

# Building Africa's leading **responsible** independent oil company



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## Tullow Oil plc

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Tullow Oil plc is a global independent oil and gas company with over 90 licences in 25 countries. The Group is headquartered in London, England and employs nearly 900 people world-wide. Tullow is listed on the London and Irish Stock Exchanges and is a constituent of the FTSE 100 index. Africa has been the focus of the Group's activity and investment in recent years and this has established Tullow as Africa's leading independent oil company, with world-class basins in Ghana and Uganda.



For more information visit [www.tulloil.com/about-us](http://www.tulloil.com/about-us)

### Cover

**Nana Kobina Nketsia IV**

Paramount Chief of Essikador  
traditional area in the  
Western Region of Ghana



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This report has been reviewed by the Global Reporting Initiative (GRI), which confirms it has met all 'C+' level reporting requirements, including external assurance. The GRI content index for the report is available in the online version of this report. Visit: [www.tulloil.com/reports/cr09](http://www.tulloil.com/reports/cr09)

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## Our approach and performance

A progressive and innovative mindset enables us to evolve our approach to corporate responsibility.

Our 2009 performance was strong and we have improvements planned for 2010.



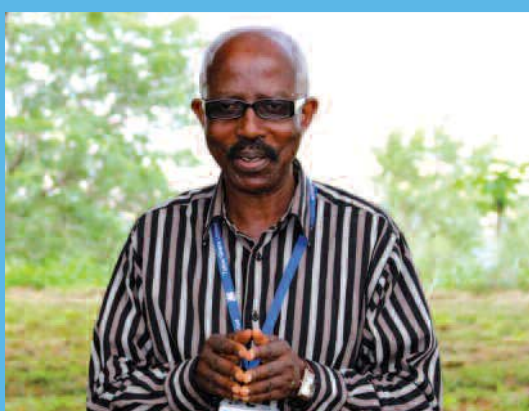
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**EHS** (Environment, Health and Safety)  
Ensuring people are safe and minimising our impact.



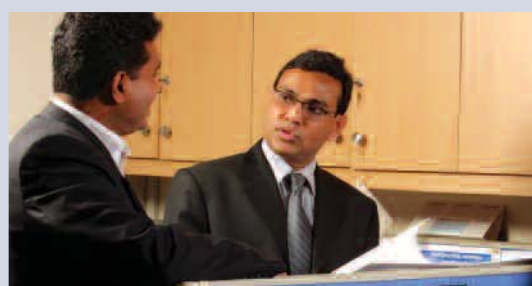
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## 2009 highlights

### Zero

high potential environmental incidents

### Successful ESIA

(Environmental and Social Impact Assessment) in Ghana, which achieved the first part of a two stage government approval process

### ISO14001

re-certification of the Environmental Management System (EMS) at Group level

### 0.76 LTIFR

(Lost Time Injury Frequency Rate) which achieved our baseline target, but did not deliver top quartile industry performance

### Over 80% of our employees

in Ghana are Ghanaian and over 70% of our employees in Uganda are Ugandan

### 2.0% staff turnover

during the year, with our total workforce increasing by 26% to 880 people

### 83% of our employees

responded to our first ever global employee and contractor survey, called Tullow Talkback

### US\$2.1 million

spent on voluntary social enterprise investment in over 100 projects in 11 countries



# Building Africa's leading **responsible** independent oil company

Major projects, high-impact exploration in new areas and accelerated growth have moved Tullow to a new level. We are responding with a strategic approach to corporate responsibility.

## Transformational growth

While our history in Africa dates back to 1985, it is in the last five years that Tullow has really developed a unique position as Africa's leading independent oil company. Since 2004, we have put our energy and £2.8 billion of our capital into acquiring, exploring, appraising and developing very significant acreage and resources on the continent. We have 50 licences in 16 countries, spanning 130,000 sq km. Current African production is from seven countries.

The discovery of the Jubilee field in Ghana in 2007, together with exceeding the commercial threshold for development in Uganda in 2008, has transformed Tullow. At the end of 2009 total African reserves and resources were 831 million barrels of oil equivalent; an increase of 330% in five years.

## Big projects, big responsibilities

We take a long-term view when investing in the countries where we operate and we manage our reputation and our responsibilities accordingly. Developing major oil projects in two countries in Africa gives us a significant role as a potential catalyst for new opportunities in support of economic and social development.

Tullow also has a number of teams focused on assets in our portfolio in Europe, South Asia and South America, as well as elsewhere in Africa. Those assets provided significant resources, both people and capital, to enable our major projects to happen. They could be where the next bright idea or material discovery comes from.

We are determined to make a positive and lasting contribution to Africa. To achieve this our approach to corporate responsibility is entering a new era. Our goal is to work even more closely with all stakeholders to create shared prosperity and avoid what is commonly known as the 'resource curse'.



## Africa

### £900 million in 2010

Over 90% of our forecast 2010 capital expenditure will be spent on activity in Africa; 40% will be on E&A and 60% on D&P. Ghana and Uganda account for almost 70% of the total. This gives us opportunities to both influence our international suppliers and promote local content.



## Ghana

### First oil, fourth quarter 2010

Jubilee Phase 1 is a US\$3.1 billion project that is on time and on budget to deliver first oil just 40 months after discovery. While this sets a new industry record for deepwater development, fundamental to this process was the successful Jubilee ESIA.



## Uganda

### Pre-emption and farmdown

We are working closely with the government, a key stakeholder, to agree equity interests and partnership arrangements across the Lake Albert Rift Basin and expect approvals to be received shortly. This will enable Uganda to become a significant oil producing nation.

# Our business

We have a strong global footprint with a portfolio of exciting Exploration and Appraisal (E&A) and Development and Production (D&P) assets.

 For more information visit [www.tulloil.com/our-business](http://www.tulloil.com/our-business)

## 2009 financial highlights

Our 2009 financial results reflect a time of financial transition as we enter a phase of major production growth that will underpin a stronger financial performance. During 2009, Tullow Group ('the Group') strengthened its balance sheet with new debt facilities of US\$2.25 billion and two equity placings that raised £1.3 billion. This is to ensure that Tullow is adequately capitalised to fund its medium-term strategy.

	2007	2008	2009
Sales revenue (£ million)	639	692	582
Operating profit (£ million)	189	300	95
Profit after tax (£ million)	53	226	19
Operating cash flow (£ million)	474	519	374
Basic earnings per share (pence)	7.1	30.9	1.9
Dividend per share (pence)	6.0	6.0	6.0

## Africa

In 2009, we made material discoveries and de-risked our portfolio with very important basin-defining wells in Ghana and Uganda. Our major projects are on track, and we expect to achieve significant growth in production, starting in 2010.

## Rest of the World

We have important assets outside of the African continent, which contribute to the Group's production and cash flow and form part of an exploration portfolio that offers longer-term growth opportunities.

	Africa	Rest of the World	Group
Countries	16	9	25
Licences	50	43	93
Employees (permanent)	337	332	669
Acreage ('000 sq km)	130	72	202
Exploration & Appraisal wells	15	0	15
Discoveries	13	0	13
Development wells	70	4	74
Production (boepd)	38,500	19,800	58,300
Reserves and resources (mmbae)	831	63	894



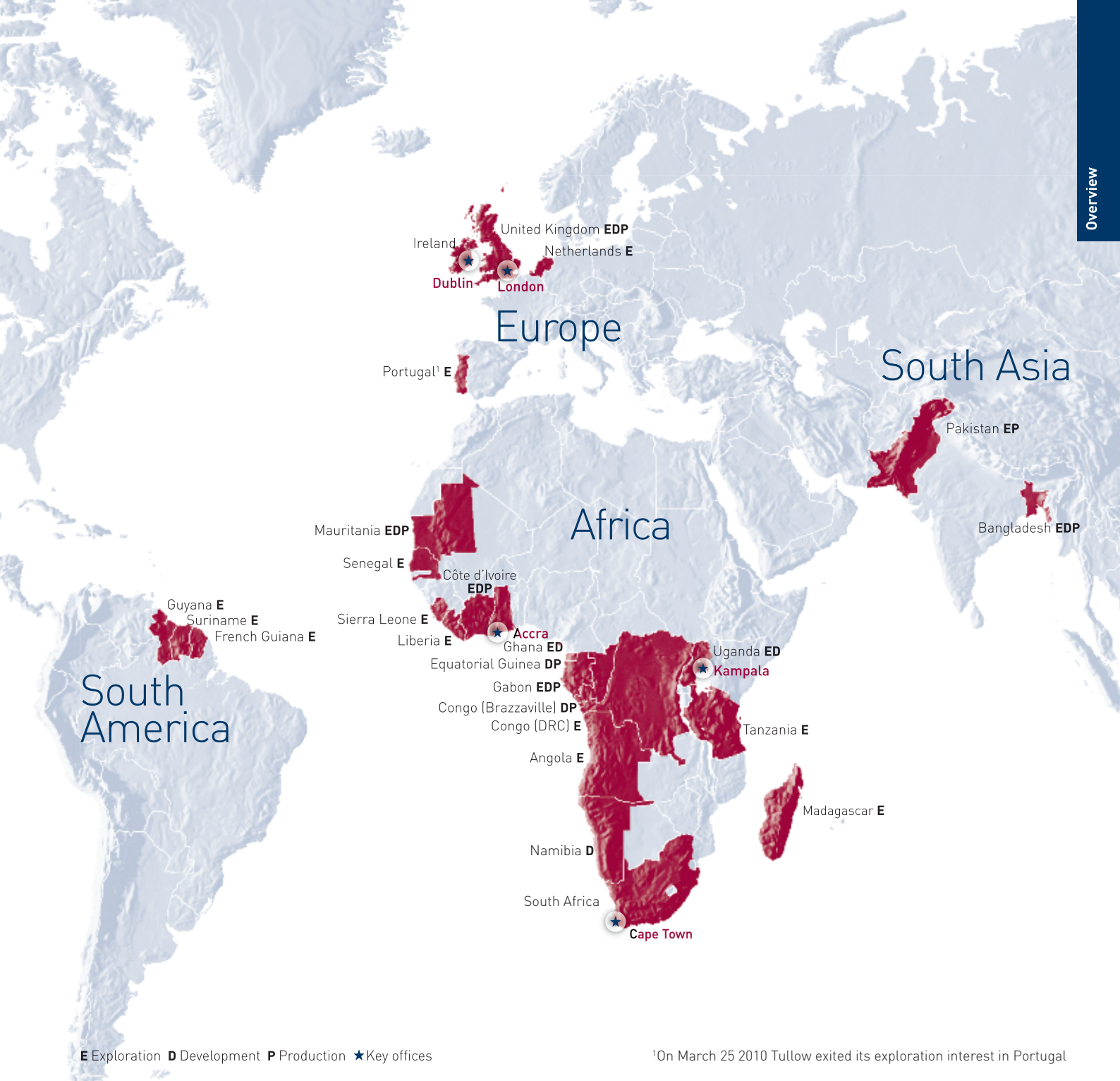
**High-impact exploration**  
underpins strong growth  
in resources

Exploration wells are drilled on prospects to try to discover oil and gas fields. In order to explore, we must first be granted a licence by the government of the countries in which we invest. Once a licence has been granted and we have met regulatory requirements, exploration can begin. Seismic data is acquired in the area and then analysed by our technical teams to determine where to drill. Tullow has a strong track record of exploration success and made 13 discoveries from 15 wells in 2009.



**Purposeful appraisal**  
underpins commercial  
success

If oil or gas is discovered through exploration then a programme of drilling appraisal wells is undertaken to determine the size and quality of the discovery. Stepping out from the discovery well, appraisal wells can be drilled to confirm the size of a new field or drilled over much larger areas to define the extent of a geological play.



### Partnering and engagement achieve fast **development**

If appraisal confirms that development will be commercially and financially viable, a team of project partners begins to work on a development plan. This plan maps out how we will get the hydrocarbons into production and must consider environmental, social and operational issues. Development plans are approved by the relevant regulatory authorities and require engagement with a wide range of stakeholders.



### Working to minimise impacts and maximise **production** benefits

Bringing hydrocarbons to the surface in a safe, environmentally conscientious and cost effective way is the ultimate aim of all the preparatory work put into the production facility and related infrastructure. Revenue earned from the production of oil and gas can be used for social and economic development in the oil producing country. This means working not only with national governments but also with local communities to deliver these benefits.



# Our responsibilities

We believe working together, profitably and responsibly, helps build a more sustainable business and society. Doing well and doing good are key business enablers.

 For more information visit [www.tulloil.com](http://www.tulloil.com)

At Tullow, we understand that partners and governments want to do business with a company they trust and employees want to work for a company they respect and can rely on, as do our suppliers. Just as important, local communities and other external stakeholders want to engage with a company who will support their aspirations and deliver practical solutions to social and economic goals.

Excellence in corporate responsibility is a key driver of Tullow's business success, and underpins everything we do. Our strategy has a long-term focus and this means that corporate responsibility must be integrated into our priorities and closely aligned with our business model and how we run the Group.




Ngassa-2 Well site, Block 2, Uganda

## Environment

### Detailed lifecycle planning and management

The significant expansion of our production from 2010 onwards and a transformational exploration programme will increase our environmental footprint. We are therefore focused on managing and mitigating the potential impacts of our operations at every stage of a project's lifecycle. We do this through in-depth impact assessments, strong operational control and effective risk management.

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Hathay Bunano Project, Bangladesh

## Society

### Being a catalyst for social and economic development

We aim to create shared prosperity by helping to drive social and economic development in local communities. We will support the development of a skilled workforce, contribute to building a diversified local economy and foster local content in our supply chain. Essential to this is ethical business behaviour and integrity in our engagement with stakeholders.

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## Some of our awards



### FT ArcelorMittal award

Early in 2010 Tullow won the Financial Times ArcelorMittal Boldness in Business award for Entrepreneurship in recognition of its innovative and dynamic approach to doing business.



### East African CSR Awards

In May 2010, against very strong competition, Tullow Uganda's Kaiso-Tonya Programme won the award for Most Sustainable and Scalable Community Investment. This award recognises 'best in class' community investment projects in East Africa.



### IR Society Best Practice Awards

During 2009 Tullow won the Investor Relations Society award for the most effective overall Annual Report (print and online) in the FTSE100.

### Health and Safety

#### Keeping people safe and secure

We have always aimed to ensure that the health and safety of our workers, contractors and those around us are never compromised. To support this objective, we formed a global EHS Leadership Team, consisting of individuals who have daily EHS responsibility. Auditing our work and processes ensures that we identify any areas for improvement and take appropriate remedial action.

Read more on page 29



Drilling operations on Attwood Hunter rig, offshore Ghana

### People

#### Building a first-class team of people

We have established a high-quality work environment that empowers people to contribute in the best way possible. This has enabled us to build an exceptional team of people. Our Human Resources (HR) strategy is focused on developing individuals, recognising and rewarding their efforts and ensuring that they are fully engaged with the Tullow culture and values. Our goal is to be the employer of choice in the oil and gas industry.

Read more on page 39



Sharon Luyombo – HR Services Officer and Gonza Ndwula, Office Services Advisor, Uganda.

# A new era



“2010 will mark another step change for the Group as our production profile and operator role increases. We will match this with how we approach all our other responsibilities.”

Aidan Heavey, Chief Executive Officer  
visiting Buliisa Community Centre, Uganda

Consistent delivery and exceptional exploration success have transformed Tullow. In 2009, we continued to perform well against our key business and responsibility measures.

2009 was another great year for Tullow, and an excellent start to 2010 has enabled us to continue to create material exploration and development opportunities. First oil in Ghana from the world-class Jubilee field in the fourth quarter of 2010 will result in considerable production growth. In Uganda, we are working closely with the government to align interests and agree arrangements that will facilitate an accelerated development plan for the Lake Albert Rift Basin. Our transformational exploration programme also continues, with up to 30 wells planned for 2010.

#### A number one priority

Safety has always been Tullow's number one priority, but sadly a Bangladeshi building contractor was killed in 2009 at the Bangora gas facility. We deeply regret that this tragedy occurred and are providing support for his family. This accident highlighted shortcomings in our existing procedures, and in addition to our initial response we also commissioned a full independent Health and Safety (H&S) audit. Actions from this audit have been incorporated into the 2010 EHS work plan and individual senior manager objectives. Further information can be found on page 30 of this report.

#### A strategic approach

More and more we are operating in a context of high expectation of the benefits that our business can bring to the countries where we operate, and concern about the potential impacts of oil and gas production.

As our role extends from explorer to operator, so does our understanding of the environment we need to foster and maintain to execute our strategy and achieve our vision. That vision, to be the leading global independent exploration and production company, is supported by a consistent strategy, strategic objectives and strategic priorities (see page 9).

As we enter a new era of both production growth and major exploration campaigns in new areas, we have decided to enhance our approach to corporate responsibility. We aim to work even more closely with external stakeholders to ensure that oil and gas resources generate new opportunities for long-term economic and social development, creating shared prosperity for all.

## Our strategy

### Vision

To be the leading global independent exploration and production company

### Strategy

Tullow pursues a consistent and repeatable strategy which seeks to deliver sustainable long-term growth with a balance between funding, exploration and production spend, and major activities in core areas

### Strategic objective

To deliver top quintile Total Shareholder Return versus our industry peer group

### Strategic priorities

**1.** Execute selective, high-impact exploration programmes funded by surplus cash flow or equity

**2.** Deliver major projects, with a significant focus on increasing bankable reserves

**3.** Manage our assets to high-grade the portfolio, replenish upside and assist funding needs

**4.** Ensure safe people, procedures and operations, and minimising environmental impacts



Read more on page 22



**5.** Build long-term relationships with governments, local communities and key stakeholders



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**6.** Continue to develop a strong team with excellent commercial, technical and financial skills



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### Our values

#### Focus on results

Strong sense of focus on results, driving tasks and projects through to completion with the flexibility to adapt to changing situations.

#### Integrity and respect

Work with integrity and with respect for people, and for the environments in which we operate.

#### Entrepreneurial spirit and initiative

Maintain our entrepreneurial and creative spirit as we challenge ourselves to develop the business and ourselves.

#### Commitment to Tullow and each other

Work in a collaborative manner, empowering ourselves and others, whilst taking responsibility for our actions.



### An integrated approach

Three of our strategic priorities are related directly to corporate responsibility, and we set out in key sections of the report how we are performing and delivering against these priorities.

- EHS – Ensuring safe people, procedures and operations, and minimising environmental impacts;
- Society – Building long-term relationships with governments, local communities and key stakeholders; and
- People – Continuing to develop a strong team with excellent commercial, technical and financial skills.

Each area is fundamental to the way we organise and run our business, and goes hand-in-hand with Tullow values that demand integrity and respect for people and for the environment.

### A leadership priority

Accountability for corporate responsibility sits with the Board and Executive team, including myself. Each Executive Director has individual responsibility for a designated area including EHS, Governance, Code of Business Conduct, HR, Supply Chain Management and the Information Systems that support our standards, policies and procedures.

In 2009, we established an External Affairs (EA) function to manage our social responsibilities, develop a wider programme of external stakeholder engagement and assist with the growing number of reputation management issues we are encountering. Reporting directly to me, External Affairs will also re-shape our Corporate Social Responsibility Committee into a Corporate Responsibility Committee which will, among other things govern Tullow's Social Enterprise Programme and social investment projects.

### An evolving commitment

Entrepreneurial spirit has played a critical role in Tullow's success over the past 25 years and remains an essential component of our strategy and values. We hope to act as an inspiration to people with an entrepreneurial spirit in the communities and countries where we work. As such, an important aspect of our effort to create shared prosperity will be to help develop the potential we see around us every day. Moving forward, our Social Enterprise programme will focus on local enterprise. This is intended to contribute towards diversifying local economies for the longer term. We believe that natural resources should be turned into shared national prosperity, and as leading entrepreneurs in the oil industry, we can play an important role in making this happen.

### A shared understanding

Gaining the trust of the communities in which Tullow operates is pivotal to our success. It builds a shared understanding of the societal and environmental challenges we must overcome to achieve sustainable development. There are examples in this report of how we have engaged with local communities to understand their concerns and to provide information on our operations. The extract from an interview with Nana Kobina Nketsia IV, printed on page 11, shows how these efforts are not just expected, but are also appreciated and are key to our success.

#### Tullow Talkback



83% of our employees responded to our first ever global employee and contractor survey – 'Tullow Talkback' – comfortably exceeding our goal of a 70% response rate.

The survey covered a wide range of topics and throughout this report we have included the responses to EHS, people and society related topics.

The feedback has also given us direction on the areas where we need to do further work such as developing a uniform work environment that treats all Tullow people with equal respect and encouraging our staff to challenge the status quo.

We have run a series of in-country workshops to ensure that everyone has the opportunity to have their say in the way that we make improvements based on the feedback we received. Further information can be found on page 40 of this report.

91% of our employees would recommend Tullow as an employer to a friend.



For more information visit [www.tulloil.com](http://www.tulloil.com)

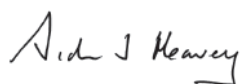
### A focus on people

In addition to increasing our permanent employee numbers by 24%, we have agreed a nationalisation strategy for Tullow Uganda with the regulators, the Petroleum Exploration and Production Department. Over 70% of positions are already filled by Ugandans. In Ghana, over 80% of Tullow's employees are Ghanaian. Our target is for 90% of employees to be Ghanaian in the next four years, across all grades and all disciplines.

### A real contribution

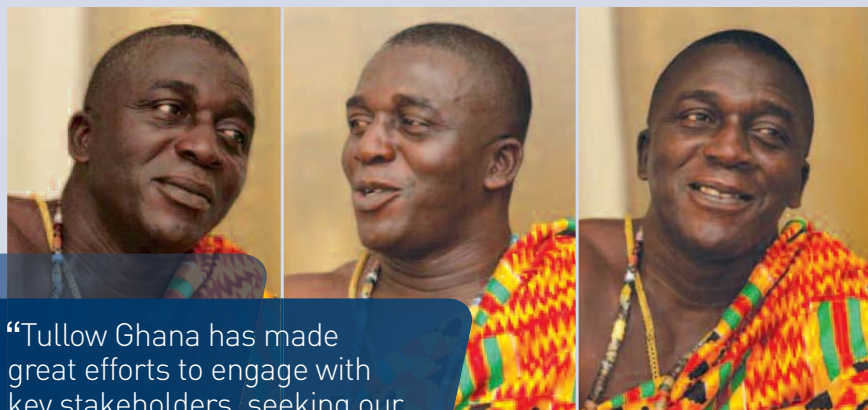
In this, our 25<sup>th</sup> year of operation, I look back proudly at the contribution we have made to the people whose lives we have touched and the environment we share with them. We don't have all the answers and we certainly have many improvements to make, but I am determined that Tullow will live up to both its big projects and its big responsibilities.

2010 will be a defining year for the Group. It will bring to fruition this phase of our journey from successful explorer to major operator in Africa. It is also important to remember and acknowledge that our European business unit provided significant resources, including people and expertise, to enable this to happen. Europe and our wider portfolio of assets have a significant role to play in how the Group as a whole develops. Tullow is in a great place with a growing production profile and exciting prospects through major exploration plays in new areas. We look forward to not only delivering on our business and operational plans but also to making a real contribution and being the best corporate citizen we can be.



**Aidan Heavey**  
Chief Executive Officer  
17 May 2010

## Building long-term relationships



"As traditional leaders, with the benefit of history and hindsight to guide us, it is our responsibility and duty to ensure that our communities benefit and prosper from Ghana's new oil province. We are very much aware that most business roll-outs, particularly in the extractive industry, do not always impact positively in one way or another, on the immediate community. It is not within our purview to say that exploiting these resources should cease because of these impacts. Rather, the solution is to find measures not only to mitigate but also to ensure the positivity of the impact wherever possible. With regard to this, my humble opinion is that so far Tullow Ghana Limited has done quite well.

I am keenly aware of the great efforts that Tullow, as the Unit Operator of the Jubilee field offshore Ghana, has made to engage with key stakeholders, seeking our opinion and suggestions and making them a part of the solution to the possible impacts that their activities would have on communities.

I have also had the opportunity of visiting Tullow's offshore facilities along with some paramount chiefs and it was very educating. Although I am not a technical person, one could not help but be impressed with the highly advanced infrastructure and technology that Tullow has deployed in the Jubilee field.

It is quite refreshing that for a company that is yet to produce its first oil, Tullow's approach has been very impressive. Its proactive role is at the moment phenomenal. It is rare! I am quite confident that Tullow's activities are a foretaste of the mutually beneficial relationship that will exist between the company and the communities. In sum, the company's activities display the fact that Tullow really means well and that it is in Ghana for the long haul."

### Remarks by Nana Kobina Nketsia IV

Paramount Chief of Essikado traditional area  
in the Western Region of Ghana



We always welcome feedback, please feel free to email us at [info@tullowoil.com](mailto:info@tullowoil.com)



Read more on page 31



#### 2009 highlights

### New

External Affairs function created

### Enhanced

strategic approach to corporate responsibility

### New

Social Enterprise policy focused on supporting entrepreneurs and diversified economic activity

### Two

Community Liaison offices opened in Uganda

#### 2010 objectives

##### **Stakeholder engagement**

Undertake detailed stakeholder mapping to enhance our understanding of what their material issues are

Develop extensive programme for stakeholder engagement and dialogue

##### **Corporate Responsibility Committee**

Revise structure and mandate of the CSR committee



# Creating shared prosperity

We believe that our operations can act as a catalyst for long-term economic and social development – creating shared prosperity for all.

## Our big issues

**How can anyone hold Tullow to account in the countries in which it operates?**

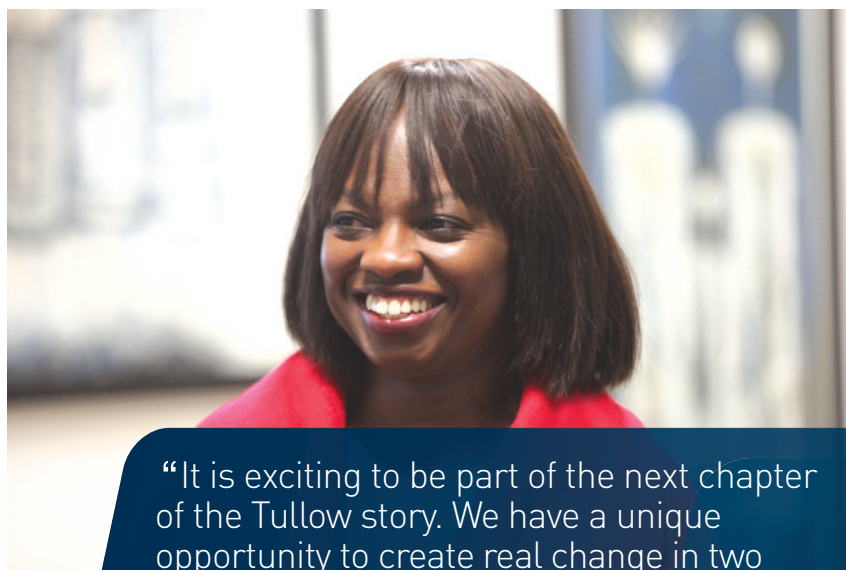
We are held to account daily. As a public company, Tullow is subject to scrutiny from a wide range of stakeholders and our operations are subject to the laws of our host countries. The Tullow way of doing business has always been to be a safe operator and a good neighbour, and we commit to this publicly. Our commitment extends to transparency and accountability in all our dealings, and we welcome interest in and reviews of our operations. We also value the opportunity to engage with external stakeholders on ways in which Tullow can help to ensure that natural resources create shared prosperity.

**How can Tullow help new oil countries avoid overdependence on oil revenues to the detriment of other industries?**

We are keenly aware that increased revenue from oil and gas production does not always lead to investment in education and infrastructure that supports a diverse economy for the longer-term. That's why all of our Social Enterprise projects are focused on building an environment in which entrepreneurs will flourish. This means working to support a diversified economy by investing in education, developing small-to-medium enterprises (both within and outside our supply chain) and helping to create a skilled workforce.

**Is there a difference in your approach to operated and non-operated assets?**

As operator we have full control over how we run and manage all our activities and we work hard to do so in line with our stated values, commitments and policies. In other areas of our portfolio of assets, where we are not the operator, we always use our best endeavours to align the partnership with our standards. We know from experience that this is not always easy to do, so in future in all our activities we will target aligned partnerships with companies who share our core values and subscribe to our corporate responsibility commitments and policies.



“It is exciting to be part of the next chapter of the Tullow story. We have a unique opportunity to create real change in two new oil countries.”

**Rosalind Kainyah**  
Vice President External Affairs

Tullow has a progressive and innovative mind-set and this enables us to continually evolve our approach to corporate responsibility. We focus on consistently becoming a better run company and challenge ourselves to ensure that the growth in our business is matched with how we meet and manage our responsibilities. Our major projects in Ghana and Uganda, and our growing footprint in Africa, have not only raised our profile but have also heightened the expectations of our external stakeholders.

We have always been grounded by the principles of being a responsible company, and our approach must now step-up to meet the responsibilities of the long-term commitment that comes with moving major projects into production. We value the relationship that exists between Tullow and our stakeholders and it is vitally important to us not only to do well for the owners of our business – our shareholders – but also to contribute positively to the countries and communities in which we operate.

### Creating shared prosperity

We believe that the scale of Tullow's operations can be a catalyst for developing industry capacity in countries in which we do business and for influencing how our large multinational suppliers set-up their operations. We also have a role in attracting foreign direct investment to diversify the economy and in supporting the development of local enterprise with our own resources.

To achieve this we are developing a strategic perspective towards our corporate responsibilities, together with the resources to put this into action. Our new corporate responsibility strategy will

prioritise working even more closely with our external stakeholders to ensure that oil and gas resources generate new opportunities for long-term economic and social development, creating shared prosperity for all.

### Dimensions of corporate responsibility

Tullow has a strong governance and organisational framework that promotes accountability, transparency and the highest ethical and business standards. Corporate responsibility spans key areas that are embedded in how we run our business, and each area is the designated responsibility of an Executive Director.

## About this report

The timeline on pages 16 and 17 shows our transformational journey since 2004. As our business and profile have grown, we have also sequentially built resources and organisational capacity in the area of corporate responsibility. We believe we have come a good distance in a short time but know that there are higher expectations of Tullow now than ever before. As outlined above, Tullow is adopting an enhanced approach to corporate responsibility and this is being reflected in our reporting.

### What's new?

This report covers the year ending 31 December 2009 and significant events up to the date of publication.

This year we have added new content and features. We have provided a better description of our operations and our business. We have enhanced how we report on our performance and have significantly expanded content in the EHS, People and Society sections. We have published the results of our global employee and contractor survey and you will also find new content on our values, localisation planning, supply chain management and local content development. In addition, we provide information on our Code of Business Conduct and our new Social Enterprise policy. We are responding to the specific issues of interest to stakeholders with 'big issue' questions at the beginning of each section.

We have expanded the approach and performance section of the report, not just to describe how we are changing our approach but also to provide additional clarity on the management of corporate responsibility, our policies, processes and procedures and most importantly our performance and future targets.

### Online reporting

This year we are publishing a full online version of the Corporate Responsibility Report in a new online reporting centre. In the past year, some 250,000 unique users have visited our website and this new reporting centre initiative is part of our plan to improve our online communications. Our goal is to continually improve our disclosure and increase the understanding of our business.

### Assurance

Deloitte LLP have been engaged to perform limited assurance procedures on Group level compilation of environmental, safety, society and Social Enterprise performance indicators for the year ending 31 December 2009. This work has been carried out in accordance with International Standards on Assurance Engagements (ISAE) 3000. Please refer to page 49 for the independent assurance report.

### GRI

This report has been checked by the Global Reporting Initiative (GRI), which confirmed it has met all 'C+' level reporting requirements, including external assurance. The GRI content index is published in the online version of this report at [www.tulloil.com/reports/cr09](http://www.tulloil.com/reports/cr09).

### Going forward

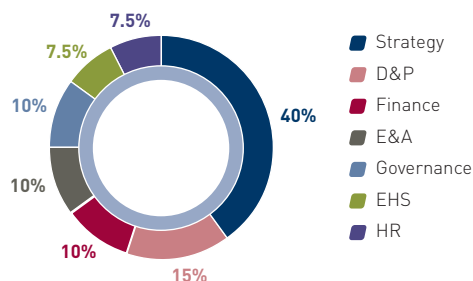
Plans for detailed stakeholder mapping and more extensive external stakeholder engagement will help us to understand more clearly what our material issues are. We are reviewing undertaking this in line with the AccountAbility Engagement standard (AA1000SES). We are also planning to develop a 2010 to 2012 reporting roadmap with stakeholder input and as part of this process we will conduct a full review of external assurance requirements to see what is most appropriate for us. We have set ourselves an objective to achieve GRI 'B+' level reporting.



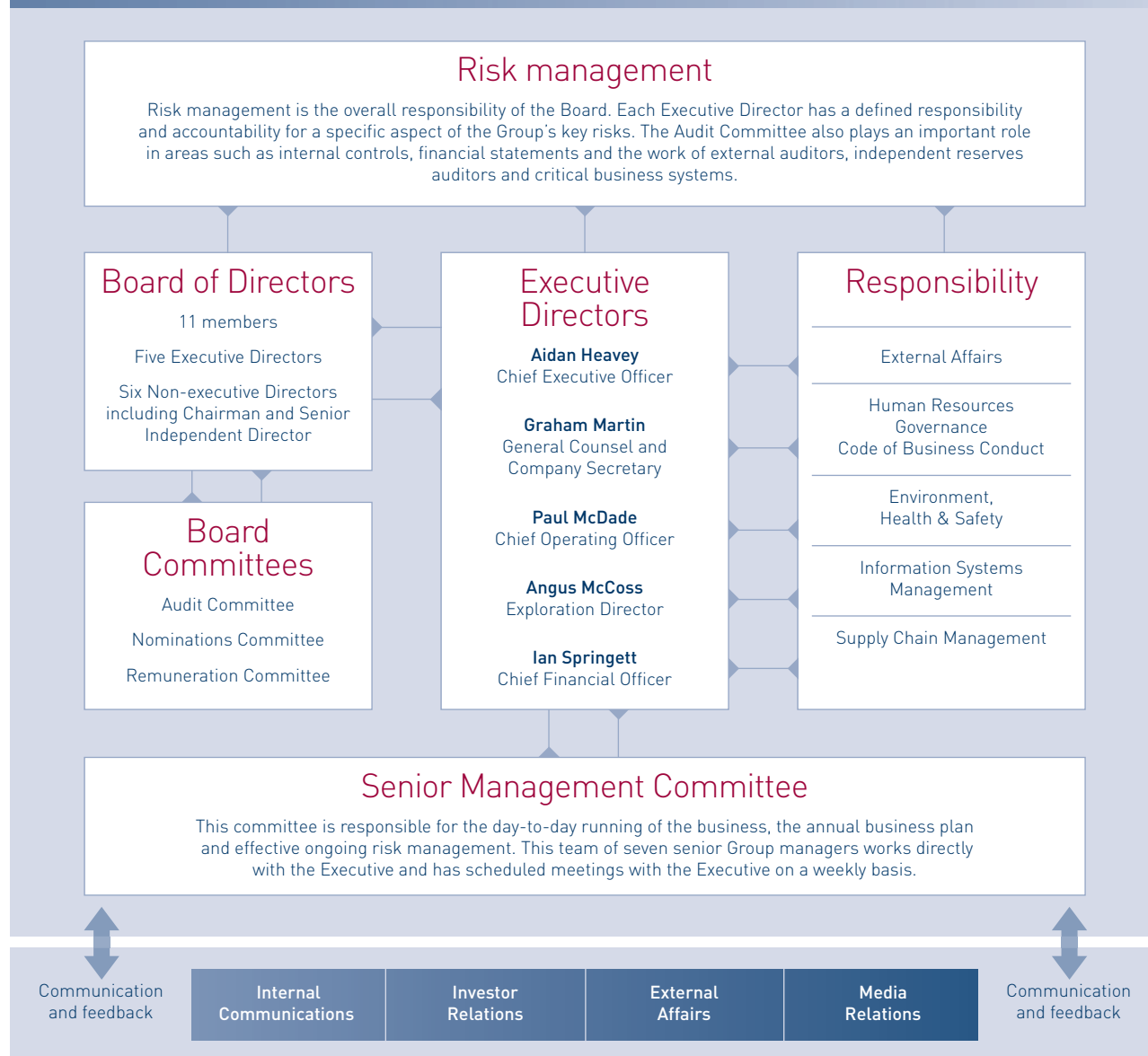
The Board has overall responsibility for the stewardship and governance of the Group, strategic leadership, guidance and risk management. Their focus is on ensuring the Group is well managed, takes a balanced approach to risk and reward and achieves its strategic priorities.

In 2009, while we did not record the topics discussed by the Board by the hour, this chart is indicative of the themes and matters which occupied their time most during the year. Well over one third of the Board's time is devoted to areas of corporate responsibility, which reflects the importance of the Group's three strategic priorities in this area.

Topics discussed at 2009 Board meetings



## Governance, corporate responsibility and risk framework





## Managing our impacts in Uganda



"There are not many oil developments that you will find surrounded by such diversity of creatures – lions, elephants, buffalo and giraffe – and this is what makes the Lake Albert Rift Basin development a completely different type of project. What we are trying to do here is part of a much broader activity where we engage with all of the key stakeholders. The Kingdom of Bandura Petar is where the oil has been discovered in Uganda. This cultural community is fundamentally important not only to our success, but at the end of the day to the community's success, and in many people's eyes the oil industry represents a great opportunity for change in Uganda. We believe that there are up to 2 billion barrels of oil resources and with a country of 32 million people that will have a significant impact on society and the economy."

**Brian Glover**  
General Manager, Tullow Uganda

### Management systems and policies

Tullow's management systems, policies and procedures have been designed to promote governance and corporate responsibility best practice, and are regularly reviewed. This provides a framework for the consistent application of standards across the Group, that is supported by a combination of corporate governance processes as well as monitoring and oversight by the Board. Consistency of application is checked through Internal Audit reviews which, in 2009, included EHS statistical reporting and employee induction processes. Key corporate responsibility aspects of our policies and systems include:

- Ethics, values and principles as well as respect for Human Rights are covered in our Code of Business Conduct and Living our values on pages 43 and 39 respectively;
- Minimum business standards to be used throughout Tullow are set by our Integrated Management System (IMS), which is based on established performance metrics and clearly defined expectations that each operation must meet (available online at [www.tulloil.com](http://www.tulloil.com));
- Managing and minimising our environmental impact is managed through Tullow Oil Environmental Standards (toes) and by the EHS Leadership Team, EHS policy and Commitment Statements. These also focus on keeping people safe and well. The EHS section starts on page 22 of this report;
- Achieving a high-quality work environment through our HR strategy and policies, which are outlined in the People section starting on page 38;

## Transformational growth

### Corporate Responsibility

**Investor Relations function formed**  
To achieve access and influence in the Capital Markets

**'Responsible, aware and committed'**  
First Corporate and Social Responsibility Report

**EHS team restructured  
CSR Committee formed**  
To match higher levels of activity and responsibility

**Entry into the FTSE 100**  
Increasing expectations, regulation and visibility  
**CSR Report Assured and GRI checked C+**

2004

2005

2006

2007

### Operational

**US\$570 million Energy Africa acquisition**  
Major expansion, adding 14 producing fields and 37 exploration licences

**Oil discovered in Uganda**  
The first step in establishing a new oil province in the Lake Albert Rift Basin

**US\$1.1bn Hardman Resources acquisition**  
Enhanced acreage and operational control in Uganda

**Jubilee field discovery**  
World-class discovery with the potential to more than double the Group's reserves

- Aligning our business stakeholders through our Supply Chain Management procedures and local content development processes, details of which are in the Society section starting on page 42;
- Responding rapidly and appropriately to minimise the effect of any adverse event through our crisis management and emergency response plans, which are outlined on page 30.

The Group has detailed risk management processes which are set out in the Business Review section of the Annual Report, in print and online. Risks identified relating to corporate responsibility include corruption or reputation risk, political and fiscal changes, corporate governance failings, EHS failures and security incidents, loss of key staff and succession planning and failure of our strategy to meet shareholder expectations.

Tullow has external certification of critical processes such as International Organization for Standardization (ISO) 14001 certification for the Environmental Management System (EMS) in the UK, Dublin, Cape Town, Bangladesh, Pakistan and Mauritania.

During 2009, Tullow achieved recertification of its EMS at Group level. The application and development of our EMS continued during the course of the year and all business units are planning to achieve certification in 2010. The application of the ISO standard provides a framework for identifying and evaluating key areas of environmental risk, risk management and review through all phases of our operations.

## External Affairs workshop



Participants at External Affairs Workshop, Uganda

In January 2010, the newly formed EA team met in Uganda for a four-day workshop with participants from Cape Town, Bangladesh, Uganda, Ghana and London. The main aims of the workshop were to define the EA team structure, to set 2010 EA objectives and to debate and define a long-term strategic approach to Social Enterprise development. More importantly, we spent four days getting to know each other through a series of activities that were designed to forge a strong team. Working well together is very important considering our geographical spread.

The EA function has responsibility for wider reputational management issues both at country and at Group levels. We are also working closely with other key functions across the Group that are accountable for how we approach our responsibilities and manage our reputation as a whole.

### Investment in developing strategic HR

#### Investment in Internal Communications

In recognition of the importance of the right people to our success

#### EHS Leadership Team formed

#### EHS Commitment Statements published

To ensure we continue to deliver a strong EHS performance

#### In-country Local Content teams established

#### Risk management

Detailed assessment and comprehensive risk management systems developed

### External Affairs function formed

To match our growing social responsibilities and wider reputation issues

#### Other activity

'Living our values' rolled out

First ever global employee and contractor survey

Code of Business Conduct published

Compliance with the Combined Code of Corporate Governance achieved

Move to monthly Board reporting of risk

Localisation policy implemented

Community Liaison officers appointed in-country

Awarded best FTSE 100 Annual Report

### Creating shared prosperity

Our major projects are driving a strategic change in our approach to our responsibilities. We are focused on creating a lasting positive legacy wherever we operate.

2008

#### Commercial threshold exceeded in Uganda

Moving towards basin-wide development planning

2009

#### Delivering on all fronts

Jubilee on track for first oil, Ugandan pre-emption and farmdown process commences, strengthened capital structure and continued exploration success

### Corporate Responsibility Committee

In 2010 we will develop a new Corporate Responsibility Committee structure and terms of reference. This committee will have both Board and senior management representation. It will oversee the activities of the company to ensure that they continue to be carried out in a responsible and sustainable way that is in the long-term interests of our stakeholders and wider society.

### Stakeholder engagement

Open and transparent communication plays a critical role in delivering on our commitment to work more closely with external stakeholders to create shared prosperity. Our aim is to build trust and improve our processes by openly discussing issues and regularly seeking feedback. In 2009 Tullow was active in engagement processes with employees (look for Tullow Talkback in each section of this report), investors and local communities.

### Investors

We have regular dialogue with our shareholders, including meetings with our Executive Directors and senior management, Capital Market presentations and the regular publication of investor and financial information. We undertook an independent shareholder perception survey, the results of which were very positive. The Board is currently addressing this feedback and plans to incorporate key aspects into the Investor Relations programme and activities.

#### **Q: Reasons behind confidence level in Tullow's ability to successfully execute exploration and development projects in Uganda?**

A: "I am very confident here. Where they have identified that there might be a gap, either in knowledge or expertise, they are willing to bring in other people and partners. We saw that in Ghana, we are seeing them do it in Uganda. They are working with a great team of people in Africa so I am very relaxed about that."

#### **Top shareholder quote from 2010 Independent Investment Community Research**

### Communities

Regular dialogue with local stakeholders is vital to the success of our operations. Establishing and fostering these relationships enables us to plan our operations in a way that reflects the interests of those around us. In 2009 our engagement included these highlights:

- We began a partnership with a social business enterprise, Hathay Bunano Proshikhan Society, following consultation with communities in the Comilla District of Bangladesh. The initiative generates sustainable income and economic opportunities for unskilled women and in 2009, the Clinton Global Initiative described the commitment of the project as "exemplary";
- Community Relations teams are responsible for informing local communities about our activities and in 2009 we opened two Community Liaison Offices in Uganda. In 2010, we will open six offices in the Western Region of Ghana.
- In Ghana, we conducted an extensive programme of public consultations as part of the Environmental and Social Impact Assessment (ESIA) for the Jubilee project. The ESIA is a special feature on pages 31 to 37.

### Introducing External Affairs

Our new EA function reflects Tullow's increasing need to take a more holistic approach to reputation management and social investment. The global EA team consists of a small team in London, that provides strategic direction and support for the Corporate Affairs and/or Social Enterprise teams based in Ghana, Uganda, Bangladesh and Cape Town.

### Uganda

In Kampala, for example, our newly recruited Corporate Affairs Manager, Jimmy Kiberu, is responsible for Tullow Uganda's social enterprise, stakeholder engagement and communications programmes. He reports to Brian Glover, General Manager and Director of Tullow Uganda, and liaises on an ongoing basis with London to develop joint approaches to reputational and stakeholder engagement issues, and to advise on local issues and social context.

The Social Enterprise team in Kampala is responsible for project management, governance and budgeting and includes a Field Adviser, covering the Buliisa and Kaise-Tonya areas (Hoima District) surrounding our operations. The Field Adviser is responsible for project specific community engagement and project monitoring, implementation and evaluation.



## Find out more

The Stakeholder Engagement team is chiefly responsible for liaison with the communities affected by Tullow's operations in Buliisa and Kaiso-Tonya. The team consists of a Team Leader, who is also responsible for engaging with Ugandan NGOs, and three Community Liaison Officers (CLOs). The CLOs share combined responsibility for local stakeholder engagement, issues management, permitting and socialisation.

The Communications team is responsible for issues and media management, brand management, communications planning, events management and internal communications; all with support and guidance from London.

### Material issues

As effective as our engagement has been to date, it has not always captured results, findings, concerns and questions raised in-country. For example some of the issues raised during the ESIA hearings in Ghana may also have been raised in Uganda. In the past we have had no effective way of identifying any recurring themes.

As a result the EA function is currently developing an extensive programme for external stakeholder engagement and dialogue. This includes a detailed stakeholder mapping process to help us understand who is affected by or interested in Tullow's activities and what their big issues are.

We then plan to undertake a series of activities ranging from individual interviews to multi-stakeholder engagement. This process is designed to highlight the issues that are material to our stakeholders and to allow Tullow to address and report on these more effectively. Our first targeted stakeholder groups will include local communities, NGOs (both advocacy and development), government (national, regional and local) and the media.

To ensure that we undertake this work in a meaningful and responsible manner, we are investigating employing the AccountAbility Engagement standard (AA1000SES).



### Code of Business Conduct

Tullow's Code of Business Conduct sets out general business principles, the Group's Ethics & Integrity policy, Whistleblowing policy and Human Rights policy. It is being updated in 2010 in relation to the UK Bribery Act, separating out the Group's Human Rights policy, and an Internal Audit review will test its consistent application.

 For more information visit [www.tulloil.com/about-us/corporate-governance/code-of-business-conduct](http://www.tulloil.com/about-us/corporate-governance/code-of-business-conduct)



### How we're organised

At Tullow, a strong governance and organisational framework defines the roles and responsibilities of the Board and senior management. It holds the Board and Executive accountable for governance and responsible behaviour, performance and risk management.

 For more information visit [www.tulloil.com/reports/ar09](http://www.tulloil.com/reports/ar09)



### Corporate governance

We are committed to all aspects of good corporate governance and behaviour and across the Group there are policies and processes in place to ensure we apply the highest standards of compliance and responsibility.

 For more information visit [www.tulloil.com/reports/ar09](http://www.tulloil.com/reports/ar09)



### Risk management

As a business we cannot function at such high levels unless we are very specific about the identification, reporting and management of risk and how we adapt to changes in our external operating environment.

 For more information visit [www.tulloil.com/reports/ar09](http://www.tulloil.com/reports/ar09)



### Group policies

Tullow has a range of policies, procedures and systems that require the application of the standards that all our operations must comply with. The Board provides a safeguard through monitoring and oversight and Internal Audit benchmarks consistency of application.

 For more information visit [www.tulloil.com/corporate-social-responsibility/managing-our-responsibilities/group-policies](http://www.tulloil.com/corporate-social-responsibility/managing-our-responsibilities/group-policies)

# Measuring our progress

Focus	2009 objectives	Status	2009 performance	2010/2011 objectives
<b>EHS Leadership</b> Pages 24-25	Release 2009 EHS Commitment Statements	✓	21 Statements reviewed and updated for 2009	Update annually
	Set up structured training for the EHS Leadership Team and stipulate meeting attendance requirement	✓	Bespoke training programme designed and two of three modules delivered	Deliver module 3 and phase 2 of EHS Leadership training programme
			84% attendance achieved	Match or exceed 2009 attendance level for Leadership Team meetings
<b>Emergency preparedness</b> Page 30	Set up Crisis Management Team (CMT) training exercises in conjunction with the relevant in-country teams, to enhance preparedness	—	Approximately 100 Tullow staff participated in emergency response training exercises in-country, in conjunction with the CMT	Provide media training to all members of EHS Leadership Team
				Continue in-country and CMT training
<b>Asset integrity</b>	Document EHS case for all Tullow operated facilities	✓	Completed for UK, Ghana, Bangladesh	Will be applied to new operated facilities
<b>HIV/Aids and Malaria</b> Page 29	Publish formal position on malaria	✓	Malaria policy issued Group-wide	Malaria case frequency rate of 0.8 per 100 exposures (EHS KPI)
	Publish formal position on HIV/AIDS	✗	HIV/AIDS policy not fully completed in 2009	Develop and roll-out HIV/AIDS policy
<b>Ensuring safe places to work</b> Pages 29-30	Achieve LTIFR of less than 0.5	—	LTIFR of 0.76 achieved	LTIFR of less than 0.76 with stretch target of less than 0.5 per million hours worked
	Achieve VAFR of less than 4.2 per million kilometres driven	✓	Achieved VAFR of 1.76	VAFR of less than 2.0 with stretch target of less than 1.5 per million km driven
	Introduce performance measures for TRIFR	✓	TRIFR of 3.04 achieved	TRIFR of less than 3.0 with stretch target of less than 2.5 per million hours worked
	Introduce performance measure for HiPoFR	✓	HiPoFR of 1.52 achieved	HiPoFR of less than 1.5 with stretch target of 1.0 per million hours worked
<b>Independent H&amp;S audit</b> Page 29	Board request in response to contractor fatality in May	✓	Completed and presented to Board and EHS Leadership Team	Effective close-out of actions arising from audit
				Successful roll-out and implementation of revised EHS Risk Management procedure
				Implementation of corporate EHS audit programme
<b>Road safety</b> Page 30	Develop Group-wide vehicle and road safety programme	✗	Revised Tullow Driving and Land Transportation policy issued	Compliance will be audited on an ongoing basis and the VAFR will measure motor vehicle accidents
<b>Environmental care</b> Pages 25-28	Implement 'toes' across Tullow	—	Rolled out in 2009	Embed 'toes' into operational and business activities
	No significant environmental incidents	✓	Achieved	Zero high potential environmental incidents
	Embed biodiversity and social assessment considerations firmly into all aspects of operational activity	—	Core Group procedures reviewed and revised	ESIA mandated for all major projects
<b>Environmental standards</b> Pages 25-28	Prepare Ghana and Uganda for ISO14001 certification	—	Ongoing	Uganda certification is scheduled for mid-2010. Ghana certification target date is H2 2011
	Improve the scope of Group-wide environmental data collation and reporting	✓	Full review of the data collation process undertaken	Full external assurance review will be undertaken in 2010 to decide appropriate level for Tullow
			Revised workbook rolled out across all operations	
	Certify all assets and countries to ISO14001	—	Ongoing	Implementation of ISO14001 compliant EHS management system frameworks
<b>EHS performance measures</b> Page 22	Develop a suite of leading and lagging performance measures	✓	There are now six leading and six lagging performance indicators reported to the Board	Achieve KPI performance targets

Focus	2009 objectives	Status	2009 performance	2010/2011 objectives
Developing skills Pages 38-41	Support the development of the new in-country E&P industries in Ghana and Uganda	✓	Placed 14 GNPC secondees throughout Tullow  Worked with local universities and colleges in both Uganda and Ghana is ongoing	In Ghana, undertake a strategic review of vocational skills as a basis for planning further capacity-building support  In Uganda work with the Petrdueum Institue to develop technical skills  Continue to support secondees now studying degrees in the UK. Ugandan secondee programme to commence mid-2010
	Initiate Employee Development and Management Development Programmes	✓	Training Calendar published, offering a mixture of management, supervisory and interpersonal skills	Develop effective succession planning processes for each management level
			EHS Leadership Development Programme launched	Launch Management Development programme for 50 top managers in Tullow
	Management systems Page 41	Extend the roll out of new HR database across the Group, to deliver improved reporting and modelling of HR data	✓	HRIS now available in all main offices and large operating sites
Being a great place to work Pages 38-41	Maintain annual staff turnover rate of less than 5%	✓	Achieved 2% staff turnover rate	Maintain annual staff turnover rate of less than 5%
	Achieve 70% response rate for global employee and contractor survey	✓	Achieved 83% response rate	Deliver 70% of Talkback initiatives from global workshops by year end
	Achieve 90% rating of number of employees who would recommend Tullow as an employer to a friend	✓	Achieved 91% rating	
Social Enterprise Page 47	Develop and roll out community development guidelines	✓	Defined Social Enterprise Project policy and selection criteria	Roll-out Social Enterprise project policy and selection criteria  Develop and roll out Employee fundraising guidelines
	Deliver 2009 discretionary budget in line with the focus of the Group's 'Working with Communities' initiative	✓	Achieved spend in excess of US\$2.1 million, approximately 5% in excess of budget	Deliver 2010 discretionary budget in line with new Social Enterprise policy
	Influence, where possible, social licence commitment decisions and continue to share experience of Tullow projects	—	Health and education projects in Angola and Côte d'Ivoire undertaken with partners in-country	
	Involve more partners and external contractors in community development projects	✓	Partners and contractors involved in projects in Uganda and Ghana	Continue to look for partnerships throughout the supply chain
Human rights Pages 43-44	Conduct Human Rights risk assessment in key countries of operation	X	No Human Rights assessments conducted	Conduct Human Rights assessment in key countries of operation Publish Human Rights policy as separate document from Tullow Code of Business Conduct
Stakeholder engagement Pages 18 and 34	Continue community engagement programmes throughout the business, with a specific focus on Ghana and Uganda	✓	Successful ESIA hearings held in Ghana	Expand Community Relations team in Ghana
			Two Community Liaison Offices opened in Uganda	Open six Community Liaison offices in the Western Region of Ghana  Open two more Community Liaison Offices in Uganda
	Widen identification and engagement with local community stakeholders	✓	EA function formed: responsibilities include developing external stakeholder engagement	Undertake detailed stakeholder mapping to enhance our understanding of material issues  Develop extensive programme of stakeholder engagement and dialogue  Develop new CR Committee structure and terms of reference
External initiatives Pages 48-51	Increase the scope of third party external assurance	X	Scope of assurance reduced during 2009 with no in-country assurance carried out	Undertake full review of assurance to ascertain the most appropriate level for Tullow
	Align with the United Nations Global Compact and Voluntary Principles on Security and Human Rights (VPSHR)	—	UNGC – still under review	Assess external initiatives to ensure Tullow signs up to the most appropriate ones and report externally on review
			VPSHR – still under review	
	Achieve GRI 'B+' grade for 2010 CR report	—	On track to achieve for 2010 report	Achieve GRI 'B+' grade for our 2010 CR report





#### 2009 performance

One

contractor fatality in Bangladesh

0.76 LTIFR

This is a Group non-financial Key Performance Indicator (KPI)

10

High Potential Incidents (HiPo)

Zero

high potential environmental incidents with 5 minor spills recorded

#### 2010 objectives

##### Safety performance

Achieve top quartile industry performance with a stretch target of 0.5 LTIFR

##### Malaria programme

This is a new health indicator introduced for 2010 with a target of 0.8 frequency rate per 100 exposures

##### KPIs

We have a suite of EHS leading and lagging indicators with specific targets designed to monitor and measure the effectiveness of our performance. These are reported monthly to the Board and senior management

##### ISO14001

Implement ISO14001 compliant EHS management system frameworks across the Group

##### Environment

Zero high potential environmental incidents is our goal in 2010





## Ensuring people are safe and minimising the environmental impact of our operations

### Our big issues

#### Why are you working in a National Park in Uganda?

There are a number of protected areas in the exploration blocks where Tullow has interests, including a National Park in Block 1 and Community Reserves in Block 2. These sensitive and highly valued areas present unique challenges in minimising the impact that operations have on wildlife, tourism, fisheries and cultural land use. We are committed to applying the highest standards of environmental protection and use our global experience to ensure we minimise our impact. In addition, we are subject to Ugandan law which contains environmental safeguards and has the power to issue penalties for any damage caused.

#### How experienced is Tullow's EHS team?

At a Group level our EHS team has combined experience of over 150 years and we also have highly experienced in-country EHS teams. Across Tullow, EHS experience exists in a variety of functions, for example our drilling engineers have a wealth of drilling specific EHS experience. The growth in our employee numbers in recent years also means that we are constantly enhancing EHS knowledge and experience throughout the organisation.

#### What is Tullow's view on flaring?

Flaring is generally avoided, however it is used in certain circumstances such as the disposal of gas during the testing of exploratory wells, to manage minor amounts of gas inventory in production operations systems or to dispose of gas in remote or technically challenging cases, where the gas cannot be used locally as a power source. Our intention as the operator is to avoid flaring other than for specified scenarios such as to maintain safe conditions, facility depressurisation or during activities such as process start-up, restart or maintenance. No continuous flaring during normal operations is planned in Ghana. Where we have a licence interest but are not the operator, we seek to engage with our partners to minimise flaring in the course of normal operations.

Minimising our environmental impacts and protecting the health, safety and well-being of our staff, contractors and local communities are of paramount importance to Tullow. They are the cornerstones of our approach to operating responsibly. We recognise that the significant expansion of our production from 2010 onwards, together with a high-impact exploration programme, will increase EHS risks. We are focused on managing potential risks through in-depth impact assessments, strong operational control and effective risk management.

#### Continual improvement

In 2009, Tullow enhanced its EHS strategy to ensure sound governance of environmental and social considerations in all our operations. The successful implementation of this strategy is linked to early engagement in project development and covers the following key areas:

1. Assessment of both primary, secondary and cumulative impacts of new projects through independent ESIA, together with implementation and review of operational controls throughout the project lifecycle;
2. Identification and engagement of all stakeholders and partners to share information and ensure timely inclusion of environmental, social, biodiversity and sustainability considerations during the project planning phase;
3. Use of ESIA results and stakeholder consultation outcomes to inform sustainable environmental and community development; and
4. Monitoring and reporting on our activities while seeking continual improvement and innovation in the way we monitor impacts and develop mitigation plans.

### Measuring our performance



#### Progress and performance

For more details on our 2009 performance and our future objectives.

Read more on page 20

Read more on page 50

## Managing higher-risk activities

### EHS Leadership Team

21 senior operational/business unit managers with responsibility for higher-risk activities

#### Bespoke training

- Three modules developed, taking 10 days in total
- Two modules already completed, third to be undertaken in 2010
- Full programme to be extended beyond EHS Leadership Team in 2010

#### Commitment Statements

- Updated annually
- Recognised as setting industry best practice standard
- Set out key issues and challenges faced for the year
- Commit senior managers and their teams to key actions that contribute to achieving Tullow's EHS objectives

#### Site visits

- Enhance EHS profile at an operational level
- 100 visits by the EHS Leadership Team took place in 2009
- Opportunity to improve leadership engagement and visibility

#### Team meetings

- Held every six weeks
- 84% attendance recorded
- 250 hours of senior management time during 2009
- Full programme for 2010



"Recently I attended the pilot for Module 3 of the EHS training programme covering crisis management and media response. Attendees are restricted to six so everyone gets a chance to lead the team. The training facilities are excellent with very experienced facilitators and role players, two way mirrors for observation and feedback and technology to make the crisis scenario as real as possible. I found the course extremely useful, challenging and relevant. The techniques taught should make a real difference to the management of any crisis or event affecting Tullow."

**Mike Simpson**  
Group Commercial Manager

The special feature on the Jubilee ESIA on pages 31 to 37 is a good illustration of how this strategy works in practice.

#### EHS governance structure

Paul McDade, Tullow's Chief Operating Officer, is the Executive Director responsible for EHS. He leads a team of over 60 EHS professionals working across the Group including a central function, dedicated teams in Ghana and Uganda and cover for every country where Tullow operates. Paul also heads up the EHS Leadership Team which works to improve Tullow's EHS culture through regular team meetings, bespoke training, Commitment Statements and greater EHS leadership visibility through visits to operations.

#### Regular meetings

The EHS Leadership Team meets every six weeks to monitor standards and performance, review issues and initiatives, discuss significant incidents and share best practice. The meetings also provide an opportunity to identify and develop action plans for areas of improvement.

A year-end review of EHS Leadership Team activities suggested that a greater focus should be given to proactive EHS measures and this approach is being adopted for 2010.



### Bespoke training

In 2009, we began bespoke skills training for the EHS Leadership Team. With support from the Tullow Talent Team, we defined comprehensive training requirements and engaged specialists to develop a long-term training programme. The training is focused on increasing knowledge and skills including leadership style, communication techniques, observation, mindful conversations, EHS risk management, incident investigation, environmental management, crisis management and media response.

### Commitment Statements

Commitment Statements make the individual, and by extension their team, responsible for a range of actions aimed at managing risk in their sphere of activity. This also contributes to achieving Tullow's EHS objectives. Introduced in 2008, and revised in early 2009, these Statements are an established feature of EHS leadership within Tullow. To promote sector-wide learning, Tullow has shared its approach to EHS Commitment Statements with the UK Oil and Gas industry network.

### Operational visits

Through the EHS Commitment Statement process, we identified EHS leadership visibility at our operational sites as both an area for improvement and an opportunity to increase leadership engagement generally. Although not uniquely EHS focused, leadership visits must include EHS elements alongside wider business and operational activity. Emphasis is placed on engaging with local staff to discuss issues, review EHS performance and emphasise the importance of maintaining high EHS standards. In 2009, 100 visits took place across the Group and feedback on the increased visibility and involvement of EHS leaders has been very positive.

### External recognition

Although not specifically designed to attract recognition, the Tullow EHS Leadership programme has received a variety of external commendations:

- Our EHS Commitment Statements have been covered on the UK Oil and Gas industry Step Change website, where they are cited as industry best practice examples under the leadership banner; and
- Our EHS Commitment Statements and supporting arrangements were shortlisted for the Best Campaign award by the Institution of Occupational Safety & Health (IOSH).



## Environment

In 2009, we continued to roll out the Tullow Oil Environmental Standards (toes) to complement our EMS core standards. The five elements of toes act as a guide for our environmental management and help us to communicate and share environmental best practice across the Group.



### Protecting biodiversity

Protecting biodiversity is a major environmental concern for Tullow due to the scale and location of our operations, which can have both a positive and negative impact on local species and ecosystems. To ensure we consider our impacts we follow international best practice when planning any of our operations.

Since Tullow began operations in Uganda, we have been mapping sensitive ecological habitats to provide us with an understanding of our potential impacts. This mapping is supported by long-term research, monitoring programmes and partnerships with government institutions and other specialist stakeholders.

We are involved in programmes to help communities understand conservation and biodiversity in their local areas. In Uganda, we promote the use of fuel-efficient stoves to help reduce dependence on locally sourced wood. Tullow also supports several projects to promote the understanding and conservation of endangered species, most notably with regard to primates in Central Africa and the Ecosystèmes Forestiers d'Afrique Centrale (ECOFAC) programme that Tullow has supported for the past five years.

### Tackling climate change

In light of our growing production profile from 2010 onwards, we continue to work to understand our contribution to climate change at both a local and global level. To help us minimise our effect we have an active programme of energy efficiency, emissions reduction and effective planning of operational life cycles.



For more information visit [www.tulloil.com](http://www.tulloil.com)

## Angara Spit, Lake Albert, Uganda



Workers laying Neo-Web plastic membrane on temporary road to the Ngassa-2 site, Uganda

Tullow's operations in Uganda focus on the Albertine Graben in the west of the country, which is recognised as one of Africa's most important sites for the conservation of biodiversity. It is believed that the Albertine Graben contains more vertebrate species than any other region on the continent, as well as a large percentage of Africa's birds, mammals, reptiles and plant species.

In 2009, we drilled the Ngassa-2 well on the Angara Spit, a very narrow, fragile body of sand jutting into Lake Albert, which is in an area of established natural beauty with sensitive eco-systems. It was apparent from the outset that a normal sized well pad of approximately four hectares would not be possible so an innovative solution was needed to reduce the footprint of the well pad whilst ensuring we maintained high operational and safety standards.

Access to the Angara Spit also presented significant challenges, particularly as the use of conventional materials for road and well site construction would have had a negative impact on the environment. To mitigate this we used a new, non-intrusive construction material called 'Neo-Web', which enabled us to build a temporary well site and access road capable of bearing incredible weights with no lasting environmental harm. We were also able to offer employment to local communities who worked throughout the project to maintain the integrity of the road. In addition, careful thought was given to a range of environmental considerations, for example waste and storm water management, and Tullow established a mobile emergency response unit to supplement the contractor's response unit.

All personnel involved in the Ngassa-2 project including contractors, subcontractors, and local employees worked closely with the project management team to ensure that this project was completed without safety issues and without leaving a negative environmental legacy. While remediation works are ongoing, it is clear that full rehabilitation of the Angara Spit will be achievable.

Ugandan  
discoveries

27

### Emissions

The rapid expansion and changing nature of our business have meant that forming a baseline understanding of our emissions has been exceedingly difficult. Without a baseline figure it is impossible to formulate meaningful emissions reduction targets. We will continue to monitor and report our emissions and are currently working to have a clearer understanding of how we will report these going forward.

Our Carbon Dioxide (CO<sub>2</sub>) emissions comprise emissions from production, drilling and well test activities. In 2009 these fell 55% from 193,109 tonnes to 86,543 tonnes due largely to the sale of the Group's UK Bacton facilities.

### Understanding the changes in our operations

Our exploration programme grew substantially in 2009, with the number of wells drilled rising by more than 70% from 14 to 24. Much of this was accounted for by activity in Ghana, where the number of wells drilled increased from two in 2008 to 15 in 2009. These wells were drilled in deep water by floating rigs, powered by fossil fuels. As a result, emissions of Greenhouse Gases (GHG) from these activities have increased.

### Drilling emissions

CO<sub>2</sub> emissions grew from 11,334 tonnes in 2008 to 78,019 tonnes in 2009. Methane (CH<sub>4</sub>) emissions increased from 0.80 tonnes to 5 tonnes.

### Oil and chemical spills

Despite the increase in drilling activity, the number of oil and chemical spills reported declined slightly, from six in 2008 to five in 2009. The reported amount of fuel spilt in 2009 was just less than one tonne, compared to a trace amount in 2008.

### Gas flaring

Gas flaring is the disposal of gas by burning. It is often a safety measure to relieve pressure during production operations or in technically challenging cases where the gas cannot be used locally as a power source.

In Ghana, we have committed to keeping routine flaring to a minimum in order to maintain safe conditions and/or during short duration activities such as start-up, re-start and maintenance. Flaring will also take place during commissioning of the Floating Production Storage and Offloading Vessel (FPSO) for safety reasons. As the natural gas compression equipment is brought on line to a steady-state operation, flaring will be kept to a minimum as we have carried out as much pre-commissioning testing as possible in the shipyard before sailing to Ghana.

It is anticipated that abnormal flaring events during steady state production could occur several times per month given safety and operational requirements. In order to minimise the impact of these we have introduced a targeted performance measure of an abnormal flaring rate of 2.5% of monthly average gas production. We have also contractually incentivised the FPSO operator to minimise flare volumes. A pilot light for the flare stack will be lit at all times to ensure that the flare is readily available in the event of an emergency, but this represents a minimal impact to the environment.

During the development phase of the project, there will also be some flaring during well operations, where the performance of the wells will be tested at controlled flow rates to flare for approximately 24 hours prior to connection to the subsea flowlines to the FPSO.

Full details of the anticipated flaring in Ghana are available in the Jubilee Phase 1 ESIA document which is published on our website. Anticipated GHG emissions from all of our Ghana operations are also detailed within this document.

In Uganda, Tullow has embarked on an extensive appraisal programme during which many wells will have to be tested to obtain dynamic reservoir information for the field development planning. Due to the remote nature of certain locations, flaring of crude oil and gas during well testing has been necessary, but has been limited to a two day period per well.

Moving forward, Tullow Uganda is introducing an Extended Well Test unit which will allow us to further reduce the flaring of crude oil by storing it safely on site prior to use by local industries. This will significantly reduce the impact of our exploration testing on the environment and nearby communities. Associated gas will be used for power and heating of the well test equipment and, depending on well conditions, a small amount of remaining excess gas will be flared in a dedicated clean gas burner.

#### **Enhanced assessment**

In preparation for the beginning of full-scale production in Ghana this year, and the increase in carbon emissions that will follow, we now carry out an assessment of the environmental impact of our operations from exploration right through to production. This enhanced approach means we are developing appropriate processes and procedures from the full lifecycle of an operation, limiting any potential negative impacts. Our recent experience in Ghana will be very beneficial to us as we initiate development planning in Uganda.

#### **Managing resources responsibly**

Tullow's move towards increased production will result in higher-risk environmental challenges, particularly in terms of water use and waste management. It is therefore essential that we have processes and systems in place to ensure minimal water use, minimal waste generation and that we have a clear baseline against which to measure our performance.

#### **Water use**

Water is essential to Tullow's operations, particularly in the exploration and production stages, where large amounts of water are extracted every day. Given their location in and around Lake Albert, our Ugandan operations present us with a significant challenge in terms of water utilisation. To address this, we are mapping local water sources and their use to establish a baseline understanding of our water impacts and to develop a monitoring tool. We are working with regulatory authorities to identify ways to manage any impact on local water supplies.

The use of water from aquifers or through lake abstraction is classified as 'pure usage', which means it could potentially deprive others of water. We recognise that accessible, safe drinking water is critical to improving and maintaining standards of living. Our water well drilling programme has brought safe drinking water to communities in Pakistan, Ghana and Uganda.

In 2009, water usage increased by 15% from 62,380 m<sup>3</sup> to 71,683 m<sup>3</sup> (excluding Bangladesh). This is lower than the rate of expansion of drilling operations in the same year.

#### **Waste minimisation**

Waste management can be a challenge in developing countries where appropriate waste infrastructure often does not exist. It is therefore essential to employ a basic waste management hierarchy of reduce, re-use, recycle. Where disposal routes for certain waste

## Environmental Impact Assessment in French Guiana



Short-finned pilot whales, French Guiana

Before Tullow could begin its seismic activities offshore in French Guiana it was important to develop a baseline understanding of local marine biodiversity to ensure we could mitigate against any negative impacts from our operations. In 2009, as part of our impact assessment, we partnered with the South Paris University to conduct a biodiversity study of marine turtle nesting beaches and of two offshore areas, including a control area and the area where our seismic acquisition was to take place. The study will conclude after completion of our activities.

Working with environmental regulators we have been able to enhance the existing marine diversity knowledge base for the Guyane Maritime block.

3D seismic survey over

2,500 sq km



streams are not available, we actively source and implement options including storage until such time as disposal options become available. Tullow engages with local industry to work out what can be done to resolve waste issues. In the near future, we will have more formalised plans to establish what Tullow can do to support waste management and infrastructure in our operating countries.

#### **Building stakeholder confidence**

Before any major project is sanctioned an ESIA is required. Key to any ESIA is to identify and engage with all stakeholders to gain an understanding of their concerns. This engagement helps guide development planning for the project and looks at various alternative options for processes that may be involved. It also identifies potential conflicts that may arise. Read about the Jubilee ESIA in a special feature on pages 31 to 37.

In 2009, Tullow formed a relationship with Kew Gardens in the UK to look at how we can improve restoration planning and re-habilitation when operations are completed. This project will commence in 2010.

#### **Monitoring and evaluation**

As Tullow's operational influence and profile continue to grow, it becomes increasingly important for us to collate and report representative and accurate data consistently.

#### *Geographical Information System (GIS)*

Throughout 2009 Tullow has been utilising GIS information in the planning of its operations and as a way of transmitting information. GIS is a web-based data collection tool that provides us with a visual representation of the environmental impact of our operations. For example, it could be used to display the impact of a drill location on local communities. In 2010 we will be investing further in GIS to reflect ESIA findings and establish monitoring of projects. One of our aims is to carry out aerial surveys of Uganda on an annual basis to provide an in-depth assessment of the long-term impacts associated with production. This includes environmental impacts, such as biodiversity mapping, as well as socio-economic impacts such as the growth of communities around our operations.

#### *Reporting workbooks*

In 2009, we worked to strengthen our environmental data collection process with the introduction of a set of new reporting workbooks. The workbooks have been designed to provide robust criteria and guidelines for those individuals who are responsible for reporting environmental data. New features of the improved workbooks include detailed help boxes and built-in unit conversion tables. These tables allow users to input data in the units prescribed by local regulatory requirements for reporting. They then convert the data into standard units for Tullow reporting and make the process more efficient, consistent and reliable. These improvements will enhance the reliability of Tullow's environmental performance data.

## Ghana oil spill response



Members of GOELF visiting Emergency Response facilities at Aberdeen airport, UK.

**EHS management plans in Ghana**

8

In Ghana, an Oil Spill Contingency Plan (OSCP) has been prepared to ensure rapid and appropriate action in the event of a spill. Oil spill contingency training has been given to key members of the Tullow team and, where appropriate, to the local Ghanaian agencies.

Tullow has also played a significant role in bringing together the relevant Ghanaian agencies that would be involved in handling such an incident to form the Ghana Offshore Emergency Leadership Forum (GOELF). Here Tullow's role has included hosting meetings for the group in Ghana, as well as organising and funding a trip to the United Kingdom to enable members to meet their North Sea counterparts and to share best practice experience in dealing with offshore incidents.

## 2009 H&S audit

Tullow undertook a H&S audit following the death of a contractor in Bangladesh, aimed at assessing where else the Group could have safety failings. The audit acknowledged that ongoing H&S improvement actions were addressing a significant proportion of the findings of the audit. However, there were a number of areas for improvement which are now included in the 2010 EHS work programme. These include the need to increase familiarity and compliance with the Group's IMS, to develop a systematic approach to H&S auditing across the organisation and to ensure that the Tullow standard for the Management of Change is used regularly as a formal approach to assess the risk from a particular change.

"As Tullow grows and becomes more directly involved in operations, the challenge will be to ensure that people adopt robust H&S management systems and processes that are consistent throughout the organisation without unduly repressing entrepreneurial spirit and initiative with overly bureaucratic systems."

**Quote from the 2009 Independent Health & Safety audit**

Mizanur Rahman and Shafiqur Rahman attending EHS Contractor Forum, Dhaka, Bangladesh

Total Recordable Incidents  
**20**



## Health and Safety

Our priority is to ensure that all Tullow employees work in a safe environment, where safe systems of work are maintained and appropriate procedures and processes are in place. We also work, through our social investment programmes, to support health initiatives for communities in our areas of operation, details of which can be found in the Society section on page 42 of this report.

### Health

Protecting our employees' health is a priority and we have a number of initiatives in place. These include a medical referral and health programme called GoCare, an employee assistance programme as well as a wide range of ongoing H&S training initiatives.

### Malaria Management policy

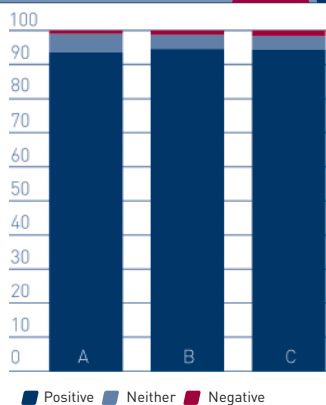
In 2009 the Group placed a particular emphasis on Malaria, which is prevalent in many of the countries where Tullow operates and poses serious health risks to our workforce when travelling to, or working in malaria-endemic areas. Malaria is both preventable and curable, but can be fatal if not treated promptly. To deal with this risk, Tullow set up a working group within our EHS Leadership Team to develop a Malaria policy. Two very serious malaria cases involving Tullow employees increased the priority of developing this policy, which was then approved by the EHS Leadership Team and rolled out across Tullow operations.

The policy and accompanying programme include information on malaria awareness, bite prevention, chemoprophylaxis compliance, early diagnosis and treatment, and a 24-hour malaria hotline. It was created in close consultation with malaria guidelines from the World Health Organization and the International Association of Oil & Gas Producers (OGP).

The roll-out featured the use of several tools to raise the awareness of those at risk, including a presentation and DVD on malaria management, and an e-learning programme. The aim of this multifaceted approach is to improve understanding of the risk of malaria among our staff, contractors and their families. We also shared this programme with external partners and companies that we work with. Specific in-country precautions that follow international guidelines including mosquito-spraying, repellents, bed nets and fly screens, are also in operation across the Group given the differences in malaria prevalence and type by geographic region.

### Tullow Talkback – EHS

- A. 93.5% feel Tullow has a responsible attitude towards the environment.
- B. 94.5% feel Tullow cares about the health of its people.
- C. 94.3% feel Tullow actively seeks to keep its people safe.



## Safety

In 2009, Tullow had its first ever fatality with the tragic electrocution of a contractor at the Bangora gas facility in Bangladesh. Following the fatality we immediately made the site safe and initiated a full investigation. We then embarked on a business-wide communication exercise. This senior management undertaking reached approximately 85% of employees over a six week period to ensure everyone in Tullow not only understood what had happened in this incident, but also appreciated the dangers of electricity both in the workplace and at home.

In other areas, a revised inspection programme identified a series of electrical installation improvements to be made at our field operations, in offices and staff houses. Tullow Bangladesh implemented several operational improvements at the Bangora site, including a revised third party electrical inspection programme, improved contractor management and clarification of roles and responsibilities.

The Tullow Board challenged the EHS team to identify other places in which the company was exposed to H&S risks. To respond to this, an independent H&S audit was carried out towards the end of the year. The report was distributed widely and key recommendations have been incorporated into the 2010 EHS workplan and the relevant individuals' objectives, details of which are outlined in the case study on page 29.

During the year a third party was killed in a driving accident in Uganda. This resulted in improvements being made to our driving policy and road safety programme. Fatalities relating to work are totally unacceptable, and we continue to work to identify improvements to our procedures and to implement these throughout the Group.

### Better reporting procedures

A major review of our incident reporting procedures in 2009 showed that Tullow's Incident Potential Matrix (IPM) (which assesses an incident in terms of potential rather than actual severity and evaluates the likelihood of that potential outcome being realised) was not in line with industry standards. We therefore revised the IPM and reviewed all incidents in 2009 against the new matrix to provide a valid baseline for target setting in 2010. Using the revised IPM the Group had 10 HiPo incidents in 2009, nine fewer than if the old matrix had been used. The revised IPM provides clearer definitions of likelihood and consequence and produces more consistently reliable assessments of the potential of an incident. The review was carried out in a transparent way by experienced EHS personnel and we are confident that the readjusted HiPo number is robust. The HiPo incidents for 2009 using the revised IPM were covered by Deloitte as part of their assurance process.

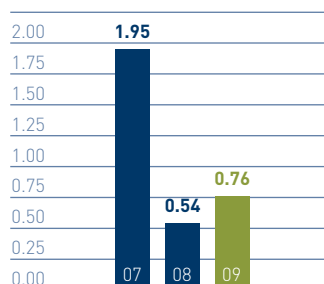
### Crisis Management and Emergency Response

As operators in a high-risk industry, it is vital that Tullow is able to react quickly and effectively to

## Lost Time Injury Frequency Rate (LTIFR)

# 0.76

Tullow recorded five Lost Time Injuries in 2009 during 6.6 million hours worked. As a result the Group's LTIFR did not achieve top quartile industry safety performance for the year.



co-ordinate efforts to control or influence situations through strong crisis management and emergency response. We are fully aware that any unforeseen incident can result in safety or environmental impacts together with potential reputational and financial damage.

### Corporate crisis management

At a corporate level, Tullow has a Crisis Management Team (CMT) on call on a rota basis around the clock, and has a dedicated CMT room at the London head office. Although it was not necessary to deploy this team during 2009, four trained responders were available at all times including three Tullow employees and an external media adviser. Module 3 of the bespoke EHS leadership training programme is focused on crisis management and media response so that Tullow develops broad and deep crisis management capability.

### Operational emergency response

On all of our operations we maintain an emergency response capability in line with the level of activity at the location. In addition to this, different in-country programmes have also been developed. In Ghana, Tullow has made crisis and emergency response a priority, with a progressive programme of crisis and emergency response training as we move towards production. The training is designed to identify and minimise potential risks and to ensure those involved are prepared to respond appropriately to unforeseen incidents. Staff at all levels are involved in awareness training, including specialist preparation in the areas of supporting family and relatives and responding to media. This training is backed up by a series of monthly practical exercises involving Tullow emergency response teams on location throughout the country, at offshore drilling rigs, working with helicopters and involving marine and medical contractors. Approximately 100 Tullow staff participated in such exercises in 2009.



For more information visit [www.tullowoil.com](http://www.tullowoil.com)



# Setting standards building partnerships

Jubilee ESIA special feature



Supply vessel supporting drilling operations, offshore Ghana

## Assessing our impacts

At the beginning of every project we commission an ESIA. The purpose of this is to provide information to ourselves, partners, regulators, the public and other stakeholders to aid the project decision-making process and help inform whether a project should go ahead and how project plans should be developed.

ESIAs are standard practice for Tullow, and in Ghana they are mandatory for oil and gas field development and must be presented to the general public for scrutiny prior to final government approval.

The Jubilee ESIA covered all activities necessary for Jubilee Phase 1 Development and culminated in a series of public hearings, including a national public hearing in the capital, Accra, the first of its kind in Ghana.



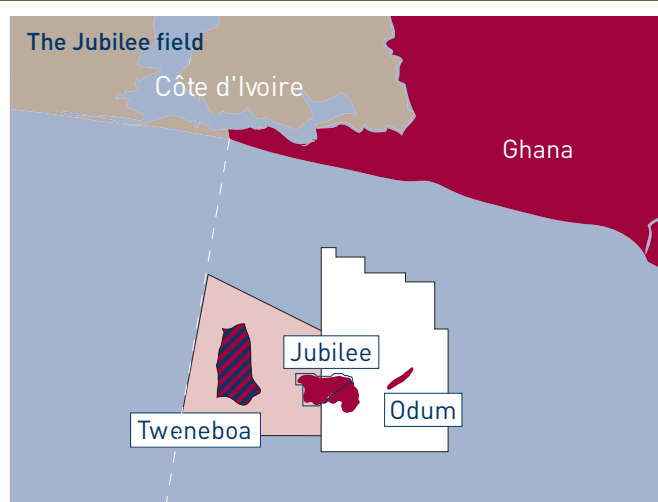
**“This was a detailed assessment, which set an excellent standard for both an ESIA process and stakeholder engagement.”**

**Graham Brunton**  
Group EHS Manager

## Building trust from discovery to first oil

First discovered in June 2007, Jubilee is a world-class oil field which will make Ghana a new oil producing country. At the time it was also the Group's largest ever discovery. The Jubilee field is approximately 60 km offshore Ghana and Phase 1 development involves the extraction of hydrocarbons from an underground reservoir located in deep water. With first oil expected in the fourth quarter of 2010, just 3.5 years after discovering the field, a new industry benchmark for deepwater development has been achieved. This would not have been possible without developing close partnerships with stakeholder groups and the ESIA played a significant role in achieving that.

### 1. Project overview



### A new oil country

The Jubilee Unit Area covers part of the Deepwater Tano and West Cape Three Points licence areas. It lies in water depths of between 1,100 and 1,700 metres and covers an area of approximately 110 sq km.

Phase 1 development involves the completion of 17 wells comprising a combination of nine production wells which will be used to bring oil and gas from the underground reservoir to the surface, and six water and two gas injection wells which will be used to inject water and gas back into the reservoir for pressure maintenance and enhancing oil recovery.

The wells will be connected through a network of valves and pipelines to the 'Kwame Nkrumah', the FPSO permanently moored at the north of the Jubilee field.

# 34

Public consultations were held during the impact assessment process

## Kwame Nkrumah

FPSO – named after the first president of the Republic of Ghana

### 2. ESIA process and objectives

#### Rigorous assessment processes

An overview of the impact assessment process is shown schematically here and followed all applicable Ghanaian regulations. The objectives of the ESIA are as follows:

- To define the scope of the project and potential interactions of project activities with the environment;
- To identify relevant national and international legislation, standards and guidelines, and to ensure that they are considered at all stages of project development;
- To provide a description of proposed project activities and of the existing environmental and social conditions that project activities may interact with;
- To predict, describe and assess all impacts that may result from project activities and to identify mitigation measures and management actions to avoid, reduce, remedy or compensate for significant adverse effects and, where practicable, to maximise potential positive impacts and opportunities; and
- To provide a plan for implementation of mitigation measures and management of residual impact as well as methods for monitoring the effectiveness of the plan.





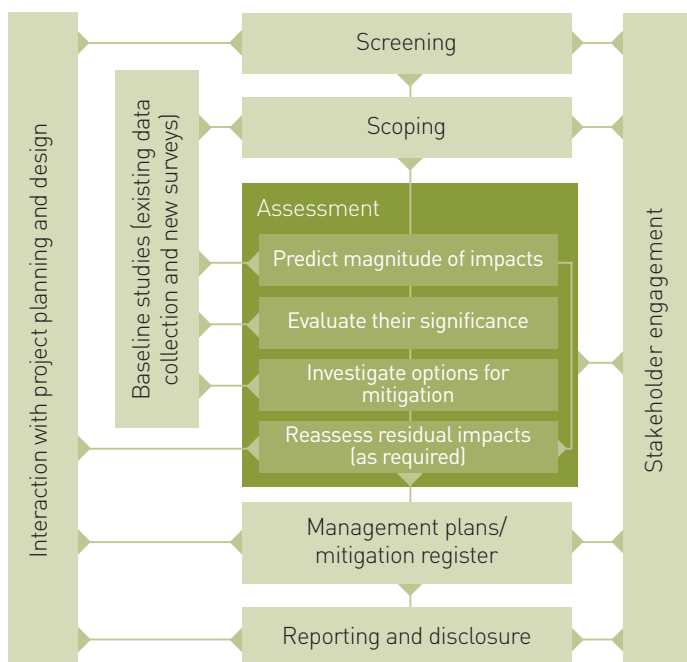
### 3. Environmental and socio-economic baseline

#### Researching and understanding our impacts

To fully understand the possible impacts of the Jubilee project on Ghana, it was vital for us to gather environmental and socio-economic baseline data. This was gathered from as many sources as possible including available data such as engineering reports, input from stakeholders including government agencies, fishermen's organisations, NGOs, local experts, research and academic organisations and published sources. As Ghana has approximately 550 km of coastline and a well developed fishing industry, we also commissioned a marine environmental baseline study to understand seabed ecology and water quality.



#### Impact assessment process





November 2008 Stakeholder engagement begins

December 2008 Scoping report

#### 4. Stakeholder engagement

### Developing long-term relationships

Consultation plays a fundamental part in providing input into the ESIA process. The Jubilee ESIA was based on a Public Consultation and Disclosure Plan, which was drawn up to ensure that engagement was undertaken in a systematic and inclusive way. The objective of the engagement is to ensure that all sources of existing information and expertise are identified, legislative requirements are met and that stakeholder concerns and expectations are addressed.

A series of 26 public consultation meetings with national and local groups were held between November 2008 and June 2009 as part of the ESIA. To facilitate these engagements, a document presenting information on the project and contact details for comments was distributed and published on the project website.



“The government is very supportive and we bring to the table an assurance and an understanding that together we can all make it happen.”

**Kofi Esson**

Government & External Relations Manager, Tullow Ghana



Fishing activities in Takoradi Port, Ghana

# 6

the six frontline coastal districts near the Jubilee field have an established traditional artisanal fishing industry





## 5. The big issues identified through the Jubilee ESIA process

### Discharges

Routine discharges (such as waste water from the FPSO) and drilling wastes will be treated to accepted standards prior to discharge. Non-routine discharges (such as chemically treated hydrotest water) will be collected in a closed system and treated to meet Ghanaian and international standards. The selection of fluids will take into account their potential environmental impacts.

### Air and water quality

Impacts from emissions to air are unlikely to have a direct impact on local communities. Our operations will produce GHG emissions but we are working to minimise these through the use of state-of-the-art equipment, application of our EHS policy, EMS and toes. Flaring will be avoided wherever possible with the stated intention to flare only in specified situations. Water discharges from the FPSO and support vessels will all be treated prior to discharge to ensure that they meet both Ghanaian and industry standards.

### Waste management

The scale and nature of waste produced will vary depending on operations that are being carried out. Some waste, such as macerated food waste, can be treated and disposed of at sea in accordance with MARPOL, the International Convention for the Prevention of Maritime Pollution from ships. Other non-hazardous waste will be brought ashore for treatment, recycling and disposal. Hazardous waste will be transported ashore for disposal at appropriate facilities.

### Oil spills

Results of the impact assessment carried out as part of the ESIA process show that the risk of an oil spill is very slight. We have however put in place a comprehensive OSCP to ensure that in the event of a spill we are ready to take appropriate action. We have also helped to form the GOELF, which consists of Ghanaian agencies that would be involved in the event of an incident.

### Fishing

We are working closely with the Ghanaian Fisheries Agency and fishing community to alleviate any concerns and issues around the presence of the FPSO. This includes both direct and indirect assistance ranging from compensation procedures, to assistance with locating alternative fishing grounds. Tullow Ghana is also working to educate the fishermen about potential safety issues caused by fishing close to our operations.

### Community support

The Jubilee ESIA discussions also helped us to understand the most pressing needs of the six coastal communities of the Western Region and to identify the most appropriate Social Enterprise and social investment projects for the area. The drilling of water wells in the region, and our support of a programme to eradicate river blindness, were the first direct outcomes of the process. The information gathered by the ESIA also allowed Tullow Ghana to develop a Social Enterprise strategy and management framework.

August 2009 Draft ESIA submitted to EPA for review

September 2009 Eight public

## 6. Approval process



### Approval from the Ghana EPA

Feedback from the public consultation meetings was drawn together into a draft ESIA which was submitted to the Ghana EPA for review in August 2009. In accordance with Ghana ESIA requirements, Ghana EPA disclosed the draft ESIA to the public for a 21 day review and comment period. Copies were also given to Metropolitan, Municipal and District Assemblies in the coastal areas of the Western Region, as well as to government departments.

The consultation and review process culminated in a series of eight public hearings held between September and November 2009 in the Western Region and Accra. These hearings were conducted to ensure that people affected by our activities were given every opportunity to express their views and concerns. As the Jubilee Project was seen as a matter of national interest, we were required to include a national public hearing in Accra – the first of its kind in Ghana.

Comments from the EPA and comments raised during the public hearings were addressed in the final ESIA. The first part of a two stage approval process was received in early 2010.



Aerial view of Takoradi Port, Ghana

## 7. Mitigation plans and monitoring programmes

### Managing our impacts and measuring our performance

Actions taken to mitigate our impact on the environment are based on a hierarchy of decisions and measures, with many of the mitigation processes effectively built into the design of the project.

We are also planning a number of monitoring programmes to collate data to measure our performance. Monitoring will be in line with agreed standards and is designed to support continual improvement, to verify ESIA predictions, and to collate additional data where information gaps are identified.

In addition, we have drawn up a series of management plans aimed at ensuring compliance with the environmental and social requirements of our operations including

- Environmental Management Plan;
- Waste Management Plan;
- Environmental Monitoring Plan;
- Emergency Response Plan;
- Oil Spill Contingency Plan;
- Transport Management Plan;
- Public Consultation and Disclosure Plan; and
- Corporate Social Responsibility Management Plan.



hearings are conducted over three months

**November 2009** Final ESIA submitted for approval



“We started off in Africa so the heart and soul of the company is there. Jubilee is a great project and one of the best fields found in Africa in over a decade.”

**Aidan Heavey**  
CEO, Tullow Oil plc

**550 kms**

approximate length of  
Ghana's coastline

**2.5 million**

Circa 2.5 million people live in the  
Western Region with over one third  
in urban regions

#### The mitigation hierarchy for planned project activities

##### **Avoid at source; reduce at source**

Designing the project so that a feature causing an impact is designed out (e.g. a waste stream is eliminated) or altered (e.g. reduced waste volume).

##### **Abate on site**

Adding something to the design to abate the impact (e.g. pollution controls).

##### **Abate at receptor**

If an impact cannot be avoided, reduced or abated on-site then measures can be implemented off-site (e.g. noise or visual screening at properties).

##### **Repair or remedy**

Some impacts involve unavoidable damage to a resource, (e.g. land disturbance). Repair essentially involves restoration and reinstatement type measures.

##### **Compensate in kind**

Where other mitigation approaches are not possible or fully effective, then compensation, in some measure, for loss or damage might be appropriate.

#### Find out more about Jubilee



##### **Jubilee special feature**

Our 2009 Annual Report contains a special feature on Jubilee. First oil in Ghana in 2010 will create a new record from discovery to delivery of major deepwater production. Go online for more information and visit: [www.tulloil.com/reports/ar09/jubilee](http://www.tulloil.com/reports/ar09/jubilee)



##### **ESIA Non Technical Executive Summary**

There is detailed information on the Jubilee ESIA in the Ghana section in major projects on our website. Visit: [www.tulloil.com/our-business/major-projects/ghana/eis-jubilee-field](http://www.tulloil.com/our-business/major-projects/ghana/eis-jubilee-field)



#### 2009 performance

**24%**

increase in number of permanent employees

**Over 70%**

Ugandan nationals working in our operations in Uganda and over 80% Ghanaians working in Tullow Ghana

**14 GNPC**

secondees and four technicians welcomed to Tullow for training and development

**2%**

staff turnover during the year. This is a non-financial Group KPI

#### 2010 objectives

##### **Tullow Talkback**

Deliver 70% of the actions raised as part of the follow-up to the 2009 survey

##### **Embed HR processes**

Ensure that key HR processes – reporting, induction, web-based HR forms, self service HR database – are embedded across the Group

##### **Succession planning**

Develop a strong succession planning process for each management level

##### **Localisation plans**

Support the development of the skills and competencies required for new in-country E&P industries in Ghana and Uganda

##### **Staff turnover**

Maintain a staff turnover rate of less than 5% in 2010



## Developing a first-class team with excellent commercial, technical and financial skills

### Our big issues

#### How will Tullow ensure that Ghanaians have the right skills to participate in the oil industry?

14 GNPC employees were seconded to Tullow during 2009 and participated in a diverse range of training. The majority are now doing Tullow sponsored Masters of Science degrees in leading UK universities. We trained four production technicians who have now returned to Ghana to join the Tullow team in Accra. Our commitment is to have over 90% Ghanaian employees at our operations in Ghana and we have already achieved over 80%. In 2010, we are undertaking a strategic review of vocational skills available in Ghana as a basis for planning additional capacity building activities.

#### How will Tullow help develop the people needed for a successful oil and gas industry in Uganda?

By the end of 2009 we employed 61 Ugandans in our operations. We are working with the government and the Ugandan Petroleum Institute to develop technical skills. In 2010, we will welcome our first Ugandan secondee to Tullow London. Through our social investment programme we sponsor education initiatives at a primary and secondary level and we plan to support tertiary education going forward. Education and training are fundamental to developing skills and building capacity directly or indirectly for the oil and gas sector in Uganda.

#### How is Tullow managing such a large increase in the number of its employees?

In recruiting people we look for team players and assess how aligned individuals are with our values and ethics. This gives us a good head start and we follow-up post recruitment with clear induction procedures. There is a range of HR processes and policies that support quick assimilation along with uniform performance management. We are ever mindful of the need for two way dialogue and our annual global employee and contractor survey helps us understand the impact of our huge growth and where there is room for improvement.

We know that the right people are our greatest asset and we focus on building an exceptional team that spans all aspects of the business. This means that we have the skills needed in each area to develop competitive advantage, continue our success and achieve our vision. At Tullow, we have created an environment that allows people to work and contribute in the best way possible, and we are proud of our growing reputation as an employer of choice in the industry.

We have invested heavily in developing HR resources and capability and a key achievement is the successful launch of the Group's HR strategy. This is based on four interdependent aspects incorporating Culture & Engagement, Talent Development, Performance Management and Reward & Recognition.

Good progress was made with the implementation of the HR strategy during 2009 and in particular with the introduction of 'Living our Values' based on the unique culture and characteristics that our success has been built on. As we continue to grow rapidly and spread geographically 'Living our values' is a way to ensure that everyone is aligned to our expectations.

#### Living our values

Our values – Focus on Results, Commitment to Tullow and each other, Integrity and Respect, Entrepreneurial Spirit and Initiative – capture the way we do business.

In 2009, we tested understanding and adoption of these values and many aspects of key Group-wide issues and initiatives in our first, highly successful, global employee and contractor survey called Tullow Talkback. 76% of respondents positively engage with and are well disposed to our values which, although a good result, leaves room to improve.

### Measuring our performance



#### Progress and performance

For more details on our 2009 performance and our future objectives.

Read more on page 20

Read more on page 50



## Localisation programme, Uganda



In 2010, we will welcome our first Tullow Uganda secondee, Lynda Biribonwa, who will work as an Environmental Adviser with the Group's environment team based in London. Our focus will be to enhance Lynda's understanding of Tullow's business, project management, leadership skills and environmental engineering. We are aiming to provide a thorough grounding in the environmental aspects of the exploration and production business. With our projects in environmentally sensitive areas along the Albertine Rift Valley in Uganda, first-class environmental skills are vital to our success.

"I am excited and looking forward to the opportunity to understand the wider aspects of the Exploration and Production business and to work on Group-wide projects and environmental issues. I can then pass on my skills and knowledge to my Ugandan colleagues back in Kampala, when I return."

**Lynda Biribonwa**  
Environmental Compliance Advisor,  
Uganda

Ugandan employees

61

### Tullow Talkback

Following on from our global employee and contractor survey we committed ourselves to holding workshops in all of our main locations to examine in detail the results of the survey. We have now held eight workshops in five countries to give teams in each location the opportunity to identify issues which they feel are important to them, take ownership of those issues and make action plans to resolve them.

Participants at the workshops were selected to give a cross section of views, with senior managers working alongside their team members in an open and honest environment. Issues identified are diverse and range from data integrity to communication between offices, with an enthusiastic willingness in all locations to make a difference.

The final workshops were held in London in May 2010, and we will now collate all the findings and action plans and report back to the business, including the Group's Executive team.

The global HR team is facilitating the achievement of the action plans identified and delivery of 70% of the actions raised is one of our main KPIs for 2010.

### Employee relations

We believe it is critical for us to maintain high-quality relations with our employees. Since 2007, employee numbers have grown 80% and our total workforce, including contractors, has increased almost 40%. Tullow now has a total workforce of 880 people. One of the most notable changes has been the increase in the number of female employees, who now represent 24% of Tullow's workforce, up from 14% in 2007.

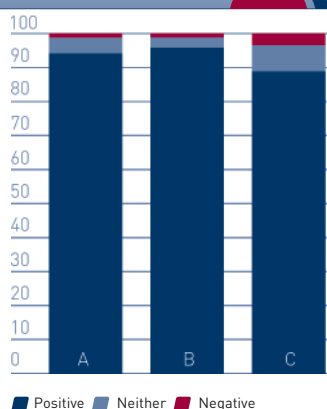
We have also maintained a very low staff turnover rate, in the order of 2%, and we are proud of the high level of commitment and loyalty we receive from our employees. We work hard to ensure that Tullow people have a shared vision wherever they work in the business. This is underpinned by a common set of values and strong business ethics.

We understand the importance of strong employee communications and in particular the value of direct face to face meetings with senior management and leaders of the Group. We have a range of initiatives including increased Board visibility and access for all staff, EHS Leadership Team visits to operations and presentations to staff and team briefings. We have an internal communications team and we are currently redeveloping the Group's intranet.

Tullow encourages employee share ownership and 2010 will see the introduction of a replacement Share Option Scheme for all staff and we also plan to expand our existing Share Incentive Plan.

### Tullow Talkback – People

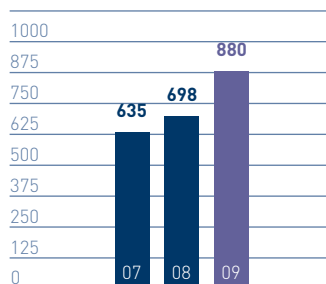
- A. 94.1%  
feel passionate about their work.
- B. 95.8%  
believe their role contributes to Tullow achieving its strategy.
- C. 88.8%  
feel motivated to improve the company's performance.



## Total workforce

# 26%

Increase in the total workforce in Tullow during the year to 880 people with 182 new people joining the Group, 130 direct employees and 52 consultants.

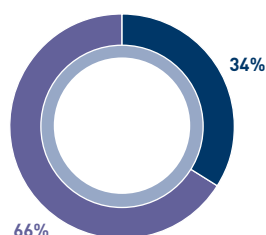


## Employees in Africa

# 51%

of Tullow's total workforce is in Africa.

■ 34% Expatriates  
■ 66% Local nationals



We sponsor employee pensions fund provision (or equivalent) and formed a UK Pensions Governance Committee in 2009 comprising Tullow and employee representatives. New plans will be offered in Bangladesh, Ghana and Uganda in 2010.

### Localisation plans

At the end of 2009, 453 people, or over 51% of our total workforce, are in Africa. This is an increase of 182 new people since 2008 and reflects the growing demands of our major projects in Ghana and Uganda. There are 115 female employees, representing one quarter of the total Tullow workforce in Africa. This is a positive change in the makeup of our workforce and is also reflected at a Group level. There are over 300 local nationals working in our operations and while there has been a significant increase in expatriate employees we are developing plans to ensure that we achieve our goal of over 90% local national employees. A good example of this is the way all expatriate employees in the Ghana Supply Chain Management team are shadowed by a Ghanaian national for training and to transfer knowledge and skills. The ultimate aim is to shift the expatriate roles to their Ghanaian counterpart.

We believe we have a major role to play in developing the required human resource skills for the emerging oil industry in Ghana and Uganda. Working with government we continue to develop plans to build the required skills base in-country so that together we create local employment and a sustainable national industry. In 2009, 14 GNPC employees came on secondment to Tullow in the UK for training and postgraduate studies funded by us. A similar programme is just getting underway for Uganda. A case study on our first Tullow Uganda secondee, Lynda Biribonwa, appears on page 40.

In addition, in 2010 a strategic review of vocational skills and competence development needs in Ghana is being undertaken. In Uganda, we are focusing on building technical skills.

### HR management systems and policies

In 2009, one of our objectives was to extend the roll-out of a new HR database across the Group to enable us to improve reporting and modelling of HR information. By the end of the year the database was being used in all locations. In 2010, we plan to review and add further modules such as recruitment and training and development. This will enhance our ability to accurately report and share data and to develop HR plans.

We have Group HR policies which set the standards that are to be followed throughout Tullow. These are generally higher than legal requirements and provide strong internal consistency. All our policies are reviewed regularly to ensure they reflect best practice. Local legislation requirements form part of regional, in-country or individual business procedures. All our standards are supported by detailed staff handbooks and communicated to employees at induction. We have specific Equal Opportunities and Harassment policies and a Group Code of Business Conduct. This code is applicable to employees, suppliers, contractors and consultants. Further information can be found on pages 43 to 46 of this report.



For more information visit [www.tullowoil.com](http://www.tullowoil.com)





#### 2009 performance

11%

increase in social investment expenditure

US\$1.7 million

discretionary social investment in Africa

New

Code of Business Conduct

New

Social Enterprise policy and programme

#### 2010 objectives

##### External Affairs

Develop comprehensive stakeholder engagement programme

##### Social Enterprise

Launch Social Enterprise policy, selection criteria and formal project appraisal process

##### Code of Business Conduct

Publish revised Code and conduct an internal audit review of compliance with the Code in practice

##### Community Liaison

Increase the number of Community Liaison Officers in Ghana and Uganda, to support local stakeholder engagement, issues management and socialisation





# Society

## Building long-term relationships with governments, local communities and key stakeholders

### Our big issues

#### How will Tullow manage expectations of the benefits of a new oil industry in Ghana?

We have an ongoing programme of public engagement to ensure as many people as possible understand the Jubilee project and what it can and cannot offer. We have met with local communities, policy makers, traditional leaders, media and professional associations. This programme is being extended to include district assemblies, legislators and religious groups.

#### Why are your petroleum agreements in Ghana and Uganda confidential?

These agreements remain confidential at the request of host governments for commercial reasons. However, their terms are in line with agreements signed around the world. The main beneficiaries in both Ghana and Uganda will be the people of those two countries. Should either government, that is party to the agreement on behalf of its people, choose to make it public, we would fully support this.

#### Why has Tullow not signed up as supporters of the Extractive Industries Transparency Initiative?

Tullow believes very strongly in transparency and we take a zero tolerance approach to corruption. We also believe that natural resources should generate long-term economic and social benefits for a country's citizens. These two beliefs influence the way we do business, and as such we are aligned with the objectives of EITI. We are actively involved in EITI implementation processes in countries in which we have our operations and which have signed up to the initiative, such as Gabon, Equatorial Guinea, Mauritania and Ghana. We will continue to review and assess which external initiatives Tullow should sign up to, including EITI.

We recognise that as a business Tullow has both a responsibility for creating wealth and a role to play in contributing to society. Our goal is to be a net contributor to the societies in which we are based, and to build a reputation as an important and positive influence within local communities. We can help drive social and economic development in local communities through the use of our resources and through our supply chain network. A prerequisite for all of this is ethical behaviour, which is concerned with honesty and the integrity with which we as individuals and as a company, treat our stakeholders.

#### Ethics and integrity

We are committed to maintaining the highest ethical standards in the personal and professional conduct of our employees, suppliers, contractors and consultants. We aim to ensure that our day-to-day business activities are conducted in a fair, honest and ethical manner and each person connected with Tullow has individual responsibility for maintaining an ethical workplace. Managers and leaders throughout the Group have an additional role of fostering the proper environment and encouraging ethical practices.

The Tullow Code of Business Conduct ('the Code') sets out general business principles, the Group's Ethics & Integrity policy, Whistleblowing policy and Human Rights policy.

As a principles-based code, people are guided to use their best judgement to make the right decisions for the wide variety of situations they face, and are encouraged to ask for further assistance if they are unsure of the right thing to do. As well as being a personal guide to behaviour, the Code forms an important element in the contract specification and purchasing terms used by the Group's Supply Chain

### Measuring our performance



#### Progress and performance

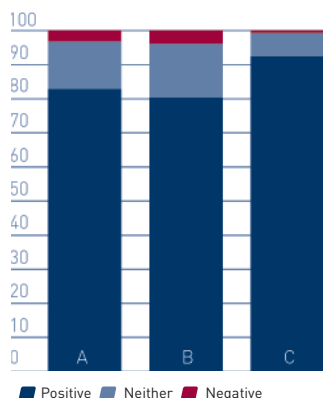
For more details on our 2009 performance and our future objectives.

Read more on page 20

Read more on page 50

## Tullow Talkback – Society

- A. 82.8%  
feel Tullow people  
have integrity.
- B. 80.3%  
feel Tullow is led  
by people who will  
ensure its success.
- C. 92.4%  
feel Tullow positively  
contributes to the  
communities in  
which it operates.



Management department. The Code was approved by the Board and rolled out during 2009 in conjunction with an awareness campaign.

It has always been our intention that the Code remains a living, working document with internal controls and procedures in line with the dynamic environment in which we operate. Amendments expected in our 2010 revision include testing the Code's robustness in line with the UK Bribery Act and separating out our Human Rights policy to raise its profile. The next edition of the Code will also include examples of business ethics dilemmas, which we hope will help to make the consistent application of the Code easier. An important next step is to undertake an internal audit review of the Code in practice in 2010, with an external audit planned in 2011.

## Health in Uganda



Aidan Heavey with Leah Kugonzi, nurse, and Robert Picho, support staff, during visit to Kyehoro Maternity Centre, Uganda

Since 2007 we have been supporting the provision of health services in partnership with the German Development Service, the Health Initiative for the Private Sector and USAID.

In May 2008, we opened the Tullow constructed Kyehoro Maternity Centre, the only such centre in Western Uganda. We have continued the support and training of a midwife and nursing assistants, and to date over 140 babies have been delivered. The Centre now provides other important services such as infant immunisations, family planning and Voluntary Counselling and Testing (VCT) for HIV/AIDS. Babies and children can be immunised against diseases such as Tetanus, Polio, Measles, Hepatitis B, Tuberculosis and Diphtheria. In January 2010 the Centre was granted permission to distribute Anti-Retroviral Treatment (ART) which will greatly benefit HIV positive community members in the area. Although the Centre has now been handed over to the local authorities, Tullow and its partners will continue to support the facility.

The partnership has also implemented an outreach programme designed to raise awareness levels about HIV/AIDS. To further the effectiveness of this programme, 402 volunteers from the surrounding communities have been trained in topics such as sexually transmitted diseases, malaria prevention, family planning, clean water and hygiene and sanitation. So far over 26,000 community members have benefited from this programme and over 4,000 people have undergone voluntary testing for HIV.

For many communities this is the first time they have had access to treatment and care. In addition, these programmes raise awareness of health issues which helps to initiate the process of behaviour change.



Babies born at Tullow  
maternity centre in  
Western Uganda

140

We need to ensure that awareness of the Code reaches 100% of all audiences, and during 2010 we have defined a training and communications programme to achieve this, including line management initiatives to explain and promote the Code, and a series of open workshops following recent successful ones held in Accra and Takoradi, Ghana.

#### *Speaking Up*

In 2010, in line with best practice, we have introduced an additional means for raising concerns or issues around the way we do business. In addition to a clear Whistleblowing policy and the opportunity to speak with line management, Human Resources or the Group's General Counsel, all employees and contractors now have the opportunity to use an external reporting telephone line. All calls will be treated with the utmost confidentiality by independent staff, who will only disclose names to Tullow if the caller gives permission. Senior management are mandated to investigate, deal with and report on all serious issues raised.

The free phone lines were activated in April 2010. All staff were reminded that if they have serious concerns about any of Tullow business practices relating to, for example, such issues as fraud, dishonesty, discrimination or corruption, it is important that they are reported immediately either internally or through the external reporting facility.

#### *Bribery, corruption and gifts*

We maintain a register of gifts in our main offices for all gifts given and received. The Code sets clear thresholds on acceptability of gift giving and receiving while acknowledging that local limits need to be set based on accepted culture and practice. There were no incidents of corruption recorded in 2009 and no associated fines or other related actions.

#### *Conflicts of interest*

Tullow, our employees, suppliers, contractors and consultants are reminded in the Code to avoid situations where personal interests could conflict, or could appear to conflict, with their contractual duties and responsibilities.

#### *Political contributions*

In line with the Code Tullow made no contributions to political parties, politicians or related organisations in 2009.

#### *Transparency*

In accordance with national EITI implementation plans we have reported payments made in Equatorial Guinea, Gabon and Mauritania. We are a member of the Mauritania national EITI Committee and actively participate in national plans to extend EITI to the oil and gas sector in Ghana.

## Local content in Ghana



Johnson Amon-Kotey, Felix Ayisi Yeboah and Roger Addy, EHS and Engineering Trainees, Accra, Ghana

It is the responsibility of our 60 strong Supply Chain Management team in Ghana to deliver our commitment to provide Ghanaian suppliers with full and fair opportunities in contract pre-qualification. Where permitted by law, we help potential local suppliers to reach our contract specifications with short-term support either directly from us or our main contractor. We also offer longer-term agreements to support the raising of investment capital and act as a third party facilitator to help suppliers access capital for investment in new plant and equipment.

In the past year, our in-country Local Content team has awarded major contracts to Ghanaian suppliers for the provision of vehicles, domestic freight forwarding services and cranes. The extensive refurbishment of Takoradi Air Force Base, which serves as our logistics base in Ghana, involved significant civil works and generated employment in the area.

As well as our own processes, we encourage our major international contractors to develop their own Local Content programmes. Our suppliers have thus far developed a marine cadet training academy, built a sub-sea equipment fabrication site in Sekondi and used Ghanaian agents for in-country services.

We have specific local recruitment and skills development policies. All expatriate roles in our Supply Chain Management department are shadowed by a Ghanaian national in a rolling trainee programme. This is expected to deliver nationalisation of the department by Ghanaian employees of Tullow within two years. Developing Ghanaian nationals directly through our schemes is happening in many areas including four graduates in our graduate development programme and four more to join shortly. We are also helping local trade bodies to establish suitable training courses as part of a wider approach to skills transfer.

Since project start Tullow Ghana has awarded more than 700 local contracts. In 2009 the value of contracts awarded was \$45 million.

700

local contracts awarded by Tullow Ghana since project start.

100%

of IT equipment and services procured through locally registered companies in Ghana.



### Payments to authorities of Ghana in 2009

As part of Tullow's ongoing commitment to transparency, and in line with International Finance Corporation (IFC) requirements, this table sets out payments made by Tullow to the Ghanaian authorities (local and national) in 2009 in connection with the Jubilee project. As no oil has yet been produced, no royalties, profits, income tax or dividends were due in 2009.

Type of payment	Net Tullow costs (US Dollars)		
	National Government	Local Government	Total
Royalties	–	–	–
Value of State/State Oil Company production	–	–	–
Profits/income tax	–	–	–
Licence payments, fees or rental (other than routine, nominal administrative fees)	44,204	–	44,204
Profits/dividends paid to government	–	–	–
Training contributions	165,330	–	165,330
Other fiscal benefits to government	–	–	–
<b>Total</b>	<b>209,534</b>	<b>–</b>	<b>209,534</b>

## Improving education standards

In order to improve education standards our focus is on providing support in teaching standards, learning materials and physical infrastructure. In Uganda, we have partnered with Link Community Development to provide teacher training in eight schools surrounding our operations. The programme was warmly welcomed by the schools' head teachers, the Education Standards Authority and the Hoima and Buliisa District Education Officers. In Ghana, after consultation with the District education authorities, we re-equipped the physics, chemistry and biology laboratories of the Half-Assini Secondary School in the Jomoro District of the Western Region. In Namibia, we recently completed the construction of four pre-primary classrooms at the Diaz School in Lüderitz. Going forward we plan to increase the focus of our support for tertiary education.

### Education programmes

18



Nahya Nkinzi, CSR Project Advisor, and Didas Muhumza, Community Liaison Officer, at the Nkondo Primary School, Uganda

### Human Rights

Tullow supports and respects the protection of internationally recognised human rights in our areas of operation. The Human Rights policy is currently integrated into the Code and is applicable to all our operations. We uphold and promote human rights within our sphere of influence which includes, but is not limited to employees, contractors, local communities, suppliers, security forces and business partners. We also actively engage with key stakeholders to address the rights of the communities surrounding our operations. These consultations enable us to identify any specific human rights concerns for local communities. In 2010, the Group's Human Rights policy will be separated out from the Code.

### Supply Chain

In a three year period up to and including 2010, Tullow will have invested over £2 billion in Africa. This gives us opportunities to influence our supply chain and the ability to develop long-term close, co-operative relationships and partnership sourcing arrangements. Effective and ethical supply chain management is a very important aspect of our social as well as business performance.

The principal components of our supply chain management adapt to match the different stages in our operations. At the exploration stage our supply teams become closely involved in understanding planning and engineering demands. As we move towards production, procurement and contract management aspects come to the fore. We source suppliers, undertake due diligence assessments, and manage contract tendering and awarding as well as other related processes. With the contracts awarded, materials and logistics management can

commence. Ensuring delivery of materials in time and on specification is a vital supply chain role during production. Good supplier relationships and contract management are essential for smooth contract delivery. To ensure reliability and resilience of supply over time, supplier quality auditing is a regular aspect of supply chain work. This includes site visits and other inspections that provide supplier performance information. Underperformance can lead to our supply teams taking remedial actions and, in severe cases, the delisting of a supplier.

At all stages of the supply chain we require compliance with our Corporate Social Responsibility policy and respect for the Code. We also need to work within local constraints and a key element of our supply chain management is the promotion of 'local content' or the development of supplier diversity and the encouragement of regional supply chains.

### Social Enterprise

In 2009, Tullow introduced 'Living our values', which articulates the way we behave as a group to each other, to our partners and to our stakeholders. One of our four key values is 'Entrepreneurial Spirit and Initiative', which reflects our desire to maintain Tullow's entrepreneurial and creative spirit as the business develops. This spirit has been a key contributor to our success and, as one of our core values, is an essential component of our culture.

To reflect this, and in support of our declared goal of creating shared prosperity from natural resources, all of our Social Enterprise (formerly Corporate Social Responsibility) projects are focused on building an environment in which entrepreneurs will flourish. Essentially this means 'enterprise development', or working to build local businesses, creating a skilled workforce and contributing to a diversified local economy.

We understand that health, education and conservation programmes are pre-requisites for encouraging entrepreneurs and an entrepreneurial environment, so our social investment programmes in these areas will continue.

### Enterprise Development

Our enterprise development approach emphasises working with local communities to contribute to those initiatives and events which:

- support the development of small/medium enterprises to enable people in the communities to create or obtain employment;
- develop community skills, capacity and incomes to yield sustainable benefits;
- build the skills of entrepreneurs through entrepreneurship programmes;
- help local businesses to enter our supply chain; and
- build capacity for the oil and gas industry.

## Conservation awareness



Red-throated Bee-eaters, Côte d'Ivoire

In Côte d'Ivoire we have partnered with IDD, an Ivorian NGO, to improve environmental and conservation awareness. After consultation with the Ministry of Education we identified nine schools in Abidjan, with 5,500 students and 90 teachers, to work with. Each school was given gardening equipment and a training manual covering biodiversity, water, energy, waste and hygiene. The first tree planting programme was completed in 2009. A televised programme will be shown nationally that will help to develop environmental and conservation awareness.

### Social Investment

The health initiatives that we support depend on the specific health issues faced by our local communities. Our investment seeks to address preventable diseases through the provision of medication, generating awareness and understanding of health issues, and improving the capacity and capabilities of specialist health care providers. In many cases support for infrastructure projects focuses on strengthening existing facilities.

Education and skills development is a natural priority for us due to its relationship with productivity and economic growth. In order to improve education standards our focus is on providing support in three areas: improving infrastructure (such as school buildings), equipping students with learning materials and supporting teaching standards through training and accommodation.

In many of the countries in which we operate community awareness on environmental issues and conservation is limited. Our projects seek to promote sustainable use of natural resources, develop community environmental and conservation awareness, and support the development of comprehensive waste management or recycling strategies and facilities.



For more information visit [www.tullowoil.com](http://www.tullowoil.com)





## 2009 highlights

**Zero**

financial penalties for non-compliance

**C+**

level reporting under the GRI

**Assurance**

of Group level data carried out by Deloitte

**Full compliance**

achieved with the Combined Code on Corporate Governance

## 2010 objectives

### 2010 Corporate Responsibility Report

We have made significant enhancements to this year's report and in 2010 we will review our corporate responsibility reporting with key stakeholders to develop a 2010-2012 reporting roadmap.

In addition, we will conduct a full review of external assurance requirements to ascertain the most appropriate level for Tullow.

Our objective is to achieve a GRI level of B+ for our 2010 Corporate Responsibility Report.





# Assurance and standards



Independent assurance report to Tullow Group Services Limited on the Tullow Oil plc 2009 Corporate Responsibility Report ("the Report")

## Scope of assurance work

We have been engaged by the Board of Directors of Tullow Group Services Limited to perform limited assurance<sup>1</sup> procedures on Tullow Oil plc's ("Tullow Oil") Group level compilation of its environmental, safety, social and social enterprise expenditure performance indicators on pages 50 and 51 (marked with \*) for the financial year ending 31 December 2009.

## Basis of our assurance work and our assurance procedures

We carried out limited assurance in accordance with the International Standards on Assurance Engagements 3000 (ISAE 3000). To achieve limited assurance the ISAE 3000 requires that we review the processes and systems used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. This provides less assurance and is substantially less in scope than a reasonable assurance<sup>1</sup> engagement.

The evaluation criteria used for our assurance are Tullow Oil's definitions and basis of reporting the indicators as described on [www.tulloil.com/cr09](http://www.tulloil.com/cr09)

Considering the risk of material error, a multi-disciplinary team of corporate responsibility and assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion. Our work was planned to mirror Tullow Oil's own Group level compilation processes, tracing how data for each indicator within our assurance scope was collected, collated and validated by Group head office and included in the Report.

Our work was based at head office and involved reviewing data collection, collation and validation at Group level only.

## Our assurance conclusion

Based on the assurance work performed, nothing has come to our attention to suggest that the description in Tullow Oil's basis of reporting for the compilation of the environmental, safety, social and social enterprise performance indicators on pages 50 and 51 (marked with \*) are materially misstated.

## Responsibilities of Directors and independent assurance provider

The Directors are responsible for the preparation of the Report and statement contained within it. They are responsible for determining Tullow Oil's objectives in respect of environmental, safety, social and social enterprise performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to independently express conclusions on reliability of management's assertions on the selected subject matters as defined within the scope of work above.

We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants (IFAC) Code of Ethics and in some areas are more restrictive. We confirm to Tullow Group Services Limited that we have maintained our independence and objectivity throughout the year, including the fact that there were no events or prohibited services provided which could impair that independence and objectivity in the provision of this engagement.

This Report is made solely to Tullow Group Services Limited in accordance with our letter of engagement for the purpose of the Directors' governance and stewardship. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tullow Group Services Limited for our work, for this report, or for the conclusions we have formed.

**Deloitte LLP**  
London, 17 May 2010

<sup>1</sup> The levels of assurance engagement are defined in ISAE 3000. A reasonable level of assurance is similar to the audit of financial statements; a limited level of assurance is similar to the review of a half year financial report.

# Supplementary information

In addition to this supplementary information, the basis of reporting, summary criteria and definitions for EHS data and the GRI content index are published in the online version of the report at [www.tulloil.com/reports](http://www.tulloil.com/reports).

## Environmental performance\*

	2009	2008	2007
<b>Atmospherics</b>			
CO <sub>2</sub> emissions (tonnes)	86,543	193,109 <sup>‡</sup>	234,462
CH <sub>4</sub> emissions (tonnes)	18	214 <sup>‡</sup>	318
Tonnes CO <sub>2</sub> /thousand tonnes hydrocarbon produced	89	88 <sup>‡</sup>	124
Tonnes CH <sub>4</sub> /thousand tonnes hydrocarbon produced	0.02	0.10 <sup>‡</sup>	0.168
<b>Production emissions</b>			
CO <sub>2</sub> (tonnes)	7,829	179,143 <sup>‡</sup>	199,198
CH <sub>4</sub> (tonnes)	11	171 <sup>‡</sup>	167
<b>Drilling emissions</b>			
CO <sub>2</sub> (tonnes)	78,019	11,334 <sup>‡</sup>	23,597
CH <sub>4</sub> (tonnes)	5	0.80 <sup>‡</sup>	1
<b>Well test emissions</b>			
CO <sub>2</sub> (tonnes)	695	2,632	11,667
CH <sub>4</sub> (tonnes)	2	42	150
<b>Water usage</b>			
Water usage (m <sup>3</sup> ) – All operational sites (excluding Bangladesh)	71,683	62,380	39,496
<b>Spills</b>			
Oil and chemical spills	5	6	1
Oil and chemical spills (tonnes)	0.94	trace	1.4

## Safety performance

	2009	2008	2007
Hours worked (million)*	6.6	5.6	5.1
Number of employee fatalities*	0	0	0
Number of contractor fatalities*	1	0	0
Number of third party fatalities*	1	1	0
Lost Time Injuries (LTIs) (total number)*	5	3	10
Lost Time Injury Frequency Rate (LTIFR)* (Number LTIs per million hours worked)	0.76	0.54	1.95
OGP LTIFR*	0.46	0.55	0.67
Total Recordable Incidents (TRI) (total number)*	20	28	65
Total Recordable Incident Frequency Rate (TRIFR)* (number TRI per million hours worked)	3.04	5.01	12.73
OGP TRIFR*	1.79	2.11	2.71
High Potential Incidents (HiPo) (Total number)*	10	24	29

\* Indicates 2009 performance data reviewed by Deloitte as part of their CR assurance work. See page 49 for details.

+ OGP LTIFR and TRIFR figures for 2009 are estimates at time of publication. 2008 data have been updated with final figures supplied by OGP.

– The 2009 HiPo figure uses the revised Incident Potential Matrix (see page 30), using the previous matrix, the figure would have been 19.

‡ The 2008 environment data has been restated following in-country reviews, leading to more accurate data being reported for Bangladesh and Pakistan.

## Social enterprise performance

	2009	2008	2007
Discretionary expenditure (US\$ 000's)*	2,054	1,846	946
Licence Commitments (US\$ 000's)	3,240	2,172	N/A

## 2009 Social performance\*

	Europe	Asia	Africa	South America	USA	Total
Number of employees	245	85	337	0	2	669
Number of consultants	75	18	116	1	1	211
Number of expatriate employees	0	19	152	0	1	172
Number of local nationals	320	84	301	1	2	708
Total workforce	320	103	453	1	3	880
Number of female employees	95	3	115	0	0	213
Number of female managers	17	0	5	0	0	22

\* Indicates 2009 performance data reviewed by Deloitte as part of their CR assurance work. See page 49 for details.



### GRI Report application levels

The GRI content index for this report is available online at: [www.tulloil.com](http://www.tulloil.com)

The 'C+' GRI checked application level relates to the online version of the report.

		2002 in accordance	C	C+	B	B+	A	A+
Mandatory	Self declared							
Optional	Third party checked							
	GRI checked							





# Contacts and feedback

There is comprehensive Group, key corporate and key regional office contact information available on our website at [www.tullowoil.com/site-services/contact-us](http://www.tullowoil.com/site-services/contact-us).

## Contacts

### EHS

EHS at Group head office will deal with or redirect your EHS query as appropriate.

Email: [ehs@tullowoil.com](mailto:ehs@tullowoil.com)

### People

Contact Group HR using this address. There are also several in-country HR contacts available online.

Email: [hr@tullowoil.com](mailto:hr@tullowoil.com)

### Society

Contact our Social Enterprise team at this address.

Email: [csr@tullowoil.com](mailto:csr@tullowoil.com)

### Group

Tullow Oil plc  
3rd Floor, Building 11  
Chiswick Park  
566 Chiswick High Road  
London W4 5YS

Tel: +44 20 8996 1000  
Fax: +44 20 8994 5332

Email: [info@tullowoil.com](mailto:info@tullowoil.com)

## Feedback

Contact our Social Enterprise team at this address.

Email: [info@tullowoil.com](mailto:info@tullowoil.com)

# Glossary

<b>boepd</b>	Barrels of oil equivalent per day	<b>HiPoFR</b>	High Potential Incident Frequency Rate
<b>CLO</b>	Community Liaison Officer	<b>HR</b>	Human Resources
<b>CO<sub>2</sub></b>	Carbon Dioxide	<b>HRIS</b>	Human Resources Information System
<b>CH<sub>4</sub></b>	Methane	<b>H&amp;S</b>	Health and Safety
<b>CMT</b>	Crisis Management Team	<b>IMS</b>	Integrated Management System
<b>D&amp;P</b>	Development and Production	<b>IPM</b>	Incident Potential Matrix
<b>EA</b>	External Affairs	<b>KPI</b>	Key Performance Indicator
<b>E&amp;A</b>	Exploration and Appraisal	<b>LTI</b>	Lost Time Injury
<b>EHS</b>	Environment, Health and Safety	<b>LTIFR</b>	Lost Time Injury Frequency Rate
<b>EMS</b>	Environmental Management System	<b>mmboe</b>	Millions of barrels of oil equivalent
<b>E&amp;P</b>	Exploration and Production	<b>NGO</b>	Non Governmental Organisation
<b>EPA</b>	Environmental Protection Agency	<b>OSCP</b>	Oil Spill Contingency Plan
<b>ESIA</b>	Environmental and Social Impact Assessment	<b>OGP</b>	International Association of Oil & Gas Producers
<b>FPSO</b>	Floating Production Storage and Offloading vessel	<b>toes</b>	Tullow Oil Environmental Standards
<b>GHG</b>	Greenhouse Gases	<b>TRIFR</b>	Total Recordable Injury Frequency Rate
<b>GOELF</b>	Ghana Offshore Emergency Leadership Forum	<b>UNGC</b>	United Nations Global Compact
<b>GNPC</b>	Ghana National Petroleum Corporation	<b>VAFR</b>	Vehicle Accident Frequency Rate
<b>GRI</b>	Global Reporting Initiative	<b>VPSHR</b>	Voluntary Principles on Security and Human Rights
<b>HiPo</b>	High Potential Incident		

# Basis of reporting

The Tullow CR Report 2009 ("the Report") provides data and information for the period 1 January 2009 to 31 December 2009 and covers all exploration and production activities in the Tullow Group except where specifically noted as relating to one part of the business only.

For all health and safety data and most of the environmental data, we use the definitions set by the Association of Oil and Gas Producers (OGP) to guide our reporting requirements and this ensures an accurate benchmark against credible industry data. OGP defines all the incident criteria and operations or contracts which should be included.

## Environment

The reported environmental data comes from all Tullow production and exploration operations where Tullow is the operator of the facility or asset during the year. Full details of operated and non-operated facilities are available on pages 157 to 160 of the Annual Report and Accounts 2009.

The main focus of this data is atmospheric emissions. The methodologies utilised in calculations are approved by the UK Oil and Gas atmospheric

emissions workgroup and are based upon American Petroleum Institute and US Environmental Protection Agency practices. Comparability of data from year to year may be affected by changes in the methodology, number of facilities, and planned vs unplanned operations. Where year on year comparability has been materially impacted by one or more of these factors, this is made clear in the Report. There is also potential for local interpretation of reporting guidelines to influence uncertainty of data although this is minimised through providing guidelines and definitions as well as through communication with the business units concerned.

## Health and Safety

The reported health and safety data are gathered from all sites where Tullow operates and includes production, drilling, seismic and construction activities as well as the office environment. All contractors such as drilling and seismic companies and the associated sub contractors are included in our data as they operate under our management system. OGP sets a standard regarding the categorisation of all safety incidents and occupational health conditions and we adhere to this position.

A summary of the criteria and definitions used to record our data is listed below:

## Environment

Indicator	Description	Basis of calculation	Unit of measure
Carbon dioxide (CO <sub>2</sub> )	Gas that contributes to the phenomenon known as the greenhouse gas effect.	Group wide emissions for drilling, well testing and production are calculated using conversion factors sourced from EEMS (Emissions Estimation and Monitoring System), which allows the calculation of emissions where direct monitoring is not undertaken. It involves the use of an activity factor i.e. fuel consumption, flow rate to vent or flare, and an emissions factor, which can be based on direct gas compositional analysis or industry standards.	Tonnes
Methane (CH <sub>4</sub> )	Gas that contributes to the phenomenon known as the greenhouse gas effect.	Emissions are again calculated as above for CO <sub>2</sub>	Tonnes
Water usage	Quantity of fresh water utilised during operations.	Direct meter readings or daily report data	Cubic metres
Oil and chemical spills	Accidental or unplanned release of oil or chemicals to the environment.	Estimated tonnes discharged.	Absolute number of spills. Tonnes of oil and/or chemical spilled. Where 'trace' is used, this indicates a total spill amount of less than 10 litres.
Significant environmental incident	Accidental or unplanned release of oil or chemicals to the environment.	The significance of the spill is not defined in absolute figures, but rather through using the Tullow Incident Potential Matrix, which forms part of our Incident Reporting Procedure. Defining the significance of a spill in this manner allows us to take into account the specific environmental sensitivities of the region in which it occurred.	Tonnes or litres

## Health & Safety

Indicator	Description	Basis of calculation	Unit of measure
Fatality	Death of a company or contract employee due to a work related incident or illness.  "Delayed" deaths that occur after the incident are included if the deaths were a direct result of the incident e.g. if a fire killed one person outright, and a second died three weeks later from lung damage caused by the fire, both are reported.	OGP definitions and methodology.	Absolute number of fatalities.
3rd Party Fatality	Incident resulting in the death of a 3rd party, who is not employed by Tullow Oil or a Tullow Oil contractor.	OGP definitions and methodology.	Absolute number of fatalities.
High Potential Incident (HIPO)	An incident where the potential severity is deemed to be either High or Very High. The actual severity of the incident may be lower than the potential severity providing a powerful learning tool.	Tullow Oil Incident Reporting System incident potential matrix.	Potential severity of incident.
Lost Time Injury (LTI), Lost Time Injury Frequency Rate (LTIFR)	Any work related injury or illness, other than a fatal injury, which results in a person being unfit for work on any day after the day of occurrence of the occupational injury. "Any day" includes rest days, weekend days, leave days, public holidays or days after ceasing employment.	OGP definitions and methodology.	LTI: absolute number of injuries.  LTIFR: number of LTIs per million man hours worked.
Hours worked	All hours worked by employees and contractors.	OGP definitions and methodology, calculated from days worked.	Hours
Medical Treatment Case (MTC)	A work-related injury or illness that results in medical treatment beyond first aid, but that did not involve death (fatality), one or more days away from work (LTI), or one or more days of restricted work (RWDC) i.e. remained at work and was not transferred or restricted.	OGP definitions and methodology.	Absolute number of injuries.
Near Miss (NM)	An incident which occurs through failure of the management system or equipment that in other circumstances would or could have caused a fatality, LTI, or other such injury.  Includes environmental near miss or other incident that could have caused damage to assets or company reputation.	OGP definitions and methodology.	Absolute number of injuries.
Restricted Work Day Case (RWDC)	Any work-related injury other than a fatality or lost work day case which results in a person being unfit for full performance of the regular job on any day after the occurrence of the occupational injury.  Work performed might be: <ul style="list-style-type: none"> <li>• an assignment to a temporary job;</li> <li>• part-time work at the regular job;</li> <li>• continuation full-time in the regular job but not performing all the usual duties of the job.</li> </ul> Where no meaningful restricted work is being performed, the incident is recorded as a Lost Time Incident.	OGP definitions and methodology.	Absolute number of injuries.
Total Recordable Incidents (TRI), Total Recordable Incident Frequency Rate (TRIFR)	The sum of all fatalities, LTIs, RWDCs, and MTCs.	OGP definitions and methodology.	TRI: Absolute number of injuries.  TRIFR: number of TRIs per million man hours worked.



## Social data

Indicator	Description	Basis of calculation	Unit of measure
Number of employees	Total number of people employed and paid directly by Tullow.	HR Records	Absolute number
Number of expatriate employees	Total number of employees working for Tullow in a country other than their home country.	HR Records	Absolute number
Number of consultants	Total number of people working for Tullow but employed through another organisation such as a consultancy.	HR Records	Absolute number
Number of local nationals	The total number of employees working for Tullow in the country in which they are resident.	HR Records	Absolute number
Number of female employees	Total number of employees who are female.	HR Records	Absolute number
Number of female managers	Total number of managers who are female. A manager is any individual who has responsibility for direct line reports.	HR Records	Absolute number
Total workforce	Sum of employees and consultants. Also sum of expatriate employees and local nationals.	HR Records	Absolute number

## Social enterprise expenditure

Indicator	Description	Basis of calculation	Unit of measure
Social enterprise discretionary expenditure	Total discretionary social enterprise expenditure.	Country reports from in-country CSR personnel and Group financial records.	US\$ total

Further definitions used in the Report are:

### Biodiversity

Variety of organisms found within a specified geographic region.

### Hydrocarbon

A compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate.

### Social and Community

The Social and Community metrics relate to all parts of our business. We report our Social Enterprise spend in US\$.

### Non Operated Activity

In line with the OGP definitions, Tullow only reports the environmental, health and safety data where Tullow is the operator of the exploration or production facility. Non operated EHS data is not included in the report.

### Independent Assurance

Deloitte LLP (Deloitte) has provided limited assurance on the group compilation process of selected environmental, health CSR expenditure and safety data as set out by them in their assurance statement, which is reproduced in the Report. Please see their assurance statement on page 49.

# G3 content index

## Standard Disclosures Part I: Profile Disclosures

### 1. Strategy and Analysis

Profile disclosure	Description	Cross-reference	Reason for omission	Further explanation
1.1	Statement from the most senior decision-maker of the organization.	pg 8-11 pg 22-25 (AR)		
1.2	Description of key impacts, risks, and opportunities.	pg 62-65 (AR)		

### 2. Organizational Profile

2.1	Name of the organization.	pg FC		
2.2	Primary brands, products, and/or services.	pg IFC		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	pg 4-5 pg 6-7 & 157-160 (AR)		
2.4	Location of organization's headquarters.	pg IFC pg 103 (AR)		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	pg 4-5 pg 6-7 (AR)		
2.6	Nature of ownership and legal form.	pg IFC		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	pg 4-5 pg 6-7 (AR)		
2.8	Scale of the reporting organization.	pg 6-7 (AR)		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	pg 101 (AR)		
2.10	Awards received in the reporting period.	pg 7		

### 3. Report Parameters

3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	BoR		
3.2	Date of most recent previous report (if any).	<a href="http://www.tulloil.com/investors/reports-presentations/rp2009.asp">http://www.tulloil.com/investors/reports-presentations/rp2009.asp</a>		Website report archive showing previous reports.
3.3	Reporting cycle (annual, biennial, etc.)	<a href="http://www.tulloil.com/investors/reports-presentations/rp2009.asp">http://www.tulloil.com/investors/reports-presentations/rp2009.asp</a>		Website report archive showing previous reports.
3.4	Contact point for questions regarding the report or its contents.	pg 52		
3.5	Process for defining report content.	pg 12-19		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	BoR		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). I	BoR		Report on all Tullow operations.

Profile disclosure	Description	Cross-reference	Reason for omission	Further explanation
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	pg 13 BoR		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	BoR		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	pg 50-51		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	pg 26-27		
3.12	Table identifying the location of the Standard Disclosures in the report.	pg 56-60		
3.13	Policy and current practice with regard to seeking external assurance for the report.	pg 14, 49		
<b>4. Governance, Commitments, and Engagement</b>				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	15 8-9, 17, 82-90 (AR)		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	80-81 (AR)		
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	80-81 (AR)		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	pg 17, 89 (AR)		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	pg 19, 91, 93 (AR)		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	pg 83 (AR)		
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	pg 79, 85 (AR)		Partial



Profile disclosure	Description	Cross-reference	Reason for omission	Further explanation
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	pg16, 43-45 pg 17, 64-65, 70 (AR)		
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	pg 15		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	pg 78-79, 82, 84 (AR)		
4.14	List of stakeholder groups engaged by the organization.	18, 31-37 70 (AR)		
4.15	Basis for identification and selection of stakeholders with whom to engage.	pg 18		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	pg 18-19, 31-37		Partial
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	pg 31-37		Chapter introductions also include 'big issues' features which answer questions we have been asked by stakeholders.

## Standard Disclosures Part II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Cross-reference
DMA EC	Disclosure on Management Approach EC.	pg 56-61 (AR)
DMA EN	Disclosure on Management Approach EN.	pg 22-25
DMA LA	Disclosure on Management Approach LA.	pg 22-25, 38-41
DMA HR	Disclosure on Management Approach HR.	pg 46
DMA SO	Disclosure on Management Approach SO	pg 47

## Standard Disclosures Part III: Performance Indicators

### Economic

Performance indicators	Description	Cross-reference	Reason for omission	Further explanation
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	pg 46, 51 pg 155 (AR)		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	pg 45-47		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	pg 11, 41		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	pg 42-47		

### Environmental

EN8	Total water withdrawal by source.	pg 50		
EN9	Water sources significantly affected by withdrawal of water.	pg 26-27, 35		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	pg 25-26		
EN13	Habitats protected or restored.	pg 26		Partial
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	pg 28		
EN16	Total direct and indirect greenhouse gas emissions by weight.	pg 50		
EN17	Other relevant indirect greenhouse gas emissions by weight.	pg 50		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	pg 26-27		
EN23	Total number and volume of significant spills.	pg 50		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	pg 35-37		

**Social: Labor Practices and Decent Work**

Performance indicators	Description	Cross-reference	Reason for omission	Further explanation
LA1	Total workforce by employment type, employment contract, and region.	pg 51		
LA2	Total number and rate of employee turnover by age group, gender, and region.	pg 38		Partial – turnover only
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	pg 50		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	pg 29		

**Social: Human Rights**

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	pg 44, 46		
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**Social: Society**

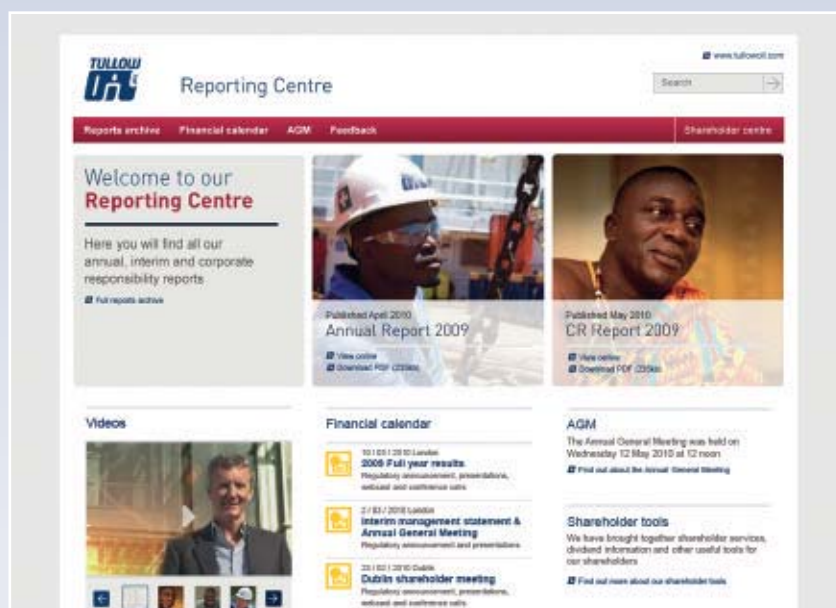
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	pg 31-37		
S04	Actions taken in response to incidents of corruption.	pg 45		Partial – states no incidents
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	pg 45		
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	pg 45		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	pg 45		





## New reporting centre [www.tullowoil.com/reports](http://www.tullowoil.com/reports)

We have created an online centre for our main corporate reports. This is being launched in May 2010.



This is part of our plan to continue to improve our online communication with all stakeholders.

### Video content

We are incorporating new video content starting with an introduction to Tullow.

### Major projects

There are interactive special features on our major project in Ghana and a brief case study on Uganda.

### New tools

We have included new tools which will allow users to create their own custom reports or add notes to report content that is of interest.

## Get more online at [www.tullowoil.com](http://www.tullowoil.com)

In the year up to March 2010, almost 250,000 unique visitors logged onto our website and this number is growing each month. As a result we continue to invest in our online presence and have upgrades planned. We are committed to improving our disclosure and increasing the understanding of our business.

### 2009 Annual Report and Accounts



Our Annual Report was published in April 2010 and is available in print on request and online at [www.tullowoil.com/reports/ar09](http://www.tullowoil.com/reports/ar09)

### 2009 Corporate Responsibility Report



Our Corporate Responsibility Report was published in May 2010 and is available in print on request and online at [www.tullowoil.com/reports/cr09](http://www.tullowoil.com/reports/cr09)

### 2009 Full Year Fact Book



We publish a Fact Book twice a year in March and August to coincide with results reporting. It contains additional operational information to complement the results announcement and presentation.

### E-communications

All documents on the website are available without any particular software requirement other than the software which is available on the Group's website.

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