



Lundin
Energy

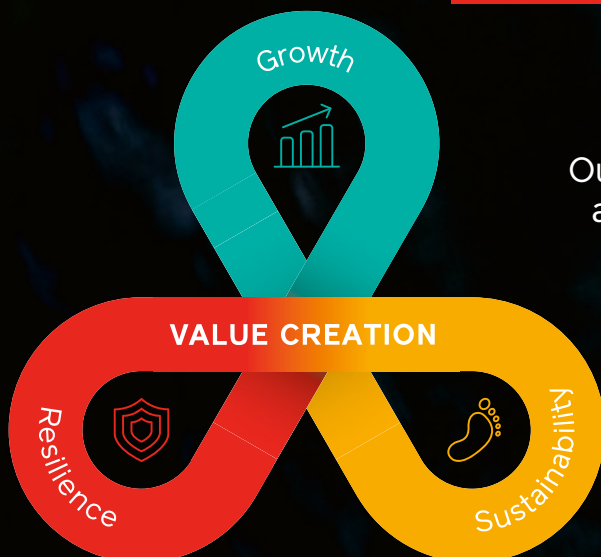
**Fuelling
the energy
transition**

**Sustainability
Report
2020**

Lundin Energy

is an experienced Nordic oil and gas company that explores for, develops and produces resources economically, efficiently and responsibly. We focus on value creation for our shareholders and wider stakeholders through three strategic pillars:

Resilience, Sustainability and Growth



Our high quality, low cost assets mean we are resilient to oil price volatility, and our organic growth strategy, combined with our sustainable approach and commitment to decarbonisation, firmly establishes our leadership role in a lower carbon energy future.

WE SUPPORT

Our UN Global Compact commitment

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



Global Reporting Initiative

Lundin Energy's 2020 Sustainability Report is in accordance with the Global Reporting Initiative Standard Guidelines.

United Nations Sustainable Development Goals

We promote the Sustainable Development Goals throughout our value chain.



Task Force on Climate-related Financial Disclosures

We promote consistent climate-related financial risk disclosures.

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



Sustainability Report 2020

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Foreword by the CEO

I am delighted to present our sixth annual Sustainability Report, and my first as CEO of Lundin Energy. It remains a key strategic objective for the Company to develop our oil and gas resources efficiently and responsibly, to do our part for a sustainable and lower carbon energy future. In this report we outline our material environmental, social and governance issues, how we manage them, and our overall sustainability performance for 2020. We report these in a transparent, consistent, complete and accurate manner and invite our stakeholders to review and comment on our progress.

The past year has been incredibly challenging for society as a whole, as well as our sector specifically. The devastating impact of the COVID-19 pandemic on people's health and the economy is likely to continue through 2021 and beyond. Lundin Energy puts the safety and wellbeing of our people first and has looked to handle the impact of the crisis with agility and adaptability. I am pleased to report that business continuity was not materially impacted, with 2020 production at the upper end of the original guidance range and all our key projects are on track, thanks to our dedicated workforce who worked tirelessly to ensure appropriate risk mitigation and monitoring. There was also good coordination with our business partners and the Norwegian Oil and Gas Association to ensure all of our efforts were aligned with the wider industry response. As a responsible business with a strong focus on safe, low-cost and low-carbon operations, the Company was, and continues to be, highly resilient to the risks posed by COVID-19.

In this Sustainability Report, we also for the first time align our reporting to meet the recommendations of the Task Force on Climate-related Financial Disclosures, and show how we can continue to perform well under different oil price cycles. In fact, COVID-19 can be seen as a critical stress test for our portfolio, which demonstrated we have a genuinely resilient business that could still deliver strong free cash flow despite some unprecedented low oil prices.

Our Decarbonisation Strategy, announced in January 2020, was a key step on the journey to become a carbon neutral business in the production of our barrels. It continues to develop at pace and is now fully integrated into all of our strategic, operational and financial decisions. We are on track to achieve an industry leading low carbon intensity of less than 2 kg CO₂ per barrel by 2023, and can now achieve carbon neutrality from 2025, as one of the first companies to do so in the upstream industry. The Decarbonisation Strategy confirms our focus as a sustainable explorer and producer, is backed by around MUSD 750 investment, and delivers benefits not only to society but to our shareholders as well.

In 2020, construction continued to plan on our Leikanger hydropower project in Norway and the Metsälaminkangas windfarm in Finland. When completed, the renewable energy produced by both projects will equal 60 percent of our net electricity consumption. We also achieved the world's first low-carbon certification for oil produced from our Edvard Grieg field. This CarbonClear™ certification further differentiates our high-quality barrels from others in the market. In addition, we announced in January 2021 that we would invest around MUSD 35 in proprietary natural carbon capture projects, offsetting those emissions that we cannot reduce further in our operations, to ensure we reach our carbon neutral commitment.

We continue to uphold the highest level of ethical standards and performance across our business and supply chain, including support for the UN Sustainable Development Goals and the UN Global Compact's 10 Principles on human rights, labour standards, environment and anti-corruption.

Lundin Energy is a unique company, with a strong culture of entrepreneurship, innovation, respect and diversity, continually seeking new and better ways of doing business. Over the last decade, we have emerged as a leading player in the upstream industry by providing some of the best barrels in the world: lower-carbon, efficient, safe and responsibly produced, showing we can deliver both profitable economic growth as well as environmental benefits. This success would not have been possible without all my colleagues, to whom I express my sincerest thanks.

Finally, I also want to express my deep gratitude to Alex Schneider for providing exceptional leadership at the helm over the past 5 years as CEO. His foresight and ambition has meant that Lundin Energy is, and will continue to be, an industry leader in the energy transition, delivering lasting value to our stakeholders, shareholders and wider society.

Yours Sincerely,

Nick Walker
President and CEO



2020 highlights

Production

165
Mboepd

Operating cost

2.7
USD/boe

2P reserves

671
MMboe

Contingent resources

275
MMboe

EBITDAX

2,140
MUSD

CFFO

1,528
MUSD

Free cash flow

448
MUSD

Proposed dividend

512
MUSD

Lost time incidents

1.1
per million man-hours

Renewable energy

31%
replacement of consumption

Carbon intensity¹

2.6
kg CO₂/boe

ESG ratings

TOP
quartile

¹ Measured on a net equity basis

About this report

Sustainability Report purpose

This annual Sustainability Report summarises Lundin Energy's activities over the 2020 calendar year. The Report is split by material issues that have been identified by our stakeholders and that have resulted from our activities, and delves into Lundin Energy's management of these material issues and our performance, which is evidenced by qualitative and quantitative data.

As part of our commitment to the United Nations Global Compact, the Report also acts as our annual Communication on Progress. The Report describes practical actions Lundin Energy has taken to implement the 10 Principles, and highlights our contribution to the Sustainable Development Goals (SDGs). The Report is in accordance with the Global Reporting Initiative (GRI) Standards Guidelines and meets the non-financial reporting requirements, set out in Swedish law implementing the EU Directive 2014/95/EU.

Mission statement

Our mission is to explore for, and produce oil and gas in an efficient and sustainable way to meet society's current and future energy needs. We create value by fostering a culture of responsible entrepreneurship, with an organisation dedicated to producing reliable energy at a low carbon intensity. We consider the needs and aspirations of our shareholders, employees and contractors, the owners of the resources and the environment.

Reporting boundaries

Our Company's head office is located in Sweden, our operational offices and assets are largely based in Norway, and we have employees conducting corporate functions in Switzerland and in the Netherlands.

Our reporting boundaries are listed below for each of the sustainability themes in this report. Climate change and environmental topics are reported for Norway only, as this is where we have material impacts.

Climate change ¹



Environmental protection



Safe operations ²



People & society ²



Governance & ethics ²



¹ Company-wide travel emissions are included on a consolidated basis

² Contractors are included in our metrics for health and safety, human rights and certain governance and ethics elements

Joint operating agreements are particularly common in the oil and gas industry. Within each joint venture, one company is assigned the operator status, and each partner has a percentage of owned equity. This distinction is important as the operatorship role manages the operations and has the day-to-day control of the asset, while non-operator partners, have a reduced level of control. For all our material topics and metrics, we report on an operated (100%) basis, with the exception of climate change metrics which are reported both on an operated and a net equity basis.

Promoting the Sustainable Development Goals

Lundin Energy recognises the urgent call for action to help achieve an inclusive sustainable future through the 17 SDGs, at the heart of the 2030 Agenda for Sustainable Development. SDG symbols feature in this Report to flag the relevant areas where we contribute positively.



Reporting changes since 2019

In line with our revised Sustainability Strategy, the structure of this year's Report is split as per our five core sustainability themes.

To meet stakeholder expectations for transparent and robust disclosures on how climate change related risks affect the Company and its resilience, this year we have aligned our reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

To meet new GRI reporting requirements, we have updated our Water and Waste indicators to reflect 2018 and 2020 updates. Following industry practice, we have further chosen to no longer report against the GRI G4 indicators, but to continue including those metrics that we consider material.

GRI conformity

This Report has been prepared in accordance with the GRI Standards: Core option.

Third party verification

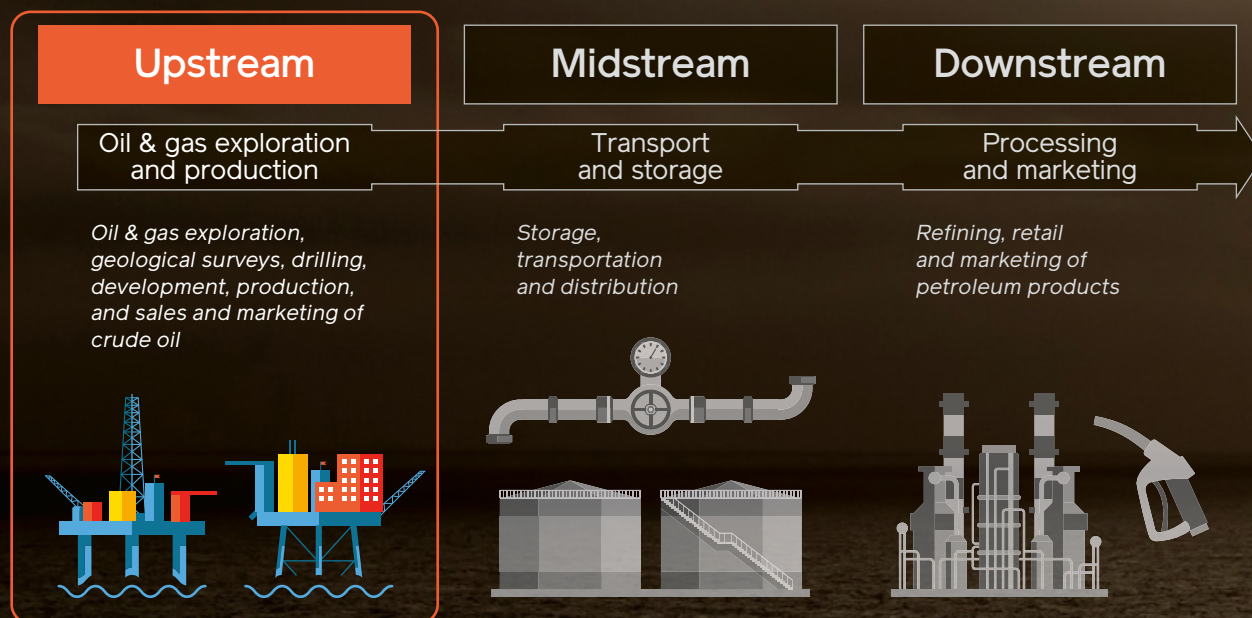
Lundin Energy's auditor EY has expressed an opinion that this statutory sustainability report has been prepared according to the Swedish Annual Accounts Act, and has performed a limited review (p.42) of this sustainability report according to the GRI Standards, core option.

How to use the GRI and TCFD content tables

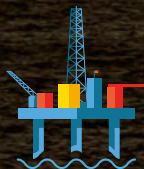
We invite our readers to refer to the GRI and TCFD indices (p.39 – 41). The purpose of the indices is to help navigate the Report and to identify desired content at quick glance.



Business context



Exploration and Appraisal



Lundin Energy focuses on building core exploration areas and on assembling integrated teams of geoscientists and technical experts that have a creative and innovative approach to finding oil and gas resources. Lundin Energy's exploration and appraisal plans target near field, mature basin and frontier prospectivity across its seven core areas.

Development



Following exploration and appraisal, the strategy is to convert discoveries into reserves and production. After a development plan has been approved, construction of facilities can start, to which wells and infrastructure are connected so that production can begin. Lundin Energy has four projects under development including Phase 2 of the giant Johan Sverdrup field.

Production



The production phase is defined as everything from extraction and processing to delivering the oil or gas for sale. Lundin Energy significantly increased its production this year, with Johan Sverdrup starting up in October 2019.

Sales and Marketing



Lundin Energy sells its produced crude oil directly to customers, generally to their own refineries. The sales and marketing activity within Lundin Energy, which was established for first oil from Edvard Grieg, is the last part of the crude oil supply chain.



Our sustainability vision

Our vision is to develop oil and gas resources efficiently and responsibly for a sustainable and lower carbon energy future

Lundin Energy supplies energy to a changing world with a growing population. Global energy demand is expected to grow by 20% over the next two decades, but emissions need to be halved over the same period in order to meet the goals of the Paris Agreement. The energy transition will not happen overnight, and oil and gas will still account for about half of the energy the world needs in 2040. As such, this energy must be supplied from those players who run their businesses in the most responsible manner, and with the lowest emissions possible.

Initiated in 2001, our Sustainability Strategy supports the United Nations Sustainable Development Goals, and underpins the way we conduct business and produce energy, ensuring that we deliver lasting value for our shareholders, stakeholders and wider society. We foster a culture of responsible entrepreneurship to achieve our core goal: to strengthen our position as one of the most sustainable oil companies providing some of the best barrels in the world — safe, responsible, low cost and low emissions.

Within the Strategy, we aim to decarbonise our business to become carbon neutral across our operations from 2025, protect the environment and ensure we operate safely. We promote a diverse and engaged workforce and actively 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. We create positive societal impact by supporting innovation, R&D, education and corporate citizenship and uphold the highest levels of ethical conduct and transparency.

To that end, 2020 has been a busy year despite the challenges encountered from COVID-19. The industry is facing growing stakeholder pressure, with climate change as a particular focus for investors, lenders, customers and increasingly regulators. We adopted a new Decarbonisation Strategy at the beginning of the year and defined a roadmap, which incorporates energy efficiency, electrification, renewable energy investments and natural carbon capture. In January 2021, in light of the urgent need to decarbonise the industry, we announced that we will achieve carbon neutrality from 2025. We will also invest approximately MUS\$ 35 over the next 5 years in proprietary natural carbon capture projects to neutralise our residual emissions from 2025 onwards.

Key 2020 highlights

- 105 MW (net) of renewable energy capacity currently under construction in Finland and Norway
- Achieved a carbon intensity of 2.6 kg CO₂/boe, 52% lower than in 2019 (measured on a net equity basis)
- Obtained CarbonClear™ certification for the Edvard Grieg field, the world's first low-carbon cradle-to-gate certification for a barrel of oil
- Aligned with the Task Force on Climate-related Financial Disclosures, demonstrating the resilience of our business in a sustainable future
- Initiated a supply chain sustainability forum amongst key operators on the Norwegian Continental Shelf with the aim to standardise environmental evaluations in the supplier market
- Put into effect our business continuity plan to effectively manage COVID-19 related impacts across our operations
- Continued to support innovation across the industry through MUS\$ 3.7 in R&D spending on environmental projects and low carbon technologies, and an additional MUS\$ 1.7 investment in start-ups through the Lundin Foundation

Top Quartile Performance on ESG Ratings



Top 3
Industry Leader



Top 5%
in the Industry



Ranked 5th
on Environment



Prime Status



AA



A-

Our industry leading Sustainability Strategy

In 2020, we restructured our Strategy into five core material themes that define our established areas of focus. Each theme is accompanied with a set of targets that we track and report against annually, and is aligned with relevant SDGs, as a recognition of the opportunity that we as an organisation can have in driving positive impact.

	Goals	Targets	SDGs
 <p>Climate Change</p>	Decarbonise operations and achieve carbon neutrality from 2025	<ul style="list-style-type: none"> → Carbon neutral operations from 2025 → Best-in-class carbon intensity of <2 kg CO₂/boe by 2023 → 100% net electricity use matched by renewable power investments by end 2023 	 
 <p>Environmental Protection</p>	Protect ecosystems, minimize impacts on water and from waste, and ensure responsible decommissioning	<ul style="list-style-type: none"> → Oily water discharges <15 ppm → Produced water reinjection rate >95% → Waste recovery >90% → Zero spills to sea 	  
 <p>Safe Operations</p>	Provide a safe working environment for employees and contractors through a strong health & safety culture	<ul style="list-style-type: none"> → Zero fatalities → Zero serious incidents → Zero lost time incidents → Zero process safety incidents 	
 <p>People and Society</p>	Promote a diverse and engaged workforce, respect human rights, and positively impact society	<ul style="list-style-type: none"> → Increase gender balance and diversity → Maintain robust labour practices and promote human rights → Create positive societal impact through Lundin Foundation and engaging with local communities 	  
 <p>Governance and Ethics</p>	Maintain strong governance, ethical conduct and transparency	<ul style="list-style-type: none"> → Promote our Code of Conduct through our value chain → Uphold highest anti-corruption standards → Promote fair competition → Maintain clear whistleblowing procedures 	 

Enablers

Sustainability Policies | R&D | Industry Collaboration | Contractor Declaration | Training & Development | Risk Management | Stakeholder Engagement

Stakeholder engagement & materiality

Stakeholder engagement is a key element of our value creation process

What it means to us

Stakeholders are people or organisations which may be impacted by, or impact Lundin Energy's activities. Our Stakeholder Engagement Policy and Guidelines outline how to define stakeholders throughout our activities, and the method of engagement, depending on the nature of the impact, interest and influence of the stakeholder. Stakeholder engagement is the process by which information and viewpoints in relation to the Company's activities are exchanged with our stakeholders.

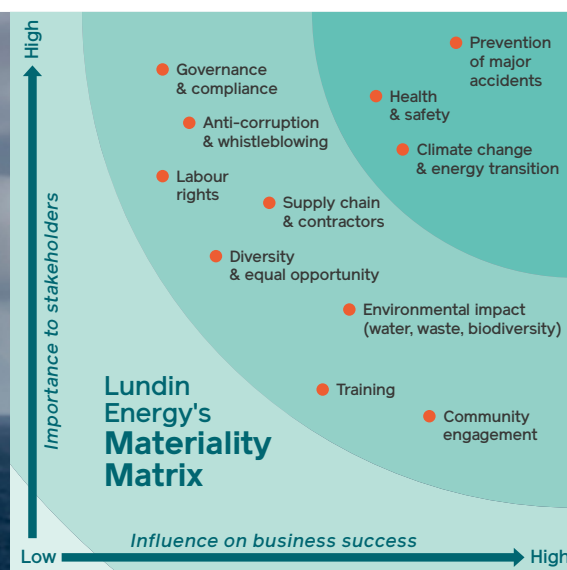
Given the nature of our business, we contribute to society at large as oil continues to be widely used for power and transportation as well as a component for many products. Consequently, we have a wide and diverse stakeholder base with whom we seek close engagement and long-lasting relationships, to gain a thorough understanding of their views and concerns and benefit from their knowledge. This dialogue ensures that the Company's Board and Management are aware and better able to address relevant emerging issues, material risks and opportunities. Our engagement also seeks to contribute to a better understanding of the role that Lundin Energy plays in the wider energy transition.

Defining materiality

No significant changes have occurred in the location or the manner in which we carry out our activities in 2020. We review material issues that matter most to our stakeholders and to the Company on a comprehensive bi-annual basis. Our latest revision was conducted in 2019, and a stakeholder review and materiality refresh will be conducted in 2021.

Two methods were used to obtain stakeholder feedback across all stakeholder groups: an online survey and one-to-one interviews. The online survey featured a wide-ranging list of potentially relevant material issues to our Company and to our industry, as defined by the GRI Standards and based on ESG ratings agencies' questionnaires. Stakeholders were requested to rank material issues in terms of importance, considering Lundin Energy's exploration and production activities in Norway. Interviews were held with a selected number of stakeholders to represent different groups (including investors, authorities, NGOs, etc.) with the objective to obtain a qualitative understanding of expectations on Lundin Energy.

The EU Commission has introduced an updated definition of materiality, "double materiality". The first perspective concerns potential or actual impacts of sustainability risks and opportunities on the performance, development and position of a company. The latter concerns external impacts of the company, namely on the environment and society. Our Report acknowledges this definition and reports on topics that are material to either of these aspects.



Our stakeholders & topics of engagement



ESG Engagement with Lenders and Shareholders

Over the last few years we have seen unwavering, increasing interest in ESG from our top lenders and shareholders. Over 2020, on the back of formalising our Decarbonisation Strategy, we conducted extensive engagement with our financial partners to understand their expectations and share our strategy as a leading player in the energy transition. 93% of investor discussions held in 2020 touched on the topic of ESG in some form. Furthermore, following discussions with our lenders, we have successfully integrated ESG metrics on carbon intensity and renewable energy generation into our new USD 5 billion facility. Outperforming on these metrics above a certain threshold will directly reduce the margin on the interest rate payable, and vice versa if we underperform. This therefore gives us an added incentive to deliver on our sustainability targets, and demonstrates how ESG is effectively integrated into our Company's DNA.

Young Energy Conference

As a forward-thinking employer, Lundin Energy actively engages with the younger generation. One example of this engagement is the Norwegian Petroleum Society's annual Young Energy Conference, which in 2020 was hosted by Lundin Energy Norway. One topic the Company addressed this year was the changing ways of working, and reflections on the digital evolution in geoscience. In light of COVID-19, the conference was held virtually and included ~100 participants who shared valuable insights across key topics, through their combined practical knowledge of the industry.

Risk management

Sustainability risks are identified, assessed and managed within Lundin Energy's risk management process, to ensure that the Company responds to and mitigates sustainability issues effectively

Lundin Energy follows a “three lines of defence” approach where:

- Local management has responsibility for sustainability risk and opportunity identification, implementing the systems to control risks and opportunities and monitoring their impact;
- Senior management are responsible for ensuring effective processes and for reviewing the mitigation efforts; and
- Internal and external audits test the effectiveness of the controls used to mitigate risk and realise opportunities.

Lundin Energy's risk and opportunity universe falls into three areas: strategic, operational and financial risks. Lundin Energy uses a risk matrix to classify and communicate the impact of each risk based on a range of indicators. The highest risk area in the matrix would be considered substantive. Sustainability risks, including climate change related risks, like risks in other categories, are measured quantitatively and qualitatively in order to prioritise them. Indicators such as a medium-term effect on share price or high continued attention by a majority of stakeholders at the international level would be substantive, as would a long-term limitation to access new licenses. Quantitative indicators used by the Company to measure and define impact include potential net impact in MUS\$D, and investment and/or financing required to mitigate risks.

Each sustainability risk on the Company's risk register is reviewed on a quarterly basis by the risk owners and reported after a peer review with local management. These are further reviewed and reported to the corporate level by the Corporate Risk and Insurance Director and to Executive Management and the Board Sustainability Committee.

The ultimate responsibility for managing sustainability issues rests with the CEO of the Company. The rationale for this is that, as with other strategic issues, leadership on sustainability needs to come from the top. Responsibility for development of risk management and mitigation plans for each sustainability risk is delegated to different risk owners across the Company, including the VP Sustainability, HSEQ Director and local management.



Lundin Energy's key sustainability risks

Climate change ¹

Risk

- Changing long-term oil demand and price
- Ability to access capital
- Increasing direct carbon costs
- Increasing costs of decarbonisation
- Physical climate impacts

Response

- Industry leading low operating costs and low long-term break-even price
- Carbon neutral operations from 2025 and CarbonClear™ certification
- Integration of carbon costs in business planning
- Significant investments in decarbonisation of operations (e.g. electrification, renewables), natural carbon capture projects and supply chain (e.g. vessel hybridisation)
- Continual monitoring of acute and chronic physical climate related risks

Environmental protection

Risk

- Oil or chemical spill, or discharges to water, resulting in harm to the environment and biodiversity

Response

- Robust oil spill management system in place
- Oil spill detection radar system installed on Edvard Grieg and drilling stand-by vessels
- Industry-leading standards on effluents and oily discharges

Safe operations

Risk

- Serious injury, fatality or health deterioration
- Physical/digital security breach
- Pandemic affecting business continuity in operations and supply chain

Response

- Robust HSEQ management system in place
- Continued deployment of the 'Lundin Calling' communication framework to further improve our HSEQ culture
- Regular HSEQ training, drills and audits
- Regular cyber security training
- Deployment of Pandemic Business Continuity Plans

People and society

Risk

- Negative external perception of the industry by investors and stakeholders, and increased activism
- Increasing stakeholder focus on diversity and gender equality

Response

- Transparent disclosure on all material sustainability topics
- Extensive stakeholder engagement to show how our sustainability approach enables us to contribute to a lower carbon future
- Roll out of updated Diversity Policy

Governance

Risk

- Ethical misconduct in operations or supply chain, impacting license to operate and grow
- Non-compliance with Code of Conduct and Policies
- Non-compliance with current or emerging ESG related regulation

Response

- Mandatory e-Learning for all employees and the Board covering compliance-related topics such as anti-corruption, bribery and whistleblowing
- Continued roll out of sustainability policies and procedures across the business
- Contractor Code of Conduct Declaration and screening in place
- Ongoing monitoring of regulatory landscape

¹ See p.18 for further details of climate change related risks as part of our TCFD disclosure

Climate change

We acknowledge the significant challenges posed by climate change and will become carbon neutral from 2025

Lundin Energy has an important role to play in the energy transition

Oil and gas will remain a major energy source for decades to come. Even though global energy demand has contracted during the COVID-19 pandemic, Lundin Energy recognises that demand for energy will recover and continue to rise in the mid-term, to meet the needs of a growing global population. Over this same period, to meet climate targets set out in the Paris Agreement, global annual greenhouse gas emissions will need to be more than halved.

The International Energy Agency (IEA) predicts that oil will contribute between 23% (in a Sustainable Development Scenario) and 28% (in a Stated Policies Scenario) of the global energy mix by 2040, compared to 31% today. Furthermore, even under a Sustainable Development Scenario, the IEA predicts a growing supply gap of over 40 million barrels per day by 2040, half of which needs to come from new fields, backed by USD 13 trillion in investment over 2020–2040. Given the critical role of oil and gas as an energy source and feedstock in a low-carbon future, Lundin Energy as a producer and an explorer, has a strong role to play, and a responsibility to uphold.

We support the objectives of the Paris Agreement

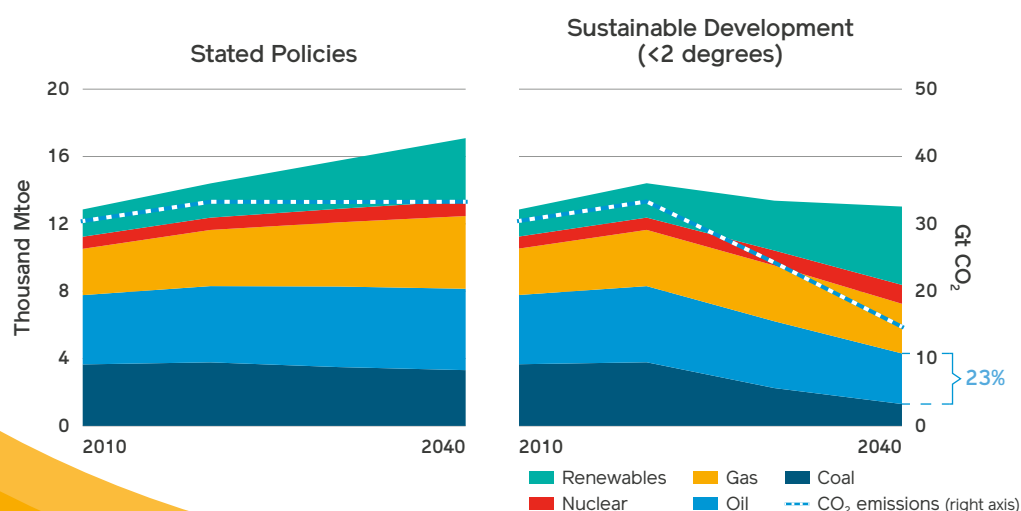
We acknowledge that the global response to climate change should include efforts to limit the temperature increase to 1.5 degrees Celsius and to reach a global peak of greenhouse gas emissions as soon as possible, as set out in the Paris Agreement. Producing hydrocarbons in the upstream oil and gas sector is estimated to contribute to around 5–8% of global greenhouse gas emissions. Therefore, in order to meet both future energy demand and climate targets, it is critical to decarbonise the production of oil and gas as much as possible. This is the core aim of Lundin Energy's strategy.

We have moved our carbon neutral goal forward to 2025

In early 2020, we formalised our Decarbonisation Strategy, setting a target for carbon neutrality by 2030 across our operations. Given the urgent need for decarbonisation, we announced earlier this year that we will be carbon neutral from 2025. Our carbon neutrality target is backed by a MUS\$ 750 investment in electrification, renewable energy and natural carbon capture, of which >55% has already been invested. We will reduce our absolute Scope 1 and 2 emissions by 55% across our operations by 2023, from 2019 levels. The remaining 45% of hard-to-abate emissions, along with our Scope 3 supply chain emissions, will be offset through natural carbon capture.

This Strategy confirms our focus as an efficient oil and gas explorer and producer, while committing to support and implement innovative ways to further reduce our exploration and production related carbon footprint to the lowest possible levels.

World primary energy demand by fuel and related CO₂ emissions by scenario



Source: IEA World Energy Outlook 2020

Our investment in renewable power generation

We aim to replace 100% of our net electricity usage at Johan Sverdrup, and subsequently Edvard Grieg, through profitable investments in renewable energy. Two renewable projects are in the pipeline (the 77 MW Leikanger hydropower plant in Norway and the 132 MW Metsälamminkangas wind farm in Finland) and will replace around 60% of the Company's net electricity usage from 2023. Lundin Energy has a 50% interest in both projects.

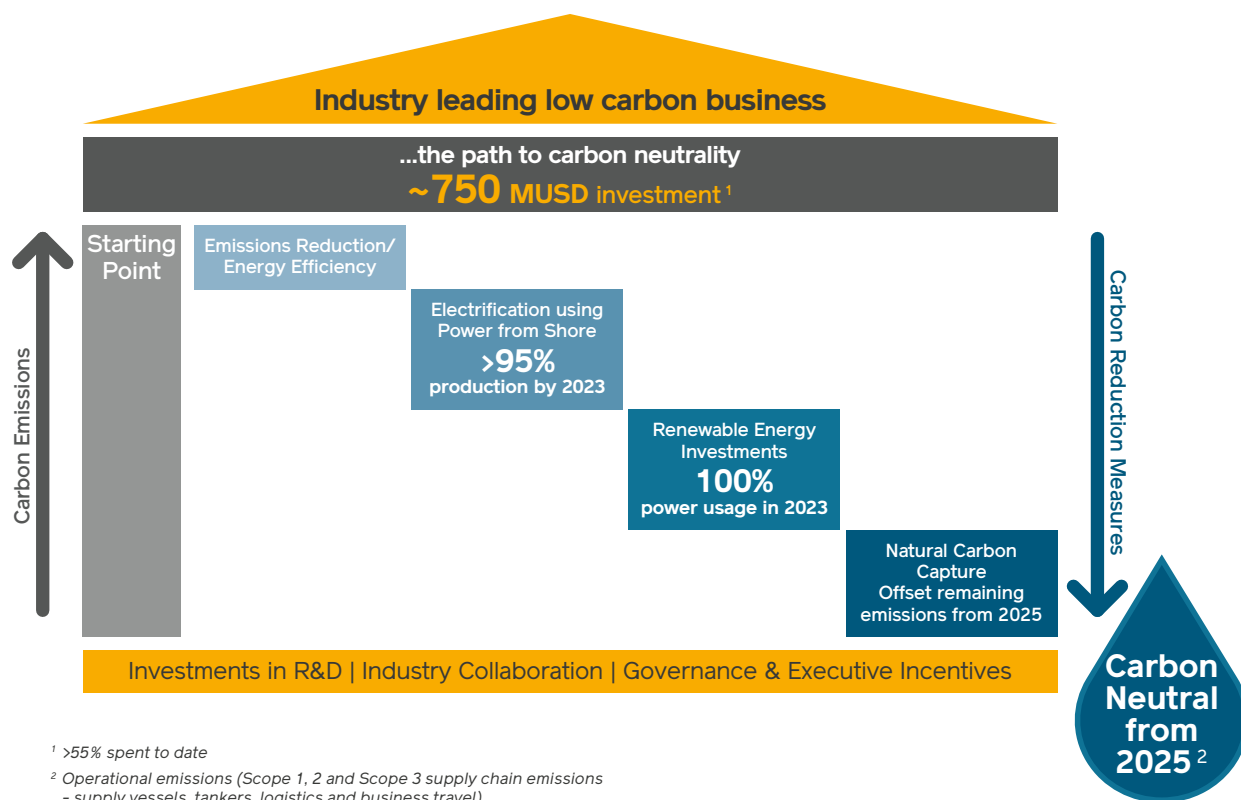
In 2020, 31% of our net electricity usage was replaced by net renewable electricity generation at our Leikanger hydro power plant in Norway.

We are reviewing further renewable investments to ensure we replace 100% of electricity usage by end 2023. We are thus on track with our commitment to fully replace all net electricity usage with renewable energy.

Lundin Energy's Natural Carbon Capture Project

This year we will begin developing proprietary reforestation projects with our partner, Land Life Company. With an investment of approximately MUSD 35, we will plant 8 million trees across 11,000 hectares of degraded land between 2021 and 2025, starting in northern Spain and expanding to other countries. In addition to capturing 2.6 million tonnes of CO₂, the projects will attract a range of benefits such as improving air quality, restoring biodiversity, creating local jobs and reinjecting millions of USD into the local community.

Lundin Energy's Decarbonisation Strategy



“Sustainability is a core part of Lundin Energy’s DNA. We see sustainability as a key value driver for our Company in the energy transition, enabling us to create value not only for society, but for our shareholders as well.

Zomo Fisher
Vice President Sustainability



Delivering an industry-leading carbon intensity

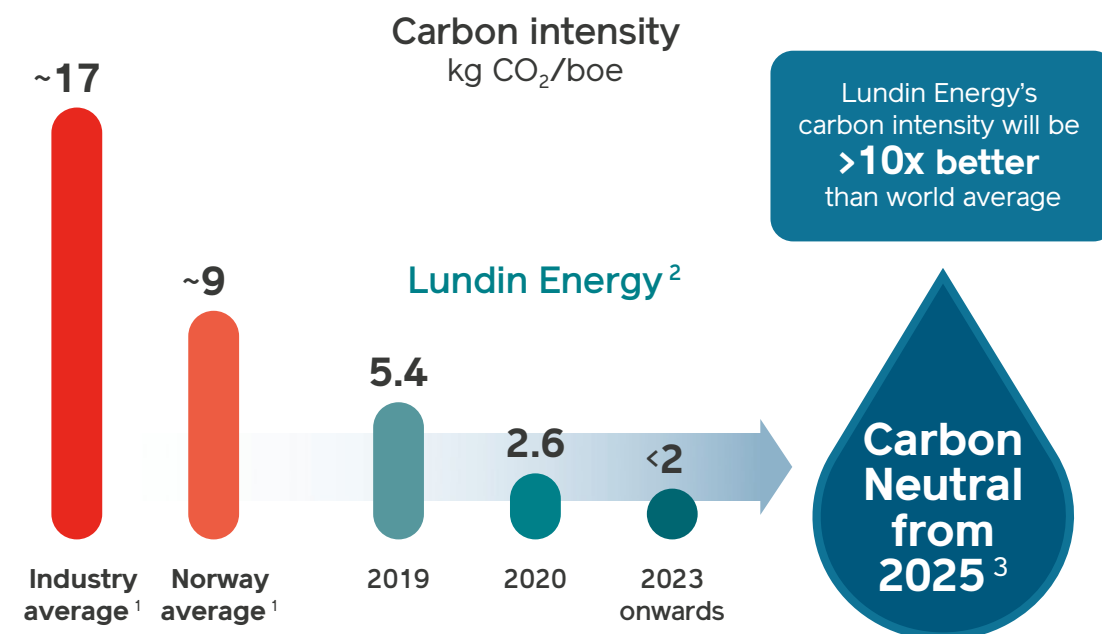
Today, we are proud to operate at one of the lowest carbon intensities in the industry at 2.6 kg CO₂/boe in 2020— about one sixth of the industry world average. By 2023, we aim to produce oil at less than 2 kg CO₂ per barrel. If all the oil in the world was produced this way, it would reduce emissions by 2 billion tonnes of CO₂ per year, equivalent to removing over one billion private cars from the road.

Decarbonising the supply chain

In 2020, we performed a carbon footprint mapping within our supply chain, and this year we will be engaging with our main strategic suppliers on low carbon initiatives.

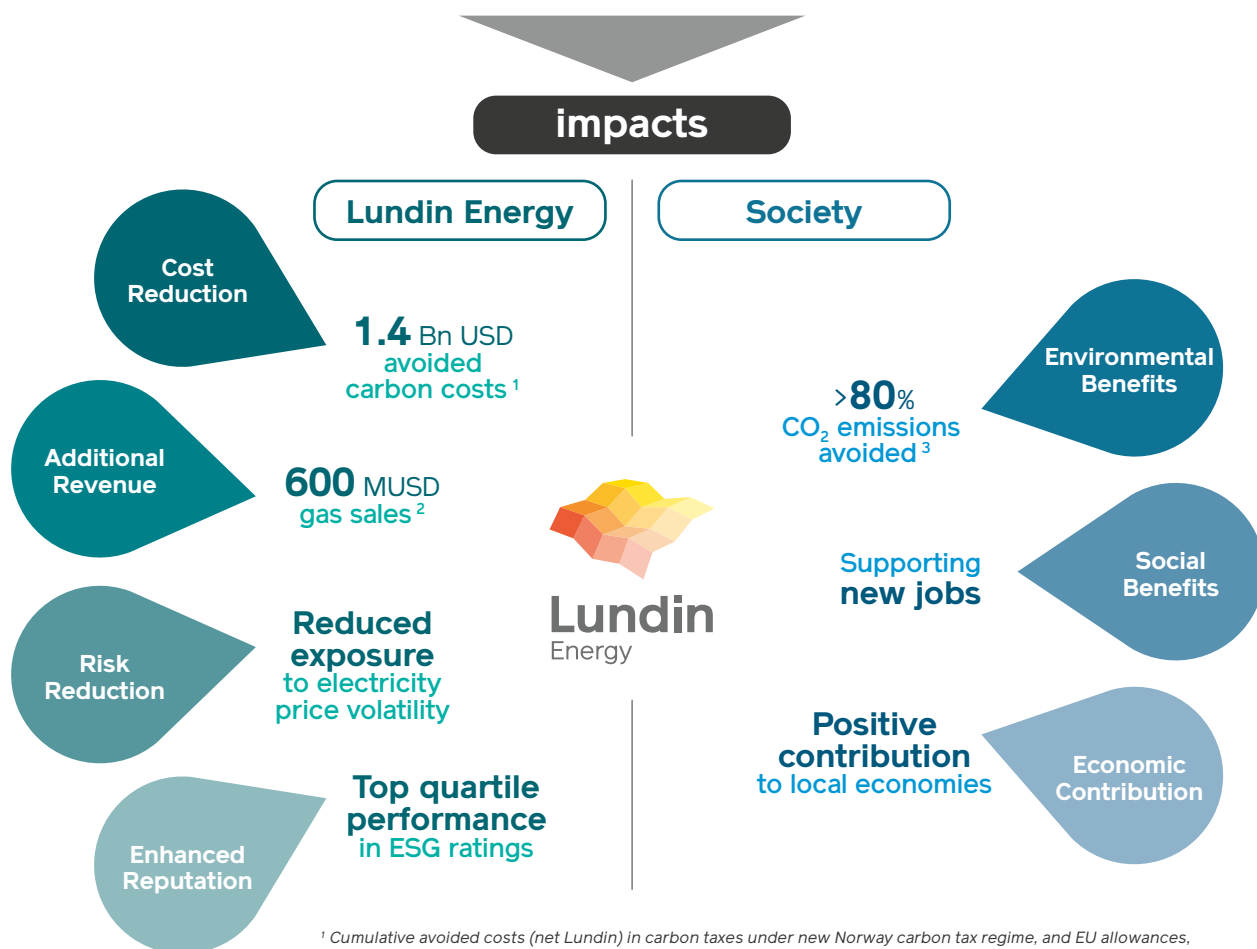
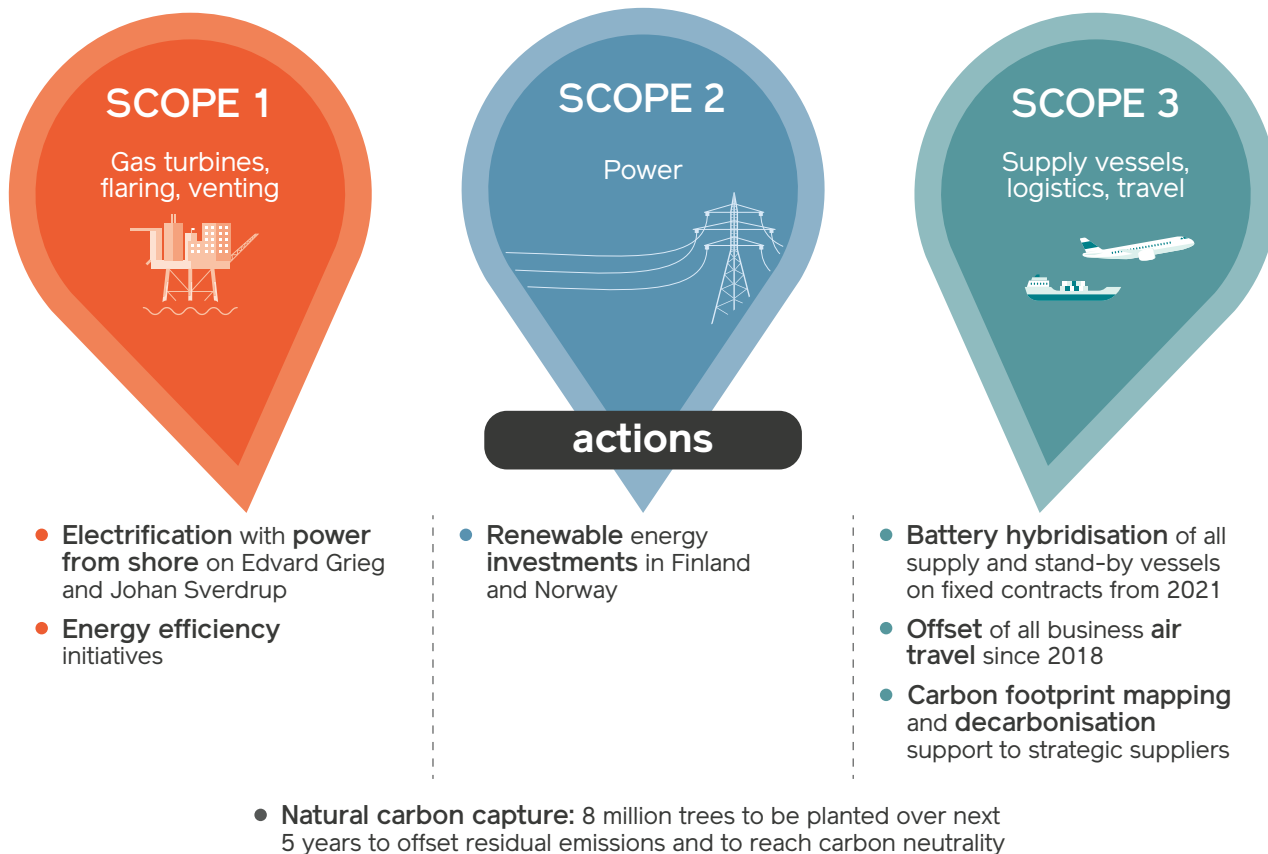
As an example, from 2021 onwards, we will ensure that all supply and stand-by vessels on fixed contracts will be fitted with battery hybridisation, cutting their greenhouse gas emissions by 10–30%. As a result of this commitment, we now have one of the cleanest fleets on the Norwegian Continental Shelf (NCS).

We have also initiated a supply chain sustainability forum for key operators on the NCS, to assess opportunities for standardising environmental evaluations in the supplier market. Finally, all our business travel and helicopter emissions have been offset since 2018, through certified natural carbon capture projects, as part of our roadmap towards carbon neutrality across all operations from 2025.



¹ NOROG/IOGP ² Net Scope 1 and 2 emissions

³ Across Scope 1, 2 and Scope 3 supply chain emissions (supply vessels, tankers, logistics and business travel)



¹ Cumulative avoided costs (net Lundin) in carbon taxes under new Norway carbon tax regime, and EU allowances, over remaining 2P reserves. Additional maintenance savings not quantified.

² Additional gas sales (net Lundin) over remaining 2P reserves. Additional value possible from increased uptime.

³ From electrification of Johan Sverdrup and Edvard Grieg. All figures are nominal.

Portfolio resilience

Portfolio resilience to climate change

The year 2020 has once again proven Lundin Energy's resiliency and further embedded our Decarbonisation Strategy. The COVID-19 induced oil price crash was a critical stress test for our portfolio, which fared very well relative to the wider industry. Our relentless focus on low-cost, efficient and sustainable production means that we are still profitable and deliver some of the best barrels in the world. This is possible with both an industry-leading low environmental impact and under some of the most challenging market conditions. Being a responsible and low-carbon operator is core to our vision as a Company, and we continue to stress test our portfolio against different risks to ensure we can deliver value to shareholders in the energy transition. Lundin Energy's reporting this year is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our TCFD index is provided in on page 39.

Governance and risk management

Lundin Energy's Board of Directors has an overall leadership and supervisory role in all sustainability matters including climate change. Our Sustainability Committee consists of three Board members, and is supported by the CEO, COO, VP Sustainability, Norway Managing Director and HSEQ Director. The Committee assists the Board in providing updates on the Company's exposure and management of key climate change related risks and opportunities, and to make recommendations where action or improvement is needed.

Lundin Energy's climate related risks & responses

Market (medium to long-term)

Risk

- Changing long-term oil demand and price
- Ability to access capital

Response

- Carbon neutral business from 2025
- Industry leading low operating costs per barrel of approximately 3-4 USD/boe and low long-term FCF break-even oil price
- Stress testing investment decision economics under different short, medium and long-term scenarios
- Linking decarbonisation ESG KPIs to our USD 5 Bn corporate credit facility

Reputation (short-term)

Risk

- Changing stakeholder and investor expectations

Response

- Transparent reporting and communication on our top quartile performance in ESG ratings
- Continued external stakeholder engagement

Policy and legal (medium to long-term)

Risk

- Increasing direct carbon costs

Response

- Embedding direct carbon costs in forward business planning (long-term cost of 240 USD/tonne CO₂)
- Ongoing decarbonisation and electrification of production

Technology (medium to long-term)

Risk

- Increasing costs of decarbonisation

Response

- Targeting 30% of R&D spending on low-carbon technology and environmental performance improvement
- Implementation of best available technology

Physical (long-term)

Risk

- Extreme weather
- Longer-term climate impacts and sea level rise

Response

- Focus on state-of-the-art technologies and robust asset design
- Continual monitoring of weather and climate patterns

Whereas the Board decides on the Company's climate change strategy, it is the CEO who must ultimately deliver on it, with operational implementation delegated to the COO. The VP Sustainability sets recommendations for the Company's climate change strategy and policy development, for review by the Board and Sustainability Committee, and is responsible for identifying and managing corporate climate change risks and opportunities. All members of Group Management, including the CEO, have a portion of their variable executive pay tied to the achievement of the Company's carbon and sustainability targets. The weighting of carbon reduction and sustainability KPIs in variable pay is between 20 and 50%, depending on the role of each individual.

In 2020, the Sustainability Committee met twice to review the strategic response to emerging climate change risks and disclosure against the TCFD requirements. Group Management discusses these issues formally at regular meetings and has specifically conducted a TCFD-focused workshop on climate scenario analysis.

Strategic response to climate risks

We face both physical climate change risks as well as energy transition risks. As an efficient offshore operator, we assess physical risks from climate change as essentially non-material to our business, due to the fact that our assets were designed to withstand acute and chronic physical impacts, such as sea level rise and extreme weather. However, transition risks require more focus and active management, with the top risk for Lundin Energy being the changing long-term demand for oil.

Our portfolio is highly resilient in the IEA's Sustainable Development Scenario, which is considered a 'well below 2 degrees Celsius' scenario. We have modelled impacts of a lower oil price and higher carbon taxes, both of which do not have any material impacts on the economic resilience of our assets.

Long-term oil price outlook

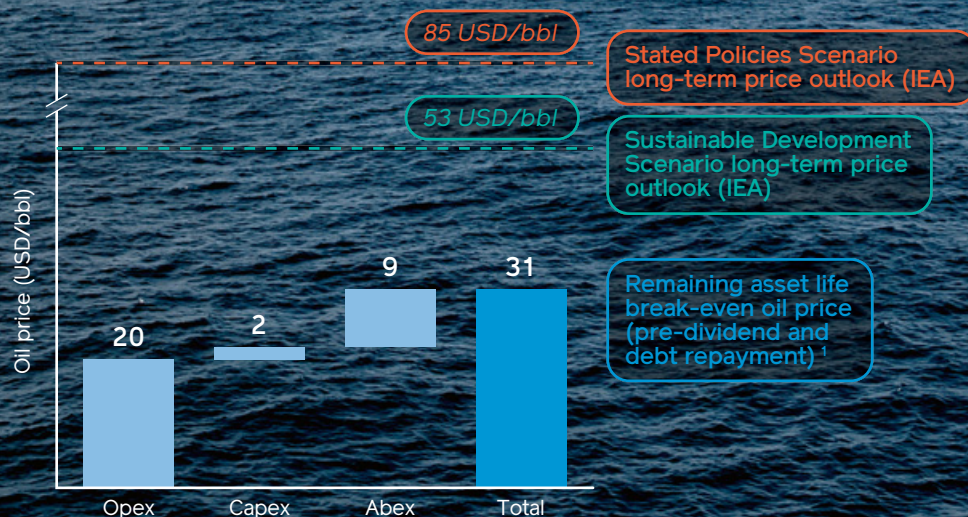
Being one of the lowest cost operators with world class assets means that our portfolio is highly resilient under lower oil price scenarios, with low oil price free cash flow break-even (before dividend & debt repayment). Our assets have a remaining life of field break-even (pre-tax, debt repayment and dividend) of 31 USD/boe, which is well below the long-term oil price outlook under the IEA's Sustainable Development Scenario of 53 USD/boe in 2040, allowing us room to continue servicing debt and paying dividends. The economic cut off of our assets is also not materially impacted under lower oil price scenarios.

Direct carbon costs

Norway has among the highest environmental taxes in the world, and in addition to these, we also pay for CO₂ quotas under the EU Emissions Trading Scheme. In 2020, direct environmental costs were <6% of our opex per barrel, but once we have electrified our assets, this will drop further. Our Decarbonisation Strategy thus eliminates the vast majority of our direct exposure to increased carbon taxes in the longer term. We include an increasing carbon cost assumption in our business planning, taking into account both Norwegian carbon taxes and EU CO₂ quota costs totaling 240 USD/tonne in 2040 (reflecting recent proposals to increase carbon taxes from the Norwegian Government), when assessing the economic viability of different potential investments.

A detailed explanation of all of our climate change related risks and opportunities is available in our CDP Report 2020.

Lundin Energy's portfolio resilience in a <2 degree world



¹ Real 2020 figures, compounded at 6% p.a.



Edvard Grieg is the first, low-carbon certified field in the world

CarbonClear™, issued by Intertek, is the world's first assured standard that certifies the carbon footprint of a field's full life, including emissions from exploration, development and production. Lundin Energy's Edvard Grieg barrels have been certified at 3.8 kg CO₂e/boe, which is approximately five times better than the world average.¹



Provides **independent verification** of the provenance of a barrel of oil and its emissions



Ensures **full value chain traceability** of a barrel using blockchain technology



Creates **clear distinction**: Not all barrels are produced the same



Enables **better decision-making** to reduce the lifecycle footprint of petroleum products

¹ Based on IOGP members

R&D investments

Our research and development (R&D) programme aims to maximise the value of our existing business, to prepare for new operational environments, and to develop future platforms in an efficient and innovative manner.

Our goal is to allocate 30% of the annual R&D budget on environmental technologies, with a significant portion invested in clean energy and energy efficiency.

In 2020, Lundin Energy's contributions resulted in:

3.7
MUSD

total spend on environmental performance improvement (27% of total)

Selected R&D projects running in 2020

Clean Highly Efficient Offshore Power:

aims to develop efficient fuel cell power systems for marine use, capable of operating on different fuels with zero harmful emissions. It will help comply with maritime and offshore performance and safety requirements, while providing considerable fuel and cost savings.

Norwegian Carbon, Capture, transport and Storage Research Centre (NCCS):

aims to fast-track CCS deployment by working closely with industry to address major barriers. NCCS is part of the Centre for Environment-friendly Energy Research (FME).

Hybrid Energy System Offshore:

aims to move a step forward towards environmentally friendly and cost effective solutions for energy supply offshore, by developing hybridisation of renewable energy generation combined with stable energy storage, adapted for the needs of offshore platforms.

Low Emission Research Centre:

seeks to develop new technologies and concepts for offshore energy systems, energy efficiency and integration with renewable power production technologies for application on the Norwegian Continental Shelf.

Environmental protection

Protecting the environment, through all stages of our operations

Lundin Energy is committed to the precautionary principle and to minimise the impact of its activities on the surrounding natural environment. Protection of the environment is an essential element of operational planning and execution, and is considered at all stages of our operations. Our material issues and topics of focus include protection of biodiversity, discharges to sea and waste management, where we have set targets. Our environmental responsibility also includes our contractors, and we have a duty to ensure that they comply with all applicable environmental regulations.

Our Environmental Policy sets out objectives and expectations applicable to our operations on the Norwegian Continental Shelf (NCS). The primary objective is to prevent and contain any spills and emissions by setting high standards on equipment integrity and resilience. In addition, we have established robust plans to mitigate and manage potential oil spills. All exploration and appraisal wells have approved cessation plans in place, adhering to the highest standards of decommissioning and removal activities following the Convention for the Protection of the Marine Environment of the North-East Atlantic. Our Environmental strategy also sets out specific targets for non-GHG (NO_x, SO_x and VOCs) emissions from our operated assets, aligned with our discharge permits. Our ISO 14001-certified environmental management software, NEMS, helps us gain a complete overview of emissions and discharges as well as operational insights through instant analytics.

Safeguarding biodiversity

We have set objectives and targets related to the conservation of biological diversity, safeguarding ecosystems, species and genetic diversity. Environmental mapping, risk analyses and impact assessments are conducted to help us navigate decision-making, namely the time and place of our operations.

The NCS is among the most extensively mapped, analysed and ecologically managed marine areas in the world. Since 2006, Norwegian authorities have applied management plans, which set out the operational conditions for all activities within an area, including oil and gas exploration and production. The management plans identify protected areas as set out by the International Union for Conservation of Nature (IUCN), where no industrial activity, or only limited activity, is permitted. Furthermore, area sensitivity is weighed against industrial activities, local interests, international treaties and goals to determine the conditions upon which industrial activities may take place. Operational conditions for licences within the area are then defined, such as periods with drilling restrictions, extended biological monitoring, oil spill response measures and so forth.

All petroleum related activity is subject to public consultation and authority approval, mostly through an environmental permit hearing process. Stakeholders, local communities and interested parties are entitled to comment on environmental and social issues, and give recommendations to the authorities on planned activities. We aim to adhere to these recommendations, provided they are compliant with the government's operational conditions defined in the management plans. This hearing process is of particular value for ensuring co-existence between the two main industrial activities in the area, namely fisheries and oil and gas exploration. Lundin Energy does not have any activities (except for seismic work) or acreage within or adjacent to IUCN protected areas.

All acreage is internally assessed with particular attention to areas in proximity of sensitive coastal habitats, fish spawning and seabird breeding or feeding grounds, coral reefs, fisheries, etc. Coral reefs are the most probable red list species that may be present within our areas of interest, although deep-sea sponge aggregations, sea-pen and burrowing megafauna communities may also occur. In order to identify and mitigate for the presence of these, environmental baseline surveys, site surveys and visual surveys are performed prior to any planned activity.

Case studies

Mapping and identification of deep-sea sponge aggregations:

In the Barents Sea, mapping of deep-sea sponge aggregations enables us to identify the optimal location for activities, with minimized harm to these animals. The Lundin Lander is used to gather important information on biological communities, which helps identify optimal work plans for well designs.

OilDeplet Project:

This project monitors and measures the biodegradation of crude oils in different temperate zones, from the high arctic to tropical waters. Biodegradation speed and mechanisms are affected by changing temperature, namely microbial community compositions, variations in mineral nutrient composition and different light conditions.

Seatrack Project:

This innovative project uses new light-logging technology to track seabird migrations from colonies in the North Atlantic, and logs migratory patterns and interactions between these colonies. The data provided gives valuable information for prudent planning of oil and gas activities along the NCS, with particular focus around Bear Island and the seabird colonies in the Barents Sea.

Management of water-related impacts

Lundin Energy minimises its impacts on water and from waste, as set out in our Environmental Policy. Given our Norwegian offshore context, water withdrawal and water scarcity are not considered material issues. Freshwater is used for drinking purposes and as process related water, including drilling water. We encourage and facilitate freshwater generation on most of our facilities. We use seawater as a drilling fluid and as cooling water, where it is circulated back to source and is, as such, immaterial insofar as it does not pollute.

Our main water management issue is operational discharges to sea. Produced water and other operational water discharges can have adverse effects on the marine environment, unless properly treated. To minimise these impacts, we have a target to reinject >95% of produced water, and in 2020 we achieved a 98.6% reinjection rate. Our long-term goal is to limit oily water discharges to less than 15 ppm, half of what Norwegian regulation requires. In 2020, this target was met with a 11 ppm oil in water content. Our other water management actions include:

- Continuous monitoring of oily discharges to sea
- Implementation of an online oil-in-water analyser for monitoring and reporting of oil in produced water
- Prioritised substitution of chemicals with the most adverse properties to less hazardous substitutes

In 2020, we had two minor chemical spills with no material environmental impacts.

Reducing waste

Waste generated from our activities includes non-hazardous waste, such as metals, wood and sorted combustible waste, and hazardous waste, such as drilling fluids and cuttings. Waste generation, sorting and recovery are of high focus at Lundin Energy, both at an operational and office level. Facility managers are responsible for ensuring that waste is minimised as much as possible, and handled in an environmentally sound manner. All waste is segregated on-site and is shipped onshore to our logistics bases, where contractors handle it upon arrival. Monthly analytics are issued by the contractors, highlighting how much waste has been sorted, reused, recycled, incinerated or sent to landfill.

Approximately half of our non-hazardous waste is recycled, while the other half is incinerated with energy recovery. Of hazardous waste, approximately half is treated and discharged post chemical removal, and the rest is incinerated with energy recovery, recycled or sent to landfill. Overall, 1% of non-hazardous waste, and 30% of hazardous waste, was sent to landfill. Of the latter, landfill deposits are mainly treated as slops and solid residues from drilling waste.

From a Company perspective, we monitor our waste disposal practices to meet and exceed best practice. Our target for non-hazardous waste recovery, including energy recovery, has been increased to >90% for 2021. Our long-term non-hazardous waste target is to obtain 80% recovery, excluding energy recovery, by 2025. Examples of recent actions include:

- Sensitising employees on waste reduction through campaigns for all operated offshore installations
- Reducing the use of non-renewable materials, single-use utensils and Styrofoam packaging
- Identifying logistical solutions to reduce total waste generation

The above actions helped achieve a non-hazardous waste sorting rate of 99% in 2020 on Edvard Grieg. Our waste management campaign is ongoing and has been expanded from our fixed platform to include all of our operated assets. Further focus in 2021 will include establishing more holistic and circular economy perspectives in the supply chain, and reducing Company-wide consumption of resources.

Audits

The Norwegian Environment Agency conducted an environmental audit of Edvard Grieg to verify compliance with regulatory requirements regarding discharges to sea, chemicals and waste management, and maintenance of the equipment containing fluorinated greenhouse gases. Overall, Lundin Energy received positive feedback with no material issues identified.

Our environmental targets

- Scope 1+2 **carbon intensity** (net equity basis, kg CO₂/boe)
- Oily water **discharges** (ppm)
- Produced **water reinjection** rate (%)
- Waste **recovery** (%) ¹
- **Spills** to sea (no.)
- **Methane emissions** intensity (%)

¹ Of non-hazardous waste

2021
target

2020
target

2020
performance

<4

<4

2.6

<15

<15

11

>95

>95

98.6

>90

>80

99

0

0

2

<0.1

<0.1

0.013

Safe operations

Our objective is to provide a safe and healthy working environment

Health and safety is a priority for our operations. As an oil and gas company, we operate in an industry exposed to certain safety risks, where accidents can potentially occur anywhere and at any given time. It is thus our responsibility to identify and mitigate potential risks, and to provide our workforce with a safe and healthy working environment. Our target is to achieve zero injuries and incidents, for all of our employees and contractors.

Promoting health and safety

Our regularly audited health and safety management approach that covers all employees and contractors, is aligned with legal requirements and standard industry guidelines, and consists of the Health and Safety Policy, the HSEQ Leadership Charter and other specific procedures and work practices.

Our Health and Safety Policy states that priority shall always be given to prevent harm to our workforce. For all operational activities, risk assessments, including identification of potential hazards, have to be performed and recorded within our risk register. Typical injuries in our sector include falling objects, falls and trips, and injuries associated with exposure to toxic substances. All offshore employees are informed of the alert and notification process for incidents. The use of online measurement of equipment vibrations also help give early warnings of potential equipment-related risks. All incidents are investigated to identify failures and weaknesses, and improvement actions are defined to prevent re-occurrence. Our Policy ensures that no individuals face reprisal during this process. To complement our health and safety management approach, we encourage and rely on active workforce participation and regular consultation.

Lundin Energy has enrolled all employees into a private health insurance programme. This may accelerate possible medical treatments thereby enabling the employee to return to work earlier than if having to use public health services. In addition, Lundin Energy Norway has an agreement with the Norwegian Church Abroad, which provides mental health support, performing occasional visits offshore and is available 24/7.

All contractors are assessed with respect to Health, Safety and Environment, both prior to and after contract assignment. Areas of evaluation include the contractor's management system, HSE records and personnel training/competence. Mandatory HSE training is in place for all employees and contractors on offshore installations and additional enhanced training is provided for key positions. Lundin Energy employees received a total of 1,964 hours of HSE training in 2020.

Key highlights in 2020 included:

- Continued effort to strengthen our **HSE risks and mitigation** measures through the '**Lundin Calling**' communication framework
- Launched our new **HSE induction course** for **all employees** and hired **contractors**
- Completed a comprehensive **rig intake** of West Bollsta including testing of all **vital safety systems** and conducting **HSE training** for all crews
- Successful completion of the Company's first **manned diving operation**, in preparation for test production from the Rolvsnes subsea well, which will be tied back to the Edvard Grieg platform in 2021. The operation was completed with no HSE incidents, including the in-hire of diving expertise throughout the planning and operation phase

Three serious incidents were reported during the year, one of which included a serious injury. The incidents have been thoroughly investigated to capture learnings and to prevent re-occurrence.

Audits

Internal and third party HSEQ audits are performed throughout the calendar year. In 2020, the Petroleum Safety Authority conducted four audits of Lundin Energy Norway with positive feedback and no critical findings. Furthermore, six internal audits have been performed, reiterating that our management system and processes are adequate and fit for purpose.

Safety performance

Lost time incident rate



Total recordable incident rate



Safe operations



Emergency preparedness and COVID-19

Our emergency preparedness is tested on an ongoing basis, together with contractors, and regular emergency response drills are conducted with the corporate crisis management team. We conducted 20 emergency response drills and one corporate crisis simulation in 2020.

When the COVID-19 pandemic emerged, Lundin Energy responded with speed and agility, quickly putting in place the Company's business continuity plans and conducting a risk assessment for both onshore and offshore operations and developments. We worked closely with the Norwegian Oil and Gas Association and unions to coordinate efforts, and reported to the Petroleum Safety Authority on a regular and frequent basis.

To reduce risk of business interruption and to protect our employees and contractors, at our offshore operations we have implemented mandatory COVID-19 testing prior to departure offshore, social distancing, increased frequency of disinfection, clear safety guidelines for staff, and temporarily reduced manning, such as postponing of non-essential activities. Personnel were trained for COVID-19 risk mitigation measures and emergency exercises were carried out to ensure swift isolation and evacuation of potential infected personnel. These measures were successful and as a result we recorded no positive COVID-19 cases offshore.

Office-based employees have also adapted to safer working conditions, which include various office-based prevention measures to promote and ensure the health and well-being of all.

People and society

We promote a diverse workforce, respect human rights and positively impact society at large

We create value not only for our shareholders, but for society at large. Oil discoveries are great economic resources, creating wealth and tax revenue, quality employment and positive societal impact across the value chain. Oil and gas products are fundamental to modern society and are present in many aspects of our daily life.

Promoting a diverse and engaged workforce

Consistent with our Code of Conduct, we value diversity and recognise the benefits in attracting a broad pool of quality employees, encouraging employee retention, building high performance teams and enabling more relevant innovation. We offer competitive remuneration, among other benefit packages such as pension schemes, insurances, non-occupational medical and healthcare services, bonuses, fully paid parental leave, additional vacation days, exercise facilities and cultural activities. We secure employee development through on the job training, course and further educational activities.

As set out in our Diversity Policy (revised in 2020), we promote equal opportunities and no job applicant or employee shall be discriminated in any area of employment and business regardless of individual characteristics. We actively strive to improve gender balance through recruitment practices, and seek the inclusion of at least one female candidate at the final interview stage. Lundin Energy Norway conducts an annual analysis of its gender pay distribution by job level to determine whether gaps exist, and which job levels have the least and greatest disparities.

Continuous employee engagement

Lundin Energy Norway has a Working Environment Committee both onshore and offshore, with an equal number of employee and Company representatives. In addition, there are a number of elected safety delegates within different disciplines, shifts and office locations. The Managing Director and Human Resources Director act as representatives on behalf of Company management. The Committee Chair alternates on an annual basis, between employees and management. Meetings are held on a quarterly basis. Working environment committees are also established on all main offshore work sites with representatives from local management and workforce.

448 year end employees

Women in workforce

Board of Directors

33%

Managers

23%

Employees

27%

Training hours

HSE

1,964
hours

Other ¹

832
hours

Average
per employee

6
hours

¹ Including compliance, leadership and sustainability

Our employees enjoy freedom of association. Lundin Energy Norway is a member of the Association of Norwegian Enterprises (NHO) and its subsidiary the Norwegian Oil and Gas Association (NOROG). Central and local salary negotiations are conducted annually, with agreement revisions conducted bi-annually. The level of union participation has been steady over the years, with around 50% of employees in Norway represented by labour unions. During yearly appraisals, managers and all employees discuss career development and define personal strategic goals. We strive for all employees to take active ownership of their performance and development.

In 2020, Lundin Energy had 448 permanent employees at year-end. Over the last 3 years, our employee turnover and new hire rates have been fairly stable and at a low level around 4% and 8%, respectively (3 year average). Over 90% of our workforce is local, and our employees are either located onshore, at one of our offices, or on our offshore facilities. At Lundin Energy, circa 21% of staff work in an offshore rotation, which implies a two weeks on, four weeks off rotation scheme, as per standard practice in the Norwegian industry.

Respecting human rights

We are fully committed to meet our responsibilities towards employees, contractors and other stakeholders in the value chain, including suppliers. We are mindful of potential impacts from our activities across the value chain, and as such, we monitor and report human rights impacts and remedy any negative impacts identified. Our Whistleblowing Policy and procedures also allows stakeholders to report any grievances on human rights issues in our operations and supply chain. Our main activities are in Norway, where we ensure all human rights requirements are covered in agreements with our contractors and subcontractors, with fabrication sites in Norway and elsewhere.

As set out in our Human Rights Policy and guidelines, we endorse the United Nations Declaration of Human Rights and the United Nations Global Compact Principles. We are compliant with all relevant human rights, equality and anti-discrimination related regulations in all countries of operation, including implementation of robust whistleblowing procedures. Our mandatory e-Learning for all employees has a specific focus area on human rights issues.

There were no cases reported involving the rights of indigenous people or child labour in any of our areas of activity in 2020.



Sponsorship



Sponsorship

Through our sponsorship programme we seek to positively contribute to the communities where we have a presence. In Sweden we are a long-term supporter of the Good to Great Tennis Academy, which provides young athletes with the opportunity to train and excel in tennis, while safeguarding health and education. In Switzerland we supported 23 young athletes as they strive to reach the top within their various sports, as well as offsetting emissions from their travel.

In Norway, we sponsored both the men and women's national ski-jumping teams. We were also the main sponsor of the Norwegian College of Elite Sport and the Norwegian Petroleum Society, and supported The Norwegian Petroleum Museum in Stavanger and the Norwegian Trekking Association, DNT Oslo og omegn.

Lundin
Energy
**Investing for
the Future**

Lundin Foundation



Creating positive impact through the Lundin Foundation

Lundin Energy partners with the Lundin Foundation to help support high potential, early-stage businesses that advance low carbon innovations and support clean oceans at scale. The Foundation receives an annual financial contribution from Lundin Energy to make impact investments into early-stage companies, provide strategic guidance and support business accelerator programmes that encourage the growth of sustainable innovations.

In 2020, through the Foundation, we helped our partners successfully navigate the challenges of COVID-19, we expanded our portfolio of low carbon and clean energy start ups, helping each business reach important milestones in their growth. Throughout the year, we supported 6 start-ups and accelerators across Scandinavia (Ocean Harvesting Technologies, Arctic Accelerator, Charge, Evoy, Katapult Ocean and Trine).

Investment highlights in 2021

Evoy

Evoy is a Norwegian start-up that aims to create a zero emissions marine industry by developing electric motor systems for new and existing boats. In 2020, Evoy was awarded a MUSD 5.3 prize from the European Innovation Council for its efforts in promoting a sustainable future. Through its electric motors, Evoy aims to eliminate 1.3 million tonnes of CO₂ emissions produced annually from small boats in Norway, equivalent to taking over 600,000 cars off the road.

"I cannot emphasise enough, the importance of Lundin Energy's interest and investment into Evoy late 2019. They believed early on in our team and our vision for a zero emissions marine industry which helped opened the eyes of other investors. We are truly grateful and looking forward to future guidance, cooperation and alliance."

– Leif A Stavøstrand, CEO

Ocean Harvesting Technologies (OHT)

OHT is a Swedish start-up developing scalable wave energy systems to serve offshore energy demands. The Foundation's equity investment into the company helped unlock a grant from the Swedish Energy Authority to advance its technology development. OHT aims to produce 240 MWh of clean energy per system, on a daily basis.

"We are very pleased to welcome the Lundin Foundation as a new shareholder to help develop and commercialise our technology. The vast experience and technical expertise of the Lundin Group, as well as the potential to pilot the technology at offshore facilities will be of great value to our company."

– Mikael Sidenmark, CEO

Impacts in 2020

1.7
MUSD
annual
investment

62
social and
environmental
start ups
supported

201
jobs
supported

4.2
MUSD
in first
revenues

76%
of start ups
launching
sales

14
MUSD
follow-on
funding
secured

Governance and ethics

We conduct our business in a transparent and ethical manner

Our governance

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

Lundin Energy'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

In adhering to these principles, Lundin Energy decreases the risks associated with unclear allocation of responsibilities, as well as to avoid conflicts of interest between its shareholders, management and the Board of Directors. By ensuring the business is conducted in a responsible manner, the corporate governance structure ultimately paves the way to increased efficiency, stakeholder trust and shareholder value.

Sustainability Committee

The Sustainability Committee (previously the ESG/H&S Committee) assists the Board to monitor the performance and key risks that the Company faces in relation to environmental, social and governance matters. It also makes recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. The Sustainability Committee's tasks further include reviewing and monitoring sustainability policies, as well as considering sustainability issues, risks, strategies and responses to climate change issues. The Sustainability Committee reviews Group Management's proposals on sustainability targets and goals, monitors the appropriateness of sustainability audit strategies and plans, the execution and results of such plans and reviews and makes recommendations to the Board.

The Sustainability Committee's work during 2020 included:

- Review of key local and corporate sustainability risks and management responses, including risks imposed by COVID-19
- Review of the Company's Decarbonisation Strategy and overall sustainability performance including in external ESG ratings
- Discussion on strategy for carbon neutrality and actions required, including natural carbon capture projects, and acceleration of carbon neutrality commitment to 2025
- Discussion and proposal to align external reporting with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD)
- Review of ESG KPIs that have been linked to the Company's new loan agreement, and implications for Lundin Energy
- Monitoring roll-out and reviewing effectiveness of sustainability policies

Our Code of Conduct

Lundin Energy's Code of Conduct is a set of principles that have been formulated by the Board, to give guidance to employees, contractors and partners on how the Company is to conduct its business in an economically, socially and environmentally responsible manner, for the benefit of all our stakeholders and shareholders. Violations of the Code of Conduct will be the subject of an inquiry and appropriate remedial measures. In addition, performance under the Code of Conduct is regularly reported to the Board. The key principles in the Code of Conduct include:

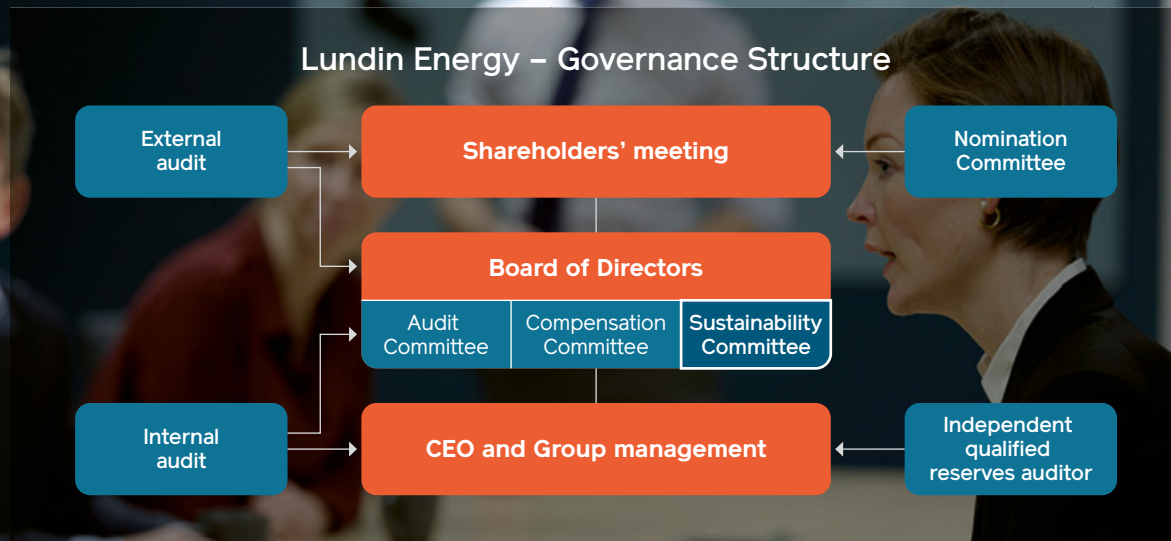
- Upholding ethical business practices across the value chain
- Minimising impact on the environment
- Providing a safe working environment
- Respecting and engaging with owners of the resources
- Sustaining a good return on investment for shareholders

Contractor Screening

Lundin Energy screens all major suppliers and contractors against environmental and social criteria before entering into contracts with them. In addition, all contractors and suppliers must sign Lundin Energy's Contractor Declaration, and by doing so, commit to adhere to our Code of Conduct.

In 2020, Lundin Energy on-boarded four new suppliers that were screened against EPIM-JQS, which is the general qualification system for oil and gas companies in Norway that covers ESG criteria. Environmental aspects were screened to ensure suppliers have established HSE, energy and environmental management systems in place.

Lundin Energy – Governance Structure



Governing policies

Our Corporate Sustainability Policies outline our commitment to ensure the highest levels of ethical conduct across our operations and wider value chain.

Corporate Whistleblowing Policy:

Our Whistleblowing Procedures and Policy provides a means for raising legitimate concerns regarding misconduct in the workplace or the supply chain, to be raised without reprisals or victimisation. Whistleblowers identities are kept anonymous upon request and are protected against retaliation. Concerns can be submitted to line managers, supervisors, anonymously via e-mail, or through an independent third party, at any time. Reporting complaints are notified to the Board Audit Committee.

In 2020, there was one reported whistleblowing case. The matter was resolved in accordance with our Whistleblowing Procedure and was handled by an external legal company.

Corporate Anti-Corruption Policy:

This Policy ensures everyone working for or on behalf of the Company understands what activities constitute corruption and that all forms of corruption are strictly prohibited at Lundin Energy. Information and training is provided throughout our operations, and we encourage alleged cases to be reported. All alleged cases of corruption are to be investigated, and appropriate actions taken. Anti-corruption forms a part of our contractor evaluations, and anti-corruption clauses also feature as part of our Contractor Declaration. In the event of non-compliance and depending on the severity thereof, contracts may be terminated or remedial actions sought. Under our Policy, political donations and lobbying are also strictly prohibited.

In 2020, we had no cases of corruption, facilitation payments, significant fines or non-monetary sanctions for non-compliance. We do not have any contracts with governments and do not have any political involvement or take part in lobbying activities. We have also expressed continued support to the United Nations Global Compact and their work in promoting anti-corruption policy and measures.

Other Relevant Governing Policies:

In line with ethical best practice and transparency, all of our governing policies are publicly available on our website. These also include the following policies:

- **Corporate Competition Law Policy:** Demonstrates our commitment to business practices compliant with legal requirements and best industry practice around competition.
- **Corporate Tax Policy:** Outlines our commitment to adopt transparent tax practices and comply with applicable laws, regulations and reporting requirements on tax.
- **Corporate Anti-Fraud Policy:** Outlines corporate and local requirements to prevent any fraudulent activities.
- **Corporate Anti-Money Laundering Policy:** Outlines our approach to ensure financial integrity and prevent all forms of potential money laundering.

Sustainability data

Climate change ^{a, b, c}

	Unit	2020	2019	2018
GHG emissions – operated basis ¹				
Direct CO ₂ emissions	kt	278	296	392
Direct CH ₄ emissions	kt	0.1	0.2	0.1
Scope 1 & 2 CO ₂ emission intensity	kg CO ₂ /boe	5.0	5.1	6.6
Methane emission intensity ²	%	0.013	0.019	0.010
Scope 1 GHG emissions	kt	283	301	395
Scope 2 GHG emissions (market-based)	kt	0	0	0
Scope 2 GHG emissions (location-based)	kt	<0.1	<0.1	<0.1
Scope 3 GHG emissions – product use ³	kt	20,800	21,300	21,700
Scope 3 GHG emissions – travel and logistic supply ⁴	kt	56	29	45
GHG emissions – net equity basis ¹				
Direct CO ₂ emissions	kt	155	184	158
Direct CH ₄ emissions	kt	0.2	0.2	0.1
Scope 1 & 2 CO ₂ emission intensity	kg CO ₂ /boe	2.6	5.4	5.3
Scope 1 GHG emissions	kt	161	189	161
Scope 2 GHG emissions (market-based)	kt	54	21	0
Scope 2 GHG emissions (location-based)	kt	2.4	0.8	<0.1
Scope 3 GHG emissions – product use ³	kt	22,200	12,600	10,900
Carbon offset purchases and retirements ⁵	kt	3.0	6.7	0
Flaring and cold-vented hydrocarbons				
Flared emissions	k Sm ³	3,999	8,113	10,022
Cold-vented hydrocarbons	k Sm ³	95	188	53
Flaring during well tests (gas)	k Sm ³	0	4	13,584
Flaring during well tests (oil)	k Sm ³	0	<1	8
Energy consumption and export				
Total energy consumption within the organisation ⁶	TJ	4,631	4,639	6,163
Fuel consumption (from non-renewable sources)	TJ	4,624	4,632	6,156
Grid electricity consumption (operated basis)	MWh	1,860	1,866	1,888
Grid electricity consumption (net equity basis) ⁷	MWh	138,614	41,421	1,888
Electricity generated from non-renewable sources	MWh	385,176	366,496	388,215
Net electricity generated from renewable sources	MWh	41,848	0	0

Climate change ⁱ

Environmental protection

Safe operations ⁱⁱ

People & society ⁱⁱ

Governance & ethics ⁱⁱ



ⁱ Company-wide travel emissions are included on a consolidated basis

ⁱⁱ Contractors are included in our metrics for health and safety, human rights and certain governance and ethics elements

^a All KPIs are on a 100% operated basis, excluding GHG emissions and grid electricity consumption, which are reported on both a 100% operated basis and net equity basis.

^b The Norwegian Environment Agency conduct verifications of all reported environmental data post Sustainability Report publication. This may result in minor variations of the environment data for non-operated assets in Q3 2021.

^c Emission factors used are sourced from Norwegian Oil & Gas Guidelines.

¹ See 'Carbon KPIs Scope and Calculation' document available on our website for further details of quantification methodology and scope.

² Calculated based on tonnes methane emitted divided by total gas exported from all operated assets.

³ Fraction of hydrocarbons combusted based on assumption from ENDRAVA.

⁴ Includes material emissions from supply chain activities where we incur costs: business travel, helicopters and logistics (supply vessels and tankers).

⁵ We have offset emissions from business and helicopter travel since 2018. Emissions in 2018 were offset in 2019.

⁶ Sum of all energy sources consumed during operations, including fuel/flare gas, diesel and electricity, from offshore installations, drilling rigs and office premises. Minor restatements for 2018–2019 data.

⁷ Net equity electricity consumption from power from shore was 136,754 MWh in 2020, and office-based electricity use was 1,860 MWh.

Environmental protection ^a

	Unit	2020	2019	2018
Unplanned releases to sea				
Oil spills				
Number	no.	0	0	0
Volume	m ³	0	0	0
Chemical spills ¹				
Number	no.	2	0	1
Volume	m ³	32	0	31
Hydrocabron leaks				
Number	no.	0	0	0
Mass	kg	0	0	0
Water withdrawal				
Total water withdrawal ²	m ³	84,054	68,702	64,067
Freshwater withdrawal (third party water) ³	m ³	18,638	30,887	34,694
Non-freshwater withdrawal (produced water)	m ³	65,416	37,815	29,373
Water discharge				
Total water discharges ⁴	m ³	17,162	17,154	18,571
Produced water discharged to sea	m ³	3,566	3,302	1,164
Produced water reinjection rate	%	98.6	97.4	98.7
Other water discharged to sea	m ³	7,375	6,852	10,407
Water discharged to third parties	m ³	6,221	7,000	7,000
Regular discharges of oil in water	t	0.12	0.10	0.12
Discharged drill cuttings	t	607	4,370	7,938
Waste ⁵				
Hazardous waste generated	t	4,536	1,313	8,040
Hazardous waste recycled	t	47	4	10
Hazardous waste incinerated with energy recovery	t	691	229	588
Hazardous waste sent to landfill	t	1,357	73	882
Hazardous waste sent to other type of disposal	t	2,441	1,008	6,559
Non-hazardous waste generated	t	266	326	588
Non-hazardous waste recycled	t	130	184	313
Non-hazardous waste incinerated with energy recovery	t	133	110	197
Non-hazardous waste sent to landfill	t	3	32	78
Other emissions to air				
NO _x	t	316	530	1,198
SO _x	t	7	8	26
nmVOC	t	103	112	249

^a All KPIs are on a 100% operated basis.

¹ We had one spill to sea due to a rupture in a hose on a drilling rig, and one unintentional spill. Both spills were not material.

² Excludes seawater used for cooling purposes.

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

⁴ Sum of all water discharged from operated assets and Lysaker office, excluding runoff water that is not screened or treated for oil content, and cooling seawater.

⁵ Waste data scope is offshore operated assets.

Sustainability data

Safe operations ^a

	Unit	2020	2019	2018
Recorded incidents				
Fatalities				
Employees	no.	0	0	0
Contractors	no.	0	0	0
Total	no.	0	0	0
Lost time incidents				
Employees	no.	0	0	0
Contractors	no.	2	0	1
Total	no.	2	0	1
Restricted work incidents				
Employees	no.	0	0	0
Contractors	no.	0	0	0
Total	no.	0	0	0
Medical treatment incidents				
Employees	no.	0	0	0
Contractors	no.	3	1	1
Total	no.	3	1	1
Serious incidents				
Employees	no.	0	0	0
Contractors	no.	3	0	0
Total	no.	3	0	0
Incident rates ¹				
Lost time incident rate				
Employees	per million hours worked	0	0	0
Contractors	per million hours worked	2.17	0	0.83
Total	per million hours worked	1.12	0	0.50
Serious incident frequency rate				
Employees	per million hours worked	0	0	0
Contractors	per million hours worked	3.25	0	0
Total	per million hours worked	1.68	0	0
Total recordable incident rate				
Employees	per million hours worked	0	0	0
Contractors	per million hours worked	5.42	1.30	1.67
Total	per million hours worked	2.80	0.63	1.01
Exposure hours				
Employees	hours	860,529	813,529	785,916
Contractors	hours	923,198	770,980	1,200,314
Total	hours	1,783,727	1,584,509	1,986,230
Suppliers and contractors screened against ESG criteria ²				
New suppliers and contractors	%	100	100	100

^a As the majority of the organisation is located in Norway, this information is disclosed at Corporate level, rather than per region.

¹ Employee and contractor frequency data is obtained by inserting the number of injuries as the numerator and the hours worked as the denominator.

² All new major suppliers and contractors on-boarded for Lundin Energy Norway during the reporting period. Major suppliers are defined as having a sizeable contract (> MUSD 5) and/or sourced through a formal tendering process.

People & society ^a

	Unit	2020	2019	2018
Employees				
Total employees ¹	no.	448	444	412
Number of men	no.	327	320	298
Number of women	no.	121	124	114
Diversity				
Gender diversity				
Women in workforce	%	27	28	28
Women in management	%	23	23	26
Women in the Board of Directors	%	33	33	33
Employees by age group				
< 30 years	%	5	8	5
30 – 50 years	%	54	55	56
> 50 years	%	41	37	39
Board of Directors by age group				
> 50 years	%	100	100	100
Employee hire & turnover ²				
Employee new hire rate	%	4.7	11.9	8.3
Employee turnover rate	%	3.8	4.0	4.1
Incidents of discrimination				
Confirmed incidents	no.	0	0	0

^a As the majority of the organisation is located in Norway, all employee-related data is disclosed at Corporate level, rather than per region.

¹ The Sustainability Report accounts for permanent and fixed employees by end of year paid directly by the Company, whereas the Annual Report accounts for average numbers for the year.

² New hire and turnover rates are not disclosed by age groups/gender due to the size of the organisation.

Sustainability data

Sustainability governance

	Unit	2020	2019	2018
Anti-corruption				
Communication of Anti-Corruption Policy				
Board of Directors	%	100	100	100
Employees	%	100	100	100
Training on anti-corruption ¹				
Board of Directors	%	100	100	100
Employees	%	100	100	100
Confirmed incidents of corruption				
Number of incidents	no.	0	0	0
Incidents with employees impacted	no.	0	0	0
Incidents with contractors impacted	no.	0	0	0
Corruption-related public legal cases	no.	0	0	0
Compliance				
Significant fines	no.	0	0	0
Significant fines value	TUSD	0	0	0
Environmental fines	no.	0	0	0
Environmental fines value	TUSD	0	0	0
Non-monetary sanctions	no.	0	0	0
Environmental non-monetary sanctions	no.	0	0	0
Payments to governments				
Taxes ²	TUSD	442,690	145,565	29,237
Royalties	TUSD	n/a	n/a	n/a
Fees	TUSD	18,798	30,382	33,585
Production entitlement	TUSD	n/a	n/a	n/a
Total	TUSD	461,488	175,947	62,823
Corporate donations				
Corporate sponsorships & charitable giving	TUSD	1,592	400	33
Contribution to the Lundin Foundation	TUSD	1,700	1,713	1,694
Total	TUSD	3,292	2,113	1,727
Contributions to sustainability initiatives				
UNGC	TUSD	15	15	15
CDP	TUSD	1	1	1
Carbon offsetting costs	TUSD	40	144	0
Total	TUSD	56	160	16

¹ Business partners are not included in this data.

² Includes MUS\$ 5.9 interest paid in relation to taxes.

Units abbreviations

t = metric tonnes

kt = thousand metric tonnes

boe = barrel of oil equivalent

k Sm³ = thousand standard cubic metres

TJ = terajoules

MWh = megawatt hours

TUSD = thousand USD

TCFD index

TCFD recommendation	Reference to LE disclosure		
	SR	AR	CDP
Governance			
Disclose the organisation's governance around climate-related risks and opportunities			
a) Describe the board's oversight of climate-related risks and opportunities	12, 18–19	26	C1
b) Describe management's role in assessing and managing climate-related risks and opportunities	12, 18–19	26	C1
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material			
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	18	18	C2
b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	18–19	18	C2
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2deg or lower scenario	19	18	C2, C3
Risk management			
Disclose how the organisation identifies, assesses, and manages climate-related risks			
a) Describe the organisation's processes for identifying and assessing climate-related risks	12, 18–19	16	C2, C3
b) Describe the organisation's processes for managing climate-related risks	12, 18–19	16	C2, C3
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	12, 18–19	26	C2, C3
Metrics and targets			
Disclose the metrics/targets used to assess and manage relevant climate-related risks and opportunities where such information is material			
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	34	7–8	C3
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks	34	7–8	C6, C7
c) Describe the targets used by the organisation to manage climate-related risks	9 (c.c. targets), 15, 16	7–8	C4

GRI index

Standard Disclosure	Description	Reference
GENERAL DISCLOSURES		
1. Organisational profile		
102–1	Organisation name	SR front/back cover
102–2	Activities, brands, products, services	SR 6–7
102–3	HQ location	SR back cover
102–4	Operations locations	SR 7
102–5	Ownership and legal form	SR back cover
102–6	Markets served	SR 6
102–7	Scale of the organisation	AR 1
102–8	Information on employees and other workers	SR 28–29, 37
102–9	Supply chain	SR 6
102–10	Significant changes to the organisation and its supply chain	SR 10
102–11	Precautionary Principle or approach	SR 22
102–12	External initiatives	SR inside cover
102–13	Membership of associations	SR inside cover, 28
2. Strategy		
102–14	Statement from senior decision-maker	SR 2
102–15	Key impacts, risks and opportunities	SR 9, 12–13, 18–19
3. Ethics and integrity		
102–16	Values, principles, standards, and norms of behaviour	SR 32–33
102–17	Mechanisms for advice and concerns about ethics	SR 28, 32
4. Governance		
102–18	Governance structure	SR 33
102–19	Delegating authority	SR 32
102–20	Executive-level responsibility for ESG topics	SR 18, 32–33
102–21	Consulting stakeholders on ESG topics	SR 10–11
102–22	Composition of the highest governance body and its mechanisms	AR 22, 24
102–23	Chair of the highest governance body	AR 28
102–24	Nominating and selecting the highest governance body	AR 23
102–25	Conflicts of interest	AR 28–29, 33
102–26	Role of highest governance body in setting purpose, values, strategy	AR 24
102–27	Collective knowledge of highest governance body	AR 28–29
102–28	Evaluating the highest governance body's performance	AR 26
102–29	Identifying and managing ESG impacts	SR 18, 32
102–30	Effectiveness of risk management processes	SR 12–13
102–31	Review of ESG impacts	SR 9–10
102–32	Highest governance body's role in sustainability reporting	SR 32–33
102–33	Communicating critical concerns	SR 32–33
102–35	Remuneration policies	AR 32–33
102–36	Process for determining remuneration	AR 32–33
102–37	Stakeholders' involvement in remuneration	AR 32–33
5. Stakeholder engagement		
102–40	List of stakeholder groups	SR 11
102–41	Collective bargaining agreements	SR 28
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 44
102–46	Defining report content and topic boundaries	SR 4
102–47	List of material topics	SR content page, 9
102–48	Restatement of information	SR 5
102–49	Changes in reporting	SR 5
102–50	Reporting period	SR 4
102–51	Date of most recent report	SR 40
102–52	Reporting cycle	SR 4
102–53	Contact point for questions regarding the report	SR 40
102–54	Claims of reporting in accordance with the GRI standards	SR 5
102–55	GRI content index	SR 40–41
102–56	External assurance	SR 5
103–1	Explanation of the material topic and its boundary	SR 4
103–2	Management approach and its components	
	Overview of targets	SR 9
	Climate change	SR 14–17
	Biodiversity	SR 22
	Water	SR 24–25
	Waste	SR 24–25
	Health & Safety	SR 26
	Diversity	SR 28
	Human Rights	SR 29
	Governance	SR 32–33
103–3	Evaluation of the management approach	SR 32

Standard Disclosure	Description	Reference
ECONOMY AND ANTI-CORRUPTION		
Anti-corruption		
205-2	Communications and training about anti-corruption policies and procedures	SR 33, 38
205-3	Confirmed incidents of corruption and actions taken	SR 33
ENVIRONMENT		
Energy		
302-1	Energy consumption within the organisation	SR 34
Water and effluents (2018)		
303-3	Water withdrawal (Sea water, Third-party water)	SR 24, 35
303-4	Water discharge (Sea water, Produced water, Third-party water)	SR 24, 35
Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR 22
Emissions		
305-1	Direct (Scope 1) GHG emissions	SR 34
305-2	Energy indirect (Scope 2) GHG emissions	SR 34
305-3	Other indirect (Scope 3) GHG emissions	SR 34
305-4	GHG emissions intensity	SR 16, 34
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	SR 35
Waste (2020)		
306-1	Waste generation and significant waste-related impacts	SR 24
306-2	Management of significant waste-related impacts	SR 24
306-3	Waste generated	SR 24, 35
306-4	Waste diverted from disposal	SR 24, 35
305-5	Waste directed to disposal	SR 24, 35
Environmental compliance		
307-1	Non-compliance with environmental laws and regulations	SR 38
SOCIAL		
Health and safety		
403-1	Occupational health and safety management system	SR 26
403-2	Hazard identification, risk assessment, and incident investigation	SR 26
403-3	Occupational health services	SR 26-27
403-5	Worker training on health and safety	SR 27
403-6	Promotion of worker health	SR 26-27
403-7	Prevention and mitigation of occupational and safety impacts directly linked by business relationships	SR 26
403-8	Workers covered by an occupational health and management system	SR 28
403-9	Work-related injuries	SR 26-27, 36
Employee related data		
401-1	New employee hires and employee turnover	SR 37
404-3	Percentage of employees receiving regular performance and career development reviews	SR 28
405-1	Diversity of governance bodies and employees	SR 28
406-1	Incidents of discrimination and corrective actions taken	SR 28, 37
412-2	Employee training on human rights policies or procedures	SR 29
Local communities		
413-1	Operations with local community engagement, impact assessments, and development programmes	SR 22, 32
413-2	Operations with significant actual and potential negative impacts on local communities	SR 22
Socioeconomic compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	SR 38
Suppliers		
308-1	New suppliers that were screened using environmental criteria	SR 32, 36
414-1	New suppliers that were screened used social criteria	SR 32, 36

AR: Annual Report / SR: Sustainability Report

Auditor's Assurance Report on Lundin Energy AB (publ)'s Sustainability Report and statement regarding the Statutory Sustainability Report

To Lundin Energy AB (publ), corp id 556610-8055

Introduction

We have been engaged by the Board of Lundin Energy AB (publ) to undertake a limited assurance engagement of Lundin Energy AB (publ)'s Sustainability Report for the year 2020. The scope of the Sustainability Report has been defined on pages 40-41. The Statutory Sustainability Report is defined on page 4.

Responsibilities of the Board and Executive Management

The Board of Directors and Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on pages 4-5 in the Sustainability Report and consist of the GRI Sustainability Reporting Standards, as well as 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 our limited assurance procedures and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented in this document and does therefore not include future oriented information.

We have conducted our engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. 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. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and an examination according to RevR 12 are different from and substantially less in scope than reasonable assurance conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The 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 are independent of Lundin Energy AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. The procedures performed in a limited review and an examination according to RevR 12 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. The conclusion based on limited assurance procedures and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on reasonable assurance.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria 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 Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 1 March 2021

Ernst & Young AB

Anders Kriström
Authorized Public Accountant

Outi Alestalo
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 Lundin Energy’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 Lundin Energy 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 “Risk management” and elsewhere in Lundin Energy’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 Energy

References to “Lundin Energy” or “the Company” pertain to the corporate group in which Lundin Energy AB (publ) (company registration number 556610 – 8055) is the Parent Company or to Lundin Energy 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-energy.com

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

Your feedback is valued

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Corporate Head Office
Lundin Energy AB (publ)
Hovslagargatan 5
SE-111 48 Stockholm, Sweden
T +46-8-440 54 50
F +46-8-440 54 59
E info@lundin-energy.com
W lundin-energy.com