

**THE BOARD OF DIRECTORS'  
RECOMMENDATIONS REGARDING SHAREHOLDER PROPOSALS  
OF MR. EGBERT WESSELINK**

**25 February 2021**

The Board of Directors of Lundin Energy AB (“**Lundin Energy**” or the “**Company**”) has received two shareholder proposals (the “**Proposals**”) from Mr. Egbert Wesselink for Lundin Energy’s Annual General Meeting (“**AGM**”) to be held on 30 March 2021.

Mr. Wesselink has previously presented proposals to the 2012, 2013, 2017, 2019 and 2020 AGMs. All of these previous proposals, which also related to the Company’s past activities in Sudan during 1997-2003, were rejected by the Lundin Energy shareholders at the requisite AGMs. Mr Wesselink has been leading a campaign for 20 years to defame the Company and to seek monetary compensation for the alleged victims. No evidence linking Lundin Energy to any of these issues has ever been presented. Mr. Wesselink is the coordinator of the European Coalition on Oil in Sudan (“ECOS”). Mr. Wesselink is also the main author of the ECOS report “Unpaid Debt”, which was issued shortly before the preliminary investigation by the Swedish Prosecution Authority was initiated in mid-2010. A thorough analysis, review and fact checking of this report clearly indicates that it is based on hearsay, untrue and misleading information and so its credibility, accuracy and reliability must be called into question. Whatever the true motives of Mr. Wesselink’s actions, he has caused significant harm to the reputation of the Company and its stakeholders and continues to do so aggressively today.

The full texts of the Proposals are available on Lundin Energy’s website.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT LUNDIN ENERGY SHAREHOLDERS VOTE AGAINST THESE PROPOSALS AT THE LUNDIN ENERGY AGM TO BE HELD ON 30 MARCH 2021.**

The Board of Directors’ recommendation is based on the following:

**A. THE COMPANY HAS A RESPONSIBILITY TO DEFEND ITSELF AGAINST UNFOUNDED CLAIMS**

The Company has an obligation towards its shareholders, and the Board of Directors has a fiduciary duty, to defend itself and its representatives against legal proceedings where such actions are based on unfounded and unsupported allegations and risk a serious miscarriage of justice. The preliminary investigation launched by the Swedish Prosecution Authority in 2010, which is based on unproven allegations concerning alleged complicity in violations of international humanitarian law contained in unverified NGO reports, is out of the Company’s control to resolve unilaterally. Despite eleven years of co-operation with the Swedish Prosecution Authority, there is still no clarity as to whether the investigation will be discontinued or charges will be brought, despite numerous indications by the Prosecutor since 2015 that a decision was imminent.

Since the beginning of the preliminary investigation the Company has sought Swedish and international legal and related advice, primarily to achieve a discontinuation of the preliminary investigation but, if necessary, to also prepare a vigorous defence for the Swedish Courts. This has been undertaken to ensure that the impact of these unfounded allegations for the Company, including economic consequences, negative goodwill and effect on the business in general, will be minimal. The Company representatives are being investigated entirely due to their roles within the Company at the time and hence the defence of the Company and the representatives is intrinsically linked.

Given that a resolution of this case lies either with a decision by the Swedish Prosecution Authority or the Swedish Courts, the Board of Directors believes that it is both right and legitimate that the Company and the Company representatives continue to defend themselves vigorously, through the Swedish Courts if necessary, and that ultimately the judicial process will result in a clear and unambiguous discharge of any and all allegations.

## **B. THE COMPANY DENIES ALLEGATIONS OF WRONGDOING IN SUDAN**

The Board of Directors strongly believes that the allegations, which form the basis of the investigation, remain incorrect, unsupported and misleading in respect of the historical activities of Lundin Energy and its predecessors in Sudan. The Board of Directors is of the view that there are no grounds for any allegations concerning alleged complicity in violations of international humanitarian law against the Company or any representative of Lundin Energy. Lundin Energy was always an advocate for peace by peaceful means in Sudan. It remains the Board of Directors' firm belief that Lundin Energy's presence in Block 5A contributed to improving living conditions in the region through its infrastructure investment, community development and humanitarian assistance, which made life better for thousands of people.

## **C. LUNDIN ENERGY IS FULLY COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE RESPONSIBILITY**

Lundin Energy has a full and robust set of Corporate Responsibility Policies in place which reflect best practice in the sector and is regularly ranked very highly by external corporate responsibility rating agencies, peers and wider stakeholders. The Company has publicly stated its commitment to international standards of corporate responsibility, including under the Company's code of conduct and as a member of the United Nations' Global Compact since 2010. The Company has since 2011 endorsed the United Nations' Guiding Principles on Business and Human Rights and in 2012, implemented a Human Rights Policy and Guidelines in accordance therewith. Lundin Energy is fully committed to respect human rights as set out in the International Bill of Rights and the International Labour Organisation Core Conventions, not to infringe on the human rights of others, and to address adverse human rights impact, including not to be complicit in or contribute directly or indirectly to human rights abuses.

The Board of Directors reviews on a regular basis the Company's performance and compliance in regard to these standards of corporate responsibility and human rights, and fully supports the Company and its management in carrying out the obligations under these international standards. At the same time, the Board of Directors and senior management of the Company have over the past several years continued to successfully grow the Company into one of Europe's leading E&P companies, returning significant value to shareholders and other stakeholders.

## **D. ADDRESSING THE SPECIFIC REQUESTS IN THE SHAREHOLDER PROPOSAL**

The Proposals refer to the conduct of the Company's defence in relation to the preliminary investigation, which is led by experienced, professional and highly esteemed Defence Counsel. The Board of Directors considers that the Proposals are driven, not by a genuine interest of wider shareholders' needs, but by Mr. Wesselink's well known, direct and personal involvement in the allegations and preliminary investigation against the Company and its representatives.

On the two main elements of the Proposals, the Board of Director's view is as follows:

- i. 'Adoption of a human rights oriented legal strategy' – As set out above, the Company has a clear obligation to defend itself against the unfounded, unsubstantiated, and misleading allegations concerning alleged complicity in violations of international humanitarian law, which are based primarily on NGO reports (one of which was authored by Mr. Wesselink). There are serious concerns about their credibility, accuracy and reliability, as also brought to the attention of the Swedish Prosecution Authority. Throughout the eleven-year investigation, no evidence has ever been provided that suggests that the allegations are true or that any representative of Lundin

Energy was ever involved in any wrongdoing. Lundin Energy's investments and operations in Sudan were fully aligned with the policy of constructive engagement endorsed by Sweden, the EU and UN at the time and the business operations conducted in the country were entirely legitimate. Lundin Energy and its representatives have cooperated continuously and proactively with the investigation by providing information regarding the past operations in Sudan and by participating in numerous interviews.

Statements in the Proposal that the Defence Counsel have acted improperly in any way are completely without merit and intentionally misleading, including that the Company and its Defence Counsel are deliberately delaying the preliminary investigation. The inordinate and unfair length of the investigation is entirely down to the Prosecutor's handling of the case. It is a fundamental right under Swedish and international law to challenge wrongful actions by public authorities. Numerous objections and appeals raised by Defence Counsel over the course of the years regarding the actions of the Swedish Prosecution Authority in this preliminary investigation have been accepted by the Prosecutor General or successfully upheld in the Swedish Courts.

- ii. 'Disclosure of costs' – Despite its firm denial of the unfounded and unsupported allegations, the Board of Directors believes that the Company must prepare a robust defence against these unfounded allegations and hence, has to incur the costs associated with that. These costs are included within the reported G&A costs of the Company, which are currently approximately 0.5 USD/bbl. The Board of Directors notes that recovery of all current and future costs in relation to the defence of the matter will be sought from the Swedish State through due legal process once the matter has successfully been concluded in Lundin Energy's favour, as is allowed under Swedish law.

**THE BOARD OF DIRECTORS OF LUNDIN ENERGY HAS THEREFORE CONCLUDED THAT THE PROPOSALS ARE NOT IN THE BEST INTERESTS OF THE COMPANY OR THE SHAREHOLDERS. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT LUNDIN ENERGY SHAREHOLDERS VOTE AGAINST THESE PROPOSALS AT THE LUNDIN ENERGY AGM ON 30 MARCH 2021.**