

SUPPLY CHAIN NEWSLETTER

Tullow Ghana Quarterly Newsletter | 6th Edition | June 2024

Message from Richard Miller, Chief Financial Officer



Since 2020, we have taken many steps to improve our business, strengthen our team and position ourselves for growth as a company.

We have made great progress and through strict financial discipline, cost savings and improved efficiency, generated over US\$1.1 billion of free cash flow in the last four years. This has also enabled us to materially reduce our debt.

One of the first steps our CEO, Rahul Dhiri, put in place when he assumed office, was a senior leadership team (SLT) structure – a team of multi-discipline leaders to steer the affairs of the company.

Among the SLT's priorities was a Supply Chain Management Transformation and Digitisation strategy. A key part of this has been the decision to change the reporting line of the supply chain function to sit within my team to help enhance synergies with the broader finance function.

This change has helped us improve supply chain digitisation, with the implementation of an effective contract lifecycle management system.

In 2024, we continue to relentlessly focus on operational excellence, capital efficiency and investments to drive growth. With the high degree of ownership and accountability of our teams, we remain committed to unlocking value from the deep set of organic opportunities and leverage our platform to deliver sustainable growth. There is much for us to look forward to, in the years ahead.

Sincerely,
Richard Miller

Tullow receives 5 awards at the maiden Supply Chain Awards Ceremony

Tullow Ghana led the pack at the maiden Chartered Institute of Supply Chain Management (CISCM) Awards event held in Accra in January 2024.

The company took home five prestigious honours on the night, including the Supply Chain Organisation of the Year and CISCM Woman of the Year for the Supply Chain Manager, Otuko John-Teye.

The company also won best in Legal and Contracts, Governance and Leadership, and Sourcing and Procurement.

Over the years, Tullow has worked with a host of stakeholders, including the Petroleum Commission, to support the activities of indigenous suppliers and companies working in the oil and gas industry.

This commitment has led to the empowerment of many local service companies operating in the sector. It has also strengthened the country's supply chain activities, especially in the upstream sector, leading to several job creation opportunities, and contributing to overall economic growth.

Last year alone, for example, more than 90% of Tullow's upstream contracts were awarded to indigenous and joint-venture companies in Ghana.

This has been touted as a demonstration of industry leadership in a sector that is a significant contributor to Ghana's GDP growth in the past two decades.



TULLOW

Event: Supplier Market Day

Tullow Ghana Limited organised the first Supplier Market Day event in 2024 at the Fiesta Royale hotel in March. It brought over 170 suppliers together as part of Tullow's strategy to deepen engagements and cement relationships.

The event is a critical part of the company's strategy to heighten awareness about procurement activities and operations. It also aligns with Tullow's strong emphasis on developing local human resource and capacity for long term sustainability.

In her keynote address, Tullow Ghana Deputy Managing Director, Cynthia Lumor emphasised Tullow's commitment to empower and develop local participation in the oil and gas industry. She stated that, "a country's hydrocarbons must be a platform for socio-economic development and transformation, and we recognise that strong collaboration and partnership is necessary to advance the success of the industry in the decades to come. Programmes like this are therefore platforms for us to renew our commitment to you, show that we recognise your importance, and also advance our contribution to local content development in the sector."



Tullow Chief Procurement Officer, Atul Sahay reflected on a long journey of partnership with local suppliers in Ghana, emphasising that the company's supply chain trajectory has now reached an era of excellence, following two previous years of transformation and implementation. He said driving cost efficiency and delivering real impact in the industry will be the driving force of its agenda in 2024.

The Petroleum Commission also delivered a presentation on the implications of technology transfer on local businesses, emphasising that technology transfer must focus on developing local partners in a sustainable way.

Questions around lifting complex regulatory requirements, navigating inflationary pressures in payments, and operating efficiently in the economy, also came up.

Altogether, the session afforded the key participants a chance to embrace new and emerging trends and to put themselves in unique positions to be successful in the oil and gas industry.



Event: "Closing the Gap" workshop on Supply Chain Digitisation

Tullow Ghana held its first in a series of webinar workshops for 2024 on 27th March 2024, in collaboration with the Petroleum Commission (PC) under the Business Academy Partnership initiative.

At the event, headlined, "Closing the Gap on Supply Chain Digitization," Tullow's Local Content Manager, Dr. Jennifer Bruce-Konuah emphasised the crucial importance of supplier training to Tullow's local content strategy. She maintained that supplier training has been an effective means employed by Tullow to consistently increase and sustain indigenous participation in its operations.

Tullow's Planning Performance & Digital Manager, Haitham Abu-Sadah delivered training to 195 online participants from the local supplier community on the features, functionality, ease of use and benefits of the Coupa Procurement & Contract Lifecycle Management System, soon to be deployed by Tullow.

Director for Local Content at the PC, Mr. Kweku Boateng commended Tullow's proactive approach to engaging the Commission and the supplier community on the new features and benefits of the coupa digital system. Participants were effusive in their commendation and appreciation of the training platform offered by Tullow Ghana.



Tulow introduces new modules for supplier mentorship programme

Tulow Ghana (TGL) in March 2024, launched 7 new cloud-based training modules to enrich the curriculum of its flagship Local Content initiative - “Tulow Supplier Mentorship Programme”.

The Tulow Supplier Mentorship Programme provides indigenous beneficiary companies with tailored and group mentorship sessions, virtual engagements with experienced business leaders, and access to online training courses and assessments over six months.

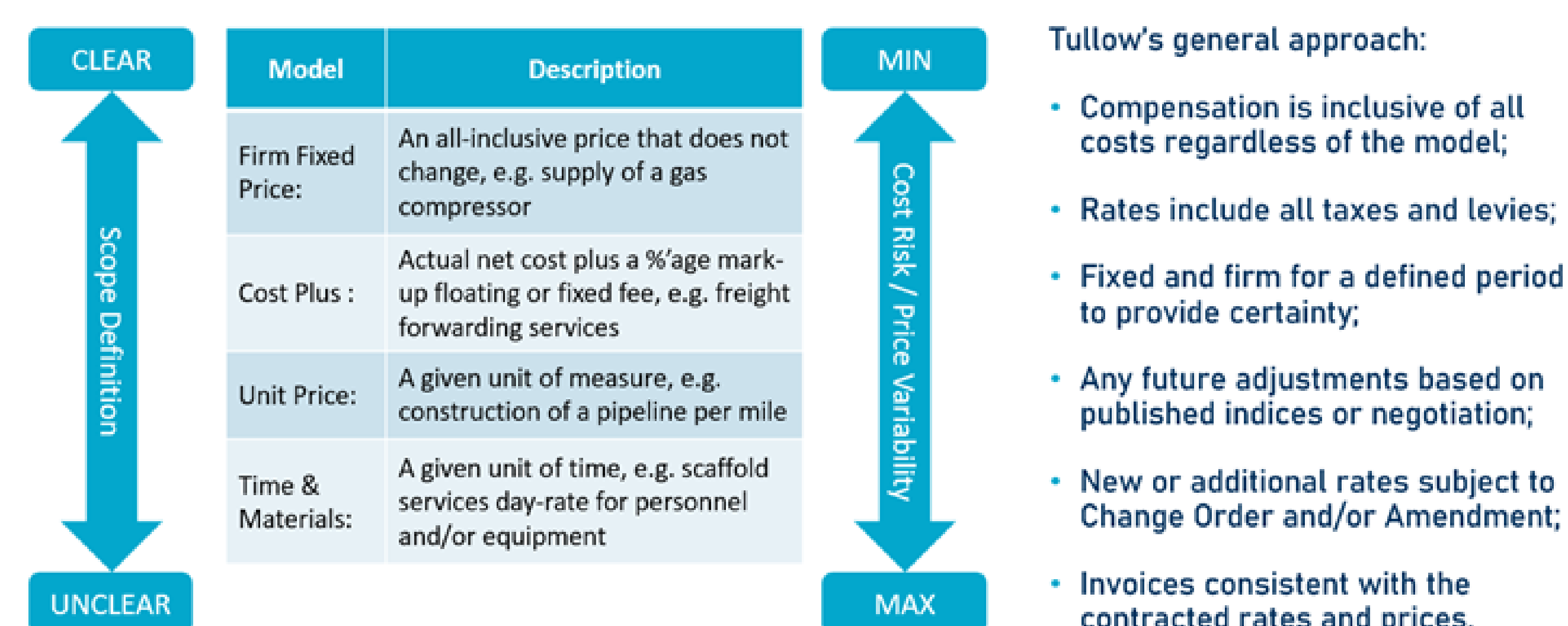
Present at the virtual launch were representatives of Tulow’s implementing partner Accenture, the Petroleum Commission and over 70 indigenous beneficiary companies.

In her opening remarks, Tulow’s Local Content Manager, Dr. Jennifer Bruce-Konuah said, “These training modules were developed from scratch and are enriched with case studies, scenarios and assessment tests that are relatable to the oil, gas, and energy sectors. We have also introduced topics and examples on Sustainability (ESG) which is presently a subject of global interest across all industries.”

At the launch, beneficiary companies were trained on using the learning portal, navigating modules, and tracking their progress. Accenture’s Development Partnership Manager, Shiksha Benimadho, assured participants of ongoing technical support to enhance their learning experience.

Educational Feature: Compensation (Rates & Prices)

At Tulow, we use the annually published World Commerce & Contracting ‘Most Negotiated Terms of 2023’ (www.worldcc.com) as guidance. Compensation (rate & prices) is a frequently negotiated contract term and in this edition, we share the various factors that may influence the commercial model using the following graphic to explain.



There is no one size fits all and the model and the approach used will be tailored to scope of work and contract that we are seeking to put in place.

Disclaimer: The information provided in this article does not and is not intended to constitute legal advice and you should not place any reliance upon it. You are strongly advised to seek specific advice with respect to any legal matter.

Supplier Success Story – Rigworld Solutions

Rigworld Solutions was incorporated in 2011 as a support service company for the oil & gas industry. Over the past 13 years, we have expanded our offerings to meet the evolving demands of the industry, incorporating technological advancements and best practices into our services.

Contractor Experience with TGL

Through due diligence and constant demand to keep a standard operating formula, Rigworld Solutions has been able to secure and still manages these TGL contracts:

- Valves & actuator support services
- Ground transportation services
- Provision of manpower services
- Supply of offshore and onshore training services

Other services that we offer TGL include the supply of locally manufactured stud bolts, hose supply & repairs, gaskets, flanges, and other MRO products.

Subcontracting:

As a result of the vast services we offer TGL, Rigworld has had the opportunity to subcontract some of the services to some local companies to create employment opportunities. Below is a list of the recurrent scopes that we subcontract.

SUBCONTRACTORS FOR TRAINING AND ASSET SUPPORT	
CLIENT	SERVICES OFFERED
WEBSOFT	ERP services
ARCHI SULTANTS	Construction & Maintenance works on site
UNIQUE FIRE TRUST PROTECTION	Servicing of Fire Equipments
BOS ENGINEERING	Air Quality Tests
OMINI ENERGY	Inspection of Lifting Equipments

People and Development

Through contract opportunities from TGL, we have hired a total of 698 staff that are directly or indirectly involved in the daily running of these contracts. 45% are employed from the formal sector which includes graduate engineers, workshop technicians and administrative employees. 55% of the employee rate come from the informal sector.

Rigworld has trained several employees in various sections of our operations including:

- Bosiet certified trainings, Banksman training, confined space trainings and other lifting trainings.
- Scottish Vocational Qualification (SVQ). We have technicians who have gained certification level of SVQ 3 and capable of working on all critical valve scopes.
- Certified Opito Hose Inspectors. Trainings include BFPA (British Fluid Power Association) Hose Assembly Training, BFPA Hose Integrity Management Training etc.

Ethics & Compliance Ambassador Programme

At Tullow, we have in place an Ethics and Compliance (E&C) programme, structured to ensure ethical conduct, regulatory compliance, adherence to standards and procedures, and to promote a culture of integrity throughout all levels within the organisation.

Central to the delivery of Tullow's E&C programme, is the establishment of a team of E&C Ambassadors, who serve as key representatives for ethical behaviour and compliance within their respective departments and the wider organisation.

Our team of E&C Ambassadors comprises sixteen individuals who volunteered and/or were selected to represent E&C in departments across the organisation.

These ambassadors are trained to demonstrate commitment to ethical conduct, and effectively support, communicate, and influence others.

Monitoring local content performance for Tier 1 suppliers (Full Year 2023)

- 49 companies reported on 57 contracts. 100% reporting compliance rate recorded.
- 77% (\$128.33m) of total spend (\$166.45m) with indigenous companies.
- \$148.59m of total spend (\$166.45m) with JVs.
- 85% (990) of total number of employees (1158) are Ghanaian nationals.
- \$124.5K spent on training Ghanaian nationals.
- 52k hours expended on training Ghanaian nationals.
- \$4.22m spent on legal, insurance and banking services in-country.
- \$29.88m spent on physical assets, facilities, and machinery.
- \$0.93m spent on education, enterprise, development, health.

1. Tier 1 suppliers have contracts of value above \$5m. This report captures local spend by 49 Tier 1 suppliers.

2. 80% of TGL spend is with our top 20 Tier 1 suppliers.

Meet one of our E&C Ambassadors - Peter Glover



My primary role is Offshore Asset Protector Coordinator.

I volunteered to become an E&C Ambassador in January 2022, to help enforce ethics and compliance to Tullow standards and procedures within the Marine team under Logistics & Materials (L&M) department.

As an E&C Ambassador, I've led and supported several initiatives at Tullow, including:

1. Championed the culture of integrity in Tullow by promoting ethical values, principles, and standards in the Marine team and within the L&M department.

2. Facilitated training sessions and inductions on ethics, compliance policies, and relevant regulatory requirements to ensure that employees in the marine department have the knowledge to make ethical decisions within Tullow.

3. Assisted in monitoring compliance within the marine department, reporting potential violations or concerns to the E&C team for further investigation and resolution.

4. Served as a point of contact for speaking up, providing guidance and clarification on ethical dilemmas or compliance-related inquiries.

5. Led by example, demonstrating ethical behaviour and adherence to compliance standards in the marine department.

6. Reported misconduct or non-compliance communicated to me by whistle blowers and assisted in providing relevant information for investigation.

2024 Procurement Outlook

We publish supply chain opportunities on our website, where we have detailed upcoming procurement plans. To access this information, please follow these steps:

- Click on: <https://www.tulloil.com/suppliers/supply-chain-opportunities/>
- Click on the Supply Chain Management tab in the menu bar, next to Media.
- Click on Supply Chain Opportunities.
- You will find links to the 2024 Procurement Outlook and a New Supplier Registration Form

Supplier Feedback and Contact Details

We welcome your feedback and input on new topics you would like to see covered in subsequent editions.

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Supplier Portal Website: <https://www.tulloil.com/suppliers>

Confidential Reporting
<https://app.mycompliancereport.com/report?cid=EC>

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