

# Climate Change Statement

## Context

As one of the leading independent oil and gas exploration and production companies in Europe, Lundin Energy develops oil and gas resources efficiently, responsibly and in a sustainable manner. Lundin Energy recognises the challenges related to climate change as set out by the United Nations Intergovernmental Panel on Climate Change and the role that forward-thinking oil and gas companies like us must play in addressing it. We acknowledge that the global response to climate change should include efforts to limit the temperature increase to 1.5 degrees and to reach a global peak of greenhouse gas emissions as soon as possible, as set out in the Paris Agreement. In parallel, we also support the United Nations Sustainable Development Goals (SDGs), in particular SDG 7 on universal access to affordable and clean energy, and SDG 13 on climate action.

Lundin Energy recognises that demand for hydrocarbons is expected to continue rising to meet the needs of a growing global population. Oil will still comprise a significant portion of the energy mix in 2040 alongside other forms of energy. Over this same time frame, to meet climate targets set out in the Paris Agreement, global annual greenhouse gas emissions will need to be halved.

Producing hydrocarbons in the upstream oil and gas sector is estimated to contribute around 5% of the world's total footprint<sup>(1)</sup>. Therefore in order to both meet future energy demand and climate targets, it is critical to decarbonise the production of oil and gas as much as possible. This is a core aim of Lundin Energy's strategy.

## Our Decarbonisation Strategy

In early 2020, we formalised our Decarbonisation Strategy, which sets a target for carbon neutrality by 2030 across our operations<sup>(2)</sup>. This Strategy confirms our focus as an oil and gas producer, while committing to support and implement innovative ways to further reduce our exploration and production related carbon footprint to the lowest possible levels. Through our Decarbonisation Strategy, we will strengthen our position as one of the most sustainable oil and gas companies, aiming at providing the best barrel in the world: safe, responsible, low cost and low emissions.

**We have set the following targets** as part of our Decarbonisation Strategy:

- Become **carbon neutral** across our operations by **2030**
- Achieve a carbon intensity of **<4 kg CO<sub>2</sub>/boe** from **2020**, and **<2 kg CO<sub>2</sub>/boe** from **2023<sup>(3)</sup>**
- Replace all net electricity usage through **investments in renewable power** generation by 2023

**Our strategic approach** is to achieve these targets through:

- **Electrification:** Electrify Edvard Grieg and Johan Sverdrup, thereby achieving a carbon intensity for these assets of less than 1 kg CO<sub>2</sub>/boe
- **Renewable energy and innovation:** Investing in renewable energy projects to match our power consumption, continued focus on energy efficiency in our operations and investment in carbon reduction technologies across our operations and supply chain
- **Carbon pricing:** Ensuring that investment decisions and future business planning takes into account carbon cost projections, thereby reducing risk of stranded assets
- **R&D and industry collaboration:** Taking part in climate related industry collaboration and other stakeholder initiatives, such as:
  - ➔ Contributing to the Roadmap for the Norwegian Continental Shelf (NCS) – Value creation and reduced greenhouse gas emissions on the NCS towards 2030 and 2050
  - ➔ Supporting the Research Centre for a Low Emission Petroleum Industry on the Norwegian Continental Shelf

- **Offsets:** Sourcing high quality carbon offsets, such as natural carbon capture, to compensate for any residual emissions across our operations that we cannot fully eliminate. We have already offset our emissions from business travel with natural carbon capture since 2018.
- **Executive incentives:** Linking a portion of annual variable remuneration for Senior Management to achievement of carbon emissions targets

**We will report annually** on our progress:

- Our climate disclosure is included in our Annual Report and Sustainability Report, as well as in our submission to the CDP. We are committed to being transparent on our climate change performance and will continue to publish this data.
- We aim to align with the recommendations of the Task Force on Climate-Related Financial Disclosures, ensuring that we disclose our strategy, governance, risk management approach and metrics around climate change to investors and other stakeholders, on an annual basis.

We believe that our approach to managing climate change impacts puts us at a competitive advantage. As we grow organically, we will seek to reduce long term risks while creating value for shareholders and wider society. Our Decarbonisation Strategy is embedded into our business model and acts as a tool to achieve this outcome.

As a leading independent upstream oil and gas player committed to safe and responsible operating practices, we will continue to produce the energy that the world needs, in the most sustainable manner possible.

For further information, please contact:

Zomo Fisher  
VP Sustainability  
zomo.fisher@lundin-energy.com

---

<sup>(1)</sup> Source: McKinsey, 2020

<sup>(2)</sup> We define our operational emissions as Scope 1 and Scope 2 emissions as per the Greenhouse Gas Protocol Standard, as well as certain elements of Scope 3 emissions where we have influence – namely business travel, helicopter transport and logistics for which we incur costs (supply vessels and tankers). We include drilling emissions within our Scope 1 emissions. All of these emissions are included within our carbon neutral target.

<sup>(3)</sup> Our carbon intensity KPI is calculated based on Scope 1 + Scope 2 emissions divided by production in barrels of oil equivalent, all calculated on a net equity share basis across both operated and non-operated assets.