

LUNDIN PETROLEUM'S 2012 COMMUNICATION ON PROGRESS TO UNITED NATIONS GLOBAL COMPACT



WE SUPPORT

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24 April 2013

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Lundin Petroleum's Commitment to the United Nations Global Compact & Communication on Progress 2012

Dear Mr Secretary-General,

I am pleased to confirm that Lundin Petroleum supports the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. Lundin Petroleum confirms that adhering to the Global Compact in 2010 has been of benefit to the Company. In fact, the commitments under the Global Compact guide our behaviour as a corporate citizen and encourage us in our continuous efforts to improve our corporate responsibility. The ten principles of the Global Compact have been presented and discussed internally at the operational level as well as at the management and Board of Directors' level and have been promoted externally in a variety of fora.

With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Lundin Petroleum has and will continue to make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the Global Compact COP policy.

Sincerely yours,

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

Registered office: Stockholm, Sweden
Organisation no: 556610-8055

Highlights

Lundin Petroleum's Communication on Progress to the United Nations Global Compact demonstrates its on-going commitment to the 10 principles on human rights, labour, environment and anti-corruption.

Letter from the CEO

In its letter to the UN Secretary General, Ashley Heppenstall, Lundin Petroleum's Chief Executive Officer, reiterates the Company's commitment to the United Nations Global Compact and emphasises the importance of being a signatory company.

Corporate Responsibility Framework & Policies

Lundin Petroleum's Corporate Responsibility framework, constituted of the Code of Conduct, policies and guidelines, demonstrates how the Company integrates the commitments made under the United Nations Global Compact. In 2012, the Company took additional steps to the implementation of the commitments. The Board of Directors endorsed the United Nations Guiding Principles on Business and Human Rights in September 2012 and adopted a Human Rights Policy in December 2012. Lundin Petroleum adopted a new Climate Change Statement and participated for the fourth time in the Carbon Disclosure Project. Furthermore, at the beginning of 2013 Lundin Petroleum adhered to the Extractive Industries Transparency Initiative (EITI) by becoming an EITI Supporting Company.

Health, Safety and Environment

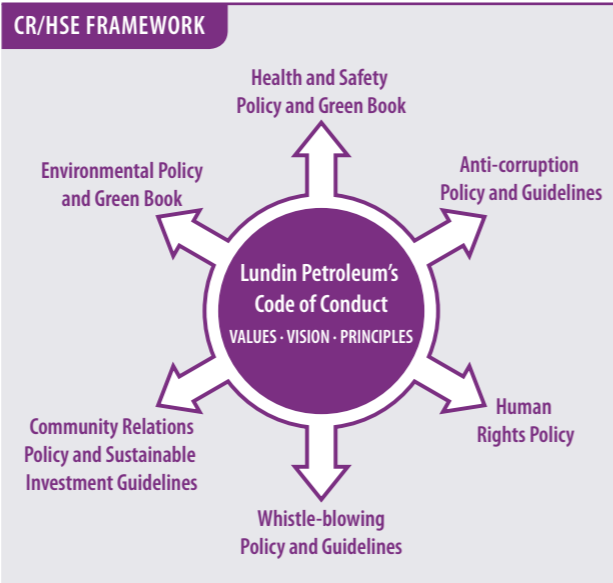
As an international oil exploration and production company, health, safety and environmental (HSE) management is of particular relevance. The HSE management is an industry specific approach to the company's employees and environmental management. In this specific field performance is measured by Key Performance Indicators (KPIs).

Sustainable Investments

Through its Sustainable Investment Program Lundin Petroleum seeks to further the Millennium Development Goals and to contribute to the preservation of the environment. In this respect the Company funded a variety of projects mainly in its areas of operation. In order to increase the scale and impact of the Company's sustainable investments, Lundin Petroleum has entered into a partnership agreement with the Lundin Foundation starting 2013.

LUNDIN PETROLEUM'S COMMITMENT TO ITS STAFF, SHAREHOLDERS, HOST GOVERNMENTS, LOCAL COMMUNITIES AND SOCIETY IS TO ACT AS A RESPONSIBLE CORPORATE CITIZEN. THIS MEANS MAKING THE RIGHT DECISIONS IN THE BOARD ROOM AND IN THE FIELD, DAY AFTER DAY.

PRESERVING VALUE FOR ALL OUR STAKEHOLDERS



Lundin Petroleum is committed to carry out its worldwide operations in a responsible manner. This means that the strategic decisions and field activities take into consideration potential impacts on people and the environment. Lundin Petroleum has developed a Corporate Responsibility (CR) framework that establishes systems and procedures to protect the health, safety and security of its stakeholders and the environment. The commitments to responsible corporate citizenship by which the Company is guided are set out in its Code of Conduct. Lundin Petroleum's policies, guidelines and the management system further detail how operations must implement the principles in their activities. Corporate Responsibility is an evolving field which requires continuous improvement; in practice it means seeking to achieve social, environmental and economic benefits simultaneously.

In 2012 Lundin Petroleum focused on further embedding the United Nations Global Compact Principles in its operational sites. The UN Global Compact is an initiative of the United Nations to encourage businesses and other societal actors to adopt sustainable and socially responsible practices by endorsing and reporting on the implementation of the ten principles covering human rights, labour standards, environment and anti-corruption. Lundin Petroleum formally became a member of the Global Compact in 2010 and has taken numerous steps to embed the principles in its daily operations. In 2012, the Company continued to train operational staff on the principles and focused on their relevance to everyone's day to day work.

CORPORATE RESPONSIBILITY MILESTONES AT LUNDIN PETROLEUM



BY JOINING THE UNITED NATIONS GLOBAL COMPACT, LUNDIN PETROLEUM AFFIRMS ITS COMMITMENT TO ABIDE BY ITS 10 PRINCIPLES ON HUMAN RIGHTS, LABOUR STANDARDS, ENVIRONMENT AND ANTI-CORRUPTION.

HUMAN RIGHTS

Lundin Petroleum's Board of Directors strengthened the Company's commitment towards human rights in September 2012 by formally endorsing the UN Guiding Principles on Business and Human Rights and adopting a Human Rights Policy in December 2012.

Lundin Petroleum's Vice President Corporate Responsibility attended the Forum on Business and Human Rights at the United Nations in Geneva in order to learn about means to implement the Guiding Principles and to engage with its stakeholders.

LABOUR STANDARDS

Lundin Petroleum guarantees in its Code of Conduct the right to freedom of association. It ensures equal opportunity without discrimination on the basis of age, culture, disability, gender, race, religion, etc. by selecting candidates based on their competence and qualifications to perform the job.

Robust processes for contractor selection and evaluation ensure that there is no child or other form of forced labour in relation to Lundin Petroleum's worldwide operations.

ENVIRONMENT

The Company continues to promote environmental protection and awareness. Preservation of biodiversity and environmental protection were of particular focus in 2012; operations assessed potential effects of their activities and supported environmental projects.

Climate Change remains an important issue for Lundin Petroleum; the Company has adopted a new Climate Change Statement, emphasising the commitment to seek energy efficiency measures to reduce its carbon footprint and in 2012 participated for the fourth time in the Carbon Disclosure Project.

ANTI-CORRUPTION

The Anti-corruption Policy and the Guidelines, adopted in 2011, were the subject of staff training in 2012. There were no cases of corruption reported throughout the Group under the Guidelines or the Whistleblowing Procedure.

To further reinforce Lundin Petroleum's commitment to transparency, as per the Board of Directors' resolution, Lundin Petroleum became an EITI Supporting Company in 2013.

STAKEHOLDER ENGAGEMENT

In its Code of Conduct Lundin Petroleum recognises five key stakeholder groups: shareholders, staff, host countries, host communities and society at large. The type of engagement differs for each group; shareholders are informed of the Company's activities through public disclosure in the form of quarterly and annual reports, website and Annual General Meeting, whereas, engagement with staff is a daily occurrence. Contacts with host governments take place prior to the acquisition of a licence and throughout the lifetime of an asset, while local communities engagement takes place prior to the commencement of and throughout the period of field activities. As for society at large, the Company seeks to contribute to the better understanding of the importance and impact of Corporate Responsibility in its business conduct and to the sector by participating as speaker (The University of Stockholm

and the Graduate Institute of International and Development Studies, Geneva), panellist (Global Energy Forum 2012, Geneva) or participant (CSR Conference, Oslo, ISO 26000 Open Forum, Geneva, Forum on Business and Human Rights, Geneva, Risk Management Master Class, Amsterdam) in various conferences or workshops which also offer the opportunity to meet experts in relevant corporate responsibility fields from whom the Company can learn about best practice. In 2012, Lundin Petroleum's Vice President Corporate Responsibility contributed an article on "The Evolution of Corporate Social Responsibility in the Past Ten Years: the Viewpoint of a Practitioner" to Oil Gas and Energy Law Intelligence (OGEL). Lundin Petroleum continued to support research on governance in, and the economic impact of, the extractive industry at the Center on Conflict, Development and Peace Building of the Graduate Institute of International and Development Studies.



Lundin Petroleum's Code of Conduct

VISION

As an international oil & gas exploration and production company operating globally, we aim to explore for and produce oil & gas in an economically, socially and environmentally responsible way, for the benefit of all our stakeholders, including shareholders, employees, business partners, host and home governments and local communities.

We apply the same standards to our activities worldwide to satisfy both our commercial and ethical requirements. We strive to continuously improve our performance and to act in accordance with good oilfield practice and high standards of corporate citizenship.

VALUES

We are committed:

- To act in a fair, honest and equitable way
- To observe local laws and regulations
- To respect local customs and traditions
- To observe applicable international laws and standards
- To uphold the ten principles of the United Nations Global Compact on human rights, labour standards, environment and anti-corruption

RESPONSIBILITIES

We are responsible:

- Towards our shareholders, to realise and sustain a good return on investment and a continuing growth of the assets
- Towards our employees, to provide a safe and rewarding working environment
- Towards host countries, owners of the resources, to find and produce oil & gas professionally, efficiently and responsibly
- Towards local communities, to contribute to local development and higher living standards
- Towards society, to contribute to wealth generation while limiting possible adverse impacts on the environment

PRINCIPLES

We are guided by:

Attitude towards Business

We seek to achieve high standards of performance, while being attentive and sensitive to the way our business is conducted.

We are committed to:

- Continuously seek growth opportunities
- Promote innovation throughout our operations
- Be flexible and take measured risks
- Practice free and fair competition
- Uphold internationally proclaimed human rights
- Maintain transparency in the way we conduct operations
- Honor our commitments
- Use appropriate and adequate means to protect our staff and operations
- Refrain from accepting/offering improper payments, gifts or engaging in bribery or any form of corrupt business practices
- Seek similar standards from our partners and contractors

Attitude towards Employees

Our performance as a corporate entity is dependent upon the performance of our employees as individuals. We therefore aim to achieve maximum employee satisfaction and ultimate standards of performance. To that end we are committed to:

- Respect and promote employees' rights, including freedom of association and the right to collective bargaining
- Offer rewarding working conditions

- Provide a safe and healthy working environment
- Realise each employee's individual potential through training and job promotion
- Respect the cultural diversity of our employees
- Ensure equal opportunity without discrimination on the basis of age, culture, disability, gender, race, religion, etc.
- Avoid the direct or indirect use of child or forced labour

Attitude towards Host Countries

We seek to respect and gain the respect of the countries in which we operate. Good relations with host countries are prerequisites to our business. Wherever we operate we are committed to:

- Observe local laws and rules
- Respect the sovereignty of the state
- Observe and, through our example, promote the rule of law

Attitude towards Local Communities

Local communities may be affected by our operations. To ensure that communities benefit from our presence, we are committed to:

- Encourage local employment
- Where appropriate, engage in capacity building, through the transfer of skills and technologies
- Where appropriate, work with local communities to improve their health, education and welfare
- Respect local people and their traditions
- Minimize disturbances that may be caused by our operations
- Assess the potential impact of our security arrangements
- Refrain from any implications in tribal, internal or other armed conflicts or acts of violence

Attitude towards the Environment

We strive to limit adverse impacts on the environment, thereby contributing to sustainable development, and are committed to:

- Comply with applicable environmental laws and regulations and international standards
- Adhere to our environmental policy and sound management practices
- Use appropriate products, equipment and processes
- Cooperate with industry, government and the public on programs to protect the environment
- Minimise and mitigate the effects of pollution within the scope of our operations
- Assess and monitor our environmental performance, including in relation to climate change

COMPLIANCE

This Code constitutes the commitment of the company and its employees to aspire to the highest standards of conduct. It is an integral part of employment contracts.

Any violation of this Code by anyone within our company will be the subject of an inquiry and appropriate remedial measures.

We will promote compliance under this Code throughout our operations, by way of training, reporting or other appropriate actions.

We will assess performance under this Code on a yearly basis.

The Code of Conduct was revised and approved by the Board of Directors on May 5, 2011.

Lundin Petroleum's Corporate Responsibility Policies

HUMAN RIGHTS POLICY

In furtherance of the commitments Lundin Petroleum AB made under its Code of Conduct and the United Nations Global Compact, as well as following the United Nations Guiding Principles on Business and Human Rights ("UN Guiding Principles"), the company reiterates through this Policy its commitment to respect human rights wherever it operates.

Lundin Petroleum is committed to respect internationally recognised human rights, not to infringe on individuals' human rights, and not to be complicit nor contribute indirectly to human rights abuses.

Human rights are to be understood as those referred to in the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights and in the International Labour Organization's (ILO) Conventions and, in relation to business activities, in the Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles.

While Lundin Petroleum respects all human rights, it focuses primarily on those human rights that potentially may be most impacted, directly or indirectly, by its activities.

As per its Code of Conduct, respecting the human rights of its employees means providing for a safe and sound working environment. In particular, Lundin Petroleum recognises the importance of respecting the rights of local communities, and thus prior to any new investment, it analyses potential impacts on human rights.

Lundin Petroleum expects its employees, business partners, contractors and suppliers, to respect human rights and to observe highest standards of professional integrity.

Lundin Petroleum is also committed to promote human rights in its sphere of influence.

Lundin Petroleum will ensure that appropriate training is provided throughout its operations and will monitor and assess compliance with this Policy.

This Policy will be subject to periodic review through the company's human rights due diligence process.

COMMUNITY RELATIONS POLICY

It is the policy of Lundin Petroleum AB, while engaging in oil exploration and production activities, to operate in a manner that is consistent with the welfare of neighbouring communities.

Lundin Petroleum seeks to contribute to enhancing the living standards and well being of the people in the areas it operates, by hiring local staff and participating in local projects. Depending on the needs and circumstances prevailing in the area, Lundin Petroleum will contribute to community development projects aimed to improve the level of health, education and welfare services.

These activities are carried out in consultation with representatives of the local community and other stakeholders.

HEALTH & SAFETY POLICY

It is the policy of Lundin Petroleum AB to conduct all its operations in a manner, which protects people and property and which complies with all applicable legislation. Lundin recognises that prevention of accidents and ill health is essential to the efficient operation of its business. Accordingly, the control and management of health and safety issues commands at least equal prominence, when balanced against operational and commercial considerations.

Lundin Petroleum's principal health and safety objective is to provide a safe working environment, for employees, contract personnel and members of the general public who may be put at risk by the activities of the company.

Lundin Petroleum recognises the value of its employees and considers their well being to be a major factor in the success of all its business activities.

ENVIRONMENTAL POLICY

It is the policy of Lundin Petroleum AB, and its international exploration and production affiliates, to ensure that exploration and production operations are conducted in compliance with all applicable environmental laws and regulations and, as a minimum, meet company-specified environmental procedures and programmes.

Lundin Petroleum is committed to the protection of the environment in which its activities are conducted. Lundin also emphasises the importance of conservation and the need to minimise the effects of pollution within the scope of its operations. The company will co-operate with industry, government and the public on programmes to protect the environment.

Lundin Petroleum will provide the necessary training for its employees to ensure that they have the knowledge and capability to conduct operations in a manner that is consistent with sound environmental practices. Lundin Petroleum will also provide the necessary resources, advice and guidance to ensure implementation and communication of this policy, monitor and audit all aspects of its compliance and develop contingency plans for emergency situations.

ANTI-CORRUPTION POLICY

It is the policy of Lundin Petroleum AB to conduct its operations in an honest, transparent and ethical manner, observing the highest standards of professional integrity and complying with applicable international and national legislation.

In furtherance of the commitments it made under its Code of Conduct and the United Nations Global Compact, Lundin Petroleum prohibits all forms of corruption, in whatever form it may take, direct as well as indirect, active as well as passive, wherever it has activities. Corruption may include, among others, abuse of function, breach of trust, bribery, embezzlement, extortion, facilitation payments, fraud, kickbacks, trading in influence, etc.

Lundin Petroleum's Guidelines on Anti-Corruption provide guidance on the communication and implementation of this Policy. Lundin Petroleum will ensure that appropriate training is provided throughout its operations; it will monitor and assess compliance with this Policy.

Lundin Petroleum's Statement of Support to the EITI

Lundin Petroleum's Board of Directors has re-affirmed the Company's engagement towards transparency by becoming an Extractive Industries Transparency Initiative (EITI) Supporting Company.

Lundin Petroleum's commitment to anti-corruption and transparency, expressed in the Company's Code of Conduct, dates back to the Company's creation in 2001. Through its membership in the United Nations Global Compact in 2010, the Company reinforced its commitment to promote anti-corruption, and in 2011 Lundin Petroleum adopted an Anti-Corruption Policy and Guidelines to assist its staff worldwide to act in conformity with the Company's commitment.

Lundin Petroleum has communicated its support for the EITI objectives in different forums and reported in accordance with the EITI requirements in Norway, currently the only EITI Compliant Country within the Company's countries of operations. It will continue to cooperate with EITI compliant and candidate countries to promote transparency, as it believes that the transparent accounting of revenues contributes to good governance and the well-being of communities in resource rich countries. As an EITI Supporting Company, Lundin Petroleum will promote transparency especially within the oil and gas industry and contribute on the international level to the fight against corruption.



Lundin Petroleum's Statement of Support to the EITI is available on:
<http://eiti.org/supporters/companies/lundin-petroleum-ab> or
http://www.lundin-petroleum.com/eng/corporate_responsibility.php

Lundin Petroleum's Statement on Climate Change

Lundin Petroleum is committed to explore for and produce oil and gas in an economically, socially and environmentally responsible way. The Company's mission is to meet the ever increasing demand for energy; it is committed to fulfill this mission by taking into consideration the potential impact of its activities on people and the environment.

In the context of climate change, the Company assesses its activities from an environmental impact perspective on a regular basis and develops mechanisms to increase its energy efficiency and/or to reduce greenhouse gas emissions.

Lundin Petroleum's approach, when carrying out its operations, is to use the most economically and environmentally efficient means. It adheres to the BAT (Best Available Technique) principle in order to minimize emissions, such as heat recovery, variable speed drives on large pumps and compressors, closed flare, low NOX turbines, etc. In addition, the Company participates in the Emissions Trading Scheme in countries where the system is in place, such as Norway.

Lundin Petroleum considers that only concerted action, not only on the part of energy producers, but on the part of consumers as well, will be able to achieve a notable change in current emission patterns.

HSE MANAGEMENT

“HAVING A STRONG SAFETY CULTURE MEANS THAT PEOPLE WORK SAFELY NOT JUST BECAUSE THEY ARE BEING TOLD TO BUT BECAUSE THEY SEE THE VALUE TO THEMSELVES, OUR COMPANY AND OUR STAKEHOLDERS IN DOING SO.

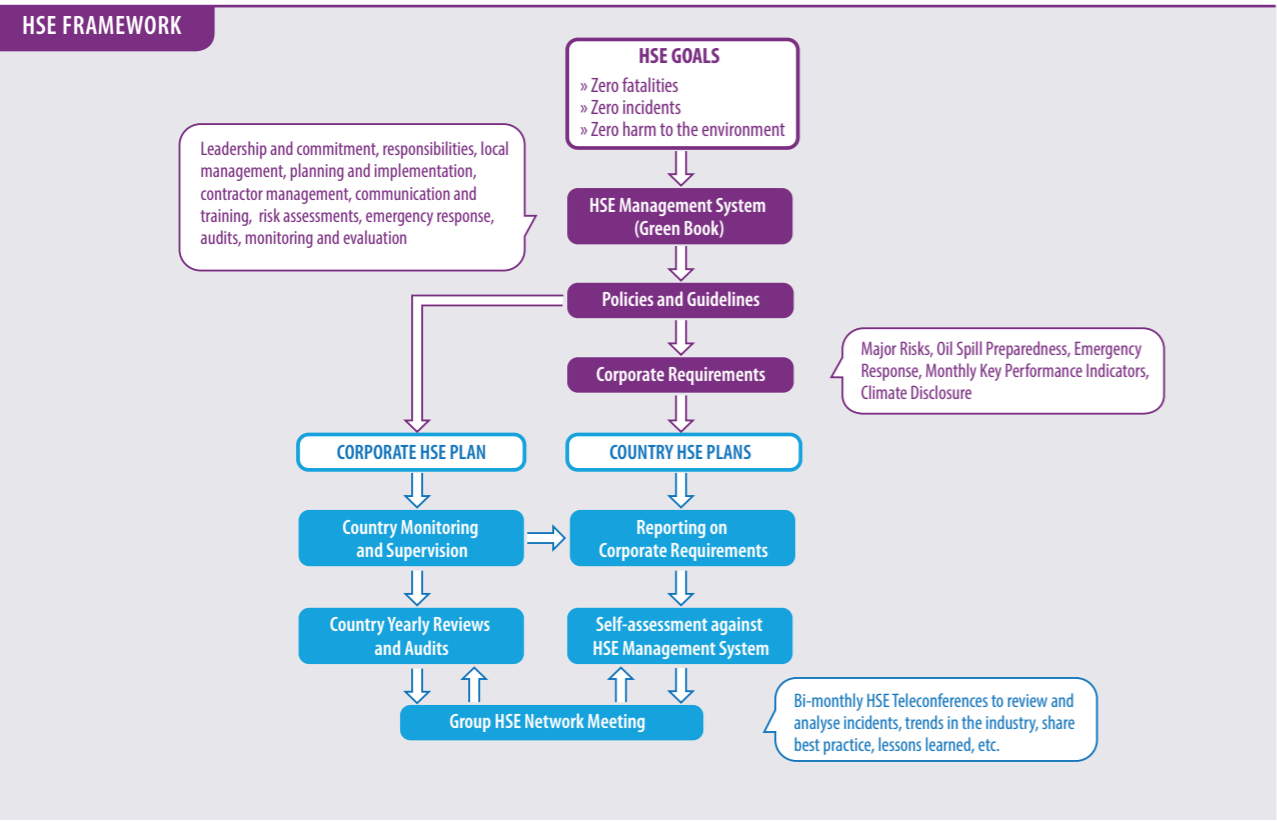
MIKE NICHOLSON,
General Manager - South East Asia



The purpose of an HSE management system (the Green Book) is to have systems and procedures in place to prevent accidents or incidents with an impact on people, environment and assets. Since the Company was created, there have not been any work-related fatalities in its operations. In 2012, Lundin Petroleum's Key Performance Indicators (KPIs) are all better than in 2011 (see table on page 13), except for the number of Lost Time Incidents and Incident Rate among contractors. Incidents reported were of low severity with no lasting impact on people or the environment.

The Company uses KPIs as the basis of its pro-active HSE management approach, focussing on areas where incidents have occurred. In 2012 the emphasis was placed on contractor evaluations and management through onsite reviews, as well as sharing experiences and lessons learned within the Group on an ongoing basis and through bi-monthly HSE teleconferences.

Lundin Petroleum also reinforced its management of risk to continue to prevent accidents.



HSE EXCELLENCE – DECOMMISSIONING IN TUNISIA

The Oudna field, offshore Tunisia, had produced most of its recoverable reserves when in March 2012 exceptionally bad weather caused damage to one of the risers, beyond economic repair. Field decommissioning was declared in June 2012. As operator, Lundin Tunisia promptly mobilised the required resources and commenced the decommissioning of the Ikdam Floating Production, Storage and Offloading Unit (FPSO) in July.

The scope of work included dismantling of the mooring system components. A total of 170 tons of steel components with up to seven tons loads were dismantled subsea by divers and recovered to the surface with a dynamic positioned vessel. The chafe chain, the main part of the mooring system under more than 500 tons tension, was safely released from the FPSO bow and passed on to a support vessel which was positioned only a few metres from the FPSO. Concurrently, tank cleaning was conducted to prepare for gas free certification.

These operations involved over 15 contractors including five support vessels from various nationalities and backgrounds. Over 150 persons were involved in the FPSO decommissioning operations for a highly active 70 day-period.



“WE ARE PROUD TO REPORT THAT THE DECOMMISSIONING OF THE FPSO WAS COMPLETED EFFICIENTLY AND INCIDENT FREE

CHERIF BEN KHELIFA,
General Manager, Tunisia

HSE INDICATOR DATA		2012	2011	2010	2009 ⁵
Exposure Hours	Employees	909,196	1,036,831	731,793	905,166
	Contractors	1,561,482	2,354,452	2,336,409	3,454,980
Fatalities	Employees	0	0	0	0
	Contractors	0	0	0	0
Lost Time Incidents ¹	Employees	2	3	2	2
	Contractors	5	3	2	1
Restricted Work Incidents ²	Employees	0	0	0	1
	Contractors	0	3	7	0
Medical Treatment Incidents ³	Employees	1	1	0	2
	Contractors	0	4	17	7
Lost Time Incident Rate ⁴	Employees	0.44	0.58	0.55	0.44
	Contractors	0.64	0.25	0.17	0.06
Total Recordable Incident Rate ⁴	Employees	0.66	0.77	0.55	1.10
	Contractors	0.64	0.85	2.23	0.46
Oil Spills	No.	2	7	1	1
	Vol. (m³)	4.18	33	10	40
Chemical Spills	No.	1	2	1	2
	Vol. (m³)	1.75	3.50	7.70	129.78
Hydrocarbon Leaks	No.	0	0	0	1
	Mass (kg)	0	0	0	4
Near Misses with High Potential	No.	5	3	3	24
Non-compliance with Permits/Consents	No.	0	0	6	19

HSE EXCELLENCE – 4 YEARS WITH NO RECORDABLE INCIDENTS

The crew and the management of the West Courageous jack-up rig used by Lundin Malaysia in Block PM308A achieved its fourth year with no recordable injuries.

Senior management from Lundin Malaysia went offshore to recognise the outstanding efforts by the crew each and every day and to emphasise the importance of the human factor as a key element in this success story.

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.

⁵ Includes United Kingdom.

A SUSTAINABLE APPROACH

“LUNDIN NORWAY’S SUSTAINABILITY APPROACH IS KEY TO ITS STRATEGIC GROWTH AND SUCCESS

ERIK SVERRE JENSSEN,
Chief Operating Officer, Norway

LUNDIN PETROLEUM’S SUSTAINABILITY APPROACH IN NORWAY

Lundin Norway is committed to carry out its activities in a responsible way, in adherence with the Company’s Code of Conduct, HSE Policies and Management System, as well as in conformity with applicable Norwegian legislation including the Framework Regulations, the Petroleum Act, the Pollution Control Act, the Working Environment Act and the Health Act.

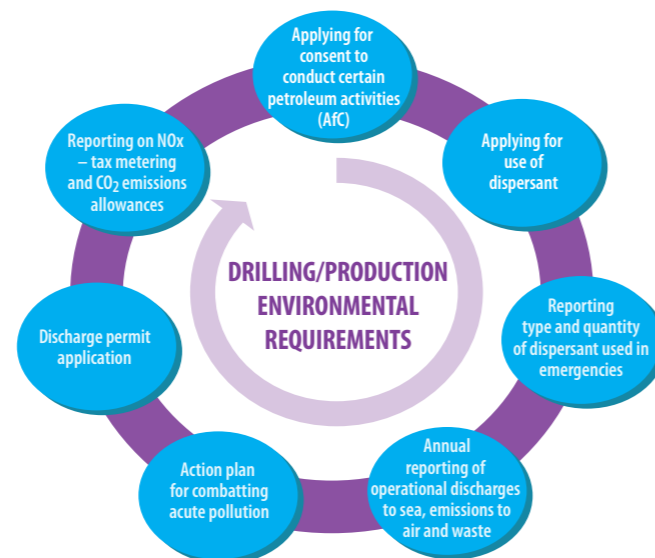
The Company’s HSE Policy states that “Lundin Norway shall perform all operations in line with the principle of sustainable growth. Company profit, the society in which we operate and communicate with, and the environment, are interdependent factors.”

In the exploration phase, as part of its sustainability strategy, Lundin Norway gathers environmental data and conducts comprehensive analysis of ecosystems beyond what is required by the authorities. It acquires a full understanding of the natural environment in its licence areas before it commences any field activity whether seismic, exploration or appraisal drilling, field development, and eventually production. Once the environmental data has been duly collected and analysed, Lundin Norway shares its findings with partners, authorities and the public.

For all field development projects such as Edvard Grieg, the facilities’ design ensures that emissions to air and discharges to sea are minimised through closed flaring, low NOx turbines, the possibility to receive electricity from the shore, heat recovery, re-injection of produced water in the reservoir, amongst others.



ENVIRONMENTAL REQUIREMENTS



The Best Available Technique principle is adhered to and energy efficiency is optimised, through heat recovery from exhaust gas and variable speed drive on large pumps and compressors.

Lundin Norway does not commence seismic acquisition, drilling, field development or production unless it has ascertained that it is environmentally sound.

Mapping of the Ecosystem in the Barents Sea

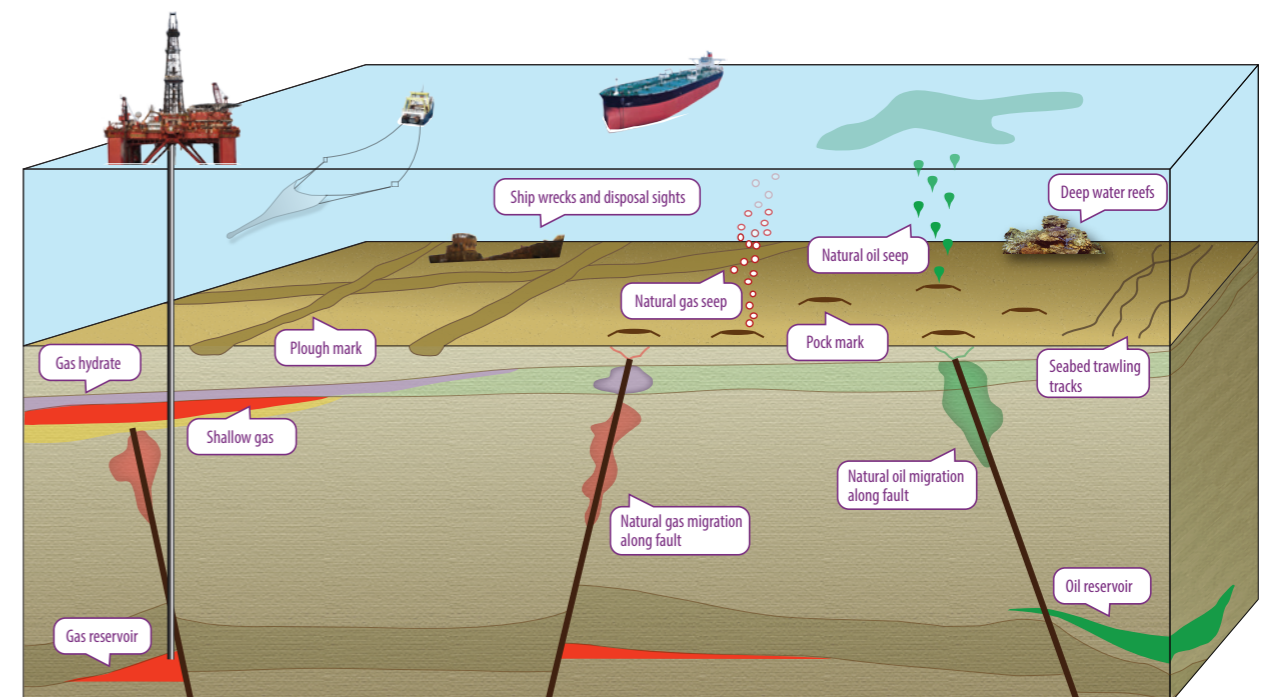
Seabed mapping in the Barents Sea consists of visual, sediment and species sampling, as well as geophysical methods, within and adjacent to its licence areas, with the purpose of:

- » Increasing environmental knowledge and understanding of ecosystems
- » Increasing knowledge of pre-existing geohazards like gas hydrates and seabed gas leakage

The results of Lundin Norway’s mapping work have been widely shared through academic articles, presentations at seminars and international conferences, as well as through the Norwegian Government Marine Research Programme (Mareano).

Based on the positive experience in the Barents Sea, Lundin Norway plans to expand detailed seabed mapping to other core areas on the Norwegian Continental Shelf such as the North Sea.

ECOSYSTEM MAPPING IN THE BARENTS SEA



LUNDIN NORWAY IS INVOLVED IN A NUMBER OF R&D PROJECTS IN ORDER TO ENSURE THE SUSTAINABILITY OF ITS OPERATIONS

- » Introduction of cutting edge technology and methods useful for the oil industry
- » Sponsorship of a CO₂ storage project at Spitsbergen
- » Sponsorship of five PhD and one MSc students from Norway, Sweden and Germany to support the seabed mapping project
- » Participation through the Norwegian Oil and Gas Association in a project looking at improved methods for cleaning oil based drill cuttings
- » Contribution as member of the Norwegian Clean Seas Association for Operating Companies (NOFO) of approximately NOK 3 million (USD 500,000) between 2010 and 2012 to research and development (R&D) on means to improve oil spill clean-up

SUSTAINABLE INVESTMENTS

“
THROUGH OUR SUSTAINABLE INVESTMENT PROGRAMME WE SEEK TO HAVE A POSITIVE IMPACT IN OUR AREAS OF OPERATIONS

CHRISTINE BATRUCH
Vice President Corporate Responsibility

In 2006, Lundin Petroleum established a Sustainable Investment Programme to promote social, economic, and environmental projects and organisations as well as citizenship among its staff. Since then, the Company has funded a significant number of projects, primarily in its areas of operations.

In 2012, Lundin Petroleum continued to fund some of its long standing projects, such as SOS Children Villages, while it initiated new ones focussing on the preservation of the environment. The main projects supported by Lundin Petroleum and its affiliates in 2012 can be seen on the adjacent map.

Lundin Petroleum intends to pursue sustainable investments and community development projects associated to its operations. However, as the Company's operations grow, so does the need to engage in larger scale and more sustainable projects whose impact can be measured over time. This will better fulfil the commitment the Company made under the United Nations Global Compact to further the Millennium Development Goals. Lundin Petroleum has therefore decided to seek the support of an organisation with a strong track record in philanthropy and social investments.

Partnership with the Lundin Foundation

In 2013 Lundin Petroleum entered into a partnership agreement with the Lundin Foundation in order to increase the scale and impact of the Company's sustainable investment projects and benefit from the Lundin Foundation's expertise and network of implementing organisations. Lundin Petroleum has committed to annually contribute 0.1 percent of its previous year's operating income to the Lundin Foundation. At least 70 percent of the funds will be

attributed to Lundin Petroleum's thematic focus, namely energy, environment, good governance and sustainability, primarily in its countries of operation. The remaining funds will go to the Lundin Foundation's other projects. The Lundin Foundation has adopted the Impact Reporting & Investment Standards, which provide a standardised set of metrics and definitions that permit comparison on social and economic performance, to measure its impact on the projects it supports.

To ensure that the projects are aligned with Lundin Petroleum's Community Relations Policy and Sustainable Investment Programme a Management Committee will be formed by respectively two representatives of Lundin Petroleum and the Lundin Foundation. Furthermore, Lundin Petroleum will have a representative on Lundin Foundation's board of directors.

Lundin Petroleum will report on an annual basis on the Lundin Foundation's projects, progress and their impact.



The Lundin Foundation

The Lundin Foundation is a philanthropic organisation founded by the Lundin family. The Lundin Foundation is currently supported by a number of publicly traded natural resource companies committed to the highest standards of corporate social responsibility. The Lundin Foundation provides early stage capital, technical assistance, and strategic grants to outstanding social enterprises and organisations across the globe, with a view to contributing to sustained improvements in social and economic development. The Lundin Foundation works collaboratively with a number of leading private, bilateral and multilateral organisations both to leverage impacts and ensure alignment with host communities and governments. To date, Lundin Foundation's investments have supported 35 enterprises, which in turn have generated USD 42 million in

annual revenue, hired over 1,800 employees, paid over USD 8.7 million in wages, transacted over USD 22.8 million in business with over 55,000 rural farmers and microenterprises, and enabled over 375,000 rural customers gain access to improved agricultural products and equipment, financial services and off-grid energy. All proceeds realised from impact investments are reinvested in charitable purposes. The Lundin Foundation additionally provides strategic grants to support education and health initiatives needed to create the enabling conditions for social enterprises to flourish.

For more information about the Lundin Foundation and its projects see www.lundinfoundation.org.

Social Responsibility

Belvédère Park Project in Tunis,

one of the projects supported by Lundin Petroleum since 2011



- Lundin Petroleum is committed through its Code of Conduct and its Community Relations Policy to enhance living standards and well-being of people in the areas it operates.
- In Tunisia, Lundin Petroleum participates in a social project with a local NGO, Association des Amis du Belvédère. The project contributes to the preservation of nature and community development.

- The NGO "Association des Amis du Belvédère" - AAB (Association of the friends of Belvédère), was founded in 1989 in order to save the ecological equilibrium of the Belvédère park and to promote social activities related to the park and the neighbouring inhabitants.

The Belvédère is an urban park of 110 hectares situated in the heart of Tunis; it is the main green space of the city.

- The project Lundin Petroleum supports began in November 2011 with a social-cultural inquiry; it aims to develop the west side of the Belvédère park, adjacent to Jbel Lahmar neighbourhood, a particularly poor inner-city area of Tunis.

AAB targets three objectives:

- 1 Improve quality of life in the neighbourhood of Jbel Lahmar
- 2 Change residents' behaviour towards the environment
- 3 Promote community life, social cohesion, and collective action by involving residents in the decision making process



Ian Lundin, Chairman, Christine Batruch, VP Corporate Responsibility and AAB staff (April 2012)



AAB activities for the youth to increase their environmental awareness



Stairs at the entrance of the park, built in 2012, with Lundin Petroleum's donation



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.



WE SUPPORT