

The Board of Directors' report on the evaluation of remuneration of Group Management of Lundin Petroleum

Lundin Petroleum's principles for remuneration of Group Management are established in the Policy on Remuneration that is approved each year by the Annual General Meeting ("AGM"). The Policy on Remuneration provides that Lundin Petroleum's goal is to recruit, motivate and retain high calibre executives capable of achieving the objectives of Lundin Petroleum, and to encourage and appropriately reward performance that enhances shareholder value. The Policy on Remuneration operates to ensure that there is a clear link to business strategy and a close alignment with shareholder interests and current best practice, and aims to ensure that Group Management is rewarded fairly for its contribution to Lundin Petroleum's performance. To monitor and evaluate this, the Board of Directors has established the Compensation Committee.

Compensation Committee

The functions of the Compensation Committee include to receive information and prepare the Board of Directors' and the AGM's decisions on issues concerning the Policy on Remuneration and compensation of Group Management of Lundin Petroleum. The objective of the Committee in determining compensation for Group Management is to provide a compensation package that is competitive and motivating, will attract and retain qualified individuals and will encourage and promote performance while maintaining a high level of corporate social responsibility. The Committee regularly evaluates the terms of employment of Group Management, taking into account individual performance, responsibilities, length of service and levels of compensation provided by industry companies.

The Compensation Committee is composed of three non-executive Directors and the members during 2018 were Cecilia Vieweg, Chair of the Committee, Ian H. Lundin and Grace Reksten Skaugen. The Compensation Committee held five formal meetings in 2018 and had working sessions and regular contacts in between the meetings regarding the work of the Committee.

Evaluation of remuneration of Group Management in 2018

In accordance with the Swedish Code of Corporate Governance, during 2018, the Compensation Committee monitored and evaluated Lundin Petroleum's current 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 Petroleum's goals.

In addition, the Compensation Committee monitored and evaluated the application of the Policy on Remuneration that was adopted by the 2017 and 2018 AGMs. Following its evaluation, the Compensation Committee concluded that the Company's Policies on Remuneration were properly applied in 2018.

The external auditor of the Company has also issued a report to the 2019 AGM stating that the Board of Directors and the Chief Executive Officer of Lundin Petroleum have during 2018 complied with the Policy on Remuneration as adopted at the 2017 and 2018 AGMs.

February 2019
The Board of Directors of Lundin Petroleum AB (publ)