

Item 10: Resolution in respect of Board LTIP 2022

The Nomination Committee proposes that the Extraordinary General Meeting resolves to establish a one-off long-term share-related incentive plan in the form of a share option plan for members of the Board of Directors of the Company on the terms and conditions set out below (the “**Board LTIP 2022**”).

Background and purpose

The reason for establishing a one-off long-term share-related incentive plan for the members of the Board of Directors is to align their interests with the interests of the shareholders as well as to provide market appropriate reward for a new business reflecting continuity, commitment and share price appreciation. The Nomination Committee believes that the Board LTIP 2022 will provide the Company with a crucial component to a competitive total compensation package to the members of the Board of Directors who are critical to the Company’s future success after the completion of the combination of the Company’s exploration & production business with Aker BP.

Terms and conditions

The Company will grant options (“**Board Options**”) free of charge to members of the Board of Directors (excluding the Chief Executive Officer) pursuant to the following principles.

1. The Nomination Committee may grant a maximum of 450,000 Board Options to the Chair of the Board of Directors that is proposed to be elected under item 12 of the proposed agenda and a maximum of 225,000 Board Options to the other members of the Board of Directors (excluding the Chief Executive Officer) that are proposed to be elected under item 12 of the proposed agenda (i.e. a maximum of 1,125,000 Board Options in total). The value of the granted Board Options is to correspond to an amount equal to one year of the annual remuneration proposed under item 9 of the proposed agenda as determined using a customary valuation method.
2. Each Board Option shall entitle the holder to purchase one share in the Company subject to the continued engagement as a member of the Board of Directors of the Company. Accordingly, the maximum number of shares available for the participants under the Board LTIP 2022 shall be 1,125,000.
3. The purchase price per share in the Company upon exercise of a Board Option (the “**Exercise Price**”) shall correspond to 120 per cent of the volume weighted average price for the Company’s share on Nasdaq Stockholm during 18–22 July 2022, or a later period of five trading days as determined by the Nomination Committee in the event (a) completion of the combination of the Company’s exploration & production business with Aker BP has not occurred by 18 July 2022 or (b) the volume weighted average price during 18–22 July 2022 is not deemed to be an appropriate Exercise Price due to intervening changes in the Group, the market or otherwise in the industry.
4. Instead of participants purchasing shares by paying the Exercise Price at exercise of the Board Options, the primary settlement method shall be to “net equity settle” the Board Options, meaning that the purchase price for each share shall be equal to the quotient value of the share (currently approximately SEK 0.01 per share) and that the number of shares that may be purchased shall be reduced by applying the following formula:

Adjusted number of shares = ((A minus B) multiplied by D) divided by (A minus C), where:

- A = the volume weighted average price for the Company’s share on Nasdaq Stockholm during the five trading days immediately preceding the date of exercise of the Board Option
- B = the Exercise Price
- C = the quotient value of the Company’s share
- D = the number of Board Options exercised by the participant

Only whole shares (no fractions) may be delivered and the number of shares delivered at net equity settlement shall thus be rounded down to the nearest number of whole shares.

5. In the event a participant cannot exercise its Board Options to purchase shares in the Company under applicable laws or regulations or at reasonable cost or with reasonable administrative effort by the participant or the Company, the Nomination Committee shall have the right to decide to wholly or partly

settle the Board Options in cash. The Nomination Committee shall also have the right to in its own discretion decide that shares and/or cash shall be withheld by the Company in order to cover or facilitate the payment of applicable taxes.

6. The intention is that the Nomination Committee shall resolve to grant Board Options on 1 August 2022, but the Nomination Committee shall be authorised to in its own discretion finally determine the date of grant after the completion of the combination of the Company's exploration & production business with Aker BP taking into account any potential restrictions under applicable laws or regulations. The Board Options shall vest on 31 July 2025 (the "**Vesting Date**"). The three-year period from 1 August 2022 to the Vesting Date is referred to as the "**Vesting Period**". After the end of the Vesting Period, participants shall be entitled to exercise all or part of the Board Options until 31 July 2029.
7. In the event of a change of control of the Company or a direct or indirect sale, transfer or other disposal of all or substantially all of the business and assets, the Vesting Period shall be deemed to have completed and the participants shall be entitled to exercise the Board Options as of the date when the transaction becomes unconditional.
8. Continued engagement as a member of the Board of Directors of the Company during the entire Vesting Period shall be a condition for the Board Options to vest. If the participant's engagement as a member of the Board of Directors of the Company is discontinued after the expiry of the Vesting Period, the participant shall only be entitled to exercise Board Options during a period of six months, which may be reasonably extended taking into account any potential restrictions under applicable laws or regulations. The Nomination Committee shall be authorised to waive and alter these conditions according to circumstances deemed reasonable.
9. In order to further align the interests of the members of Board of Directors with the interests of the shareholders, each participant shall be required to undertake to retain shares received when exercising the Board Options to such an extent that the participant's personal ownership of shares in the Company equals 100 per cent of the participant's regular annual board remuneration (as proposed under item 9 of the proposed agenda).
10. The Nomination Committee shall recalculate the maximum number of shares (per Board Option and in total) and the Exercise Price in the event of intervening rights issues, bonus issues, share splits, reverse share splits, dividends or similar events.
11. The Nomination Committee shall be responsible for the detailed terms and the administration of the Board LTIP 2022 within the scope and framework of this proposal.

Delivery of shares and hedging of costs

In order to secure the delivery of shares to the participants and cover any costs (including taxes and social security charges) at exercise of Board Options under the Board LTIP 2022, the Nomination Committee proposes that the Extraordinary General Meeting resolves to issue up to 1,237,500 warrants of series 2022:1 (see item 11 a) of the proposed agenda).

In the event the nine-tenth (9/10) majority requirement applicable to the Nomination Committee's proposal to issue and transfer warrants of series 2022:1 under item 11 a) of the proposed agenda is not satisfied, the Nomination Committee proposes that the Extraordinary General Meeting resolves that the Nomination Committee shall instruct the Company to hedge its obligations under the Board LTIP 2022 by entering into an equity swap arrangement with a third party, whereby the third party in its own name shall be entitled to acquire and transfer shares (including to the participants) in accordance with the terms and conditions of the Board LTIP 2022 (see item 11 b) of the proposed agenda).

Estimated costs

The Board LTIP 2022 grants participants the right on vesting to purchase shares in the Company for a price equivalent to the Exercise Price. The Board LTIP 2022 will be accounted for in accordance with the accounting standard IFRS 2 and the costs will be charged to the income statement over the period the Board Options are earned.

The maximum cost for granting Board Options under the Board LTIP 2022 (assuming 100 per cent vesting), excluding costs related to delivery of shares and social security charges, is approximately SEK 3.2 million.

Under a scenario where the share price grows by 10 per cent per annum, the maximum cost for social security charges is estimated to be less than SEK 0.1 million if Board Options are exercised on the Vesting Date.

Effects on key figures

The effects on key figures depend on the share price development. Assuming a share price no lower than SEK 7.50; giving an Exercise Price no lower than SEK 9.00 (which includes a 20 per cent premium on the assumed quoted share price); a volatility of 40 per cent; a risk-free rate of 2 per cent; a 0 per cent dividend yield; and exercise after 7 years, the maximum number of shares required under the Board LTIP 2022 amounts to approximately 1.1 million shares in the Company (subject to final determination of the Exercise Price), corresponding to approximately 0.4 per cent of the total number of shares and votes in the Company. If the Exercise Price is set above SEK 9.00, the maximum number of shares will decrease with the expected costs constant, and if the Exercise Price is set below SEK 9.00, the maximum number of shares will be constant with a decrease in expected costs. The Board LTIP 2022 is expected to have only marginal effects on the Company's key figures.

If the Board Options are "net equity settled", the number of shares used can be significantly reduced. Under a scenario where the share price grows by 10 per cent per annum, the use of shares if all Board Options were exercised on vesting just after the end of the Vesting Period would decrease from 0.4 per cent to less than 0.1 per cent and if all Board Options were exercised just before the end of the exercise period on 31 July 2029 to less than 0.2 per cent.

If the warrant settlement method proposed under item 11 a) of the proposed agenda is not approved with the requisite majority and the Company's obligations under the Board LTIP 2022 are settled by way of an equity swap arrangement with a third party, no dilution effect will arise.

Preparation of the proposal

The Board LTIP 2022 has been prepared by the Nomination Committee in consultation with external advisers. The Chairman of the Nomination Committee and proposed member of the Board of Directors Aksel Azrac did not participate in the process.

Other long-term share-related incentive plans for members of the Board of Directors

The Company does not have any outstanding long-term share-related incentive plans for members of the Board of Directors. For information about outstanding programs to employees, please see the corresponding section in the Board of Directors' proposal under item 15 of the proposed agenda.

Conditions

The resolution shall be conditional upon, and take legal effect in connection with, the completion of the combination of the Company's exploration & production business with Aker BP. Completion of the combination is planned to occur on 30 June 2022.

Majority requirement

A resolution in accordance with the Nomination Committee's proposal regarding the establishment of the Board LTIP 2022 requires support from shareholders representing more than half (1/2) of the votes cast at the Extraordinary General Meeting.

A resolution in accordance with the Nomination Committee's proposal regarding the issue and transfer of warrants of series 2022:1 under item 11 a) of the proposed agenda requires support from shareholders representing not less than nine-tenth (9/10) of both the votes cast and the shares represented at the Extraordinary General Meeting. A resolution in accordance with the Nomination Committee's proposal regarding the equity swap arrangement under item 11 b) of the proposed agenda requires support from shareholders representing more than half (1/2) of the votes cast at the Extraordinary General Meeting.

Item 11 a)–b): Resolution in respect of delivery of shares under the Board LTIP 2022 through (a) an issue and transfer of warrants of series 2022:1 or (b) an equity swap arrangement with a third party

Background

Under the Board LTIP 2022 proposed by the Nomination Committee under item 10 of the proposed agenda, the Company has an obligation, subject to certain conditions, to deliver shares in the Company to the participants in the Board LTIP 2022.

In order to secure the Company's obligation to deliver shares and to cover any costs (including taxes and social security charges), the Nomination Committee proposes that the Extraordinary General Meeting resolves to issue and transfer up to 1,237,500 warrants of series 2022:1 on the terms and conditions set out in item 11 a) below. In the event the nine-tenth (9/10) majority requirement applicable to the proposed warrant settlement method is not satisfied, the Nomination Committee proposes that the Extraordinary General Meeting resolves to approve that the Nomination Committee instructs the Company to hedge its obligations under the Board LTIP 2022 by entering into an equity swap arrangement with a third party, whereby the third party in its own name shall be entitled to acquire and transfer shares (including to the participants) on the terms and conditions set out in item 11 b) below.

The Nomination Committee considers the warrant settlement method to be the preferred alternative since the costs for an equity swap arrangement are significantly higher than the costs for issuing and transferring warrants. If the Extraordinary General Meeting resolves to approve the proposed warrant settlement method under item 11 a) below with the requisite majority, the Nomination Committee intends to withdraw its equity swap arrangement proposal under item 11 b) below.

Item 11 a): Resolution in respect of delivery of shares under the Board LTIP 2022 through an issue and transfer of warrants of series 2022:1

In order to secure the Company's obligation to deliver shares under the Board LTIP 2022, the Nomination Committee proposes that the Extraordinary General Meetings resolves to issue and transfer warrants of series 2022:1 in the Company on the following terms and conditions:

1. A maximum of 1,237,500 warrants shall be issued.
2. The right to subscribe for warrants shall, with deviation of the shareholders' preferential rights, rest with the Company itself.
3. The reason for deviating from the shareholders' preferential rights is to secure the Company's obligations to deliver shares and to cover any costs (including taxes and social security charges) under the Board LTIP 2022.
4. Subscription for the warrants shall take place on a separate subscription list not later than 1 August 2022.
5. The warrants shall be issued free of charge.
6. Each warrant shall entitle the holder to subscribe for one new share in the Company. The subscription price for each new share shall be equal to the quotient value of the Company's share.
7. The warrants may be exercised during the period from and including 1 August 2022 up to and including 1 August 2030.
8. The new shares shall carry rights to dividends for the first time on the record date for dividends that occurs after subscription has been effected.
9. The subscription price and the number of shares for which each warrant entitles subscription may be recalculated under certain circumstances as set forth in the complete terms and conditions for the warrants.
10. Upon exercise of all 1,237,500 warrants, the Company's share capital will increase by SEK 15,056.10 (based on a quotient value of approximately SEK 0.01). If the subscription price exceeds the quotient value of the shares, the excess amount shall be allotted to the non-restricted statutory reserve (*Sw. den fria överkursfonden*).
11. The Company may transfer up to 1,237,500 warrants (a) free of charge to participants (and/or a designated third party) for the purpose of enabling the delivery of shares in the Company at exercise of Board Options under the Board LTIP 2022 and (b) at a price equal to the fair market value of the warrants as determined using a customary valuation method to a designated third party for the purpose of covering any costs (including taxes and social security charges) at exercise of Board Options under the Board LTIP 2022.

The complete terms and conditions for the warrants of series 2022:1, a transcript of the Company's Articles of Association and documents prepared pursuant to Chapter 14, section 8 of the Swedish Companies Act will be

available at the Company and on the Company' website, www.lundin-energy.com, not later than three weeks prior to the Extraordinary General Meeting.

The resolution shall be conditional upon, and take legal effect in connection with, the completion of the combination of the Company's exploration & production business with Aker BP. Completion of the combination is planned to occur on 30 June 2022. The resolution shall also be conditional upon that the Extraordinary General Meeting resolves to establish the Board LTIP 2022 in accordance with the Nomination Committee's proposal under item 10 of the proposed agenda.

A resolution in accordance with the Nomination Committee's proposal requires support from shareholders representing not less than nine-tenth (9/10) of both the votes cast and the shares represented at the Extraordinary General Meeting.

Item 11 b): Resolution in respect of delivery of shares under the Board LTIP 2022 through an equity swap arrangement with a third party

The Nomination Committee proposes that the Extraordinary General Meetings resolves to approve that the Nomination Committee instructs the Company's to hedge its obligations under the Board LTIP 2022 by entering into an equity swap arrangement with a third party, whereby the third party in its own name shall be entitled to acquire and transfer shares (including to the participants) in accordance with the terms and conditions of the Board LTIP 2022.

The resolution shall be conditional upon, and take legal effect in connection with, the completion of the combination of the Company's exploration & production business with Aker BP. Completion of the combination is planned to occur on 30 June 2022. The resolution shall also be conditional upon that the Extraordinary General Meeting resolves to establish the Board LTIP 2022 in accordance with the Nomination Committee's proposal under item 10 of the proposed agenda.

A resolution in accordance with the Nomination Committee's proposal requires support from shareholders representing more than half (1/2) of the votes cast at the Extraordinary General Meeting.