness and the working environment in the Norwegian petroleum sector conducted a number of audits on Lundin Norway to ensure that HSE issues are fully addressed by technical, operational and organisational barriers and are maintained in an integrated and consistent manner. Issues covered by the audits included drilling in the southern Barents Sea; the working environment, IT security and electrical systems at Edvard Grieg; Luno II project follow-up and Lundin Norway's adherence to industry standards. In addition the Norwegian Environment Agency conducted an audit on the Leiv Eiriksson drilling rig operating in the southern Barents Sea and the Health authorities audited the Edvard Grieg facilities.

While the audits did not result in any critical non-compliance, we used the findings to further improve.

Contractor management

We ensure contractors follow our ethical requirements and internationally recognised rules and standards on anti-corruption, labour standards, human rights and the environment through a process of evaluation, contractual commitments and communications.

Our Contractor Declaration ensures that contractors are aware of our Corporate Responsibility requirements and commit to work accordingly. Furthermore, dedicated sessions are held to highlight the importance of HSE management and performance of our main contractors and their supply chain. The sessions also cover work programmes and safety instructions.

Emergency preparedness

To ensure our ability to respond effectively to unexpected events we conduct operational and environmental risk analyses, assessments and contingency plans. In collaboration with other operators and contractors, suitable emergency preparedness resources are made available and managed by a competent and trained emergency preparedness organisation.

Our emergency preparedness plans are tested on an ongoing basis, together with contractors, through regular emergency response drills conducted at field, country and group level.

Safety stand-down offshore due to drilling safety incidents

Throughout 2017, Lundin Norway experienced several first aid injuries among personnel working on our drilling rigs, as a result of slips, trips and falls. As a consequence, presentations were prepared and conducted on the rigs in order to reinforce to personnel the need to be vigilant when performing their day-to-day work, both with regards to observing and eliminating trip hazards, but also with regards to how they move across the decks. Following the presentations, hazard hunts were performed to identify and eliminate potential hazards.

Sustainability in operational phases

Exploration phase

A holistic approach is taken to manage potential risks by evaluating new areas for exploration activity in terms of impact on the environment and society. A good illustration is our approach in the southern Barents Sea. We started to plan our entry in 2005, applied for licences, and conducted annual campaigns of seabed surveys from 2007 onwards. We drilled our first well in 2011 and made our first major discovery in 2013 (Gohda). Based on our risk identification from sea surface to reservoir activities and on our baseline studies we determined that we are able to leave the area with minimal impact.

Drilling phase

Risk management is an integral part of the drilling process as adequate understanding of risks guide decision-making. Risk assessments are an integral part of the planning and execution phases, which require close interactions between the engineering and drilling operation teams together with their dedicated HSE team.

During the design phase, we identify geological hazards, parameters and the desired objectives for our well design and drilling method. The capabilities and limitations of the drilling rig are also evaluated in relation to the identified hazards. Designs and procedures are developed to ensure robust operational systems are in place.

The planning of a drilling operation also involves the evaluation of risks inherent to the environment where drilling operations take place. Area-specific meteorological and oceanographical conditions such as wind, weather, temperature, waves, and data relating to vessel traffic in the vicinity of the planned well site are different aspects that are reviewed. All well designs must comply with external and internal requirements and standards to ensure robust, fit for purpose and safe designs for the full lifecycle of a well.

Throughout the drilling operations, risk assessments and Job Safety Analyses are frequently conducted. Key operations are also covered under a permit to work, to ensure proper planning and coordination of simultaneous operations.

Operational phase

During field development, the Edvard Grieg platform design was subject to a detailed quantitative risk assessment (QRA) which identifies the risk of major accidents occurring during platform operations. The barriers against major accidents are continuously monitored using Barrier Panel, a dedicated software, which outlines the barrier status of the various areas on Edvard Grieg. Input to the Panel is provided directly from the software organizing the preventive maintenance program and from risk assessments made in Synergi, an incident tracking and management software.

With this method, the risk reducing barriers defined in the QRA can be verified and the risk of accidents managed.

Well abandonment and decommissioning

Lundin Norway has cessation plans in place for exploration wells in conformity with Norwegian regulations. In 2017, we drilled six exploration and four appraisal wells, all of which were permanently plugged and abandoned. We have decommissioning plans in place for our producing fields Edvard Grieg and Brynhild. Such plans also exist for non-operated producing fields, or fields with booked reserves or a Plan of Development. Decommissioning plans must describe disposal solutions proposed, taking into consideration technical, safety related, environmental and economic aspects, as well as relationships to other users of the sea. Prior to decommissioning, an impact assessment is to be carried out. No decommissioning activity took place in 2017.





Environment

We are fully committed to minimise risks to the natural environment.

In 2017, Lundin Petroleum revised its environmental policy to include the following objectives:

- Energy efficiency in all its operations
- No routine flaring
- No impact on freshwater supply
- Meet and strive to exceed applicable environmental laws and regulations
- Prepare for future challenges and opportunities through industry collaboration and leadership
- Raise awareness and promote environmental stewardship of staff, contractors and suppliers

In addition, Lundin Norway developed environmental goals applicable for all its operations:

- Minimise impact on the natural environment
- Zero non-compliances with permit conditions
- Deliver superior environmental performance
- Prepare for future challenges and opportunities through industry collaboration and leadership

It developed the following targets to monitor and reach its goals:

- Greenhouse gas emission reduction measures from 2020 to 2030 corresponding to 100,000 tonnes annually
- A lifetime operated portfolio carbon intensity below 10 kg CO₂ equivalent/boepd
- Oily water discharges < 15 mg/l
- Lifetime produced water injection regularity > 95%
- Energy loss < 2%
- Waste sorting > 95%
- Waste recovery > 75%

Relevant plans and procedures are in place to monitor and reach these goals and targets.

Aligning with the SDGs



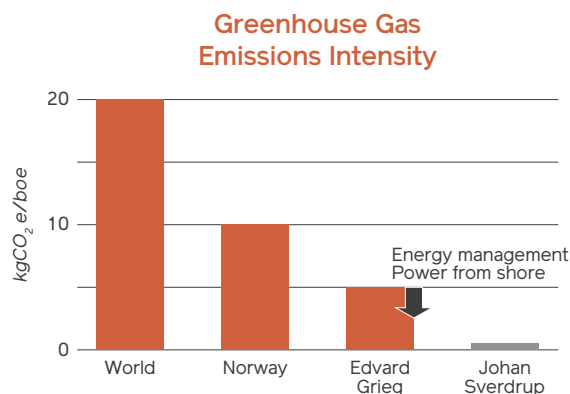
GOAL 13:
Integrate climate change measures

“ The environment is a common good which we all strive to protect

Kristin Færøvik
Managing Director Lundin Norway

Lundin Petroleum’s carbon intensity performance

In 2017, Lundin Petroleum’s direct greenhouse gas emissions for Edvard Grieg amounted to 283 thousand tonnes CO₂e. This represents a carbon intensity of 5.1 CO₂e kg/boepd, significantly lower than the global industry average of 20 kg CO₂e in 2016.



Source: NOROG and IOGP for world and Norway data (2016 averages). Edvard Grieg is 2017 data, Johan Sverdrup full field estimate

Environmental risk management

Through our Company strategy and work processes we work actively to detect potential environmental hazards, minimise current and potential risks through prevention, correction and implementation of controls. Environmental risk analyses are key processes for planning and performing all our activities. For drilling operations we identify temporal sensitivities throughout the year, in order to identify and avoid operations in periods with high environmental sensitivity.

We also focus on technical and operational solutions to reduce and mitigate inherent risks and implement appropriate mitigating measures. Oil spill contingency plans are tailor-made for each individual project.

Waste management and reduction

Waste is managed by operations depending on the type of waste involved; non-hazardous waste is segregated and sent to recycling, incineration or disposal sites. Hazardous waste is treated according to industry practice before being safely disposed of according to local environmental regulations.

The main waste produced is oil-based drill cuttings. This waste is handled by the drill fluid supplier in order to ensure optimal reuse and regeneration of the liquids. Drilling fluids are reconditioned and re-used as far as practical.

In 2017, more than 75 percent of all oil-based drill cuttings was reused or returned to the supplier for future operations. Less than 15 percent of the total amount of oil-based drilling fluid was returned as waste which is separated into solid, non-aqueous and aqueous liquids and treated appropriately with a minimal environmental impact. No non-aqueous liquids or solids containing oil are disposed on the NCS.

We have throughout 2017 further improved waste management practices. Total waste segregation was more than 95 percent and close to 100 percent on Edvard Grieg. Throughout 2017 we phased out the use of disposable paper and plastic cups and utensils from the Edvard Grieg platform drilling rigs and at our offices.

Water management

Water use is an important global issue as water scarcity is a growing challenge in many regions. However, as our operations take place offshore only, namely in the North Sea, Norwegian Sea and southern Barents Sea, they do not use water sources from scarce areas. As water used in our drilling and production activities comes from non-critical fresh water sources below the seabed, it is not a material issue for the Company.

Another aspect of water management is in relation to discharge to water. Lundin Norway monitors and measures all discharged streams to the marine environment. According to the regulations, discharge streams shall have as low oil concentration as practicable, never exceeding 30ppm on a monthly average. The Company has implemented a long-term environmental target of less than 15mg oil/l water. Produced water shall primarily be handled through reinjection with a lifetime regularity of 95 percent.

Aligning with the SDGs



GOAL 6 / 14:
Manage water effectively and ensure life below water is unharmed

Biodiversity

We are fully committed to the preservation of biological diversity, to safeguard ecosystems, species and genetic diversity

We actively participate in acquiring information and increasing our understanding of the environments in which we operate. Baseline and impact studies assess potential impacts and we map sensitive areas covered by national laws or international treaties such as the IUCN Protected Areas and the Ramsar Convention to ensure such areas are not negatively impacted by our activities. Discharges from drilling operations are assessed in terms of the impact on potentially affected natural resources, and mitigating measures are considered and implemented whenever deemed necessary.

For the southern Barents Sea areas we monitor all our activities with regards to the presence of sensitive bottom-dwelling organisms, such as corals, sponges, sea pens and other macro fauna. Several tools have been developed to carry out this task, most commonly the Remotely Operated Vehicles (ROV) and the Autonomous Underwater Vehicles (AUV), but recently we participated in the development of seabed landers for the purpose of monitoring macro-fauna around operated sites.

Lundin Norway is a founding member of the Barents Sea Cooperation (BaSEC), which started in 2015. It currently includes 18 oil and gas companies that are collaborating on exploration activities in the northernmost frontier exploration area of the Norwegian Continental Shelf. Through this cooperation we aim to develop a solid, unified data base for the area, share experience and knowledge, and develop innovative safety measures in a way that benefits both the companies and the wider society. BaSEC has produced numerous reports and recommendations, and developed tools, methods and best practices to be used by operators planning exploration activity in the southern Barents Sea region. Along with other industry partners, we also participate in tracking and mapping the moulting and foraging movements of key seabird colonies through the SEATRACK R&D project.

Natural gas seepage on the southern Barents Sea seabed

Since 2007 Lundin Norway has developed an extensive seabed investigation program focusing on seabed morphology and its relation to mapped subsurface geology, habitats for different life-forms, geo-hazards that might be relevant to future drilling, but also features that can be directly related to petroleum exploration and high-grading deeper hydrocarbon reservoirs. The main study area in this context has been the southern Barents Sea, especially around our current operated exploration licences, where subsurface prospectivity can be associated to seismically-defined shallow gas anomalies as well as sites of potential gas seepage.

To date Lundin Norway has collected several thousand km² of multi-beam echo-sounder data, high resolution interferometric synthetic aperture sonar data, millions of black and white and colour photographs of the seafloor, hundreds of drop cores and dozens of biological, carbonate crust and physical gas samples. The seafloor data collected has yielded important observations about the nature of the seabed such as pockmarks, iceberg plough marks, glacial prod marks, carbonate crusts, bacterial mats, past and ongoing gas seepage. Sites of active gas leakage are characterised by abundant macro and micro fauna, as well as extensive occurrence of microbial mats on the seafloor.

As part of our ongoing R&D program we have built a seafloor Lander, which is equipped with a variety of sensors to monitor gas seepage rates, temperature, pressure, water composition and biologic activity over a period of one year in order to cover as many temporal scales as possible. Our aim is to better understand the periodicity and rates of natural gas leakage as well as the effects on seafloor ecosystems. It also enables us to make better decisions in terms of the location of a drilling operation in view of potential impact on the biodiversity of the area. The Lundin Lander has been successfully deployed in the context of monitoring effects of a drilling operation at the Hufsa wellsite in the southern Barents Sea.

We believe our approach of integrating seafloor data with more traditional geophysical tools as well as systematic chemical, physical and biological sampling significantly enhances our understanding of the environment and the dynamic processes occurring and controlling present and past petroleum seepage.

Aligning with the SDGs



GOAL 9:
Contribute to innovative and energy efficient industry and infrastructure



Innovation through R&D projects

Developing new seismic technology to address imaging issues in the southern Barents Sea

Lundin Norway's geophysicists have contributed to the development of a new technology for seismic data imaging which can be used by the industry worldwide. Our motivation for developing this methodology was seismic imaging problems encountered in the southern Barents Sea. Over the course of the past 3 years we worked with the geoscience company CGG and developed a new acquisition solution named TopSeis™.

The originality of TopSeis lies in the location of its seismic sources above the recording streamers. Positioned a few kilometres behind the streamer vessel, the source vessel deploys a number of source arrays with a wide horizontal separation. This configuration offers the advantages of achieving exceptionally high spatial density of seismic records.

This new split-spread source-over-cable acquisition method was thoroughly evaluated and tested, taking into consideration all conceivable HSE aspects, operational challenges, comprehensive modelling and assessment of specific processing challenges. During 2016 the TopSeis solution was field tested offshore Gabon and in the North Sea. It demonstrated that TopSeis provides significant improvements compared to conventional seismic acquisition.

The first full scale 1950 km² TopSeis survey was acquired over the Lundin operated licences on the Loppa High in the southern Barents Sea from July to September 2017. The operation went smoothly with no major technical difficulties. Processing of the results of the southern Barents Sea TopSeis data has begun with expected good data quality. TopSeis provides a significantly higher resolution image of the subsurface and hence overcomes the inability of conventional methods to image shallow reservoir and geological features, such as faults, channels and stratigraphic pinch-out.

By overcoming these shortcomings, TopSeis™ enables exploration and development teams to make critical investment decisions on the basis of higher quality data.

“*What I have seen thus far exceeds all expectations. With such detailed images, TopSeis will replace conventional and site survey seismic and will further advance our capability to strategically place future wells*”

Halvor Jahre
Exploration Director

Respect for human rights

Aligning with the SDGs



GOAL 10:

Engage to reduce inequalities and promote transparency

UN Guiding Principles on Business and Human Rights

Through its endorsement of the UN Guiding Principles of Business and Human Rights in 2011, the Human Rights Council shed light on the responsibility of the global business community to respect human rights and provide an avenue for remedy.

Lundin Petroleum endorsed the UN Guiding Principles in 2012 and remains committed to respect and promote human rights within its operations and in the wider business community. In addition to national and local legislations, we adhere to recognised principles for business and human rights as embodied in international initiatives.

Respect human rights in our operations

Lundin Petroleum's sustainable value creation business model includes ensuring that throughout our operations human rights are respected. It also means being actively attentive to potential risks throughout our supply chain.

The human rights' due diligence process followed in our operations is guided by Lundin Petroleum's Human Rights Policy and Guidelines. The process entails identifying, assessing and determining any potential human rights risks for all our activities at each operational stage from exploration, to development and production. It sets out preventative or mitigating measures in the event of occurrence.

As we now only operate in Norway, we face a low risk environment in relation to human rights. We do not face human rights risks generally associated with the oil and gas exploration and production sector such as access to land, labour conditions and community disputes. Our screenings in 2017 showed no violations, potential or actual.

Promote human rights through our value chain

Although our operations do not reveal any salient human rights issues, we participate in initiatives that highlight the relevance of human rights in a business context and value these dialogues.

One of the ways we contribute to the promotion of human rights at a wider industry level is by engaging with partners, contractors and suppliers. Contracted companies are required to comply with Lundin Petroleum's Contractor Declaration, which includes a commitment to respect human rights.

In 2017 we introduced human rights as a criterion in our contractor evaluations. Contractors who submit a tender are assessed in terms of their management and performance in relation to human rights. Contractors may be excluded from the tender on that basis.

Sudan

In June 2010, the Swedish International Public Prosecution Office commenced an investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997–2003. The Company has cooperated extensively and proactively with the Prosecution Office by providing information regarding its operations in Block 5A in Sudan during the relevant time period. Lundin Petroleum continues to categorically refute all allegations of wrongdoing by the Company or any of its representatives. Lundin Petroleum strongly believes that it was a force for good in Sudan and that its activities contributed to the improvement of the lives of the people of Sudan.



Stakeholder engagement

Stakeholder engagement is an integral part of our business model and an essential step to maintain good standing within the community.

The Petroleum Act sets out the principle that petroleum resources on the Norwegian Continental Shelf (NCS) belong to the people of Norway. It is thus our responsibility to conduct our activities in such a way that meets people’s bona fide expectations. Our stakeholder engagement begins with a mapping of stakeholders based on their level of interest and influence. We engage with them in an open and transparent manner, with the goal to find a mutually satisfying outcome. Our stakeholder engagement is an ongoing process in relation to our business as usual activities and is initiated when new activities are undertaken.

When planning exploration activities, we engage with the local community. Stakeholders typically range from major suppliers to local industry vendors, as well as regional politicians or local NGOs. We discuss with local port authorities, hospitals, airports and relevant hotels about the scope of our work, how long we will be present and the potential impacts from our activity. In parallel, there is a formal consultation process led by the authorities which publishes planned oil and gas activities and impact assessments, giving stakeholders the opportunity to raise their concerns and expectations.

The main issues addressed are the possible impact of our activities on the economic development of the region and the means to source locally as much as feasible. We therefore seek to understand how local competence and capacity can contribute to our activities over time, whether for exploration wells, site surveys, rig moves, office presence, supply bases, rig yard stay, or helicopter logistics at different airports along the coast. Local stakeholders expect to take part in the tendering processes.

From a broader perspective, there are potential local and regional economic benefits due to our activities. We assess these effects and communicate them to our stakeholders. Going forward, the ability to deliver on ripple effects will become increasingly important as the development of the Far North continues to act as a thriving economic hub.

Regional ripple effects and value creation after two years of production from the Edvard Grieg field

In order to assess our impact on the local economy, Lundin Norway commissioned a third party analysis of the ripple effects from the development phase of Edvard Grieg during 2012 – 2018, which includes drilling of production and injection wells up to 2018 and operations phase from 2015 to 2017.

The total employment and value creation effects from Edvard Grieg over the years amounts to around 15,450 full-time positions and over USD 2.3 billion of economic impact.

Aligning with the SDGs



GOAL 8:
Contribute to sustainable economic growth



Corporate citizenship

Addressing societal challenges beyond our operations

Throughout this report, we have explained the manner in which we conduct our activities and the steps taken at different operational stages to integrate ethical, environmental and social responsibilities in our operating systems.

Given the nature and location of our activities in Norway, we may not through our activities have a material impact beyond our immediate sphere of responsibility. We remain committed, however, to be part of the solution to wider societal challenges. This is why we decided to partner with the Lundin Foundation and to work with other likeminded companies, governmental and civil society organisations to find innovative solutions to key economic, social and environmental challenges.

Since 2013, Lundin Petroleum has donated over 5 million USD to support Lundin Foundation's initiatives across Asia and Scandinavia.

Partnership with the Lundin Foundation

The Lundin Foundation works in partnerships across the Lundin Group of companies. It also works closely with host governments and local communities to improve the management of resource development projects. The Foundation's objective is to ensure inclusive benefits for generations to come, and does so by operating across diverse geographies, home to unique cultural and socio-economic contexts.

"The Lundin Group companies have an impressive team of professionals working with sustainability activities, and I was struck by the delegates' expertise and experience. Over the past five years, we have seen a near exponential increase in the number of institutional investors that consider ESG issues in their investment decision process. Lundin Petroleum itself has taken big steps forward to enhance and integrate its own ESG strategies. We believe that group level leadership is key to ensuring continued improvement in this field, and it is a clear positive that the Lundin Foundation is taking a central role in guiding, sharing and developing understanding and best practice among the Group companies."

Julian Beer
Head of ESG Financial Advisory,
SEB Large Corporates & Financial Institutions

Lundin Foundation CSR summit

The Lundin Foundation provides a CSR capacity building platform for the Lundin Group of Companies. The Lundin Foundation has created a Business Sustainability Group, to discuss sustainability issues and to share best practice within the Group. Bi-monthly teleconferences, webinars and an annual Lundin Group Business Sustainability Summit are held for CSR professionals from all levels of the organisation. The Foundation has additionally taken the lead in establishing a communication and documentation sharing platform. Topics include human rights, gender equity, climate and water, indigenous rights, ESG and financing.

In 2017, the Lundin Group Business Sustainability Summit was held in Portugal in October. The summit convened 35 colleagues from eight companies to share best practice and expertise on how to best advance the sustainability agenda. Representatives from CSR, community relations, communications and investor relations as well as external subject matter experts were among the participants. The summit format included presentations, technical working sessions and small working groups.

In 2017, we identified projects in Norway and Sweden that:

- Support refugee and migrant populations to improve their professional skills, start or expand businesses and enhance their employability,
- Encourage sustainable entrepreneurship and innovation among youth, and
- Stimulate entrepreneurship in new energy solutions

In November 2017, the United Nations recognised the Foundation's achievements and awarded Lundin Gold (part of the Lundin Group of companies) the Global Compact Best Practice Award for Sustainable Development for a project initiated in Ecuador with the support of the Lundin Foundation.

Aligning with the SDGs



GOALS 1 / 4 / 7 / 8 / 9 / 10 / 13 / 17 :

Through various initiatives we contribute to: reduce poverty and inequalities, quality education, clean energy, decent work, innovation, climate action and partnerships

Work with refugees and migrants

C/O Business, Malmö, Sweden

One of the perceived solutions to integrate refugees into the workforce is to assist them finding ways to start a business in their host country. The Lundin Foundation partnered with Impact Invest Scandinavia and completed a pilot program called C/O Business, a business accelerator targeted at refugees who were successful entrepreneurs in their home countries. This creates unique opportunities for new businesses to emerge as well as for employment of refugees. C/O Business provides in-depth support to help entrepreneurs understand the Swedish business environment, requirements and links to the business network.

The grant by the Swedish Agency for National Growth to an expanded business incubator program in 2017, attests to the achievement of C/O Business' target to demonstrate an innovative model to support employment and integration.

C/O Business worked with 14 entrepreneurs in 2017, among whom 50 percent female founders leading a range of businesses. The first round of C/O Business concluded with entrepreneurs pitching to local investors. Three companies succeeded in raising further capital.

BOOST Accelerator, Oslo, Norway

In 2016 a partnership with SoCentral, a recognised leader in social innovation in Norway and the Municipality of Oslo. The partnership launched BOOST Refugee, a pilot accelerator focused on developing sustainable solutions to improve employment outcomes for refugees.

Over the course of 2017, 67 refugees secured employment. Hundreds of refugees received assistance towards securing employment through career fairs and networking events. The most promising enterprises pitched to local investors, and three went on to raise additional funding.

Arctic Accelerator, Northern Norway

In 2016, the Lundin Foundation and the Norwegian business incubator Kunnskapsparken (KUPA) introduced a pilot program – Arctic Accelerator – aimed at young entrepreneurs in Northern Norway with business ideas in the areas of renewable energy, energy efficiency and sustainable utilization of natural resources.

Due to the success of the pilot program, the partnership decided to continue its support and launched the 2017/18 Arctic Accelerator program. 10 small businesses in Troms and Nordland participated in training workshops and 5 have been accepted to the full program of intensive technical assistance and support. The Arctic Accelerator was shortlisted for the Best Accelerator at the 2017 Nordic Start-up Awards.

Forum for Reforms, Entrepreneurship and Sustainability (FORES), Sweden

A partnership was launched in 2017 with FORES, a Swedish sustainability think tank to stimulate innovation from the private sector in entrepreneurship development. This will culminate in 2018 with a workshop, investment pitches and networking events with investors, strategic partners and other key players in the ecosystem, focusing on the entrepreneurs and their solutions to solving climate and energy related issues with applications and technology for use of renewable energy sources.



Lundin Petroleum and the UN Sustainable Development Goals


Through the Sustainable Development Goals (SDGs) the United Nations has mapped out a plan to overcome poverty while simultaneously protecting the planet and people living on it. What the SDGs seek to achieve is a measure of social fairness combined with environmental sustainability. This call for action concerns us all, as corporate or individual citizens, and it is incumbent upon us to find ways in which, individually or collectively, we can play a part in achieving these global goals. This can be done by positively contributing to the achievement of the goals or by avoiding and mitigating potential negative impacts.

Operating solely offshore Norway means we do not face the sustainability challenges traditionally associated with oil and gas exploration, such as access to land or community impacts. Despite our favourable operating environment we are aware of and intend, as a corporate citizen, to play a role, whether directly or indirectly in promoting the 17 SDGs.


Lundin Petroleum's SDG Chart




SDG 5 – Gender equality
 Non-discriminatory policy; equal pay and opportunities; 38% female board members; maternity leave exceeding ILO standards.



SDG 7 – Affordable and clean energy
 Driving energy efficiency through Best Available Technique (BAT); use of power from shore for Johan Sverdrup and Edvard Grieg.



SDG 6 – Clean water and sanitation
 No use of scarce freshwater sources for operations; managing produced water to below regulatory norms.



SDG 10 – Reduced inequalities
 Promoting gender parity in hiring practices; supporting educational youth opportunities.



SDG 12 – Responsible consumption and production

Improving resource efficiency in production; ensuring effective water and waste management; improving supply chain sustainability with contractors.

SDG 14 – Life below water

Environmental management systems; tailor-made contingency plans; information acquisition through baseline/impact assessments.

SDG 13 – Climate action

Promoting energy efficient practices; reduced carbon intensity; use of renewable resources for own consumption.

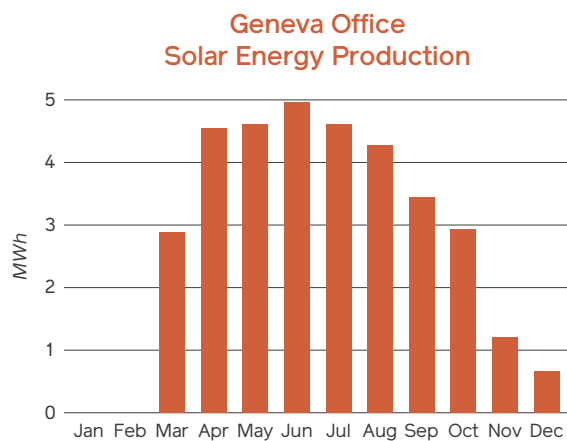
SDG 17 – Partnerships for the goals

Lundin Foundation and other institutions addressing societal challenges covered by the goals.

Renewable energy

Lundin Petroleum took the following initiatives in 2017 to reduce its environmental footprint.

It installed 100 solar panels on the roof of its office building in Geneva. The installation has already produced 35 MWh of clean electricity, corresponding to CO₂ emissions savings of 16 tonnes of this energy was produced by a gas powered electric plant. At its inauguration, the CEO encouraged staff to consider taking similar steps to reduce their environmental footprint.



Waste reduction

Lundin Petroleum decided to stop providing staff with bottled water opting instead for distilled water fountains. The number of bottles purchased on an annual basis was 11,140, representing 307 kilogrammes of plastic. The initiative was communicated to staff with an explanatory note and a movie on the major threat posed by plastic bottles to our planet, in particular to our seas and oceans. In parallel, Lundin Norway took the initiative to cease the use of plastic and paper cups on the Edvard Grieg platform, drilling rigs and in its offices.

Entrepreneurship

Entrepreneurship is a core characteristic of our Company and we seek to foster entrepreneurship among students by stimulating their creativity and openness to new ideas. Building on these themes we hosted an annual student competition in Norway, encouraging students to come up with new concepts and ideas which might have a potential for future technological solutions. The ultimate goal is to highlight the importance of creativity as an enabler of new solutions and a driver of technological innovation. The winners are then assisted by company specialists to mature their ideas and are given the opportunity to visit the Edvard Grieg field offshore.

Another initiative has been to host an Innovation Day at the premises of Lundin Norway at Lysaker, an open day, where bold, innovative ideas were presented to a dedicated audience. The presenters in 2017 made new business contacts and matured their ideas.

Arts and sports sponsorships

In the past few years, Lundin Norway has been one of the main sponsors of the Astrup Fearnley Museum of Contemporary Art. This leading European museum of contemporary art in Oslo recorded an all-time high number of visitors in 2017 due to its quality exhibitions and its importance to the contemporary art scene.

The engagement with the Norwegian College of Elite Sports stems from our belief that young sports talents should be able to follow their passion in sports, while receiving the same formal education as everybody else.

Through these two sponsorships, we seek to support innovation and excellence in arts and in sports, values which have contributed to success in our business.

Lundin Petroleum sustainability data

| Health and Safety ¹ | 2017 | 2016 ² | 2015 ² |
|---|------------------|-------------------|-------------------|
| Fatalities | | | |
| Employees | 0 | 0 | 0 |
| Contractors | 0 | 1 | 0 |
| Total | 0 | 1 | 0 |
| Lost time incidents | | | |
| Employees | 1 | 0 | 1 |
| Contractors | 0 | 2 | 8 |
| Total | 1 | 2 | 9 |
| Restricted work incidents | | | |
| Employees | 0 | 0 | 0 |
| Contractors | 0 | 2 | 0 |
| Total | 0 | 2 | 0 |
| Medical treatment incidents | | | |
| Employees | 1 | 2 | 1 |
| Contractors | 5 | 0 | 9 |
| Total | 6 | 2 | 10 |
| Lost time incident rate (million hours worked) | | | |
| Employees | 1.30 | 0 | 0.78 |
| Contractors | 0 | 1.06 | 2.08 |
| Total | 0.47 | 0.67 | 1.76 |
| Total recordable incident rate (million hours worked) | | | |
| Employees | 2.61 | 1.79 | 1.55 |
| Contractors | 3.69 | 2.66 | 4.43 |
| Total | 3.30 | 2.34 | 3.71 |
| Exposure hours | | | |
| Employees | 767,609 | 1,115,738 | 1,286,396 |
| Contractors | 1,355,856 | 1,881,461 | 3,841,243 |
| Total | 2,123,465 | 2,997,199 | 5,127,639 |
| Near misses with high potential | 1 | 3 | 6 |
| Contractor screening using HSE & CR criteria³ | | | |
| New contractors (%) | 100 | 100 | 100 |

| Environment | 2017 | 2016 ² | 2015 ² |
|---|----------------|-------------------|-------------------|
| UNPLANNED RELEASES TO SEA OR LAND⁴ | | | |
| Oil spills | | | |
| Number | 0 | 0 | 0 |
| Vol. (m ³) | 0 | 0 | 0 |
| Chemical spills⁵ | | | |
| Number | 2 | 2 | 6 |
| Vol. (m ³) | 16.38 | 65.20 | 59.88 |
| Hydrocarbon leaks | | | |
| Number | 0 | 1 | 0 |
| Mass (kg) | 0 | 650 | 0 |
| EMISSIONS | | | |
| Direct GHG (CO₂e, tonnes) – CDP Scope 1 | 265,200 | 264,000 | 98,530 |
| Indirect GHG (CO₂e, tonnes) – CDP Scope 2 | 60 | 2,100 | 1,735 |
| Other indirect GHG (CO₂e, tonnes) – CDP Scope 3⁶ | 105,000 | 115,500 | 143,823 |
| NO _x (tonnes) | 197 | 463 | 499 |
| SO _x (tonnes) | 5 | 14 | 45 |
| Flared hydrocarbons (m ³) | 13,456,000 | 37,158,000 | 19,629,132 |
| Vented hydrocarbons (tonnes) ⁷ | | | |
| Methane | 102 | 243 | 482.81 |
| nmVOC | 52 | 291 | 470.19 |
| Energy consumption (MWh) – CDP Scope 1+2 | 1,008,000 | 657,900 | 145,392 |
| Renewable energy consumption (MWh) – CDP Scope 1+2 | 2,200 | 6,200 | 5 |
| Group GHG emissions intensity (CO ₂ e, kg/boe) ⁸ | 8.4 | 8.9 | 8.5 |
| Edvard Grieg emissions intensity (CO ₂ e, kg/boe) – prod & dev drilling ⁹ | 5.1 | 8.5 | – |
| WATER | | | |
| Freshwater withdrawal | | | |
| Surface water (m ³) | 0 | 0 | 0 |
| Ground water (m ³) | 0 | 4,899 | 3,756 |
| Rainwater (m ³) | 0 | 0 | 100 |
| Produced water (m³) | 127,163 | 1,912,608 | 1,841,535 |
| Disposal of produced water | | | |
| Reinjected water into the reservoir (m ³) (Norway) | 45,146 | 847,816 | 1,026,818 |
| Percentage of total water volume disposed (%) | 35.5 | 44.3 | 55.8 |
| Injection into disposal wells (m ³) (France) ¹⁰ | 0 | 562,376 | 562,495 |
| Percentage of total water volume disposed (%) | 0 | 29.3 | 30.5 |
| Water sent to terminal onshore through oil production pipeline (m ³) | 36,184 | 0 | 0 |
| Percentage of total water volume sent to terminal onshore (%) | 28.5 | 0 | 0 |
| Discharge to sea (m ³) (Norway) ¹¹ | 45,833 | 492,914 | 252,222 |
| Percentage of total water volume disposed (%) | 36.0 | 25.8 | 13.7 |
| Hydrocarbons discharged to sea within produced water (m ³) ¹² | 1.16 | 8.39 | 4.2 |
| Total (m³)¹³ | 127,163 | 1,903,106 | 1,841,535 |

| Environment (continued) | 2017 | 2016 ² | 2015 ² |
|---|------------------|-------------------------|-------------------------|
| WASTE | | | |
| Drill waste using aqueous drilling fluid (by disposal method) | | | |
| Onshore disposal to controlled sites | | | |
| <i>Drill cuttings (tonnes)</i> | 0 | 0 | 291 |
| <i>Water based mud (tonnes)</i> | 7.23 | 0 | 15,856 |
| Offshore disposal with or without pre-treatment | | | |
| <i>Drill cuttings (tonnes)</i> | 12,022 | 10,279 | 13,128 |
| <i>Water based mud (tonnes)</i> | 37,721 | 31,098 | 59,561 |
| Drill waste using non-aqueous drilling fluid (by disposal method) ¹⁴ | | | |
| Onshore disposal to controlled sites | | | |
| <i>Drill cuttings (tonnes)</i> | 3,485 | 3,433 | 2,049 |
| <i>Oil based mud (tonnes)</i> | 2,265 | 4,000 | 6,841 |
| Offshore disposal with pre-treatment | | | |
| <i>Drill cuttings (tonnes)</i> | 0 | 1,553 | 2,863 |
| <i>Oil based mud (tonnes)</i> | 0 | 0 | 0 |
| People | 2017 | 2016² | 2015² |
| Employees | | | |
| Total ¹⁵ | 411 | 542 | 589 |
| Employee turnover (%) | 1.18 | 1.69 | 6.5 |
| New hire rate (%) | 6.35 | 2.25 | 2.2 |
| Gender diversity | | | |
| Number of men | 298 | 359 | 420 |
| Number of women | 113 | 183 | 169 |
| Women in workforce (%) | 25 | 34 | 29 |
| Women in management (%) | 27 | 20 | 20 |
| Women in the Board of Directors (%) | 38 | 38 | 38 |
| Employees by age groups (%) | | | |
| < 30 years | 5 | 8 | 8 |
| 30 – 50 years | 60 | 63 | 60 |
| > 50 years | 35 | 29 | 32 |
| Incidents of discrimination | 0 | 0 | 0 |
| Society | 2017 | 2016² | 2015² |
| Disputes associated with operations | 0 | 0 | 0 |
| Actual impacts on local communities | 0 | 0 | 0 |
| Corporate donations (USD) | | | |
| Sustainable investments | 103,129 | 17,500 | 33,300 |
| Contribution to the Lundin Foundation | 1,159,900 | 569,300 | 785,200 |
| Total | 1,263,029 | 586,800 | 818,500 |
| Contributions to initiatives (USD) | | | |
| United Nations Global Compact | 10,000 | 5,000 | 5,000 |
| Extractive Industries Transparency Initiative (EITI) | 40,000 | 35,000 | 35,000 |
| CDP | 2,795 | 2,760 | 3,440 |
| Total | 52,795 | 42,760 | 43,440 |

| Anti-corruption | 2017 | 2016 ² | 2015 ² |
|---|---------------|-------------------|-------------------|
| Communication of anti-corruption policy | | | |
| Board of Directors (%) | 100 | 100 | 100 |
| Employees (%) | 100 | 100 | 100 |
| Training on anti-corruption¹⁶ | | | |
| Board of Directors (%) | 100 | 100 | 100 |
| Employees (%) | 100 | 100 | 87 |
| Confirmed incidents of corruption | | | |
| Number of incidents | 0 | 0 | 0 |
| Impact on employees | 0 | 0 | 0 |
| Impact on contractor relations | 0 | 0 | 0 |
| Legal cases | 0 | 0 | 0 |
| Report to the EITI | Norway | Norway | Norway |

| Compliance | 2017 | 2016 ² | 2015 ² |
|---|------|-------------------|-------------------|
| Significant fines | | | |
| Number | 0 | 0 | 0 |
| Value (USD) | 0 | 0 | 0 |
| Environmental fines | | | |
| Number | 0 | 0 | 0 |
| Value (USD) | 0 | 0 | 0 |
| Non-monetary sanctions | | | |
| Number | 0 | 0 | 0 |
| Environmental non-monetary sanctions | | | |
| Number | 0 | 0 | 0 |

| Payments to governments (TUSD) ¹⁷ | Taxes | Royalties | Fees | Production entitlement | Total 2017 |
|--|---------|-----------|--------|------------------------|------------|
| Norway | -72,909 | n/a | 14,372 | n/a | -58,537 |

¹ IOGP definition and methodology.

² Pre IPC spin-off.

³ We report on main contractors which are determined based on the scope of work, contract duration, contract value and/or relevant risk factors.

⁴ As per Norwegian notification requirements.

⁵ The chemical spills consisted of involuntary releases of water based muds to sea, in quantities that did not impact water quality or biodiversity.

⁶ Scope 3 figures are preliminary, given that emissions from investments (e.g. Alvhheim) are not readily available.

⁷ Vented hydrocarbons include fugitive emissions for 2016.

⁸ Gross emissions divided by gross production from operated fields and development drilling. The apparent increase in intensity compared to 2015 is due to the inclusion of development drilling emissions.

⁹ Edvard Grieg gross emissions from production operations and development drilling divided by gross production.

¹⁰ Post spin-off, France data is no longer applicable.

¹¹ Produced water is only released to sea if the water quality conforms with national regulation.

¹² Volume of hydrocarbons discharged within produced water are below the OSPAR Convention's 30 ppm threshold recommendation.

¹³ Discrepancy between produced water and disposal of produced water is due to amounts of produced water transported from Edvard Grieg through the oil pipeline to the oil terminal onshore.

¹⁴ Prior to any offshore disposal of non-aqueous drilling fluid, drilled cuttings are treated to reduce the amount of residual oil, to ensure that levels are below regulatory defined amounts.

¹⁵ Permanent and fixed term employees by end of year paid directly by the Company.

¹⁶ Percentage of Board and employees trained through e-learning course 2015 – 2016.

¹⁷ The report on payments to governments with details of payments is available on www.lundin-petroleum.com.

GRI index

Lundin Petroleum's 2016 GRI index, in accordance with the GRI G4 "core" level, provides references to the GRI G4 indicators the Company reports on.

| Standard Disclosure | Description | Reference |
|---|--|-----------------------|
| GENERAL STANDARD DISCLOSURES | | |
| Strategy and analysis | | |
| G4-1 | Statement from the CEO | SR 2-3 |
| Strategy and analysis | | |
| G4-3 | Name of the organisation | SR back cover |
| G4-4 | Primary brands, products, and services | SR 6-7 |
| G4-5 | Location of headquarters | SR back cover |
| G4-6 | Name of countries where the organisation operates | SR 2 and 7 |
| G4-7 | Ownership and legal form | SR back cover |
| G4-8 | Markets served | SR 6-7 and 11 |
| G4-9 | Scale of the reporting organisation | AR 46, 61, 75 and 89 |
| G4-10 | Number of employees | SR 22-23 |
| G4-11 | Employees covered by collective bargaining agreements | SR 23 |
| G4-12 | Description of supply chain | SR 5 and 11 |
| G4-13 | Significant changes during the reporting period | SR 4 |
| G4-14 | Precautionary approach or principle | SR 34 |
| G4-15 | Subscription to externally developed economic, environmental and social charters, principles, or other initiatives | SR inside cover |
| G4-16 | Memberships of associations (such as industry associations) and national or international advocacy organisations | SR inside cover |
| Identified material aspects and boundaries | | |
| G4-17 | List of entities included in financial statement | AR 48 |
| G4-18 | Process for defining the report content | SR 4-5 |
| G4-19 | Material Aspects (referred to as material issues) | SR 4-5 |
| G4-20 | Aspect Boundary within the organisation | SR 4-5 |
| G4-21 | Aspect Boundary outside the organisation | SR 4-5 |
| G4-22 | Restatement of information | n/a |
| G4-23 | Significant changes from previous reporting periods | SR 4 |
| Stakeholder engagement | | |
| G4-24 | Stakeholder groups engaged | SR 6 and 35 |
| G4-25 | Basis for selection of stakeholders | SR 11 and 35 |
| G4-26 | Approach to stakeholder engagement | SR 35 |
| G4-27 | Topics and concerns raised through stakeholder engagement | SR 4-5 and 35 |
| Report profile | | |
| G4-28 | Reporting period | SR 1 |
| G4-29 | Previous reporting date | SR 48 |
| G4-30 | Reporting cycle | SR 2 |
| G4-31 | Contact point | SR 47 |
| G4-32 | GRI option, Content Index, and references | SR 44-45 |
| G4-33 | External Assurance | SR 46 |
| Governance | | |
| G4-34 | Governance structure | SR 13 |
| Ethics and integrity | | |
| G4-56 | Code of conduct | website |
| SPECIFIC STANDARD DISCLOSURES | | |
| CATEGORY: ECONOMIC | | |
| Economic performance & profitability of operations | | |
| G4-DMA | Disclosures on management approach | AR 64-69 |
| G4-EC1 | Direct economic value generated and distributed | AR 53-63 |
| G4-EC7 | Positive impacts on local economy and community | SR 36-37 |
| G4-EC8 | Enhancing skills and knowledge in a geographical region | SR 39 |
| G4-OG1 | Volume and type of estimated proved reserves and production | AR 19, 49, 53 and 110 |
| CATEGORY: ENVIRONMENTAL | | |
| Energy | | |
| G4-DMA | Disclosures on management approach | SR 30-31 |
| G4-EN3 | Energy consumption within the organisation | SR 41 |
| Water | | |
| G4-DMA | Disclosures on management approach | SR 30-31 |
| G4-EN8 | Water withdrawal by source | SR 41 |
| Biodiversity | | |
| G4-DMA | Disclosures on management approach | SR 32 |
| G4-EN11 | Operational site in or near protected areas | SR 32 |
| G4-EN12 | Significant impact on biodiversity in protected areas | SR 32 |

| Standard Disclosure | Description | Reference |
|--|---|----------------|
| SPECIFIC STANDARD DISCLOSURES (continued) | | |
| CATEGORY: ENVIRONMENTAL (continued) | | |
| Emissions | | |
| G4–DMA | Disclosures on management approach | SR 14–15 |
| G4–EN15 | Direct greenhouse gas emissions (Scope 1) | SR 41 |
| G4–EN16 | Energy indirect greenhouse gas emissions (Scope 2) | SR 41 |
| G4–EN17 | Other indirect greenhouse gas emissions (Scope 3) | SR 41 |
| G4–EN18 | Greenhouse gas emissions intensity | SR 41 |
| G4–EN21 | NOx, SOx, and other significant air emissions | SR 41 |
| G4–OG6 | Volume of flared and vented hydrocarbon | SR 41 |
| Compliance | | |
| G4–DMA | Disclosures on management approach | SR 21 |
| G4–EN29 | Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations | SR 43 |
| Supplier environmental assessment | | |
| G4–DMA | Disclosures on management approach | SR 28 and 30 |
| G4–EN32 | New suppliers (referred to as contractor) that were screened using environmental criteria | SR 40 |
| Effluents and waste | | |
| G4–DMA | Disclosures on management approach | SR 30–31 |
| G4–EN22 | Water discharge | SR 41 |
| G4–OG5 | Volume and disposal of formation or produced water | SR 41 |
| G4–EN24 | Number and volume of significant spills | SR 41 |
| G4–OG7 | Drilling waste | SR 42 |
| Decommissioning | | |
| G4–DMA | Disclosures on management approach | SR 29 |
| G4–OG11 | Decommissioned sites and sites that are in the process of being decommissioned | SR 28 |
| CATEGORY: SOCIAL | | |
| Employment | | |
| G4–DMA | Generic disclosures on management approach | SR 22–23 |
| G4–LA1 | Employee hires and turnover | SR 42 |
| Occupational health and safety | | |
| G4–DMA | Disclosures on management approach | SR 24–27 |
| G4–LA6 | Type of injuries and injury rates | SR 27 |
| Diversity and equal opportunity | | |
| G4–DMA | Disclosures on management approach | SR 22–23 |
| G4–LA12 | Diversity in composition of governance bodies and among employees | SR 23 and 42 |
| Supplier assessment for labour practices | | |
| G4–DMA | Disclosures on management approach | SR 28 |
| G4–LA14 | New suppliers that were screened using labour practices criteria | SR 40 |
| Non-discrimination | | |
| G4–HR3 | Total number of incidents of discrimination and corrective actions taken | SR 42 |
| Human rights | | |
| G4–DMA | Disclosures on management approach | SR 34 |
| G4–HR9 | Human rights reviews or impact assessments | SR 34 |
| Local communities | | |
| G4–DMA | Disclosures on management approach | SR 35 |
| G4–SO2 | Operations with significant actual and potential negative impacts on local communities | SR 38 |
| G4–OG10 | Significant disputes with local communities and indigenous peoples | SR 38 |
| Anti-corruption | | |
| G4–DMA | Disclosures on management approach | SR 21 |
| G4–SO4 | Communication and training on anti-corruption policies and procedures | SR 43 |
| G4–SO5 | Confirmed incidents of corruption and actions taken | SR 43 |
| Compliance | | |
| G4–DMA | Disclosures on management approach | SR 21 |
| G4–SO8 | Significant fines and non-monetary sanctions for non-compliance with laws and regulations | SR 43 |
| Emergency preparedness | | |
| G4–DMA | Disclosures on management approach | SR 28 |
| Asset integrity and process safety | | |
| G4–DMA | Disclosures on management approach | SR 6 and 26–28 |
| G4–OG13 | Process safety events ¹ | n/a |

¹ The information is currently unavailable at Group level.
AR: Annual Report
SR: Sustainability Report



Independent Auditor's Limited Assurance Report on the Sustainability Report

To Lundin Petroleum AB (publ), corporate identity number 556610-8055

Introduction

We have been engaged by Lundin Petroleum AB (publ) to undertake a limited assurance engagement of Lundin Petroleum's Sustainability Report for the year 2017, which also constitutes the company's statutory Sustainability Report in accordance with the Swedish Annual Accounts Act.

Responsibilities of the Board and management

The Board of Directors and the Group management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on the inside front cover, and are the parts of the *GRI G4 Sustainability Reporting Guidelines* which are applicable to the Sustainability Report, as well as the Annual Accounts Act, and the accounting and calculation principles that the company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the procedures we have performed, and to make a statement on the statutory Sustainability Report.

We have conducted our limited assurance engagement in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by IAASB and our examination of the statutory Sustainability Report in accordance with RevR 12 *Auditor's report on the statutory Sustainability Report* issued by FAR.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Such an engagement is different and substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

The audit firm applies ISQC 1 *International Standard on Quality Control* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our procedures are based on the criteria defined by the Board of Directors and the Group management as described above. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group management.

A statutory Sustainability Report has been prepared.

Stockholm 26 March 2018

PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant

Fredrik Ljungdahl
Sustainability Expert Member of FAR

Forward-looking statements

Certain statements made and information contained herein constitute “forward-looking information” (within the meaning of applicable securities legislation). Such statements and information (together, “forward-looking statements”) relate to future events, including the Company’s future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and/or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities. Ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be relied upon. These statements speak only as on the date of the information and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), production costs, availability of drilling equipment, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, and financial risks. These risks and uncertainties are described in more detail under the heading “Risks and Risk Management” and elsewhere in the Company’s annual report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are expressly qualified by this cautionary statement.

Lundin Petroleum

References to “Lundin Petroleum” or “the Company” pertain to the corporate group in which Lundin Petroleum AB (publ) (company registration number 556610 – 8055) is the Parent Company or to Lundin Petroleum AB (publ), depending on the context.

Tell us what you think

We welcome any questions, comments or suggestions you might have about this report and our performance.

Please send your feedback to
info@lundin.ch

Previous sustainability reports are available at
www.lundin-petroleum.com



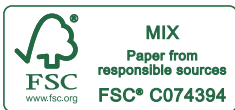
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