

### **Item 19: Resolution for the 2021 Long-term, Performance-based Incentive Plan**

The Board of Directors proposes that the Annual General Meeting resolves to establish a long-term, performance-based incentive plan (“**LTIP 2021**”) in respect of Group Management and a number of key employees of Lundin Energy AB (publ) (“**Lundin Energy**” or the “**Company**”), which follows similar principles as the long-term, performance-based incentive plans approved by the 2014 - 2020 Annual General Meetings, as set forth below.

The primary reason for establishing LTIP 2021 is to align the interests of Group Management and other key employees with the interests of the shareholders, and to provide market appropriate reward reflecting performance and commitment. The Board of Directors also believes that the proposed LTIP 2021 will provide Lundin Energy with a crucial component to a competitive total compensation package to attract and retain executives who are critical to Lundin Energy’s on-going success. Participants in the LTIP 2021 will not be entitled to receive any new awards under any of the Company’s other long-term incentive (“**LTI**”) plans in the same year.

The Board of Directors intends to propose to future Annual General Meetings to establish LTI plans based on principles corresponding to the currently proposed LTIP 2021. In order to be eligible to participate in such future LTI plans, each participant needs to build towards a meaningful shareholding in Lundin Energy, meaning that a certain portion of any allotted shares pursuant to LTIP 2021 (and any future LTI plans) shall be retained until the required level of shareholding has been met.

#### **Implementation of LTIP 2021**

The Board of Directors proposes that the Annual General Meeting 2021 resolves on the implementation of the LTIP 2021 in accordance with the terms and conditions set out below.

##### *Terms and conditions*

- (a) Awards under LTIP 2021 are proposed to be made to approximately 20 permanent employees of the Lundin Energy Group (the “**Participants**”), comprising the CEO and other members of Group Management as well as certain other key employees within the Lundin Energy Group. The Board of Directors may, within the total number of shares available under LTIP 2021, invite a limited number of additional Participants in LTIP 2021 following recruitment to the Lundin Energy Group.
- (b) LTIP 2021 gives the Participants the possibility to receive shares in Lundin Energy subject to uninterrupted employment and to the fulfilment of a performance condition over a three year performance period normally commencing on 1 July 2021 and expiring on 30 June 2024 (the “**Performance Period**”). The performance condition (the “**Performance Condition**”) is based on the share price growth and dividends (“**Total Shareholder Return**”) of the Lundin Energy share compared to the Total Shareholder Return of a peer group of companies (the “**Peer Group**”). At the beginning of the Performance Period, the Participants will, free of charge, be granted awards (“**LTIP Awards**”) which, to the extent that i.a. the Performance Condition is met, entitle the Participant to be allotted, also free of charge, shares in Lundin Energy (“**Performance Shares**”) as soon as reasonably practicable following the end of the Performance Period.
- (c) The LTIP Award (i.e. the number of Performance Shares that a Participant may be allotted following the expiration of the Performance Period, provided that i.a. the Performance Condition is met) to be awarded to each Participant shall be calculated as follows:

LTIP Award = A multiplied by B divided by C multiplied by D, where

A is the Participant’s monthly gross base salary applicable as at the date of grant of the LTIP Award;

B is a number of months as determined by the Board of Directors in respect of each Participant, taking into account such factors as industry benchmarking and the Participant's position within the Lundin Energy Group (but in any case, not exceeding 36 months);

C is the average closing price of the Lundin Energy share on Nasdaq Stockholm for the three month period immediately prior to the Performance Period (the "**Initial Share Price**"); and

D is the product of the factors representing the proportional increases in the number of Performance Shares under award, calculated by dividing the value of the Lundin Energy share at closing on the ex-dividend date plus the declared dividend by the value of the share at closing on the ex-dividend date, for each dividend until allotment.

Fractions of allotted Performance Shares shall be rounded-off to the immediate lower whole number.

Assuming a share price of the Lundin Energy share as of 24 February 2021 of SEK 273.50, the total number of Performance Shares that may be allotted under LTIP 2021 as at the date of award (assuming 100 per cent vesting) is approximately 280,000, corresponding to approximately 0.10 per cent of the current total number of shares and votes in Lundin Energy. Since LTIP Awards are intended to be awarded in July 2021 and the share price of the Lundin Energy share may fluctuate until the Initial Share Price is determined, and considering additional Participants (if any) following recruitment and increased awards due to dividends, it is proposed that the total number of Performance Shares under LTIP 2021 shall not exceed 450,000.

- (d) Allotment of Performance Shares will be determined by the Board of Directors after the expiration of the Performance Period on the basis of LTIP Awards made and is conditional on (i) the Participant retaining his or her uninterrupted employment in the Lundin Energy Group until the expiry of the Performance Period and (ii) the extent to which (if any) the Performance Condition has been met. The LTIP Award will as in previous years compensate for dividends distributed, however, to ensure further alignment with shareholders' interests, LTIP 2021 will do so by increasing the number of Performance Shares under award proportionally during the award period through the formula described in (c) above, entailing also a reinvestment of dividends received during the award period. The Board of Directors may reduce (including reduce to zero) allotment of Performance Shares at its discretion, should it consider the underlying performance not to be reflected in the outcome of the Performance Condition, for example, in light of operating cash flow, reserves, and health and safety performance.
- (e) A minimum and a maximum level for the Performance Condition to be fulfilled have been established by the Board of Directors. In order for the LTIP Awards to give entitlement to the maximum number of Performance Shares, the maximum level for the Performance Condition must have been fulfilled. The Performance Condition calculation will be made based on a comparison of Total Shareholder Return of the Lundin Energy share to the Peer Group, comparing the period of three months prior to the commencement of the Performance Period with the period of three months prior to the end of the Performance Period. The LTIP Awards will vest based on the comparative Total Shareholder Return of the Lundin Energy share from no vesting below the 50th percentile performance and with vesting at or above the 50th percentile performance (i.e. on a straight line basis) from one-third entitlement at the 50th percentile performance to 100 per cent vesting at the 75th percentile performance or above. The Performance Condition calculation will be performed by the Board of Directors. Lundin Energy intends to present the level of fulfilment of the LTIP 2021 Performance Condition in the 2024 Annual Report.

- (f) The Participants will not be entitled to transfer, pledge or dispose of the LTIP Award or any rights or obligations under LTIP 2021, or exercise any shareholders' rights regarding the LTIP Awards during the Performance Period.
- (g) Shares allotted under LTIP 2021 (or any future LTI plans) shall be subject to certain disposition restrictions meaning that the Participants shall be building towards a meaningful shareholding in Lundin Energy. The required level of shareholding will be either 50 per cent or 100 per cent (200 per cent for the CEO) of the Participant's annual gross base salary based on the Participant's position within the Lundin Energy Group. Notwithstanding this requirement, the Company may pay part or whole of the allotment of Performance Shares in cash in order to facilitate the payment of the Participant's tax liabilities. However, a minimum of 50 per cent of the allotted Performance Shares (after taxes and social security charges) under LTIP 2021 will be required to be retained until the required level of shareholding has been met.
- (h) Recalculation of the Performance Condition and the LTIP Awards, including the number of Performance Shares allotted, shall take place in the event of an intervening dividend in kind, bonus issue, split, preferential rights issue and/or other similar corporate events.

#### *Structure and administration*

The Board of Directors of Lundin Energy will be responsible for the structure and administration of LTIP 2021, as well as for the detailed terms and conditions applicable between Lundin Energy and the Participants. The detailed terms and conditions will be adopted within the scope of the terms and conditions and guidelines stated herein. In connection therewith, the Board of Directors will be entitled to adopt different terms and conditions for LTIP 2021 regarding, among other things, the Performance Period and allotment of Performance Shares in the event of commencement or termination of employment during the Performance Period, e.g. due to new recruitments, illness, disability, death, redundancy, contractual retirement and other exceptional circumstances determined by the Board of Directors.

The Board of Directors will be entitled to make adjustments in order to comply with special rules or market conditions abroad. In the event that delivery of Performance Shares to Participants cannot take place under applicable law or at a reasonable cost and employing reasonable administrative measures, the Board of Directors will be entitled to decide that Participants may, instead, be offered a cash settlement. In the event of a change of control, the vesting of any LTIP Awards under LTIP 2021 will be accelerated, based upon performance up to such time.

#### *Peer Group*

The Board of Directors has reviewed the Peer Group and determined that it shall consist of the following companies for LTIP 2021: Aker BP, Apache Corporation, BP, Cairn Energy, ConocoPhillips, DNO, Energean, ENI, Equinor, Galp Energia, Hess Corporation, Kosmos Energy, MOL Group, Oil Search, OMV, Repsol, Santos, Total and Vermilion Energy. The Board of Directors shall have the power to amend the Peer Group in order to maintain a representative and relevant group of companies during the Performance Period.

#### **Delivery of shares, costs etc.**

The LTIP Awards entitle Participants to receive free of charge already existing Lundin Energy shares.

Under items 20 and 23 of the proposed agenda, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to acquire own shares for the purposes of securing delivery of shares and covering costs, including social security charges, that may arise as a result of LTIP 2021 and that the Annual General Meeting resolves on a transfer of a maximum of 450,000 own shares for the purposes of securing delivery of shares to participants in LTIP 2021. As an alternative to acquisitions and transfers of own shares, the Board of Directors may resolve to hedge the Company's obligations under LTIP 2021 by entering into an equity swap arrangement with a third

party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer shares in the Company.

The LTIP 2021 will be accounted for in accordance with the accounting standard IFRS 2 and the costs will be charged to the income statement over the Performance Period.

The maximum cost for granting LTIP Awards under LTIP 2021 (assuming 100 per cent vesting), excluding costs related to delivery of the Performance Shares, is approximately USD 8.9 million (approximately SEK 74.5 million), excluding social security charges. On this basis, the maximum cost for social security charges is estimated to be approximately USD 0.9 million (approximately SEK 7.7 million) assuming 100 per cent vesting.

### **Effects on key figures**

Under the assumptions set out in item (c) above and upon full allotment of Performance Shares, the number of shares under LTIP 2021 amounts to approximately 280,000 shares in Lundin Energy (subject to final determination of the Initial Share Price and adjustments for dividends), corresponding to approximately 0.10 per cent of the current total number of shares and votes in the Company. If the total number of Performance Shares under LTIP 2021 reaches the cap of 450,000 shares in Lundin Energy, it will correspond to approximately 0.16 per cent of the current total number of shares and votes in the Company. LTIP 2021 is expected to have only marginal effects on Lundin Energy's key figures.

### **Preparation of the proposal**

The proposal for LTIP 2021 has been prepared by the Compensation Committee and resolved on by the Board of Directors.

### **Other incentive schemes in Lundin Energy**

For a description of the Company's other LTI plans, reference is made to the Company's Annual Report for 2020, note 29, and the Company's website, [www.lundin-energy.com](http://www.lundin-energy.com). In addition to the plans described there, no other LTI plans have been implemented in Lundin Energy.

### **Majority requirement**

The proposal to implement LTIP 2021 requires the affirmative support of shareholders holding more than half of the votes represented at the Annual General Meeting.

For information on the majority requirements that apply to the proposed acquisitions and transfers of own shares, see the Board of Directors' proposals under items 20 and 23 of the proposed agenda.

**Item 20: Resolution in respect of delivery of shares under the 2021 Long-term, Performance-based Incentive Plan**

The Board of Directors proposes that the Annual General Meeting resolves to transfer treasury shares held by the Company to the participants under the LTIP 2021 on the following terms and conditions.

- A maximum of 450,000 shares may be transferred.
- The shares shall, with deviation from the shareholders' preferential rights, be transferred to the participants in LTIP 2021 that are eligible to receive shares under the LTIP. Further, shares may, with deviation from the shareholders' preferential rights, be transferred to subsidiaries of the Company, whereby such subsidiary shall be obligated to immediately transfer such shares to the participants eligible to receive shares under the relevant LTIP.
- The shares shall be transferred free of charge.
- The transfers of shares shall be subject to all terms and conditions under LTIP 2021. Accordingly, shares shall only be transferred if and to the extent allotment of shares shall take place under LTIP 2021. Further, shares shall be transferred within the time period set out in the terms and conditions for LTIP.
- The number of shares that may be transferred under the LTIP 2021 may be recalculated as a result of bonus issues, share splits, rights issues or similar measures in accordance with the terms and conditions of the LTIP 2021.

The rationale for the proposed transfers of treasury shares held by the Company and for the deviation from the shareholders' preferential rights is to enable delivery of shares to the participants in LTIP 2021.

This proposal requires the affirmative support of shareholders holding at least nine tenths of the votes cast as well as of the shares represented at the Annual General Meeting.

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Stockholm in February 2021  
**Lundin Energy AB (publ)**  
*The Board of Directors*

**Item 22: Resolution to authorise the Board of Directors to resolve on new issue of shares and convertible debentures**

The Board of Directors proposes that the Board of Directors is authorised to decide, at one or more occasions until the next Annual General Meeting:

- (i) to issue no more than 28,500,000 new shares with consideration in cash or in kind or by set-off or otherwise with conditions and thereby be able to resolve to deviate from the shareholders' preferential rights. To the extent the new shares are issued with deviation from the shareholders' preferential rights they shall be issued at a subscription price that closely corresponds to the market price of the shares at the time of the issue; and
- (ii) to issue convertible debentures with consideration in cash or in kind or by set-off or otherwise with conditions and thereby be able to resolve to deviate from the shareholders' preferential rights, where the number of shares that may be issued after conversion must not exceed 28,500,000. To the extent the convertible debentures are issued with deviation from the shareholders' preferential rights they shall be issued at a subscription price that closely corresponds to market value based on the market price of the shares at the time of the issue of the convertible debentures.

If the Board of Directors resolves to deviate from the shareholders' preferential rights, the reason shall be to enable Lundin Energy to make business acquisitions or other major investments. The total number of shares that can be issued based on the proposed authorisations under (i) and (ii) may not together exceed 28,500,000. If the authorisation is exercised in full for issues with deviation from the shareholders' preferential rights, the dilution effect is approximately ten percent.

This proposal requires the affirmative support of shareholders holding at least two thirds of the votes given for this resolution and of the shares represented at the Annual General Meeting.

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Stockholm in February 2021  
**Lundin Energy AB (publ)**  
*The Board of Directors*

**Item 23: Resolution to authorise the Board of Directors to resolve on repurchase and sale of shares**

The Board of Directors proposes that the Board of Directors is authorised, during the period until the next Annual General Meeting, to decide on repurchases and sales of Lundin Energy shares on Nasdaq Stockholm. The maximum number of shares repurchased shall be such that shares held in treasury from time to time do not exceed ten percent of all shares of the Company. The maximum number of shares that may be sold is the number of shares that the Company at such time holds in treasury. Repurchase and sale of shares on Nasdaq Stockholm may take place only at a price within the spread between the highest bid price and lowest ask price prevailing and disseminated by Nasdaq Stockholm from time to time. The repurchases and sales shall be made in accordance with the provisions concerning the purchase and sale of a company's own shares under applicable stock exchange rules and other applicable rules and regulations.

The purpose of the authorisation is to provide the Board of Directors with an instrument to optimise Lundin Energy's capital structure and thereby create added value for the shareholders, to secure Lundin Energy's obligations under its incentive plans and under the proposal under item 21 of the proposed agenda and to cover costs, including social security charges, that may arise as a result of the LTIP programs of the Company.

The Board of Directors' reasoned statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act is available on the Company's website, [www.lundin-energy.com](http://www.lundin-energy.com)

This proposal requires the affirmative support of shareholders holding at least two thirds of the votes given for this resolution and of the shares represented at the Annual General Meeting.

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Stockholm in February 2021  
**Lundin Energy AB (publ)**  
*The Board of Directors*