

# Delivering growth responsibly





# Delivering the next phase of



## Eight

### Key objectives achieved during 2008

We set ourselves challenging goals to drive continuous improvement across the business.

[Read more on page 8](#)



## Zero

### Significant environmental incidents

Building on our excellent track record, we had no significant oil or chemical spills during the year.

[Read more on page 10](#)



## 0.54

### Lost Time Incident Frequency Rate (LTIFR)

Our best safety performance ever, during a year with a significant increase in operational activity.

[Read more on page 14](#)



## 46%

### Increase in employees in 2008

Despite a shortage of skilled workers in the industry, we continue to attract talented new people to Tullow.

[Read more on page 17](#)



## 95%

### Increase in voluntary social investment

Our Working with Communities initiatives contribute to and support the communities where we work.

[Read more on page 19](#)



## What we do

Tullow is one of Europe's leading independent Exploration and Production (E&P) companies and operates a versatile and balanced worldwide portfolio of quality oil and gas assets, managed by a team with excellent technical, commercial and financial skills. We have interests in 86 licences across 22 countries, which include production from eight countries, world-class development projects in Ghana and Uganda and an extensive portfolio of exploration assets which offer long-term growth opportunities.

### Africa

Tullow is poised to deliver on major projects in Ghana and Uganda in the short-term. For the longer-term, the Group has a strong exploration portfolio across 11 countries. Expertise in core plays and a focus on execution creates the opportunity for further material exploration upside.

### Rest of the World

Tullow has a significant asset base in Europe, South Asia and South America. The Group has well established production in the UK and Bangladesh, and exciting high-impact exploration acreage in Portugal, Pakistan, French Guiana and Guyana. We are targeting plays similar to the prolific Jubilee field in Ghana across the Atlantic in South America to form part of future campaigns.

# growth responsibly



## Group

**66,600 boepd**  
Working interest production

**825 mmboe**  
Total reserves and resources

**£692 million**  
Sales revenue

## Africa

**41,150 boepd**  
Working interest production

**745 mmboe**  
Total reserves and resources

**£476 million**  
Sales revenue

## Rest of the World

**25,450 boepd**  
Working interest production

**80 mmboe**  
Total reserves and resources

**£216 million**  
Sales revenue

## Glossary

**CSR** Corporate Social Responsibility  
**EHS** Environment, Health and Safety

As Tullow Oil enters its next phase of growth, we are focused on ensuring that this growth is delivered responsibly. Our business is becoming larger and more complex but our core principles remain the same and we recognise that corporate social responsibility is a major contributor to our success to date.

Managing our responsibilities

Minimising our environmental impacts

Working safely to best industry standards

Developing and engaging with our people

Working with local communities



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

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For more information on Tullow Oil plc and CSR activities visit: [www.tullowoil.com](http://www.tullowoil.com)



We welcome your feedback. Please provide your comments to [csr@tullowoil.com](mailto:csr@tullowoil.com) or go online to [www.tullowoil.com/tlw/cr/feedback](http://www.tullowoil.com/tlw/cr/feedback)





Aidan Heavey, Chief Executive Officer at Tullow's golf day.

# Delivering the next phase of growth responsibly

## An exceptional year

2008 was a very successful year for Tullow. We matched unprecedented exploration success with significant progress towards the development of two major new oil provinces in Ghana and Uganda. We delivered record financial results, driven by a strong operational performance and higher oil and gas prices. Our staff base grew by almost 50% and we opened a number of new offices in Africa. We also achieved exceptional Health and Safety (H&S) performance and had no significant environmental incidents across the Group. Overall, we performed well against our Key Performance Indicators (KPIs) and full details of these and our performance and prospects are set out in the 2008 Annual Report and Accounts.

## Strategic management

Notwithstanding record levels of operational activity and our rapid pace of growth, we remain very committed to managing our social and environmental impacts, as well as acting with integrity. We continue to be transparent and accountable along with complying with local legislation and industry best practice. Behaving responsibly in these ways maintains our excellent reputation and enables us to foster and build trust with our stakeholders.

Our contribution to the welfare of the communities close to our operations helps us earn our social licence to operate. It is also a means of strategically managing risk in challenging operational and social environments.

Our 'Working with Communities' (WwC) investment is closely aligned with the United Nations Millennium Development Goals, which are aimed at alleviating poverty, improving education and health standards, and promoting equality.

## Our most important resource

We invested a lot in our people throughout the business in 2008, with a number of key new roles including a Chief Human Resources (HR) Officer. As a result, we launched a Group-wide HR strategy during the year including a strong programme for training and development, which remains a core component of our business strategy. We implemented a 'T for Talent' programme, designed to ensure that all our staff have the opportunity to achieve their full potential.

Additionally we recognise our responsibility to share our experience and skills, in particular to assist with national development plans in countries with emerging E&P industries. In 2009, we welcomed 14 secondees from the Ghana National Petroleum Corporation (GNPC) to Tullow and will work with them over the next two years to build their skills and understanding of the industry. We have commenced an active recruitment drive as part of our commitment to employing 90% local staff in Ghana by 2018.

## Ready to deliver

In this report, we have outlined the material aspects of our CSR and EHS responsibilities and detailed the

“Our contribution to the welfare of the communities close to our operations helps us to build trust and in turn earn our social licence to operate.”

initiatives we are undertaking. In addition, to improve our accountability we have increased the scope of third party data assurance and followed the Global Reporting Initiative G3 Guidelines.

### The leading E&P company

Realising our vision of being the leading independent E&P company can only be achieved by embedding clear values and responsible practices across the Group.

2008 was a great year for Tullow and, while it is good to celebrate success, we must focus on the future to ensure that we continue to live up to the standards that we expect of ourselves and that are expected of us.

Undoubtedly these are challenging economic and financial market circumstances, but Tullow is very well positioned to continue to prosper. 2009 will be another busy year as we seek to deliver the next phase of growth responsibly, in what is a very exciting and transformational phase for the Group.



**Aidan Heavey**

Chief Executive Officer

Nominated Director with CSR and EHS responsibility

## Our vision

Our vision is to be the leading global independent exploration and production company. We will achieve this by:

- Building on our excellent track record through being the best in all that we can do;
- Continuing to grow value over the long-term as partner, operator and employer of choice; and
- Conducting our operations with respect for the people and environments where we work.

## Our values

The Group's core values that support the pursuit of our vision remain unchanged. They are:

- To respect the countries in which we operate;
- To contribute to and support local communities;
- To manage environmental and business risks;
- To empower and support the individual;
- To value and foster long-term relationships; and
- To be transparent in our activities and reporting.

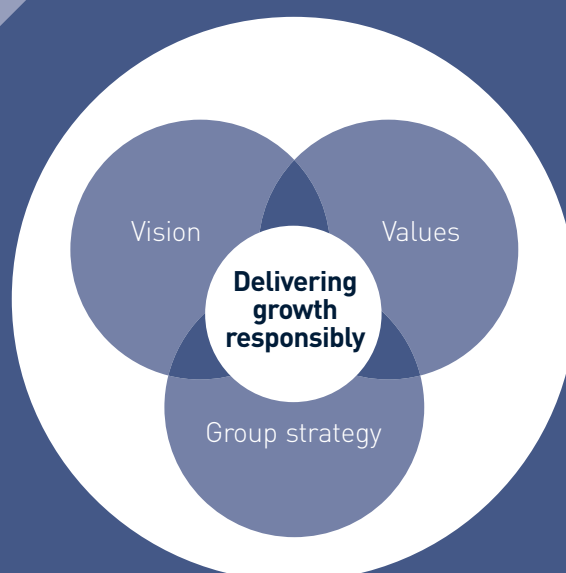
## Our strategy

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

Our Group strategic objective is to deliver top quintile Total Shareholder Return versus our industry peer group.

Our CSR strategy is integral to delivering our Group strategy and CSR is embedded across the business in key ways, such as:

- Clear policies, processes and procedures throughout Tullow;
- Strong social and community investment programmes through our WwC initiatives;
- Continuously improving our health and safety performance, even in times of rapid growth;
- Minimising and managing the environmental impact of our operations; and
- Ongoing and significant investment in our people and organisation.



### Learn more

There is a lot more information in the 2008 Annual Report and Accounts on how we are realising our vision, executing our strategy, running our business and measuring our progress.

Go online at <http://www.ara2008.tulloil.com>

 Read more on page 4

# A sound approach

Strong leadership at corporate, country and operational level drives the sustainability agenda of our organisation and ensures we effectively deliver sound risk management. Good corporate governance systems and practices allows us to ensure we comply in full with all applicable legislation.

We set ambitious yet achievable annual and long-term EHS and CSR targets and objectives. With well resourced and competent teams we continue to reach our goals and improve our performance.

We place strong emphasis on recording and communicating our social and environmental progress, while a programme of stakeholder engagement enables us to further understand our impacts.


Our responses to these impacts are based on informed decisions, and often make us leading industry innovators and performers.

A detailed strategic review undertaken by the Board in 2008 reconfirmed the Group's vision and strategy and our approach to managing CSR remains unchanged, as being a responsible company, a safe operator and a good neighbour has always been the way we do business.

We have a long-term perspective on building our business with a clear strategy to deliver profitable and sustainable growth. Our approach is based on accountability and transparency whilst empowering employees and Tullow as a whole to deliver the next phase of growth responsibly.

## Managing our responsibilities


Transparency and integrity are key to being a responsible operator. We have increased the scope of our external data assurance and continue to report to the Global Reporting Initiative G3 Guidelines.

 [Read more on page 8](#)



## Working safely to best industry standards


The health, safety and wellbeing of our staff, contractors and local communities is vital to operating successfully. We have a team of dedicated H&S professionals with a wide range of experience to ensure that we continue to work safely and achieve best industry standards.

 [Read more on page 14](#)



## Working with local communities

As a responsible operator and a good neighbour, we work with the communities local to our activities, addressing their most pressing needs to improve quality of life as well as enabling longer-term sustainable development projects.

 [Read more on page 19](#)



Vision

Group



## Some of our awards in 2008

### Chambers Ireland 'CSR award'

We won the 'Overseas category for 2008 President's Awards for CSR' for our community development initiatives in Kaiso-Tonya, Uganda.



### RoSPA 'Gold Award'

For the third year running Tullow was awarded a Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) safety awards.



### BitC 'Big Tick' reaccreditation

Our BitC 'Big Tick' climate change award was recredited as we were able to demonstrate that the project continued to have a positive effect.



Values



### Minimising our environmental impacts

The oil and gas industry has an effect on the environment and we work hard to ensure that we mitigate this impact as much as possible. We do this through in depth impact assessments, strong operational control and effective risk management.

[Read more on page 10](#)



### Developing and engaging with our people

In developing and engaging with Tullow employees, our focus is on having the right people with the right skills in place so that each employee can reach their full potential and contribute to the Group's significant growth ambitions.

[Read more on page 17](#)

strategy

# Progress and performance



Graham Brunton, Head of EHS.

2008 has been a record year for Tullow's CSR and EHS performance. Highlights include recording an excellent safety performance, delivering another year with no significant environmental incidents and almost doubling our community development expenditure. We also made a number of changes throughout the year that help us to meet our challenging annual and longer-term objectives.

The fast track development of operations in Ghana and Uganda continues and we increased our capital and human resources to make sure that the Group has the technical and operational capability to deliver on these major projects. As part of this expansion, we added to our EHS and CSR team to support delivering growth responsibly.

## 2008 Performance

### Managing our responsibilities



- Successful public hearing in Uganda on the development of an Early Production System (EPS).
- Continued training the Crisis Management Team (CMT).
- Formed EHS leadership team and released EHS Commitment Statements by Business Unit Managers.
- Revised Code of Business Conduct including new Human Rights policy.

### Minimising our environmental impacts



- Had no significant environmental incidents.
- Achieved ISO14001 certification of the Cape Town office and Mauritania.
- Developing clear environmental management plan for Uganda; a process that is ongoing.
- Conducted Environmental and Social Impact Assessments (ESIAs) for all Tullow exploration, development and production activities.
- Created Tullow Oil environmental standards, known as 'toes'.

### Working safely to best industry standards



- Restored our safety performance and achieved an LTIFR of below 1.0.
- Achieved a Vehicle Accident Frequency Rate (VAFR) per million kilometres driven of below 8.0.
- Developing the EHS case for Uganda, which is an ongoing task.
- Completed an audit of compliance with the Group's Driving Policy.
- Business Unit Managers held regular EHS meetings.

### Developing and engaging with our people



- Developed and rolled out HR strategy.
- Conducted remuneration benchmarking, as part of an increased focus on reward and recognition.
- Set up an Employee Assistance Programme (EAP) for the Group's three main offices.
- Achieved a staff turnover rate of less than 5%.
- Grew our number of employees by 46%.

### Working with local communities



- Developed monthly CSR reporting.
- Invested US\$1.8 million in voluntary social initiatives, which was double 2007 expenditure, although slightly below the budget.
- Continued to improve stakeholder engagement and feedback to help improve the CSR report.
- Held quarterly CSR Committee meetings.

During 2008, we initiated the EHS leadership team which comprises key operational senior managers. This team will ensure that EHS remains high on the agenda in all our operations and that we continue to build on our strong track record of performance in this area.

As the year progressed, we took the opportunity to review and expand our objectives to make sure that they reflected the rapid pace of development across the business.

We've made a strong start in 2009 and it promises to be an exciting yet challenging year, as we move closer to production in several key assets. We have set ourselves clear short-term goals and continue to develop longer-term

targets to ensure that the transformational change in the size and scale of Tullow's business is well matched with excellence in EHS and CSR across the Group.



**Graham Brunton**  
Head of EHS

## 2009 Objectives

- Release 2009 EHS Commitment Statements; completed.
- Place 14 GNPC secondees throughout Tullow; completed.
- Set up CMT training exercises in conjunction with the relevant in-country teams, to enhance preparedness.
- Set up structured training for the EHS leadership team and stipulate meeting attendance requirement.

- Implement 'toes' across Tullow, incorporating clear measures for biodiversity, climate change and resource management.
- Prepare Ghana and Uganda for ISO14001 certification.
- Have no significant environmental incidents.

- Achieve LTIFR of less than 0.5.
- Achieve VAFR of less than 4.2 per million kilometres driven.
- Introduce specific performance measures for Total Recordable Injury Frequency Rate (TRIFR) and the new High Potential Incident Frequency Rate (HiPoFR).
- Introduce new proactive leading indicator measures, such as number of EHS meetings to be held, to influence the outcome of reactive lagging indicators, such as Lost Time Incidents (LTIs).

- Initiate the Tullow Employee Development Programme and Management Development Programme.
- Extend the roll out of a new HR database across the Group, which will deliver improved reporting and modelling of HR data.
- Support the development of the new in-country E&P industries in Ghana and Uganda.
- Maintain annual staff turnover rate of less than 5%.

- Deliver 2009 discretionary budget in line with the focus of the Group's 'Working with Communities' initiative.
- Continue community engagement programmes throughout the business, with a specific focus on Ghana and Uganda.
- Develop and roll out community development guidelines.
- Influence, where possible, social licence commitment decisions and continue to share experience of Tullow projects.

## Future issues/targets

- Align with the United Nations Global Compact and Voluntary Principles on Security and Human Rights.
- Achieve GRI 'B' grade for Tullow CSR report.
- Increase the scope of third party external assurance.
- Publish formal position on malaria and HIV/AIDS.

- Develop and improve the scope of Group-wide environmental data collation and reporting.
- Certify all assets and countries to ISO14001.
- Imbed biodiversity and social assessment considerations firmly into all aspects of operational activity.

- Document EHS case for all Tullow facilities.
- Continuously improve incident performance to achieve top quartile industry H&S performance.
- Develop Group-wide vehicle and road safety programme.

- Achieve 70% return rate for global employee survey.
- Achieve 90% rating of number of employees who would recommend Tullow as an employer to a friend.

- Widen identification and engagement with local community stakeholders.
- Conduct Human Rights risk assessment in key countries of operation.
- Involve more partners and external contractors in community development projects.





# Managing our responsibilities

## How we've progressed

### Increased accountability

further assurance of our EHS and CSR data

**11**

EHS Commitment Statements released

### Quarterly

CSR Committee meetings held

**Zero**

Financial penalties for non-compliance

## Glossary

<b>CMT</b>	Crisis Management Team
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>EBS</b>	Environmental Baseline Study
<b>ESIA</b>	Environmental and Social Impact Assessment
<b>NGO</b>	Non-Governmental Organisation

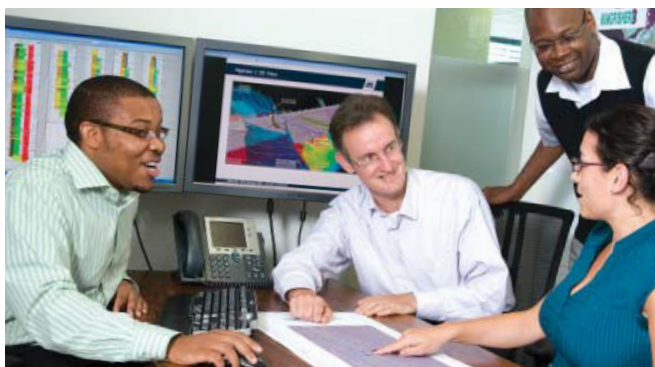
Acting responsibly reduces our business risk which results in long-term competitive advantage through lower operating costs and improved reputation. We strive to operate in a manner that reduces our environmental impacts, provides safe working conditions and benefits communities surrounding our operations.

## Stakeholder engagement

Understanding and engaging with stakeholders is a continuous process and is pivotal to successful business activities. We encourage open dialogue with individuals and organisations at Group, national and local level.

Key stakeholder groups can broadly be categorised as employees, partners, industry peers, communities, Non-Governmental Organisations (NGOs) and charities, authorities, governments, investors and the media.

Open communication allows us to demonstrate our awareness and commitment to environmental, social and governance issues. We incorporate feedback from this dialogue into our business decision-making processes.



Left to right: Ussia Ngapurue, Peter Evans, Julius Irene and Talline Ovington, all technical staff with the Uganda exploration team based at the Cape Town office.



Tullow-sponsored football tournament in the Bulissa region, Uganda.

“As a responsible operator we have a duty to identify, understand and proactively address the various environmental and social challenges presented by working in oil and gas exploration and production.”

### Responsible practices

Supply chain management is an important part of being a responsible company and as such we require all suppliers and contractors to adhere to our CSR and EHS policies, as well as our recently revised Code of Business Conduct.

### Risk and crisis management

Sound risk management is fundamental to the effective operation of our business and full details of risk management and risk factors are provided on pages 44 to 47 of the 2008 Annual Report and Accounts.

The CMT was not deployed in 2008. However, we continued our programme of training exercises to ensure that we are properly prepared to effectively manage any potential crisis. During the year we improved our emergency preparedness by reviewing and updating our business continuity plans.

### Effective team structure

In 2008, we appointed EHS managers in Uganda and Ghana, as part of growing teams that support our major projects in those countries.

At a Group level we appointed a specialist consultant to lead the senior management EHS commitment initiative ensuring EHS considerations remain at the forefront of operational decision-making.

### Compliance

In 2008, Tullow was compliant with its legislative requirements. As a Group, we aim to conduct our operations in compliance with all relevant regulatory requirements and strive towards industry best practice. In countries where the regulatory requirements are either less developed, or non-existent, we implement our own high standards, equal to industry best practice. For example we conduct ESAs, which incorporate Environmental Baseline Studies (EBSs), for all our exploration, development and production activities even when not required to do so.

### Corporate governance

The CSR Committee meets regularly to monitor CSR strategy, oversee community development programmes and provide support and guidance to country level budget holders.

Corporate responsibility and accountability are within a clear governance framework, and reflected in our organisational policies and processes. Detailed information on Corporate Governance is provided in the Group's 2008 Annual Report and Accounts, starting on page 44.

We have reviewed a number of external initiatives to publicly disclose payments to governments, and met with investors supportive of the Extractive Industries Transparency Initiative (EITI) during the year. We are currently evaluating compliance with this initiative and assessing the feasibility of voluntarily disclosing payment streams to governments.

### Communicating effectively

Keeping staff informed of EHS and CSR developments is key. This year Tullow undertook an internal communications review, assessing how information is disseminated and received throughout the organisation. As a result of the review a number of recommendations are being implemented on a prioritised basis.

External reporting is an important part of keeping stakeholders informed and sharing our experiences. We have increased the accountability of our external reporting by expanding the assured data to include community investment and social data at Group level. We improved our collaboration with multi-stakeholder initiatives resulting in a longer-term goal to align ourselves with the United Nations Global Compact and the Voluntary Principles of Security and Human Rights.



John Ramm, Senior Engineer, Bacton processing facility, onshore UK.

# Minimising our environmental impacts

## How we've progressed

**20%**

reduction in EU ETS emissions

**Two**

countries added to ISO14001 certification

**Zero**

significant environmental incidents

**Five**

'toes' form our environmental footprint

## Glossary

<b>BitC</b>	Business in the Community
<b>CH<sub>4</sub></b>	Methane
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>EBS</b>	Environmental Baseline Study
<b>EU ETS</b>	European Union Emissions Trading Scheme
<b>IFC</b>	International Finance Corporation
<b>mg/l</b>	milligrams per litre
<b>NGO</b>	Non-Governmental Organisation
<b>toes</b>	Tullow Oil environmental standards

There is only two years' information available for Group level data in this section.

## Careful environmental management

Strong attention to detail means that our environmental performance continues to improve year-on-year with a positive reduction in production emissions in 2008 and another year with no significant environmental incidents.

Although the main focus of the Group's environmental management is handled in-country and at asset level, we have strengthened our corporate environmental resources and processes. This is to ensure that we have the correct strategy and leadership in place to develop a Group position on high-level environmental issues such as climate change.

Our environmental footprint changed significantly towards the end of 2008 with the sale of the Bacton Gas Terminal and Hewett offshore fields to ENI UK. These assets generated the majority of our production emissions over the last five years and a key EHS focus post disposal ensured a successful handover of our environmental responsibilities. In addition, Tullow provides ongoing support to ENI UK through a Transition Service Agreement.

## Reduced CO<sub>2</sub> emissions

The Bacton/Hewett divestment results in a move away from the historical dominance of UK operations towards a more strategic view of Group-wide data. Along with statistical data, we are developing clear measures for biodiversity, climate change and resource efficiency. This gives us the opportunity to investigate non-operated emissions at a Group level based on field equity, and we will develop this information further throughout 2009.



“Careful management of the activities that have the potential to impact on the environment has long been a central element of our operations.”

#### Group CO<sub>2</sub> emissions (tonnes)



**24%\***

The 24%\* reduction in Group CO<sub>2</sub> emissions was achieved through an ongoing commitment to and investment in improving efficiency.

\*These figures were misprinted in the original print run of the report and have now been corrected.

#### Group CO<sub>2</sub> production emissions (tonnes)



**17%**

Production emissions declined by 17% for the year, largely as a result of the ongoing benefits of plant rationalisation work carried out at the Bacton onshore terminal in 2006.

Despite divesting the majority of our UK-operated assets, we did not lose focus on the need to operate responsibly. Emissions that are subject to the EU Emissions Trading Scheme (EU ETS) decreased by 20%.

Our continued focus on emissions reduction at Bacton was recognised once again with the reaccreditation of the BitC Big Tick Climate Change Award, initially received in 2007. This award was given as we had maintained the reduction in emissions and demonstrated further improvement in 2008.

#### Methane emissions

Methane emissions for the Group's activities in Pakistan were not available in time for the publication of this report. As a consequence, it is not possible to disclose Group-wide methane emissions here. Group emissions, excluding Pakistan, were 181 tonnes (2007: 318 tonnes). We will publish Group-wide figures on our website by the end of June 2009.

#### Produced water

The produced water discharge performance from our UK installations during the year was mixed. Hewett 52/5A discharges were in line with regulatory requirements. While Hewett 48/29A significantly exceeded the regulatory quality compliance requirements of 30 mg/l, the Hewett field did achieve total oil discharge level compliance. Produced water non-compliance was primarily due to the cyclic nature of the producing wells and operational settings on the installation. We worked closely with the regulatory authority whilst suitable solutions were identified and implemented.



Heliconia plant, part of local Gabonese biodiversity.



Collecting wood in the Kaiso-Tonya area of Block 2.

#### Water used in Group operational sites

58%

While improved environmental reporting resulted in a 58% increase in water usage, it has also given us a much clearer understanding of fresh water usage and creates the opportunity to improve our performance.

39,496

07

62,380

08

#### Wider scope for ISO14001

The scope of ISO14001 certification for our environmental management system was increased during the year with the certification of the Cape Town office and Mauritania. In 2009, we have a full re-certification audit and plan to bring two more countries into the certification process.

#### Waste management

Tullow's business continues to expand and site visits to key operations were undertaken by the Group Environmental Adviser to communicate Group expectations and standards to local teams. As a result, the issues associated with the safe disposal of drill cuttings and fluids in Uganda were highlighted and we have conducted a number of trials to find the most suitable disposal technique. In 2009, we will continue to look for innovative ways to treat discharges from our operations and ensure best practice is shared across all of our operations.

#### Responsible resource use

Another outcome of the review in Uganda was to initiate the collation and reporting of data on fresh water abstraction utilised in our operations. A clear understanding of our usage of this precious resource will enable us to rationalise our processes wherever possible and ensure that our operations are not adversely affecting local communities and wildlife in this unique environmental area.

#### Conservation and biodiversity

We are involved in programmes to assist communities with understanding conservation and biodiversity in their local areas. In Uganda, we promote fuel efficient stoves which

help to reduce the community's dependence on locally sourced wood. We have also supported several projects to promote the understanding and conservation of endangered species, most notably primates in Central Africa.

#### Environmental studies

Whilst the good work initiated in Uganda during 2007 continues, increased levels of offshore exploration drilling in Ghana triggered the need for an EBS, which was carried out in water depths ranging from 16 metres to more than 1,800 metres. The primary purpose of the study was to build a picture of the seabed environment including fauna, flora and various elements of sediment chemistry across the Jubilee field development area.

The outputs from this study are currently being used to build a robust ESIA for the planned Jubilee field development, and may provide background data for future monitoring work. The EBS will support the key steps in designing mitigation measures to minimise adverse impacts from our activities.

As part of the ESIA, an ongoing public consultation with relevant stakeholders is being undertaken in Ghana. This will culminate in public hearings similar to the public consultation undertaken in 2008 for the EPS in Uganda.

The Uganda EPS hearing was held to present the initial findings of the ESIA and to elicit stakeholder opinion on the proposed development plan. The opinions expressed by local community members, NGOs and other interested parties were documented and will be incorporated into what is now expected to be a phased development strategy and plan for the Lake Albert Rift Basin.



## Tullow Oil environmental standards

Tullow Oil environmental standards (toes) is a new concept that we began work on in 2008 to complement our environmental management system core standards.

It will provide guidance and information to internal and external stakeholders, demonstrate our management approach to environmental issues and act as a knowledge sharing tool within the organisation.

Along with industry standards, key international opinions will be reflected within toes.

Each of the five toes represents an important environmental issue, and when combined form part of our overall environmental footprint.

We will be working on expanding the information within toes throughout 2009 so please visit our website regularly to see what progress we are making. A new Group website is being launched on a phased basis in summer 2009.

### Improving the way we work

We assess and communicate our performance before and during an activity. This means we identify strengths and weaknesses and when necessary modify activities, processes and controls to improve the way we work.

### Protecting biodiversity

Our operations have the potential to impact on local species and ecosystems, with both positive and negative consequences. We follow international guidelines in the planning of our operations to ensure that biodiversity considerations are taken into account and the needs of communities relying on the local natural environment are safeguarded.

### Building stakeholder confidence

We take into account the views, values, interests and experiences of the individuals and communities where we work. Establishing and fostering these relationships allows us to plan our operations in a way that reflects the genuine interests of our neighbours, the health, safety and welfare of our colleagues and partners, and the concerns of interested third party individuals and organisations.



### Tackling climate change

We are working to understand our contribution to climate change at both a local and global level. We aim to minimise our impact on the environment through an active programme of energy efficiency, emissions reduction and effective planning of operational life cycles.

### Managing resources responsibly

We seek to use goods, services and natural resources in a responsible and considerate manner, particularly in areas of scarcity. Resource efficiency is a key objective for Tullow. Our EHS commitment, leadership and competence let us manage our resource use effectively.





“We recognise that establishing and fostering a very strong EHS culture ensures an excellent safety performance and continuous improvement in this vital area.”

# Working safely to best industry standards

## How we've progressed

**0.54 LTIFR**

an excellent result after a disappointing 2007

**5.6**

million hours worked across the Group

**23%**

increase in kilometres driven

## Glossary

<b>HiPo</b>	High Potential Incident
<b>LTI</b>	Lost Time Incident
<b>LTIFR</b>	Lost Time Incident Frequency Rate
<b>OGP</b>	The International Association of Oil and Gas Producers
<b>TRI</b>	Total Recordable Incidents
<b>TRIFR</b>	Total Recordable Incidents Frequency Rate
<b>VAFR</b>	Vehicle Accident Frequency Rate

## Excellent safety performance

We achieved an excellent health and safety performance in 2008 with an LTIFR of 0.54 (2007: 1.95), which was significantly better than our objective of an LTIFR of below 1.0 for the year.

During the year, we recorded three Lost Time Incidents (LTIs), two in the UK and one in Uganda, all as a result of injuries to contractor personnel. This compares with 10 LTIs in 2007. Of the three incidents in 2008, two were not categorised as LTIs by the contractor company involved. However, as we follow the International Association of Oil and Gas Producers (OGP) guidelines, all three incidents are considered to be LTIs. At the time of publication of this report, 2008 OGP performance data was not available. Benchmarking our LTIFR against OGP's 2007 data, where the industry-wide LTIFR was 0.66, puts our health and safety performance in the top quartile for the industry.

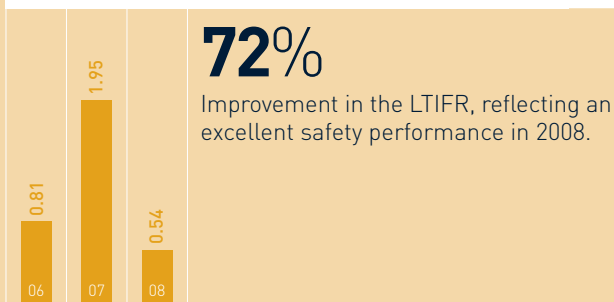


James Byrne, EHS Adviser, on the Blackford Dolphin rig in Ghana.



En-route to Gopalnagar Primary School refurbishment handover, which was completed by Tullow in 2008.

#### Lost Time Incident Frequency Rate (LTIFR)



#### Hours worked total (million)



With a continued reduction in LTIs, we will now increase our emphasis on Total Recordable Incidents (TRIs) to ensure that we continue to reduce the number of overall safety incidents and minimise injuries.

In 2008, there were 28 TRIs compared with 65 in 2007 and the Group's TRIFR decreased to 5.01, compared with 12.73 in 2007. Despite this significant improvement we remain above the OGP industry average of 2.68 as reported for 2007 and must continue to improve our performance in this area.

Achieving a very strong health and safety performance was one of the key 2008 objectives for the EHS team, as the 2007 performance was a disappointment and a contrast to a steady improvement that was being achieved in prior years.

#### Proactive measures

A key aspect of improving our performance in 2008 was moving away from reactive measures to developing and building stronger EHS leadership across Tullow. Throughout the year we brought together key managers responsible for health and safety in a newly formed EHS leadership forum and this group now meets regularly to actively engage in strategic EHS management, which in turn is rolled out across the Group as appropriate.

The EHS leadership team has been supported in a number of ways, including mentoring, strong training and communication initiatives. This has created real support for, and compliance with, our EHS policies and approach. The Group's employee recruitment processes include evaluating potential employees for their EHS commitment and behaviours thereby maintaining a strong EHS culture across Tullow.

The EHS leadership programme that was introduced as part of initiatives to improve the Group's EHS performance has been extended in 2009 to include the implementation of an EHS leadership training matrix.

#### EHS Commitment Statements

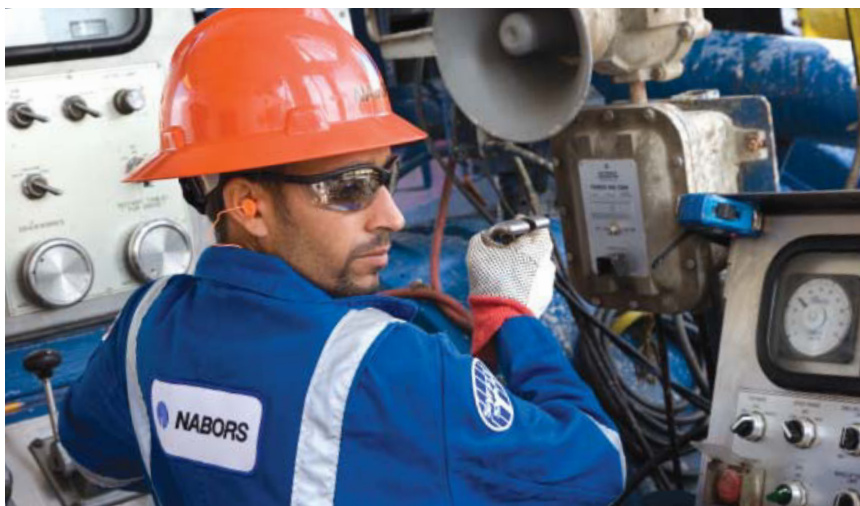
A significant action that supported improvement in 2008 was the introduction of EHS Commitment Statements for the EHS leadership team. These statements set out what each individual team member considers to be their principal EHS challenges and areas of focus for the year and documents the actions which will be taken in order to meet those challenges. The rationale for EHS Commitment Statements is to provide an additional tool to help keep EHS at the top of day-to-day priorities.

These statements have been influential in increasing and improving EHS engagement and have given a strong focus to those efforts. The statements have already been updated for 2009 and will be updated on an annual basis. We have shared this successful example of best practice on the Oil & Gas UK Step Change in Safety website.

#### Driving safely

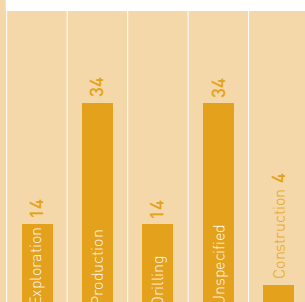
Driving continues to be a risk for Tullow and indeed throughout the oil and gas industry and two of our EHS performance metrics relate to driving safely.

For 2008, we set and achieved a target for the number of vehicle incidents per million kilometres driven, known as the Vehicle Accident Frequency Rate (VAFR), to be less than 8.0. The VAFR for 2008 was 4.91, an exceptional result given that we drove 3.26 million kilometres in 2008, a 23% increase on 2007.



Nabors drilling crew on the Kingfisher-3A well, Uganda.

#### Hours worked by activity (%)



**11%**

Increase in production hours worked in 2008. Unspecified hours include office-based activities.

Sadly one of the vehicle incidents during the year resulted in the death of a third party, when a contractor's vehicle was involved in an accident with a cyclist in Uganda. Although there continues to be a significant focus on driving in Uganda, managing the wider risks on public roads remains a key challenge.

A compliance audit with the Group's driving policy was conducted in Uganda, Cape Town and London and found no major deficiencies although a number of minor recommendations are currently being addressed.

#### High Potential Incidents

We conducted two reviews of reported High Potential Incidents (HiPos) across the business during 2008. As a result of these reviews, five incidents were reclassified to ensure consistent reporting across all of our operations. We recorded a total of 24 HiPos during the year, five fewer than recorded in 2007. Nine of the HiPos reported in 2008 were related to vehicle incidents, as was the case in 2007. We found no other significant trends in the remaining HiPos.

#### Peer alignment

We benchmarked our HiPo statistics against industry peers and observed that our HiPo incident rate was higher than most. Further investigation revealed that our Incident Potential Matrix was not aligned with the industry. We have, as a consequence, implemented a revised version that brings Tullow's reporting in line with industry peers. Moving forward, our focus on HiPos will continue as this is critical for managing EHS risk and ensuring safe working practices at all locations.

Another step to bring ourselves more in line with our industry peers is to change the way that we name incidents. Historically we have used the terms Lost Time Incident and Total Recordable Incidents. These do not strictly match OGP definitions and in order to align ourselves more closely with their reporting, we will in future use the terms Lost Time Injury and Total Recordable Injuries.

#### Strong Group EHS function

Underpinning a very positive line management commitment to EHS leadership is the Group's EHS Function, which provides strong support to the business with a highly skilled team capable of advising and supporting a wide range of activities.

The EHS team continues to grow and adapt to meet the constantly changing operating environment and to ensure that Tullow continues to deliver growth responsibly. The safety of our employees, contractors and people in local communities is and remains a key priority for the Group.





“We are committed to employing as many local people as possible. Our Uganda office employs 63% local staff and our Ghana office employs 87%.”

# Developing and engaging with our people

## How we've progressed

---

**14**

GNPC secondees with us for two years

---

**46%**

increase in Tullow employees in 2008

---

**2.3%**

staff turnover in 2008

---

## Glossary

<b>EAP</b>	Employee Assistance Programme
<b>E&amp;P</b>	Exploration and Production
<b>HR</b>	Human Resources
<b>GNPC</b>	Ghana National Petroleum Corporation

## Our HR vision

- To provide a safe, healthy and stimulating environment which encourages innovation and ideas for improvement so that everyone can make a difference;
- To successfully recruit, retain and develop our employees to realise their full potential;
- To recognise and reward employee performance and commitment;
- To appreciate and respect the contribution of our employees at every level and location throughout the Group;
- To maintain our position as one of the best companies to work for in all countries where we operate; and
- To celebrate success at an individual, team, regional and Group level.

## Enhanced HR organisation

In recognition of the importance of people to the successful delivery of our next phase of growth, we appointed a Chief HR Officer, Group Talent Manager and Group Reward Manager. In 2008, we also developed a Group-wide HR strategy, which will support and enable us to deliver on our HR vision. Tullow's HR strategy is based on culture and engagement, talent development, performance management and reward and recognition. Full details are set out in the 2008 Annual Report and Accounts on page 48.



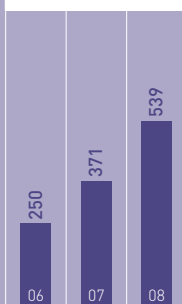
Linda Austere, Accra office.

## Our people strategy

Focusing on four linked areas which are key to our ability to continue delivering success.



### Employee numbers



**46%**

Increase in Tullow employees in 2008.

### T for Talent

In particular, we have strong initiatives in place to develop talent across the Group to ensure we deliver value through people and achieve our ambitious growth plans.

Results from the Sunday Times Best Companies Survey in 2008 demonstrated that our UK employees feel strongly engaged with Tullow. 81% of employees said they feel valued and motivated in their roles, indicating high levels of job satisfaction. We want to build on this success with our T for Talent programme, which gives training and development opportunities for all employees, so that each one of them can reach his or her full potential.

Enhanced leadership skills training is delivered through an ongoing programme with the management team. We also identify and target future leaders and managers to ensure that they develop the skills both they and we need to continue delivering the Group's successful growth strategy. Our technical team is highly regarded in the industry and we continue to provide them with the personal development opportunities to become leading experts in their fields. Performance management is the first step in identifying development needs and maintaining a high performance team and we have a common process embedded throughout the business.

In 2009, a key HR objective is to initiate and roll out the Tullow Employee Development Programme and Tullow Management Development Programme.

### Employee Assistance Programme

Changing family structures, employment and career patterns and a wide range of other factors all contribute to busy lives. The geographic spread of our operations means that we have people in many diverse and remote locations and this can result in an increase in the pressures that employees and contractors face. To acknowledge this we have introduced an Employee Assistance Programme (EAP), which is a 24/7 service that provides free access to a range of specialist support and information, including telephone and face-to-face counselling, if required.

### Developing in-country skills

At Tullow, we believe we have a responsibility to employ as many local nationals as possible. Both Uganda and Ghana, where the Group's current major projects are located, have no oil or gas industry and therefore relevant technical experience and skills are limited locally. Working with the local government and universities, we are developing plans to build the skills base in-country so that together we create sustainable E&P industries over the longer term. Welcoming 14 secondees from the GNPC to our offices in London, Cape Town and Accra is part of this process.



Tullow Oil Touraid Cup 2008.

# Working with local communities

## How we've progressed

**129 initiatives**  
supported in 13 countries

**75%**  
of Group CSR expenditure on WwC initiatives

**77%**  
of Group CSR expenditure in Africa

**US\$1.8 million**  
on voluntary social investment

## Glossary

**NGO** Non-Governmental Organisation  
**WwC** Working with Communities

## Working with Communities

Assisting local communities begins with open dialogue to identify the material issues faced by the community and they are then involved in the planning and execution of selected projects.

The main focus of WwC initiatives can broadly be categorised into the provision of basic human needs, education, health, conservation and fostering local enterprise; themes that are well aligned with the United Nations Millennium Development Goals which focus on alleviating poverty, improving education and health standards as well as promoting equality.

In 2008, we continued our support for existing WwC projects and undertook a number of new community development initiatives. These projects have been undertaken by our growing in-country CSR resources, particularly in Uganda and Ghana. For 2008, we set ourselves a target to utilise all our budget for social investments in the year. Owing to the late inception of projects in Gabon and Namibia we unfortunately fell marginally short of this target. However, these projects began early in 2009 and are currently ongoing.

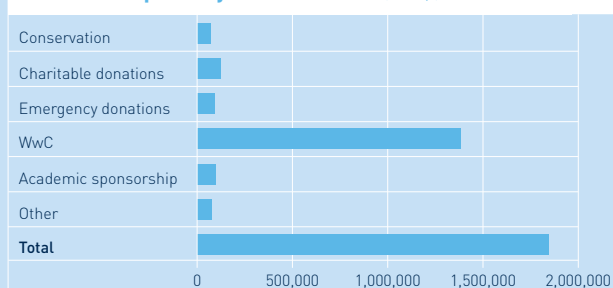


“Our Working with Communities programme is designed to bring both short-term benefits and longer-term sustainable social empowerment.”

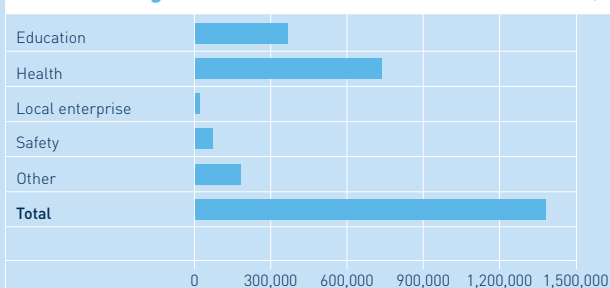


Kyehoro Maternity Centre, Uganda, which was funded by Tullow.

#### 2008 CSR spend by classification (US\$)



#### 2008 Working with Communities (WwC) breakdown (US\$)



In November Tullow unveiled the refurbished Half Assini High School Science Laboratory. The new department block will provide 1,600 students in the Western Region, Ghana with improved physics, chemistry and biology facilities.

#### Safe drinking water

Accessible, safe drinking water brings immediate improvement to standards of living and our water well drilling programme has brought safe drinking water to communities in Pakistan, Ghana and Uganda.

#### Improving infant mortality

Poor hygiene standards and limited access to health services in rural areas can adversely impact on birthing success rates. The Tullow constructed Kyehoro Maternity Centre serving the Kaiso-Tonya area in Uganda, has already safely delivered 85 babies. The centre also provides family planning information and vaccinations and to date 420 pregnant women and 1,104 children have been immunised.

#### Investing in education

In many communities where we operate, primary and secondary education standards are extremely low and improving these standards is vital for long-term community and economic development. We have a threefold approach which involves improving infrastructure such as school buildings, desks and benches, equipping students with learning materials, and supporting teachers through training, accommodation and salaries.

In November 2008, Tullow opened the refurbished Half Assini High School Science Laboratory in Ghana. The new department building will provide 1,600 students in the western region of the country with improved physics, chemistry and biology facilities.

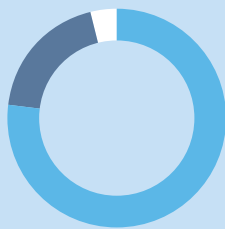
At tertiary level, we sponsor a number of students in engineering and petroleum related degrees to promote careers in the oil and gas industry.





Preventing blindness at the Bangladesh eye clinic.

#### 2008 CSR spend by region (%)



- Africa 77
- Europe 19
- Asia 4

#### Building awareness of hygiene

Our health and sanitation initiatives focus largely on generating community awareness around hygienic practices. We work with a number of NGOs to treat preventable diseases and the spread of viruses, with a particular emphasis on protecting the health of children. This includes raising awareness of HIV/Aids, tuberculosis, sexually transmitted diseases and malaria. We also fund a number of programmes distributing insecticide treated mosquito nets and offering voluntary testing and counselling facilities for HIV/Aids.

In Uganda, we have provided voluntary HIV/Aids testing and counselling facilities for 1,820 people. We have also trained 187 community peer-educators in 12 villages, to further create awareness within the community.

#### Protecting sight

Approximately 37 million people worldwide are blind and 75% of these people suffer unnecessarily from preventable ophthalmic conditions. In many areas where we operate eye care assistance is unobtainable. After a successful eye clinic in Pakistan we ran a free eye clinic in Bangladesh working with the Blind Welfare Society and Comilla Eye Hospital. 1,631 senior citizens living around our facilities in Bangora were examined, with 173 people undergoing surgery.

#### Developing local enterprise

One of the long-term objectives of our WwC approach is to support local communities in the development of socio-economic initiatives which ultimately become self-sufficient and standalone from Tullow's support. We have a number of initiatives currently under way in Uganda and are currently assessing a number of suitable opportunities in other countries where we operate.

#### Providing emergency donations

It is the responsibility of our CSR Committee to evaluate and allocate funds to provide immediate assistance for humanitarian disasters, mainly in countries where we operate. This year we supported relief efforts for displaced flood victims in Namibia and South Africa.

#### Supporting charitable causes

Tullow continued to support employees raising money for charitable causes. The largest project this year was Movember in aid of a number of men's health charities. Such was the commitment of our male staff to grow moustaches throughout November that they raised over £16,000, including a £5,000 contribution from Tullow, and were the fourth largest fundraiser in the UK.

#### Licence commitments

In addition to our discretionary social investments, we have obligatory social commitments which form part of our Production Sharing Contracts with national governments. These payments, totalling US\$2.2 million in 2008, cover social welfare, education and training costs, and we actively seek to share our social development experiences with our partners to ensure that funds are suitably invested into local communities.

# Supplementary information

## Environmental performance – UK only

	2008	2007	2006
<b>Atmospherics*</b>			
EU ETS CO <sub>2</sub> emissions (tonnes) Bacton + Hewett <sup>(1)</sup>	171,702	190,464	215,407
EU ETS Annual allowance – combined Bacton + Hewett (tonnes)	334,243	426,666	426,666

(1) Data for EU ETS is for annual emissions not just the 11 months before the sale.

## Discharges\* <sup>(2)</sup>

Produced water quantity (m <sup>3</sup> )			
Hewett 52/5A	8,789	6,440	8,775
Hewett 48/29A	101	480	951
Produced water quality <sup>(2)</sup> mg/l (monthly average)			
Hewett 52/5A	15	27	14
Hewett 48/29A	942	42	31
DECC monthly permitted allowances (individually for both installations)	30	30	30
Total oil in produced water (tonnes)			
Hewett 52/5A	0.14	0.19	0.13
Hewett 52/5A DECC allowance (under OPPC regulations)	0.23	0.23	1.02
Hewett 48/29A	0.11	0.03	0.03
Hewett 48/29A DECC allowance (under OPPC regulations)	0.49	0.49	0.09

(2) Discharges are based on 11 months of data prior to the sale of Bacton and Hewett.

## Water usage\*

Water Abstraction usage (m <sup>3</sup> ) – Bacton only	30,639	31,899	18,678
EA consented limit – Bacton only	47,400	47,400	47,400

## Group-wide figures

	2008	2007	2006
<b>Atmospherics*</b>			
CO <sub>2</sub> emissions (tonnes)	177,821**	234,462	–
CH <sub>4</sub> emissions (tonnes) <sup>†</sup>	181	318	–
Tonnes CO <sub>2</sub> /thousand tonnes hydrocarbon produced	110**	124	–
Tonnes CH <sub>4</sub> /thousand tonnes hydrocarbon produced	0.11	0.168	–
<b>Production emissions*</b>			
CO <sub>2</sub>	165,543	199,198	–
CH <sub>4</sub> <sup>†</sup>	138	167	–

† Does not include Pakistan data. See page 11 for details.

\*\* These figures were misprinted in the original print run of the report and have now been corrected.

## Drilling emissions\*

CO <sub>2</sub>	9,645	23,597	–
CH <sub>4</sub>	0.59	1	–

## Well test emissions\*

CO <sub>2</sub>	2,632	11,667	–
CH <sub>4</sub>	42	150	–

## Water usage\*

Water usage (m <sup>3</sup> ) – All operational sites (2007 data includes only six months Bacton mains data)	62,380	39,496	–
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## Spills\*

Oil and chemical spills	6	1	2
Oil and chemical spills (tonnes)	trace	1.4	6.30937

\* Indicates 2008 performance data reviewed by Deloitte as part of their CSR assurance work. See page 24 for details.

## Activity data

	2008	2007	2006
2D seismic (km)	4,798	545	2,108
3D seismic (sq km)	1,435	1,883	2,608
CSEM (km)	0	248	2,608

## Safety performance

	2008	2007	2006
Hours worked (million)*	5.6 <sup>+</sup>	5.1	6.1
Lost Time Incidents (LTIs) (total number)*	3	10	5
Lost Time Incident Frequency Rate (LTIFR) (Number LTIs per million hours worked)*	0.54 <sup>‡</sup>	1.95	0.81
OGP LTIFR <sup>(3)</sup>	0.55	0.66	0.99
Total Recordable Incidents (TRIs) (total number)*	28	65	74
Total Recordable Incident Frequency Rate (TRIFR) (number TRI per million hours worked)*	5.01 <sup>#</sup>	12.73	12.1
OGP TRIFR <sup>(3)</sup>	2.11	2.68	2.92
High Potential Incidents (HiPo) (Total number)*	24	29	3

(3) OGP LTIFR and TRIFR figures for 2008 are estimates at time of publication. 2007 data have been updated with final figures supplied by OGP.

+ This was shown as 6.15 in the Annual Report and Accounts 2008, and has been revised as a result of the assurance process.

‡ This was shown as 0.49 in the Annual Report and Accounts 2008, and has been revised as a result of the assurance process.

# This was shown as 4.55 in the Annual Report and Accounts 2008, and has been revised as a result of the assurance process.

## Community investment

	2008	2007	2006
Discretionary CSR Expenditure (US\$ '000s)*	1,846	946	518
CSR Licence Commitments (US\$ '000s)	2,172	N/A	N/A

## 2008 Social data\*

	Europe	Asia	Africa	South America	Total
Number of employees	208	102	223	1	539 <sup>(4)</sup>
Number of expatriate employees	0	2	24	0	28 <sup>(4)</sup>
Number of local nationals	162	100	193	2	457
Number of consultants	84	25	48	1	159 <sup>(4)</sup>
Total workforce	292	127	271	2	698 <sup>(4)</sup>
Total number of hours worked	1,101,850	1,578,563	2,902,024	3,880	5,586,317
Number of employee fatalities	0	0	0	0	0
Number of contractor fatalities	0	0	0	0	0
Number of third party fatalities	0	0	1	0	1
LTIs	2	0	1	0	3
TRI	3	1	24	0	28
Number of vehicle kilometres	37,857	856,874	2,361,668	0	3,256,399
Number of female employees	73	6	66	0	145
Number of female managers	7	0	1	0	8

(4) Includes 5 employees and 1 consultant staff based in the US, 2 of whom are expatriates.

## GRI Report application levels

The GRI content index for this report is available online at: [www.tulloil.com](http://www.tulloil.com)  
The 'C+' GRI checked application level relates to the online version of the report.



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



## **Independent assurance report to Tullow Group Services Limited on the Tullow Oil plc Corporate and Social Responsibility Report 2008 ("the Report").**

### **Scope of assurance work**

- We have been engaged by the Board of Directors of Tullow Group Services Limited to perform limited assurance<sup>1</sup> procedures on Tullow Oil plc's ("Tullow Oil") Group level compilation of its environmental, safety, social and CSR performance indicators on pages 22 and 23, marked with \*, for the financial year ending 31 December 2008.

### **Basis of our assurance work and our assurance procedures**

- We carried out limited assurance in accordance with the International Standards on Assurance Engagements 3000 (ISAE 3000). To achieve limited assurance the ISAE 3000 requires that we review the processes and systems used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. This provides less assurance and is substantially less in scope than a reasonable assurance<sup>1</sup> engagement.
- The evaluation criteria used for our assurance are Tullow Oil's definitions and basis of reporting the indicators as described on [www.tulloil.com/tlw/cr](http://www.tulloil.com/tlw/cr)
- Considering the risk of material error, a multi-disciplinary team of corporate responsibility and assurance specialists planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion. Our work was planned to mirror Tullow Oil's own Group level compilation processes, tracing how data for each indicator within our assurance scope was collected, collated and validated by Group head office and included in the Report.
- Our assurance did not include the activity data on page 23. Our work was based at head office and involved reviewing data collection, collation and validation at Group level only.

### **Our assurance conclusion**

Based on the assurance work performed, nothing has come to our attention causing us to believe that the 2008 environmental, safety, social and CSR performance indicators pages 22 and 23 (marked with \*) are not in all material respects compiled at Group level as described on [www.tulloil.com/tlw/cr](http://www.tulloil.com/tlw/cr) regarding Tullow Oil's definitions and basis of reporting the indicators.

### **Responsibilities of Directors and independent assurance provider**

- The Directors are responsible for the preparation of the Report and statement contained within it. They are responsible for determining Tullow Oil's objectives in respect of environmental, safety, social and CSR performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.
- Our responsibility is to independently express conclusions on reliability of management's assertions on the selected subject matters as defined within the scope of work above.
- We performed the engagement in accordance with Deloitte's independence policies, which cover all of the requirements of the International Federation of Accountants (IFAC) Code of Ethics and in some areas are more restrictive. We confirm to Tullow Group Services Limited that we have maintained our independence and objectivity throughout the year, including the fact that there were no events or prohibited services provided which could impair that independence and objectivity in the provision of this engagement.
- This Report is made solely to Tullow Group Services Limited in accordance with our letter of engagement for the purpose of the directors' governance and stewardship. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tullow Group Services Limited for our work, for this report, or for the conclusions we have formed.

### **Deloitte LLP**

London, 24 April 2009

Footnote <sup>1</sup>: The levels of assurance engagement are defined in ISAE 3000. A reasonable level of assurance is similar to the audit of financial statements; a limited level of assurance is similar to the review of a six-monthly interim financial report.



# Basis of reporting

## Basis of Reporting

The Tullow CSR Report 2008 ("the Report") provides data and information for the period 1 January 2008 to 31 December 2008 and covers all exploration and production activities in the Tullow Group except where specifically noted as relating to one part of the business only. Any such data, for example carbon dioxide (CO<sub>2</sub>) emissions under the European Union Emissions Trading Scheme (EU ETS) which only relates to the UK Assets, is explicitly identified in the text of the Report.

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

## Environment

The reported environmental data comes from all Tullow production and exploration operations where Tullow is the operator of the facility or asset during the year. Full details of operated and non-operated facilities are available on pages 127 to 130 of the Annual Report and Accounts 2008.

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

based upon American Petroleum Institute and US Environmental Protection Agency practices. These methodologies are combined in one tool used by all UK reporting entities, known as EEMS (Environmental Emissions Monitoring System). CO<sub>2</sub> emissions data for facilities party to the EU ETS is externally verified on an annual basis, in line with emissions trading registry guidelines. Comparability of data from year to year may be affected by changes in the methodology, number of facilities, and planned vs unplanned operations. Where year on year comparability has been materially impacted by one or more of these factors, this is made clear in the Report. There is also potential for local interpretation of reporting guidelines to influence uncertainty of data although this is minimised through providing guidelines and definitions as well as through communication with the business units concerned.

## Health and Safety

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

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

Indicator	Description	Basis of calculation	Unit of measure
<b>Environment</b>			
Carbon dioxide (CO <sub>2</sub> )	Gas that contributes to the phenomenon known as the greenhouse gas effect.	As required under the EU ETS for Hewett 48/29A, 52/5A and Bacton  Group wide emissions for drilling, well testing and production are all estimated using EEMS, which allows the calculation of emissions where direct monitoring is not undertaken. It involves the use of an activity factor i.e. fuel consumption, flow rate to vent or flare, and an emissions factor, which can be based on direct gas compositional analysis or industry standards. In the case of UK emissions direct compositional analysis is used. Other operated sites currently utilise the EEMS default emission factor.	Tonnes

## Basis of reporting continued

Indicator	Description	Basis of calculation	Unit of measure
Methane (CH <sub>4</sub> )	Gas that contributes to the phenomenon known as the greenhouse gas effect.	Emissions are again calculated using EEMS in the same manner as CO <sub>2</sub> .	Tonnes
Oil in produced water	A by-product of the oil and gas extraction process, oil in produced water is the total amount of oil in the produced water discharged to the environment from an installation.	Department of Energy and Climate Change (DECC) methodology.	Tonnes
Produced water quality	The amount of oil in a sample of produced water discharged to the environment.	DECC methodology.	mg/l
Produced water quantity	Total amount of water brought to the surface with the oil or gas during the production process.	DECC methodology.	Tonnes
Water abstraction usage	Quantity of fresh water utilised during operations.	Direct meter readings or daily report data.	Cubic metres
Oil and chemical spills	Accidental or unplanned release of oil or chemicals to the environment.	Estimated tonnes discharged.	Absolute number of spills  Tonnes of oil and/or chemical spilled. Where 'trace' is used, this indicates a total spill amount of less than 10 litres
Significant environmental incident	Accidental or unplanned release of oil or chemicals to the environment.	The significance of the spill is not defined in absolute figures, but rather through using the Tullow Incident Potential Matrix, which forms part of our Incident Reporting Procedure. Defining the significance of a spill in this manner allows us to take into account the specific environmental sensitivities of the region in which it occurred.	Tonnes or litres
Production	The quantity of hydrocarbon produced during the reporting period.	Site production reports from in-country EHS personnel.	Tonnes

### Health & Safety

Fatality	Death of a company or contract employee due to a work related incident or illness.  "Delayed" deaths that occur after the incident are included if the deaths were a direct result of the incident e.g. if a fire killed one person outright, and a second died three weeks later from lung damage caused by the fire, both are reported.	OGP definitions and methodology.	Absolute number of fatalities
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Indicator	Description	Basis of calculation	Unit of measure
Third Party Fatality	Incident resulting in the death of a third party, who is not employed by Tullow Oil or a Tullow Oil contractor.	OGP definitions and methodology.	Absolute number of fatalities
First Aid Case (FAC)	Cases which are not sufficiently serious to be reported as medical treatment or more serious cases but nevertheless require minor first aid treatment.	OGP definitions and methodology.	Absolute number of injuries
High Potential Incident (HiPo)	An incident where the potential severity is deemed to be either High or Very High. The actual severity of the incident may be lower than the potential severity providing a powerful learning tool.	Tullow Oil Incident Reporting Procedure Incident potential Matrix.	Potential severity of incident.
Lost Time Injury (LTI), Lost Time Injury Frequency Rate (LTIFR)	Any work related injury or illness, other than a fatal injury, which results in a person being unfit for work on any day after the day of occurrence of the occupational injury. "Any day" includes rest days, weekend days, leave days, public holidays or days after ceasing employment.	OGP definitions and methodology.	LTI: absolute number of injuries LTIFR: number of LTIs per million hours worked.
Hours worked	All hours worked by employees and contractors.	OGP definitions and methodology, calculated from days worked.	Hours
Medical Treatment Case (MTC)	A work-related injury or illness that results in medical treatment beyond first aid, but that did not involve death (fatality), one or more days away from work (LTI), or one or more days of restricted work (RWDC) i.e. remained at work and was not transferred or restricted.	OGP definitions and methodology.	Absolute number of injuries
Near Miss (NM)	An incident which occurs through failure of the management system or equipment that in other circumstances would or could have caused a fatality, LTI, or other such injury.  Includes environmental near miss or other incident that could have caused damage to assets or company reputation.	OGP definitions and methodology.	Absolute number of incidents

## Basis of reporting continued

Indicator	Description	Basis of calculation	Unit of measure
Restricted Work Day Case (RWDC)	<p>Any work-related injury other than a fatality or lost work day case which results in a person being unfit for full performance of the regular job on any day after the occurrence of the occupational injury.</p> <p>Work performed might be:</p> <ul style="list-style-type: none"> <li>• an assignment to a temporary job;</li> <li>• part-time work at the regular job;</li> <li>• continuation full-time in the regular job but not performing all the usual duties of the job.</li> </ul> <p>Where no meaningful restricted work is being performed, the incident is recorded as a Lost Time Incident.</p>	OGP definitions and methodology.	Absolute number of injuries
Total Recordable Injuries (TRI), Total Recordable Injury Frequency Rate (TRIFR)	The sum of all fatalities, LTIs, RWDCs, and MTCs.	OGP definitions and methodology.	<p>TRI: Absolute number of injuries</p> <p>TRIFR: number of TRIs per million man hours worked.</p>
Vehicle Travel Distance	The monthly total vehicle kilometres travelled during work related activities whilst being driven by a company or contractor employee.	Readings from Tullow Oil and Tullow Oil contractor vehicle odometers.	Kilometres
<b>Social data</b>			
Number of employees	Total number of people employed and paid directly by Tullow.	HR Records.	Absolute number
Number of expatriate employees	Total number of employees working for Tullow in a country other than their home country.	HR Records.	Absolute number
Number of consultants	Total number of people working for Tullow but employed through another organisation such as a consultancy.	HR Records.	Absolute number
Number of local nationals	The total number of employees working for Tullow in the country in which they are resident.	HR Records.	Absolute number
Number of female employees	Total number of employees who are female.	HR Records.	Absolute number
Number of female managers	<p>Total number of managers who are female.</p> <p>A manager is any individual who has responsibility for direct line reports.</p>	HR Records.	Absolute number
Number of nationalities	The total number of different nationalities working within Tullow.	HR Records.	Absolute number
Total workforce	Sum of employees, expatriate employees and consultants.	HR Records.	Absolute number



Indicator	Description	Basis of calculation	Unit of measure
<b>CSR expenditure</b>			
CSR expenditure by classification	Percentage of total discretionary social expenditure in each of seven different categories; conservation, charitable donations, staff sponsorship, emergency donations, other, Working with Communities and academic sponsorship.	Country reports from in-country CSR personnel and Group financial records.	Percentage of US\$ total
CSR expenditure by core area	Percentage of total discretionary social expenditure broken down by core operational area; Africa, Asia and South America and Europe.	Country reports from in-country CSR personnel and Group financial records.	Percentage of US\$ total

Further definitions used in the Report are:

### **Biodiversity**

Variety of organisms found within a specified geographic region.

### **Hydrocarbon**

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

### **Social and Community**

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

### **Non Operated Activity**

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

### **Independent Assurance**

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

# GRI content index

## Standard Disclosures Part1: Profile disclosure

### 1. Strategy and Analysis

Profile Disclosure	Description	Cross-Reference
1.1	Statement from the most senior decision-maker of the organisation.	pg 2-3, pg 10-11 (AR)
1.2	Description of key impacts, risks, and opportunities.	pg 39-44 (AR)

### 2. Organisational Profile

2.1	Name of the organisation.	FC
2.2	Primary brands, products, and/or services.	IFC
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	pg 6-7 (AR), 127-130
2.4	Location of organisation's headquarters.	pg 61,78 (AR)
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	GF
2.6	Nature of ownership and legal form.	IFC/BC
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	GF
2.8	Scale of the reporting organisation.	IFC, 22-23
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	pg 2-3, 17, GF
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### 3. Report Parameters

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3.2	Date of most recent previous report (if any).	IFC
3.3	Reporting cycle (annual, biennial, etc.)	pg 2
3.4	Contact point for questions regarding the report or its contents.	IBC
3.5	Process for defining report content.	pg 8-9
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	pg 2, 22-23
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	pg 2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	pg 2, 24
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	pg 11, 13-14
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	pg 14
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4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	pg 2-3,
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	pg 56-57 (AR)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	pg 64 (AR)
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4.15	Basis for identification and selection of stakeholders with whom to engage.	pg 8

#### Standard Disclosures Part III: Performance indicators Economic

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#### Environmental

EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	pg 12-13
EN16	Total direct and indirect greenhouse gas emissions by weight.	pg 10, 22
EN17	Other relevant indirect greenhouse gas emissions by weight.	pg 10, 22
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	pg 10-11, 22
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EN21	Total water discharge by quality and destination.	pg 10-11, 22
EN23	Total number and volume of significant spills.	pg 22
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	pg 9

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LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	pg 14-15, 23
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	pg 17-18

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#### Key

AR	Annual Report	BC	Back Cover
FC	Front Cover	IBC	Inside Back Cover
IFC	Inside Front Cover	GF	Gatefold

# Get more online

We are very committed to communicating with all stakeholders. Our policy is to be open, transparent, uniform and timely.



 [www.tullowoil.com](http://www.tullowoil.com)

## Relaunching our website

We are undertaking a major upgrade of our corporate website which will go live on a phased basis starting in summer 2009.

## Lots of additional features

We are incorporating lots of new features including the ability to customise the site for individual users.

## More interactivity

Enhanced alerting, RSS, glossary, share charting, what's new and search facilities will make the site more user-friendly.

## New content

There is a new 'Our people' and 'Our business' section, together with additional content across the site and an interactive operations map.

## 2008 Annual Report

There is an online version of the Annual Report and you can download key sections in pdf format.

 <http://ara2008.tullowoil.com>



## 2008 CSR Report

Our new website will have a significantly enhanced CSR section to provide additional information on how Tullow approaches and undertakes its responsibilities throughout its operations.

For a pdf of the CSR Report visit the Reports & Presentations section at:

 [www.tullowoil.com/tlw/ir](http://www.tullowoil.com/tlw/ir)



## 2009 Fact Book

We publish a Fact Book twice a year, in March and August, to coincide with the Group's full and half-yearly results. It contains a lot of additional, mainly operational, information to complement the results announcement and presentation.

Visit the Reports & Presentations section at:

 [www.tullowoil.com/tlw/ir](http://www.tullowoil.com/tlw/ir)





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