

SUPPLY CHAIN NEWSLETTER

Tullow Ghana Quarterly Newsletter | 3rd Edition | June 2023

Message from: Cynthia Lumor Deputy Managing Director



Here at Tullow Ghana, we believe that a country's hydrocarbons must benefit its people. We have thus taken the responsibility to lead the effort in developing critical capacity for the oil and gas industry in Ghana. Our commitment is driven by our partnership with Ghana and our belief in the capacity of Ghana-

ians. That is why for many years, we have dedicated significant resources to the development of local capacity through various supplier development and initiatives.

This commitment has resonated in the execution of the Jubilee South-East (JSE) project, which is part of Tullow Ghana and its Joint Venture (JV) Partners' 10-year plan to invest over \$4 billion in expanding development in the greater Jubilee field. Since the commencement of the project, I have been especially proud of the involvement of indigenous Ghanaian and joint venture companies in the execution of critical work scopes. These work scopes, some of which were hitherto outsourced from other countries, have been successfully delivered here in Ghana with predominantly Ghanaian workforce, a testament to the effectiveness of our local content strategy.

Right from the construction of complex subsea infrastructure to their transportation and installation, indigenous Ghanaian, and JV companies such as Orsam Fabrication, Baj Freight, Technip FMC, GOS and Expro Oilfields Limited have played important roles to bring the project to fruition. Through consistent engagement, training, and development of technical competency – with support from Tullow Ghana, these companies have demonstrated the growing capacity to deliver offshore oil and gas production in Ghana.

Notwithstanding these successes, we acknowledge that there is more work needed to bring local capacity to a desired state. To reach this goal, Tullow Ghana continues to push local content initiatives in collaboration with the Petroleum Commission (PC) of Ghana. By partnering with PC Business Academy, we deliver tailored training in internationally accepted standards to prospective vendors, particularly local companies to make them competitive. Bennielda Limited, whose story you will read in later pages, is an example of the success of this collaboration.

As I reflect on the volume of work that went into the JSE project, I become even more optimistic of the future of Ghana's oil and gas industry.

Event: Pre-tender Workshop

Provision of marine gas oil & fixed wing services

As part of efforts to accelerate progress through partnerships, Tullow Ghana and Petroleum Commission of Ghana held a pre-tender workshop for the provision of marine gas oil & fixed wing services.

The session was opened by Ing. Henry Mensah of Petroleum Commission and Hannah Agbozo of Tullow Ghana. They shared insights on:

- Expectations and eligibility
- Due diligence and contractor expectations
- Ethics and compliance
- Environment, health & safety considerations

Hannah Agbozo, General Legal Counsel at Tullow Ghana said: "This is about local capacity building to enable indigenous companies to participate in the work that we do, particularly in Tullow Ghana and in the industry".



Educational Feature: Reverse Auctions

Reverse Auction



Electronic Reverse Auctions (ERA) in the Oil and Gas industry are typically conducted for price finalization at the end of the tendering process. Once the non-commercial scoring is done, the bidders are invited to submit their final prices on an online platform. eRAs are gaining traction with buyers to obtain the optimal market price for goods and services. The use of this methodology benefits the suppliers by way of offering greater transparency in the procurement process.

With an ERA, vendors can see their overall ranking (based on a combination of technical and commercial scores) as they place bids for the same item or service. This allows vendors to adjust their prices accordingly, based on the competition and the current market. Traditional approaches of price finalization do not have this level of visibility in real time.

Another benefit of using electronic reverse auctions is that they allow vendors to place their bids quickly and efficiently. This eliminates the need for lengthy negotiations and allows vendors to submit their best offer in a timely manner. Additionally the buyer would have negotiated and agreed on all the commercial terms and conditions with the suppliers to expedite contract award.

In conclusion, ERA provides a level playing field for all vendors. Everyone has the same opportunity to win the contract and the same chance to offer the best price. This helps to ensure that the best outcome has been achieved for both the buyer and the supplier.

Tullow Ghana uses the Electronic Reverse Auction to create a fair competition for all suppliers.

Event: Supplier Market Day 2023



Tullow Ghana Limited (TGL) held its second quarterly Supplier Market Day for the year 2023 on 14th June 2023. Since the maiden edition the event has served as a platform for Tullow Ghana and its suppliers to meet, to better understand each other and build capacity.

Tullow Ghana's Managing Director, Wissam Al-Monthiry said, "The delivery of our business is dependent on companies we work with, and Tullow remains committed to the growth and involvement of local companies thus, the rise of local participation over the years."

The Tullow Supplier Market Day initiative was inspired by suppliers who expressed a desire to learn more about TGL's procurement methods to better their chances of winning tenders, correct shortcomings with bid submissions, and gain insights into the company's procurement plans.

TGL's regulator and partner, the Petroleum Commission attended the event, which also saw the participation of over 150 indigenous supplier and joint venture companies.

Insights were shared on the teams aim to enhance communication between Tullow and the Supplier community, provide clarity on our procurement processes, share forecast on our upcoming procurement contracts, create visibility on our procurement software and how it works and share the journey of some of our suppliers and their successes stories.

Ethics & Compliance (E&C) Corner

SNAP-SHOT VIEW OF TULLOW'S E&C PROGRAMME

Tullow Oil is required to establish and maintain an effective E&C Programme, in accordance with various international regulatory directives and best practice. This is critical to ensure that Tullow (including each 'business partner' individual and entity working on behalf of Tullow) consistently conducts business to the highest ethical standards and meets laws/regulations applicable to its operations and geographic locations. An overview of the E&C Programme is provided below.

PURPOSE OF THE E&C PROGRAMME:

- Culture – Foster an organisational culture of integrity, ethical conduct, and compliance with applicable

laws/regulations and Tullow's procedures/standards, both within Tullow and any of its business partners.

- Risk Assessment – Enable a mechanism for conducting an appropriate and regular E&C risk assessments and mitigation, proportionate to the risks faced by Tullow. Tullow's industry and geographic operating locations inevitably represent a 'high-risk' E&C environment.
- Due Diligence – Ensure that adequate, risk-based due diligence (DD) is conducted on every potential business partner to Tullow, in accordance with Tullow's documented rules, prior to engagement of a business partner and throughout the duration of the contractual arrangement.

- **Speak Up** – Provide various ‘Speak Up’ channels through which Tullow’s workforce and business partners can raise E&C concerns about potential misconduct and facilitate appropriate investigation/resolution of every reported concern by the E&C team.
- **Board Assurance** – Assure Tullow’s Directors, workforce, and external stakeholders that Tullow consistently conducts business with the highest ethical standards, in all circumstances and locations.
- **Corporate Defence** – Provide demonstrable evidence that Tullow has established ‘adequate procedures’ and an ‘effective E&C Programme’ to help prevent potential misconduct (including bribery/corruption and fraud).

STRUCTURE OF THE E&C PROGRAMME:

- **Design** – Designed and implemented in accordance with international applicable regulatory directives and best practice.
- **Structure** – Framework of processes, controls, tools and documented standards, procedures, and guidelines.
- **Components** – Comprised of 10 ‘key elements’ as specified within applicable regulatory directives (as summarised in the illustration below).
- **Cornerstone** – Tullow’s ‘Code of Ethical Conduct’ forms the basis of Tullow’s E&C workplace rules, standards and expected behaviour.

DUE DILIGENCE (DD) ON THIRD PARTIES:

- **Mandatory DD** – Every potential business partner that Tullow may engage must be subjected to appropriate, risk-based, documented, and approved DD, prior to any contractual commitment.
- **DD Process** – Risk levels, criteria and process steps must be in accordance with Tullow’s ‘Group Supplier DD Procedure’ or ‘E&C DD Standard’, as applicable.
- **Responsibilities** – The relevant Tullow Contract Advisor is responsible for completing the required DD on each potential business partner, with support from Tullow’s Supplier DD Team and the E&C team, as necessary.
- **DD Assurance** – E&C conducts various monthly, quarterly, and annual assurance checks, to verify that DD is being properly completed and approved.
- **E&C Queries** – Any questions relating to E&C can be sent confidentially to the E&C Team via EthicalConduct@TullowOil.com.
- **E&C Concerns** – Concerns about potential misconduct must be reported to the E&C Team or to the external independent reporting channel (‘Compliance Line’) via <https://app.mycomplianceportal.com/report?cid=EC>



Success Story: Bennielda Limited

Bennielda Limited is a wholly Ghanaian-owned company founded by Barbara Wiredu, a young industrious woman and former employee of Tullow Ghana Limited, ATS and ESS. Registered under the Companies code 151 (Act 1962) and incorporated on 25th August 2009, the company started with only four employees, offering fumigation services to Oil and Gas companies both onshore and offshore. Bennielda eventually became a limited liability company on 25th May 2022 with multiple service lines including supply of Cleaning Equipment, Material and Consumables Rental, Janitorial Services and others.

Since 2010, Bennielda has supplied various services to Tullow Ghana Limited (TGL), commencing with the supply of rented mobile toilets at TGL's Takoradi Harbour site. Over the last 13 years, the company has provided and continues to provide a wide range of cleaning and janitorial services to TGL.

Prior to receiving its current contract with TGL, Bennielda had a workforce of 34. Following the award of the current contract with TGL, the company has increased its manpower base by more than 100% to 74 employees. Due to the ongoing contract with TGL, Bennielda subcontracts the provision of goods and services to other local companies including contracts for the provision of vehicle maintenance, insurance, and servicing, worth over GHs 100,000, and the provision of cleaning consumables worth over GHs 870,000.

Beyond sub-contracting to other local companies, Bennielda provides a comprehensive people development strategy for its employees. To date, 42 janitorial and cleaning staff have been deployed to TGL, 21% of who fall within the graduate/supervisor grade. All employees of Bennielda benefit from periodic comprehensive professional training in First Aid, Acid Works, Work At Height and Fire Trainings worth over GHs 33,000.

The company has experienced significant growth with the acquisition of assets worth over GHs 1.5 million in vans, trucks, equipment and office location. Bennielda has also benefited immensely from TGL Supplier Development Initiatives such as the Supplier Market Day and Pre-tender workshops. Policy compliance, Safety Consciousness and adherence to Environment, Health, and Safety standards have been additional benefits to Bennielda from its contract with TGL.

Bennielda remains committed to being the leading ISO certified cleaning services company in Ghana by 2025.



In the Spotlight: Indirect Procurement



Otuko



Rudolf



Mirela



Jennifer



Kingsley



Bridgette

The Tullow Ghana Indirect procurement team has oversight responsibility for the sourcing of goods and services not directly related to drilling or FPSO support this focus enables Tullow Ghana to develop and sustain its operations.

The goods and services classified under the Indirect Procurement category include:

1. Information Services (IS/IT),
2. Environment, Health & Safety
3. External Affairs, Events, Communication
4. Facilities, Travel & Administration
5. Human Resources & Manpower
6. Professional Services, Legal & Commercial

Our Indirect Category Strategy focuses on three key priorities, namely a) Optimizing local content and building supplier capacity, b) Building local skills and developing people and c) A focus on socio-economic investment and enhancing local economies. These priorities are further

underpinned by important enablers that drive their achievement.

In addition to supporting the above functional areas, the Indirect team has day to day oversight of Shared Services which include the Requisition to Pay process, Supplier Due Diligence, Vendor Registration across the Direct categories, and other administrative support for Tullow's Sourcing and Contracting activities. The team has cumulative procurement expertise of over 60 years.

2022 Performance and Notable Statistics

- Annual spend of USD ~47M,
- Managing over 600 vendors,
- Over 1,000 Purchase Orders/contracts,
- Cost Savings US\$2.8M,
- Local Content Spend: 92% Local participation (Indigenous- 85 % and Joint Venture- 6.84 %)
- Reporting: 100% compliance

These accomplishments were met by establishing strong partnerships with all stakeholders. The team continues to leverage its expert negotiation skills, challenging the status quo and creating additional value for the business through demand reduction, process optimization, renegotiation of contract terms and focus on developing indigenous small-scale companies. A great example is the success story of Bennielda, a local cleaning company.

For 2023 and beyond, the team aspires to sustain performance in the Local Content space, ensuring that key Supply Chain Transformation initiatives such as Digital Transformation, Supplier Relationship Management, and the Memorandum of Understanding with the Government of Ghana are successfully implemented to deliver value to the business. The team will also work to achieve increased productivity while streamlining its processes.

2023 Procurement Outlook and Upcoming Events

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

1. Click on: <https://www.tulloil.com/suppliers/supply-chain-opportunities/>
2. Click on the Supply Chain Management tab in the menu bar, next to Media.
3. There will be a drop-down menu, locate and click on Supply Chain Opportunities.
4. Once on the Supply Chain Opportunities page, scroll down to locate 2023 Procurement Forecast / Outlook.

Upcoming Events & Plans 2023

- Quarterly procurement plans
- Supply chain academy
- Mentorship programs
- Pre-tender seminars
- Biz to biz round table discussions
- Quarterly newsletters
- Quarterly market day
- Closing the gap seminars

We welcome your feedback and would like to hear about any topics you would like to see covered in future Newsletters. Please contact us at:

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