

Corporate Social Responsibility

Social and environmental issues are integrated into all our activities and we aim to conduct our business in a way that is safe, sustainable and responsible.

The Group had a very positive Environment, Health and Safety (EHS) performance in 2005. It was a particularly busy year for our operations, with several major projects and much higher levels of activity in the enlarged Group. In the UK, projects included the transition of the Schooner and Ketch fields and completion of Tullow's first offshore operated development at Horne & Wren in the Southern North Sea. In South Asia we conducted seismic programmes in Pakistan and Bangladesh, where at peak activity 3,000 people were working on Block 9. The Group also undertook a significant drilling programme during the year with 50 development wells and 10 exploration wells. In total, 3.7 million man hours were worked in 2005 compared to just under 2 million man hours in 2004.

Excellent EHS Performance in 2005

Despite these record levels of activity, there were no significant environmental incidents at any Tullow operations and no occupational health, safety or security related issues. A total of three Lost Time Incidents (LTI) were reported during the year compared to four incidents in 2004. All incidents were relatively minor in nature, as was the case in 2004. The Lost Time Incident Frequency Ratio (LTIFR), representing the number of lost time incidents per million man hours worked, was 0.82, compared to 1.96 in 2004. This achieved our performance target of a LTIFR below 1.00. These safety statistics have consistently improved over the past four years, moving us closer to our goal of being in the top quartile of companies in our industry for safety performance.

To enhance our reporting in this area our first Group CSR Report will be published this year

Strong EHS Culture and Systems

Our overall EHS performance is supported by Tullow's EHS policy which is reviewed annually and implemented across the Group. Through this policy our goal is to protect people and minimise the impact of our operations on communities and the environment. This policy is implemented through appropriate training for staff and contractors and by visits to potentially higher risk activities by the Head of EHS and his team.

Tullow's EHS team was expanded in 2005 and now includes EHS advisors in the Group's London and Cape Town offices, field supervisors in Pakistan and Bangladesh and additional EHS resources for specific major projects such as seismic acquisition or drilling. There is an annual internal EHS audit programme and in 2005 six full audits were conducted plus several additional audits of drilling rigs and seismic crews across our operations.

External Benchmarking

We manage our EHS performance through the Group's Integrated Management System (IMS), which is a disciplined framework for the management of the environment, health, safety and security throughout the Group. Under the IMS we also track and record our experiences, allowing us to continually work to improve our performance. This system fully meets the requirements of the International Standards Organisation (ISO) 14001 benchmark and is based on a series of integrated elements with established performance standards and clearly defined expectations that every operation must fulfil.

Tullow plans to achieve ISO 14001 certification for all its operations and in 2005 suitability evaluations were completed for the Kudu project in Namibia and operations in Pakistan. While Kudu is not yet a fully approved development, the project plan has been drafted in anticipation of achieving ISO 14001 approval. The Pakistan evaluation was successful and we have established a three year programme to achieve full certification. In 2006, we expect Tullow Oil plc and all its corporate standards to be ISO 14001 approved.

Enhanced Crisis Management Systems

The oil and gas industry operates with inherent EHS risks and at Tullow the enlarged Group has brought challenges but also created opportunities. The Group operates a 365 day on-call system for crisis management, supplemented by regular training and simulation exercises. With our new offices we improved the facilities including a specialised high tech crisis management room. Our goal is to ensure that in the event of a serious incident at any Tullow activity we will be proactive, prompt and effective in our response.



Addressing Climate Change

In the past decade there has been growing concern and debate over the impact of “greenhouse” gases on global climate change. Many industrialised countries agreed to set specified reduction limits on their emissions of such gases and this has become formalised in Europe under the European Union Emissions Trading Scheme. The most significant impact of these regulations for Tullow concerns carbon dioxide (CO₂), a by-product of fuel combustion in turbines, compressors and generators utilised as part of the gas refining process.

For Tullow, the Bacton and Hewett installations have been assigned allowances under this scheme capping the amount of CO₂ discharged into the atmosphere. The Hewett field and the Bacton terminal have a combined allowance in Phase 1 of the scheme, which runs from 2005 to 2007, of 1.28 million tonnes and during 2005 investment was made to minimise and reduce CO₂ emissions. Both facilities achieved improvements and their total emissions were 40% lower than their combined allowance, with particular success at Bacton. We continue to work to identify opportunities to improve the Group’s performance and incorporate emissions control in the design phase of all major developments.

Social and Community Involvement

Our involvement and sponsorship of local communities is guided by the Group’s CSR policy and CSR committee. Aidan Heavey, our Chief Executive, is the nominated Director with CSR and EHS responsibility and he is a strong advocate for Tullow’s commitment to its corporate, environmental and social responsibilities. In 2005, Tullow spent £0.8 million on a wide range of social and community projects. This amount was marginally lower than 2004 as a result of some projects moving into 2006. This year we are committed to significantly increasing our overall contribution.

In Bangladesh we support the Gulshan Literacy Programme. In 2005 the school catered for 180 children, operating two shifts as many of the children need to go to work during normal school hours. One cooked meal per day is provided and once a student is admitted to the programme the school covers the majority of fees and ancillary costs, including the provision of an electric lamp to assist study. Support is also provided in aspects of health, nutrition and child development.

We support and contribute to improved health, education and economic conditions in our local communities

In 2005, we signed a farm-in agreement in Angola, where there are three million cases of malaria every year. Children are most at risk and the World Health Organisation estimates that every day 2,500 die from the disease throughout Africa. Through our representative there we have become involved in the Angola Mosquito Nets Project, which seeks to reduce the incidence of malaria in the community through the provision of insecticide-treated mosquito nets to those too poor to afford one. An aid organisation employs local women to make the nets, which are then distributed to local communities.

There were major natural disasters in Asia during the year with the Asian tsunami and the Pakistan earthquake. While the Group formally contributed US\$350,000 emergency support through recognised charities, there was also an immediate, generous and pragmatic response at a local level by Tullow personnel. This action demonstrates the true meaning and effectiveness of local community commitment in the Group.

Our first Group CSR Report

CSR is particularly relevant in the context of the oil and gas industry and is a significant priority for Tullow management. To enhance our transparency and reporting in this area our first Group CSR Report will be published this year. It will be available on our website www.tulloil.com and in paper, electronic and digital formats. We hope it will extend our communication and engagement with stakeholders in this area and we welcome any feedback.