

A shared responsibility

Responsible operations require everyone's involvement. I am pleased to report that in the past year we had a significant level of engagement towards responsible business conduct by our Board, management and staff.

Key events 2015

At the beginning of 2015, we decided to consult with internal and external stakeholders in order to determine which issues they considered material for Lundin Petroleum from a sustainability perspective. This enabled us to refine priority areas for our work and was an important step towards publishing our first Sustainability Report in accordance with the Global Reporting Initiative (GRI G4). The first sustainability report in accordance with the guidelines will be published in 2016.

We also developed a Contractor Declaration whereby contractors agree to work in accordance with internationally accepted norms in relation to responsible business conduct. The declaration aims to take Lundin Petroleum's commitment to responsibility a step further in the value chain.

A particularly exciting event during 2015 was the launch of our e-learning course on Corporate Responsibility (CR) that was rolled out to the Group. I am truly pleased with the positive and constructive feedback that we received, demonstrating the high level of enthusiasm and commitment across the Group and providing useful guidance to improve our work further.

2015 was also marked by an increased interest on the issue of climate change arising from the Paris Climate Conference held in December. Lundin Petroleum recognises that climate change represents a global challenge that has an effect on the way we do business, now and in the future, and that we have to address the potential impacts and risks this issue presents to our activities. We believe that oil and gas will remain an important part of the global energy mix required to meet the world's energy demand for decades to come and we are committed to provide society with energy that is being developed in a responsible way.

Looking ahead

Our vision is to contribute to a low-carbon energy future by making sure to develop natural resources in the most efficient and sustainable way possible. The sustainability agenda in the coming years will also be shaped by the Sustainable Development Goals adopted in 2015 by the United Nations, and as a participating company to the United Nations Global Compact we will strive to contribute to their achievement.

While our priority will remain to put the health and safety of our people first and to protect the environment where we operate, we will continue to track emerging sustainability issues, listen to society's expectations and engage with our stakeholders in order to create long-term sustainable value for our shareholders as well as society as a whole.



Our vision is to provide society with energy that is being developed in a responsible and efficient way

Christine Batruch
Vice President
Corporate Responsibility

Performance 2015

Health and Safety	No serious incidents
Environment	No recordable oil spills
Contractor Management	Implementation of Contractor Declaration
Sustainability Reporting	Introduction of GRI G4 reporting

Goals 2016

Health and Safety	Improve Group performance
Environment	Minimise impact
Stakeholder Engagement	Engage in constructive dialogue
Climate change	Focus on energy efficiency

Lundin Petroleum launched its first e-learning course on Corporate Responsibility

The aim of this tailor made course is to raise awareness and understanding of CR issues, emphasising that ethical conduct is required of everyone at Lundin Petroleum and increasing staff's ability to relate issues to their own role and responsibilities.

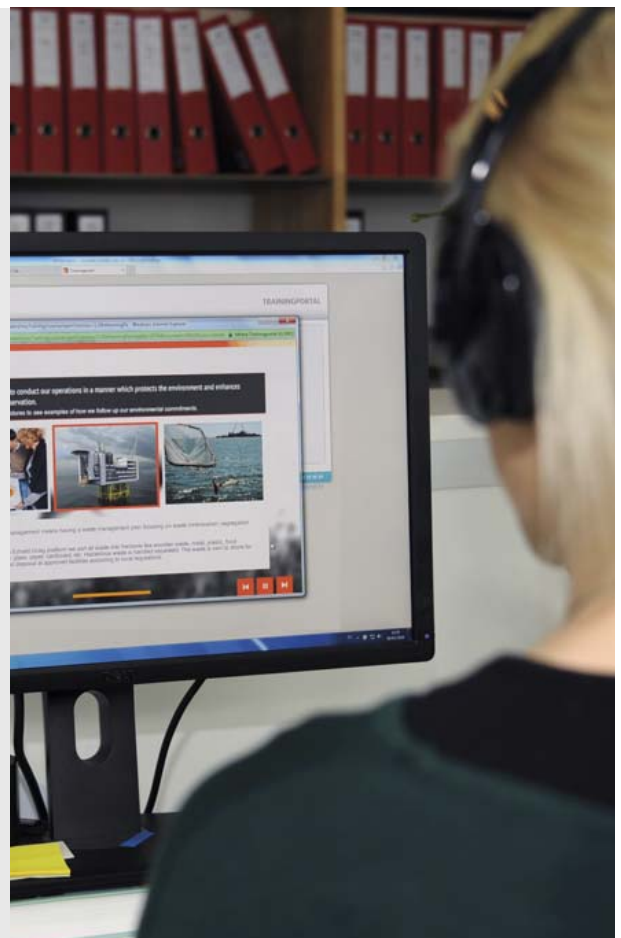
The course covers the main elements of Lundin Petroleum's CR framework:

- Code of Conduct
- Health, Safety & Environment
- Anti-Corruption
- Human Rights
- Stakeholder Relations
- Whistleblowing

Comments from participants:

"I was impressed by the e-learning course. It was an excellent reminder that whilst we have all read and understood our corporate policies, Code of Conduct and company ethos, we may not all know them as well as we think...there was a lot of enthusiasm and discussion generated as a result of the subjects and questions raised."
Employee in the Netherlands

"This is an excellent way to ensure that employees are informed about the content of our CR policies."
Employee in Malaysia





Simulation training centre in Norway

First oil from the Edvard Grieg field was achieved in November 2015 but at Lundin Norway’s head office in Lysaker, located just outside Oslo, preparations for the production start-up commenced long before. A simulation training centre, which is an exact copy of the control room at the Edvard Grieg platform, was created in order to prepare the staff for offshore activities.

“The chairs are a bit different and we have no sea view from the window but otherwise everything is identical. It allows us to test various scenarios and fully trained people can then immediately start to perform the same tasks on the platform.”

Geir Sjøsåsen
Operations Manager, Lundin Norway

Our People

Our people are our most important asset

2015 was a transformational year for Lundin Petroleum in terms of changes to its management and organisation. Alex Schneider was appointed new CEO in October 2015, new members joined the senior management teams at both corporate and country levels, a new office headquarter in Norway was inaugurated and offshore operations teams were established on the Bertam field in Malaysia and on the Edvard Grieg platform in the Norwegian North Sea.

A key resource

The oil and gas industry is experiencing challenging times due to the volatile macroeconomic environment and low oil prices, which has led to a reduction in investments and created significant uncertainty in our sector. In this context, Lundin Petroleum believes in continuing to attract and maintain a talented and innovative work force that makes sure we deliver our business objectives. We have been very successful over the years in attracting and retaining the best possible talent in the industry, thanks to our dynamic and entrepreneurial working environment and our focus on high-performance. As the business continues to grow it is this base of world class employees that will help drive our transformational growth to the next level.

At the end of 2015, Lundin Petroleum had a total of 589 employees directly employed by the Group in eight different countries. The majority of the work force is located in Norway representing 57 percent of the total workforce, followed by Malaysia with 21 percent.

Lundin Petroleum also employs a large number of contractors and consultants which gives the Company the flexibility to swiftly adapt manpower resources to match activity levels. In 2015, a total of 128 contractors and consultants were hired for services relating to exploration, development and other operational activities. Lundin Petroleum applies the same high standards of professional conduct towards its contractors as it does towards its employees, which is reflected in the tracking of Key Performance Indicators for health and safety. Starting in 2015, a Contractor Declaration has also been included in all new contracts awarded by the Company.



Lundin Petroleum is indeed very well positioned as we are now entering a new phase of significant growth led by a great team of people

Alex Schneider
President and CEO



Gender Analysis 2015

Employees	Female	29%
	Male	71%
Managers	Female	20%
	Male	80%
Board of Directors	Female	38%
	Male	62%

Diversity in the workforce

Lundin Petroleum values an open and inclusive working environment and strives to maintain a competent and experienced workforce. We recruit based on qualifications and irrespective of gender, ethnicity, religion or disability.

Wherever we operate we strive to employ locally so that we can benefit from the local knowledge and experience while contributing to enhanced expertise within the host country. Our employees are provided with the necessary skills, knowledge and motivation for them to be successful in their work, which is proven by the Company's strong results and low levels of employee turnover compared to industry norms.

In 2015, a total of 24 different nationalities were employed throughout Lundin Petroleum's global operations. The proportion of female employees in the total work force was 29 percent and in managerial positions the equivalent number was 20 percent. In 2015, the proportion of women in the Board of Directors was 38 percent.

Grievance mechanisms

Lundin Petroleum has a Whistleblowing Policy and Procedure in place that states the actions and steps an employee or a contractor should take in case of witnessing any behaviour that violates the Company's CR commitments or applicable law. In addition, Lundin Petroleum's Human Rights Guidelines provide for the establishment of a remediation mechanism in the event of a claim. In 2015, there were no reported incidents of discrimination and no use was made of the internal grievance mechanism.



Health and Safety

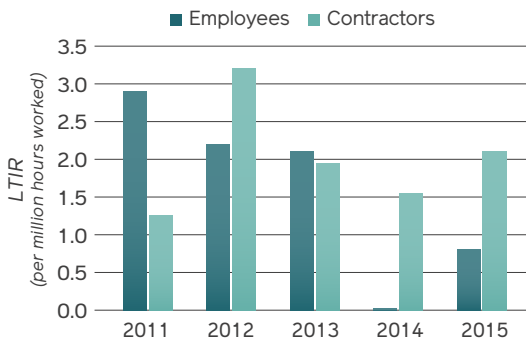
Safe work environment

For Lundin Petroleum, health and safety come first. As an oil and gas company we operate in an industry exposed to safety risks and accidents can potentially occur anywhere and at any time. In this context it is our responsibility to provide our staff and contractors with safe and healthy working conditions and we do so by identifying and mitigating potential risks. Specific policies, procedures, guidelines and processes have been put in place to ensure that this responsibility is being met and that risks are minimised.

In 2015, the Lost Time Incident Rate (LTIR) for Lundin Petroleum’s employees and contractors was 1.76 per million hours worked and the Total Recordable Incident Rate (TRIR) was 3.71 per million hours worked. Examples of incidents recorded over the year include a twisted ankle, a finger injury and debris in the eyes which required medical treatment.

The operational environment from a health and safety perspective changed significantly in 2015 with the delivery of two major development projects and the start-up of production from the Bertam and Edvard Grieg fields. Lundin Petroleum has transformed into a fully-fledged production company and considering this transformation the safety performance for 2015 was remarkable as no serious incidents occurred. Lundin Petroleum will use 2015 as a benchmark year against which future health and safety performance will be tracked.

Lost Time Incident Rate




Finding common solutions to ensure high level of safety and emergency response

Lundin Norway has joined other oil companies in a collaborative venture to find common solutions to safe exploration in the southern Barents Sea.

Through the Barents Sea Exploration Collaboration project (BaSEC), leading oil companies aim to overcome potential challenges posed by exploring the southern Barents Sea. BaSEC was originally established by Lundin Norway, Statoil, Eni Norge, OMV and GDF Suez and has expanded to a total of 16 participating companies.

Launched in 2015, the project focuses on increased coordination and cost-effective solutions to ensure high levels of safety and emergency response. In-house experts from the participating companies have formed working groups concentrated on five main topics: environment and oil spill response, logistics and emergency preparedness, mobile drilling units, health and working environment, metocean and ice. As one of the founding members, Lundin Norway has been an integral part of all working groups.

 HSE indicator data can be found on page 129

Focus on prevention

The purpose of Lundin Petroleum's HSE management system (the Green Book) is to prevent accidents or incidents which could have an impact on people, the environment, the Company's assets or its reputation. In addition to policies, procedures, guidelines and personal protective equipment, Lundin Petroleum provides its staff with the necessary resources, training, advice and guidance to enable them to conduct their work in the safest possible manner. We believe in the sound judgment and capability of our employees and encourage them to share experiences, lessons learned and best practice.

Lundin Petroleum tests and reviews its emergency preparedness in operations on an ongoing basis, through regular emergency response exercises. Internal audits for health, safety and the environment (HSE) are also conducted in order to identify and mitigate potential safety issues and ensure that sound HSE practices are in place.

Contractor management

Safety is a joint responsibility and Lundin Petroleum expects the same high level of commitment from its contractors, suppliers and partners. We enter into agreements with our contractors that

contain clauses on their obligation to abide by the principles of Lundin Petroleum's Code of Conduct, HSE management system as well as internationally recognised rules and standards on anti-corruption, labour standards and human rights.

In 2015, Lundin Petroleum developed a formal Contractor Declaration which was issued to its countries of operations. The declaration sets out Lundin Petroleum's expectations in relation to the way contractors carry out their activities and by including the declaration in all new awarded contracts, it ensures that contractors are aware of their obligations. The declaration is part of Lundin Petroleum's due diligence process and is also being used in the bidding process.

Lundin Petroleum's engagement with contractors also extends to holding forums dedicated to highlighting the importance of HSE performance. For instance, more than 90 contractors attended a safety forum in France, during which Lundin Petroleum's HSE team discussed safety and environmental requirements and performed risk analyses of contractors' tasks to ensure high awareness of safety requirements for their assigned work.



Environment

Minimising environmental impact in all stages of operations

Lundin Petroleum is committed to respecting and preserving the common natural environment. We are active in an industry that is exposed to various natural settings, from onshore sites to offshore fields, each with different natural characteristics and sensitivities. Our activities take place in varying water depths, from a few metres to several hundred metres, with wells extending a thousand metres or more under the surface. As such we work closely with the natural elements and see it as a priority to minimise the impact of oil and gas activities on our surrounding natural environment.

Environmental assessments

Environmental safety starts with prevention, which is made possible by a good understanding of the particular environmental context we operate in. Before any exploration, development or production activities are undertaken, we perform or use existing environmental baseline or impact studies to determine the potential effects of our activities on the environment. The scope of these studies depends on the nature of the planned activities and existing knowledge of the area and can include literature studies, visual monitoring and sediment and water sampling. Following the results, measures may be taken to minimise environmental impact, for example by drilling a deviated well, changing the anchor pattern of the rig or bringing drill cuttings to shore. Lundin Petroleum only commences drilling activities after an environmental permit is obtained from national authorities.

Oil spill prevention

Lundin Petroleum has a robust system in place to ensure that risks are properly assessed and that competence and capacity exist to prevent and, if need be, to manage oil spills.

Elements of the system include oil spill contingency plans and training of staff to prevent and remediate spills. Every country of operations has arrangements with national oil spill response organisations in order to receive their assistance in the event of a spill. As an additional precautionary measure, Lundin Petroleum has a contract with Oil Spill Response (OSRL), the world's largest oil spill preparedness and response organisation, which ensures an effective response wherever in the world an oil spill may occur. In 2015, Lundin Petroleum's operations did not result in any recordable oil spill.



Protecting biodiversity

The preservation of biological diversity is an integral part of Lundin Petroleum's commitment to protect the environment. Potential biodiversity impact is continuously assessed in baseline and impact studies and sensitive areas that are located in the proximity of our operations (sites covered by national laws or international treaties such as the IUCN Protected Areas Categories System and the Ramsar Convention) have been mapped to make sure that such areas are not negatively impacted by the Company's activities.

Supporting conservation projects

Some of the richest biodiverse areas in the world are located in South East Asia, for example the Coral triangle that has the most biodiverse marine ecosystems in the world with close to 40 percent of the world's reef fish and 76 percent of the world's known coral species. This rich and unique biodiversity is however coming under increasing threat due to overfishing and unsustainable fishing practices.

Through its partnership with the Lundin Foundation, Lundin Petroleum contributes to various biodiversity conservation projects in South East Asia that aim to reverse this trend. One example is RARE Conservation's Fish Forever pilot programme, which uses a comprehensive approach to help nearshore fishing communities adopt sustainable practices and establish fish recovery zones. These projects aim to protect marine ecosystems and enhance coastal resilience to climate change, and they also make investments in SME's that are based on sustainable use of resources.

The Lundin Foundation was founded in 2005 by the Lundin family and is today a globally recognised leader in venture philanthropy. To date, Lundin Petroleum has contributed more than USD 3 million to projects run by the Foundation.



More information on the Lundin Foundation can be found on www.lundinfoundation.org

Climate Change

Lundin Petroleum recognises that climate change represents a global challenge that has an effect on the way we do business

Minimising our carbon footprint

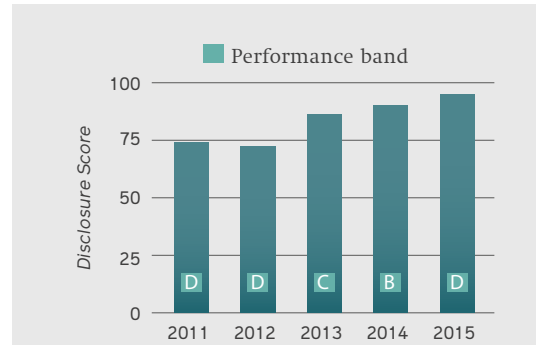
Our ambition is to continue expanding our existing asset base and to explore, develop and produce oil and gas resources in a carbon efficient way. To meet that objective, we have over the years developed systems and processes that increase energy efficiency and reduce greenhouse gas emissions throughout our global operations.

The majority of Lundin Petroleum’s activities are located on the Norwegian Continental Shelf, an area in the world with the lowest carbon emissions in the industry over the past ten years. It also represents an area with high standards and costs for emissions. Our work to include climate change considerations in operational activities and in the selection of installation designs, products and equipment has therefore been a way of minimising both our carbon footprint and our costs.

Meeting the energy need of the future

Oil and gas provide nearly 60 percent of the world’s energy supply and will continue to make up a large part of the demand for decades to come. The challenge that lies ahead will be to develop and produce these resources in the most energy efficient and environmentally responsible way.

In addition to operational measures, Lundin Petroleum monitors and actively participates in the debate on climate change and through engagement with environmental organisations and other stakeholders, we stay informed of the latest developments on international climate policy. As part of our risk management, we analyse upcoming climate policy measures and how they will affect the energy market and take this into account in our strategic planning to make sure that our asset base is robust and sustainable.



Lundin Petroleum’s CDP ranking

Lundin Petroleum has been reporting on its climate change governance and emissions of greenhouse gases to the CDP (Carbon Disclosure Project) since 2008.

In 2015, Lundin Petroleum obtained a score of 95 out of 100 on disclosure and achieved performance band D.



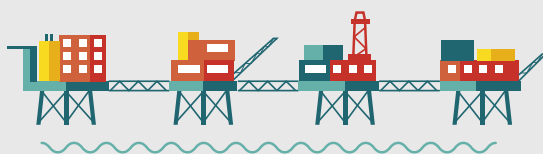
Low carbon innovations on Edvard Grieg and Johan Sverdrup

Major development projects, such as Edvard Grieg and Johan Sverdrup, demonstrate how innovative technical solutions can lead to increased energy efficiency and a significant reduction of greenhouse gas emissions.

The Edvard Grieg platform, located west of Stavanger in the North Sea, has been constructed using the Best Available Technique principle (BAT) which was applied in the three most carbon emitting processes: flaring, power generation and energy management.

The nearby Johan Sverdrup field, which is scheduled to come onstream in late 2019, will receive power from shore from the start. As a result, offshore emissions from Johan Sverdrup are estimated to be reduced by 80 to 90 percent compared with a standard development.

Over the lifetime of the Johan Sverdrup field, savings of **19 million tonnes of CO₂** are expected due to the power from shore solution



80% of Lundin Petroleum's operations are located in Norway, the most energy efficient oil and gas producing country in the world



Stakeholder Engagement

Lundin Petroleum engages with a wide range of stakeholders to understand and respond to their expectations

Lundin Petroleum recognises the importance of understanding the context in which we operate. Expectations vary according to what we do and where our activities are located. Our engagement with stakeholders therefore depends on the nature of their interest, the relevance to our business and the most effective way to meet their specific needs and expectations.

Lundin Petroleum is committed to honest and open communications with people and organisations which are impacted by or impact our activities. Our ability to identify and address their expectations is the key to constructive and long-term relationships and to our ability to carry out our activities.

Shareholders

Shareholders are informed of Lundin Petroleum’s strategy and ongoing activities through public disclosure in the form of financial reports, press releases, external presentations and through the Company website. Engagement with shareholders also takes place in individual or joint meetings and at the AGM.

Employees

Engagement with staff takes place on a daily basis throughout the Group. Corporate senior management visit country offices on a regular basis and hold individual meetings to discuss the Group’s strategy and local implementation, and to track progress on all issues impacting the Company. The e-learning course on CR, launched in 2015, created an additional means of engagement by inviting employees to reflect, raise questions and share their feedback on issues raised in the course. The course triggered a number of discussions among the staff and management.

Business Partners

Engagement with business partners takes place at all operational stages. Meetings with contractors can be on an individual basis or at group meetings. In Malaysia for example, an HSE awareness forum was held with all of the contractors before the drilling programme began.

Stakeholder Engagement by Group



Host governments

Contact with host governments take place prior to the acquisition of a licence and the engagement continues at national and local levels throughout the lifetime of the licence period.

Local communities

Engagement with local communities takes place prior to and during operational stages, comprising informal discussions as well as formal meetings together with local authorities. For instance, in Norway dialogue was held with communities in new areas regarding exploration drilling planned offshore their coastline, in order to provide clarity and understanding of Lundin Petroleum’s activities in the area.

International initiatives

Lundin Petroleum engages with a variety of organisations such as NGOs, international initiatives and industry groups in different forums to exchange views and best practice and to report on the Company’s commitment to responsible business practice. Lundin Petroleum supports five initiatives that promote principles of corporate citizenship: the United Nations (UN) Global Compact, UN Guiding Principles on Business & Human Rights, UN Global Compact’s Call to Action on Anti-Corruption, Extractive Industries Transparency Initiative (EITI) and the CDP.

Sustainability Reporting

Lundin Petroleum has reported on its CR performance since the Company's first annual report in 2001. In addition, reporting is made to international initiatives such as the UN Global Compact, the Extractive Industry Transparency Initiative (EITI) and CDP as well as to environmental, social and governance research organisations and the Company also responds to targeted requests coming from various sources.

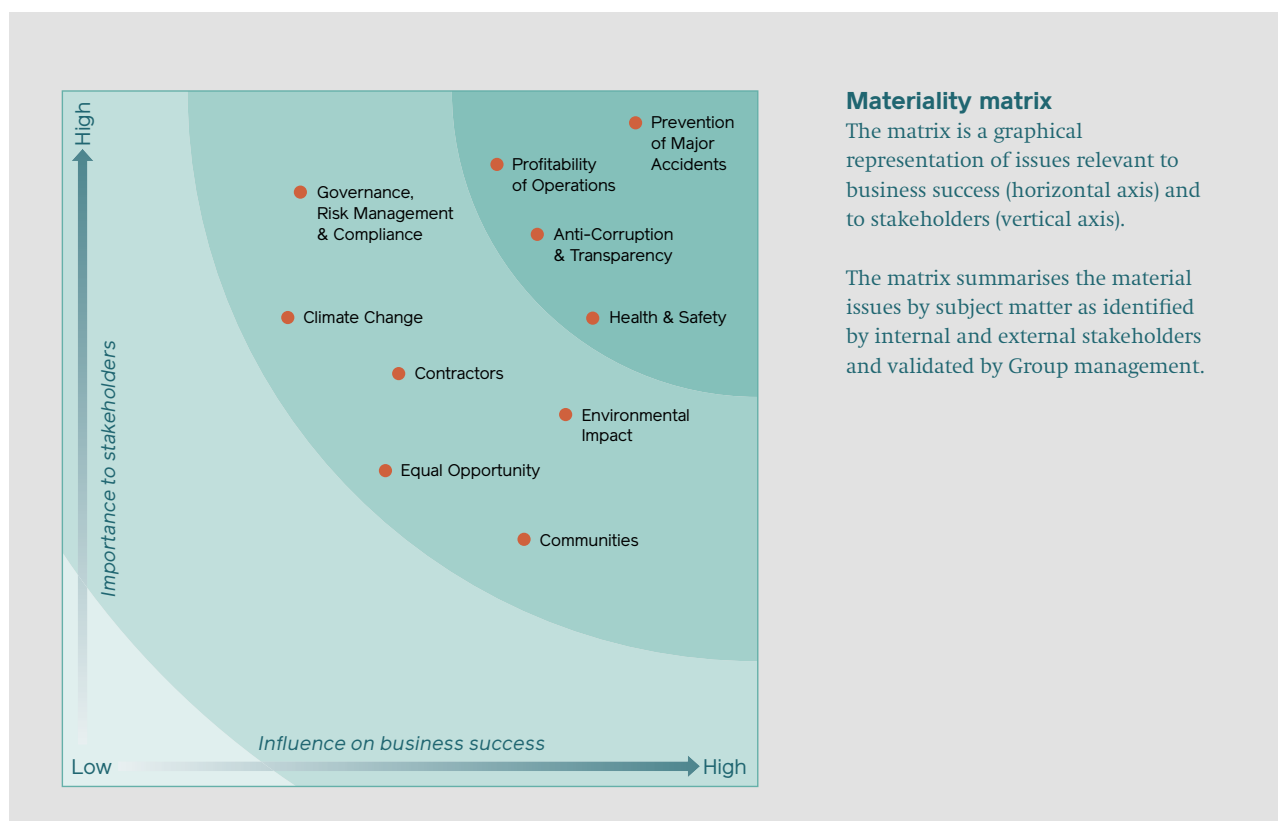
Focused reporting – GRI G4

Following increased stakeholder interest in Lundin Petroleum's sustainability performance and the development of a global and uniform sustainability reporting approach, Lundin Petroleum has decided to report in accordance with the Global Reporting Initiative (GRI) G4 Guidelines. The first sustainability report in accordance with the guidelines will be published in 2016.

The sustainability report focuses on issues that are determined as material to Lundin Petroleum and its stakeholders, as well as those deemed to be relevant in terms of potential risks and impact. Materiality varies from company to company and depends on the type of activities, geographical location and the sustainability context in which a company operates.

The reporting process

Lundin Petroleum started its GRI G4 reporting process by identifying environmental, social and governance topics relevant to its sustainability context. To determine which issues are most critical, given the type of activities, geographical presence and particular stakeholder interest, internal as well as external stakeholders were consulted via a survey. Each topic was ranked according to the relevance to the stakeholder, taking into account the issue's applicability to Lundin Petroleum or the industry sector. Once the survey data was collected and aggregated, it was presented to Group management during a workshop facilitated by a third party GRI expert. Group management validated the material issues and decided on the focus for future strategy and reporting.



Materiality matrix

The matrix is a graphical representation of issues relevant to business success (horizontal axis) and to stakeholders (vertical axis).

The matrix summarises the material issues by subject matter as identified by internal and external stakeholders and validated by Group management.