

A photograph of an oil rig at night. In the foreground, a large, metallic drill bit is shown in detail, with its various cutting edges and teeth. The background features the illuminated structure of the oil rig against a dark blue sky, with several bright lights creating a bokeh effect. The overall scene is industrial and dramatic.

Lundin Petroleum AB's
Communication on
Progress 2011

27 April 2012

Lundin Petroleum's Commitment to the United Nations Global Compact & Communication on Progress 2011

Dear Mr Secretary General

Lundin Petroleum celebrated its tenth anniversary in 2011. The year also represented Lundin Petroleum's first full year as a signatory to the United Nations Global Compact, which it joined in May 2010.

I am pleased to confirm that adhering to the Global Compact has been of benefit to Lundin Petroleum; from an internal perspective, it has brought more structure and focus in the manner in which corporate responsibility issues are addressed at the different levels of the organisation, from the field to the Board of Directors, and it has provided a better communication tool with stakeholders through, among others, the Communication on Progress.

As Lundin Petroleum has evolved as a company over the years, so has its corporate responsibility approach. In the early days, corporate responsibility meant ensuring that the Company remained true to its values and principles while working in challenging socio-political environments. The development of a Code of Conduct giving overall guidance to employees, contractors and partners on how the Company is to conduct its activities in an economically, socially and environmentally responsible way together with stakeholder engagement and local community development projects, were the key corporate responsibility achievements at the time. A Human Rights Primer was issued at the time and presentations on the link between human rights and business were given to corporate and country based staff. As the Company's geographical focus shifted to Europe and South East Asia, Lundin Petroleum further elaborated policies, processes and procedures to preserve the health and safety of its staff and contractors and to protect the environment, managing its risks while maintaining an open dialogue with its stakeholders, carrying out community development projects and making sustainable investments.

In terms of the Global Compact, Lundin Petroleum's focus during the first year of participation was to revisit the first two principles regarding human rights. Measures undertaken to promote and implement these principles included presentations of the two principles, given to the Board of Directors and to corporate and operational staff throughout the Group. Lundin Petroleum further issued new Guidelines on Sustainable Investments, aimed at ensuring that the Company has a positive impact on people and the environment. The Guidelines provide for assistance in the form of community development projects or corporate donations and contributions have, for example, been made to charitable organisations and projects to improve people's access to basic health, clean water and education, as well as to reduce poverty, ensure child welfare, women empowerment and provide financial assistance to disaster relief.

In the second year of membership in the Global Compact, particular attention was given to the tenth principle regarding anti-corruption. The Code of Conduct has since the beginning contained a clear anti-corruption commitment to “act in an honest way” and “refrain from accepting or offering improper payments, gifts or engaging in bribery or corrupt business practices”. To reinforce this commitment, the Board of Directors approved in December 2011 an Anti-Corruption Policy and Guidelines. The Policy and the Guidelines have been communicated throughout the Group, presented to Group Management and staff and are subject to continuous monitoring through internal audits, authorisation and accounting procedures, etc.

During 2011, to mark the tenth anniversary of Lundin Petroleum, the Board of Directors approved a revised Code of Conduct, which confirms Lundin Petroleum’s continued commitment to the values and principles expressed in it and to carrying out activities in an efficient and responsible way, and includes Lundin Petroleum’s commitment to uphold and promote the ten principles of the Global Compact.

In addition to this letter, Lundin Petroleum’s Communication on Progress for the year 2011 includes the attached sections from the Annual Report 2011, which further describe the company’s corporate responsibility policies and goals, and actions undertaken to implement the Global Compact principles, measurements of outcomes and communications with stakeholder.

I would also like to draw your attention to the corporate responsibility section of our website www.lundin-petroleum.com for additional information about Lundin Petroleum’s corporate responsibility approach and activities. It contains key documents such as the Code of Conduct and core policies, as well as information on HSE (health, safety and environment) management, sustainable investment projects, climate change, etc.

Finally, I would like to confirm that Lundin Petroleum will continue to support the ten principles of the Global Compact and remains committed to the initiative and to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of Lundin Petroleum.

Sincerely yours,



C. Ashley Heppenstall
Lundin Petroleum AB
President and Chief Executive Officer

OUR PEOPLE

Committed to value creation

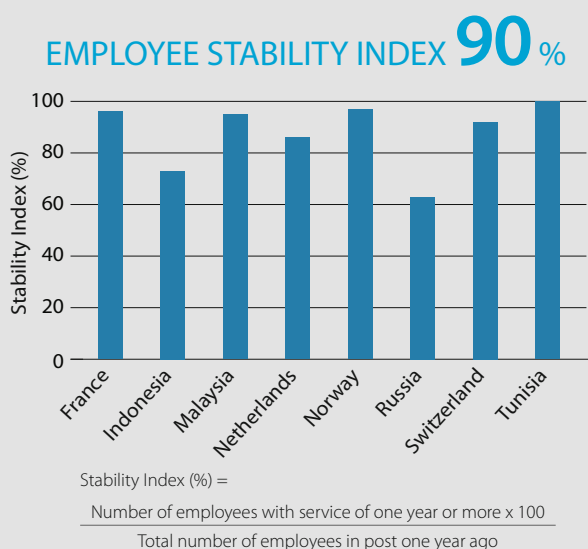
Lundin Petroleum recognises that the quality of its employee base has been its single greatest factor in delivering its success. We have been fully committed to investing in our talented and experienced employee base and the rewards are evident in the results that the Company has delivered.

Over the last ten years, Lundin Petroleum has been very successful in attracting and retaining the best possible industry talent. This has been achieved in spite of the skills shortage facing the industry. This shortage will become more acute in the coming years.

Lundin Petroleum has been able to grow a sound employer branding and reputation in many of its areas of operation, making it the employer of choice in the current market place. The Company offers opportunities for personal growth and development across the range of professional disciplines that will continue to enable the Company to attract and retain a world class work force.

At the end of 2011 Lundin Petroleum directly employed approximately 300 people along with a further 200 consultants and contractors across our operations. This skill base of highly qualified and experienced industry professionals is without doubt the essential and driving factor in the collective achievements of our successes to date.

Lundin Petroleum continues to maintain a strong and enviable stability index that is a key driver of our ongoing success and future operating capabilities.



LUNDIN PETROLEUM'S PEOPLE PRINCIPLES:

- » Link reward and variable compensation to individual pre-determined performance objectives to encourage outstanding commitment and delivery, thereby enhancing value creation across all parts of Lundin Petroleum.
- » Engagement, participation and involvement through our Performance Management Process.
- » Support and encourage ongoing training and professional development.
- » Pursue innovative recruitment and retention strategies.
- » Promote a safe and respectful working environment for all employees where Health, Safety and Environment (HSE), diversity and equal opportunities are paramount to all and are enshrined in our Code of Conduct and the Lundin Petroleum Green Book.
- » Continue to maintain a strong stability index across our people.

During the coming years Lundin Petroleum and the industry will continue to face major challenges:

- » The ever aging workforce in the sector
- » Too few new entrants to the geoscience/technical roles
- » Intense competition from other upstream, exploration and production companies

This clearly recognised industry skills gap will be profoundly felt across the coming years as senior, highly skilled geoscience and technical specialists retire from the industry. Only those companies who are committed to employee retention and engagement will overcome this skills attraction and retention challenge. Lundin Petroleum will continue to recognise that its people will remain its most important asset for the delivery of future successes.

The Company's primary people strategy is to deliver value creation for all stakeholders through the alignment of pre-determined business goals and objectives for each employee through our Performance Management Process. This framework will enable us to achieve and exceed our stated corporate goals and objectives going forward. This strategy will concentrate on the following key elements:

- » **Remuneration and variable reward**
Ensure that we continue to remain competitive by offering remuneration packages that attract and retain the best skill, talent and leadership available, whilst enhancing shareholder value creation through the linking of fixed and variable remuneration to pre-determined, business focused performance criteria.
- » **Career development**
Promote the evolving and exciting progression opportunities that the employee base enjoys in the fast growing, entrepreneurial environment of Lundin Petroleum. As the Company evolves, so must the people.

CORPORATE RESPONSIBILITY

Ten years of Corporate Responsibility at Lundin Petroleum

In its first annual report in 2001, Lundin Petroleum defined Corporate Responsibility (CR) as “more than words, it is an attitude and a commitment translated into action”. This statement remains true today; what is critical for Lundin Petroleum is that throughout the Group, at all echelons of the organisation, from the Board of Directors to staff on the drill floor, CR is integrated in decisions and work execution.

Lundin Petroleum fully endorses the definition of Social Responsibility developed by the International Organisation for Standardisation in ISO 26000: “the responsibility of an organisation for the impact of its decision and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, takes into account the expectations of stakeholders, complies with applicable law and is consistent with international norms of behaviour and is integrated throughout the organisation and practised in its relationships”.

In practice it means seeking to achieve social, environmental and economic benefits simultaneously. As Lundin Petroleum has evolved as a company, so has its CR approach. In the early days, CR meant ensuring that the Company remained true to its values and principles while working in challenging socio-political environments. The development of a Code of Conduct, stakeholder engagement and local community development projects were the key CR achievements at the time. As the Company’s geographical focus shifted to Europe and South East Asia, Lundin Petroleum further elaborated policies, processes and procedures to preserve the health and safety of its staff and contractors and to protect the environment, managing its risks while maintaining an open dialogue with its stakeholders, carrying out community development projects and making sustainable investments.

Lundin Petroleum’s commitment to its staff, shareholders, host governments and communities, and society to act as a responsible corporate citizen takes place by making the right choices in the board room and on the ground, day after day.

The Corporate Responsibility section of the Annual Report is an important way for Lundin Petroleum to communicate to its stakeholders on CR issues it has addressed during the year. It is also submitted as part of its Communication on Progress to the United Nations Global Compact since 2010. The section below provides an overview of the CR actions highlighted in the Company’s Annual Reports over the past ten years.

TEN YEARS OF CORPORATE RESPONSIBILITY REPORTING AT LUNDIN PETROLEUM

2001	Lundin Petroleum’s Code of Conduct and CR Commitment translate into concrete projects under the Company’s Community Development and Humanitarian Assistance Programme in Sudan.
2002	Lundin Petroleum’s Policies on Health, Safety and Environment (HSE) are implemented in its newly acquired Coparex assets in France, Indonesia, the Netherlands and Tunisia.
2003	Lundin Petroleum develops its company-wide HSE Management System (the Green Book) modelled after ISO 14001.
2004	Lundin Petroleum introduces tracking of HSE Key Performance Indicators (KPIs), i.e. Fatalities, Lost Time Accidents and Oil Spills/Gas Leaks. The Norwegian Petroleum Safety Authority reviews the Company’s corporate HSE culture and Management Framework and visits its operations in France, prior to agreeing to Lundin Petroleum’s acceptance as an operator in Norway.
2005	Internal HSE reporting is expanded to include actions taken in furtherance of Green Book requirements; third party HSE audits are conducted in France, Tunisia and the UK.
2006	CR analyses and stakeholder engagement take place prior to the initiation of operations in new areas and HSE issues are further streamlined in the conduct of worldwide operations. Projects are carried out under Lundin Petroleum’s Corporate Donations Programme.
2007	In view of the expansion of Lundin Petroleum’s activities in Africa, Europe and South East Asia, the Company aligns its CR framework with international initiatives, such as the United Nations Global Compact (UNGC), the United Nations Framework Convention on Climate Change and the Kyoto Protocol, the Extractive Industry Transparency Initiative, the Voluntary Principles for Security and Human Rights and the United Nations Millennium Development Goals.
2008	Lundin Petroleum initiates a comprehensive review of its HSE framework requirements to align them with international standards like ISO 14001 and OHSAS 18001.
2009	The management of HSE issues at corporate and operational levels is systematised through the establishment of HSE Plans, the holding of regular HSE Teleconferences and Management Meetings, the elaboration of HSE Management System Requirements and the introduction of leading HSE KPIs and greenhouse gas emissions’ reporting.
2010	Lundin Petroleum formally becomes a member of the UNGC; the CR section of the Annual Report is submitted as a Communication on Progress and describes the steps the Company has taken to integrate the Principles in its strategy and day to day operations.



“ In the past ten years, Lundin Petroleum has revised its CR framework on a continuous basis to ensure it addresses relevant issues in its current and prospective areas of operations; the process has involved defining internal values, principles, systems and procedures, integrating external standards and initiatives, maintaining active local and international stakeholder engagement and making contributions to support environmental, social and governance causes.



CHRISTINE BATRUCH
VICE PRESIDENT CORPORATE RESPONSIBILITY

CORPORATE RESPONSIBILITY

THE CR FRAMEWORK

The Code of Conduct

Lundin Petroleum's Code of Conduct, which is at the core of its CR commitment details the Vision, Values and Principles by which the Company is guided, as well as Responsibilities towards its shareholders, staff, host countries, host communities and the environment.

A formal review of the Code of Conduct was conducted in 2011, on the occasion of Lundin Petroleum's 10th anniversary. The Values, Principles and Responsibilities remain essentially the same as they continue to reflect Lundin Petroleum's CR commitment. The Code now includes endorsement of the United Nations Global Compact's (UNGC) Ten Principles on Human Rights, Labour Standards, Environment and Anti-Corruption, as well as a statement regarding Climate Change.

The new version of the Code of Conduct was approved by the Board of Directors in May 2011 and can be found on the Company's website under Corporate Responsibility.

In order to familiarise staff with the Code of Conduct and provide them with the necessary tools to exercise CR leadership in relation to other staff, contractors and stakeholders, Lundin Petroleum conducts staff inductions and provides staff with an induction presentation and an Employee Handbook, which detail requirements under the Code and Policies.

The Staff Induction documentation was amended in 2011 to reflect CR framework document updates.

THE POLICIES

Health & Safety

Lundin Petroleum's Health & Safety Policy commits to conduct all operations in a manner that protects people and property and complies with applicable legislation. The principal health and safety objective is to provide a safe working environment for employees, contract personnel and members of the general public.

Environment

Lundin Petroleum's Environmental Policy commits to protect the environment and to ensure that exploration, development, and production operations are conducted in compliance with applicable environmental laws and regulations and meet company-specified environmental requirements.

Community Relations

Lundin Petroleum's Community Relations Policy commits to enhance the living standards and well-being of the people in the areas it operates by, for example, hiring local staff and/or participating in community projects.

Whistleblowing

Lundin Petroleum's Whistleblowing Policy and Procedure provides an avenue for employees and contracted personnel in the Group to raise concerns about improper, unethical or illegal conduct in the workplace and to obtain reassurance

that they will be protected from reprisals or victimisation for whistleblowing in good faith.

Anti-Corruption

Lundin Petroleum's Anti-Corruption Policy elaborates on Lundin Petroleum's Code of Conduct commitment to "act in an honest way" and to "refrain from accepting or offering improper payments, gifts or engaging in bribery or corrupt business practices". The Policy was issued together with Anti-Corruption Guidelines (see below The Corporate Guidelines) as part of its UNGC commitment.

The Anti-Corruption Policy and Guidelines were adopted by the Board of Directors in December 2011.

THE HSE MANAGEMENT SYSTEM

The Green Book

Health, Safety and Environmental (HSE) Management System, the Green Book, sets corporate requirements for the systematic and comprehensive integration of HSE issues in the management of the Company's worldwide operations. It aims to achieve continuous improvement of HSE performance through a pro-active management process covering planning, implementation, monitoring and review activities.

The HSE Goals

In order to reinforce commitments made in Lundin Petroleum's Code of Conduct, HSE Policies and the Green Book and to avoid potential negative impacts on people, assets and the environment, the Company promotes the following high level HSE goals throughout its operations:

- » Zero fatalities
- » Zero incidents
- » Zero harm to the environment

The HSE Goals have been communicated throughout the Group, together with suggested "Promote, Prevent & Reduce" actions.

The Corporate HSE Plan

Lundin Petroleum issues a Corporate HSE Plan on a yearly basis. The purpose of the Plan is to have a systematic approach to HSE management, to increase HSE awareness among staff within the Company and involve them in planned activities, to promote a sound HSE culture at corporate management level and to reinforce the Company's corporate HSE goals. The Corporate HSE Plan is developed in relation to the Company's activities throughout the Group.

The Corporate HSE Plan covers actions required in relation to general, management system, audit and verification, as well as office activities; it is reported on to senior management and the Board of Directors at least quarterly.

A key 2011 HSE Plan activity was the carrying out of HSE Management System audits of all Lundin Petroleum's operated assets, namely France, Indonesia, Malaysia, Norway, Russia and Tunisia. The audits were conducted against corporate Management System Requirements (MSR) and Self-Assessment Forms. All assets were found to generally conform to corporate



expectations in terms of HSE management systems, processes and procedures and to meet the eight MSR requirements on: leadership and commitment, responsibility, local management, planning and implementation, contractor management, communication and training, risks assessments, emergency response and audits, monitoring and evaluation. Audit findings of "best practice" processes and procedures were shared throughout the Group. Recommendations for improvement measures issued for each asset will form the basis of further audits in 2012.

The Country HSE Plans

Country management is required under the Green Book to have country and/or asset HSE Plans as a means to manage HSE issues on a pro-active basis, setting HSE goals and objectives, and ensuring that HSE issues are addressed by line management. Corporate Group management keeps track of progress against country HSE Plans through operations' monthly reporting and through the yearly audits/reviews conducted in 2011.

The Corporate Guidelines

The purpose of the Guidelines is to assist country operations in addressing CR/HSE issues in line with corporate expectations.

The Guidelines for HSE Managers for the Budgeting Process assist HSE managers, through a series of questions, to ensure themselves that HSE issues have been properly addressed and integrated in operational budgets. HSE managers are required to report to corporate that they are satisfied with the operational budgets prior to their submission for approval to the Investment Committee.

The Guidelines on Oil Spill Preparedness constitute an additional control mechanism to ensure that Group companies have the proper response equipment, plans, capability and third party arrangements in place. All operated drilling and production activities are covered under a corporate contract with Oil Spill Response Ltd. HSE managers are required to report on conformity with the Guidelines at minimum each year end.

The Guidelines on Sustainable Investments assist country management to determine ways in which they can positively impact the people and the environment in their areas of operations either through community development projects or donations to sustainable organisations and causes. General Managers are required to submit their suggestions to the Vice President Corporate Responsibility (VPCR) prior to their budget submissions to the Investment Committee.

The newly issued Guidelines on Anti-Corruption provide guidance on identifying and dealing with potential corruption issues; they are a means to reinforce Lundin Petroleum's anti-corruption commitment and to assess, monitor and ensure compliance with the law and the Company's Policy. The Guidelines were presented to the Board, senior corporate management, General and HSE Managers in 2011. They will be presented to the staff in all Group companies in the course of 2012.

The Corporate HSE Procedures

Lundin Petroleum's corporate requirements and procedures are in place to ensure that operations are conducted in a safe and responsible manner throughout the Group. The HSE Management System Requirements (MSR) provides guidance on the specific requirements on operations under the Green Book. In 2011, the HSE MSR Self-Assessment Form was used as a basis for the formal HSE Management System audits conducted in all operated assets.

The corporate HSE Reporting Template which, in accordance with the HSE Reporting Requirements, all operated assets submit to Group management on a monthly basis, were updated in 2011 to include Progress against HSE Plans, Changes to Country Major Risks, and yearly environmental indicators (oil in water discharges and waste segregation) for operated drilling and/or producing assets. This enables Lundin Petroleum to track HSE performance on a monthly basis and obtain yearly environmental data which it can aggregate and compare against previous years.

CORPORATE RESPONSIBILITY

Lundin Petroleum's Emergency Response Plan (ERP), in place to ensure business continuity in the event of a problem either in a country of operations or at Group level was fully revised in 2011, to provide further guidance to operations in managing and reporting emergencies. It was rolled out to the Group at an HSE teleconference. In 2011 all Group companies carried out at least one emergency drill involving corporate management, in order to test the effectiveness of the ERP and of communications between Group and country management during emergency situations.

The Country HSE Procedures

There are operational HSE procedures in place for operations conducted by every Group company covering the full spectrum of exploration and production activities, as required, from environmental, risk, security or social studies and assessments, to permit-to-work systems, Job Safety Analyses, oil spill and emergency response preparedness as well as HSE and business continuity plans. All procedures are tested and verified on an ongoing basis, through local drills as well as internal, external and/or regulatory audits.

In addition, it is a corporate requirement for all operated assets to have a personal behaviour safety system in place such as DuPont's Safety Training Observation Programme, STOP and to pro-actively analyse their content to prevent incidents.

THE HSE STRUCTURE

The HSE Board Representative

Lundin Petroleum's Board of Directors has an overall supervisory role regarding HSE issues. It also has a dedicated CR/HSE Board Representative. In addition to regular contacts between the Board's CR/HSE Representative and the VPCR, as of mid-2011 a report which reviews HSE performance, progress against the HSE Plan, updates on stakeholder issues and sustainable investments is submitted to the Board on a quarterly basis.

The HSE Quarterly Management Meeting

Lundin Petroleum's HSE Quarterly Management Meetings convene Group senior, HSE and operational management to review HSE performance in the Group, progress against HSE Plan, and discuss HSE implications of planned operational activities and other matters of interest. Two formal meetings were held in 2011. HSE management and performance issues were also addressed in individual meetings between the Vice President Corporate Responsibility (VPCR) and the CEO, COO, the Senior Vice President Operations and/or the Group Human Resources Manager as well as in HSE teleconference meetings.

The HSE Committee

Lundin Petroleum's HSE Committee, consisting of the Senior Vice President Operations, the VPCR and Human Resource Manager, is tasked with addressing HSE matters on a needs basis. Meetings can cover a number of issues such as KPIs, the implication of an accident, the HSE implications of planned or current operations, including human resources implications and training requirements, and potential problem areas. In 2011, meetings focussed on means to improve HSE performance in France, the only country which recorded Lost Time Incidents in the Group in 2011.



The HSE Network

Lundin Petroleum gathers the HSE Network on a bi-monthly basis at an HSE teleconference. Initially destined as to be a forum for HSE managers, in view of the interest the Network generated, it was extended in 2011 to senior Group and country management.

Each HSE teleconference includes a review of main concerns/issues of the month, a status and discussion of HSE KPIs, lessons learned, and a presentation by Group corporate or country management. Seven teleconferences were held in 2011.

The topics of country presentations were:

- » HSE Plan Development (Malaysia)
- » Storage Tank Cleaning (France)
- » HSE Workshop for Contractors (Malaysia)
- » Near Misses (Norway)
- » HSE Management System (Indonesia)
- » Emergency Response and Lessons Learned (Tunisia)

The topics of corporate presentations were:

- » United Nations Global Compact Principles
- » Climate Change
- » Lundin Petroleum's Anti-Corruption Policy and Guidelines
- » Oil Spill Preparedness

All HSE corporate, operational and industry documents as well as teleconference materials including presentations are posted on a dedicated HSE web forum, accessible by General, Operations, Drilling and HSE managers throughout the Group.

LUNDIN PETROLEUM'S 2011 HSE PERFORMANCE

The HSE KPIs

The Company tracks a number of HSE Key Performance Indicators (KPIs) for its operated assets as a means to monitor the status of performance throughout the Group and establish HSE priority areas. At minimum, all incidents with a high impact or high potential are the subject of thorough investigations and follow up measures.

HSE INDICATOR DATA		2011	2010	2009
Exposure Hours	Employees	1,036,831	731,793	905,166
	Contractors	2,354,452	2,336,409	3,454,980
Fatalities	Employees	0	0	0
	Contractors	0	0	0
Lost Time Incidents ¹	Employees	3	2	2
	Contractors	3	2	1
Restricted Work Incidents ²	Employees	0	0	1
	Contractors	3	7	0
Medical Treatment Incidents ³	Employees	1	0	2
	Contractors	4	17	7
Lost Time Incident Rate ⁴	Employees	0.58	0.55	0.44
	Contractors	0.25	0.17	0.06
Total Recordable Incident Rate ⁴	Employees	0.77	0.55	1.10
	Contractors	0.85	2.23	0.46
Oil Spills	No.	7	1	1
	Vol. (m ³)	33	10	40
Chemical Spills	No.	2	1	2
	Vol. (m ³)	3.50	7.70	129.78
Hydrocarbon Leaks	No.	0	0	1
	Mass (kg)	0	0	4
Near Misses with High Potential	No.	3	3	24
Non-compliance with Permits/Consents	No.	0	6	19

¹ Lost Time Incident (LTI) is an incident which results in a person having at least one day away from work.

² Restricted Work Incident (RWI) is an incident which results in keeping a person from performing one or more routine functions.

³ Medical Treatment Incident (MTI) is a work related injury or illness that does not result in a job restriction or days away from work.

⁴ Lost Time Incident Rate and Total Recordable Incident Rate are calculated on the basis of 200,000 hours.

Health & Safety KPIs

The Health & Safety indicators tracked on an ongoing basis throughout the Group and reported on a monthly basis to corporate are Fatalities, Lost Time Incidents (LTI), Restricted Work Incidents (RWI) and Medical Treatment Incidents (MTI) among staff and contractors. Coupled with the number of hours worked, these indicators enable the Company to determine its Total Recordable Incident Rate (TRIR) per 200,000 hours worked. In addition to these lagging indicators (reporting incidents that have occurred), the Company also tracks leading indicators such as Near Misses with High Potential. The importance of leading indicators is that they throw a light on potential problems areas and enable the Company to take pro-active measures to avoid them from developing into incidents.

Environmental KPIs

Up to 2011, the environmental indicators reported included oil and chemical spills over 1 m³, hydrocarbon leaks above 1 kg on a monthly basis and greenhouse gas emissions (CO₂, NO_x, SO_x, CO, N₂O, CH₄, nmVOC) on a yearly basis for producing assets.

In 2011, two additional environmental indicators were introduced: oil in water discharges (for producing assets) and waste segregation (for drilling and producing assets). These indicators will be used in the future to set further targets.

HSE 2011 Key Performance Indicators (KPIs)

There were no major incidents in the Group in 2011, and none of any kind in Malaysia, Russia and Tunisia.

There were incidents of minor gravity in France, Indonesia and Norway, but none had a lasting impact on the individuals concerned or on the environment nor represented any risks to the pursuit of operations. In accordance with Lundin Petroleum's HSE reporting requirements, LTIs, Near Misses with High Potential and Oil Spills were investigated upon and gave rise to immediate and long term corrective measures.

Even if the level of activities was greater than in previous years, Group management is not satisfied with 2011 KPIs; it has identified specific measures which will be implemented in 2012 to improve HSE performance.

Group HSE KPIs in 2011 were as follows:

Fatalities: zero

There have been no work related fatalities to date in any of Lundin Petroleum's operations.

Lost Time Incidents (LTI): six

All the LTIs occurred in France; they involved three staff and three contractors. No serious injuries resulted from these incidents.

Restricted Work Incidents (RWI): three

Two RWIs involved seismic contractors in Indonesia and one involved a drilling contractor in France. The incidents temporarily restricted the ability of the injured person from carrying out all their routine tasks, but were of minor gravity.

Medical Treatment Incidents (MTI): five

Four MTIs occurred in Norway and one in France; they involved four contractors and one staff. All incidents resulted in minor injuries and did not stop the persons from performing their tasks.

Oil Spills: seven

A total of 33 m³ of oil spilled, of which 23 m³ in France and 10 m³ in Norway. The spills were managed according to respective Oil Spill Response Plans and thus had no permanent impact on the environment.

Chemical Spills: two

Both chemical spills occurred in Norway due to leaks on the acoustic BOP control system (total volume of 3.5 m³). The cause of the leaks was identified and the problem repaired.

Hydrocarbon leaks: zero

Near Misses with High Potential (NMHP): three

The three NMHP which occurred in Norway involved falling objects; one at Lundin Petroleum's offices and two on the

CORPORATE RESPONSIBILITY

Bredford Dolphin. They were reported due to the potential damage they could have caused if they had fallen on a person.

Non-conformances with permits/consents: zero

TRANSPARENCY

Lundin Petroleum believes that open dialogue with stakeholders not only helps the Company in identifying and addressing CR issues but also enables stakeholders to better understand the reality of its activities and its way of dealing with its CR challenges. Stakeholder engagement takes, among others, the following forms:

- » participation in international or country initiatives (UNGC, Petronas HSE Forum)
- » participation in workshops (Business and Humanitarian Forum, Institute of Graduate Studies)
- » participation in surveys (Carbon Disclosure Project, Sustainalytics, Sustainable Value Creation, Trucost, Vigeo, etc.)
- » CR presentations in academic institutions (University of Geneva, IMD Lausanne, IMI-Kyiv, Institute of Graduate Studies, etc.)
- » individual meetings with shareholders, NGOs and media on CR issues, etc.
- » responses to individual inquiries from media, NGOs, students, etc.
- » reporting in Extractive Industry Transparency Initiative compliant country (Norway)

EMPLOYMENT PRACTICE

In accordance with its Code of Conduct commitment, Lundin Petroleum seeks to ensure equal opportunity without discrimination on the basis of age, culture, disability, gender, race, religion, etc.; the overriding criterion is the person's competence and qualifications to perform the job.

Other than gender, which the Company reports on under the Financial Statements for the Group of its Annual Report, the Company does not distinguish employees based on any of the above listed attributes.

The percentage of women working for Lundin Petroleum Group wide in 2011 was 32 percent (versus 30 percent in 2010), with country percentages ranging from 19 to 57 percent (versus 16 to 57 percent in 2010).

SUSTAINABLE INVESTMENTS

From its inception Lundin Petroleum has been committed to finding oil and gas in a responsible way and to positively impact people and the environment.

Its main contribution to the people in the area it operates is through the economic windfall oil represents; the Johan Sverdrup discovery in 2011 in Norway, for example, is expected to produce significant revenues in the decades to come for the Norwegian government and its people in the form of taxes.

Lundin Petroleum's main contribution to the environment is to limit its footprint by using environmental friendly equipment and products. Lundin Petroleum, however, also contributes by

funding or taking part in projects which promote environmental protection, positive values and welfare in society (see below).

As part of its operations in Sudan and to respond to the precarious socio-economic conditions of the local community in its concession area, Lundin Petroleum elaborated a Community Development and Humanitarian Assistance Programme (CDHAP) which included projects in the field of freshwater supply, health, education and capacity building. CDHAP projects were carried out by dedicated and qualified staff. The Company also put in place an extensive stakeholder engagement programme in order to learn from others' experience and expertise and to promote a peaceful resolution of the conflict. The commitment to have a positive impact on society continued as Lundin Petroleum's activities shifted to Europe and Southeast Asia. In 2004 the Company devised a Donations' Policy which elaborated on the criteria to follow in selecting projects, and in 2010 it issued Sustainable Investment Guidelines which outlined two categories for contributions: community development projects and corporate donations.

Community development projects take place in countries of operations; they are part of the assets' work programme and budget and their extent is related to the country's socio-economic context and the level of the Company's activities. Corporate donations are issue, rather than geographically, based; they are an expression of Lundin Petroleum's commitment to positively impact societal issues of global concern, as expressed in the United Nations Global Compact and the Millennium Development Goals.

The projects described below reflect the types of issues which Lundin Petroleum has addressed through community projects, donations or personal participation during the course of 2011.

Child Welfare

Children represent the future; their welfare is an important sustainability issue: Lundin Petroleum has supported SOS Children's Villages, Sweden (SOS) from the start of its Corporate Donations Program in 2006. Over the years, the Company has contributed to children's villages in operated (Indonesia, Tunisia) as well as non-operated (Vietnam, Cambodia) areas. The uniqueness of SOS's approach and its evident impact on the welfare of children has been recognised by visiting Group and country-based staff. In 2011, Lundin Petroleum continued to support SOS Villages in Indonesia and Tunisia, affording staff the possibility to get personally involved with the organisation and the children.

Through its subsidiary in Norway, the Company contributed to Save the Children Norway, whose mission is to provide emergency relief and long term aid to children.

Through its subsidiary in Russia, the Company contributed to the running costs of the Sasykol orphanage in 2011, an orphanage it had helped refurbish in 2009 and 2010.

Lundin Petroleum also made a financial contribution to Stockholm's International Women's Club's fund-raiser for the World Childhood Foundation.

Social Welfare

Lundin Tunisia contributes on an annual basis to the Association des Amis du Belvédère which maintains a park situated in the heart of Tunis. In addition to protecting flora from the five continents, the association has initiated a number of renewable energy projects, from solar to wind energy, and has introduced environmental protection projects such as the planting of trees and the recycling of waste. In 2011, Lundin Petroleum provided seed money to establish family plots for neighbouring communities and training them in environmentally friendly farming techniques.

Lundin Indonesia upgraded a 1.2 km water pipeline and the existing water supply system, and drilled four water wells in three villages in the Padeglang region where its Rangkas Block is situated. It contributed 1,500 milk boxes for pregnant women in the Natuna region where its South Sokang Block is situated. In the Anambas Island region where the Baronang, Cakalang and Gurita blocks are situated, Lundin Indonesia donated food, milk and vitamins for infants and pregnant women, as well as two dental chairs with sets of dental tools and a sterilising cabinet.

Lundin Petroleum made a financial contribution to Situation Stockholm, a Swedish journal for the homeless.

Environmental Protection

Preservation of the environment is a key policy goal for Lundin Petroleum and is embedded in its daily operations through, amongst others, its zero discharge goal, emergency and oil spill preparedness, the use of environmentally friendly technologies and products. Environmental protection was also promoted through community development projects in 2011.

The Company reiterated its support in Astrakhan, Russia to "Operation Delta" consisting in a group of 20 students who collect over a period of three weeks rubbish left by tourists and local residents on river banks of the Volga Delta. For the first time, Lundin Petroleum's Astrakhan staff took part in the initiative by spending a day helping the students and participating in a meeting focusing on means to protect the environment.

Preservation of biodiversity is also part of Lundin Petroleum's environmental commitments. In France, the commitment consisted in planting trees on a former well site. In Russia, the Company continued its support to two projects, one involving the artificial breeding of sturgeons, whose population in the Volga Delta area is decreasing due to poaching activities and the other involving the nesting of Siberian cranes, a critically threatened species according to the International Union for Conservation of Nature.

Climate Change remains an important consideration for Lundin Petroleum, which tracks greenhouse gas emissions throughout its operations. Lundin Petroleum participated for the third time in the Carbon Disclosure Project obtaining the best disclosure score among Nordic oil and gas companies.

Capacity Building

Lundin Petroleum considers that one of the best ways to contribute to the improvement of local conditions is through

capacity building. In 2011, the Company's capacity building projects included:

- » covering part of the fee for a Master's Degree in Community Development student (South Sudan)
- » covering the costs of the internship of a Petroleum Engineering student (Malaysia)
- » covering the cost of the internship of a Petroleum Engineering student (France)
- » establishing two scholarships at the Bandung Institute of Technology (Indonesia)
- » contributing to the retraining of pirates from the Gulf of Aden (Norway)
- » covering the cost of training students in a natural reserve (Russia)

Staff Contributions

Lundin Petroleum's commitment to positively impact society includes promoting personal implication of Company staff, by matching their personal contributions and by supporting their participation in charitable or environmental events.

Matching contributions

At a corporate level, the Company in 2011 matched the following staff contributions:

- » financial support to Libya SOS, whose mission was to provide medical equipment to civilians during the uprising in Libya
- » financial support to the Red Cross' mission in New Zealand as a result of the earthquake in Christchurch
- » financial support towards the purchase of tents to accommodate refugees from Libya in Tunisia

At country level, the Company in 2011 matched the following staff contributions:

- » financial support equivalent to one to three days' salary of onshore and offshore staff in Tunisia, to purchase tents to accommodate refugees from Libya

Personal participation

Lundin Petroleum covered the costs related to staff participation in:

- » "Courir pour Aider", a run for charity, whose benefits were donated to a Swiss association helping children with cancer
- » "Bike to Work", a Swiss environmental initiative intended to encourage people to bike to work
- » "Operation Delta", the clean-up of Volga river banks

Governance

Lundin Petroleum has elected to contribute to the debate on governance in the oil sector by funding academic research. As a result of the research and workshop it funded at the Institute of Graduate Studies in Geneva in 2010 on "Global and local governance in the energy sector", a special issue was published by the Journal of Global Governance in April 2011 on "the Governance of Extractive Resources". As a follow up, Lundin Petroleum funded another research project on "The Impact of Natural Resource-Richness and Governance on Sustainable Development as Measured by ANS". The results of the research will be presented in a conference and published in an academic journal in 2012.