

The 2021 Remuneration Report of Lundin Energy

Introduction

Lundin Energy AB presents the 2021 Remuneration Report, which was approved by the Board of Directors on 25 February 2022. The report is designed to comply with the provisions of the Swedish Companies Act (2005:551), the Swedish Corporate Governance Code and the Swedish Rules on Remuneration of the Board and Executive Management and on Incentive Programmes, as well as to provide a transparent account of executive remuneration for our shareholders in line with Swedish practice.

The first section reprises the Policy on Remuneration for Group Management (the “Policy”) that was approved by shareholders at the 2020 annual general meeting (“AGM”) and is followed in the second section by a description of how the Policy was implemented. The last two sections present the variable remuneration plans that Group Management participate in and the resulting remuneration levels for reportable individuals. As the Swedish reporting legislation requires the Annual Report to include certain information on remuneration in the notes to the accounts (see Appendix 1) and there are requirements for additional reporting from Lundin Energy’s auditors (see Appendix 2), the appendices reproduce relevant information to avoid excessive duplication in the main body of this Report.

Stockholm 25 February 2022

1. 2020 POLICY ON REMUNERATION FOR GROUP MANAGEMENT APPROVED BY THE 2020 ANNUAL GENERAL MEETING

The 2020 Policy follows the principles that are applicable to all employees, supporting the long-term, sustainable strategy set out in Lundin Energy’s Annual Report 2021. This section of the Remuneration Report presents the Policy, updated for Lundin Energy’s name change, that was duly approved at the 2020 AGM.

POLICY ON REMUNERATION FOR GROUP MANAGEMENT¹

Application of the Policy

This Policy on Remuneration applies to the remuneration of “**Group Management**” at Lundin Energy AB (“**Lundin Energy**” or the “**Company**”), which includes (i) the President and Chief Executive Officer (the “**CEO**”), (ii) the Deputy CEO, who from time to time will be designated from one of the other members of Group Management, and (iii) the Chief Operating Officer (the “**COO**”), Chief Financial Officer (the “**CFO**”) and Vice President level employees. The Policy also applies to members of the Board of Directors (the “**Board**”) of the Company where remuneration is paid for work performed outside the directorship.

The 2020 Policy is, together with previous years’ Policies, available on the Company’s website www.lundin-energy.com and it will remain available for ten years.

Key remuneration principles at Lundin Energy

Lundin Energy’s remuneration principles and policies are designed to ensure responsible and sustainable remuneration decisions that support the Company’s strategy, shareholders’ long-term interests and

¹ At the time of approval of the Policy, the Company was named “Lundin Petroleum AB”, herein replaced throughout with references to the Company’s new name “Lundin Energy AB”. The Policy has also been updated to reflect the fact that the Policy has been approved by the 2020 AGM and is no longer a proposal, and the background to changes from the Policy approved in 2019 has been removed for ease of reading but can be found in the original Policy on the Company’s website.

sustainable business practices. It is the aim of Lundin Energy to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Company and to encourage and appropriately and fairly reward executives for their contributions to Lundin Energy's success.

Remuneration to members of the Board

In addition to Board fees resolved by the AGM, remuneration as per prevailing market conditions may be paid to members of the Board for work performed outside the directorship.

Compensation Committee

The Board has established the Committee to support it on matters of remuneration relating to the CEO, the Deputy CEO, other members of Group Management and other key employees of the Company. The objective of the Committee is to structure and implement remuneration principles to achieve the Company's strategy, the principal matters for consideration being:

- the review and implementation of the Company's remuneration principles for Group Management, including this Policy which requires approval by the General Meeting of Shareholders;
- the remuneration of the CEO and the Deputy CEO, as well as other members of Group Management, and any other specific remuneration issues arising;
- the design of long-term incentive plans that require approval by the General Meeting of Shareholders; and
- compliance with relevant rules and regulatory provisions, such as this Policy, the Swedish Companies Act and the Swedish Corporate Governance Code.

When the Committee makes decisions, including determining, reviewing and implementing the Policy, it follows a process where:

- the Board sets and reviews the terms of reference of the Committee;
- the Chair of the Committee approves the Committee's agenda;
- the Committee considers reports, data and presentations and debates any proposal. In its considerations the Committee will give due regard to the Company's situation, the general and industry specific remuneration environment, the remuneration and terms of employment of the broader employee population, feedback from different stakeholders, relevant codes, regulations and guidelines published from time to time;
- the Committee may request the advice and assistance of management representatives, other internal expertise and of external advisors. However, it shall ensure that there is no conflict of interest regarding other assignments that any such advisors may have for the Company and Group Management;
- the Committee ensures through a requirement to notify and recuse oneself that no individual with a conflict of interest will take part in a remuneration decision that may compromise such a decision;
- once the Committee is satisfied that it has been properly and sufficiently informed, it will make its decisions and, where required, formulate proposals for approval by the Board; and
- the Board will consider any items for approval or proposals from the Committee and, following its own discussions, make decisions, proposals for a General Meeting of Shareholders and/ or further requests for the Committee to deliberate on.

Elements of remuneration for Group Management

There are four key elements to the remuneration of Group Management:

	Description, purpose and link to strategy and sustainability	Process and governance	Relative share of estimated/maximum total reward²
<u>a) Base salary</u>	- Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent.	- The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process).	30% / 20%
<u>b) Annual variable remuneration</u>	- Annual bonus is paid for performance over the financial year. - Awards are capped at 18 months' base salary, paying up to 12 months' base salary for ranges of stretching performance requirements. Any value over 12 months' base salary is paid for delivering outstanding performance. - Signals and rewards the strategic and operational results and behaviours expected for the year that contribute to the long-term, sustainable value creation of the Company.	- The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance. - Measurable financial and non-financial performance requirements are identified according to position and responsibilities and include delivery against production of oil and gas, reserves and resource replacement, financial, health and safety, ESG, carbon dioxide gas emissions, and strategic targets. - The Committee reviews the design of annual variable remuneration separately.	20% / 25%
<u>c) Long-term incentive plan</u>	- Performance share plan that aligns the interests	- Annual review of total remuneration	40% / 50%

² Estimated reward shows the percentage of total reward where proportions are estimated assuming 50 percent of maximum annual bonus and 50 percent of the long-term incentive without any share price or dividend effect. Proportions of maximum reward assume full vesting of both annual variable remuneration and the long-term incentive but without any share price or dividend effect. Different actual awards and the variable nature of incentives means that the actual proportions for an individual may be different.

	<p>of participants with those of shareholders through awards in shares worth up to 36 months' base salary on award, vesting after 3 years subject to performance.</p> <ul style="list-style-type: none"> - Relative Total Shareholder Return (“TSR”) summarises the complex set of variables for long-term sustainable success in oil and gas exploration and production into a single performance test relative to peers that the Company competes with for capital. 	<p>considers long-term incentive awards, outcomes, TSR peer group and targets.</p> <ul style="list-style-type: none"> - Participants are required to build a significant personal shareholding of up to 200% of base salary over time by retaining shares until a predetermined limit has been achieved. - The Committee reviews the design of long-term incentives separately. 	
<u>d) Benefits</u>	<ul style="list-style-type: none"> - Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent. 	<ul style="list-style-type: none"> - The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market. - Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration. 	10% / 5%
Total			100% / 100%

Review and benchmarking

Every year the Committee undertakes a review of the Company's remuneration policies and practices considering the total remuneration of each executive as well as the individual components. Levels are set considering:

- the total remuneration opportunity;
- the external pay market;
- the scope and responsibilities of the position;
- the skills, experience and performance of the individual;
- the Company's performance, affordability of reward and general market conditions; and
- levels and increases in remuneration, as well as other terms of employment, for other positions within the Company.

External benchmarks for total remuneration are found from one or more sets of companies that compete with Lundin Energy for talent, taking into consideration factors like size, complexity, geography and business profile when determining such peer groups.

Variable remuneration

The Company considers that variable remuneration forms important parts of executives' remuneration packages, where associated performance targets reflect the key drivers for pursuing the Company's strategy, and to achieve sustainable value creation and growth in long-term shareholder value. The Committee ensures that performance and design align with the strategic direction and risk appetite of the Company before incentives are approved by the Board.

There is no deferral of incentive payments, however, the Board can recover annual bonuses paid in the unlikely event of outcomes based on information which is subsequently proven to have been manifestly misstated. The Board can also in exceptional circumstances reduce long-term incentive awards, including reducing them to zero, should it consider the vesting outcome to incorrectly reflect the true performance of the Company.

Benefits

Benefits provided shall be based on market terms and shall facilitate the discharge of each executive's duties. The pension provision is the main benefit and follows the local practice of the geography where the individual is based. The pension benefits consist of a basic defined contribution pension plan, where the employer provides 60 percent and the employee 40 percent of an annual contribution of up to 18 percent of the capped pensionable salary and a supplemental defined contribution pension plan where the employer provides 60 percent and the employee 40 percent of a contribution up to 14 percent of the capped pensionable salary.

Severance arrangements

Executives have rolling contracts where mutual notice periods of between three and twelve months apply between the Company and the executive, depending on the duration of the employment with the Company. In addition, severance terms are incorporated into the employment contracts for executives that give rise to compensation in the event of termination of employment due to a change of control of the Company. Such compensation, together with applicable notice periods, shall not exceed 24 months' base salary.

The Board is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to 12 months' base salary; no other benefits shall be included.

In all circumstances, severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of 24 months' base salary.

Authorisation for the Board

In accordance with Chapter 8, Section 53 of the Swedish Companies Act, the Board shall be authorised to approve temporary deviations from the Policy on any element of remuneration described in this Policy, except from the maximum award of annual variable remuneration, which shall at all times be limited to 18 months' base salary. Deviations shall be considered by the Committee and shall be presented to the Board for approval. Deviations may only be made in specific cases if there are special reasons outside of normal business that make it necessary to increase reward in order to help secure the Company's long-term interests, financial viability and/or sustainability by recognising exceptional contributions. The reasons for any deviation shall be explained in the remuneration report to be submitted to the AGM.

2. IMPLEMENTATION OF THE POLICY ON REMUNERATION IN 2021

The individual elements and the total remuneration of Group Management during 2021 were determined and delivered in line with the Policy approved by shareholders at the 2020 AGM, the outcomes and implementation of which are presented in this Remuneration Report. The Board and the Compensation Committee are satisfied that the Company's remuneration principles of recruiting, motivating and retaining high calibre executives capable of achieving the objectives of the Company have underpinned the implementation of the Policy. Remuneration has been motivational as well as appropriately and fairly rewarding executives for their contributions to Lundin Energy's success. Responsible and sustainable remuneration decisions have supported the Company's strategy, shareholders' long-term interests and sustainable business practices. Lundin Energy's strategy and long-term ambitions are further described in the Annual Report 2021 and on the website www.lundin-energy.com

The Compensation Committee

The Compensation Committee consisted during 2021 of Cecilia Vieweg (Chair), Ian Lundin and Grace Reksten Skaugen and it met formally five times during the year. The Committee also had frequent contacts by telephone and email to provide oversight and approvals of remuneration issues presented by Group Management, as well as discussions and recommendations for the Board.

The Committee invited the CEO and external advisors from Korn Ferry to attend some of its meetings and is satisfied that there has been no conflict of interest and that no individual was part of a decision that impacted his or her own remuneration directly. The work of the Board and the Committee during 2021 followed the governance process laid out in the 2020 Policy and the following sections show and explain the resulting remuneration paid and awarded as well as the summarising key implementation and decision points.

3. ELEMENTS OF REMUNERATION

Annual salary and benefits

Group Management's fixed remuneration consists of the annual salary paid in monthly instalments and benefits that follow local practice. The Compensation Committee undertakes regular reviews of all terms to ensure that all elements of the individual package, including both fixed and variable remuneration, are determined according to the Policy to contribute to reasonable and market appropriate total reward opportunities.

Annual variable remuneration

The annual variable remuneration for Group Management is assessed against annual performance targets that signal and reward the strategic and operational results and behaviours expected for the year, which contribute to the long-term, sustainable value creation of Lundin Energy. The criteria and outcomes are further evaluated against the market, Lundin Energy's economic situation and how others are remunerated within the Company. The annual performance targets include delivery against measurable financial and non-financial performance requirements that are identified according to the individual's position and responsibilities. Each member of Group Management is set different performance weightings against each of the specific targets reflecting their influence on the performance outcome, which can result in an annual bonus paid in cash worth up to 12 months' base salary.

The Policy allows the Board to exercise discretion and recognise exceptional performance that is rewarded above the 12 months' base salary limit, up to a maximum value of 18 months' base salary.

Long-term incentive plan

Lundin Energy has operated a performance share plan as a long-term incentive plan since 2014, designed to be simple and transparent whilst rewarding the long-term, sustainable value creation at Lundin Energy. The 2021 AGM resolved to approve a performance share plan, LTIP 2021, that follows similar principles as the previously approved LTIPs 2014 to 2020. The long-term incentives are used as an important part of the remuneration of Group Management and a number of key employees of Lundin Energy. It gives participants the possibility to receive shares in Lundin Energy subject to continued employment and the fulfilment of a performance condition over a three-year performance period commencing on 1 July of the award year and ending on 30 June three years later. The performance condition is based on the share price growth and dividends (collectively "Total Shareholder Return" or "TSR") of the Lundin Energy share compared to the TSR of a peer group of companies. Relative TSR summarises the complex set of variables for long-term sustainable success in oil and gas exploration and production into a single performance test relative to peers that the Company competes with for capital. The award begins to vest with one third at the median and the full award for relative TSR equal to, or better than, the upper quartile of the peer group. For performance in-between the median and the upper quartile, the performance shares vest pro-rata on a straight-line basis. From 2019 the number of performance shares are increased to reflect dividends. LTIP 2018 paid the dividend equivalent for vested shares in cash after vesting.

The TSR peer groups of companies for the current long-term incentive plan awards are shown in the table below. Peer group changes are partly due to significant events at some comparator companies and partly to the Compensation Committee's annual reviews that always look to improve the relevance of the performance measure.

TSR peer groups

2018	2019	2020	2021
Aker BP	Aker BP	Aker BP	Aker BP
BP	Apache Corp.	Apache Corp.	Apache Corp.
Cairn Energy	BP	BP	BP
ConocoPhillips	Cairn Energy	Cairn Energy	Cairn Energy
ENI	ConocoPhillips	ConocoPhillips	ConocoPhillips
Equinor	ENI	ENI	DNO
Galp Energia	Equinor	Equinor	Energiean
Oil Search	Galp Energia	Galp Energia	ENI
OMV	Hess Corp.	Hess Corp.	Equinor
Ophir Energy	Kosmos Energy	Kosmos Energy	Galp Energia
Pharos Energy	MOL Group	MOL Group	Hess Corp.
Repsol	Oil Search	Oil Search	Kosmos Energy
Santos	OMV	OMV	MOL Group
Total	Premier Oil	Premier Oil	Oil Search
Tullow Oil	Repsol	Repsol	OMV
Vermilion Energy	Santos	Santos	Repsol
	Total	Total	Santos
	Tullow Oil	Tullow Oil	Total
	Vermilion Energy	Vermilion Energy	Vermilion Energy

The Board of Directors may at its discretion reduce (including reduce to zero) the number of performance shares vesting 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 or safety performance.

The performance shares that a participant eventually receives are subject to further conditions to ensure that participants build towards and maintain a meaningful shareholding in Lundin Energy over time. Participants must keep at least half of the net after tax number of shares that vest until they have met the shareholding requirement. The level of shareholding expected of each participant is either 50 percent or 100 percent (or 200 percent for the CEO) of the participant's annual gross base salary, based on the participant's position within the Group.

Long-term Incentive Plan awards					
Name, Title, Shares owned as at 31 December 2021		Vested LTIP 2018¹	LTIP 2019	LTIP 2020	LTIP 2021
Nick Walker, CEO, 224,428 shares	<i>Number of shares³</i>	45,995	53,454	72,984	70,479
	<i>Grant value at award (TUSD)⁴</i>	857	863	1,067	1,417
	<i>Value at vesting (TUSD)</i>	1,621			
Teitur Poulsen, CFO, 79,678 shares	<i>Number of shares³</i>	30,037	35,887	50,765	36,030
	<i>Grant value at award (TUSD)⁴</i>	560	580	742	724
	<i>Value at vesting (TUSD)</i>	1,058			
Daniel Fitzgerald ² , COO, 0 shares	<i>Number of shares^{2,3}</i>	3,986	-	-	22,300
	<i>Grant value at award (TUSD)⁴</i>	-	-	-	448
	<i>Value at vesting (TUSD)²</i>	19			
Other Group Management ⁵ , 45,789 shares	<i>Number of shares³</i>	21,930	43,478	54,722	35,767
	<i>Grant value at award (TUSD)⁴</i>	409	702	800	719
	<i>Value at vesting (TUSD)</i>	756			
Total Group Management, 349,895 shares	<i>Number of shares³</i>	101,948	132,819	178,471	164,576
	<i>Grant value at award (TUSD)⁴</i>	1,900	2,418	2,801	3,348
	<i>Value at vesting (TUSD)</i>	3,454			
End of performance period		30 June 2021 ⁶	30 June 2022	30 June 2023	30 June 2024
Share price at award		SEK 260.76	SEK 289.45	SEK 225.87	SEK 283.30
Grant value at award ⁴		SEK 167.10	SEK 169.00	SEK 147.10	SEK 173.10

¹ Lundin Energy's TSR performance was ranked 2nd in the peer group for LTIP 2018, equivalent to 94th percentile, resulting in full vesting.

² Daniel Fitzgerald was appointed COO on 1 January 2021. As part of his recruitment Lundin Energy agreed with his former employer International Petroleum SA that he would retain the right to payment of outstanding awards of performance share units ("PSUs") granted under the "IPC Performance and Restricted Share Plan" and that Lundin Energy will reimburse International Petroleum SA for such costs. Of 6,644 PSUs awarded in 2018 a total of 3,986 PSUs vested 30 June 2021, and these have been included in the table above. Vesting was subject to the terms and conditions of the IPC plan rules.

³ As from the 2019 plan, the number of performance shares has increased since the award date to reflect dividends. For the 2018 plan, the dividend equivalent on vested shares was paid in cash at vesting, included in the "Value at vesting".

⁴ Each award was fair valued at the date of award using an option pricing model.

⁵ Comprises Vice President Sustainability, Vice President Legal, Vice President Corporate Affairs, Vice President Investor Relations and Communications and Vice President Commodities Trading and Marketing promoted to VP in August 2021.

⁶ LTIP 2018 vested on 28 July 2021 following the Compensation Committee's formal decision on behalf of the Board.

Participants are not entitled to transfer, pledge or dispose of the LTIP awards or any rights or obligations, or to exercise any shareholders' rights regarding the LTIP awards until the performance shares have vested.

Unit Bonus Plan

Since 2008 Lundin Energy operates a long-term incentive plan for selected employees, from which members of Group Management are excluded at award but may remain as participants of after promotion. The plan awards units that vest in three equal tranches: one third after one year; one third after two years; and the final third after three years. The units are paid in cash and vesting is conditional on the holder of the units remaining an employee of the Company at the time of payment. The value of units follows the Lundin Energy share price and the cash payment at the end of each vesting period will be the number of units vesting multiplied by the average of the Lundin Energy closing share price for the five trading days prior to and following the actual vesting date adjusted for any dividend payments between grant date and vesting date.

No member of the Group Management team participated in any Unit Bonus Plan award during 2021.

4. KEY IMPLEMENTATION AND DECISIONS UNDER POLICY ON REMUNERATION

The following table summarises key implementation and decision points during the year.

Aspect of Policy	2021 implementation and decisions under Policy on Remuneration
Governance	<ul style="list-style-type: none"> • The Compensation Committee monitored and evaluated Lundin Energy's remuneration structures and levels, including programmes for variable remuneration, both ongoing and those that ended during the year, for Group Management. The Compensation Committee found these to be appropriate and in furtherance of Lundin Energy's goals. • The Committee also monitored and evaluated the application of the Policy that was adopted by the 2020 AGM. Following its evaluation, the Compensation Committee concluded that the Company's Policy on Remuneration was properly applied in 2021. • The external auditor of the Company has also issued a report to the 2022 AGM stating that the Board of Directors and the CEO of Lundin Energy have during 2021 complied with the Policy adopted at the 2020 AGM. • The development of this Remuneration Report was overseen by the Compensation Committee. • Performance and remuneration outcomes for the CEO, CFO, COO and the rest of Group Management were evaluated and the resulting remuneration is outlined in section 5. The information required by chapter 5, sections 40-44 of the Annual Accounts Act (1995:1554) can be found in Note 26 of the Annual Report 2021 (as well as in Appendix 1 to this report).
Base salary	<ul style="list-style-type: none"> • Following a review of market levels, the Committee and the Board approved base salary increases for Group Management for 2022 that followed the process and governance laid out in the Policy, taking into consideration that no increases were awarded the previous year. • The Committee discussed and recommended to the Board the offer for the promotion of the Vice President Commodities Trading and Marketing, which followed the Policy and the Committee also approved the leaving terms for the Vice President Corporate Affairs.

Yearly variable remuneration	<ul style="list-style-type: none"> • Performance and reward outcomes for the 2020 annual bonus plan were reviewed and approved in early 2021 against pre-determined targets, as reported in the 2020 Remuneration Report. • For the 2021 annual bonus, performance measures and ranges were defined and approved for oil and gas production, reserves and resource replacement, financial, health and safety, environmental social & governance (“ESG”), decarbonisation and strategic targets. • No changes have been made to the structure of the annual bonus for Group Management. The Board and the Committee remain satisfied that the incentive remains aligned with the Policy and that it and the targets set reward decisions, actions and behaviours key to the Company’s strategy, shareholders’ long-term interests and sustainable business practices. • The Committee considered and the Board approved bonus payment in excess of 12 months’ salary but within the 18-months Policy limit for two Group Management members in recognition of exceptional performance on projects linked to legal and communications matters. • Performance and reward outcomes for the 2021 annual bonus plan were reviewed and approved in early 2022 against pre-determined targets and paid as reported in the next section of this report.
Long-term incentive plan	<ul style="list-style-type: none"> • The 2021 AGM approved the long-term incentive plan LTIP 2021 (described in section 3). The Board approved 2021 awards over performance shares equivalent to 32 months’ base salary for the CEO, 26 months’ base salary for the CFO, 18 months’ base salary for the COO and a range of 8 to 12 months’ base salary for other members of Group Management. • The Board and the Committee were satisfied that the long-term incentive has been aligned with the Policy and that it and the TSR performance measure appropriately reward the Company’s strategy, shareholders’ long-term interests and sustainable business practices. • The Committee determined that the Vice President Corporate Affairs be treated as a good leaver and retain a proportion of his outstanding LTIP 2019 and LTIP 2020 awards until vesting.
Benefits	<ul style="list-style-type: none"> • No substantial changes were made to the benefits for Group Management.
Severance	<ul style="list-style-type: none"> • No severance terms were considered during the year for Group Management.
Claw-backs and similar actions	<ul style="list-style-type: none"> • The Board saw no reason to exercise its right to claw back any annual bonus paid during or for 2021. • The Board saw no reason to exercise its right to in exceptional circumstances reduce the allotment of the 2018 long-term incentive plan.
Deviations from the decision-making process	<ul style="list-style-type: none"> • The Committee and the Board did not deviate from any part of the decision-making process laid out in the Policy on Remuneration approved by the 2020 AGM.
Deviations from the Remuneration Policy	<ul style="list-style-type: none"> • The Company did not deviate from any part of the Policy on Remuneration approved by the 2020 AGM. Appendix 2 presents the independent Auditor’s confirmation of there being no derogation from the Policy.

Shareholder engagement	<ul style="list-style-type: none">• At the 2021 AGM no remuneration related questions were raised or other feedback offered.• As in previous years, the Company initiated in 2021 a dialogue regarding remuneration matters with a number of larger investors and proxy advisors and received mostly positive feedback. The Committee and the Board considered the feedback from investors and proxy advisors but concluded that on balance it would not be in shareholders' interests to make any changes to the Policy at this point in time.
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5. THE RESULTING REMUNERATION FOR THE CEO, CFO AND COO; OTHER MEMBERS OF GROUP MANAGEMENT; AND THE BOARD OF DIRECTORS

The table below summarises the remuneration received for 2021, including base salary, the annual cash bonus paid for 2021, the long-term incentive plans vested in 2021 (awarded in 2018) and the value of pensions and benefits. To put these values into further context, the following table presents the annual change in remuneration for each incumbent, for the Company's results and also for the average remuneration within Lundin Energy for other full-time equivalent employees during the previous five financial years.

Remuneration received 2021								
TUSD (percentage of total remuneration)	Fixed Board remuneration ¹ /base salary	Other benefits ²	Short-term variable remuneration ³	Long- Term Incentives vested ⁴	Remuneration for Committee work	Remuneration outside directorship	Pension	Total Remuneration 2021
	Fixed remuneration		Variable remuneration		Fixed remuneration			
Board members								
Jan H. Lundin	130 (50%)				15 (6%)	114 (44%)		259
Adam I. Lundin	31 (100%)							31
Alex Schneiters						2,555 (100%)		2,555
Peggy Bruzelius	62 (75%)				20 (25%)			82
C. Ashley Heppenstall	62 (81%)				15 (19%)			77
Lukas H. Lundin	62 (100%)							62
Grace Reksten Skaugen	62 (64%)				35 (36%)			97
Jakob Thomasen	62 (68%)				29 (32%)			91
Cecilia Vieweg	62 (75%)				20 (25%)			82
Torstein Sanness	62 (81%)				15 (19%)			77
Total Board Members	595 (17%)				149 (4%)	2,669 (78%)		3,413
Group Management								
Nick Walker CEO	875 (24%)	94 (3%)	875 (24%)	1,621 (44%)			189 (5%)	3,654
Teitur Poulsen CFO	551 (23%)	30 (1%)	551 (23%)	1,058 (45%)			166 (7%)	2,356
Daniel Fitzgerald ⁶ COO	492 (45%)	15 (1%)	492 (45%)	19 (2%)			80 (7%)	1,098
Other Group Management ⁷	1,449 (36%)	283 (7%)	1,355 (34%)	756 (19%)			192 (5%)	4,035
Total Group Management	3,367 (30%)	422 (4%)	3,273 (29%)	3,454 (31%)			627 (6%)	11,143

¹ Board remuneration is reported on a cash basis

² Other benefits may include, but are not limited to, school fees and health insurance for Group Management.

³ The annual bonus refers to the yearly variable remuneration paid for performance in 2021, actual payment was in 2022.

⁴ LTIP 2018 awarded in 2018 and vested in 2021, including former CEO Alex Schneider's award which is reported under "Remuneration outside directorship".

⁵ LTIP 2018 was awarded to Alex Schneider when he was the CEO of the Company and vested in 2021. The amount mentioned in the table above relates to this award and does not relate to his work as Board Member.

⁶ Daniel Fitzgerald was appointed COO on 1 January 2021. As part of his recruitment Lundin Energy agreed with his former employer International Petroleum SA that he would retain the right to payment under outstanding awards of performance share units (“PSUs”) granted under the “IPC Performance and Restricted Share Plan”, subject to vesting in accordance with the applicable terms and conditions, and that Lundin Energy will reimburse International Petroleum SA for such costs. A total of 3,986 IPC PSUs vested during 2021 and the value is included in the table under Long-Term Incentives vested.

⁷ Bonus consideration above 12 months base salary has been approved for Vice President Legal and Vice President Corporate Affairs.

Percentages may not add up due to rounding. Due to reporting requirements, the information above can also be found in Note 26 of the Annual Report 2021 (and Appendix 1 to this report) where the different remuneration elements are also shown for 2020. It should also be noted that remuneration for all employees at Lundin Energy is reported in Note 26 of the Annual Report 2021.

Remuneration paid to members of the Board

As in previous years, the Chairman received additional fixed remuneration for work performed outside of the duties of the Board. All other remuneration paid to members of the Board of Directors consisted of the fees for directorship proposed by the Nomination Committee and approved by the 2021 AGM, found in the above table, in Note 26 of the Annual Report 2021 and in Appendix 1 to this report.

How remuneration for the Board of Directors, the CEO, CFO and COO; other members of Group Management; and other employees has changed over time compared to performance

The following table illustrates the changes in remuneration over the past five years:

Percentage increase/decrease in total remuneration received from previous year					
Year	2017	2018	2019	2020	2021
Ian H. Lundin ^{1,2}	1%	-19%	-6%	-13%	24%
Peggy Bruzelius ¹	4%	1%	-4%	-13%	25%
C. Ashley Heppenstall ^{1,3}	525%	27%	-99%	-11%	24%
Lukas H. Lundin ¹	3%	0%	-5%	-12%	24%
Jakob Thomasen ^{1,4}	N/A	114%	5%	-11%	24%
Grace Reksten Skaugen ¹	13%	14%	9%	-12%	24%
Torstein Sanness ^{1,5}	N/A	N/A	94%	-11%	24%
Cecilia Vieweg ¹	3%	3%	-4%	-13%	25%
Adam I. Lundin ⁶	N/A	N/A	N/A	N/A	N/A
Alex Schneider ⁷	120%	18%	32%	18%	-66%
Nick Walker, CEO ⁸	-3%	116%	38%	-16%	14%
Teitur Poulsen, CFO ⁹	N/A	29%	20%	31%	-6%
Daniel Fitzgerald, COO ¹⁰	N/A	N/A	N/A	N/A	N/A
Other Group Management ¹¹	12%	-30%	18%	6%	0%
Average Lundin Energy Employee (excluding Group Management) ¹²	13%	11%	-17%	-7%	18%
Mboepd production ^{13, 17}	45%	-6%	15%	76%	16%
EBITDAX ^{14, 17}	100%	29%	-1%	12%	125%
2P Reserves ^{15, 17}	2%	3%	2%	-3%	-5%
Adjusted net result ^{16, 17}	447%	89%	-15%	11%	184%

¹ Board remuneration is reported on a cash basis. The timing of payment of Board remuneration was changed during 2020 resulting in payment of ten months of Board remuneration during that year.

² The reduction in remuneration for Ian H. Lundin during 2018 related to a decrease in remuneration for work outside the directorship.

³ During 2017 and 2018 the long-term incentive plan that was awarded when C. Ashley Heppenstall was the CEO of the Company vested, as a consequence the percentage decreased in 2019. The amount of the long-term incentive plans mentioned above relates to his previous work as a CEO and does not relate to his work as a Board member

⁴ Jakob Thomasen was appointed Board member during 2017, and therefore only received Board remuneration for part of that year, as a consequence the percentage increased in 2018.

⁵ Torstein Sanness was appointed Board member during 2018, and therefore only received Board remuneration for part of that year, as a consequence the percentage increased in 2019.

⁶ Adam I. Lundin was appointed Board member during 2021 and therefore only received Board remuneration for part of the year.

⁷ No long-term incentive plan vested in 2016 when Alex Schneider was an executive and as a consequence the percentage increased in 2017. The pay-out under the long-term incentive plan increased during 2018 and 2019 compared to the corresponding prior year mainly as a result of an increase in the Lundin Energy share price and decreased in 2020 mainly as a result of a lower share price

for the Lundin Energy share. The Board decided that Alex Schneider on stepping down as President and CEO on 1 January 2021 was eligible for one year's salary notice and one year's salary severance payment, which was included in numbers reported for 2020. The Board further determined that it was reasonable to recognise the excellent performance of Alex Schneider during a year which presented exceptional challenges and awarded short-term variable remuneration beyond 12 months base salary for 2020. In 2021 Alex Schneider became a non-executive Board member and received no fees as he had been paid for notice but did receive proceeds from the 2018 LTIP vesting.

⁸ Nick Walker joined Lundin Energy during 2015 and received his first pay-out under the long-term incentive plan in 2018. The pay-out under the long-term incentive plan increased during 2019 compared to the prior year mainly as a result of an increase in the Lundin Energy share price and decreased in 2020 mainly as a result of a lower share price for the Lundin Energy share. The increase in 2021 reflects Nick Walker being appointed CEO on 1 January 2021.

⁹ Teitur Poulsen was appointed CFO in 2017, for prior years his remuneration is included in Other Group Management. The pay-out under the long-term incentive plan increased during 2018 and 2019 compared to the corresponding prior year mainly as a result of an increase in the Lundin Energy share price and decreased in 2020 mainly as a result of a lower share price for the Lundin Energy share. The Board determined that it was reasonable to recognise the excellent performance of Teitur Poulsen for his efforts in ensuring a successful refinancing of the existing reserve-based lending facility into a new corporate facilities agreement under the challenging circumstances, and awarded short-term variable remuneration beyond 12 months base salary for 2020.

¹⁰ Daniel Fitzgerald joined Lundin Energy and was appointed COO on 1 January 2021.

¹¹ The decrease in 2018 is a result of changes to Group Management in 2017 following the IPC-spin off. The pay-out under the long-term incentive plan increased during 2019 compared to the prior year mainly as a result of an increase in the Lundin Energy share price. During 2021 changes to the composition of Group Management were balanced with changes in remuneration.

¹² The average Lundin Energy employee figure for each year is calculated as the total gross remuneration, divided by the average number of employees for the year. The majority of the employees are employed in Norway and the weakening of the NOK compared to the USD during 2019 and 2020 had a negative impact on the average remuneration during these years when converting to USD. The strengthening of the NOK compared to the USD during 2021 had a positive impact on the average remuneration during 2021 when converted to USD.

¹³ Production measured by thousand barrels of oil equivalent per day ("Mboepd") as reported in the Annual Reports, from continuing operations only.

¹⁴ Earnings before interest, taxes, depreciation and amortisation, equal to operating profit before depletion of oil and gas properties, exploration costs, impairment costs, depreciation of other tangible assets and gain on sale of assets ("EBITDAX"), as reported in the Annual Reports, from continuing operations only.

¹⁵ Proved plus probable reserves ("2P"), as reported in the Annual Reports, from continuing operations only, excluding the impact of asset sales/acquisitions.

¹⁶ The adjusted net result equals the adjusted net result reported in the Annual Reports, from continuing operations only.

¹⁷ On 21 December 2021, Lundin Energy announced that it had entered into an agreement (the transaction) with Aker BP whereby Aker BP will absorb Lundin Energy's E&P business through a cross-border merger in accordance with Norwegian and Swedish law. As a result of the transaction, Lundin Energy's E&P business is reported as discontinued operations in the Annual Report 2021. Since the Company concluded the agreement to sell the E&P Business on 21 December 2021 with only a few days left of 2021, the Company deems it relevant to include the result also from discontinued operations (E&P business) during 2021 for the purposes of measuring performance of the business against remuneration.

Remuneration from other companies within the Group

No additional remuneration was paid in 2021 to the CEO, CFO, COO or any other member of Group Management or the Board by any other company within the Group.

APPENDIX 1: NOTE 26 OF THE ANNUAL REPORT 2021

[Insert Note 26]

APPENDIX 2: THE AUDITOR'S STATEMENT ON THE POLICY ON REMUNERATION

[Insert statement]