

SUSTAINABILITY REPORT 2017

Objective of Report

With this first consolidated report on sustainability we aim to provide a single document which sets out our approach to corporate sustainability. Much of the content has already been reported by the Company but this report provides a comprehensive overview of Svenska Petroleum Exploration AB and its subsidiaries ("Svenska") work towards sustainability.

Preventing harm to life, assets and the environment are core values for Svenska and are key to Svenska's way of working. This report is organized in order to show how we conduct our business in a sustainable way.

Statement from President and CEO

Our overall vision is one of growth. We are working hard to increase production from our non-operated Baobab field and to develop our discoveries and prospects into producing fields. To balance such organic growth we are intensifying our search for new, high-quality assets to complement our portfolio.

In order for Svenska to achieve its aims we rely on the enthusiasm and professionalism of our staff as well as our strong corporate values.

This report aims to describe how we at Svenska are trying, while driving efficiencies and seeking a greater return on investment, to maintain a healthy corporate culture by regularly reviewing our business practices and the effectiveness of our policies. Our ambition is to continually improve our ways of operating in manners that eliminates any harmful practices in business as well as to the environment.

OUR COMPANY

Svenska Petroleum Exploration AB is a privately held Swedish full cycle oil and gas company. Our business is finding and producing oil and gas. Our activities are focused on the hydrocarbon-rich basins of West Africa where we operate as a joint venture partner with other parties.

By being an active operator and co-venturer in West Africa, Svenska strives to add value for all stakeholders. We believe our reputation as an active co-venturer adds value to our assets and helps the Company grow.

Our goal is to achieve a balance between exploration and production. Value is created through the conversion of our resource portfolio into producing assets. We are continuing our efforts to

grow the Company through a number of material discoveries as well as our portfolio of prospects.

THE FUTURE

Our ambition is to broaden our production base by increasing production from existing assets as well as through acquiring additional producing assets. We intend to continue to be an exploration company and are looking for attractive oil exploration assets in our core areas of interest. We aim to use our expertise, adding our knowledge and experience to that of our stakeholders and partners. As a hard-working and respected partner, Svenska is well-positioned to build value organically and by acquisition. Svenska will focus on finding and developing high-value assets where our local knowledge, commercial strength and technical expertise can add and protect value.

Svenska's vision is to become a leading international black oil exploration and production company with a strong presence in West Africa and the MENA area.

Governance Structure

The Company and its Swedish subsidiaries are administered out of the Stockholm office. Certain overseas subsidiaries of the Company and branch establishments are administered by renowned service providers under service contracts. The Board of Directors of the Company (the Board) has adopted a set of 'Rules of Procedure and Written Instructions', which are reviewed annually and approved by the Board. These rules authorise the President and CEO of the Company to undertake the day-to-day management of the Company and pass responsibility to the President and CEO for the implementation of the Board's strategy. The President and CEO has the mandate to delegate certain of those responsibilities.

Svenska has a dynamic and flat corporate structure which efficiently connects expertise in London and Stockholm via modern communication systems, frequent dialogue and up-to-date tools. A management group providing decades of international experience guides our teams working in several of the world's richest petroleum basins.

Table 1 below shows the immediate reporting structure beneath the President and CEO. All positions are members of the Management Group.

JOINT VENTURE OPERATIONS

The Group engages in oil and gas operations as a joint venture partner with other parties. It is normal upstream oil and gas business practice for one

party to take on the role of operator and conduct the daily operations on behalf of the co-venturers. The parties' obligations and entitlements to the local government entity are regulated through joint operating agreements (JOAs). The co-venturers are independent parties, who control the actions of the operator through committees. Each co-venturer has voting rights in proportion to its paying interest in the licence. Costs and revenue are distributed between the partners and each co-venturer remains liable for its percentage share of the obligations.

Table 1 - Executive Management Structure



The Company

MANAGEMENT SYSTEM

The Company has an online Svenska Management System where all operational instructions, policies, principles and guidelines are to be found. Such work processes must be complied with throughout the group and for all projects. The contents of the Svenska Management System are reviewed annually to reflect current practice, evolution of the group and external factors.

Some of the key policies and processes which govern the way we and our wider stakeholder group do business are as follows:

- HSEQ Policy
- Svenska Risk Assessment Process
- Code of Conduct
- Anti-Bribery, Gifts and Entertainment Policy and Procedure

ASSESSING, MONITORING AND CONTROLLING RISK

Svenska assesses, monitors and controls its risks and behaviours by creating mandates and commitments throughout the organisation. These mandates include maintaining the highest standards of safety and working conditions while committing to minimize the environmental impact of our operations and a zero tolerance for bribery and corruption.

The Svenska Risk Assessment Process is applied to all of Svenska's projects. The use of the Svenska Risk Assessment

Matrix defines a ranking for identified risks in order to ensure that risk assessment procedures are consistent. Risk assessments may, depending on the scope and nature of the assessment, take different forms during the asset lifecycle. The process followed might, for instance, be more comprehensive in exploration and drilling projects.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

Our responsibility for people and the environments where we operate are a top priority. Implementation of our HSEQ processes is the responsibility of each line manager and employee. In our work we comply with all the relevant statutory and regulatory requirements and aim to exceed them. As a responsible co-venturer in licences, Svenska uses its competence to assist the operator to improve project execution and secure operations. Svenska actively engages in dialogue with industry networks, with the guiding principle of applying recognised HSEQ practices within our operations.

The build-up of health and safety oversight and practices are core to Svenska's strategy of increasing our operating capability. HSEQ considerations remain a top priority in our own organization and in the licences where we are a co-venturer.

Svenska's objectives, as set out in our HSEQ Policy, are to:

- Provide a safe and healthy working environment for those involved in Svenska's activities;
- Operate in compliance with relevant regulations and requirements, striving to exceed these;
- Encourage open and honest communication;
- Continually improve our HSEQ performance and management system through reporting, monitoring and audits;
- Identify and manage risks in all our activities to eliminate or minimize harm to people, environment and assets;
- Set realistic yet challenging HSEQ goals;
- Minimize emissions and discharges from our operations;
- Ensure our operating partners place the appropriate emphasis on activities that could have a negative impact on the health and safety of personnel and the environment.

Social Responsibility

SOCIAL RESPONSIBILITY PROJECTS AND LOCAL EMPLOYMENT

Svenska strives to be a part of the development of our host countries, not only through the discovery and development of oil assets, but also by delivering the social commitments to our host communities. These commitments are either part of our licence obligations or our own corporate undertakings. Svenska strives to support the local communities where we are present by participating in projects that are politically and religiously independent.

In an effort to give back to the communities near our operations Svenska successfully cooperates with SOS Children’s Villages on an ongoing basis. SOS Children’s Villages is an international non-governmental social development organisation active in the field of children’s rights. The organisation is focused on family-based, long-term care for children who are unable to grow up with their biological families, in order to provide a much needed sense of safety and stability. Svenska also supports other aid activities in our host countries such as Tostan. Tostan work to eliminate female genital mutilation and child marriage.

Apart from such direct support to organizations such as SOS Children’s Villages and Tostan. Svenska continues to work closely with its licence co-venturers to support different social projects relating to education, healthcare and sustainable growth. Currently we are about to commence the building of a school for disabled children in the outskirts of Bissau. Over the past year we have had the

opportunity to inaugurate schools that were refurbished as well as the new recreation/cafeteria hall for the paediatric ward as well as the refurbished Emergency Care Unit and Operating facilities at the Simão Mendes hospital in Bissau.

During 2017 Svenska contributed a total of 279 KUSD to social responsibility projects.

Our licences also include commitments to fund education of local government partners in our host countries such as Petroguin in Guinea Bissau and Petroci in the Ivory Coast. During 2017 we expensed a total of 75 KUSD on training programmes.

Table 3 shows the amounts that Svenska has expensed to such programmes.

Table 2 - per license KUSD

Contributions (KUSD)	2017	2016
Licence obligation in Guinea- Bissau	70	112
Licence obligation the Ivory Coast	5	8
Total contributed	75	120

RESPECT FOR HUMAN RIGHTS

Svenska appreciates that its assets are situated in countries which at times have complex internal political situations. Through a strict adherence with our corporate Code of Conduct and Anti-Bribery Gifts and Entertainment Policy and Procedures, as demonstrated by the publication of our Modern Slavery Act Statement, as well as our work with our chosen social responsibility projects, Svenska ensures that we take a firm stance against abuses of human rights.

All of our staff are regularly trained on the content of the Code of Conduct and Anti-Bribery Gifts and Entertainment Policy and Procedure.

Before an investment decision is taken to invest in assets in a new country, Svenska undertakes an above ground risk assessment by following the Svenska New Country Entry Checklist.

ANTI-BRIBERY AND CORRUPTION AND CODE OF CONDUCT

Svenska’s Anti-Bribery Gifts and Entertainment Policy and Procedure and our Code of Conduct set out the values and principles approved by the board to give overall guidance to the Company, its employees, contractors and co-venturers as to how the Company would like to conduct its activities.

Svenska is committed to complying with all applicable anti-bribery laws, including but not limited to the relevant Swedish and UK laws as well as local laws in the countries where we have interests in licences or otherwise do business. In addition to Svenska’s legal obligations, Svenska is also subject to contractual requirements introduced by our partners and other counterparties, undertaking that we comply with such law. Svenska requires the same from anyone with whom we do business. The latter is implemented by having all Svenska’s subcontractors signing a template service agreement that includes an undertaking to follow Svenska’s Anti-Bribery Gifts and Entertainment Policy and Procedure and our Code of Conduct.

We recognise the importance of the performance of our contractors and other business partners when undertaking work with us. Svenska

ensures that in our contractual arrangements all such business partners follow the same ethical standards by undertaking to follow the Code of Conduct and the Anti-Bribery Gifts and Entertainment Policy and Procedure. Prior to entering into such arrangements Svenska undertakes due diligence on potential counter-parties. This assessment is undertaken by following the Third Party Due Diligence – Compliance Process. It is an essential part of our contracting strategy as we recognise that Svenska operates and has assets in high risk jurisdictions.

Staff are regularly trained to understand the Anti-Bribery Gifts and Entertainment Policy and Procedure and recognise the risks. A risk register is maintained to record invitations and offers of gifts and entertainment and staff are regularly required to keep this up to date.

STAKEHOLDER ENGAGEMENT

We strive to engage with all stakeholders and the context of project in the wider community. An important aspect of Svenska's aims is to understand the expectations and points of view of the stakeholders. Such stakeholders may include joint venture partners, host governments, local communities and employees.

Svenska maintains an open dialogue with its staff on a one-to-one basis, within teams and also by holding regular information meetings with the whole company. This approach engenders a sense of trust in the management and a real understanding of the projects we undertake.

In Guinea-Bissau in particular we have forged an excellent working relationship

with the government and its staff and as described elsewhere in this report Svenska has made many commitments to the local communities and charitable groups. All of our joint ventures groups have remained the stable for several years which is testament, in part, to the good relationships that Svenska has established.

PAYMENTS TO AUTHORITIES

Below table show tax payments per country during 2017:

Table 3 - per country KUSD

Country	Tax according to PSA	Income tax	Other Tax	Reimbursement according to PSA	Total
CI-40 the Ivory Coast	11,288	11,218	-	-	22,506
Block 2,4 A Guinea -Bissau	-	-	-	511	511
HM Revenue & Customs England	-	135	-	-	135
Westminster City England	-	-	315	-	315
Total	11,288	11,353	315	511	23,467

FRAMEWORKS USED

- European Commission Guidelines on non-financial reporting (methodology for reporting non-financial information) (2017/C 215/01)
- EU Environmental Reporting Handbook published by the Climate Disclosure Standards Board and CDP (formerly Carbon Disclosure Project)
- GRI Oil and Gas Sector Supplement (Summary Guide)

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