

APPLYING THE UK CORPORATE GOVERNANCE CODE

The UK Corporate Governance Code

Tullow Oil plc is required, under the UK Listing Rules, to comply with the UK Corporate Governance Code (the 'Code') published by the Financial Reporting Council (the 'FRC') in September 2014, for the year ended 31 December 2015. A copy of the Code is available at www.frc.org.uk. In 2014, the FRC published the Code which applies to financial reporting periods commencing on or after 1 October 2014 and which replaced the previous UK Corporate Governance Code published in September 2012. The Code contains a number of new provisions, including requiring companies to: make greater disclosures of their strategic approach to risk and risk management; make a statement about the long-term viability and prospects of the company; ensure that remuneration policies are designed to deliver long-term benefits to the company and include measures for claw-back on variable pay; and, in cases where a significant proportion of shareholders oppose any particular measure, explain the actions the company intends to take to understand the reasons for this opposition.

This corporate governance report describes how the Company has applied the principles and standards set out in the Code during the year and sets out our activities relating to the main sections of the Code: Leadership, Effectiveness, Accountability, Remuneration and Relations with Shareholders.

The Company is also required to disclose whether it has complied with the more detailed provisions of the Code during the year and, to the extent it has not done so, to explain any deviations from them. It is the Board's view that the Company has fully complied with all of the provisions of the Code during the year ended 31 December 2015.

Leadership

The long-term success of the Company is the collective responsibility of the Board.

The role of the Board

The Board is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. It meets these aims through setting the Group's strategy and ensuring that the necessary resources are available to achieve the agreed strategic goals. The Board also sets the Company's key policies and reviews management and financial performance. The Board operates within a framework of controls and these clear procedures, lines of responsibility and delegated authorities allow risk to be assessed and managed effectively. These are underpinned by the Board's work to set the Group's core values and standards of business conduct and ensure that these, together with the Group's obligations to its stakeholders, are widely understood across all its activities.

Board meetings and visits

The Board and its Committees deal with its core activities in planned meetings throughout the year. Matters which require decisions outside the scheduled meetings are dealt with through additional ad hoc meetings and conference calls. During 2015, the Board met eight times. A programme of strategy presentations covering a wide number of operational and other issues is made to the Board in June each year. During the year, each of the Regional Vice Presidents and other heads of functions presented a strategic overview of their respective area to the Board for endorsement. In particular, the Board reviewed and endorsed non-technical risk strategies for its major areas of operations.

The Board normally holds one Board meeting at a principal overseas office of the Group. These meetings ensure that the Board has a clear knowledge of the Company's overseas operations. During the trip, Senior Management from across the Group present to the Board and have an opportunity to meet its members informally. In addition, the Board meets a broad cross-section of staff, assesses Senior Managers and reviews in depth operational matters and, in particular, matters relating to non-technical risks. In October 2015, the Board travelled to Accra.

The Chairman and Chief Executive Officer maintain frequent contact with the other Directors in addition to the regular Board meetings. This ensures that all members of the Board have an opportunity to discuss any issues of concern and to be fully briefed on the Group's operations.

Matters reserved

The Board has a formal schedule of matters reserved that can only be decided by the Board. This schedule is reviewed by the Board each year. The key matters reserved are the consideration and approval of:

- The Group's overall strategy;
- Financial Statements and dividend policy;
- Borrowings and treasury policy;
- Material acquisitions and disposals, material contracts, major capital expenditure projects and budgets;
- Entry into new countries;
- Risk management and internal controls (supported by the Audit Committee);
- Succession planning and appointments (supported by the Nominations Committee);
- The Group's corporate governance and compliance arrangements; and
- Corporate policies.

Summary of the Board's work in the year

During 2015, the Board considered all relevant matters within its remit, with a particular focus on the following issues:

- Strategy and resource allocation;
- Non-technical risks in major areas of operation;
- Portfolio management;
- Finance and treasury;
- Governance and compliance;
- Assurance, risk and internal audit; and
- Organisational design, capacity and succession planning.

Attendance at meetings

The attendance of Directors at the eight scheduled meetings of the Board held during 2015 was as follows:

Director	No. of meetings attended (out of a total possible)
Tutu Agyare	8/8
Mike Daly	8/8
Anne Drinkwater	8/8
Ann Grant	8/8
Aidan Heavey	8/8
Steve Lucas	8/8
Graham Martin	8/8
Angus McCoss	8/8
Paul McDade	8/8
Ian Springett	7/8
Simon Thompson	8/8
Jeremy Wilson	8/8

In addition to the Board members, a number of Senior Managers attend relevant sections of Board meetings by invitation.

Division of responsibilities

The Chairman, Simon Thompson, is primarily responsible for the effective working of the Board, whilst the Chief Executive Officer, Aidan Heavey, is responsible for the operational management of the business, for developing strategy in consultation with the Board and for implementation of the strategy. This separation of responsibilities is clearly defined and agreed by the Board.

DIRECTORS' REPORT CONTINUED

The Chairman

The Chairman leads the Board, setting the agenda and ensuring that the meetings provide adequate time for discussion. From the time of his appointment as Chairman on 1 January 2012, Simon Thompson met the independence criteria set out in the Code and continues to do so.

Non-executive Directors

The non-executive Directors have a broad range of business and commercial experience. They provide independent and constructive challenge to the Executive Management team and monitor the performance of the management team in delivering the agreed objectives and targets. At the end of every scheduled Board meeting, the Chairman holds a discussion with the non-executive Directors without the Executive Directors. These are supplemented by informal meetings between the Chairman and Chief Executive Officer and the non-executive Directors.

The non-executive Directors receive regular briefings on the more technical and operational aspects of the Group's activities. These include major offshore development projects (e.g. TEN). Non-executive Directors with particular expertise in these areas also meet the Chief Operating Officer and the Exploration Director to discuss operations in more detail.

Non-executive Directors are initially appointed for a term of three years, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

Senior Independent Director

The Senior Independent Director, Ann Grant, is available to meet shareholders if they have concerns that cannot be resolved through discussion with the Chairman, Chief Executive Officer or Chief Financial Officer or for matters where such contact would be inappropriate. During the year, she met with the other non-executive Directors without the Chairman to discuss the Chairman's performance.

Delegated authorities**Board Committees**

The Board has delegated matters to five Committees: the Audit Committee, the EHS Committee, the Ethics & Compliance Committee, the Nominations Committee and the Remuneration Committee and the Board is satisfied that the Committees have sufficient resources to carry out their duties effectively. Their terms of reference are reviewed and approved annually by the Board and the respective Committee Chairs report on their activities at the next Board meeting. Details of Committee membership, roles and work are set out later in this report: the Audit Committee on page 79, the EHS Committee on page 86, the Ethics & Compliance Committee on page 88, the Nominations Committee on page 84, and the Remuneration Committee on page 90.

Individual delegations

In addition to delegating certain matters to Board Committees, the Board has also delegated certain operational and management matters to the Executive Directors. In line with ICSA guidance, the Board approved formal terms of reference for the Executive Directors' Committee in December 2015.

Effectiveness**Composition of the Board**

The Board currently comprises the Chairman, Chief Executive Officer, four other Executive Directors and six independent non-executive Directors. Their biographical details are set out on pages 50 and 51.

The Directors believe that the Board and its Committees consist of Directors with an appropriate balance of skills, experience, independence and diversity of background to enable them to discharge their duties and responsibilities effectively. The composition of the Board did not change during the course of 2015.

Independence

The Board considers each of the non-executive Directors to be independent in character and judgement. The Board is fully satisfied that Ann Grant demonstrates complete independence and robustness of character and judgement in her capacity as Senior Independent Director. The Board is of the view that no individual or group of individuals dominates decision making.

Appointments to the Board

The Nominations Committee reviews the structure, size and composition of the Board and makes recommendations to the Board about any changes required. As part of the appointments process, candidates disclose any other significant time commitments they may have and are required to inform the Board of any subsequent changes to such commitments.

Commitment

All Directors have disclosed their other significant commitments and confirmed that they have sufficient time to discharge their duties effectively.

Training and development needs**Induction**

All new Directors receive an induction programme when they join the Board. This reflects their background, experience and knowledge and their understanding of the upstream oil industry and Tullow in particular. The programme includes one-to-one meetings with Senior Management, functional and Business Unit heads and, where appropriate, visits to the Group's principal offices and operations. New Directors also receive an overview of their duties, corporate governance policies and Board processes.

Familiarisation and development

All members of the Board have access to appropriate professional development courses to support them in meeting their obligations and duties. During the year, Directors attended external seminars on relevant topics relating to the business. They also receive ongoing briefings on current developments, including updates on governance and regulatory issues.

Information and support**Independent advice**

Directors have access to independent professional advice, at the Company's expense, on any matter relating to their responsibilities.

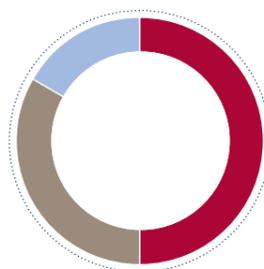
The Company Secretary

The Company Secretary is Kevin Massie, who is also the Company's Corporate Counsel. He is responsible for ensuring compliance with all Board procedures and for providing advice to Directors when required. The Company Secretary provides company secretarial services to the Board and the Group. He acts as secretary to the Audit, Ethics & Compliance, Nominations and Remuneration Committees and has direct access to the Chairs of these Committees.

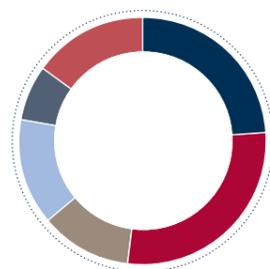
Board evaluation

In 2015 the Board undertook an internal evaluation of its own performance and effectiveness and also that of its Committees and individual Directors. The evaluation was facilitated by Lintstock Ltd and each of the Directors was required to submit responses to a series of questionnaires designed to the specific circumstances of the Company and, in particular, to pick up on themes identified in the 2014 exercise, including the composition and expertise of the Board, strategic oversight, risk management and internal control, succession planning, human resource management and a review of past decisions. In addition, the Chairman conducted a process of interviews between himself and each of the individual Directors.

The results of the survey determined that the performance and composition of the Board and its Committees were adequate and found a strong alignment within the Board on the key strategic priorities in the year to come. The Board determined that its allocation of time and priorities and particularly its focus on strategy had improved in 2015. Discussions at Board meetings continued to display a positive balance of support and healthy challenge of management exercised by the non-executive Directors. The review noted a recent improvement in the presentation of information with a focus on the need for clearly articulating any decisions sought. The time management by the Board and each of its Committees was improved following a review and restructuring of its annual rolling agenda and meetings schedule. Finally, the review noted that the Board would need to continue to review: the size and composition of the Board and its Committees; the diversity and succession planning for Executive Directors and Senior Management; the utilisation of the non-executive Directors' expertise; and the Board's focus on strategic priorities and the market environment. The Board objectives for 2016 (set out on the next page) reflect the action plan and priorities agreed by all the Directors as part of the 2015 Board evaluation.

BOARD TENURE

● Less than 1 year	4
● 1 to 5 years	6
● 5 to 10 years	2
● Greater than 10 years	2

2015 BOARD TIME

● Strategy & Stakeholder Management	24%
● Financial management	28%
● SSEA	12%
● D&O	14%
● E&A	7%
● Governance/Risk Management	15%

The internal Board evaluation carried out in 2015 followed the independent and interview-driven Board evaluation conducted by Lintstock in 2013 and the subsequent internal evaluation facilitated by Lintstock in 2014. This completes a three-year cycle of Board evaluation and it is envisaged that, in accordance with the requirements of the Code, the Board will commission a new external facilitation of the Board evaluation in 2016. Lintstock have no other connection to the Company.

Board objectives

We remain confident that the Board and the wider leadership team have the experience and track record to meet the Company's aims of delivering long-term growth and successfully managing the challenges of an expanding international company. The Board sets its specific future objectives at the end of each year and they reflect the particular focus of the Company in the year ahead. Progress against each objective is tracked by the Company Secretary and reviewed with the Chairman at the mid-year point.

The following table shows how the Board performed against the 2015 objectives and also details the priorities and rolling agenda items the Board will focus on in 2016.

Re-election

All Directors seek re-election every year and accordingly all Directors will stand for re-election in 2016 (with the exception of Graham Martin who the Company has already announced will retire at the end of the AGM in April 2016). The Board has set out in the Notice of AGM its reasons for supporting the re-election of each of the Directors at the forthcoming AGM.

	2015 Board objectives	2015 Performance	2016 Board objectives
Strategy and execution	<ul style="list-style-type: none"> Regularly review strategy in light of market, political and socio-economic developments. Deliver the TEN Project on time and on budget. Progress development plans for Kenya/ Uganda. Reduce expenditure and ensure high-grading of exploration opportunities. Reduce costs, maximise cash flow from operations and manage business within prudent funding constraints. 	<ul style="list-style-type: none"> The strategy was debated at the Board's annual strategy offsite in June and regularly reviewed throughout the year, as market conditions evolved. The Board received regular updates on the TEN Project and travelled to Ghana in October to be briefed by the project team. The Ghana trip also allowed Directors to visit key facilities, including the FPSO. In Uganda, CGT and historic VAT issues were resolved. The Government of Kenya and Uganda issued a joint statement agreeing the Northern pipeline route in August. A draft field development plan for discoveries in the South Lokichar Basin in Kenya was submitted to the Government of Kenya in December. The exploration budget was reduced to \$200 million. The Major Simplification Project resulted in significant headcount and cost reductions across the Group. Headroom and liquidity were actively monitored throughout the year, amid a rapidly declining oil price. Tullow's prudent hedging policy helped to maximise cash flow and the business was managed within funding constraints. 	<p>Test Tullow's strategy against evolving market and socio-political conditions to ensure that we:</p> <ul style="list-style-type: none"> Reduce costs, maximise cash flow from operations and manage the business to deleverage the balance sheet; Pursue portfolio management options; Deliver the TEN Project on time and on budget; Create options for future growth, and continue to high-grade prospects, while minimising exploration expenditure; and Eliminate non-core activities and focus on core value-creation opportunities.
Risk management	<p>Continue to strengthen processes for identification, management and assurance of financial, technical and non-technical risks, with a particular focus on:</p> <ul style="list-style-type: none"> Safety, health and environment; Reserves and resources management; Capital project management; Community relations and social performance; Government relations; Liquidity management; and Improving performance management. 	<ul style="list-style-type: none"> A revised enterprise risk management process was implemented, which maps Tullow's key risks, potential impacts, mitigation strategies and assurance processes. A new Integrated Management System has been launched across the Tullow Group to centralise and simplify corporate policies and standards. The Board receives regular reporting of project specific technical and non-technical risks. The Board receives quarterly political risk reports highlighting emerging issues in the countries and regions where Tullow is active. Performance management has been added as a key component of the strategic people plan and is subject to regular Board review. 	<p>Ensure the effective implementation of the revised enterprise risk management process. Maintain focus on:</p> <ul style="list-style-type: none"> Liquidity management; Operational and project risk; Safety, health and environment; Community relations and social performance; Reserves and resources management; and Government relations.
Governance and values	<ul style="list-style-type: none"> Maintain and enhance Tullow's culture and values throughout the re-shaping of the business. Update the Code of Business Conduct to reflect trends and best practices and reinforce compliance with it. 	<ul style="list-style-type: none"> The Major Simplification Project involved extensive staff engagement aimed at establishing a more cost-conscious, entrepreneurial culture with clearer lines of responsibility and accountability for the delivery of the agreed strategy. A revised Code of Ethical Conduct was approved by the Board and is currently being rolled-out across the Group. 	<ul style="list-style-type: none"> Maintain and enhance Tullow's culture and values under challenging market conditions. Ensure the new Code of Ethical Conduct is embedded and encourage all levels of management to champion the new Code. Ensure that the Integrated Management System is embedded and that Tullow's policies, standards and procedures are consistently followed and result in efficient, safe and responsible operations.
Organisational capacity	<ul style="list-style-type: none"> Redesign, streamline and simplify organisational structure to deliver revised strategy. Continue to strengthen Human Resource function. Continue to strengthen Commercial function. Progress Senior Executive development plans and strengthen succession planning for key positions. Further increase diversity of talent pipeline. 	<ul style="list-style-type: none"> The Major Simplification Project was completed during the year resulting in a significantly smaller and more streamlined organisation. Efforts are ongoing to enhance performance management and accountability in the business. A new Group Head of Reward has joined the HR team along with key hires in a strengthened commercial function. Succession planning, diversity and talent management were regularly discussed at Board level with an acknowledgement that improvement is required in these areas. Processes to expedite the identification and development of a more diverse talent pool are under preparation. A new diversity KPI will be introduced in 2016. 	<ul style="list-style-type: none"> Monitor and assess the new organisational design. Continue to look for ways to improve efficiency, effectiveness and accountability. Continue to develop effective succession planning for the Executive Directors and Senior Management. Develop detailed plans to enhance the diversity of the leadership pipeline.
Stakeholder engagement	<ul style="list-style-type: none"> Ensure that shareholders, staff and other major stakeholders understand and are aligned with the revised strategy. Further enhance engagement with governments and Civil Society Organisations (CSOs) in our principal countries of operation. 	<ul style="list-style-type: none"> Both Executive and non-executive Directors engaged with shareholders, staff, CSOs and other major stakeholders throughout the year. Internal communications were enhanced as part of the Major Simplification Project. 	<ul style="list-style-type: none"> Ensure that shareholders, staff and other major stakeholders understand and are aligned with the Tullow strategy. Engage with shareholders and other key stakeholders to develop an appropriate remuneration policy for approval by shareholders in 2017. Further enhance engagement with governments and CSOs in our principal countries of operation.

DIRECTORS' REPORT CONTINUED

RELATIONS WITH SHAREHOLDERS

Communication and dialogue

Exploration and production companies have faced yet another challenging year. Oil prices falling to unexpected lows has impacted both companies and investors, and the sector, as a whole, continues to experience some negative shareholder sentiment.

Tullow recognises that it is important to maintain open and transparent communication with shareholders and potential investors, especially in these difficult times. We do this through meetings, presentations, investor conferences and ad hoc events with institutional investors and sell-side analysts. Over the year, the Investor Relations (IR) team and Senior Management met some 380 institutions and the Group participated in approximately 40 roadshows and investor conferences around the world. Executive Directors and Senior Management met institutional investors in the UK, Europe, Ghana, Asia Pacific, South Africa and North America.

Tullow also participated in a roadshow for Socially Responsible Investors (SRI) following the release of our 2014 CR Report in April 2015. These meetings provided an opportunity to discuss topics including health and safety, the environment, corporate governance, bribery and corruption, country and political risk and other operational matters. The meetings were hosted by our Vice President of SSEA and Head of IR.

Tullow's fourth Ghana Investor Forum took place in May 2015 in Accra. The event gave key institutional shareholders the chance to hear presentations and question the Executive Directors and Senior Managers from the Ghana Business Unit. The Group recognises the importance of continued shareholder engagement with our 9,000 Ghanaian shareholders, and Tullow plans to give a 'Facts Behind the Figures' presentation to investors and brokers at the Ghana Stock Exchange in the second half of 2016.

Meetings with Board members

Outside these formal events, institutional shareholders are offered the opportunity to meet the Chairman to discuss any issues and concerns in relation to the Group's governance and strategy. Non-executive Directors are also available to attend meetings with major shareholders if requested to do so.

The Board is kept in touch with market developments following major operational announcements through regular summaries from the Investor Relations team. They also receive a monthly Board Report which includes shareholder analysis, shareholder feedback and Tullow's performance against our peers.

Keeping shareholders informed

We ensure shareholders can access details of the Group's results and other news releases through the London Stock Exchange's Regulatory News Service. In addition, these news releases are published on the Media section of the Group's website: www.tulloil.com. Updates and details of the

status of exploration and development programmes are also available on the website. Shareholders and other interested parties can subscribe to email news updates by registering online on the website. The Group continually looks for ways to improve how we use online channels to communicate with our stakeholders. As part of this work Tullow launched a new corporate website in the first half of 2015. Among the improvements, the new site provides a consistent experience for all desktop, tablet and mobile devices. Since its launch in April, the new corporate website has had just under 200,000 unique visitors and around one million page views.

We are also responding to the growing use of social media by shareholders and the media. The Group has circa 16,700 followers on its corporate Twitter account, circa 12,000 on Facebook, circa 65,800 on its LinkedIn account and the films provided on YouTube have received circa 124,000 views.

Another important way we keep shareholders informed is through regular formal reporting and Tullow's Annual and Corporate Responsibility Reports are available on the corporate website.

Communicating with bond holders

Tullow has two corporate bonds and the IR and Group Finance teams have continued their engagement with our bond investors through a number of High Yield conferences and one-on-one meetings throughout the year.

2016 KEY SHAREHOLDER ENGAGEMENTS

January

Trading Statement and Operational Update

February

Full Year Results

March

Full Year Results roadshows

April

Annual General Meeting

Annual General Meeting Trading Update

July

Trading Statement and Operational Update

Half Year Results

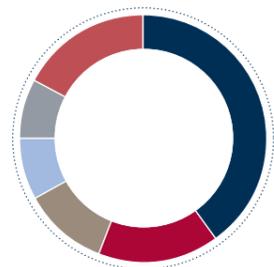
September

Half Year Results roadshows

November

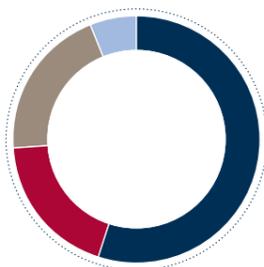
November Trading Update

SHAREHOLDER ANALYSIS BY INVESTMENT STYLE



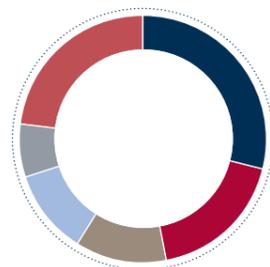
Value & Growth	40%
Retail	16%
Value	11%
Growth	8%
Hybrid	8%
Other	17%

SHAREHOLDER ANALYSIS BY GEOGRAPHY



UK	55%
Europe	19%
North America	20%
Rest of the world	6%

SHAREHOLDER ANALYSIS BY CATEGORY

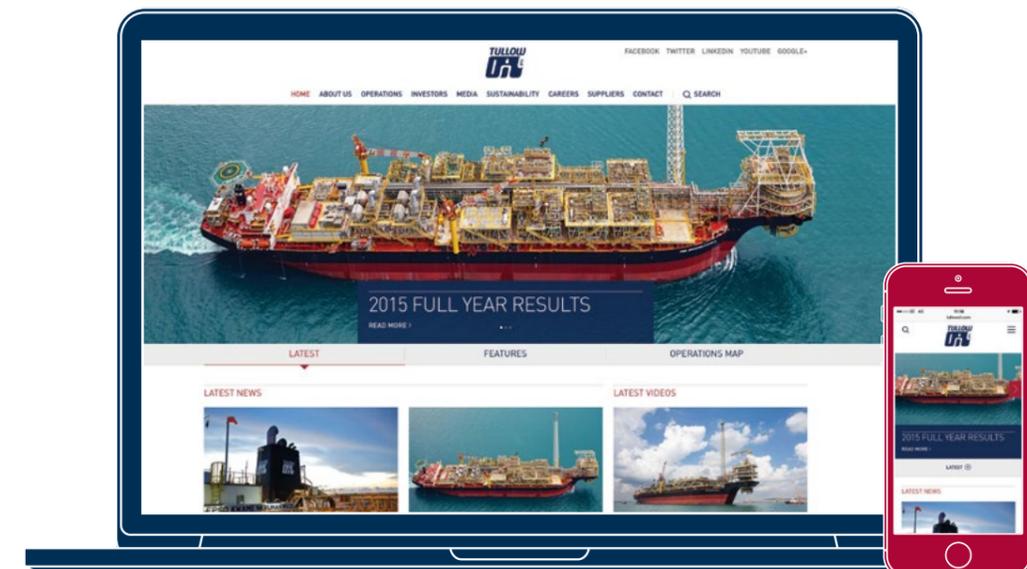


Mutual Fund Manager	29%
Pension Fund Manager	18%
Asset Manager	12%
Insurance Fund Manager	11%
Private Banking	7%
Other	23%

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Financial results, events, corporate reports, webcasts and fact books are all stored in the Investor Relations section of our website www.tulloil.com/investors.

2015 Annual Report and Accounts www.tulloil.com/reports



Accountability

This Report provides shareholders with a clear assessment of the Group's position and prospects supplemented, as required, by other periodic financial and trading statements.

The Board's arrangements for the application of risk management and internal control principles are detailed below. The Board has delegated oversight of the relationship with the Group's external auditors to the Audit Committee. Their work is outlined in the Audit Committee report on page 79.

Going concern

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Group's producing assets and delays to development projects. In addition to the Group's operating cash flows, portfolio management opportunities are reviewed to potentially enhance the financial capability and flexibility of the Group. In the currently low commodity price environment, the Group has taken appropriate action to reduce its cost base and had \$1.9 billion of debt liquidity headroom and free cash at the end of 2015. The Group's forecasts, taking into account the risks described above, show that the Group will be able to operate within its current debt facilities and have sufficient financial headroom for the 12 months from the date of approval of the 2015 Annual Report and Accounts.

Notwithstanding our forecasts of liquidity headroom throughout the 12-month period, there remains a risk, given the volatility of the oil price environment and its impact on operating cash flows and facility availability, that the Group's liquidity position may deteriorate and/or the Group may become technically non-compliant with one of its financial covenants at the end of 2016.

To mitigate this risk, we will continue to maintain our long-term banking relations and will monitor our cash flow projections and, if necessary, take mitigating actions well in advance to maintain our liquidity and compliance with covenants. Actions available to the Group include further rationalisation of our cost base, cuts to discretionary capital expenditure, portfolio management and other funding options.

Based on the analysis above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal control, which are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication and to comply with the requirements of the UK Corporate Governance Code.

Overall control is ensured by a regular detailed reporting system covering both technical progress of projects and the state of the Group's financial affairs. The Board has put in place procedures for identifying, evaluating and managing principal risks that face the Group. Principal risks are regularly reported to the Board.

Tullow recognises that any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. However, the Board's objective is to ensure that Tullow has appropriate systems in place for the identification and management of risks.

In accordance with the requirements of the UK Corporate Governance Code, the Board of Directors is required to monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. At Tullow, the Board has delegated responsibility for this assessment to the Audit Committee, and results of the assessment are described on pages 82 and 83.

Remuneration

The Board has delegated responsibility for agreeing the remuneration policy for the Chairman, Chief Executive Officer, Executive Directors and senior executives to the Remuneration Committee. Its role and activities are set out in the Directors' Remuneration Report on page 98.

Constructive use of the AGM

At the AGM held on 30 April 2015, shareholders received presentations setting out the key developments in the business and put questions to the Chairman, the Chairmen of the Audit, Nominations and Remuneration Committees and other members of the Board. A business presentation was held in Dublin on 1 May 2015 following the AGM.

A poll was used to vote for all resolutions at the 2015 AGM, and the final results (which included all votes cast for, against and those withheld) were announced via the London Stock Exchange and on the Company's corporate website. Notice of the AGM is sent to shareholders at least 20 working days before the meeting.

On behalf of the Board

Simon R Thompson
Chairman

9 February 2016

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AUDIT COMMITTEE



DEAR SHAREHOLDER

Strong corporate governance and risk management is a key part of Tullow's business model and the Board and Audit Committee continue to be focused on maintaining high standards of governance and risk management across the Group. The Audit Committee oversees the financial reporting process in order to make sure that the information provided to the shareholders is fair, balanced and understandable and allows assessment of the Company's position, performance, business model and strategy. The Audit Committee also oversaw the risk management and internal control system and we were pleased that during 2015 the risk management process has been considerably enhanced and internal controls have been further improved following the finalisation of SAP roll-out and formalisation of the fraud risk management framework, both of which strengthen control over accounting and reporting practices.

A key agenda item for the Audit Committee in 2015 was implementation of the changes to the UK Corporate Governance Code and the revised Financial Reporting Council (FRC) guidelines, which were published in the second half of 2014. Following the Board review of our risk management processes across the Group, the new risk management policy and standards have been approved which introduce a consistent enterprise-wide process of managing risk at Tullow. The Audit Committee plays an active role in that process by making sure it meets business needs and remains fit for purpose.

Steve Lucas
Chairman of the Audit Committee

9 February 2016

Governance

Steve Lucas has been Audit Committee Chairman since May 2012. Steve, who is a Chartered Accountant, was finance director at National Grid plc from 2002 to 2010. It is a requirement of the UK Corporate Governance Code that at least one Committee member has recent and relevant financial experience and Steve Lucas therefore meets this requirement. The other members of the Audit Committee are Ann Grant, Tutu Agyare, Anne Drinkwater, Jeremy Wilson and Mike Daly. Biographies of the Committee members are given on pages 50 and 51. Together the members of the Committee bring a broad range of industry, commercial and financial experience which is vital in supporting effective governance. The Company Secretary serves as the secretary to the Committee.

The Chief Financial Officer, the Group Internal Audit Manager, the Vice President – Finance and Commercial and representatives of the external auditors are invited to attend each meeting of the Committee and participated in all of the meetings during 2015. The Chairman of the Board also attends meetings of the Committee by invitation and was present at all of the meetings in 2015. The external auditors and the Group Internal Audit Manager have unrestricted access to the Committee Chairman.

In 2015, the Audit Committee met on four occasions. Meetings are scheduled to allow sufficient time for full discussion of key topics and to enable early identification and resolution of risks and issues. Meetings are aligned with the Group's financial reporting calendar.

The Committee reviewed and updated its terms of reference during the year. These are in line with best practice and reflect the requirements of the UK Corporate Governance Code, the FRC's 2012 Guidance on Audit Committees, the FRC's 2014 Guidance on Risk Management and Internal Control, and the Competition and Markets Authority's The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. The Audit Committee's terms of reference can be accessed via the corporate website. The Board approved the terms of reference on 8 December 2015.

Summary of responsibilities

The Committee's detailed responsibilities are described in its terms of reference and include:

- Monitor the integrity of the Financial Statements of the Group, reviewing and reporting to the Board on significant financial reporting issues and judgements, among others including going concern and viability assessments;
- Review and, where necessary, challenge the consistency of significant accounting policies, and whether appropriate accounting standards have been used;
- Review the content of the Annual Report and Accounts and advise the Board on whether it is fair, balanced and understandable and provides the information necessary for shareholders to assess Tullow's position, performance, business model and strategy;