MANAGING RISKS AND UPHOLDING GOVERNANCE

In 2015, Tullow overhauled its risk, assurance and performance management processes to better support the delivery of our strategic objectives.

DEAR SHAREHOLDER,

In response to the 2014 amendments to the Corporate Governance Code (the 'Code') relating to risk management, long-term viability and remuneration, your Board believes that we have taken appropriate steps to remain fully compliant with the Code. Our revised approach to risk management is discussed in this section of the report. The long-term viability statement can be found on page 55. We believe that our remuneration policy (set out on page 92), which was approved by shareholders at the AGM in 2014, remains fully compliant. A full review of our compliance with the Code and the Board's activities and performance against its objectives during the year can be found in the Directors' Report on pages 70 to 78.

Consolidating our policies and standards

During 2015, the Board oversaw a major overhaul of Tullow's risk, assurance and performance management processes as part of the Major Simplification Project (MSP). The key objectives were to streamline and simplify decision-making, to clarify roles and responsibilities, and to create clearer accountabilities for enterprise risk management and the delivery of our strategic objectives. An important part of the MSP was the development of a new Integrated Management System (IMS). The IMS now holds all of Tullow's consolidated mandatory policies and standards in a single, integrated online management system. It represents a systematic way of putting our strategy and values into practice, and it provides a clear and consistent framework that sets out expectations and defines the controls and assurance necessary to ensure that our activities and associated risks are effectively managed. The IMS was formally launched in November 2015 and will continue to evolve and develop during the course of 2016 and beyond.

As part of the overhaul of risk management and assurance processes, the Board approved a new policy and standard that defines an integrated 'top-down' and 'bottom-up' approach to identifying, assessing and managing enterprise-wide risks. The governance and reporting of risks is now fully embedded as part of the quarterly business reviews, forms a key element of the Group's performance management, and informs decision-making about internal audit and other assurance priorities. The Board of Directors has carried out a robust assessment of the principal risks facing the Company, including those that would threaten our business model, future performance, solvency and liquidity. Details of the process and our principal risks are on pages 52 to 63.

Culture and ethical behaviour

The MSP, the new IMS, and the revised risk and assurance framework are fully aligned with our core values of focusing on results, entrepreneurial spirit, teamwork, integrity and respect. However, they will only become fully effective when they are thoroughly embedded within our operations and become simply part of the way we do business. The implementation of the MSP and IMS has therefore involved a high level of staff engagement and discussion. Early indications that the new approach is gaining acceptance and approval within the business are encouraging.

During 2015, as part of our ongoing monitoring efforts to improve our compliance processes, and to reflect best practice and lessons learnt from internal investigations, we also updated a number of our IMS standards relating to ethics and compliance. We replaced the existing executive Compliance Committee with a formal Board Committee, chaired by Ann Grant, the Senior Independent Director. The formation of this Committee underlines our commitment to uphold the highest standards of integrity and recognises that ethical behaviour, like safety, must be an area of constant focus. In November, the launch of our revised and improved Code of Ethical Conduct was accompanied by a Company-wide communication campaign and training programme, which will continue throughout 2016. So far, approximately 40 per cent of employees and contractors attended fraud risk assessment workshops during the year, to raise awareness of the risk and encourage early detection.

Tullow's reputation as a fair, ethical and responsible company is dependent upon our employees' and contractors' behaviour and the values they exhibit in their day-to-day work. Any member of staff, contractor or supplier can raise concerns about inappropriate behaviour via internal channels or our independent, confidential reporting line, Safecall. Concerns raised during exit interviews and via Safecall are also investigated and any recommendations arising, for updates and improvements to our internal processes and procedures, are applied across the Group. Notwithstanding these efforts, 19 members of our workforce and sub-contractors left the Group and had their contracts terminated as a result of investigations carried out during the year. Whilst it is clearly regrettable that such actions should be necessary, they underscore Tullow's commitment to comply with our Code of Ethical Conduct.

Stakeholder engagement

During 2015 we continued to engage with Governments, international development agencies, international think tanks, academia and civil society to identify and discuss policy issues relevant to the sustainability of Tullow's business model. These initiatives have built upon established themes of transparency, natural resource revenue governance and capacity-building, as well as new initiatives seeking to better understand the relationship between resources-led economic growth and climate change in our countries of operation. Tullow has sought to gain a better understanding of the issues in order to develop a strategic response that meets the requirements of our shareholders and our broader responsibilities to other stakeholders.

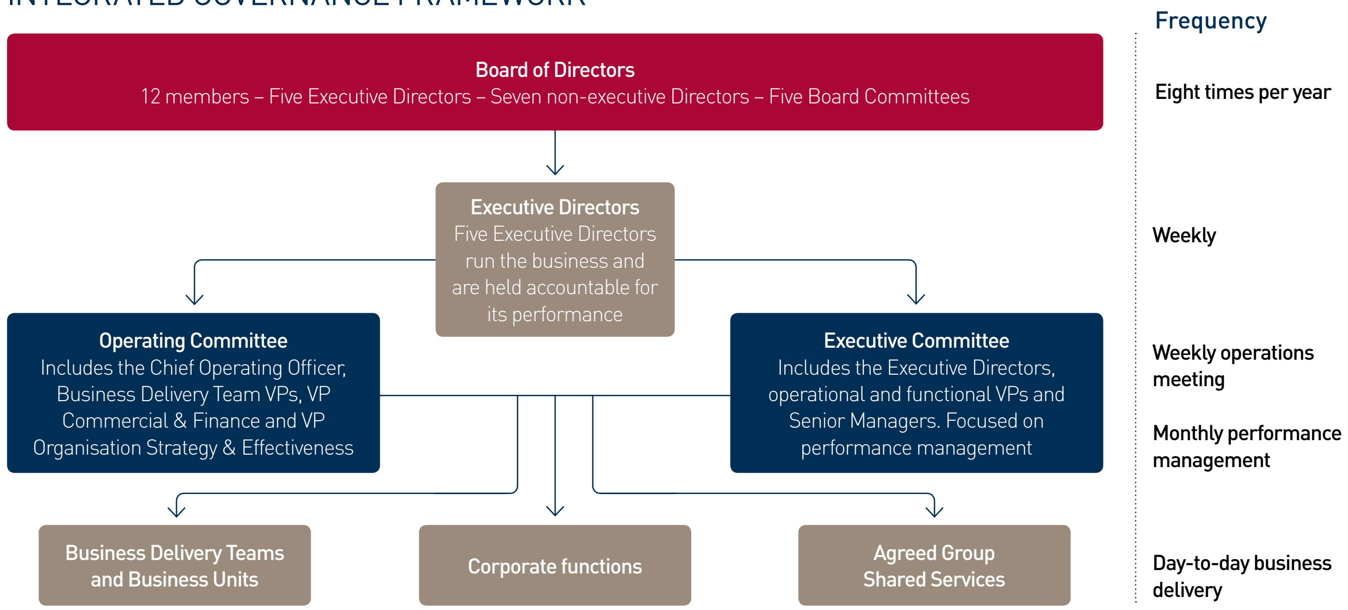
We have continued to focus on the development of technical and vocational training for the oil and gas industry in East Africa by supporting the scoping stages of the Skills for Oil and Gas in Africa (SOGA) project, initiated by the UK's Department for International Development in Kenya and Uganda. In Kenya, we also helped to establish the Turkana Focus Forum, which brings together industry, NGOs, development partners and other bodies with the aim of coordinating the many initiatives that are under way to manage the impact and to maximise the social and economic benefits arising from resources-led development in the country.

Simon Thompson
Chairman
9 February 2016

BOARD COMMITTEES

Audit Committee	Nominations Committee	EHS Committee	Ethics & Compliance Committee	Remuneration Committee
Responsible for ensuring our Financial Statements give a true and fair view of the business.	Ensures the balance of skills and expertise of the Board remains appropriate to meet the needs of the Company.	Responsible for monitoring and advising on the Group's EHS policies and performance.	Responsible for promoting good ethical behaviour and ensuring compliance with relevant legislation.	Responsible for determining and agreeing the Executive Directors' remuneration policy.
> page 79	> page 84	> page 86	> page 88	> page 90

INTEGRATED GOVERNANCE FRAMEWORK



[1] SIMON THOMPSON
CHAIRMAN

Simon Thompson (age 56, British) was appointed as a non-executive Director in 2011 and as non-executive Chairman in January 2012. Simon worked for investment banks N M Rothschild and S. G. Warburg before joining the Anglo American group in 1995, where he held a number of senior positions and became an Executive Director in 2005. Since leaving Anglo American, he has served as a non-executive Director of Amec Foster Wheeler plc, AngloGold Ashanti Ltd, Newmont Mining Corporation and Sandvik AB.

Committee membership
Nominations Committee (Chair), Remuneration Committee and EHS Committee.

Other directorships and offices
Simon is Chairman of 3i Group plc and a non-executive Director of Rio Tinto plc.

[2] AIDAN HEAVEY
CHIEF EXECUTIVE OFFICER

Aidan Heavey (age 62, Irish) is the founder of Tullow Oil and has been Chief Executive Officer since 1985. He has played a key role in Tullow's development as a leading independent oil and gas exploration and production group.

[3] IAN SPRINGETT
CHIEF FINANCIAL OFFICER

Ian Springett (age 58, British) is a Chartered Accountant and was appointed to the Board of Directors in 2008. Prior to joining Tullow, Ian worked at BP for 23 years where he gained extensive international oil and gas experience. Ian has held a number of senior positions at BP, including Vice-President of BP Finance, CFO for the United States and also served as a Business Unit Leader in Alaska.

Committee membership
Ethics and Compliance Committee.

[4] GRAHAM MARTIN
EXECUTIVE DIRECTOR

Graham Martin (age 61, British) is a solicitor (admitted in England and Wales) and joined Tullow as Legal and Commercial Director in 1997. Graham served as Tullow's General Counsel from 2004 to 2013 and as Company Secretary from 2008 to 2015. Graham has over 30 years' experience in international corporate and energy transactions.

Graham retired as Company Secretary in December 2015. He will retire as an Executive Director and leave the Company following the Annual General Meeting on 28 April 2016.

[5] PAUL McDADE
CHIEF OPERATING OFFICER

Paul McDade (age 53, British) was appointed to the Board of Directors in 2006, having joined Tullow in 2001. Paul was appointed Chief Operating Officer following the Energy Africa acquisition in 2004, having previously managed Tullow's UK gas business. An engineer with over 25 years' experience, Paul has worked in various operational, commercial and management roles with Conoco, Lasmo and ERC. He has broad international experience having worked in the UK North Sea, Latin America, Africa and South East Asia. Paul holds degrees in Civil Engineering and Petroleum Engineering.

Committee membership
EHS Committee.

[6] ANGUS McCOSS
EXPLORATION DIRECTOR

Angus McCoss (age 54, British) was appointed to the Board of Directors in 2006 following 21 years of wide-ranging exploration experience, working primarily with Shell in Africa, Europe, China, South America and the Middle East. Angus held a number of senior positions at Shell, including Regional Vice President of Exploration for the Americas and General Manager of Exploration in Nigeria. He holds a PhD in Structural Geology.

Other directorships and offices
Angus is a non-executive Director of Ikon Science Limited and a member of the Advisory Board of the industry-backed Energy and Geoscience Institute of the University of Utah.

[7] ANN GRANT
SENIOR INDEPENDENT DIRECTOR

Ann Grant (age 67, British) was appointed as a non-executive Director in May 2008 and Senior Independent Director in April 2014. Ann was Vice Chairman (Africa) at Standard Chartered Bank from 2005 to 2014. Her earlier career was as a British Diplomat, from 1971 to 2005. From 1998, she worked at the Foreign and Commonwealth Office in London as Director for Africa and the Commonwealth. From 2000 to 2005, Ann was the British High Commissioner to South Africa.

Committee membership
Ethics and Compliance Committee (Chair), Audit Committee and Nominations Committee.

Other directorships and offices
Ann is a Board member of the Overseas Development Institute and a council member of the London School of Hygiene and Tropical Medicine as well as the Rift Valley Institute. She also chairs the Serious Music Trust.

[8] TUTU AGYARE
NON-EXECUTIVE DIRECTOR

Tutu Agyare (age 53, Ghanaian) was appointed as a non-executive Director in August 2010. He is currently a Managing Partner at Nubuke Investments, an asset management firm focused solely on Africa, which he founded in 2007. Previously, he had a 21-year career with UBS Investment Bank, holding a number of senior positions, most recently as the Head of European Emerging Markets, and served on the Board of Directors.

Committee membership
Audit Committee, Nominations Committee and Remuneration Committee.

Other directorships and offices
Tutu is a director of the Nubuke Foundation, a Ghanaian-based cultural and educational foundation. Tutu is also a Senior Advisor to Power Africa, an initiative launched by the Obama administration to increase access to electricity in Africa.

[9] STEVE LUCAS
NON-EXECUTIVE DIRECTOR

Steve Lucas (age 61, British) was appointed as a non-executive Director in March 2012. A Chartered Accountant, Steve was Finance Director at National Grid plc from 2002 to 2010 and previously worked for 11 years at Royal Dutch Shell and for six years at BG Group, latterly as Group Treasurer.

Committee membership
Audit Committee (Chair), Nominations Committee, Remuneration Committee and Ethics and Compliance Committee.

Other directorships and offices
Steve is a non-executive Director of Acacia Mining plc (UK) and is the Senior Independent Director (non-executive) of HTN Towers plc.

[10] ANNE DRINKWATER
NON-EXECUTIVE DIRECTOR

Anne Drinkwater (age 60, British) was appointed as a non-executive Director in July 2012. Anne's appointment followed a long career at BP, where she held a number of senior business and operations positions, including President and Chief Executive Officer of BP Canada Energy Company, President of BP Indonesia and Managing Director of BP Norway.

Committee membership
EHS Committee (Chair), Audit Committee, Remuneration Committee and Nominations Committee.

Other directorships and offices
Anne is a non-executive Director of Aker Solutions ASA (Norway) and is an oil and gas advisor to the Government of the Falkland Islands.

[11] JEREMY WILSON
NON-EXECUTIVE DIRECTOR

Jeremy Wilson (age 51, British) was appointed as a non-executive Director in October 2013 following a 26-year career at J.P. Morgan where he held a number of senior positions, most recently Vice Chairman of the Energy Group.

Committee membership
Remuneration Committee (Chair), Nominations Committee and Audit Committee.

Other directorships and offices
Jeremy is a non-executive Director of John Wood Group PLC (UK).

[12] MIKE DALY
NON-EXECUTIVE DIRECTOR

Mike Daly (age 62, British) was appointed as a non-executive Director in June 2014 following a 28-year career at BP where he held a number of senior roles. Most recently, he was Executive Vice President Exploration, and a member of BP's Group executive team until January 2014.

Committee membership
Audit Committee, Nominations Committee and EHS Committee.

Other directorships and offices
Mike is a visiting Professor at the University of Oxford and a Senior Director at Macro Advisory Partners. Mike is also a non-executive Director of CGG, an integrated geoscience company based in France, which is listed on the Euronext and New York Stock Exchanges.

KEVIN MASSIE
COMPANY SECRETARY

Kevin Massie was appointed Company Secretary on 1 January 2016, following Graham Martin's resignation as Company Secretary. Kevin was previously Corporate Counsel and Deputy Company Secretary at Tullow.

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STRENGTHENING HOW WE MANAGE RISKS

Strong and effective risk management is an integral part of running our business. Over the past year, Tullow has adopted a more rigorous and consistent approach to managing risks across the Group and rolled out an enhanced integrated enterprise-wide risk management process.

Managing risk is an integral part of our everyday business and we believe that risk management should be embedded in our processes and procedures that we use to run our business. Effectively managing risk across the Group is a competitive necessity and fundamental to creating and maintaining shareholder value. An effective and joined up risk management framework enhances Tullow's ability to achieve its strategic objectives, and helps to protect our business, people and reputation.

The Board, as part of its role in providing strategic oversight and stewardship of the Company, is responsible for maintaining a sound risk management and internal control system. As part of that system, the Board determines principal risks and sets respective risk tolerance/appetite levels. The Executive Team, Group Functional Heads and Business Delivery Teams (BDTs) are responsible and accountable for monitoring and managing the risks that fall under their remit. It is then every leader's and manager's job to manage the day-to-day risks the Group may face. They are responsible for identifying the risks, assessing their impact and determining their consequence for the business. Appropriate actions are then taken to manage the risk to an acceptable level defined by the Board.

Historically, Tullow has always managed its risks and this has not changed. However, in the past year the Board has implemented a number of actions to re-assess and further improve Tullow's risk management framework. These actions were part of the Group's overall organisational design review that took place during the Major Simplification Project (MSP) and, as a result, the following enhancements have been made:

- Developed a risk management policy and risk management standard to mandate a consistent approach to managing risk for all activities across all parts of the business;
- Adopted a more rigorous and consistent approach to managing risks across the Group and rolled out an enhanced integrated risk management process, with strengthened governance and reporting requirements;
- Driven a 'top-down and bottom-up' approach to risk management to ensure fully integrated risk management processes to enable decision making;
- Defined its risk appetite to clearly communicate the level of risk the Board is willing to take in pursuit of its strategy;
- Risk management embedded into business planning and performance management to mandate accountability and responsibility for risk management to all employees at all levels of the Group; and
- Developed a Group Assurance Standard and integrated assurance plans to monitor risks and to obtain assurance over effective risk management and operation of internal controls.

Our inherent risk universe

In order to ensure complete and systematic identification of risks and to ensure commonality of risk definitions across the Group, the Group maintains a 'Risk Universe', which holds an extensive collection of potential risks that could impact the Group's performance. These risks are separated into four broad categories: Strategic, Financial, Operational and Compliance. Executive Directors are assigned responsibility for these categories, and assurance and oversight responsibilities are assigned to the Board and respective Board committees. A summary of our risk universe is detailed below.

TULLOW'S RISK UNIVERSE

STRATEGIC RISKS

- Internal
- External

About these risks
- Internal risks associated with inadequate strategy and external risks associated with external competitive, political and social business environment

Oversight
- Board

Responsibility
- Aidan Heavey, Chief Executive Officer, Paul McDade, Chief Operating Officer, and Ian Springett, Chief Financial Officer

FINANCIAL RISKS

- Information/reporting
- Funding, Strategy & Planning

About these risks
- Financial risks arising from adverse market conditions and reporting risks from unreliable or inaccurate information and reporting procedures

Oversight
- Board, Audit and EHS Committees

Responsibility
- Ian Springett, Chief Financial Officer

OPERATIONAL RISKS

- Organisation & Human Resources, Health & Safety, Information systems, Technical and Exploration

About these risks
- Operational risks that ultimately impact our business delivery, performance, stakeholders and reputation

Oversight
- Board, Audit, EHS and Remuneration Committees

Responsibility
- Aidan Heavey, Chief Executive Officer, Paul McDade, Chief Operating Officer, and Angus McCoss, Exploration Director

COMPLIANCE RISKS

- Legal, Ethics & Compliance

About these risks
- Legal & Compliance risks arising from unethical behaviour or violation of applicable laws and regulations.

Oversight
- Ethics & Compliance Committee

Responsibility
- Aidan Heavey, Chief Executive Officer, Ian Springett, Chief Financial Officer

Risk management process

The Group's risk register continues to be the core element of the risk management process. Each layer of the organisation is responsible for maintaining a risk register at their business level, which is formally reviewed on a quarterly basis at their business performance review. The risk register identifies all key inherent risks facing the Group, taken from the Tullow Risk Universe. These inherent risks are then assessed at both an inherent and residual level, to determine the strength of existing controls and mitigating actions and the required treatment action for each risk. Tullow recognises that risk cannot be totally eliminated and that there are some risks the Board will choose to accept. These decisions will come down to experience and after consideration of the Group's defined risk appetite.

Risks are assessed on two scales: a) according to their likelihood and b) by their potential impact on the Group, not just financially, but also in terms of safety, reputation and regulatory impact. The risk registers are consolidated upwards to the Group who then prepare a Group risk register, identifying the 'principal' risks facing the Company. The risk register, its method of preparation and the operation of key controls are periodically reported to the Executive and the Audit Committee.

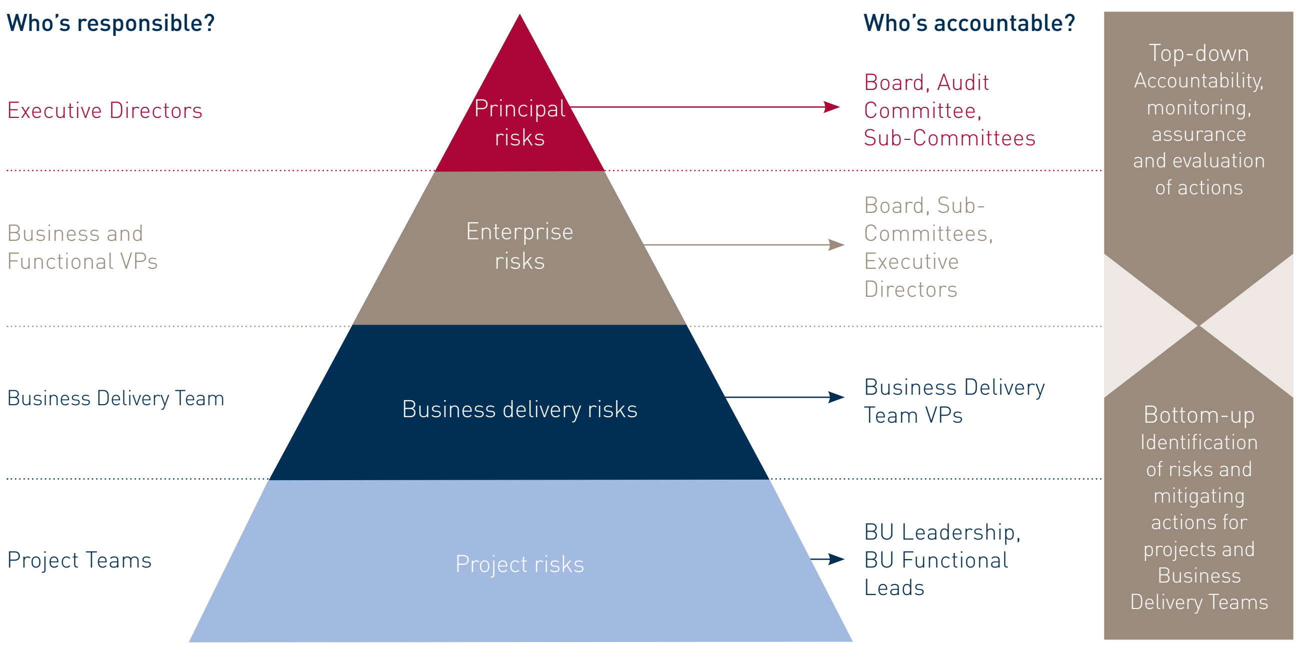
The risk management process is an integral part of the annual business planning process and ongoing business performance management. A key component of the process is not just risk identification, but also the 'top-down and bottom-up' discussions that occur to agree mitigation plans and evaluate actions.

Risk appetite

The Board is responsible for setting the Group's risk appetite, acceptable risk tolerance levels and putting in place a mechanism to monitor compliance with these agreed tolerances. A number of enterprise-wide risk workshops attended by the Executive Directors, BDT VPs and Group Functional VPs were undertaken in 2015, to agree the principal risks and discuss and set the right risk tolerances for each risk.

In considering the Group's risk appetite, the Board has reviewed the risk process, assessment of principal risks, and the existing controls and mitigating actions that drive towards residual risk. The risk appetite has been adopted by the Board of Directors, and is going to be kept under regular, at least annual, review to reflect the current external and market conditions.

RISK HIERARCHY



VIABILITY STATEMENT

In accordance with provision C2.2. of the 2014 revision of the UK Corporate Governance Code, the Board has assessed the prospects and the viability of the Group over a longer period than the 12 months required by the 'Going Concern' provision.

The Board conducted this review for a period of three years taking into account the Group's current position and potential impact of its principal risks. The three-year period was selected for the following reasons:

i. The Group's strategic plan, which considers the Group's facility and free cash headroom, debt:equity mix, and other financial ratios, is undertaken over a three-year rolling period;

ii. Full development of Tullow's TEN Project will be principally complete within the three-year period, leading to significant reductions in committed capex and increases in levels of production; and

iii. All of Tullow's material exploration licence commitments fall within the next three years.

Based on these factors, the Directors consider that a three-year assessment period appropriately reflects the underlying prospects and viability of the Group, and the period over which the principal risks are reviewed.

In order to make an assessment on the Group's viability, the Directors have made a detailed assessment of the Group's principal risks, as described on pages 55 to 63, and the potential implications these risks would have on the Group's liquidity and its business model over the assessment period. This assessment included, where appropriate, detailed cash flow analysis, and the Directors also considered a number of reasonably plausible, but severe scenarios, and combinations thereof, and associated summaries / documents provided by the Group's Finance and Treasury teams. The assessment has assumed that capital markets continue to operate under normal market conditions.

The Directors have also identified mitigating actions which the Group already has in place, such as hedging and insurance, and additional mitigating actions that are available to the Group, such as reductions in operating and capital expenditure, portfolio management and other funding options. Based on the results of the analysis the Board of Directors has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Notwithstanding the Board's assessment, there remains a risk, given the volatility of the oil price environment and the crystallisation of a combination of the Group's principal risks, that the Group's liquidity position may deteriorate and the Group may become technically non-compliant with one of its financial covenants during the assessment period. To mitigate this risk, the Group will continue to monitor our cash flow projections and, if necessary, take appropriate action with the support of our long-term banking relationships.

PRINCIPAL RISKS

Tullow's principal risks are listed in the following tables. Internally, the Group monitors and mitigates a more substantive list of risks, but those listed are the risks currently considered to be the most important because of their likelihood, the magnitude of their potential impact, frequency on the Executive's agenda, or a combination of these reasons.

STRATEGIC

1. Strategy not fully achievable in sustained low oil prices
2. Inability to progress major portfolio management options
3. Impact on TEN expected value due to border dispute between Ghana and Côte d'Ivoire
4. Impact on TEN expected value due to delayed delivery
5. Failure to adequately manage stakeholder relationships

FINANCIAL

6. Insufficient liquidity and funding capability
7. Failure to manage oil price risk

OPERATIONAL

8. Loss of production revenue from Jubilee field
9. Major operational incident
10. Inability to replenish exploration portfolio
11. Major cyber or information security incident
12. Failure to retain or develop key staff

COMPLIANCE

13. Major breach of business or ethical conduct standard

Risk and Executive responsibility	Link to business model	Potential impact	Mitigation and assurance	2015 outcomes and ongoing actions
STRATEGIC				
1 Strategy not fully achievable in sustained low oil prices **Aidan Heavey,** Chief Executive Officer	Sustainable long-term value growth	• Tullow may be unable to deliver value growth during a period of sustained low oil price • Inability to deleverage the business	• Robust planning of strategy and business plan which is reviewed and approved by the Board • Business plan includes options/alternatives for lower oil prices that underpin the agreed strategy • Strict capital allocation process in line with agreed business plan • Rigorous monthly performance management and reporting to track delivery • Regular investor meetings with Executive to gain feedback and challenge	• Improved Group capital allocation process and reporting • Continued review of cost structure post MSP • Test and retain options for increased EBITDA delivery • Focus on deleveraging options
2 Inability to progress major portfolio management options **Ian Springett,** Chief Financial Officer	Finance & Portfolio Management	• Inability to execute strategic farm downs or divest non-core assets • Potential over concentration of risk in some areas • Increased exposure to capex and decommissioning costs • Write down on acquired assets, over-investment in mature assets for low returns, using capital that could be better invested elsewhere • Reputational harm	• Maintain a highly competent transaction capability • Conduct regular portfolio assessments with the Board as part of the annual strategy review • Adhere to relevant commercial and investment appraisal standards, and review of all major acquisition or divestment proposals • Follow approval process with the Executive Directors and the Board for any major decisions and new country entry to ensure a suitable amount of screening, challenge and justification • Conduct post-transactions reviews, whether completed or aborted	• Initiated bi-annual portfolio reviews with Business Delivery Teams • Portfolio review is part of the Board's agendas • Improve quality of portfolio analysis • Execute current strategic portfolio plan • Progress and operate current operations efficiently in order to gain maximum value
3 Impact on TEN expected value due to border dispute between Ghana and Côte d'Ivoire **Paul McDade,** Chief Operating Officer	Development & Production	• Loss of some of TEN reserves/ facilities and contractual rights if ITLOS decision moves maritime border and part of the field is in Côte d'Ivoire waters	• Regularly monitor the ITLOS case, analysing claims with expert counsel assistance • Work closely with the Government of Ghana to fully understand the potential impacts of movement in border and encouraging continued dialogue between both countries • Providing technical support and materials as requested • Identifying other uses for rigs to avoid periods of inactivity	• Case progressed in line with schedule defined by ITLOS • Scenario analysis • Alternative projects for planned rig usage
4 Impact on TEN expected value due to delayed delivery **Paul McDade,** Chief Operating Officer	Development & Production	• Delay in production start up and revenue build up which impacts financial performance and reputation	• Effective project management driven by execution plan and competent professional project team • Assurance plans and stage gated project delivery system in place, including delivery of independent operations readiness and assurance audits • Regular project meetings with Tullow leadership and major contractors	• Project over 85% complete in February 2016, on track and on budget • Continued tracking of project plan progress with necessary interventions • Series of workshops with TEN team and major contractors • Continually identifying and mitigating new risks if they occur • Bi-monthly project steering group meetings • Business transition plan

PRINCIPAL RISKS CONTINUED

Risk and Executive responsibility	Link to business model	Potential impact	Mitigation and assurance	2015 outcomes and ongoing actions
5 Failure to adequately manage stakeholder relationships **Aidan Heavey,** Chief Executive Officer	Responsible Operations Shared Prosperity	• Restrictions to operations, leading to significant variances in financial forecasts • Contractual or regulatory change could impact the viability of projects • Portfolio of assets affected by licence withdrawals or expropriation • Reputational damage and loss of social licence to operate • Fines, penalties or criminal prosecution	• Non-Technical Risk Standard sets minimum requirements for stakeholder management • A quarterly political risk driver analysis is completed in partnership with the Business Units • Country Strategy Papers, alongside stakeholder engagement plans, provide context and a framework • Skilled, experienced and competent staff are embedded in Business Units and the Corporate Centre provides strategic advice and assurance • Safety, Sustainability and External Affairs (SSEA) scorecard monitors certain leading and lagging indicators of effectiveness such as work stoppage man hours/total man hours, % closure of grievances	• Fully embedded Non-Technical Risk Standard • Develop 'landscape level solution' plans that map and articulate integrated solutions for complex risks • Develop an approach and plan to obtain agreements with communities • Develop a system to manage Group Regulatory and non-Supply Chain (SC) agreement compliance aligned to the Non-SC Agreement Management Standard
FINANCIAL				
6 Insufficient liquidity and funding capability **Ian Springett,** Chief Financial Officer	Finance & Portfolio Management	• Excessive leverage could lead to the Group being unable to meet its financial obligations • Constrains ability to raise further debt	• Prudent approach to diversified debt and equity, with a balance maintained through business planning and performance management processes • Finance standard in place to ensure debt funding is optimised for all assets and projects • The Board reviews and approves the financial strategy, the funding position and policy targets • Short-term and long-term cash forecasts are reported to Senior Management and to the Board on a regular basis • Regular monitoring of maturities of facilities, and relationships with lending banks and debt capital investors continually developed • Significant hedging policy adopted to protect against oil price volatility	• $450 million additional bank commitments secured in 2015 • Strength of assets retained debt capacity despite fall in oil prices • 2015 year end facility headroom and free cash of $1.9 billion; net debt of $4 billion • Mark-to-market value of hedging instruments $623 million at end 2015 • 2016 financing initiatives in progress; discussions under way with commercial banks to consider possible refinancing/amendments to the RBL and RCF facilities • Capital allocation process implemented to meet funding targets
7 Failure to manage oil price risk **Ian Springett,** Chief Financial Officer	Finance & Portfolio Management	Commodity price volatility could reduce cash flow and asset value by reduced: • Revenues • EBITDA • Debt capacity • Funding to support investment programme	• Board approved hedge programme to protect against low oil prices • Programme is monitored monthly and communicated to the Board • Hedging programme must be executed in accordance with the policy, with approvals sought ahead of execution	• Mark-to-market value of hedges at the end of 2015 was $623 million • Approximately 52 per cent (64 per cent post-tax) of 2016 entitlement oil production hedged at an average floor price of $75/bbl • Value of hedges support EBITDA and contribute to debt capacity under the RBL
OPERATIONAL				
8 Loss of production revenue from Jubilee **Paul McDade,** Chief Operating Officer	Development & Production	• Loss of some or all of Jubilee production revenue for an extended period of time due to the failure of critical equipment	• Ongoing Production Loss Reporting and Root Cause Analysis to identify actions and prevent issues reoccurring • Integrity, operations and competency systems in place, supported by critical spares and strategy and competency certification for all core crew • External and internal assurance programme • Appropriate standards and plans in place • Weekly review of maintenance, fortnightly Asset Integrity Improvement Steering Committee, monthly Asset Integrity Management meetings and analysis by both Business Unit and Group Operations	• 2015 gross production averaged 102,600 bopd • Ongoing analysis of FSPO systems to strive for top quartile reliability • Jubilee Asset Integrity Audit completed in 2015 • Implementation of Asset Integrity Improvement Plan • Improvements to Competency Assessments • Purchase of critical spare equipment as per agreed spares strategy

PRINCIPAL RISKS CONTINUED

Risk and Executive responsibility	Link to business model	Potential impact	Mitigation and assurance	2015 outcomes and ongoing actions
9 Major operational incident **Paul McDade,** Chief Operating Officer	Development & Production	Major failure in Tullow operated asset results in: • multiple fatalities or serious injuries • environmental damage or pollution • asset damage or remediation • mitigation costs and compensation • reputational damage	During exploration and appraisal: • Early well design and planning screening for new exploration opportunities • Well risk profiles reviewed by Senior Management • Well design, process and equipment in accordance with Well Design and Operations Standard, Well Control Standard and associated procedures During development and production: • Minimum asset integrity, maintenance and planning requirements mandated through Production Operations Standard and associated procedures • Use of computer-based maintenance systems and leading corrosion management application system • Independently verified Safety Case and Cases to Operate procedure Overall: • Vigorous assurance processes both internally and externally • Operations risk insurance coverage • Jubilee Asset Integrity Project Improvement Steering Committee meets fortnightly • In case of incident, contingency/containment plans e.g. emergency response procedures, with contracts in place for third-party support	• Jubilee Asset Integrity Audit completed in 2015 • Group-wide Well Delivery Process Audit completed • Ongoing compilation of Asset Integrity Action Plans • Competency reviews and regular monitoring of key data and procedures to identify gaps or losses • Identify and action improvements to Competency Assessments • Ongoing audit of implementation and effectiveness of mitigation controls and actions
10 Inability to replenish exploration portfolio **Angus McCoss,** Exploration Director	Exploration & Appraisal	Failure to replenish exploration acreage or fund new ventures results in: • poor or no queue of drill-ready prospects • failure to deliver key element of growth strategy	• New opportunities are considered against existing portfolio to maintain diversity of prospects • Funding is limited and exploration portfolio reviewed annually • BDTs, in particular New Ventures, tasked with actively seeking and pursuing opportunities • Exploration and Appraisal Values Controls Standard in place • Exploration and Development Geosciences Executive team work with BDTs and Commercial team on portfolio planning • Corporate Centre assurance programme and central store of all exploration data • Twice-yearly review of exploration prospect inventory and tracking of net prospective risked resources	• New licence granted in Guyana • Farm-down of licences in Suriname, Norway, Mauritania • Review of New Ventures strategy • Geoscientists focused on seismic interpretation to decipher best prospects • Ongoing farm-downs to reduce Tullow equity earlier in licence cycle to gain carries and reduce costs
11 Major cyber or information security incident **Angus McCoss,** Exploration Director	Governance & Risk Management	A compromise could lead to: • disruption to or halt of critical business systems • loss or theft of confidential information, competitive advantage and intellectual property • financial and/or reputational harm	• Advanced Security Operations Centre (ASOC) provides global monitoring, analysis, alerting and incident response • Bespoke advanced security equipment is used at key operations sites which are continually updated with relevant intelligence • Active member of Cyber Information Sharing Partnership (CISP) and maintain key government relationships which provide alerts or response to hidden threats • Third-party specialists analyse potential areas of weakness and provide network assurance activities • Group-wide awareness training, aligned with Information Security Standard, conducted across Tullow's business and operations	• Ongoing Group-wide awareness training, with additional bespoke training for higher risk areas • Ongoing improvement of network infrastructure resilience • Specialist external assurance of TEN and Jubilee industrial control systems

PRINCIPAL RISKS CONTINUED

Risk and Executive responsibility	Link to business model	Potential impact	Mitigation and assurance	2015 outcomes and ongoing actions
12 Failure to retain or develop key staff **Aidan Heavey,** Chief Executive Officer	Organisation & Culture	• Key skills and experience are not available internally, impacting delivery of the business plan • Staff turnover increases resulting in recruitment costs and possible buy-in of short-term contractors • Disengaged workforce not aligned with culture of efficiency, performance management and cost consciousness • Localisation and organisational plans may not be delivered, affecting relationships with national governments • Competitors recruit Tullow staff	• Bi-annual performance and development cycle, with functions and BDTs responsible for their employees' development and career progression • Succession planning, localisation and diversity objectives are set and being actively progressed and key targets monitored • Nominations Committee focus on diversity plan • Organisation structure designed for HR Business Partner to report key staff data including resignations through the line to BDT and functional discipline and to the HR function • Monthly reporting to Executives of HR analytics • Organisation Strategy & Effectiveness (OSE) VP attends weekly Operations Committee meetings • Key people data reported to monthly and quarterly performance management meetings • A staff engagement plan is agreed with HR, Communications and Executives, with key deliverables set each year • Annual Employee Engagement Survey • Annual review of reward package	• Revised organisation design with clear accountabilities • Embedded performance management framework • Increased focus on staff engagement to embed culture • Implementation of employee engagement plan • Re-structured HR Delivery & Reward team to ensure higher level of capability and experience • Review of total reward for all employees planned in 2016 and one-off Exceptional Share Award made in 2015 • Diversity plan defined with actions in place for 2016
COMPLIANCE				
13 Major breach of business or ethical conduct standards **Aidan Heavey,** Chief Executive Officer **Ian Springett,** Chief Financial Officer	Governance & Risk Management	• Unethical behaviour breaches anti-corruption laws • Investigations result in reputational damage • Cost impact through investigation costs and fines • Senior Officers liable under UK Bribery Act	• Implementation of the Tullow Code of Ethical Conduct, with annual certification process carried out with all staff • Gifts and Hospitality (G&H) Standard adhered to and maintained, with online G&H register available to all staff • Other relevant Ethics & Compliance standards, policies and procedures in place, adhered to and maintained • Leadership leading by example and advocating good behaviour • Dedicated Ethics & Compliance Advisors in key Business Units • Appropriate due diligence carried out in relation to service providers, contractors and other counter-parties • Appropriate anti-bribery and corruption provisions in agreements with service providers, contractors and other counter-parties	• Updated Code of Ethical Conduct • Established Ethics & Compliance Board sub-committee • Ongoing development of a monitoring and assurance plan to be used by Business Units • Planned development of an e-learning solution to continue to promote the Code of Ethical Conduct • Fraud Risk Awareness provided to 591 staff • Achieved 100 per cent completion of the self-certification of compliance with the Code of Ethical Conduct