

## **Report and Proposals of Lundin Energy AB's Nomination Committee for the Extraordinary General Meeting of Shareholders on 16 June 2022**

The Nomination Committee of Lundin Energy AB (publ) (hereinafter “Lundin Energy” or the “Company”) submits the following report for the Extraordinary General Meeting of Lundin Energy to be held on 16 June 2022 (“EGM”). The Extraordinary General Meeting will be held as a virtual meeting combined with an option to vote by post in advance of the Extraordinary General Meeting in accordance with the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations.

### **1. The announced Lundin Energy – Aker BP Combination Proposal**

The Nomination Committee refers to the transaction announced on 21 December 2021 whereby Aker BP will absorb Lundin Energy’s exploration and production (E&P) business through a cross-border merger in accordance with Norwegian and Swedish law, in return for cash and shares in Aker BP (the “Transaction”).

As a result of the Transaction, the Company will retain its renewables business and will remain listed on Nasdaq Stockholm. The Company will be renamed Orrön Energy AB (publ) and its Board of Directors will be adapted to the scope and size of the renewables business, and the Nomination Committee herewith presents its complete recommendations to the EGM in respect of the proposed new Board of Directors, as initially made public by the Company on 7 March 2022, with the support of the Nomination Committee, and related matters.

The recommendations herein are intended to take effect upon completion of the Transaction, which is expected to occur on 30 June 2022.

### **2. The work of the Nomination Committee**

The Nomination Committee held two meetings in relation to the EGM recommendations and had several informal contacts between the meetings.

In the course of its work, the Nomination Committee applied the diversity policy as set out in rule 4.1 of the Code: *“The board is to have a composition appropriate to the company’s operations, phase of development and other relevant circumstances. The board members elected by the shareholders’ meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for gender balance on the board.”*

The Nomination Committee believes that it is necessary to assess the breadth and versatility of the Board of Directors. As part of that assessment, the Committee discussed in detail the composition and qualifications of the proposed Board members and considered and discussed the desired attributes, including considerations of qualifications, experience and gender distribution, in relation to the new focus of the Company within the renewables and energy transition sector.

### **3. Election of Chairman for the EGM**

The Nomination Committee proposes that Klaes Edhall, a member of the Swedish Bar Association, be appointed as the Chairman of the EGM, or, if he is absent, any other person appointed by the Nomination Committee. Klaes Edhall served as the Chairman of the Company’s 2014 to 2022 Annual General

Meetings, as well as several Extraordinary General Meetings, and has also served as the Chairman at the Annual General Meetings of several other listed Swedish companies.

## **4. Reasoned statement regarding the proposal for election of the Board of Directors**

### **4.1 Number of Board members**

The Nomination Committee proposes that five members of the Board of Directors be elected at the EGM, considering the reduced scope and size of the Company's renewables business following completion of the Transaction.

### **4.2 Proposed Board members**

The Nomination Committee proposes the re-election of C. Ashley Heppenstall, Grace Reksten Skaugen and Jakob Thomasen, and the election of Aksel Azrac and Daniel Fitzgerald, for a term until the 2023 Annual General Meeting, and that no deputy members are elected. The Nomination Committee further proposes the election of Grace Reksten Skaugen as Chair of the Board of Directors.

### **4.3 Qualifications of Board members**

It is the opinion of the Nomination Committee that, taking into consideration the Company's planned future business and operations, and the economic and financial circumstances generally in which the Company will operate, the proposed Board of Directors is composed of a broad and versatile group of knowledgeable and skilled individuals who are motivated and prepared to undertake the tasks required of the Board of Directors in today's business environment. The proposed members possess, in the opinion of the Committee, substantial expertise and experience and in addition, the proposed Board of Directors will fulfil the requirements regarding independence in relation to the Company, Group management and the Company's major shareholders (see further below). Such expertise and experience relates to the Company's future core area of operation, public company financial matters, Swedish practice and compliance matters, sustainability matters, corporate responsibility and health, safety and the environment.

The Board members proposed for re-election are all highly experienced professionals who, in addition, have overseen the acquisitions and operations of the Company's renewable asset portfolio, and thus possess valuable experience regarding the Company's future core business. As previous Board members of the Company, they are also familiar with the Sudan case, which is considered to be important and beneficial to ensure continuity in the due handling of the matter.

The new proposed Board member Aksel Azrac is a Swiss national and has a degree in Engineering from Ecole Polytechnique de Lausanne (EPFL), and in Business Administration from L'École des Hautes Etudes Commerciales at the University of Lausanne. Mr. Azrac is a Co-Founder and Partner of 1875 Finance family office in Geneva, Switzerland, which provides services to the Lundin family. Mr. Azrac previous experience includes working at Baumgartner Papier, where he was in charge of auditing and consulting services, and at Paribas bank, where he managed two funds, and at Ferrier Lullin & Cie bank as portfolio manager for Swiss and foreign private client portfolios.

The new proposed Board member Daniel Fitzgerald is an Australian national and the Company's current Chief Operating Officer since January 2021, and intended Chief Executive Officer as of completion of the Transaction. Mr. Fitzgerald holds a degree in Chemical Engineering from the University of New South Wales, Sydney and previously worked for Shell's upstream business based in the UK, in offshore and

onshore operational and management roles, and as the Company's Group Operations Manager, and as Chief Operating Officer of International Petroleum Corporation, which was spun-off from the Company in 2017.

If the Committee's proposal regarding the composition of the Board of Directors is accepted by the EGM, the Board of Directors will consist of five members, out of which one women, i.e. 20 percent of the Board members will be women. Whilst the percentage of women on the proposed Board is lower than the recommendation of the Swedish Corporate Governance Board, the Nomination Committee considers that the skills and broad experience of the Board members should be weighed against the recommendation. The Nomination Committee however supports the ambition of the Swedish Corporate Governance Board regarding levels and timing of achieving gender balance and believes that it is important to continue to strive for gender balance when future changes in the composition of the Board of Directors are considered. Further information regarding the proposed members of the Board of Directors is included in [Annex 1](#).

## **5 Remuneration of the members of the Board of Directors, the Chair of the Board of Directors and remuneration for Committee work**

### **5.1 Board fees**

The Nomination Committee considered the fees to be paid to the members of the Board of Directors, including in respect of Board Committee work, and to the Chair of the Board of Directors. The Nomination Committee noted that the Company intends to have two Board Committees, being the Compensation Committee and the Audit Committee.

The Nomination Committee considers that the Company is in essence a new company following the completion of the Transaction given the significantly reduced scope of the business and entirely new focus into renewables and the energy transition. The Nomination Committee further notes that the current Board fees have been considered to be below market levels for some time, and have not been increased for several years considering the Covid-19 pandemic and most recently, the Transaction. The Board fees will further be a smaller cost to the Company overall due to the halved size of the Board of Directors. Given the early stage of the Company, with a strong focus on value creation and growth, it is also expected that the future workload will remain at a high level. The Nomination Committee also considers it essential that the fees remain at a level that ensures continuity with respect to the renewables business and the Sudan case, and therefore, the current Board fees are proposed to remain unchanged. However, given that the scope of Committee is expected to be reduced given the smaller scope of the business, the Nomination Committee believes that such fees should be reduced.

In-light of the fact that the Company's business will in the future be EUR denominated, the Nomination Committee considers it rational that Board and Committee fees be also EUR denominated to achieve alignment with the Company's business.

The Nomination Committee therefore proposes that the remuneration of the members of the Board of Directors, the Chair of the Board of Directors and fees for Committee work and Committee Chairs, be as follows (on a full year basis):

- (i) annual fees of the members of the Board of Directors of EUR 60,000 (excluding the Chair of the Board of Directors and the Chief Executive Officer);
- (ii) annual fees of the Chair of the Board of Directors of EUR 120,000;

- (iii) annual fees for Committee members of EUR 5,000 per Committee assignment (other than Committee Chairs); and
- (iv) annual fees for Committee Chairs of EUR 10,000.

The total remuneration for Committee work, including remuneration to Committee Chairs, thus amounts to EUR 40,000 based on the proposed composition of the Committees. The Nomination Committee considers that it should be possible to elect further Committee members and the total annual remuneration for Committee work shall therefore not exceed EUR 50,000, corresponding to remuneration for two additional Committee members.

## **5.2 Long-term Incentive Plan**

The Nomination Committee discussed the importance of retaining the current Board members to provide continued support to the Company in the initial growth phase, and to continue to oversee and duly attend to the Sudan case, to contribute to the long-term value creation in the Company.

Under such circumstances, the Nomination Committee considered that it would be in the best interests of the shareholders to implement a one-off long-term incentive plan for Board members, which will also create a shared interest between the Board of Directors and the shareholders, whilst providing market appropriate reward reflecting responsibilities, commitment and share price appreciation. The Nomination Committee believes that a one-off long-term incentive plan for Board members will provide the Company with a crucial component to a competitive total compensation package to retain the members of the Board of Directors who are critical to the Company's future success after the completion of the Transaction.

The key components of the proposed long-term incentive plan are as follows (full proposal is included in [Annex 2](#)):

- A one-off share option award with a three year vesting period and a four year exercise period following vesting
- Grants equal to one year Chair and Board member fees, respectively (excluding Committee fees)
- Purchase price per share upon exercise 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 E&P 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
- Subject to the continued engagement as a member of the Board of Directors of the Company

The Nomination Committee notes that the Board of Directors is also proposing a long-term incentive plan for Company management and other employees and confirms that the proposal of the Nomination Committee has been independently prepared by the Nomination Committee, in consultation with external advisers. The proposed Board member and Nomination Committee Chair Aksel Azrac has not participated in the process regarding the proposed long-term incentive plan for Board members.

## **6. Independence of the members of the Board of Directors**

According to the Code, a majority of the members of the Board of Directors elected by the shareholders' meeting are to be independent of the Company and Group management. In addition, at least two of the members of the Board of Directors who are independent of the Company and Group management are also to be independent of the Company's major shareholders.

It is the opinion of the Nomination Committee that all of the proposed members of the Board of Directors, with the exception of the intended Chief Executive Officer Daniel Fitzgerald, shall be considered independent of the Company and Group management.

With respect to independence of the Company's major shareholders, it is the opinion of the Nomination Committee that Aksel Azrac, who through Finance 1875 provides family office services to the Lundin family, is not independent. It is the opinion of the Nomination Committee that C. Ashley Heppenstall, Grace Reksten Skaugen, Jakob Thomasen and Daniel Fitzgerald are independent of the Company's major shareholders.

## **7. Nomination Committee Process**

The Nomination Committee reviewed the Nomination Committee Process approved at the 2020 AGM and concluded that a change in the determining point in time for shareholding for appointment of Nomination Committee members from 1 June to 1 August shall be proposed to facilitate the formation and work of the Nomination Committee after the completion of the Transaction. The Nomination Committee therefore proposes an up-dated Nomination Committee Process for approval at the EGM, as included in Annex 3 and Annex 4 (mark-up), to be adopted as the Company's nomination procedure generally for all General Meetings, until recommended to be amended or replaced by a future General Meeting.

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## **The Nomination Committee's complete proposal for resolutions by the Extraordinary General Meeting of Lundin Energy AB (publ) on 16 June 2022**

- Advokat Klaes Edhall to be appointed as Chairman of the Extraordinary General Meeting, or, if he is absent, any other person appointed by the Nomination Committee.
- Five members of the Board of Directors to be appointed without deputy members.
- Remuneration of the members of the Board of Directors and the Chair of the Board of Directors, including in respect of Committee membership, to be as follows: (i) annual fees of the members of the Board of Directors of EUR 60,000 (excluding the Chair of the Board of Directors and the Chief Executive Officer); (ii) annual fees of the Chair of the Board of Directors of EUR 120,000; (iii) annual fees for Committee members of EUR 5,000 per Committee assignment (other than Committee Chairs); (iv) annual fees for Committee Chairs of EUR 10,000; with the total fees for Committee work, including Committee Chairs, not to exceed EUR 50,000.
- Implementation of a one-off long-term incentive plan for Board members, as detailed in [Annex 2](#).
- Re-election of C. Ashley Heppenstall, Grace Reksten Skaugen and Jakob Thomasen and election of Aksel Azrac and Daniel Fitzgerald as members of the Board of Directors for a term until the end of the 2023 Annual General Meeting.
- Election of Grace Reksten Skaugen as Chair of the Board of Directors.
- The Nomination Committee Process for future Annual General Meetings shall follow the Nomination Committee Process in [Annex 3](#).

Stockholm, May 2022

Aksel Azrac  
Chairman

Oskar Börjesson

Ian H. Lundin

<b>Board of Directors:</b>	<b>C. Ashley Heppenstall</b>	<b>Grace Reksten Skaugen</b>	<b>Jakob Thomasen</b>	<b>Aksel Azrac</b>	<b>Daniel Fitzgerald</b>
<b>Function</b>	Director Elected 2001 Born 1962 Audit Committee member	Director Elected 2015 Born 1953 Sustainability Committee chair Compensation Committee member	Director Elected 2017 Born 1962 Audit Committee member Sustainability Committee member	Proposed Director Born 1971	Proposed Director Born 1982
<b>Education</b>	B.Sc. Mathematics from the University of Durham.	MBA from the BI Norwegian School of Management, Ph.D. Laser Physics and B.Sc. Honours Physics from Imperial College of Science and Technology at the University of London.	Graduate of the University of Copenhagen, Denmark, M.Sc. in Geoscience and completed the Advanced Strategic Management programme at IMD, Switzerland.	Engineering from École Polytechnique Fédérale de Lausanne (EPFL) and business administration from HEC Lausanne.	Chemical Engineering from the University of New South Wales, Sydney.
<b>Experience</b>	Various positions within Lundin related companies since 1993. CFO of Lundin Oil AB 1998–2001. CFO of Lundin Energy 2001–2002. CEO of Lundin Energy 2002–2015.	Former Director of Corporate Finance with SEB Enskilda Securities in Oslo. Board member/deputy chair of Statoil ASA 2002–2015. Member of HSBC European Senior Advisory Council.	Former CEO of Maersk Oil and a member of the Executive Board of the Maersk Group 2009–2016.	Formerly in charge of auditing and consulting services at Baumgartner Papier. Manager of two funds at Paribas bank. Portfolio manager of Swiss and foreign private client portfolios at Ferrier Lullin & Cie SA. Co-founder and partner of 1875 Finance.	Group Operations manager of Lundin Energy 2014-2017. COO of International Petroleum Corporation 2017-2020. COO of Lundin Energy since 2021.
<b>Other board duties</b>	Chairman of the board of International Petroleum Corp. and member of the board of Lundin Gold Inc. and Lundin Mining Corp.	Member of the board of Investor AB, Euronav NV and PJT Partners, founder and board member of the Norwegian Institute of Directors, trustee and council member of the International Institute for Strategic Studies in London.	Chairman of the DHI Group, ESVAGT, RelyOn Nutec and Hovedstadens Letbane.	Chair of Etrion Corp., board member and member of the investment committee of Adolf H Lundin Charitable Foundation.	-
<b>Shares as at 31 December 2021</b>	Nil <sup>1</sup>	6,000	8,820	Nil	Nil
<b>Independent of the Company and Group management</b>	Yes	Yes	Yes	Yes	No <sup>3</sup>
<b>Independent of major shareholders</b>	Yes	Yes	Yes	No <sup>2</sup>	Yes

1 C. Ashley Heppenstall holds 1,142,618 shares in Lundin Energy AB through an investment company, Rojafi.

2 Aksel Azrac, is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholder since he is a partner of 1875 Finance that provides family office services to the Lundin family.

3 Daniel Fitzgerald is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he is the current COO of Lundin Energy and is proposed to be elected as the CEO of Lundin Energy, after completion of the Transaction.

### 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](http://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.

## **NOMINATION COMMITTEE PROCESS**

### **1. General**

- 1.1 As per the Swedish Code of Corporate Governance (Code of Governance), the Company shall each year appoint a Nomination Committee which shall have as its sole task to propose decisions to the Annual General Meeting (AGM) on electoral and remuneration issues, and procedural issue for the appointment of the Nomination Committee for the following year.
- 1.2 The AGM shall either appoint the members of the Nomination Committee or specify how they are to be appointed. This Nomination Committee Process shall apply as the Company's nomination procedure generally for all AGMs, until recommended to be amended or replaced by a future Nomination Committee, to specify how the Nomination Committee is to be appointed and to instruct the Nomination Committee on how it is to conduct its work.
- 1.3 References herein to AGMs shall apply *mutatis mutandis* to Extraordinary General Meetings where elections of the Board of Directors and/or the auditor are to take place.

### **2. Appointment of the Nomination Committee**

- 2.1 The Chair of the Board of Directors shall invite three of the larger shareholders of the Company based on shareholdings as per 1 August of each year, provided such larger shareholders agree to participate, to form a Nomination Committee for the AGM of the following year. The Chair of the Board of Directors shall also be a member of the Nomination Committee. External members not appointed by a larger shareholder may also be invited to join the Nomination Committee to assist in and facilitate the work of the Nomination Committee.
- 2.2 The names of the members of the Nomination Committee shall be published on the Company's website no later than six months prior to the AGM of the following year. The names of the shareholders that the members were appointed by, if applicable, shall be included in the announcement, as well as information on how shareholders may submit recommendations to the Nomination Committee.
- 2.3 The mandate period of a Nomination Committee commences on the date its composition has been published as per article 2.2 and continues until the publication of the composition of the Nomination Committee for the following AGM.
- 2.4 The Chair of the Board of Directors shall convene the first meeting of each Nomination Committee, which is to be held in good time before the announcement of the composition of the Nomination Committee as per article 2.2. The Nomination Committee shall appoint a Chair at the first meeting.
- 2.5 If the shareholding in the Company changes significantly before the Nomination Committee's work has been completed, or if a member leaves the Nomination Committee before its work has been completed, a change in the composition of the Nomination Committee may take place. If the Nomination Committee then consists of appointees of less than three of the larger shareholders of the Company, the Chair of the Board shall, with the aim to increase the number of members to three, invite another larger shareholder to join the Nomination Committee. If a member ceases to be connected to a larger shareholder, due to termination of employment or similar, that larger shareholder may appoint another person to replace such member of the Nomination Committee. Information about changes to the composition of the Nomination Committee, as well as information about new members and the larger shareholders that they were appointed by, if applicable, shall be published on the Company's website as soon as possible after a change has occurred.

### **3. Duties of the Nomination Committee**

- 3.1 The Nomination Committee shall prepare proposals for the following resolutions to the AGM:
- (i) Chair of the AGM;
  - (ii) number of members of the Board of Directors;
  - (iii) members of the Board of Directors;
  - (iv) Chair of the Board of Directors;

- (v) remuneration of the members of the Board of Directors, distinguishing between the Chair and other members and remuneration for Board Committee work;
  - (vi) election of auditor of the Company;
  - (vii) remuneration of the Company's auditor; and
  - (viii) Nomination Committee Process (in case of amendment).
- 3.2 The proposals of the Nomination Committee shall be presented to the Company in a written report in general at least eight weeks before the AGM to ensure the proposals can be duly included in the notice of the AGM. The Nomination Committee report shall in addition be posted on the Company's website at the same time as the notice of the AGM is issued.
- 3.3 As a basis for its proposals regarding the members of the Board of Directors, the Nomination Committee shall consider the requirements set forth in the Code of Governance to ensure that the Company's Board of Directors has a size and composition that enables it to manage the Company's affairs efficiently and with integrity.
- 3.4 In its written report, the Nomination Committee shall include a description of its work and considerations, as well as explanations regarding its proposals, in particular in respect of the following requirements regarding the composition of the Board of Directors:
- (i) candidates' age, principal education and work experience;
  - (ii) any work performed by the candidates for the Company and other significant professional commitments;
  - (iii) candidates' holdings of shares and other financial instruments in the Company and any such holdings owned by candidates' related natural or legal persons;
  - (iv) whether the Nomination Committee deems the candidates to be independent of the Company and Group Management, as well as of major shareholders of the Company;
  - (v) in case of re-election, the year that the candidates were first elected to the Board of Directors; and
  - (vi) other information that could be of importance to shareholders to assess the candidates' expertise and independence.
- 3.5 If an election for auditor shall take place at the AGM, the proposal of the Nomination Committee shall be based on a report to be prepared by the Company's Audit Committee, which report shall include an assessment of the independence and impartiality of the proposed auditor, as well as of the implications of services provided to the Company by the proposed auditor outside the scope of general audit work, if applicable.
- 3.6 The Nomination Committee shall at each AGM give an account of its work and present its proposals for resolutions at the AGM. All members of the Nomination Committee shall endeavour to be present at each AGM.
- 4. Meetings of the Nomination Committee**
- 4.1 The Nomination Committee shall meet as often as is required for the performance of its duties. A notice of a meeting shall be circulated by the Chair of the Nomination Committee in good time before each meeting, except as provided in article 2.4 in respect of the first meeting of each Nomination Committee. Any member of the Nomination Committee may reasonably request at any time during the mandate period that a meeting be convened and the Chair shall comply with such reasonable requests.
- 4.2 The Nomination Committee shall be quorate if more than half of the members are present.
- 4.3 The Nomination Committee shall endeavour to reach unanimous decisions in all matters to be proposed to the AGM. If a unanimous decision cannot be reached, the Nomination Committee shall present to the AGM the proposals approved by a majority of the members of the Nomination Committee and dissenting members may present their own proposals individually or jointly with other members of the Committee.

- 4.4 Meetings of the Nomination Committee shall be minuted and the minutes shall be signed by the person keeping the minutes and shall be attested by the Chair and another member appointed by the Nomination Committee. If the Chair has been assigned to keep the minutes, the minutes shall be attested by two other members appointed by the Nomination Committee.
- 5. Other**
- 5.1 All information which is provided to the members of the Nomination Committee by the Company and/or candidates, or which information the Nomination Committee members otherwise receive within the scope of their duties as Nomination Committee members, shall be treated as confidential and may not be disclosed to third parties without the prior approval of the Company.
- 5.2 No remuneration shall be paid to the members of the Nomination Committee. The Company may however cover reasonable out of pocket expenses that the members may occur in relation to work performed for the Nomination Committee.
- 5.3 The Nomination Committee shall yearly assess this Nomination Committee Process and shall propose changes to it to the AGM, as appropriate.

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