

## **The Board of Directors' recommendations regarding shareholder proposals of Mr. Egbert Wesselink**

**27 February 2020**

The Board of Directors of Lundin Petroleum AB (“**Lundin Petroleum**” or the “**Company**”) has received two shareholder proposals (the “**Proposals**”) from Mr. Egbert Wesselink for Lundin Petroleum’s Annual General Meeting (“**AGM**”) to be held on 31 March 2020.

Mr. Wesselink has previously presented proposals to the 2012, 2013, 2017 and 2019 AGMs. All of these previous proposals, which also related to the Company’s past operations in Sudan during 1997-2003, were rejected by the Lundin Petroleum shareholders at the requisite AGMs.

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

### **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT LUNDIN PETROLEUM SHAREHOLDERS VOTE AGAINST THESE PROPOSALS AT THE LUNDIN PETROLEUM AGM TO BE HELD ON 31 MARCH 2020.**

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 in unverified NGO reports, is out of the Company’s control to resolve unilaterally. Despite over ten 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 defense of the Company and the representatives is intricately 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 Petroleum and its predecessors in Sudan. The Board of Directors is of the view that there are no grounds for any

allegations of wrongdoing against the Company or any representative of Lundin Petroleum. Lundin Petroleum has always been an advocate for peace by peaceful means in Sudan. It remains the Board of Directors' belief that Lundin Petroleum's presence in Block 5A contributed to improving living conditions in the region through its infrastructure investment, community development and humanitarian assistance.

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

Lundin Petroleum 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 Petroleum 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 request the Company to disclose a wide range of details concerning its defence in relation to the preliminary investigation. The Board of Directors considers that the Proposals are driven, not by a genuine interest of wider shareholders' needs, but by Mr. Wesselink's direct and personal involvement in the allegations and preliminary investigation against the Company and its representatives. On the three main elements of the Proposal, the Board of Director's view is as follows:

- i. 'Recoupment Policy' - The Company's Policy on Remuneration is fully in line with all applicable rules and requirements and best industry practice, and customary claw-back provisions may be applied by the Board of Directors. Shareholders have the opportunity to discuss and vote on the Policy on Remuneration at each AGM and have done so consistently.
- 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 less than 1 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 Petroleum's favour, as is allowed under Swedish law.
- iii. 'Risk Assessment' - The Board of Directors oversees all Operational, Financial and Strategic Risks, including those linked to this legal process. The Board of Directors has a robust process in place to review and analyse these risks on behalf of all shareholders and reports on these yearly in the Annual Report to shareholders.

**THE BOARD OF DIRECTORS OF LUNDIN PETROLEUM 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 PETROLEUM SHAREHOLDERS VOTE AGAINST THESE PROPOSALS AT THE LUNDIN PETROLEUM AGM ON 31 MARCH 2020.**