

# 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 and responsibly for a sustainable and lower carbon energy future. Lundin Energy recognises the challenges posed by 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 2021, in light of the urgent need to decarbonise the industry, we decided to accelerate our Decarbonisation Strategy to target carbon neutrality across our operations<sup>(2)</sup> from 2025, from the original target of 2030. 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 from 2025
- 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 power from shore with direct **investments in renewable energy power** generation in 2023
- Invest in **proprietary natural carbon capture projects** to offset any residual, hard to abate emissions from 2025

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

- **Energy efficiency:** Driving down our operational emissions across our assets through increased efficiencies and use of best available technologies
- **Electrification:** Electrifying 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:** Supporting the development of a low-carbon industry and 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 projects which look at new technology and equipment to increase the effectiveness of oil and gas operations and low-carbon emission technology
  - Supporting the Research Centre for a Low Emission Petroleum Industry on the Norwegian Continental Shelf
- **Natural carbon capture:** Developing proprietary reforestation projects to compensate for any residual, hard to abate emissions across our operations. We have already offset our emissions from business travel with certified carbon capture projects since 2018.
- **Executive incentives:** Linking a portion of annual variable remuneration for Group 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 are aligning our reporting with the recommendations of the Task Force on Climate-Related Financial Disclosures, to 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 and with the lowest emissions possible.

For further information, please contact:

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<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.