



TETHYS OIL

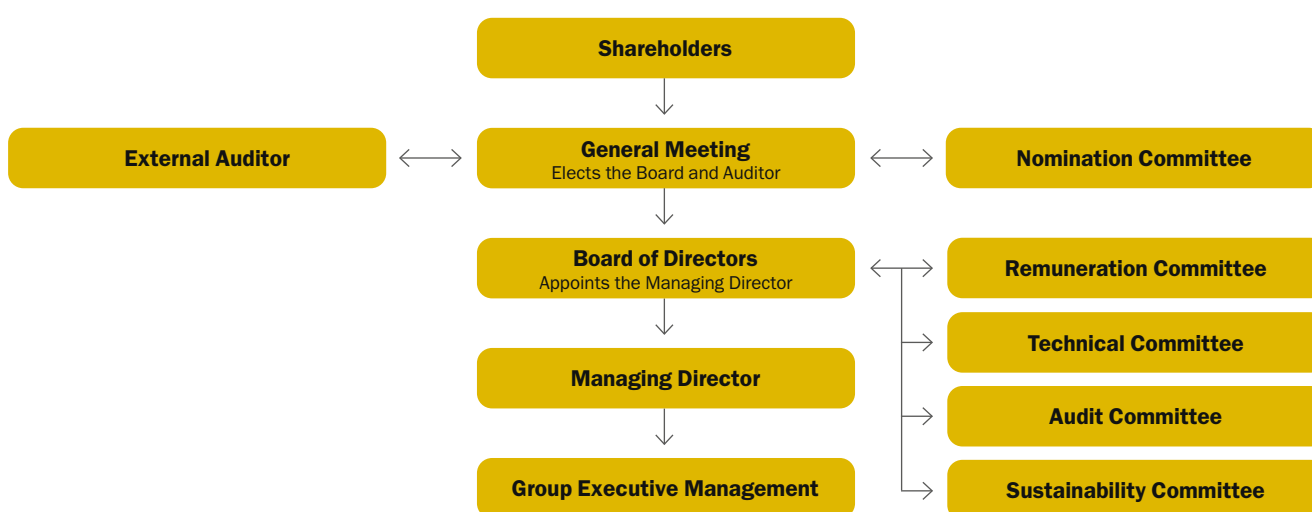
Corporate Governance
Report 2023

23

Corporate Governance Report 2023

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 2023 is submitted in accordance with the Swedish Annual Accounts Act and the Code (the Code is published on www.bolagsstyrning.se). It explains how Tethys Oil has conducted its corporate governance activities during 2023. Tethys Oil does not report any deviations from the Code. The report has been examined by the Company’s auditors, please see page 84.



Shareholders

Tethys Oil’s shares are listed on Nasdaq Stockholm. Of the total number of shares, foreign shareholders accounted for approximately 53 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 10.9 percent of shares and votes as of 31 December 2023.

Tethys Oil’s holding of its own shares amounted to 1,189,901 shares as of 31 December 2023.

For further information on share, share capital development and shareholders, see pages 33–34 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 2023 authorised the Board to, on one or several occasions before the AGM 2024, 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 minutes recorded at the AGM can be found at Tethys Oil’s website, www.tethysoil.com.

The Annual General Meeting 2024 is scheduled to be held in Stockholm on 15 May 2024 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 2023, the Nomination Committee for the AGM 2024 consists of members appointed by three of the largest shareholders of the Company based on shareholdings

Board of Directors elected at the AGM 2023

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

as per 30 September 2023 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 17 November 2023.

The Nomination Committee for the AGM 2024 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 or by letter to Tethys Oil AB, Nomination Committee, Hovslagargatan 5B, SE-111 48 Stockholm.

The Nomination Committee report, including the final proposals to the AGM 2024, 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 as well as 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.

Timing and main items for ordinary meetings following AGM

May	Constituting meeting
August	Second quarter report
September	Strategy review and discussion of investment plan and budget
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

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 2023 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 88–89.

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 continued its work related to environmental and sustainability issues and during the year the Board established a Sustainability Committee and adopted new policies to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability. Focus has also been on following up and monitoring the Company's risks. The Board has also devoted substantial time to the Company's development of its operations.

Board of Directors and committee attendance in 2023

Board member	Board	Member Audit Committee	Member Remuneration Committee	Member of Technical Committee	Member of Sustainability Committee	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Technical Committee meetings	Sustainability Committee meetings
Per Seime	Chair	Yes	Yes (Chair)	–	Yes	16/16	5/5	2/2	–	1/1
Klas Brand	Member	Yes (Chair)	–	–	Yes	16/16	5/5	–	–	1/1
Robert Anderson	Member	–	–	Yes (Chair)	Yes	16/16	–	–	5/5	1/1
Alexandra Herger	Member	–	Yes	Yes	Yes (Chair)	16/16	–	2/2	5/5	1/1
Magnus Nordin	Member	–	–	–	Yes	16/16	–	–	–	1/1

Material issues discussed by the Board have been related to the Company's strategy, financing as well as other key matters.

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 2023

During 2023, the Board held 16 meetings of which seven were ordinary and nine extraordinary, in person, via telephone or digitally and per capsulam meetings. Attendance at the meetings is shown in the table above. Board secretary was the Company's Chief Legal Officer, 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.

Remuneration to the Board 2023

Remuneration to be paid to the Board of Directors for the period between the AGM:s of 2023 and 2024 amounts to a total of TSEK 2,095, allocated among the Board members is shown in note 11. 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. The AGM 2023 resolved on remuneration to the Chairman of the Board of TSEK 720 and TSEK 350 for each member of the Board of Directors, excluding members employed by the Company.

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. No additional fees have been paid for the members and Chairman of the Sustainability Committee as the Committee was established in the autumn of 2023.

Remuneration to Board and Committee members for the period between the AGM:s of 2023 and 2024 (in their capacity as Board members)

	TSEK
Per Seime	820
Robert Anderson	415
Alexandra Herger	420
Magnus Nordin	–
Klas Brand	440
Total	2,095

Board committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain matters, the Board has formed four committees: The Audit, Remuneration, Technical and Sustainability 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 2024, consisting of Klas Brand as Chairman and Per Seime as member of the committee. 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 2024, consisting of Per Seime as Chairman and Alexandra Herger as member of the Committee. The work has mainly focused on preparing the Board's decisions on principles for remuneration to the Manag-

ing Director and Group Executive Management, establishing key performance indicators, 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 2023. 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 2024. The remuneration guidelines applied in 2023 and proposed for 2024 is presented in the Administration report on pages 92–103.

Technical Committee

The Board has established a Technical Committee for the period up to and including the AGM 2024, consisting of Robert Anderson as Chairman and Alexandra Herger as a member of the Committee. 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.

Sustainability Committee

In order to manage the increased focus on sustainability matters, the Board has established a Sustainability Committee for the period up to an including the AGM 2024, consisting of all board members and Alexandra Herger as Chairman of the committee. The work has been focused on external reporting, governance, risk analysis and evaluation of the efficiency of the internal controls regarding sustainability matters as well as analysis of stakeholder’s expectations.

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 re-elected as the Company’s auditor at the AGM 2023. 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 2023.

Tethys Oil’s auditor: PricewaterhouseCoopers AB

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

Remuneration to the auditors of Tethys Oil is paid in accordance with approved current accounts. In 2023, remuneration to PricewaterhouseCoopers AB amounted to MUSD 0.3 (0.2). For details on remuneration to auditors, see note 9, Auditor’s fees.

Independent qualified reserves evaluator

Tethys Oil’s independent qualified reserves evaluator 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 2023 report was ERC Equipoise Limited (“ERCE”), the same that also evaluated the 2022 report. For further information, see Reserves on page 94.

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 2023 the executive management in Tethys Oil consisted of the Managing Director (Magnus Nordin), CFO (Petter Hjerstedt), CTO (Fredrik Robelius) and CLO (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 organisation 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, laws and accounting and reporting regulations effective in the countries of incorporation of the Group’s subsidiaries, as well as with the International Financial Reporting Standards (‘IFRS’) for consolidated reporting.

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 the monitoring of business performance, performing of analyses and following up on budgets, preparations of forecasts, follow up on significant variations between periods etc. The control activities also include following up on, and updating of, the authorisation manual and accounting principles.

Tethys Oil's main assets are primarily 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 recoverability 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. The issue is reviewed recurringly, and the need for a dedicated internal audit function will be reviewed prior to a possible commercialization of Block 56.

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, 27 March 2024

Tethys Oil AB (publ)

The Board of Directors

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in 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 2023 on pages 80–84 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, 27 March 2024

PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant
Lead Partner

Sophie Damborg
Authorized Public Accountant

Board of Directors



Per Seime

Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee and Sustainability Committee

2017
1946
Norway
Master of Law, University of Oslo. Master of Comparative Law, University of Chicago Law School. Norwegian School of Economic (NHH) Executive Board Programme.

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.

–

7,000

–

0.820

Yes

Yes



Rob Anderson

Board member, Chairman of the Technical Committee and member of the Sustainability Committee

2017
1953
United Kingdom
MA Engineering, Christ's College, Cambridge University. Chartered Engineer & Fellow of the Institution of Mechanical Engineers.

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.

–

–

0.415

Yes

Yes



Klas Brand

Board member, Chairman of the Audit Committee and member of the Sustainability Committee

2020
1956
Sweden
Bachelor's Degree in Business Administration and Economics, Gothenburg University

Former Authorised 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.

Board member of Göta Par Bricole, Gothenburg, Board member of 1BC3 Brand AB.

10,000

–

0.440

Yes

Yes

Function	Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee and Sustainability Committee
Elected	2017
Year of birth	1946
Nationality	Norway
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.
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.
Other board duties	–
Shares in Tethys Oil (per 31 December 2023) ¹	7,000
Warrants in Tethys Oil (per 31 December 2023) ¹	–
Board and committee remuneration (MSEK) ²	0.820
Independent in relation to the Company	Yes
Independent in relation to the Company's larger shareholders	Yes

¹Privately or via company

²Resolved upon at the AGM 2023



Alexandra Herger

Function	Board member, Chairwomen of the Sustainability Committee and member of the Remuneration and Technical Committees
Elected	2017
Year of birth	1957
Nationality	United States
Education/background	BA Geology, Ohio Wesleyan University and Master studies Geology, University of Houston.
Experience	VP Global Exploration at Marathon Oil, executive positions at Shell and Enterprise Oil.
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.
Shares in Tethys Oil (per 31 December 2023) ¹	–
Warrants in Tethys Oil (per 31 December 2023) ¹	–
Board and committee remuneration (MSEK) ²	0.420
Independent in relation to the Company	Yes
Independent in relation to the Company's larger shareholders	Yes



Magnus Nordin

Function	Board member, Managing Director and member of the Sustainability Committee
Elected	2001
Year of birth	1956
Nationality	Sweden
Education/background	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles.
Experience	Several executive positions in different oil companies.
Other board duties	Board member: Minotaurus AB, including subsidiaries, and Minotaurus Energi AS.
Shares in Tethys Oil (per 31 December 2023) ¹	1,555,427
Warrants in Tethys Oil (per 31 December 2023) ¹	2021/24: 60,000 2022/25: 60,000 2023/26: 70,000
Board and committee remuneration (MSEK) ²	–
Independent in relation to the Company	No
Independent in relation to the Company's larger shareholders	Yes

¹Privately or via company
²Resolved upon at the AGM 2023

Executive management



Magnus Nordin

Function	Board member and Managing Director
Employed since	2004
Education/background	Bachelor of Arts, University of Lund and Master of Arts, University of California, Los Angeles
Year of birth	1956
Nationality	Sweden
Experience	Several executive positions in different oil companies
Shares in Tethys Oil (per 31 December 2023)*	1,555,427
Warrants in Tethys Oil (per 31 December 2023)	2021/24: 60,000 2022/25: 60,000 2023/26: 70,000



Petter Hjerstedt

Function	Chief Financial Officer
Employed since	2016
Education/background	Finance and accounting at Linköping University, Sweden
Year of birth	1979
Nationality	Sweden
Experience	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 2023)*	12,325
Warrants in Tethys Oil (per 31 December 2023)	2021/24: 50,000 2022/25: 50,000 2023/26: 60,000



Camilla Hansén

Function	Chief Legal Officer and Head of Business Support
Employed since	2022
Education/background	Master of Laws (LL.M.) and business administration Stockholm University, Sweden
Year of birth	1976
Nationality	Sweden
Experience	Associate at Linklaters Advokatbyrå. Head of M&A Legal at Nordea Bank Abp
Shares in Tethys Oil (per 31 December 2023)*	–
Warrants in Tethys Oil (per 31 December 2023)	2023/26: 60,000



Fredrik Robelius

Function	Chief Technical Officer
Employed since	2011
Education/background	Education: PhD Engineering Physics, Uppsala University; Postgraduate Diploma Petroleum Engineering, Heriot-Watt University
Year of birth	1973
Nationality	Sweden
Experience	Energy engineering positions in Fortum, petroleum engineering related positions in Tanganyika Oil and Sinopec
Shares in Tethys Oil (per 31 December 2023)*	15,742
Warrants in Tethys Oil (per 31 December 2023)	2021/24: 50,000 2022/25: 50,000 2023/26: 60,000

* Privately, via company or insurance policy



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