

# Tethys Oil Corporate Governance Report 2022



# Corporate Governance Report 2022

Corporate Governance refers to the framework of policies and guidelines through which the Company is run accountably, sustainably, transparently and efficiently on behalf of its shareholders. Tethys Oil adheres to Swedish legislation, NASDAQ Stockholm's rule book for issuers and the Swedish Code of Corporate Governance ("the Code"). In addition, Tethys Oil has

established governance rules and procedures decided by the Board and which are available on the Company's website.

This Corporate Governance Report 2022 is submitted in accordance with the Swedish Annual Accounts Act and the Code (the Code is published on [www.bolagsstyrning.se](http://www.bolagsstyrning.se)). It explains how

Tethys Oil has conducted its corporate governance activities during 2022. Tethys Oil does not report any deviations from the Code. The report has been examined by the Company's auditors, please see page 33.



## Shareholders

Tethys Oil's shares are listed on Nasdaq Stockholm. Of the total number of shares, foreign shareholders accounted for approximately 55 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 738,351 shares as per 31 December 2022.

For further information on share, share capital development and shareholders, see pages 26-28 and Tethys Oil's website.

## Annual General Meeting

The general meeting is the highest decision making body. 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. There are no restrictions on

the number of votes each shareholder may cast at the general meeting.

The AGM 2022 authorised the Board to, on one or several occasions before the AGM 2023, resolve on issues of new shares and/or convertibles against payment in cash, in kind or through set-off or subject to other conditions and with the right to deviate from the shareholders' preferential rights. The purpose of the authorisation and the reason for a possible deviation from the shareholders' preferential rights is to facilitate the raising of capital for acquisitions and the Company's operations. The AGM resolved to amend the Articles of Association in accordance with the Board of Directors' proposal, the full proposal can be found on the Company's website.

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 2023 is scheduled to be held in Stockholm on 10 May 2023 at CEST 15:00. The meeting will be held with the physical presence of shareholders, representatives and authorised third parties.

## Nomination process

In accordance with the Nomination Committee process approved by the AGM 2022, the Nomination Committee for the AGM 2023 consists of members appointed by three of the largest shareholders of the Company based on shareholdings as per 30 September 2022 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 10 November 2022.

*The Nomination Committee for the AGM 2023 consists 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 Com-



mittee, Hovslagargatan 5B, SE-111 48 Stockholm.

The Nomination Committee report, including the final proposals to the AGM 2023, will be published on the Company's website together with the notice of the AGM.

The Nomination Committee's assignment is to prepare proposals for Board of Directors and election of auditors, remuneration to the Board of Directors and auditors as well as Chairman for the Annual General Meeting.

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 applies rule 4.1 of the Swedish Corporate Governance Code including the Company's Board Diversity policy in its proposal for Board members. The Nomination Committee believes that the Board has an appropriate composition with a diversity and a mix of nationalities with diverse knowledge. The Board diversity policy is available on the Company's website.

## 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 elected at the AGM 2022 consists of five members and no deputies. Per Seime was elected chair 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 34–35.

### Board of Directors elected at the AGM 2022

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	Chairman	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

### The work of the Board of Directors

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, regulations, internal rules and procedures, and board resolutions. The Board further ensures that the Company's external communications are characterised 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.

The Board has during the year increased its focus on environmental and sustainability issues and assessed how this impact risks and business opportunities for the Company and also defined and adopted group policies to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability. The Board has also devoted time to the Company's strategies and operations.

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

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

May	Constituting meeting
August	Second quarter report
September	Strategy review and discussion of investment plan
November	Third quarter report
December	Investment plan and budget, liquidity and forecast
January–February	Fourth quarter 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.

### Board of Directors and committee attendance in 2022

During 2022, the Board held 14 meetings of which seven were ordinary and seven

extraordinary, in person, via telephone or digitally and per capsulam meetings. Attendance at the meetings is shown in the table below. Board secretary was the Company's CFO, Petter Hjertstedt, and Head of Legal, Camilla Hansén. 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 2022

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)	–	14/14	4/4	2/2	–
Klas Brand	Member	Yes (Chair)	–	–	14/14	4/4	–	–
Robert Anderson	Member	–	–	Yes (Chair)	14/14	–	–	4/4
Alexandra Herger	Member	–	Yes	Yes	14/14	–	2/2	4/4
Magnus Nordin	Member	–	–	–	14/14	–	–	–

### Remuneration to the Board 2022

Remuneration to be paid to the Board of Directors for the period between the AGM:s of 2022 and 2023 amounts to a total of TSEK 2,015, allocated among the Board members in the way shown in the below table. The Annual General Meeting 2022 resolved that remuneration of the chairman of the Board of Directors shall be TSEK 700 per annum and of the other members TSEK 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 AGM:s of 2022 and 2023 (in their capacity as Board members)

	TSEK
Per Seime	800
Robert Anderson	395
Alexandra Herger	400
Magnus Nordin	–
Klas Brand	420
<b>Total</b>	<b>2,015</b>

### Board committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain matters, the Board has formed three committees: The Audit, Remuneration and Technical committees. Committee members are appointed within the Board for the period until the next AGM. The committees' duties and authorities are regulated in the annually approved rules of procedure for each committee. The committees monitor and evaluate relevant matters and make recommendations for decisions by the Board of Directors.

### Audit Committee

The Board has established an Audit Committee for the period up to and including the AGM 2023, consisting of Klas Brand

as Chairman and Per Seime as member of the committee. The Audit Committee convened four times in 2022. The work has mainly focused on supervising the Company's financial reporting and assessing the efficiency of the Company's financial internal controls, the primary objective is to provide support to the Board of Directors. 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 2023, consisting of Per Seime as Chairman and Alexandra Herger as member of the Committee. The Remuneration Committee convened two times in 2022. The work has mainly focused on preparing the Board's decisions on principles for remuneration to the Managing Director and Group Executive Management, establishing key performance indi-

cators, monitoring and evaluating 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 guidelines for remuneration to senior executives were approved by the Annual General Meeting 2022. In order to simplify the variable remuneration components and the measurements there will be a need for minor changes to the remuneration guidelines to be proposed for the AGM in 2023. The remuneration guidelines applied in 2022 and proposed for 2023 is presented in the Administration report on pages 43-47.

#### *Technical Committee*

The Board has established a Technical Committee for the period up to and including the AGM 2023, consisting of Robert Anderson as Chairman and Alexandra Herger as a member of the Committee. The Technical Committee convened four times in 2022. 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 evaluation 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 2022. 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 third quarter and nine months report 2022.

#### *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

Remuneration to the auditors of Tethys Oil is paid in accordance with approved current accounts. In 2022, remuneration to PricewaterhouseCoopers AB amounted to MUSD 0.2 (MUSD 0.2). For details on remuneration to auditors, see note 9, Auditor's fees.

#### *Independent qualified reserves auditor*

Tethys Oil's independent qualified reserves auditor annually evaluates 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 2022 report was ERC Equipoise Limited ("ERCE"), the same that also audited the 2021 report. For further information, see Reserves on page 40.

#### **Managing Director and executive management**

The Managing Director is responsible for the day-to-day business of the Company and shall take the decisions needed for developing the business in accordance with the external and internal framework. The Board evaluates the work of the Managing Director formally at least once a year, and without any member of the executive management present during this evaluation process.

Per the end of 2022 the executive management in Tethys Oil consisted of the Managing Director (Magnus Nordin), CFO (Petter Hjertstedt), CTO (Fredrik Robelius) and Head of Legal (Camilla Hansén). 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.

#### **Internal control**

The Board of Directors has the overall responsibility for establishing an effective system of internal control and risk management to ensure smooth business operations, clearly defined reporting lines and performance measurement systems. This includes maintaining an effective control environment and overseeing relevant policies and important accounting principles applied by the Group in financial reporting as well as changes to these principles. The main focus of the internal control function is designing effective business processes and controls, documentation of the control procedures and implementation of routines with further assessment of the process's effectiveness and internal controls efficiency.

The Board of Directors identifies and monitors business and financial risks ongoing. Risks identified are addressed to the proper part of the organization and internal control activities are designed to execute and mitigate these risks. Activities status and results are reported to the Board of Directors on an ongoing basis.

#### *Financial reporting*

The Group's financial reporting procedures comply with the requirements of the laws and accounting and reporting regulations of the countries of incorporation of the Group's subsidiaries, together with the International Financial Reporting Standards ('IFRS').

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

The Company's finance team has a set of procedures allowing to monitor business performance, perform analyses and follows up on budget, prepare forecasts, follows up on significant variations between periods etc. The control activities also include following up on the authorisation manual and accounting principles.

Tethys Oil's main assets are held jointly with partners and the relationships are governed through Joint Operating Agreement (JOA). The focus of internal control is, therefore, to ensure reliability and accuracy of the operator's financial information, including where Tethys Oil is an operator. The control is conducted by monthly and quarterly expenditure controls, quarterly budget reviews and interviews with operators to understand and explain deviations from budget. As part of the monitoring and control procedure of the Exploration and Production Sharing Contract, Tethys Oil regularly reviews the results of recov-

erability audits performed by Ministry of Energy and Minerals of Sultanate Oman.

The Board of Directors further decides on specific control activities and auditing of operators in joint operations.

With the Company's current size, operations as well as finance and internal control team, 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 and follow-up*

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, 17 April 2023

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 2022 on pages 29–33 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

RevR 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, 17 April 2023  
PricewaterhouseCoopers AB

Johan Malmqvist  
Authorized Public Accountant  
Lead Partner

Sophie Damborg  
Authorized Public Accountant

# Board of Directors



Member	Per Seime	Rob Anderson	Klas Brand
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.
Other board duties		–	Board member of Göta Par Bricole, Gothenburg, Board member of 1BC3 Brand AB
Shares in Tethys Oil (per 31 December 2022) <sup>1</sup>	5,000	–	8,000
Warrants in Tethys Oil (per 31 December 2022) <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

1 Privately or via company

2 Resolved upon at the AGM 2022





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, 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 2022) <sup>1</sup>	–	1,555,427
Warrants in Tethys Oil (per 31 December 2022) <sup>1</sup>	–	2020/23: 60,000 2021/24: 60,000 2022/25: 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 2022



# Executive management



**Magnus Nordin**



**Petter Hjertstedt**

Function	Board member and Managing Director	Chief Financial Officer
Employed since	2004	2016
Education/background	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles	Finance and accounting at Linköping University, Sweden
Year of birth	1956	1979
Nationality	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
Shares in Tethys Oil (per 31 December 2022)*	1,555,427	8,275
Warrants in Tethys Oil (per 31 December 2022)	2020/23: 60,000 2021/24: 60,000 2022/25: 60,000	2020/23: 50,000 2021/24: 50,000 2022/25: 50,000



**Camilla Hansén**



**Fredrik Robelius**

Function	Head of Legal	Chief Technical Officer
Employed since	2022	2011
Education/background	Master of Laws (LL.M.) and business administration Stockholm University, Sweden	Education: PhD Engineering Physics, Uppsala University; Postgraduate Diploma Petroleum Engineering, Heriot-Watt University
Year of birth	1976	1973
Nationality	Sweden	Sweden
Experience	Associate at Linklaters Advokatbyrå. Head of M&A Legal at Nordea Bank Abp	Energy engineering positions in Fortum, petroleum engineering related positions in Tanganyika Oil and Sinopec
Shares in Tethys Oil (per 31 December 2022)*	–	14,742
Warrants in Tethys Oil (per 31 December 2022)	–	2020/23: 50,000 2021/24: 50,000 2022/25: 50,000

\* Privately, via company or insurance policy



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