

---

# RISK MANAGEMENT

---

Tullow believes managing risk is a necessary and an integral part of our business. Effectively managing risk across the enterprise is a competitive necessity and fundamental to creating and maintaining shareholder value. Such Risk Management should also ensure that Tullow achieves its strategic objectives while living its values and following its business principles.

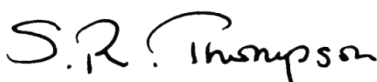
Tullow is committed to managing risks at all levels in the organization and summarizes these risks into four broad categories: **Strategic, Financial, Operational and Compliance.**

To achieve this, we commit to:

- Integrate Risk Management into each Business Plan and Performance Management;
- Embed Risk Management in the investment process and consider risk throughout the life cycle of an asset, including entry into new countries or operating blocks, and as part of any business, asset, or land acquisition and/or divestiture;
- Consider Risk in all business operations and in underlying business processes, including significant changes to the same;
- Consider Risk when there are significant changes to external economic, social or political conditions;
- Avoid surprises by maintaining effective Risk and control monitoring, including sound internal and external communication processes, systems and related escalation mechanisms;
- Maintain an appropriate culture and reward system which promotes a proactive attitude towards Risk Management;
- Manage Risk on a short, medium and long term basis with a focus on integrated assessment and mitigation; and
- Keep all Risks under on-going review by management and the Board of Directors.

Tullow manages Risk in a structured and disciplined manner which mandates:

- Identification of Risks that Tullow faces that could threaten the company's business model, future performance, solvency or liquidity were they to materialize;
- Risk assessment, including assigning each Risk an estimated probability of occurrence, estimated level of potential impact to the business, and the degree to which the Risk can be managed by the Company;
- Risk treatment including making informed decisions on cost-efficient controls and actions aimed at Risk reduction/mitigation, transfer, avoidance or acceptance;
- Collecting and analyzing historical event data to inform Risk assessment and tolerance setting processes;
- Periodic Risk monitoring and reporting of Risks, control issues and related action plans at all levels of the organization;
- On-going review of the Risk Management process and internal control system, including Risk Management assurance and independent review by Internal Audit; and
- Monitoring compliance with this Policy, investigating significant risk events and breaches of the Risk Management Policy and Standard.



**Simon Thompson**  
Chairman – Tullow Oil plc  
June 2015



**Aidan Heavey**  
Chief Executive Officer – Tullow Oil plc

