

Climate Change Statement

Context

As a leading independent exploration and production company, Lundin Energy develops oil and gas resources efficiently, responsibly and in a sustainable manner. We recognise the challenges related to climate change as set out by the United Nations Intergovernmental Panel on Climate Change and the role that forward-thinking companies like us must play in addressing it. We acknowledge that the global response to climate change must limit the temperature increase to 1.5°C and to reach a global peak of greenhouse gas emissions as soon as possible, as set out in the Paris Agreement. 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, and will continue to be a critical feedstock for the manufacture of everyday consumer products. Over this same time frame, to meet the Paris Agreement targets, 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⁽¹⁾. 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. Every player in the value chain has to take responsibility for their own operational emissions, including us. As an upstream player, we therefore focus our core strategy on reducing Scope 1 and 2 emissions as a priority.

Our Decarbonisation Strategy

In light of the urgent need to decarbonise the industry, we have accelerated our Decarbonisation Strategy to become carbon neutral across our operations by 2023 – a rate much faster than required by the Paris Agreement. Our carbon neutral scope includes the emissions that we can influence², and we have a clear road map to reduce these in line with the Paris Agreement goals. Through our Decarbonisation Strategy, we will strengthen our position as one of the most sustainable oil and gas companies, providing the best barrels in the world: safe, responsible, low cost and produced with low emissions.

Through our Decarbonisation Strategy, we will:

- Be **carbon neutral** across our operations **by 2023**
- Achieve a carbon intensity of **<4 kg CO₂/boe** from **2020**, and **~1 kg CO₂/boe** from **2023**⁽³⁾
- Reduce **absolute net Scope 1 and 2 carbon emissions by 50%** by 2023, from 2020 levels
- Replace all net electricity usage through **investments in renewable power** generation by end 2023
- Invest in **proprietary natural carbon capture projects** to neutralise any residual, hard-to-abate emissions

Our strategic approach is to achieve these targets through:

- **Energy efficiency and carbon reduction:** Driving down our operational and supply chain emissions 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 CO₂/boe
- **Renewable energy:** Investing in renewable energy projects to replace our net power consumption, thereby decarbonising the grid energy we use

- **Natural carbon capture:** Developing proprietary reforestation projects to neutralise residual emissions, and purchasing high quality natural carbon capture offsets where needed
- **Carbon neutral certification:** Independently certifying our barrels as carbon-neutrally produced, creating value for customers and beginning the decarbonisation journey for every barrel across the value chain
- **Carbon pricing:** Ensuring that investment decisions and future business planning takes into account carbon cost projections, thereby reducing the risk of stranded assets
- **Executive incentives:** Linking a portion of annual variable remuneration for Group Management to achievement of carbon emissions targets
- **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
- **Investing in low and zero-carbon businesses:** Providing equity, loans and grants to start-ups who are developing innovative solutions for a net zero future, through the Lundin Foundation

We will report transparently and regularly 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 align our reporting with the recommendations of the Task Force on Climate-Related Financial Disclosures.

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, stakeholders 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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¹ Source: McKinsey, 2020

² The scope of our carbon neutral target is Scope 1 + 2 net equity emissions, and Scope 3 supply chain emissions (logistics, travel and supply vessels).

³ 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.