

# Tethys Oil Corporate Governance Report 2021





# Corporate Governance Report 2021

Corporate Governance practices refer to the decision-making systems through which owners, directly or indirectly, control a company. Tethys Oil is a publicly traded company listed on Nasdaq Stockholm, Mid Cap. Tethys Oil adheres to the Swedish Code of Corporate Governance (“the Code”). The Code is published on [www.bolagsstyrning.se](http://www.bolagsstyrning.se), where a description of the Swedish Corporate Governance model can be found. This Corporate Governance Report 2021 is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Tethys Oil has conducted its corporate governance activities during 2021. Tethys Oil does not report any deviations from the Code, Nasdaq Stockholm’s rule book for issuers, recommendations from the Swedish Securities Council, decisions from Disciplinary Committee at Nasdaq Stockholm or statements from the Swedish Securities Council. The report has been examined by the Company’s auditors, please see page 34.

## External and internal framework for governance in Tethys Oil

### External:

- Swedish Companies Act
- Accounting legislation (eg Swedish Book-keeping Act, Swedish Annual Accounts Act and IFRS)
- Nasdaq Stockholm’s rule book for issuers
- Swedish Code of Corporate Governance

### Internal:

- Articles of Association
- Board instructions, rules of procedure
- Internal control framework with Code of Conduct, policies etc.

## Shareholders

Tethys Oil’s shares are traded on Nasdaq Stockholm. At year-end 2021 the share capital amounted to SEK 6,050,862, represented by 33,056,608 shares, each with a par value of SEK 0.18. All shares represent one vote each. At 31 December 2021, the number of shareholders was 7,218 (9,666).

Of the total number of shares, foreign shareholders accounted for approximately 61 percent. Lansdowne Partners Austria is the only shareholder with a holding in

excess of 10 percent of shares and votes, with a holding of 3,633,699 shares representing 11.0 percent of shares and votes.

Tethys Oil’s holding of its own shares, amounted to 474,673 shares.

For further information on share, share capital development and shareholders, see pages 23–26 and Tethys Oil’s website.

## Annual General Meeting

The Annual General Meeting (“AGM”) must be held within six months of the close of the fiscal year. All shareholders who are listed in the share register on the record date and who have notified the Company of their participation in due time are entitled to participate at the AGM. The AGM was held in Stockholm on 19 May 2021. 114 shareholders were represented at the AGM, representing 35 percent of the votes and share capital in the Company. In order to safeguard the health of shareholders and personnel, the AGM was conducted with precautionary measures in accordance with the special implementing regulations due to Covid-19 which were introduced in the Code during the year 2021. The resolutions passed by the meeting included the following:

- Adoption of the income statements and balance sheets for 2020 and discharge of liability for the Board of Directors and the Managing Director;
- Re-election of Robert Anderson, Alexandra Herger, Magnus Nordin, Per Seime and Klas Brand. Per Seime was elected Chairman of the Board.
- Remuneration of the members of the Board of Directors and the chairman of the Board of Directors, including Board committee membership, to be as follows: (i) annual fees of the members of the Board of Directors of SEK 330,000 (excluding the Managing Director); (ii) annual fees of the chairman of the Board of Directors of SEK 700,000; (iii) annual fees to committee members of SEK 35,000 per committee assignment, annual fees for the chairmen of the Remuneration Committee and the Technical Committee of SEK 65,000 each, annual fee for the chairman of the Audit Committee of SEK 90,000, unless

the committee is chaired by the chairman of the Board of Directors in which case the annual fee is SEK 65,000. The total fees for committee work, including committee chairmen fees, shall not exceed SEK 360,000;

- Re-election of PricewaterhouseCoopers AB as auditors with authorised public accountant Johan Malmqvist as the auditor in charge. Auditors will be paid as invoices are approved;
- Guidelines for compensation of senior executives;
- Payment of a dividend of SEK 2.00 per share to the Company’s shareholders to be paid in May 2021 with record date 20 May 2021;
- An extraordinary distribution of SEK 2.00 per outstanding share through a share split, a reduction of the share capital with redemption of shares from the share split and an increase of the share capital by way of a bonus issue. The record date for the share split is 26 May 2021;
- To effect a reduction of the share capital with redemption of shares held by the company and an increase of the share capital by way of a bonus issue equalling the amount of the reduced share capital.
- Approval of an incentive programme as part of the remuneration package to employees. Issuance of 200,000 warrants where each warrant is entitled to subscription to one new share in Tethys Oil during the period 12 June 2024 up to and including 4 October 2024. Subscription price for the warrants is SEK 76.00 per share;
- Authorisation for the Board to resolve on repurchasing own shares, up until the AGM 2022, up to but not more than one-tenth of all outstanding shares and to resolve on transfer of own shares;
- Rules for the appointment and work of the nomination committee;
- Authorisation for the Board to resolve to issue new shares or convertibles with consideration in cash and, in kind or by set-off and with the right to deviate from the shareholders’ preferential rights up to but not more than one-tenth of all outstanding shares, to enable the Company to facilitate the raising of capital for acquisitions and the Company’s operations;

- Amendment of the Articles of Association to reduce the minimum and maximum number of shares and make certain other formal changes;

The minutes recorded at the AGM can be found at Tethys Oil's website, [www.tethysoil.com](http://www.tethysoil.com).

The Annual General Meeting 2022 is scheduled to be held in Stockholm on 18 May 2022 at CEST 15:00. The meeting will be held with the physical presence of shareholders, representatives or third parties.

### Nomination process

In accordance with the Nomination Committee process approved by the AGM 2021, the Nomination Committee for the AGM 2022 consists of members appointed by three of the largest shareholders of the Company based on shareholdings as per 30 September 2021 and the chairman of the Board. The names of the members of the Nomination Committee were announced and posted on the Company's website on 16 November 2021.

The Nomination Committee for the AGM 2022 has held four meetings during its mandate and informal contacts have taken place between such meetings. Viktor Modigh was at the first meeting appointed Chairman of the Nomination Committee. The Nomination Committee report, including the final proposals to the AGM 2022, will be published on the Company's website together with the notice of the AGM. The Nomination Committee's assignment is to produce proposals for the following matters, which will be presented to the AGM for resolution:

- Number of directors of the board;
- Remuneration to the Chairman of the Board of Directors, the other directors of the board and the auditors respectively;
- Remuneration, if any, for committee work;
- Composition of the Board of Directors;
- Chairman of the Board of Directors;
- Resolution regarding the process of the Nomination Committee 2023;

- Chairman at the annual general meeting; and
- Election of auditors.

The work of the Nomination Committee included evaluation of the Board's work, competence and composition, as well as the independence of the members. The Nomination Committee also considered other criteria such as the background and experience and has also taken part in the Board evaluation. Further, the Nomination Committee has considered the Company's Board Diversity policy in its proposal for Board members. The Board diversity policy is available on the Company's website.

The Nomination Committee for the AGM 2022 consisted of the following members:

- Viktor Modigh, Chairman of the Nomination Committee, representing Magnus Nordin;
- Mikael Petersson, representing Lansdowne Partners Austria GmbH;
- Jan Risberg, representing himself; and
- Per Seime, Chairman of Tethys Oil

Shareholders who wish to present a motion to the Nomination Committee can do so to the chairman of the nomination committee; [nomcom@tethysoil.com](mailto:nomcom@tethysoil.com) or by letter to Tethys Oil AB, Nomination Committee, Hovslagargatan 5B, SE-111 48 Stockholm.

### The Board and its work

#### Board composition

The Articles of Association stipulate that the Board of Directors of Tethys Oil shall consist of no less than three and no more than ten Board members with no more than three deputy Board members. Board members and chairman of the Board are elected for a maximum of one year at a time. The Board of Directors of Tethys Oil since the AGM 2021 has consisted of five members and no deputies. Per Seime has been chairman of the Board. Four Board members are independent from the Company and the Company's management, and five Board members are independent from larger shareholders. For further information on the Board members, please see pages 35–36.

#### Board of Directors elected at the AGM 2021

Member	Elected	Position	Year of birth	Nationality	Independent in relation to the Company	Independent in relation to the Company's larger shareholders
Per Seime	2017	Member	1946	Norway	Yes	Yes
Robert Anderson	2017	Member	1953	United Kingdom	Yes	Yes
Klas Brand	2020	Member	1956	Sweden	Yes	Yes
Alexandra Herger	2017	Member	1957	United States	Yes	Yes
Magnus Nordin	2001	Member	1956	Sweden	No	Yes

#### Rules of procedure

The Board of Directors at Tethys Oil establishes the overall goals and strategy of the Company and resolves on larger investments, acquisitions and disposals of business activities or assets. The Board ensures that there is an appropriate system for follow-up and control of the Company's operations, including evaluating the risks associated with its operations and that there is a satisfactory process for monitoring the Company's compliance with applicable laws, other regulations and

internal guidelines. The board identifies how sustainability issues impact risks to and business opportunities for the Company and also defines appropriate guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability. It appoints and evaluates the Managing Director and determines the Managing Director's salary and other compensation.

The Board further ensures that the Company's external communications are char-

acterised by openness, and that they are accurate, reliable and relevant. The Board of Directors' work is governed by annually adopted rules of procedure. The chairman of the Board of Directors supervises the work and is responsible for it being well organised and efficient. This entails, among other things, continually following the Company's operations in contact with

the Managing Director and being responsible for other Board members receiving the information and documentation needed to ensure high-quality discussions and well-founded decisions by the Board of Directors. The chairman is responsible for the evaluation of the Board of Directors' and the Managing Director's work

and represents the Board of Directors in ownership matters.

According to the current rules of procedure the Board of Directors shall, after the constituent Board meeting following the AGM, hold a minimum of five ordinary meetings during a calendar year.

#### Timing and main items for ordinary meetings following AGM

May	Constituting meeting
August	Second quarter report
September–November	Strategy and discussion investment plan
December	Investment plan and budget, liquidity and forecast
January–February	Fourth quarter and year-end report, allocation of profit, review auditors' report
March–April	Annual report and AGM

#### Assessment of the board's work

The chairman of the Board is responsible for assessing the Board's work including the performance of individual Board members. This is done on an annual basis through a questionnaire which is anonymous for the Board members. The assessment focuses on such factors as the Board's way of working, number of meetings and effectiveness, time for preparation, available competence and individual Board

members influence of the Board's work. The Nomination Committee takes part in assessing the results, and it is a component in the nomination committee's work to submit a proposal to the AGM concerning Board members.

#### The Board's work in 2021

During 2021, the Board held 13 meetings of which five were ordinary and eight extraordinary, in person, via telephone

and per capsulam meetings. Attendance at the meetings is shown in the table below. Board secretary was the Company's CFO Petter Hjertstedt. Prior to each meeting, Board members were provided with an agenda and written information on the matters to be covered. Each meeting has included the possibility to discuss without management representatives being present.

#### Board of Directors and committee attendance in 2021

Board member	Board	Member Audit Committee	Member Remuneration Committee	Member of Technical Committee	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Technical Committee meetings
Per Seime	Chair	Yes	Yes (chair)	–	13/13	5/5	3/3	–
Geoffrey Turbott*	Chair	Yes	–	–	4/4	2/2	–	–
Klas Brand	Member	Yes (chair)	–	–	13/13	5/5	–	–
Robert Anderson	Member	–	–	Yes (chair)	13/13	–	–	5/5
Alexandra Herger	Member	–	Yes	Yes	12/13	–	3/3	5/5
Magnus Nordin	Member	–	–	–	13/13	4/5	–	–

\* Geoffrey Turbott declined re-election and resigned from the Board of Directors following the AGM in May 2021. He attended all 2021 Board and Committee meetings prior the AGM.

#### Board committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain matters, the Board has formed committees: Audit, Remuneration and Technical. Committee members are appointed within the Board for the period until the next AGM. The committee's

duties and authorities are regulated in the annually approved rules of procedure for each committee. The committees perform monitoring and evaluations, resulting in recommendations to the Board of Directors, where all decision-making takes place.

#### Audit Committee

The Board has established an Audit Committee for the period up to and including the AGM 2022, consisting of Klas Brand as Chairman and Per Seime as member of the committee. Members of the committee during 2021 prior to AGM 2021 consisted of Klas Brand (Chairman) and Per Seime.

The Audit Committee convened five times in 2021. The work has mainly focused on supervising the Company's financial reporting and assessing the efficiency of the Company's financial internal controls, with the primary objective being providing support to the Board in the decision-making processes regarding such matters. The Audit Committee also regularly liaises with the Group's statutory auditors as part of the annual audit process and reviews the audit fees and the auditors' independence and impartiality. The Audit Committee also assists the Nomination Committee with proposals for resolutions on the election and remuneration of the auditor. The Audit Committee reports to the Board, normally in conjunction with the following Board meeting.

#### Remuneration Committee

The Board has established a Remuneration Committee for the period up to and including the AGM 2022, consisting of Per Seime as Chairman and Alexandra Herger as a member of the Committee. The committee remained unchanged throughout the year. The Remuneration Committee convened three times in 2021. The work has mainly focused on preparing the Board's decisions on principles for remuneration to management, establishing key performance indicators, to monitor and evaluate variable remuneration and the application of the guidelines for remuneration as well as to construct and propose the share-based incentive programme to the AGM. The Remuneration Committee reports to the Board, normally in conjunction with the following Board meeting.

#### Technical Committee

The Board has established a Technical Committee for the period up to and including the AGM 2022, consisting of Robert Anderson as Chairman and Alexandra Herger as a member of the Committee. Members of the Committee during 2021 prior to AGM 2021 consisted of Robert Anderson (Chairman), Alexandra Herger and Gavin Graham. The Technical Committee convened six times in 2021. The work has mainly focused on following up on work programmes, budgets and investment proposals, evaluation of and

recommendation on appointment of independent qualified reserve auditor, oversight of the reserves audit process, review of operations management systems and technical review of new ventures projects. The Technical Committee reports to the Board, normally in conjunction with the following Board meeting.

#### External auditors of the Company Statutory auditors

Pursuant to its Articles of Association, Tethys Oil must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as the Company's auditor. Tethys Oil's auditor is PricewaterhouseCoopers AB with Johan Malmqvist as lead partner and Sophie Damborg as co-signing auditor. PricewaterhouseCoopers AB was elected as the Company's auditor at the AGM 2021. At least once a year, the Board meets the Company's auditor without the Managing Director or any other member of the executive management present. Tethys Oil's auditors reviewed the Company's second quarter and six months report 2021.

#### Tethys Oil's auditor:

##### PricewaterhouseCoopers AB

	<b>Johan Malmqvist</b>	<b>Sophie Damborg</b>
Role	Lead partner	Co-signing Auditor
Company auditor since	2021	2020

The audit firm has, besides the audit, conducted a limited number of other assignments on behalf of Tethys Oil. These assignments mainly consisted of services associated with auditing, such as in-depth reviews during the audit. Remuneration to the auditors of Tethys Oil is paid in accordance with approved current accounts. In 2021, remuneration to PricewaterhouseCoopers AB amounted to MUSD 0.2 (MUSD 0.2). For details on remuneration to auditors, see note 9, Auditor's fees. During 2021 the auditor's advisory business was engaged to provide consultancy services within process efficiency and internal controls within Tethys Oil's finance function.

#### Independent qualified reserves auditor

Tethys Oil's independent qualified reserves auditor annually certifies Tethys Oil's oil reserves and resources, although such assets are not included in the Company's balance sheet. The independent qualified reserves auditor for the 2021 report was ERC Equipoise Limited ("ERCE"), the same that also audited the 2020 report. For further information, see Reserves on page 12.

#### Managing Director and executive management

The executive management in Tethys Oil throughout 2021 has consisted of the Managing Director (Magnus Nordin), CFO (Petter Hjertstedt) and the CTO (Fredrik Robelius). The Board of Directors has adopted an instruction for the Managing Director which clarifies the responsibilities and authority of the Managing Director. According to the instruction, the Managing Director shall provide the Board of Directors with decision data in order to enable the Board to make well founded decisions and with documents to enable it to continually monitor the activities for the year. The Managing Director is responsible for the day-to-day business of the Company and shall take the decisions needed for developing the business – within the legal framework, the business plan, the budget and the instruction for the Managing Director adopted by the Board of Directors as well as in accordance with other guidelines and instructions communicated by the Board of Directors. The Board evaluates the work of the Managing Director. The Board examines this issue formally at least once a year, and without any member of the executive management present during this evaluation process.

#### Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives were approved by the Annual General Meeting 2021. It is the Board's opinion that there exists no need for any changes to the remuneration guidelines to be proposed for the AGM in 2022.

#### Application of guidelines

These guidelines apply to remuneration to senior executives and to members of the

Board of Directors if remuneration is paid for work performed outside the scope of the ordinary board work (eg pursuant to an employment or consultancy agreement). For the purposes of these guidelines, senior executives include the Managing Director, the Deputy Managing Director (if applicable) and certain other executives who, from time to time, are members of the Group Executive Management. These guidelines do not apply to any remuneration resolved upon or approved by the General Meeting and are only applicable to remuneration agreed, and amendments to remuneration already agreed, after the adoption of these guidelines by the Annual General Meeting 2021.

These guidelines constitute a framework within which remuneration to senior executives may be decided on by the Board of Directors.

#### *General remuneration principles*

In short, the Group's business strategy is to create shareholder value working across the whole upstream oil and gas industry lifecycle of exploration, appraisal, development and production. A central objective in the Group's business model is to explore for and produce oil and gas in an economically, socially, and environmentally responsible way.

The Company's remuneration principles are to ensure responsible and sustainable remuneration decisions that support the Company's strategy, long-term interests and sustainable business practices and further enhance the Group's market position as well as increase the shareholder value. To this end, salaries and other employment terms shall enable the Group to retain and recruit skilled senior executives at a reasonable cost. Remuneration shall be on market terms and based on the principles of performance, competitiveness and fairness. When evaluating whether these guidelines and the limitations set out herein are reasonable, the Board of Directors (including the Remuneration Committee) has considered the total income of all employees of the Company, including the various components of their remuneration as well as the increase and growth rate over time. In order to comply with mandatory

rules or established local practice, remuneration which is subject to rules outside Sweden may be adjusted to comply with such local rules, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Elements of remuneration**

The remuneration covered by these guidelines may consist of basic salary, variable cash salary, pension, non-financial benefits and severance pay. In addition hereto, the General Meeting may decide on, inter alia, long-term incentive programmes in which senior executives can participate.

#### *Principles for basic salary*

The basic salary shall be in line with market conditions, be competitive, and shall take into account the scope and responsibility associated with the position, as well as the skills, experience and performance of each senior executive. On the assumption of payment of full variable cash salary, pension benefits and other benefits, the basic salary is expected to amount to no more than 45 percent of the total remuneration. If there is no variable cash salary, pension benefits or other benefits, the basic salary will constitute the entire remuneration.

#### *Principles for variable cash salary*

Variable cash salary, i.e. cash bonuses, shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's strategy, long-term interests and sustainable business practices. Such performance criteria include (but are not limited to) HSE, production, reserves replacement, business development and financial performance as well as individual performance. To which extent the criteria for awarding variable cash salary have been satisfied shall be determined annually in connection with the preparation of the year-end report for the respective financial year based on an evaluation of the senior executive's achievement of the performance indicators as described in the agreed individual performance targets. Payment of variable cash salary shall be conditional upon the senior executive remaining employed for the duration of the qualification period. The Board of Directors is entitled to adjust the incentive programme during the term

of the programme in the case of, for example, extraordinary increases or decreases in the Group's earnings. Variable cash remuneration shall qualify for pension benefits only to the extent it is required pursuant to mandatory provisions of applicable collective bargaining agreements. The annual variable cash salary may not amount to more than 12 months' basic salary, and is therefore expected to amount to no more than 50 percent of the total remuneration.

#### *Principles for pension benefits*

Pension benefits shall comprise a defined contribution scheme with premiums calculated on the full basic salary and be set on an individual basis, however, provided that mandatory provisions of applicable collective bargaining agreements do not require otherwise. Pension benefits may not amount to more than 30 percent of the basic salary, and is therefore expected to amount to no more than 25 percent of total remuneration.

#### *Principles for non-financial benefits*

Non-financial benefits shall be based on market terms and shall facilitate the duties of senior executives. Non-financial benefits may include, inter alia, life insurance, medical insurance etc. Premiums and other costs relating to nonfinancial benefits may not amount to more than five percent of the basic salary and is therefore expected to amount to no more than five percent of the total remuneration.

#### *Remuneration during notice period and severance pay*

The notice period for termination of the Managing Director shall not exceed 12 months and the notice period for termination of other senior executives shall not exceed nine months. A mutual termination period of 12 months applies between the Company and the Managing Director and of up to nine months between the Company and other senior executives. Severance pay to the Managing Director and other senior executives shall not exceed 12 months' basic salary, provided that the employment is terminated by the Company. In the event the senior executive terminates his or her employment, no severance shall be payable.



*Principles for certain remuneration to members of the Board of Directors*

To the extent members of the Board of Directors perform work for the Company outside the scope of the ordinary board work, consultancy fees on market terms may be paid in addition to any board fees resolved upon by the General Meeting. The Nomination Committee is tasked with proposing a frame, if any, for such remuneration, to be approved by the Annual General Meeting.

*Long-term incentive programmes*

Any remuneration resolved upon by the General Meeting is not covered by the guidelines. Accordingly, these guidelines do not apply to the Company's long-term incentive programs resolved upon by the General Meeting. The Company's existing long-term incentive programmes are directed to certain key employees of the Group and designed to create conditions for retaining and recruiting competent and committed personnel to the Group. More information on the Company's existing and proposed incentive programmes from time to time is available on the Company's website, [www.tethysoil.com](http://www.tethysoil.com).

*The role of the Remuneration Committee*

The Board of Directors has established a Remuneration Committee to deal with matters of executive compensation and wider Group remuneration. Specifically, it is tasked to:

- Recommend and review remuneration guidelines for the Managing Director, the executive management and other employees in the Group to the Board of Directors;
- Recommend Company Performance Targets for each year to the Board of Directors;
- Recommend Managing Director Performance Targets for each year to the Board of Directors, and inform the Board of Directors of the Performance Targets agreed between the Managing Director and the executive management;
- Recommend remuneration (salary and benefits) for the Managing Director to the Board of Directors and inform the Board of Directors of the remuneration (salaries and benefits) for the executive management;
- Recommend allocation of bonus and warrants to the Managing Director to the Board of Directors and inform the Board of Directors of allocation of bonus and warrants to the executive management; and
- Recommend incentive programme guidance relating to employees to the Board of Directors.

*Preparation and review of the compliance of these guidelines*

These guidelines have been prepared by the Remuneration Committee of the Board of Directors and the Board of Directors. The Remuneration Committee is responsible for preparation of updated proposals in respect of guidelines for remuneration to the senior executives. A proposal for

amended guidelines is to be prepared by the Board of Directors when the need for material amendments arises, but at least every four years.

The guidelines may also be amended by way of a resolution by other General Meetings than Annual General Meetings.

Within the scope and on the basis of these guidelines, the Board of Directors shall, based on the Remuneration Committee's preparation and recommendations, annually decide on the specific revised remuneration terms for each senior executive and make such other decisions in respect of remuneration for senior executives that may be required.

The members of the Remuneration Committee are independent in relation to the Company and the senior executives. The Managing Director and the other senior executives do not participate in the Board of Directors' handling of, or resolutions regarding, remuneration-related matters if they are affected by such matters.

*Principles for derogations from these guidelines*

The Board of Directors may temporarily resolve to derogate from these guidelines, in whole or in part, if in a specific case there is special cause for such derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

*Remuneration to executive management 2021*

	<b>Basic salary</b>	<b>Pension arrangements</b>	<b>Variable salary</b>	<b>Share-based long-term incentive</b>	<b>Other benefits</b>	<b>Total 2021</b>	<b>Total 2020</b>
MSEK							
Managing director	3.559	0.496	0.942	1.462	0.026	6.485	7.061
Other executive management	4.264	0.492	1.077	1.743	0.031	7.607	12.711
<b>Total</b>	<b>7.823</b>	<b>0.989</b>	<b>2.019</b>	<b>3.205</b>	<b>0.056</b>	<b>14.092</b>	<b>19.772</b>

### Remuneration to the Board 2021

Remuneration to be paid to the Board of Directors for the period between the AGMs of 2021 and 2022 amounts to a total of MSEK 2.015, allocated among the Board members in the way shown in the below table. The Annual General Meeting 2021 resolved that remuneration of the chairman of the Board of Directors shall be MSEK 0.700 per annum and of the other members MSEK 0.330 per member per annum. Remuneration is not paid for service of the Boards or directors of subsidiaries. Magnus Nordin, who is employed by Tethys Oil, does not receive any remuneration for his service on the Board of Directors.

Annual fee for committee members is TSEK 35 per committee assignment and annual fees for the chairman of the Remuneration and Technical Committees are TSEK 65. The annual fee for the chairman of the Audit Committee is TSEK 90, unless the committee is chaired by the Chairman of the Board in which case the annual fee is TSEK 65.

*Remuneration to board and committee members for the period between the AGMs of 2021 and 2022 (in their capacity as board members)*

	MSEK
Per Seime	0.800
Robert Anderson	0.395
Alexandra Herger	0.400
Magnus Nordin	0.000
Klas Brand	0.420
<b>Total</b>	<b>2.015</b>

### Financial reporting and control

The Board of Directors has the ultimate responsibility of the internal control for the financial reporting. Tethys Oil's system of internal control, with regard to financial reporting, is designed to minimise risks involved in the financial reporting process and ensure a high level of reliability in financial reporting. Furthermore, the system of internal control ensures compliance with applicable accounting and other requirements that Tethys Oil must meet as a listed company.

Tethys Oil's main assets are owned in partnership. The focus of internal control is therefore to ensure reliability and accuracy of the operator's financial information. The control is conducted by monthly and quarterly cost controls, quarterly budget reviews and interviews with operators to understand and explain deviations.

#### *Internal control*

Tethys Oil continually works on improving financial reporting through evaluating the risk of errors in the financial reporting and related control activities. Control activities include following up on instructions and the application of accounting principles. The Board of Directors is responsible for and monitors the control activities, which involve all levels of the organisation. The activities limit the identified risks and ensure correct and reliable financial reporting. The Company's financial department analyses and follows up on budget deviations, draws up forecasts, follows up on significant variations between periods and reports to the Board of Directors, which

minimises the risks for errors in the financial reporting. The control activities also include following up on the authorisation manual and accounting principles. These control activities also include the operators in partnerships. The Board of Directors further decides on specific control activities and auditing of operators in partnership. The financial department regularly follows up on deviations and irregularities and reports to the Audit Committee. This structure is considered sufficient and suitable given the size and nature of the Company's business. With the Company's current size, and as the Company's interests in producing assets are non-operated, Tethys Oil currently does not consider it necessary to have a dedicated internal audit function.

#### *Information and communication*

The Board has adopted an information policy for the purpose of ensuring that the external information is correct and complete. There are also instructions regarding information security and how to communicate financial information.

#### *Monitoring*

Both the Board and the management follow up on the compliance and effectiveness of the Company's internal controls to ensure the quality of internal processes. The Board receives detailed monthly reports on the financial situation and development of the business to this end. The Audit Committee ensures and monitors that control activities are in place for important areas of risk related to financial reporting.

Stockholm, 8 April 2022

Tethys Oil AB (publ)  
The Board of Directors



## Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders of Tethys Oil AB (publ), corporate identity number 556615-8266

### *Engagement and responsibility*

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 27–33 and that it has been prepared in accordance with the Annual Accounts Act.

### *The scope of the audit*

Our examination has been conducted in accordance with FAR's auditing standard

RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### *Opinions*

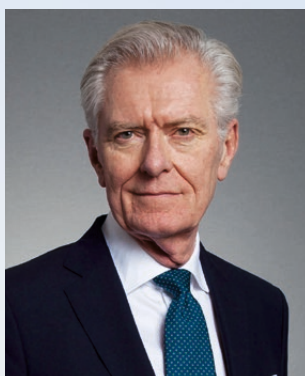
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, 8 April 2022  
PricewaterhouseCoopers AB

Johan Malmqvist  
*Authorized Public Accountant*  
*Lead Partner*

Sophie Damborg  
*Authorized Public Accountant*

# Board of Directors



Member	<b>Per Seime</b>	<b>Rob Anderson</b>	<b>Klas Brand</b>
Function	Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee	Board member and Chairman of the Technical Committee	Board member and Chairman of the Audit Committee
Elected	2017	2017	2020
Year of birth	1946	1953	1956
Nationality	Norway	United Kingdom	Sweden
Education/background	Master of Law, University of Oslo. Master of Comparative Law, University of Chicago Law School. Norwegian School of Economic (NHH) Executive Board Programme.	MA Engineering, Christ's College, Cambridge University. Chartered Engineer & Fellow of the Institution of Mechanical Engineers	Bachelor's Degree in Business Administration and Economics, Gothenburg University
Experience	Oil and gas lawyer with more than 30 years' experience. Lawyer for Mobil Oil (Norway, USA and Indonesia). Previously chair of the board of Premier Oil Norge and Nexen Exploration Norge.	VP Projects & Engineering at TNK-BP. Head of Projects at BP Engineer with deep experience in oil installations and major oil and gas field developments	Former Authorized Public Accountant and partner at PwC's Assurance practice in Gothenburg, Sweden. Consultant to listed and private companies within e.g. internal controls and financial reporting. Senior adviser to and member of the advisory board at Corptrade.
Other board duties		–	Board member and responsible for the property and finances of Göta Par Bricole, Gothenburg, Board member of 1BC3 Brand AB
Shares in Tethys Oil (per 31 December 2021) <sup>1</sup>	5,000	–	8,000
Warrants in Tethys Oil (per 31 December 2021) <sup>1</sup>	–	–	–
Board and committee remuneration (MSEK) <sup>2</sup>	0.800	0.395	0.420
Independent in relation to the Company	Yes	Yes	Yes
Independent in relation to the Company's larger shareholders	Yes	Yes	Yes

<sup>1</sup> Privately or via company

<sup>2</sup> Resolved upon at the AGM 2021



Member	<b>Alexandra Herger</b>	<b>Magnus Nordin</b>
Function	Board member of the Remuneration and Technical Committees	Board member and Managing Director
Elected	2017	2001
Year of birth	1957	1956
Nationality	United States	Sweden
Education/background	BA Geology, Ohio Wesleyan University and Master studies Geology, University of Houston	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles
Experience	VP Global Exploration at Marathon Oil, executive positions at Shell and Enterprise Oil	Several executive positions in different oil companies
Other board duties	Board member: Panoro Energy ASA, Electromagnetic Geoservices ASA (EMGS) and Tortoise Capital Advisors Member: Women's Leadership Committee, Oil Council and Leadership Texas, Foundation for women's resources, member of the PGS ASA's Nomination Committee	Board member: Minotaurus AB, including subsidiaries, and Minotaurus Energi AS
Shares in Tethys Oil (per 31 December 2021) <sup>1</sup>	–	1,555,427
Warrants in Tethys Oil (per 31 December 2021) <sup>1</sup>	–	2019/22: 60,000 2020/23: 60,000 2021/24: 60,000
Board and committee remuneration (MSEK) <sup>2</sup>	0.400	–
Independent in relation to the Company	Yes	No
Independent in relation to the Company's larger shareholders	Yes	Yes

1 Privately or via company

2 Resolved upon at the AGM 2021



# Executive management



	<b>Magnus Nordin</b>	<b>Petter Hjertstedt</b>	<b>Fredrik Robelius</b>
Function	Board member and Managing Director	Chief Financial Officer	Chief Technical Officer
Employed since	2004	2016	2011
Education/background	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles	Finance and accounting at Linköping University, Sweden	Education: PhD Engineering Physics, Uppsala University; Postgraduate Diploma Petroleum Engineering, Heriot-Watt University
Year of birth	1956	1979	1973
Nationality	Sweden	Sweden	Sweden
Experience	Several executive positions in different oil companies	Equity research analyst at SEB, Pareto Securities and Carnegie Investment Bank. Finance and Investor Relations at PA Resources	Energy engineering positions in Fortum, petroleum engineering related positions in Tanganyika Oil and Sinopec
Shares in Tethys Oil (per 31 December 2021)*	1,555,427	8,275	14,742
Warrants in Tethys Oil (per 31 December 2021)	2019/22: 60,000 2020/23: 60,000 2021/24: 60,000	2019/22: 25,000 2020/23: 50,000 2021/24: 50,000	2019/22: 50,000 2020/23: 50,000 2021/24: 50,000

\* Privately, via company and insurance policy



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