

SUPPLY CHAIN NEWSLETTER

Tullow Ghana Quarterly Newsletter | Maiden Edition | November 22, 2022

Message from Managing Director



Tullow Ghana's commitment to creating Shared Prosperity is a key driver of our operations in Ghana. This commitment stems from the philosophy "to share the industry's prosperity with our host nations". The production revenues we generate constitute our most significant economic contribution to our host countries.

For the last decade, Tullow's shared prosperity approach places emphasis on delivering additional value for our stakeholders by optimising local content, building supplier capacity, local skills and developing people.

From a supply chain perspective our focus is on optimizing the use of local goods, services, skills and relationships for the mutual benefit of our value chain and the local economy. Together with our Joint Venture partners, employees, host government, communities and suppliers Tullow continues to work collaboratively to:

- Build local capacity and develop successful suppliers who can use best practice to deliver a wide range of goods, services and skills to international standards.
- Support local businesses to enter the oil and gas supply chain either directly or indirectly through the formation of effective partnerships with experienced international companies.
- Develop a value chain and an industry run by nationals through training, knowledge transfer and employment.

Through this maiden Supply Chain Newsletter and subsequent quarterly editions, Tullow Ghana aspires to provide information, data and feedback that will enhance the ability of local companies to compete both within Ghana and in international markets. I trust that you will find the content of our Newsletters useful and informative and wish you a pleasant reading experience.

Sincerely,
Wissam Al-Monthiry

Event: Supplier Mentorship Graduation

On 2 November 2022, Tullow Ghana hosted a graduation and awards ceremony to recognise and celebrate participants of the Tullow Supplier Mentorship Programme. The programme is Tullow Ghana's flagship Local Content initiative for 2022, which provided customised mentorship support to 100 indigenous companies and individuals over a 6-month period. The programme achieved a record 97% completion rate.

Wissam Al-Monthiry, Tullow Ghana MD, said, 'Supplier development remains an important component of Tullow's local content strategy and has been an effective means in consistently increasing indigenous participation in our operations.'



Message from Head of Procurement



For more than a decade, Tullow Ghana's Supply Chain organization has worked to identify, develop and support suppliers and contractors to enable them contribute to meeting our company's vision of building in-country capability for the long term. To enhance local participation in our

operations, we are committed to highlighting the varied scopes of work and activities required to deliver our operations including projects, engineering, operations, maintenance, well engineering, logistics, transportation and other services required in the oil and gas value chain. Tullow Ghana's Supply Chain Team works to manage the various interfaces across the end-to-end supply chain to deliver goods and services to various end-users in the most cost-effective and timely manner.

Through the Supply Chain Newsletter, we aspire to ensure continuous communication with the supplier community and consistently create visibility on upcoming demand, current procurement processes, methods and digital procurement platforms. We will also chronicle experiences of our suppliers and how we have maximised in-country value and created jobs through the use of local expertise.

Enjoy our maiden quarterly Supply Chain Newsletter and we look forward to your feedback to help us improve on subsequent publications.

Sincerely,
Atul Sahay

Event: Maiden Supplier Market Day

In line with Tullow Ghana's commitment to increase local participation in Ghana's oil and gas industry, the company launched its maiden edition of the "Tullow Supplier Market Day" on Wednesday, 16th November 2022.

The Tullow Supplier Market Day is a quarterly forum which aims to provide suppliers with a platform to;

provide direct feedback to Tullow's procurement team on procurements and contracts, provide visibility of procurement plans of Tullow, discuss opportunities to increase local participation scopes and improve local capacity amongst other procurement topics. The event was attended by over 120 indigenous supplier companies and Joint venture companies.

In his address at the event, Tullow Ghana's Managing Director, Wissam Al-Monthiry noted that "Supplier development remains an important component of Tullow's local content strategy. The Supplier Market Day is one of our key local content initiatives intended to enhance Tullow's visibility of opportunities that allows us to deepen participation through regular quarterly engagements with the supplier community and our procurement teams".

The maiden event was a success as suppliers reported having had fruitful open dialogue with Tullow's Supply Chain team on procurement and contracting processes and future plans.

The Tullow Supplier Market Day initiative was birthed out of direct feedback received from suppliers who expressed their desire to learn more about the company's procurement methods, improve their chances of winning tenders, correct shortcomings with bid submissions, and gain insights into the company's procurement plans.

Since inception of its operations, Tullow has consistently sought out initiatives that allow the company to boost indigenous participation in Ghana's oil and gas sector.

The Company intends to continue its efforts to developing local capacity and participation through further initiatives planned for next year.



A Success Story – KNK transformation



In 2021, Tullow Ghana embarked on a plan to transform the operations and maintenance of the KNK FPSO to improve performance and address late-life asset considerations. At the centre of this strategy was a move to bring O&M under the direct control of Tullow.

This decision supports the assets' three priorities to: **(1) to ensure continuous safe and efficient storage and offloading; (2) ensure maximum production potential is enabled through optimum available system capacity; and (3) the lowest possible cost is maintained through improved workforce productivity, safety, supply chain stability and continuous improvement.**

This switch in operating philosophy necessitated the contracting of the various services needed to safely operate and maintain the asset.

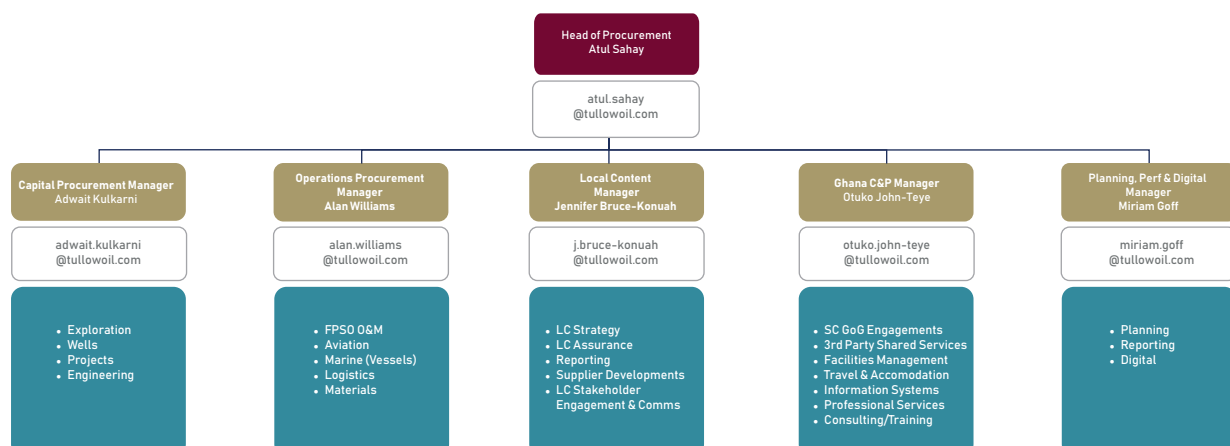
This volume of contracting clearly presented a significant opportunity to create a step-change in local content capability and

capacity over the next 5-year horizon. This would be enabled by: (1) Increasing the use of indigenous Ghanaian companies from ~13% to ~33% of spend over the next 5-years; (2) Increase the employment of Ghanaians in both direct Tullow contracts and subcontracts; (3) Promote and invest in skills development at all levels of the organisation with clear competency development plans, career paths, and succession plans; (4) Enable investment in facilities, e.g. machine shops, certified service centres and testing facilities to reduce the reliance on overseas support.

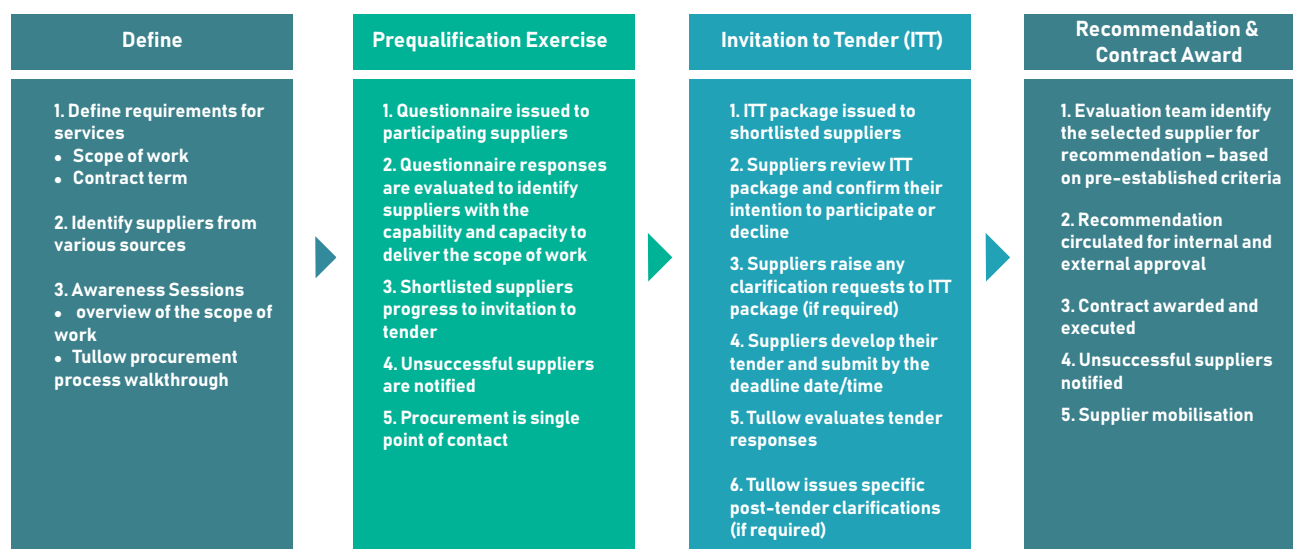
Thanks to a tremendous response from the supplier market, the Project was able to put all key contracts in place ahead of go live on 1st July 2022.

Importantly through the award of the new contracts, the Project moved the dial on indigenous participation from ~13% spend to ~23% which is well on the way to our target of ~33% by Year 5. We are confident we can go on and build on this strong start in the coming years.

Introducing the Leads for Contract and Procurement Team & Areas of Oversight



Our Procurement Process and Methods at a Glance



Our Sourcing Platform



- All sourcing event invitations and clarifications are managed through Coupa. Suppliers will receive e-mail notifications when invited to new sourcing events or when Tullow is attempting to contact you.
- Easy to receive and respond to Sourcing requests through your internet browser removing the need to deliver hard copies.
- Provides visibility with Tullow Sourcing events, such as clear response timeline, auto notifications and an in-built messaging feature
- Improved ability to view all other sourcing events you have been invited to by Tullow within a single system; as well as a history of previous events
- Coupa is cloud-based, so there is no installation of hardware or software required. There is no cost to you for using Coupa, you will only need access to the internet and an email account
- A Supplier Guide to using Coupa is available on Tullow's website under the Supplier section, or you can access it via the following link: <https://www.tulloil.com/suppliers/coupa-sourcing/>

Monitoring Local Content Performance for Tier 1 Suppliers (Q2 2022)

- 74% (\$38.8m) of total spend (\$52.4m) with indigenous companies.
- 8% (\$5m) of total spend (\$52m) with JVs
- 85% (604) of total number of employees (714) are Ghanaian nationals.
- \$474k spent on training Ghanaian nationals.
- 23.7k hours expended on training nationals.
- \$2.8m spent on legal, insurance and banking services in-country.
- \$31.4m spent on physical assets, facilities and machinery.
- \$1.36m spent on education, and health.

Note:

1. Tier 1 suppliers have contract values above \$5m. The 30 Tier 1 suppliers are registered and monitored.
2. 80% of TGL spend is with circa 20 Tier suppliers. We are presently capturing reports from 30 suppliers and will expand in Q4 to capture contracts awarded in 2022 including KNK O&M contracts.

Upcoming Events for 2023

- Quarterly Procurement Plans
- Supply Chain Academy
- Mentorship Programs
- Pre-Tender Seminars
- Biz to Biz Round Table Discussions
- Quarterly Market Day
- Closing the Gap Seminars

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