

Lundin
Petroleum



Sustainability Report 2018



76CB
Pressure Filter
Trykfilter Hydro

Lundin

Petroleum



Lundin Petroleum is one of the leading independent oil and gas companies in Europe with a strategic focus on Norway. We create sustainable, long-term value across the full spectrum of the oil and gas value chain.

Global Reporting Initiative (GRI)

Lundin Petroleum's 2018 Sustainability Report is in accordance with the Global Reporting Initiative (GRI) Standard Guidelines.

Our Global Compact commitment

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



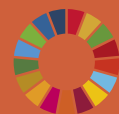
Extractive Industry Transparency Initiative

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



United Nations Sustainable Development Goals

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



COMMUNICATION ON PROGRESS



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 2018

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2018 highlights

OPERATIONAL

Production

81
Mboepd

Operating cost

3.66
USD/boe

Reserves

745
net MMboe

Contingent resources

225
net MMboe

FINANCIAL

Operating cash flow

1848
MUSD

EBITDA

1916
MUSD

Free cash flow

663
MUSD

Proposed dividend

500
MUSD

SUSTAINABLE

Safe operations

Zero
serious incidents

Oil spills

Zero
recordable spills

Carbon intensity

4.9
CO₂e kg per boe
for Edvard Grieg

ESG ratings

TOP
quartile

Mboepd Thousand barrels of oil equivalent per day
MMboe Million barrels of oil equivalent
USD/boe US Dollar per barrels of oil equivalent
MUSD Million US Dollar

Foreword by the CEO

I am pleased to present Lundin Petroleum's fourth annual Sustainability Report, in which we explain how we identify, manage and perform in relation to our material environmental, social and governance topics over the calendar year, in line with our commitment to responsible business practice.

2018 was an outstanding year for Lundin Petroleum having achieved our operational and financial objectives in a sustainable and responsible manner. We believe our strategic decision to carry out oil and gas exploration and production activities exclusively in Norway, coupled with our strong corporate culture, are key drivers of our success and gives us a competitive edge in our industry. Operating in Norway means having to comply with stringent Health, Safety and Environment (HSE) policies, regulations and proactively address environmental considerations like climate change and biodiversity conservation.

It is clear to us that responsible conduct and business success go hand in hand. Our business model rests on our commitment to carry out our activities in an efficient and responsible manner for the long-term benefit of our shareholders and society. We actively pursue the goal of delivering a low carbon energy and are proud to produce one of the lowest carbon intensity oil, at 4.9 kg carbon dioxide equivalent per barrel of oil equivalent (CO₂e per boe) produced from the Edvard Grieg field, which is approximately a quarter of world industry average. Our strong production resulted in 81.1 Mboepd at a record low operating cost of USD 3.66 per barrel of oil equivalent, exceeding our 2018 guidance. More importantly, these results were achieved without any significant safety or environmental incidents.

In 2018, we revised our Code of Conduct to ensure that the core principles governing our responsible conduct fully reflect our operational context and our company culture which fosters openness, diversity and innovation. The Code provides guidance to our employees, contractors and partners on how to carry out activities in a safe, efficient and responsible manner.

We also intensified our efforts to address climate change by engaging with key stakeholders, supporting research and development projects, sharing best practice within the industry and participating in the global dialogue. In line with our commitment to actively support the UN Sustainable Development Goals (SDGs) across our business, we joined the campaign initiated by the United Nations, together with Reuters and The Business Debate, showcasing how global businesses and organisations can sustainably work to achieve economic development in a sound social and environmental way. Through this initiative we had the opportunity to illustrate how our company contributes to achieving relevant SDGs. By developing and producing oil and gas in Norway, a leading country in terms of Environment, Social, Governance (ESG), we are able to provide society with affordable energy while we address the climate change challenge by being an industry leader in terms of carbon intensity.

Our key asset Edvard Grieg continues to perform above expectations and its production plateau has been extended to mid-2020. Successful exploration activities have translated into 7 potential new projects, implying continued sustainable growth. Our largest development project, Johan Sverdrup, keeps delivering good news, exceeding gross resources at a reduced carbon footprint. All milestones have been reached below projected costs, on schedule and Johan Sverdrup is on track for first expected oil in November 2019.

We continue to support the UN Global Compact's 10 Principles on human rights, labour standards, environment and anti-corruption within our Company and across our value chain, recognising the importance of maintaining high ethical standards of performance.

To conclude, I would like to highlight that our success is only attainable thanks to the dedication and competence of everyone working for Lundin Petroleum. I am privileged to work with such a great team and to them all, I express my sincere thanks. Together we can and will continue to make a difference!

Yours Sincerely,



Alex Schneiter
President and CEO



About this report

What we seek to achieve with this Sustainability Report

The objective of this Report which covers our activities for the 2018 calendar year, is to provide our stakeholders information on how Lundin Petroleum manages material issues resulting from its activities and those considered material by our stakeholders. These are areas which require our active engagement and management, as well as our efforts to achieve positive outcomes for the Company and society at large.

The Report should give our readers a clear and comprehensive understanding of how we go about our mission by providing qualitative and quantitative data on material issues.

This year we have decided to present material issues grouped under Environment, Social and Governance (ESG) chapter headings, as these are three central and well-recognised pillars to assess the ethical impact and sustainability of a company.

This Sustainability Report also represents our annual Communication on Progress in implementing the Ten Principles of the United Nations Global Compact and supporting the broader UN Sustainable Development Goals (SDGs). It further constitutes our disclosure on non-financial reporting required under Swedish law implementing the EU Directive 2014/95/EU.

Reporting boundaries

The Company's corporate office is in Switzerland, while its operational offices and assets are in Norway. We have a small team of people carrying out corporate functions in Sweden and in the Netherlands.

The reporting boundaries are as follows:

- Environment: Norway operational control (100 percent basis)
- Social: Norway, Sweden, Switzerland and the Netherlands
- Governance: Norway, Sweden, Switzerland and the Netherlands

Other than climate change, which is the most material and global issue facing our industry, our most material impacts take place where we conduct our exploration, development and production activities, namely Norway.

Lundin Petroleum has a process in place to identify, mitigate and monitor any potential impact it may have on people and the environment in order to ensure it reduces potential negative impacts to as low as reasonably practicable (ALARP) and enhances positive impacts. Our business values, principles and expectations are clearly articulated in our Code of Conduct and Corporate Responsibility policies. These are communicated to internal and external stakeholders.

Promoting the Sustainable Development Goals

We promote the Sustainable Development Goals and showcase throughout this report where we contribute to their fulfillment. No poverty (1), good health (3), education (4), gender equality (5), clean energy (7), decent work (8), innovation (9), reduced inequalities (10), responsible consumption (12), climate action (13), life below water (14), institutions (16) and partnerships (17) feature among our actions.

Changes from last year

This year's report reflects data for 2017 and 2018, rather than over a three year period as per prior reports. The reason for this change is to reflect our current situation since 2017, when we spun off our non-Norwegian assets. As a result, the operational data presented is readily measurable and comparable as focused on Norway. As of next year, we will revert to our practice of reporting data for a three year period, as per recommended Global Reporting Initiative (GRI) reporting norms.

The waste reporting for 2018 is in accordance with the GRI 306 standard. This represents a change from the reporting standard G4-0G7 previously used. The new reporting standard is more aligned with current operations, national reporting schemes and key performance indicator (KPI) criteria used for internal purposes. The report includes aligned data for the reporting years 2017 and 2018.

The water reporting is aligned with GRI 303 and contains minor changes in the reporting format from previous years, to reflect current operating conditions.

In 2017, we reported emissions from our mobile drilling units on contract as Scope 3 emissions since these installations are not owned or operated by Lundin Petroleum. In 2018, we learnt that other oil companies categorise such emissions as Scope 1 emissions and we have decided to do the same for our 2018 data. For Scope 3, estimated emissions from the end user of our products have been included, while this was not done in 2017.

As the Russian business is no longer consolidated into Lundin Petroleum accounts since 30 September 2017, our people data does not include Russia for 2018.

GRI Transition

Our 2018 Sustainability Report is our first report prepared in accordance with the new GRI Standards. The transition from GRI G4 Guidelines to GRI Standard Guidelines was done through a mapping exercise using GRI's online tool, as well as training with a GRI Certified Training Partner. Our Report continues to make reference to the G4 Sector Disclosure 'GRI Oil and Gas Sector Supplement' issued in 2012, which remains relevant to our activities.

Third party verification

External limited assurance is provided by PricewaterhouseCoopers (PwC). The assurance letter (p.36) concludes that the report has been prepared in all material respects, in accordance with the GRI Standards' "Core" reporting level. Sustainability Reporting Guidelines, as well as the criteria defined by the Board of Directors and corporate management, have been met based on the limited assurance procedures PwC has performed.

How to use the GRI Content table

We invite our readers to refer to the GRI Content Index (pp. 34-35). The Content Index is divided into three columns: Standard Disclosure, Description and Reference. The Content Index is there to help you navigate the Report and guide you through desired content at a quick glance.

2019 goals



Maintain high
**ethical
conduct**

Uphold people's
**health and
safety**



Minimise
**environmental
impact**

Focus on
**carbon
efficiency**



Promote
**Sustainable
Development
Goals**

Partake in
**industry-wide
collaborative
efforts**



Our corporate responsibility approach



Our sphere of activity

Lundin Petroleum carries out exploration, production and sale of crude oil and gas in Norway. We rely on third party contractors for some activities, namely for rigs, drilling personnel and suppliers of equipment.

Setting the scene

The 2018 World Energy Outlook of the International Energy Agency states that major transformations are underway for the global energy sector. While all sectors face evolving landscapes, oil and gas has been the subject of much discussion due to the level of emissions associated with our industry, in particular down the value chain, namely industrial and private consumer use. While it is difficult to predict the long term future of our industry, there is a recognised and sought after trend towards reducing dependency on fossil fuels, particularly coal. Despite renewable energy increasingly becoming the preferred source to cater for energy needs, forecasts predict that oil and gas will remain predominant in the global energy mix for decades to come. Our responsibility, as such, is to continue to meet the demand for this type of energy. We actively seek to be at the forefront of technology, in the pursuit of adaptations enabling further efficiencies and continuously challenge ourselves internally on what it means to be a responsible player in the field of oil and gas exploration and production.

Our Corporate Responsibility approach seeks to ensure ethical business conduct through our Corporate Responsibility Framework as well as alignment with international initiatives. This ensures that we provide safe operations through strong Health, Safety and Environment (HSE) management. We engage with stakeholders through constructive dialogue to ensure alignment between external expectations and operating practices. We contribute to wider social and environmental challenges through our support to the Lundin Foundation.

Corporate Responsibility is an ongoing journey, one which we are committed to pursue, integrating new societal expectations into our business model. Since Lundin Petroleum's inception in 2001, we have adopted and revised our Code of Conduct and Corporate Responsibility policies, guidelines and procedures and reported on an increased number of topics, covering an array of material issues which have emerged over the years.

This is in line with the rising expectations and demands regarding environmental and social performance at a global level. Institutional investors are factoring Environment, Social, Governance (ESG) issues into their investment decisions. Through their commitment to the United Nations Principles for Responsible Investment and to good ESG practice, an increasing number of institutional investors and lenders consider good ESG performance as a sine qua non requirement for committing their funds. This involves a review of Lundin Petroleum's ESG performance and ratings relative to its peers and due diligence for incremental investments. In line with this, we have chosen to present the material issues in this Report under these three central and well-recognised pillars for measuring the sustainability and ethical impact of our company.

Our corporate responsibility journey





We welcome the increased interest of stakeholders and particularly institutional investors in the way we conduct our activities. It confirms our belief that sustainability is a key contributor to our success.

Christine Batruch
Vice President Corporate Responsibility

Norway remains a mature country in terms of resource management and petroleum legislation. The Norwegian oil and gas industry is highly regulated and the country's ambition to stay a global leader in HSE performance provides for strong alignment between operating companies and authorities.

Corporate Responsibility / Health, Safety and Environment Board Committee

In May 2018, Lundin Petroleum's Board of Directors decided to upgrade its CR/HSE Board Representation to a fully-fledged Board Committee underlining the importance of the Company's ESG management approach and performance to its continued success. The role of the CR/HSE Committee is to assist the Board to monitor the performance and key risks that the Company faces in relation to Corporate Responsibility, Health, Safety and Environment. The CR/HSE Committee further oversees the processes and systems in relation to Lundin Petroleum's Code of Conduct, HSEQ Leadership Charter, HSE policies, and other corporate requirements as may be applicable. Additionally, the CR/HSE Committee monitors the effectiveness of the organisation to meet stated goals and targets in relation to CR/HSE matters. The Committee meets at least twice a year with executive management and reports on its meetings to the Board.

In 2018, the Committee met twice and reviewed our CR/HSE performance, our risk management, climate change and southern Barents Sea strategy and performance.

Defining materiality

In 2018, we relied on the materiality assessment conducted in 2017 with the assistance of a third party materiality expert.

In order to understand issues considered material to our Company and to our stakeholder we carried out in 2017 a thorough review of 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 the material issues 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, oil and gas exploration and production offshore Norway.

As no significant changes have occurred in the location and manner in which we carry out our activities from 2017 to 2018, we retained the 2017 materiality assessment as the basis for this year's Sustainability Report. Our materiality assessment is nonetheless subject to periodical high level review and a comprehensive review on a 24 months basis.

Given the robust ESG regulatory framework and culture in Norway, we identified health, safety and the environment, in particular climate change as the most salient issues. We have therefore focused our efforts, from a management and operational perspective on these issues, while addressing and reporting on other ESG issues identified by our stakeholders as material to our sector.



Initiatives / Corporate Governing Documents

Risk management

In a world of constant change it is imperative to analyse and be aware of the landscape around us to help establish a coherent risk management strategy.

A standardised risk management methodology is used to perform quantitative and qualitative risk assessments to prioritise control activities and enable the Company to deal effectively with potential threats and opportunities.

Key material sustainability issues are reviewed from an operating context locally but are also considered in a broader context at the corporate level. Emerging trends are identified from internal and external sources, discussed at corporate management level on a quarterly basis and reviewed with the CR/HSE Board Committee.



The majority of Lundin Petroleum's activities are located in Norway, a country with robust regulatory framework covering our key material issues.

Erin Link
Corporate Risk and Insurance Director

Main sustainability risks identified in 2018:

ENVIRONMENT

Climate change

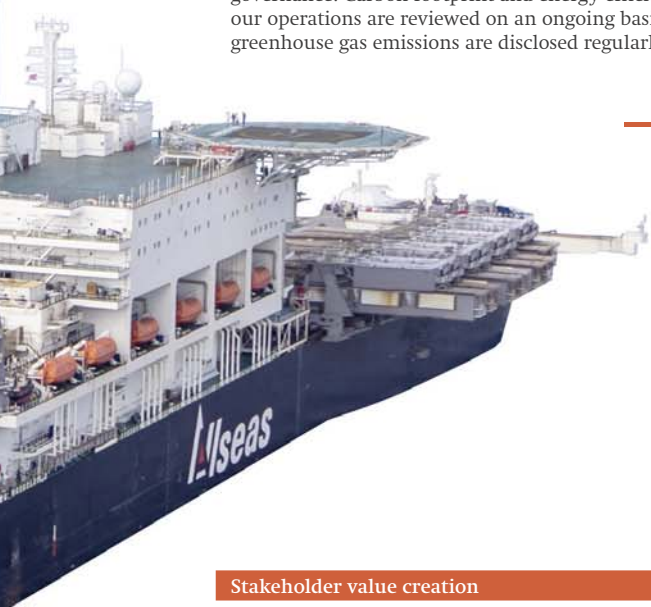
Risk
Negative perception of the oil and gas industry, leading to the risk of reduced access to licences. Failure to adapt to climate legislation.

Response
Lundin Petroleum operates with one of the lowest carbon emissions intensities in the industry and in a country with world-leading environmental governance. Carbon footprint and energy efficiency of our operations are reviewed on an ongoing basis and greenhouse gas emissions are disclosed regularly.

Major accident

Risk
Major accidents and/or well control incidents with potential environmental impact resulting from fires, blowout, collision etc. are a significant risk within the oil and gas industry.

Response
Lundin Petroleum's focus is on safe installations by design. Our robust maintenance programs and rig intake process adds to further control the risk of an incident. The management system, requirements, procedures and processes for safe operations help ensure regulatory compliance. Investigations and workshops are regularly carried out with partners to learn from industry-related events to prevent accidents that could impact the environment.



SOCIAL

Health and Safety

Risk
Major accident event with several fatalities, significant fire, collision or helicopter accident are a significant risk to oil and gas companies.

Response
Lundin Petroleum has a strong HSEQ management system to ensure regulatory compliance and reduce the risk of incidents. Competency and training as well as emergency preparedness exercises are key to safe operations. Lessons learned from investigations are shared both internally and externally. Audits are regularly carried out to measure the effectiveness of our management system. The Company maintains a robust health and safety culture throughout the organisation to ensure safety and security for our people.

Stakeholder value creation

Risk
Negative public opinion of oil and gas companies as well as inadequate stakeholder engagement and poor communication can adversely impact business opportunities.

Response
Lundin Petroleum reviews its activities with consideration towards multiple stakeholders in the decision making process. The Company engages at various levels to ensure alignment with stakeholder expectations, company presence and operations.

Cyber security

Risk
Increased vulnerability of information to cyber threats or malware attacks enhances the risk to system security, data theft and employee data privacy.

Response
Lundin Petroleum's information system uses mechanisms such as firewalls, policies and procedures, cyber detection tools and user awareness internal training for employees.

GOVERNANCE

Ethical business conduct

Risk
Risk of non-compliance with ethical business practices, fraud, bribery and corruption. Non-compliance lead to investigations and litigation and loss of legal or social licence to operate.

Response
Lundin Petroleum operates according to the highest level of ethical standards, ensured through the consistent application of its Code of Conduct, policies and procedures. Internal awareness training is conducted to communicate expectations regarding ethical business conduct to staff and reference to the Code of Conduct is integrated into business supplier contracts.

Regulatory changes

Risk
Effects of legislation or regulatory changes cannot be predicted with certainty and may adversely affect the Company.

Response
Lundin Petroleum is actively engaged in the hearing process for proposed new regulations and the potential consequences of new regulations are well known before they are effectuated.

Stakeholder engagement



What it means to us

Stakeholder engagement is actively managed as a key element of our value creation business model. It is important for Lundin Petroleum to openly communicate with people and organisations which maybe impacted by, or impact our activities. As such, close engagement and long lasting relationships are strongly embedded in the entirety of our activities, from exploration and development planning phases through to field operations and ultimately decommissioning. Our engagement also seeks to contribute to the better understanding of the oil and gas industry and the importance and impact of our Corporate Responsibility commitment on our activities. We map our stakeholders at the time we initiate activities, or when new issues arise. Stakeholders are prioritised on the basis of potential impact anticipated from our activities. For example, before drilling the Silfari well during the fall of 2018, we analysed what may be the impact of our activities and who could potentially be affected. We identified the aquaculture industry as potentially the most impacted and therefore engaged with the industry to share our plans and mitigation activities. This dialogue enables stakeholders to bring forth their viewpoints, which in turn makes the Company's Board and management aware and better able to address relevant issues, risks and opportunities.

It is embedded in Norway's legislation that petroleum resources on the Norwegian Continental Shelf (NCS) belong to the Norwegian State. The Petroleum Act of 1996 and the Pollution Control Act of 1981 set robust requirements on oil and gas companies regarding the manner in which these resources are managed. It is our duty to ensure that we meet them, and our commitment to seek to exceed expectations where practicable. Our Stakeholder Policy and guidelines outline how to define stakeholders and the method of engagement depending on the nature of the impact, interest and influence of the stakeholders.

The following list identifies our main stakeholders and their sustainability priorities in 2018 given our business context, pursued strategy and value chain. We recognise that our stakeholders vary over time based on new projects we undertake, hence the need to carry out this exercise when initiating new projects or going to a new location.

Our stakeholders

The following page highlights stakeholders and main topics addressed.

Student Competition: Show us your idea

We are always on the lookout for the next good idea. Our annual Student Competition in Norway challenges bachelor and master degree students to present their best idea relevant to our industry. A multi-disciplinary jury from Lundin Norway challenges student ideas and contributes to the further development of these ideas. The finalists are offered mentoring from our experts. Topics addressed by the students in 2018 included efficiency, safe drilling, detection of natural seepage from the seabed and future energy supply, helping us think of future areas of priorities.

Annual Innovation Day: Godt Tenkt!

The annual Innovation Day held at Lundin Norway is an important contribution to stakeholder engagement. The programme committee, consisting of Norwegian researchers and experts within oil and gas, as well as broader energy industries in Norway, assists in setting the agenda. This enables a two way interaction on what we as a company believe are future topics of interest, which solutions should be further developed and implemented in the near and long term. In 2018, the topics addressed were hybrid energy systems, data science and signal processing, optimised production via Solution Seeker, southern Barents Sea data collection and seabed mapping as well as the industrial mapping of communication between humans and machinery.



Our stakeholders

Think tanks

- Climate
- Security

Business partners

- Operations
- HSE

Employees

- Business ethics
- HSE

Labour unions

- Safety & working environment
- Business ethics
- Job creation

Media

- Operations
- Environment
- Innovation

Regional / local authorities

- Ripple effects
- Impact assessment
- Safeguarding people, the environment and assets
- Local community development programs
- Co-existence with other industries
- Emergency response
- Climate change

Suppliers

- Business ethics
- HSE

Shareholders

- Operating responsibly
- Financial performance
- Transparency
- Contributions to society

Industry associations

- Economic role
- Job creation
- HSE
- Innovation
- Ripple effects

Academia

- Innovation
- Digitalization
- HSE

Authorities

- Prudent operator
- Job creation
- Safeguarding people, environment and assets
- Revenue transparency
- Payments to the government
- EU ETS
- CO₂ tax

Fisheries

- Licence requirements
- Impact assessments
- Mitigation

Students

- Job creation
- Technology development
- Innovation

The Norwegian Clean Seas Association for Operating Companies

- Oil recovery preparedness
- Contingency plans

Community organisations

- Ripple effects
- Socio-economic and environmental impacts
- Emergency response



E NVIRONMENT

- *Climate change*
- *Biodiversity*
- *Water*
- *Waste*

Environmental Policy

- Detect potential environmental hazards
- Minimize current or potential risks
- Safeguard ecosystems, species and genetic diversity
- Promote energy efficiency
- Reduce carbon footprint and greenhouse gas emissions
- Prevent unnecessary waste
- Manage use of and discharges to water

Lundin Petroleum aims to operate in an environmentally sound manner. In order to achieve this, we require a thorough understanding of, and respect for, the natural environment as well as the environmental impacts from our activities.

Taking action to appropriately manage, limit and offset these impacts is critical to our continued success. Lundin Petroleum is fully committed to the precautionary principle and to minimise risks to the natural environment through measures encompassing research and development, environmental assessments and monitoring, implementation of new and improved technologies and techniques for the management of our resources and facilities. The manner in which we manage environmental issues are further described below under separate headings covering climate change, biodiversity, water and waste.

The implementation of our environmental strategy and targets set in 2017 gave the Company an ambitious, yet transparent, roadmap for monitoring and handling waste, emissions to air and discharges to water. We met all our long-term environmental targets in 2018.

Our Governance

Lundin Petroleum's Environmental Policy sets out the Board of Directors and management's commitment to minimise the Company's impact on the environment, in particular in relation to biodiversity, climate change, water and waste management. The Board's CR/HSE Committee, review with management on a bi-annual basis, actions taken to embed the commitment. At senior management level there is a shared responsibility to ensure that management and staff are made aware of the Policy, that there are systems and processes in place to integrate environmental considerations in operations and what is expected of each and everyone working in the Company.

As a result, environmental considerations, including biodiversity management, emission and waste reduction, climate change expectations and commitments are managed at all levels of the organisation.

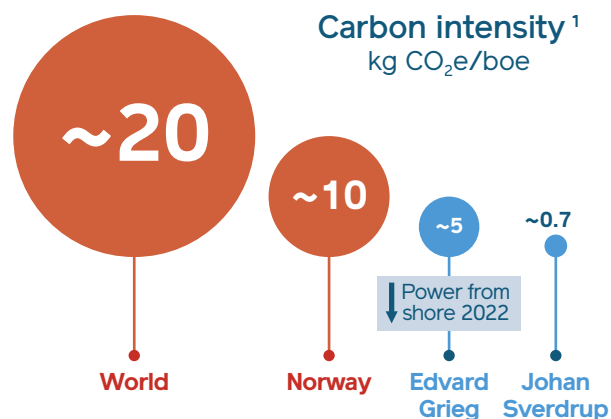
Lundin Norway's Environmental Strategy states that protection of the environment is a prioritised and essential element of operational planning and execution to minimise the potential impact of our company's operations. It outlines the Company's internal goals for emission intensity and reductions, waste handling, energy loss, as well as research and development (R&D) targets to further develop emission reduction technologies. Lundin Norway's Energy Policy, further provides a framework for optimised production and continuous improvement within energy management.

Climate change

Climate change, one of the world's biggest challenges, is high on the global agenda. Affordable and reliable energy is fundamental to economic development and prosperity globally, yet the world is confronted with the challenge of creating a sustainable energy use. Lundin Petroleum acknowledges the challenge of reaching an energy balance and seeks to contribute, through its high energy efficiency strategy to the transition towards a low carbon society. Our goal is to be an industry leader in exploring for and producing oil and gas with a minimal carbon footprint. In this context, we believe that one of the most effective measures to obtain significant change in production and consumption patterns is carbon pricing and carbon taxes. Our experience in Norway demonstrates that despite having to pay the highest carbon tax effective in any oil and gas producing country, we are able to achieve extremely low operating costs.

Our operating context

Lundin Petroleum's exploration and production activities take place offshore Norway. In 2018, all of Lundin Petroleum's oil and gas production came from fields located in the Central North Sea.



¹ Sources NOROG/IOGP for world and Norway data (2016 averages). Edvard Grieg's data is from 2018. All data is in kg CO₂e/boe (incl. methane). Johan Sverdrup full field estimate data is in kg CO₂/boe, data updated August 2018.

Lundin Petroleum supports the principles and commitments of the Paris Climate Agreement resulting from the meeting of the United Nations Framework Convention on Climate Change in 2015. The Agreement represents signatory countries' commitment to adaptation and mitigation measures to achieve global greenhouse gas emissions reductions to limit the average global temperature increase to below 2 degrees, with an aim to limit it to 1.5 degrees.

In 2016, the Norwegian Oil and Gas Association's affiliated companies, among which Lundin Norway, developed a roadmap to 2030 and 2050, outlining the industry's path to reducing emissions during this relevant timeframe. In 2017 the Norwegian government passed the Climate Act, detailing Norway's goals for emissions reductions until 2050. The current industry roadmap integrates the expectations of both the Climate Act and the Paris Agreement.

Norway's regulatory regime requires the use of Best Available Techniques and its fiscal regime imposes a tax on CO₂ emissions. Norway is also part of the European Union's Emissions Trading Scheme (EU-ETS). Therefore Lundin Petroleum, in addition to paying a carbon tax, participates in the EU-ETS trading scheme.

Thanks to these regulatory initiatives that date back to the 1990s, Norway is a leader in carbon efficient oil and gas production, with an emission intensity approximately half of the global average. Lundin Petroleum's carbon intensity is below industry average on the Norwegian Continental Shelf, at an overall 6.5 kg CO₂e/boe in 2018 and 4.9 for its operated Edvard Grieg field.

Lundin Petroleum's climate strategy and performance are reported annually via the Carbon Disclosure Project (CDP), a comprehensive self-reporting environmental data platform.

Our actions

In 2018, our Operations teams developed an online energy monitoring system which displays real-time energy consumption on the Edvard Grieg platform. This system interfaces energy measurement sensors and analytical tools to understand the energy flow and potential for process optimisation. It can be used to track energy performance of the individual process equipment, as well as of the entire platform. The system monitors energy performance of different process systems and establishes energy baselines (KPIs). Should the energy performance be below the established KPI corrective actions are taken.

A flaring strategy for Edvard Grieg was adopted prior to the commencement of production to conform with Norway’s no routine flaring policy. The strategy describes the Company’s commitment to flaring reduction and stipulates that process operations and the start-up of new wells shall be performed in such a way as to minimise ad hoc flaring. Edvard Grieg has a system in place for possible re-injection of gas into the reservoir, allowing for continued production without flaring. In general, flaring has never been permitted in Norway, except for safety reasons and in limited periods due to production upsets or testing of wells. Since the beginning of production in late 2015 through 2018, we were able to limit our non-routine flaring to as low as reasonably practicable (ALARP).

Through the course of 2018, Lundin Petroleum also performed extensive mapping of diffuse emissions on the Edvard Grieg platform and the Leiv Eiriksson drilling rig used at the Alta field in the southern Barents Sea. This mapping identified robust estimates for negligible fugitive emissions.

UN SDG/REUTERS movie

This movie showcases that our industry has a responsibility – and opportunity – to play a part in providing energy that is efficiently produced. Through this movie, Lundin Petroleum demonstrates how it is actively supporting the SDGs across its core business, specifically SDG 7 on affordable, clean and reliable energy and SDG 13 on climate action.

Climate change requires unprecedented action and collaboration between various societal actors and while it is important for oil companies to assume their responsibilities, we all have a role to play, including investors and consumers who limit their own emissions and support companies that are dedicated to limiting their carbon footprint.

www.reuters.com/brandfeatures/17-goals/lundin-petroleum

The Rolvsnes well test in the North Sea was used as a test case for in-situ measurements of particulate (black carbon) emissions from a well-test. The work performed is the first measurement of black carbon from a well test performed globally. It generated valuable emission data from a well test and resulted in high-quality emission factors to be used in future applications and environmental impact assessments. By undertaking these measurements, we are contributing to possible further emission reductions, based on reliable data.

The Edvard Grieg field was prepared to receive power from shore in conjunction with the development of the Johan Sverdrup field. Electrification of the Edvard Grieg field in 2022 will significantly reduce the annual emissions from the platform and will result in one of the lowest carbon emitting fields in the world.

We are currently supporting the establishment of a low emissions centre, a joint venture between operating companies, contractors, the Norwegian Research Council and Norwegian Authorities. Its mission is to promote the development and implementation of low emissions technologies with a 40 percent reduction in emissions for existing fields and move towards the 2050 goal of zero emissions for future fields.

Environmental performance forms part of the technical evaluation criteria of our rig contracts and term charters for vessels. Over the course of 2018, new environmental performance measures have been put in place requiring tenderers to document relevant environmental performance of their activities, including usage and discharge of fuel and chemicals, waste water and products from past and present operations. Tenderers are also required to describe relevant measures to reduce fuel and energy consumption as well as segregation and sorting systems. Tenderers’ reports cover environmental considerations, monitoring plans, monthly environmental reports and measurement of emissions. All tenderers have provided the information requested.

Audits

The Norwegian authorities conduct regular audits on all companies operating on the Norwegian Continental Shelf, including Lundin Norway. In 2018, the Norwegian Environment Agency (NEA) conducted an audit of the Alta Extended Well Test. The Company’s emission monitoring and control, as well as its oil spill preparedness were reviewed. The NEA audit resulted in no findings or observations, indicating the Company is managing environmental operational issues. Other audits performed in 2018 included verification of EU-ETS by authorised verifiers.

Long term environmental targets ¹

Greenhouse gas emission reduction measures from 2020 to 2030 corresponding to 100,000 tonnes annually to be recorded by 2020

A lifetime operated portfolio carbon intensity below

● **10** kg CO₂e/boe

Oily water discharges

● **< 15** ppm

Lifetime produced water injection regularity ²

● **> 95** %

Energy loss

● **< 2** %

Waste sorting

● **> 95** %

Waste recovery

● **> 75** %

¹ targets set in 2017

² water injection regularity target was misstated (>15%, whereas actual is >95%), corrected March 2019

2018 performance

● **6.5** kg CO₂e/boe

● **9.2** ppm

● **99** %

● **1.3** %

● **99.3** %

● **86.8** %



Biodiversity

Lundin Petroleum recognises that biological diversity is an essential element of ecological balance. It is therefore fully committed to the conservation of biological diversity, safeguarding ecosystems, species and genetic diversity. We actively acquire information and increase our understanding of ecosystems in which we operate, including the potential impacts of our activities on the environment. Environmental mappings, environmental risk analyses and environmental impact assessments are conducted to help us make informed decisions regarding the time and place of our operations.

Our operating context

The Norwegian Continental Shelf (NCS) is among the most extensively mapped, analysed and managed marine areas in the world. Norwegian authorities have been studying the area using management plans since 2006. These plans set out the operational conditions for all activities within the area, including oil and gas exploration and production. The International Union for Conservation of Nature's (IUCN) protected and other sensitive areas are identified within the plans. These are then weighed against industrial activities, local interests, international treaties and goals to determine the conditions upon which industrial activities can take place within the respective regions. Operational conditions may be imposed when awarding licences, such as periods with drilling restrictions, special monitoring, oil spill response measures, etc. Management plans are subject to public hearings and must be approved by Parliament. All of our activities on the NCS, as such, are subject to public consultation and authority approval.

All acreage is internally assessed, evaluating the environmental and societal impacts. We are particularly attentive to areas in proximity to sensitive coastal habitats, fish spawning and seabird breeding or feeding grounds, significant coral reefs, fisheries, etc. Without a thorough understanding of the environment in which we operate, we do not proceed.

Lundin Petroleum does not have any activities or acreage within or adjacent to IUCN protected areas.

Our actions

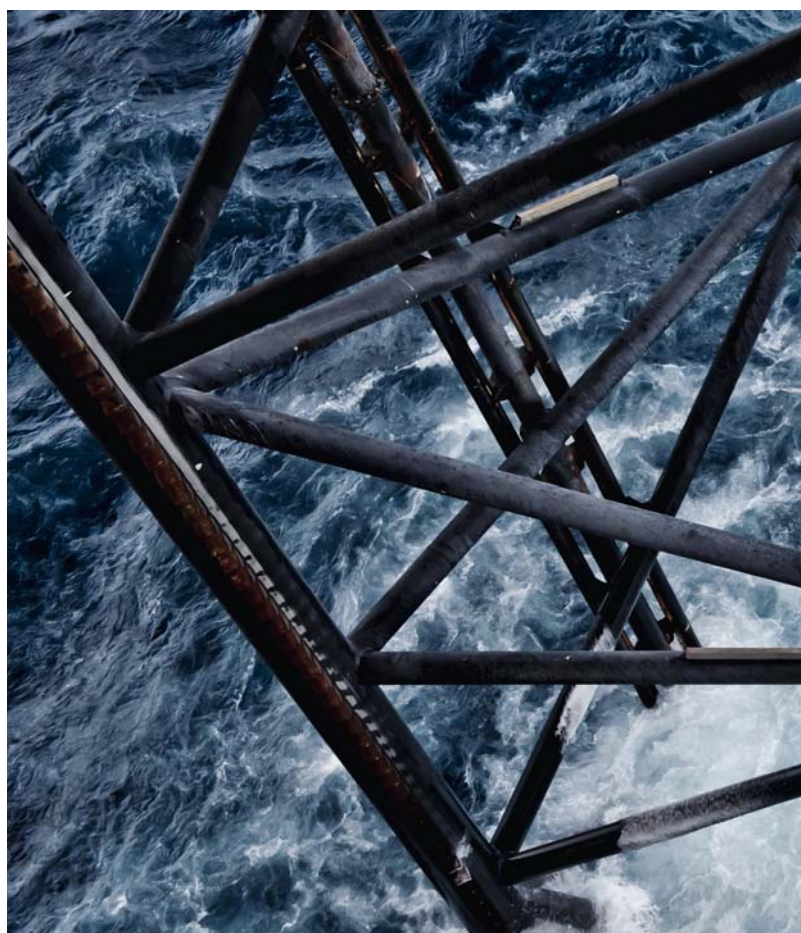
As a direct result of seabed mapping, three of the last four wells drilled by Lundin Norway in the southern Barents Sea were relocated from the preliminary location to ensure minimal impact from our activities. Similarly, anchor patterns around the Silfari well in the southern Norwegian Sea were relocated due to the presence of individuals soft-coral species.

As one of the founding members in the Barents Sea Exploration Collaboration (BaSEC), an initiative which seeks to exchange information, experience and data for prudent operations, Lundin Norway has gained valuable insights regarding the biodiversity in the area and measures which need to be put in place to preserve it. The work has resulted in significant mapping of bird and fish species in the region, a better understanding of season dynamics and the ecological importance of ice edges and polar fronts. Shared operational oil spill plans have also been developed. This work will continue throughout 2019.

We have also increased our understanding of seabird migrations from their Northern Atlantic breeding colonies to open waters in the Northern Atlantic oceans which feeds into our environmental risk and impact assessments. Use of lightweight loggers enable tracking of more species and individuals, than conventional systems.

Further to stakeholder consultations, we undertook the task to develop extensive oil spill preparedness plans for the 2018 Silfari well, in the southern Norwegian Sea. The well is located approximately 50 kilometres from the Frøya - Froan coastal wildlife reserve. The operation was coordinated in close cooperation with local and national authorities, with a special focus on spill contingency plans. This collaboration drove significant updates of the municipal and national oil spill plans for the wildlife reserve, in the best interest of all parties.

We continued to use subsea landers around key wells in the southern Barents Sea. Subsea landers are temporary structures placed on the seabed, using different sensors like plankton recorders, dissolved gas sniffers, video, sonar, fluorimeters and turbidity sensors for monitoring during drilling operations. The data provides robust information for documenting ecosystem activity, diversity and responses to our operations.



Water

Water management is a key issue for the oil and gas industry particularly in regions of water scarcity. While freshwater scarcity is not an issue for our Norwegian offshore operations, we measure and monitor water consumption and water discharges to sea for all of our operations as part of our commitment to minimise our impact on the environment.

Our operating context

Our company operates exclusively offshore on the Norwegian Continental Shelf (NCS).

Our actions

The main water management issue is operational discharges to sea. Produced water, slop and bilge water are all discharge streams that may have adverse effects on the aqueous environment. Of these three, produced water normally poses the highest environmental risk and therefore receives the most attention. Norwegian regulations state that no stream shall have monthly averages above 30 ppm oil in water. At Lundin Petroleum, we have implemented internal targets of monthly averages of less than 15 ppm oil in water and a target of more than 95 percent of produced water to be reinjected into our wells. Both of these targets were met in 2018, with a 9.2 ppm oil in water content and 99 percent of produced water reinjected.

The other major discharge stream to sea is drill cuttings and drill fluids from our drilling operations. In 2018, our discharges were reduced compared to 2017, due in part to reduced drilling activity and in part to our continuous efforts to reduce discharges. Our focus for discharge reduction in 2018 has been on chemicals, prioritising substituting the chemicals with the most adverse properties to less hazardous substitutes.

A major milestone for 2018 was to qualify and approve the online oil-in-water analyser as a regulatory accepted monitor for produced water from the Edvard Grieg installation. This gives us better control over discharges.

Waste

Waste is produced by human activity and poses threats to human and environmental health. Waste disposal is an important responsibility for all societal actors including corporates who must seek ways to reduce overall amounts of waste produced. From a company perspective we monitor our waste disposal practices to meet and exceed best practice.

Our operating context

At Lundin Petroleum, we focus on waste management both from an operational and office perspective. Waste management is intended to reduce potential adverse effects on the environment.

Our actions

A key focus for 2018 has been to implement a waste reduction campaign for all offshore installations, focusing on reduction in use of non-renewable materials, single use utensils and styrofoam packaging resulting in large amounts of non-reusable waste. The campaign is ongoing and has been expanded from our fixed platform to include all our operated assets. Although our waste sorting statistics indicate that our facilities have implemented a high quality waste management system, the waste recovery, in terms of reuse and regeneration of resources, shows room for improvement and will be the subject of focus in 2019.



Environmental performance

Zero
oil
spills

Zero
hydrocarbon
leaks

One
non-material
chemical spill

SOCIAL

- *Employment*
- *Health & safety*
- *Human rights*

412 year end employees



For Lundin Petroleum it is important to nurture and protect our most important asset, people. Under the heading "Social" we include Lundin Petroleum office and offshore employees, as well as contracted personnel and those with whom we engage with throughout our value chain. We want all those working for us, directly or indirectly, to feel they are safe, have equal opportunities, are fairly compensated and respected, while conforming to Lundin Petroleum's Environment, Social, Governance (ESG) commitments made in its Code of Conduct and policies.



Our governance

Lundin Petroleum's Employee Handbook outlines terms and conditions which are complementary to those contained in the written Statement of Terms and Conditions of Employment. While commitments to gender diversity, employee health and safety and respect for human rights are embedded within our Code of Conduct, they are further addressed in relevant thematic policies and guidelines. The Chief Executive Officer ensures these governing documents are implemented throughout the organisation, while day to day responsibility sits with the appropriate heads of departments and the Vice President Corporate Responsibility.

Lundin Norway has an onshore Working Environment Committee. In this committee, two elected employees represent the workforce, together with two representatives from senior management. The Chair of the Committee alternates between employee and management representatives on a yearly basis. The Committee holds quarterly meetings. At Edvard Grieg, elected delegates are represented together with the Edvard Grieg management. Lundin Norway also has a member within the Working Environment Committee run by the rig contractors.

Employment

Our operating context

In 2018, Lundin Petroleum had 412 permanent employees at year end and approximately 50 consultants. Our employees are located either at our onshore offices or offshore facilities.

In 2018, Lundin Petroleum hired 32 new employees. 50 percent of the new hires were women. Altogether, at year end women represented 28 percent of the total workforce and 26 percent of the managerial positions. The average age of our employee base is 44 years. We have over 25 nationalities.

Good employee relations and sound employment practices are actively promoted, offering attractive and safe working conditions and freedom of association. The Norwegian Oil and Gas Association has framework agreement in place with affiliated unions, where negotiations take place on a yearly basis to reach mutually satisfactory employment conditions. Unionised staff are currently represented in Norway by Tekna, Industri Energi, Safe or Lederne and represent approximately 50 percent of the workforce. Collective bargaining agreements cover those employees who have chosen to be union members.

Our staff retention has remained steady over the past few years, with a 3.21 percent turnover rate in 2018.

Over the course of 2018, we had over 30 interns working in different departments in Switzerland and in Norway. We value these placements and view them as a good opportunity to assist youth in career development by providing real work experience and explore areas of interests, while developing their skills.

Diversity and gender parity

Lundin Petroleum fosters an inclusive work environment free of any form of discrimination, promoting diversity among the workforce and ensuring equal opportunity for men and women. We are committed to diversity, valuing and recognising its benefits in accessing a broad pool of quality employees, encouraging employee retention and building high performance teams. While we have always fostered an inclusive working environment, we have chosen to render our commitment more explicit in 2018 with the introduction of our Diversity Policy.

Women represent 28 percent of the total workforce. With our policy and recruitment practices, we are continuously working on increasing this percentage by seeking the inclusion of at least one female candidate at the final interview stages.

Our actions

Lundin Petroleum values and supports workforce involvement when developing our management system, including policies and procedures. We ensure that plans, activities and expectations are communicated to the entire organisation.

We ensure that our employees acquire specific knowledge about Health, Safety, Environment (HSE) practices. On top of on the job training, in 2018 Lundin Norway employees completed 2,454 hours of HSE training and 1,997 hours of overall training, including Leadership training. The Leadership training was completed by 20 participants in 2018, and a further 20 employees are expected to complete it early 2019. This training is intended to prepare current managers to be able to assume further responsibilities within the Company in the future.

Regular appraisals of our staff and management are conducted on an annual basis, at minimum. These appraisals include discussing future career development, training requirements and performance reviews.



In order to ensure that our employees have the latest governing documents in hand, and in line with our environmental efforts to reduce paper consumption, Lundin Petroleum employees are no longer provided with paper copies of the Code of Conduct Manual or Employee Handbook, but are rather guided to the intranet page, fully updated and rolled out in 2018.



Health & safety

The ambition of the Norwegian parliament is for the Norwegian petroleum industry to be a world leader in terms of HSE. This is a clear signal to the industry that excellent safety performance is expected.

Our operating context

Lundin Petroleum's objective is to provide a safe and healthy working environment for all employees, contractors and other personnel working for us who may be subjected to potential risks. The control and management of health and safety issues are considered at all stages of operational and commercial activities. We fully recognise the value of the people working for us and consider their well-being as a major element of our business success. We ensure that all persons working for Lundin Petroleum are familiar with our expectations relating to our HSE.

Our actions

Throughout 2018, we implemented a wide range of initiatives with the intent to highlight, and where possible improve, our safety culture. The initiatives rolled out during the year were based on a review of historical incidents within our company and the industry. The overall effect of these initiatives can be seen in the fact that we have had no incidents with serious impact or potential on people or the environment.

Lundin Petroleum's actions for continuous improvement

- Regular monitoring of leading and lagging health and safety indicators
- Risk assessments and mitigation measures
- Investigations, monitoring and improvements
- Implementation of lessons learnt
- Safety reflexes
- HSE leadership training
- HSE campaigns
- Audits, verification and inspections
- Board and executive management visit to EG platform and to construction site

The Norwegian regulatory bodies also undertake regular audits of companies operating on the Norwegian Continental Shelf. In 2018, 5 audits were performed on Lundin Norway by the Norwegian Environment Agency and the Petroleum Safety Authority. No critical findings were made relating to the way we plan and execute our activities.

Lundin Norway launched Lundin calling, a pro-active measure to support further continuous improvement of the HSEQ culture and results. It comes in addition to the systems and best practices we already have in place and relates to the individual's awareness, attitude and contribution to our HSEQ objectives.

It is used in our communication of important HSEQ related messages. The first Lundin calling topic launched in 2018 was our Life Saving Reflexes. The Life Saving Reflexes shall function as the last set of barriers to prevent life threatening accidents.

In 2018, we contracted a semi-submersible drilling rig for our operations on the Utsira High. Prior to commencing the drilling operations, we held five two-day Safety Leadership Workshops. The focus of the training was to communicate safety goals, safe methods of work and to allow for discussions on rig-specific issues and risks. A total of 280 staff and contractors attended the training.

Lundin Petroleum recognises the recent assessments carried out by scientific and regulatory bodies in Europe and their call to lower exposure limits to benzene. Petroleum, as a product, contains volatile, carcinogenic benzene, which can represent a significant health hazard during crude oil production and processing. Further to our commitment to protect employees and contractors against hazardous benzene exposures at our facilities we introduced several control measures on the Edvard Grieg facility to limit exposure:

- Annual verification program to confirm that even minor hydrocarbon leakages from flanges and vents are kept at a minimum
- Monitoring for the presence of benzene as part of the permit-to-work system when working on hydrocarbon equipment
- Where necessary, conducting personal exposure monitoring to assess health risk and confirm compliance with exposure limits
- Update the respiratory protection regime, shifting from tight-fitting to powered by air-purifying respirators
- Increase worker's awareness about benzene risks and proper industrial hygiene precautionary measures through information campaigns



Safety highlights

Lost time incident rate

2018	2017
0.50 per million hours worked	0.47 per million hours worked

Total recordable incident rate

2018	2017
1.01 per million hours worked	3.30 per million hours worked

Safe operations

2018	2018
Zero fatalities	Zero process safety incidents





Human rights

The United Nations Guiding Principles on Business and Human Rights (2011) have helped guide global businesses on how to act responsibly, respecting and promoting human rights and providing an avenue of remedy if and when needed.

Lundin Petroleum endorsed the United Nations Guiding Principles in 2012, and remains committed to the promotion of human rights in its sphere of influence. Our Human Rights Policy and guidelines set out our expectations regarding human rights and a zero tolerance for any type of discrimination, harassment or other rights infringements.

Our operating context

As we operate exclusively offshore Norway, we face low human rights risks such as child and forced labour. In addition to abiding by the UN Declaration of Human Rights, we are compliant with the Norwegian Equality and Anti-Discrimination Act which promotes equality and prohibits discrimination based on ethnicity, gender or religion, ensures equal rights and opportunities for all. In 2018, there were no incidents relating to equality or discrimination.

We are compliant with the Norwegian Working Environment Act which addresses human rights issues and includes the International Convention on the elimination of all forms of racial discrimination. We provide an avenue for redress based on our Whistleblowing Policy and procedure which empowers anyone working for us to denounce a wrongful practice and advocate for a remedial measure.

Our human rights screenings in Norway in 2018 showed no violations, potential or actual. The risk of our operations or contractors having labour related issues such as child, forced or compulsory labour is very low due to the fact we operate in Norway only and that we have in place policies and procedures such as our Contractor Declaration to address these issues down the value chain.

Our actions

All our employees including new hires, have completed the Corporate Responsibility e-learning course. The latter covers our Human Rights Policy and guidelines, and requires passing a compulsory test to complete the course.

In 2018, we also implemented a cloud based human rights training to ensure our compliance with regards to the General Data Protection Regulation, and strengthen our ability to develop our human capital as well as pursue talent management.

We had no whistleblowing cases in any of our areas of presence.

Sudan

In 2010, the Swedish Prosecution Authority began a preliminary investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997–2003. The Company has cooperated extensively and proactively with the investigation by providing information regarding its operations in Block 5A in Sudan during the relevant time period and strongly believes that it was a force for development in Sudan. Ian H. Lundin and Alex Schneider have been interviewed by the Swedish Prosecution Authority and have been notified of the suspicions that are the basis for the investigation. In 2018, the Company was notified by the Swedish Prosecution Authority that the Company may be liable to a corporate fine of SEK 3 million and forfeiture of economic benefits from the alleged offense in the amount of SEK 3,282 million, based on the profit of the sale of the Block 5A asset in 2003 of SEK 720 million. Any potential corporate fine or forfeiture could only be imposed after the conclusion of a trial, should one occur.

In 2018, the Swedish Prosecution Authority began a preliminary investigation into alleged interference in a judicial matter as a result of allegations of witness harassment. The Company and its representatives are not aware of any details of the alleged actions, despite several requests for details thereof, and reject any knowledge of, or involvement in, any wrongdoing. Ian H. Lundin and Alex Schneider have been interviewed by the Swedish Prosecution Authority and have been notified of the suspicions that are the basis for the investigation.

Neither investigation entails that charges have been, or will be, brought against any individuals or the Company. Lundin Petroleum remains convinced that there are absolutely no grounds for any allegations of wrongdoing by the Company or any Company representatives in respect of any of these allegations. More information regarding the past operations in Sudan during 1997–2003 can be found on www.lundinhistoryinsudan.com.

G OVERNANCE

- *Code of Conduct*
- *Whistleblowing*
- *Anti-corruption*
- *Competition*



Good governance is there to ensure ethical behaviour across the entire company. It requires having in place relevant policies and processes which set out conditions under which our company carries out its activities and continuous monitoring of their implementation by the members of the governing body. It includes the mechanisms required to balance the powers of the organisation, and their primary duty of enhancing the prosperity and sustainability of the organisation. Governance addresses a number of issues, via both organisational structure and policies, and should be transparent. Governance plays a core role in ESG, as it directly pertains to all Environment, Social, and Governance branches, governing how to best address risks and opportunities.



Our corporate governance structure ensures safe, responsible and efficient operations and is fundamental to our past and future operational success.

Ian H. Lundin
Chairman of the Board

Our governance

Since its creation in 2001, Lundin Petroleum has been guided by general principles of corporate governance. These general principles, integrated in its Code of Conduct, and aligning with the Swedish Code of Corporate Governance, form an integral part of Lundin Petroleum's business model.

Lundin Petroleum's principles of corporate governance 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 also enables the Company to manage its responsibilities clearly as well as to avoid conflicts of interest between its shareholders, management and the Board. Abiding to corporate governance principles 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.

Our operating context

Lundin Petroleum's business is to explore for, develop and produce oil and gas in a responsible way. 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, 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. The standard within the oil and gas industry is to operate through joint ventures, which emphasises the need for a clear division of responsibilities not only within Lundin Petroleum but also between Lundin Petroleum and partners. In each joint venture, one of the parties is designated as the operator in charge of the day-to-day operations, in accordance with a Joint Operating Agreement.

All key decisions, including approval of yearly budgets, work programmes and where operations shall be conducted, are decided at joint committee meetings between the joint venture parties. The joint venture partners have on-going audit rights to ensure that the necessary checks and balances are in place to monitor compliance with the Joint Operating Agreement and legal requirements.

Our actions

Code of Conduct

Lundin Petroleum's Board adopted a new Code of Conduct in 2018, revised to reflect its current operating context. The Code of Conduct sets out a set of principles directed at giving overall guidance to employees, contractors and partners on how they are expected to conduct activities in a safe, healthy and environmentally responsible manner.

These principles are for the benefit of all stakeholders, including shareholders, employees, business partners, and owners of the resources. 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 employee contracts and contracting procedure; any violations will be subject to inquiry and appropriate remedial measures. Achieving excellence in all parts of our business is a key driving force. Our Code of Conduct sets out how to apply the same professional and responsible approach to people, the environment and society, as we do to our exploration and production of oil and gas.

Whistleblowing

Lundin Petroleum aims to ensure high standards of integrity and to uphold ethical behaviour in the workplace. Revised in 2018, our Whistleblowing Policy and procedure aim to ensure that legitimate concerns regarding serious misconduct in the workplace are raised without reprisals or victimisation. We encourage people working for us to voice possible concerns regarding unethical or illegal conduct. Our whistle-blowers are protected against retaliation and identities will be kept anonymous should this be desired. Concerns can be raised at any time, to line managers or supervisors or can be submitted via e-mail. All complaints reported to Lundin Petroleum are notified to the Board Audit Committee. Follow-up actions depend upon the nature of the concern.

In 2018, there were no cases raised through the whistleblowing procedure.



Anti-corruption

Lundin Petroleum prohibits all forms of corruption. To ensure that everyone working for or on behalf of Lundin Petroleum understands his/her responsibilities, we provide information and training throughout our operations. While there have been no cases of corruption nor significant fines or non-monetary sanctions for non-compliance in 2018, we encourage any alleged cases to be reported. All alleged cases of corruption are to be investigated, and appropriate actions taken. Our anti-corruption efforts have been enhanced by including these together with other ESG issues - labour, human rights and HSE - policies and performance in our contractor evaluations. Anti-corruption clauses are included in our Contractor Declaration, outlining ethical expectations. In the event of non-compliance, contracts may be terminated or remedial actions may be sought, depending on the severity of the non-compliance.

To illustrate our commitment to combat corruption, we participate in the following initiatives promoting anti-corruption:

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

Competition

In 2018, we adopted a new Competition Law Policy to demonstrate our commitment to ensure that all business practices are in full compliance with legal requirements and best practice in the area where we do business. The Norwegian Competition Law prohibits agreements, practices and conduct which have a damaging effect on competition, such as collusion between competitors or abuse of market power. Breach of the Competition Law can lead to criminal and corporate liability and can severely damage the Company's reputation and standing. By setting out employee responsibilities and requirements in our Competition Law Policy we seek to ensure that integrity is maintained in all business dealings.

WE SUPPORT



ESG ratings

Environment, Social, Governance (ESG) ratings look at how corporations integrate ESG issues into their business model and their performance in relation thereto. Lundin Petroleum, like other major players in the oil and gas sector, is evaluated and rated on its ESG management and performance. This is part of a recent evolution whereby institutional investors are becoming increasingly aware of the importance of ESG to business success. As a result, they now integrate sustainability assessments of companies in which they invest as part of their due diligence. Many banks and investment institutions have also become signatories to the Principles for Responsible Investment committing to integrate ESG considerations into their investment decisions. They assess and measure a company's ESG performance over time, as well as compare its performance relative to that of its peers.

Lundin Petroleum welcomes this heightened interest in sustainability, as it confirms the Company's belief that good governance and business success are linked.

Lundin Petroleum has been reporting publicly about its ESG approach and performance since 2001. Initially it explained its Corporate Responsibility approach in its Annual Reports and later to international initiatives such as the United Nations' Global Compact, the Carbon Disclosure Project and rating agencies. Since 2015, following corporate best practice, Lundin Petroleum has been publishing a Sustainability Report providing both qualitative and quantitative ESG data, based on the Global Reporting Initiative (GRI).

ESG assessments

Investor related ESG assessments are carried out by the investment community through internal resources and/or with the assistance of rating agencies which help them determine the level of risks and opportunities linked to its decision to invest in a company. We therefore welcome rating agencies' assessments of Lundin Petroleum and disclose our existing ESG scores to contribute to the shaping of investor-relevant decision-making processes. While investors' rating of Lundin Petroleum is not communicated publicly, some rating agencies communicate their scoring.

Over the years, Lundin Petroleum has observed the following themes of interest by ESG rating agencies:

- Climate change
- Staff management
- Promotion of innovation
- Supply chain management

Lundin Petroleum actively engages with leading ESG agencies. We are pleased that the Company is ranked in the top quartile among the agencies which have rated Lundin Petroleum over the course of 2018, as shown below.

Our 2018 ESG ratings

ISS-ekom
Prime Status

vigeo eiris

Top 10
ESG Europe

CDP
DISCLOSURE INSIGHT ACTION

A-

MSCI

AA

SUSTAINALYTICS

Outperformer

Corporate citizenship



Societal Contributions

Lundin Petroleum, as a responsible corporate citizen, seeks to have a positive impact on society, particularly in communities where it has a presence. It thereby supports individuals and institutions which share the same values as the Company, such as innovation, entrepreneurship and team spirit.

Lundin Petroleum supports the Good to Great Tennis Academy in Sweden, which offers talented young players with the opportunity to train and excel in national and international tennis competitions. Thanks to our contribution in 2018, 15 scholarships were awarded to elite juniors, both girls and boys. An after-school program was launched for 20 juniors, allowing them to combine school and tennis training.

Lundin Norway supports the Norwegian College of Elite Sport, which enables youth to participate in international sports competition while pursuing their schooling and has been a long standing partner of the Astrup Fearnley museum in Oslo. The museum exhibits leading artists from around the world and has found an innovative way of rendering contemporary art more accessible by having young experts present to respond to any questions related to a work or art or its author. Finally, Lundin Norway has an extensive R&D programme, supporting over a hundred projects which look at new technology and equipment to increase the effectiveness of oil and gas operations.

Partnership with the Lundin Foundation

The Lundin Foundation was established in 2005 and is a globally recognised leader in promoting good governance and leading projects supporting social and environmental issues. The Foundation supports companies within the Lundin Group to address relevant stakeholder issues. Foundation projects currently take place in Africa, Europe and South America and focus on the following pillars: education and training, local procurement, economic diversification, social and environmental innovation.

In 2018, the Foundation received a UN Sustainable Development Goals' award in conjunction with its work with Lundin Gold.

Since 2016, the Lundin Foundation organises an annual Corporate Social Responsibility Summit for the Lundin Group of Companies to promote good Environment, Social, Governance (ESG) performance and share best practice among the companies. In 2018 the Summit was held in Chile and focused on how to track and report on ESG performance, looking at risks and opportunities and industry relevant key performance indicators. The Summit, which consisted of a number of workshops and company presentations, included a visit of Lundin Mining's Candelaria facilities and various community and impact investments projects around the mine.

Operational context

Through our partnership with the Lundin Foundation, Lundin Petroleum supports innovative solutions to address key social and sustainability issues in Scandinavia. Projects that promote the integration of refugees and migrants into the workforce are carried out in Norway and Sweden. Training, coaching and mentoring are further provided to young entrepreneurs with sustainable business ideas in Northern Norway.

Our actions

In 2018, our social integration efforts focused on three organisations: Charge, Arctic Accelerator and Care of Business. Each project consists in an extensive incubation process, allowing entrepreneurs to gain the necessary training on how to best develop entrepreneurial and business skills. The incubation process also facilitates networking opportunities, to help deliver a business with commercial potential.

Charge (Oslo, Norway) supports the integration of first-generation immigrants by means of building a future through business creation. In 2018, Charge assisted 9 entrepreneurs, of whom 3 women, across 5 teams. All 5 teams registered running businesses, 3 are currently generating revenues and 5 jobs were created through enterprises incubated in the Charge program.

Charge was shortlisted as best Incubator in Norway by the Nordic Start-up Awards.

Arctic Accelerator (Tromsø, Norway) seeks to boost and intensify the innovation process in promising start-ups with business ideas meeting the challenges and market opportunities in Northern Norway towards a sustainable future. It specifically aims to increase the recruitment of young entrepreneurs, aged 30 and below. It accepted 22 entrepreneurs over the year, with 13 women, across 11 teams. 6 teams have registered running businesses generating sales and creating 9 new job posts in 2018.

Care of Business (Stockholm/Lund, Sweden) supports a faster integration process for refugees and non-EU migrants. The project further strives to contribute to a more equal access to funding and venture capital for start-ups, in a market which today lacks in diversity. The project participants included 30 entrepreneurs, of whom 6 were women, across 23 teams. 7 teams have registered their business and are generating revenues.

In August, the Lundin Foundation held a 'Scandinavian Incubator Workshop' for Scandinavian program recipients to share lessons learnt and discuss key challenges to stimulate them to explore and develop actions that can contribute to improved impact at the program level. In addition to program recipients, the workshop was attended by national agencies and institutions, as well as incubator program implementing partners to participate in reviewing Charge, Arctic Accelerator and Care of Business.

Kidnovation, a start-up from Care of Business, was shortlisted as best Social Impact Start-up in Sweden by the Nordic Start-up Awards.

Kidnovation also won the King Carl XVI Gustav prize, as a tribute to visibility of entrepreneurs with a foreign background to increase the interest in entrepreneurship.



Sustainability data

Indicator	Unit	2018	2017
Environment ¹			
Unplanned releases to sea or land			
Oil spills			
Number		0	0
Volume	m ³	0	0
Chemical spills			
Number		1	2
Volume ²	m ³	31	16.38
Hydrocarbon leaks			
Number		0	0
Mass	kg	0	0
Emissions to air			
NO _x	t	1,199	1,137
SO _x	t	25.8	25.8
nmVOC	t	195.7	121.0
Flared and vented emissions			
Edvard Grieg (gas)	Sm ³	10,473,113	13,456,445
Cold vented hydrocarbons			
Edvard Grieg (gas)	Sm ³	52,618	45,770
Flaring during well tests			
Gas	Sm ³	13,584,350	112,354
Oil	Sm ³	8,308	1,132
Fresh water use			
Freshwater withdrawal ³	m ³	4,155	4,417
Withdrawal from areas with high water stress	m ³	0	0
Effluents			
Produced water discharged to sea	m ³	1,164	5,668
Total water discharges ⁴	m ³	11,933	16,335
Regular discharges of oil to water	t	0.12	0.27
Drill cuttings	t	7,938	13,859
Waste			
Hazardous waste generated	t	8,036	16,612
Hazardous waste recovered	t	596	426
Non-hazardous waste generated	t	585	603
Non-hazardous waste recovered	t	507	500
Energy consumption			
Total energy consumption ⁵	TJ	4,778	3,805
Energy consumption from renewable sources	TJ	6.8	7.1

Indicator	Unit	2018	2017
Environment (continued)			
GHG emissions			
Direct CO ₂ emissions	t	391,423	328,432
Direct CH ₄ emissions	t	187	104
Emission intensity	kg CO ₂ e/boe	6.5	5.7
Scope 1 GHG emissions ⁶	t CO ₂ e	396,028	330,214
Scope 2 GHG emissions ⁷	t CO ₂ e	31.0	31.7
Scope 3 GHG emissions ^{8,9}			
Product use	MT CO ₂	16.9	15.8
Travel and logistic supply	MT CO ₂	0.045	0.048
Social¹⁰			
Health and Safety			
Fatalities			
Employees		0	0
Contractors		0	0
Total		0	0
Lost time incidents			
Employees		0	1
Contractors		1	0
Total		1	1
Restricted work incidents			
Employees		0	0
Contractors		0	0
Total		0	0
Medical treatment incidents			
Employees		0	1
Contractors		1	5
Total		1	6
Lost time incident rate¹¹			
Employees (per million hours worked)		0	1.30
Contractors (per million hours worked)		0.83	0
Total (per million hours worked)		0.50	0.47
Total recordable incident rate¹¹			
Employees (per million hours worked)		0	2.61
Contractors (per million hours worked)		1.67	3.69
Total (per million hours worked)		1.01	3.30
Exposure hours			
Employees (hours)		785,916	767,609
Contractors (hours)		1,200,314	1,355,856
Total (hours)		1,986,230	2,123,465
Near misses with high potential			
		0	1
Contractor screening using HSE & CR criteria¹²			
New contractors (%)		100	100

Indicator	2018	2017
Social (continued)		
People		
Employees		
Total ¹³	412	411
Employee turnover (%)	3.21	1.18
New hire rate (%)	7.90	6.35
Gender diversity		
Number of men	298	298
Number of women	114	113
Women in workforce (%)	28	25
Women in management (%)	26	27
Women in the Board of Directors (%)	33	38
Employees by age groups (%)		
< 30 years	5	5
30 – 50 years	56	60
> 50 years	39	35
Board of Directors by age groups (%)		
> 50 years	100	100
Incidents of discrimination	0	0
Governance ¹⁴		
Society		
Disputes associated with operations	0	0
Actual impacts on local communities	0	0
Corporate donations (USD)		
Sustainable investments	33,063	103,129
Contribution to the Lundin Foundation	1,693,500	1,159,900
Total	1,726,536	1,263,029
Contributions to initiatives (USD)		
United Nations Global Compact	15,065	10,000
Extractive Industries Transparency Initiative (EITI)	40,000	40,000
CDP	9,444	2,795
Total	64,509	52,795
Anti-corruption		
Communication of Anti-corruption Policy		
Board of Directors (%)	100	100
Employees (%)	100	100
Training on anti-corruption ¹⁵		
Board of Directors (%)	100	100
Employees (%)	100	100
Confirmed incidents of corruption		
Number of incidents	0	0
Impact on employees	0	0
Impact on contractor relations	0	0
Legal cases	0	0
Report to the EITI	Norway	Norway

Indicator	2018	2017
Governance (continued)		
Compliance		
Significant fines		
Number	0	0
Value (USD)	0	0
Environmental fines		
Number	0	0
Value (USD)	0	0
Non-monetary sanctions		
Number	0	0
Environmental non-monetary sanctions		
Number	0	0

Payments to governments (TUSD) ¹⁶	Taxes	Royalties	Fees	Production entitlement	Total 2018
Norway	29,237	n/a	33,585	n/a	62,823

¹ The Environment data boundary represents Norway operational control (100 percent basis), with the exception of energy consumption and GHG emissions which are at Corporate level.

² The discharge occurred at well location 16/1-28S in PL 338C (North Sea). The spill was discharged in the water column approximately 20m above the sea bed. The spill consisted of aqueous brine (water and salt), and minor amounts of environmentally friendly additives. The spill, being water soluble and non-toxic, is not expected to have any impact upon the environment.

³ The total fresh water withdrawal is the sum of all potable and drilling water loaded onto supply vessels for offshore use, and reported water consumption at office premises.

⁴ Total water discharges is the sum of produced water and treated drainage water from Edvard Grieg platform and drilling rigs. Only water treated for oily water content is reported.

⁵ Sum of all energy sources consumed during operations, including, fuel/flare gas, diesel, and electricity, from offshore installations, drilling rigs and office premises. 1% of our energy consumption is from renewable sources, and 99% is from non-renewable sources.

⁶ Scope 1 accounts for all direct emissions to air from operated assets, covering all emissions from Edvard Grieg and drilling rigs.

⁷ Scope 2 accounts for energy indirect emissions from the Lundin Petroleum offices.

⁸ Scope 3 accounts for other indirect emissions including travel and emissions due to logistics (supply vessels and helicopters), as well as indirect emission due to product sales.

⁹ Mill tons of carbon dioxide.

¹⁰ The Social data boundary includes Norway, Switzerland, Sweden and the Netherlands. As the majority of the organisation is located in Norway, the information is disclosed at Corporate level rather than per region.

¹¹ Employee and contractor frequency data is obtained by inserting the number of injuries as the numerator and the hours worked as the denominator.

¹² We report on main contractors which are determined based on the scope of work, contract duration, contract value and/or relevant risk factors.

¹³ The Sustainability Report accounts for permanent and fixed term employees by end of year paid directly by the Company, whereas the Annual Report accounts for average numbers for the year.

¹⁴ The Governance data boundary includes Norway, Switzerland, Sweden and the Netherlands.

¹⁵ Since the introduction of the e-learning course, everyone working in the Company has completed the training, including new hires and Board members.

¹⁶ The report on payments to governments with details of payments is available on www.lundin-petroleum.com.

GRI index

Lundin Petroleum's 2018 GRI index, in accordance with the GRI Standard Guidelines "core" level, provides references to the indicators the Company reports on.

Standard Disclosure	Description	Reference
GRI 102: GENERAL DISCLOSURES (2016)		
1. Organisational profile		
102-1	Name of the organisation	SR front/back cover
102-2	Activities, brands, products, and services	SR 3
102-3	Location of headquarters	SR back cover
102-4	Location of operations	SR 4-5
102-5	Ownership and legal form	SR back cover
102-6	Markets served	SR 6
102-7	Scale of the organisation	AR 40, 55 and 83
102-8	Information on employees and other workers	SR 18-19 and 33
102-9	Supply chain	SR 6
102-10	Significant changes to the organisation and its supply chain	SR 7
102-11	Precautionary Principle or approach	SR 12
102-12	External initiatives	SR inside cover
102-13	Membership of associations	SR inside cover and 19
2. Strategy		
102-14	Statement from senior decision-maker	SR 3
102-15	Key impacts, risks and opportunities	SR 5, 9, 10 and 11
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	SR 3 and 6
102-17	Mechanisms for advice and concerns about ethics	SR 25
4. Governance		
102-18	Governance structure	SR 25
102-19	Delegating authority	SR 6-7
102-20	Executive-level responsibility for economic, environmental and social topics	SR 6-7
102-21	Consulting stakeholders on economic, environmental and social topics	SR 10-11
102-22	Composition of the highest governance body and its committees	AR 28-29
102-23	Chair of the highest governance body	AR 28
102-24	Nominating and selecting the highest governance body	AR 26
102-25	Conflicts of interest	AR 28-29
102-26	Role of highest governance body in setting purpose, values, and strategy	AR 27
102-27	Collective knowledge of highest governance body	AR 27 and 32
102-28	Evaluating the highest governance body's performance	AR 32
102-29	Identifying and managing economic, environmental and social impacts	SR 6-7 and 10
102-30	Effectiveness of risk management processes	SR 8
102-31	Review of economic, environmental and social impacts	SR 6-7
102-32	Highest governance body's role in sustainability reporting	SR 6-7
102-33	Communicating critical concerns	SR 6-7
102-36	Process for determining remuneration	AR 30 and 35-37
102-37	Stakeholders' involvement in remuneration	AR 25 and 35-36
5. Stakeholder engagement		
102-40	List of stakeholder groups	SR 11
102-41	Collective bargaining agreements	SR 19
102-42	Identifying and selecting stakeholders	SR 10
102-43	Approach to stakeholder engagement	SR 10
102-44	Key topics and concerns raised	SR 11
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	AR 94
102-46	Defining report content and topic Boundaries	SR 4-5
102-47	List of material topics	SR content page and 7
102-48	Restatement of information	pending with PWC
102-49	Changes in reporting	SR 4-5
102-50	Reporting period	SR 4
102-51	Date of most recent report	SR 38
102-52	Reporting cycle	SR 3-4
102-54	Contact point for questions regarding the report	SR 38
102-54	Claims of reporting in accordance with the GRI Standards	SR front cover
102-55	GRI content index	SR 34-35
102-56	External assurance	SR 5 and 36
103-1	Explanation of the material topic and its Boundary	SR 1 and 4
103-2	The management approach and its components	SR 6-7, 13, 19 and 25
103-3	Evaluation of the management approach	SR 6-7

AR: Annual Report
SR: Sustainability Report

Standard Disclosure	Description	Reference
GRI 205: ANTI-CORRUPTION (2016)		
205-2	Communications and training about anti-corruption policies and procedures	SR 26
205-3	Confirmed incidents of corruption and actions taken	SR 26
GRI 302: ENERGY (2016)		
302-1	Energy consumption within the organisation	SR 31
GRI 303: WATER AND EFFLUENTS (2018)		
303-3	Water withdrawal	SR 31
303-4	Water discharge	SR 17
GRI 304: BIODIVERSITY (2016)		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR 16
304-3	Habitats protected or restored	SR 16
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SR 16
GRI 305: EMISSIONS (2016)		
305-1	Direct (Scope 1) GHG emissions	SR 31
305-2	Energy indirect (Scope 2) GHG emissions	SR 31
305-3	Other indirect (Scope 3) GHG emissions	SR 31
305-4	GHG emissions intensity	SR 31
305-7	Nitrogen oxides (Nox), sulfur oxides (Sox), and other significant air emissions	SR 31
GRI 306: EFFLUENTS AND WASTE (2016)		
306-1	Water discharge by quality and destination	SR 17
306-3	Significant spills	SR 31
GRI 307: ENVIRONMENTAL COMPLIANCE (2016)		
307-1	Non-compliance with environmental laws and regulations	SR 32
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)		
308-1	New suppliers that were screened using environmental criteria	SR 30
GRI 401: EMPLOYMENT (2016)		
401-1	New employee hires and employee turnover	SR 19 and 30
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)		
1. Management approach disclosures		
403-1	Occupational health and safety management system	SR 20
403-3	Occupational health services	SR 20
403-4	Worker participation, consultation, and communication on occupational health and safety	SR 20
403-5	Worker training on occupational health and safety	SR 19
403-6	Promotion of worker health	SR 20
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR 20
2. Topic-specific disclosures		
403-8	Workers covered by an occupational health and management system	SR 20
403-9	Work-related injuries	SR 30
GRI 404: TRAINING AND EDUCATION (2016)		
404-2	Programs for upgrading employee skills and transition assistance programs	SR 19-20 and 23
404-3	Percentage of employees receiving regular performance and career development reviews	SR 19
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)		
405-1	Diversity of governance bodies and employees	SR 18-19 and 33
GRI 406: NON DISCRIMINATION (2016)		
406-1	Incidents of discrimination and corrective actions taken	SR 23
GRI 408: CHILD LABOUR (2016)		
408-1	Operations and suppliers at significant risk for incidents of child labour	SR 23
GRI 411: RIGHTS OF INDIGENOUS PEOPLES (2016)		
411-1	Incidents of violations involving rights of indigenous peoples	SR 23
GRI 412: HUMAN RIGHTS ASSESSMENT (2016)		
412-1	Operations that have been subject to human rights reviews or impact assessments	SR 23
412-2	Employee training on human rights policies or procedures	SR 23
GRI 413: LOCAL COMMUNITIES (2016)		
413-1	Operations with local community engagement, impact assessments, and development programs	SR 10
413-2	Operations with significant actual and potential negative impacts on local communities	SR 33
GRI 414: SUPPLIER SOCIAL ASSESSMENT (2016)		
414-1	New suppliers that were screened used social criteria	SR 30
GRI 419: SOCIOECONOMIC COMPLIANCE (2016)		
419-1	Non-compliance with laws and regulations in the social and economic area	SR 32
G4: OIL AND GAS SECTOR DISCLOSURE (2012)		
G4-OG1	Volume and type of estimated proved reserves and production	AR 59-60 and 106
G4-OG6	Volume of flared and vented hydrocarbons	SR 32
G4-OG5	Volume and disposal of formation or produced water	SR 17
G4-OG7	Drilling waste	SR 17
G4-OG10	Significant disputes with local communities and indigenous peoples	SR 33



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 2018, 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. The criteria consist of the *GRI Sustainability Reporting Standards*, 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. We confirm that we are independent in relation to Lundin Petroleum according to generally accepted auditing standards in Sweden, and have fulfilled our professional ethics responsibility according to these requirements.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report. 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, March 4, 2019

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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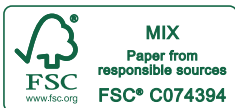


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