



**Building a  
better future**

through responsible  
oil and gas development

## 2023 results

### Group working interest production

**62,700 boepd**

2022: 61,100 boepd

### Operating cash flow<sup>1</sup>

**\$813m**

2022: \$972m

### Adjusted EBITDAX<sup>1</sup>

**\$1.2bn**

2022: \$1.5bn

### (Loss)/Profit after tax

**\$(110)m**

2022: \$49m

### Capital investment<sup>1</sup>

**\$380m**

2022: \$354m

### Free cash flow<sup>1</sup>

**\$170m**

2022: \$267m

### Net debt<sup>1</sup>

**\$1.6bn**

2022: \$1.9bn

### Gearing<sup>1</sup>

**1.4 times**

2022: 1.3 times

 [Read more on pages 59 to 64.](#)

## Strategic report

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1. The Group uses certain performance measures that are not specifically defined under IFRS or other generally accepted accounting principles. These alternative performance measures are explained on pages 189 and 190.

**Cover:** A student undertaking a laboratory experiment in one of the schools supported by Tullow under its Educate to Innovate STEM programme in Ghana's western region. This initiative has so far supported 6,000 students with teaching and mentorship in science and technology as they transit into tertiary education.



# Evolving Tullow

**During 2023 Tullow continued to evolve into a more focused, efficient and financially resilient business. Firm foundations have been laid for the future and a material step-up in cash flow generation marks an important inflection point in our business plan.**

We believe the oil and gas industry can and will contribute long-lasting economic and social benefits in developing economies and our purpose is to contribute to a better future through responsible oil and gas development. In this Annual Report we explain how we are working to do that by building a better business and enhancing our ability to create value for our stakeholders.



**Above:** An early morning English Language session for young pupils in one of the 12 kindergarten schools built by Tullow to provide quality education across a number of fishing communities in Ghana. This project has benefited over 10,000 children in the last decade, providing them with a solid foundation for education at the primary level.



## Tullow at a glance

To fulfil our purpose we must implement our strategy effectively and at all times adhere to our values.

### Our purpose

To build a better future through responsible oil and gas development.

### Our strategy

We are working to create a resilient business which gives us full flexibility to unlock value from our existing resources and take advantage of organic and inorganic value-accretive opportunities.

#### We focus on:

##### Operational excellence



Maximising asset performance through safe, efficient and reliable operations.

##### Capital efficiency



Managing cost and capital to deliver a robust balance sheet with financial flexibility.

##### Business growth



Developing discovered resources, near-field and infrastructure-led exploration and securing value-accretive opportunities.

[Read more on pages 16 to 19.](#)

### Our values

#### Aim high



- Have a growth mindset and adapt to change.
- Seize every opportunity to learn and improve.
- Work together to uncover greater impact for our business, stakeholders, and the communities we work with.

#### Own it



- Take ownership and empower others through trust, clear expectations, and open communication.
- Balance innovation with structure and diligence.
- Deliver results with focus and intention.

#### Be true



- Promote an inclusive and fair environment where all are supported, and every voice and contribution is recognised.
- Act responsibly, with safety as a fundamental, non-negotiable aspect of our work.
- Do what is right.



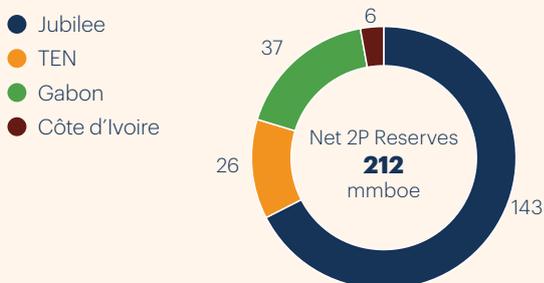
## What we do

Tullow is focused on unlocking value from oil and gas resources in Africa. Our activities and business model are described on pages 14 and 15.

## Our operations

Our operations are centred on our West Africa producing assets in Ghana, Gabon and Côte d'Ivoire. We also have a material discovered resource base in Kenya.

### Reserves at 31 December 2023



### Resources at 31 December 2023



## Our people

Our people strive for excellence in an inclusive and diverse environment. We are fostering a culture of continuous improvement and we are committed to ensuring every individual feels recognised, respected and proud of the impact they make.

We employ

**399 people<sup>1</sup>**

Read more on page 29 and pages 35 and 36.



1. As at 31 December 2023.



## Chair's statement



We are on track to create a capital structure that will support future growth and shareholder returns.

**Phuthuma Nhleko**  
Chair



### Performance

I am very pleased to report that we have made good progress across the entire business during the year. Despite an increasingly complex and difficult geopolitical world, together with a challenging regulatory and operating environment, we have advanced our strategy and key objectives.

In July 2023 the Jubilee South East development came on stream, broadly within budget and on time. Delivery of this key milestone has increased production at the Jubilee field to around 100,000 bopd and transformed our cash generation capabilities. I was delighted to be part of the Jubilee South East 'First Oil' celebrations that took place in September last year, and I was very pleased to welcome the President of Ghana, Nana Akufo-Addo, onboard the Jubilee FPSO to mark this momentous occasion. We are grateful to the Government of Ghana for their support and I also would like to thank and congratulate our Ghana team for their excellent operational delivery.

The safety of our people and all those who work at or visit our sites is paramount. During the year we recorded a strong safety performance with a 0.2 recordable injury rate and zero Tier 1 Losses of Primary Containment. However, our overall safety performance was not as good as 2022 and every incident is one too many. We are committed to the highest safety standards and we have redoubled our efforts to reinforce our safety culture and practices.

We have also strengthened our balance sheet. Net debt reduced to \$1.6 billion as at year end 2023 (2022: \$1.9 billion) and, during the final quarter of 2023, we entered into a \$400 million five-year notes facility agreement with Glencore. This loan, which is a powerful endorsement of our strategy, together with the \$800 million of free cash flow we expect to generate over 2023 to 2025, sets us well on course to becoming a resilient, low-debt business.

#### Free cash flow<sup>1</sup>

**\$170m**

2022: \$267m

#### Net debt<sup>1</sup>

**\$1.6bn**

2022: \$1.9bn

1. The Group uses certain performance measures that are not specifically defined under IFRS or other generally accepted accounting principles. These alternative performance measures are explained on pages 189 and 190.



## Governance

During the year, Mike Daly retired from the Board at the AGM after nine years of service.

To replace Mike's subsurface expertise on the Board, we were delighted to welcome Rebecca Wiles as an independent Non-Executive Director, following her 33-year career at BP plc (BP). Rebecca brings significant emerging market corporate experience and a wealth of commercial and operational skills.

We were also pleased to welcome Roald Goethe as an independent Non-Executive Director. Roald is a highly experienced oil and gas executive with a strong track record of buying, selling, financing and building businesses in Africa. Roald has spent his career at Trafigura Group, where he worked primarily in West Africa, and Delaney Petroleum Ltd, a business he founded, trading crude oil and petroleum products predominantly in West Africa and the Middle East.

At the beginning of the year Richard Miller was confirmed as Chief Financial Officer (CFO), having served as interim CFO since April 2022, and joined the Board as an Executive Director.

I would like to take this opportunity to thank Mike for his years of service and to welcome Rebecca, Roald and Richard to the Board. Biographical information about each Director is included on pages 70 and 71.

## Our people

Our people are highly experienced and committed to our purpose. They are playing a key role in Tullow's evolution and the Board recognises the importance of engaging with them to understand their views and their valuable insights about our business. During the year, Board members met with employees on a number of occasions, including during our annual strategy meeting in July and the Board's visit to Ghana in September. Our people have worked hard and diligently to deliver the considerable progress made during 2023. Tullow's evolution is gaining momentum, and I would like to thank every one of my colleagues for their commitment, dedication and contribution.

## Building a better future

Our purpose is to build a better future through responsible oil and gas development.

If African nations are to prosper they must have access to affordable and reliable energy and must be able to benefit from their vast pool of natural resources. During the year we have continued to work effectively with our host country governments to achieve this, including in Ghana where the Jubilee South East development was delivered through collaboration with a number of local suppliers. Further information about our social and economic contribution in Ghana is set out on page 30.

We have also continued to progress our sustainability strategy, including our Net Zero by 2030 plan (see pages 33 and 34).

## Conclusion

Tullow is evolving. Three years ago, we were a high-cost exploration and production company with a geographically diverse portfolio. Today we have a clear strategy, a disciplined financial approach, a stronger balance sheet and a simplified portfolio focused on Africa. Based on this strengthened position and the material free cash flow, the Board looks to the future with confidence.

**Phuthuma Nhleko**  
Chair  
5 March 2024



## Chief Executive Officer's review



Significant milestones have been achieved during 2023. Tullow has a strong and unique foundation to create material value for our stakeholders and we look to the future with confidence.

**Rahul Dhir**  
Chief Executive Officer



Group working interest production (kboepd)	FY 2023	FY 2024 Guidance
Ghana oil	42.6	48
Jubilee oil	32.5	39
TEN oil	10.1	9
Non-operated portfolio oil	13.2	11
Gabon oil	12.2	10
Côte d'Ivoire oil	1.0	1
Gas production	6.9	7
<b>Group</b>	<b>62.7</b>	<b>62-68</b>

### Successful delivery of business plan

Soon after I joined Tullow in July 2020, we put in place a plan to transform our business. This plan is achieving targeted results and since the end of 2020 we have generated over \$1.1 billion of free cash flow, reduced net debt by over 30% and taken the business from peak gearing of 3x to 1.4x net debt to EBITDAX. We have achieved this despite our legacy hedge programme resulting in non-recurring outflows of c.\$600 million between 2021 to 2023, which suppressed the true cash flow generation capacity of our business.

In 2023, Tullow continued to evolve and we now have a strong and unique foundation to create material value. Several significant milestones have been achieved, including the start-up of Jubilee South East which delivered material production growth from our core operated field. We generated \$170 million of free cash flow, ahead of expectations, and reduced our net debt by over \$250 million, despite a lower realised oil price in 2023 compared to 2022 that drove a year-on-year reduction in revenue (2023: \$1,634 million; 2022: \$1,783 million). We also demonstrated our ability to access capital through the \$400 million debt facility agreement with Glencore.

Our strategy is underpinned by a relentless focus on three core areas – operational excellence, capital efficiency and business growth. Through continued execution of this strategy, we are embedding a performance culture, retaining our discipline, and establishing a growth outlook. Importantly, we are now a highly cash generative business and on track to deliver our target of c.\$800 million free cash flow over the 2023 to 2025 period.

### Sustainability and shared prosperity

Tullow is committed to building a better future through responsible oil and gas development. We believe Africa has the potential to play a growing role in the global energy mix and we actively partner with our host nations to develop their resources in a low-cost, environmentally and socially responsible manner. We are encouraged by the commitment to a 'just and equitable' energy transition articulated in the COP28 Agreement. This acknowledges Africa's minimal contribution to global emissions and recognises the right of African developing nations to benefit from the development of their natural resources.

Our Shared Prosperity strategy creates economic opportunities for those who need it most. In 2023, we accelerated our impact through partnerships, supporting more than 10,000 students and hundreds of businesses across our countries of operation. We are also driving local content through increased engagement, support and training of our local supplier base.

We have made tangible progress on our pathway to Net Zero by 2030. In 2023, several process improvement modifications were completed at the Jubilee and TEN FPSOs, keeping us on track to reach our target to eliminate routine flaring by 2025. To address the hard-to-abate residual emissions from our assets, we are taking a hands-on approach to progress a nature-based solution



## Contributing to Africa's energy future



### Partnering with host nations

We believe Africa has potential to play a growing role in the energy supply mix and the right to benefit from its natural resources.

**40%** of global new gas discoveries in the last decade were in Africa<sup>1</sup>



### Sharing prosperity

We deliver economic and social benefits that boost local economies and support current and future generations.

**\$6 billion** revenue to Government of Ghana from 2010 to 2022 from Jubilee and TEN



### Supporting a just transition

We are on track to reduce emissions while meeting energy demand and helping reverse energy poverty.

**Our Net Zero** by 2030 strategy



### Harnessing opportunities

We are a responsible developer and well placed to be a steward of Africa's material resource base.

**>30 billion bbls** proven resources in West Africa<sup>2</sup>

1. Source: [www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/110821-africa-embraces-gas-in-energy-transition-debate-amid-fears-of-secure-supplies](http://www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/110821-africa-embraces-gas-in-energy-transition-debate-amid-fears-of-secure-supplies).

2. Source: [www.welligence.com](http://www.welligence.com). Welligence proven resources include producing and undeveloped resources.

in partnership with the Ghana Forestry Commission and expect to make a Final Investment Decision in 2024. The project delivers on our 2030 Net Zero ambition while also advancing Ghana's national climate goals and aligning with our Shared Prosperity agenda.

## Operational performance

In 2023, full year working interest production averaged 62.7 kboepd, including 6.9 kboepd of gas. Group working interest production is expected to increase year-on-year and our guidance range for 2024 is 62-68 kboepd, including c.7 kboepd of gas production.

### Ghana

The start-up of production from the Jubilee South East project in July was a landmark event, marking a step change in the field's production with average daily rates c.30% higher in the second half of the year compared to the first half with rates reaching levels over 100 kbopd.

Gross oil production from the Jubilee field averaged 83.4 kbopd (32.5 kbopd net) in 2023. This was below our expectations, primarily due to water injection reliability challenges and Jubilee South East starting up slightly later than planned. The water injection reliability issues were

resolved in the fourth quarter of 2023, with upgraded capacity delivering record water injection rates and observable pressure response in the reservoirs which will benefit 2024 production and beyond. Jubilee gas processing was also upgraded in 2023 and as a result, we have increased capacity to produce oil from wells with higher associated gas content. These important facility upgrades put us in a strong position to maintain production in the range of 90-110 kbopd towards the end of the decade.

Gross oil production from the TEN fields averaged 18.4 kbopd (net: 10.1 kbopd) during 2023, with improved pressure support from existing injection wells resulting in better management of decline. A planned shutdown was carried out in July and work was completed to improve asset integrity, enhance production through improved liquid recovery from gas and reduce flaring. Flaring from TEN reduced by over 50% post the shutdown, an important step forward in our target to eliminate routine flaring by 2025.

**Chief Executive Officer's statement** continued**Operational performance** continued**Ghana** continued

During the year, our operational performance continued to strengthen and average uptime across our Ghana FPSOs remained high at 96%. The drilling team also had excellent performance with seven wells (four Jubilee producers and three Jubilee water injectors) brought onstream during 2023. The cost of drilling wells in 2023 was on average around 20% lower and c.38 days faster than the previous campaign in 2018-2020, achieving top-quartile industry performance. These cost savings and efficiencies have been driven by reducing non-productive time, improved well design and more effective contracting.

Five new Jubilee wells (three producers and two water injectors) are scheduled to come onstream in 2024. The first water injector was brought on stream in January, and two producers were brought on stream in February, with gross production currently averaging over 100 kbopd. We expect to complete the current drilling programme around the middle of the year, approximately six months ahead of schedule. We then intend to take a drilling break in Ghana with plans to resume drilling in 2025. During this time, we will optimise our plans for the next phase of investment in Ghana while the existing well stock and upgraded water injection capacity sustains production at Jubilee and TEN decline continues to be effectively minimised through improved pressure support.

Net gas production in Ghana averaged 6.4 kboepd in 2023 and marked the first commercialisation of associated gas from the Jubilee field. The interim Gas Sales Agreement,

initially valued at \$0.50/mmbtu, was amended in July 2023 to a price of \$2.90/mmbtu and subsequently increased in November to \$2.95/mmbtu, after applying year-on-year inflation indexation. This agreement represents a revenue stream for Tullow of c.\$4 million per month.

During the year, discussions continued with the Government of Ghana on the amended TEN Plan of Development (PoD) and the long-term gas sales agreement. We remain committed to reaching agreement and progressing a number of identified projects at TEN in addition to commercialising the material gas resource base.

In February, 2023 we announced that Tullow Ghana Limited (TGL) had filed requests for arbitration with the International Chamber of Commerce in London in respect of two disputed tax assessments received from the Ghana Revenue Authority (GRA). The assessments relate to the disallowance of loan interest deductions for the fiscal years 2010 – 2020 and proceeds received by Tullow Oil plc during the financial years 2016 to 2019 under the Group's corporate Business Interruption Insurance policy.

Tullow had also previously filed a request for arbitration in respect of a separate assessment for Branch Profits Remittance Tax of \$320 million in 2021. A hearing in respect of this dispute took place in October 2023 with an outcome expected this year.

We believe that resolution through international arbitration will bring certainty, which is in the best interest of all stakeholders. In the meantime, we continue to engage with the Government of Ghana, including the GRA, with the aim of resolving these disputes on a mutually acceptable basis.

**Evolving Tullow****2020–2022** ▶**Embedding our new approach**

- Strategic shift.
- Capital discipline.
- Cost reductions.
- Operational transformation.

**2023** ▶**'Inflection point'**

- Higher production following Jubilee South East start-up.
- Material step up in free cash flow.
- Addressing debt maturities.

**2024–2025** ▶**Resilient, cash-generative business**

- Flexible capital spend to sustain production.
- Sustain gross Jubilee production c.100 kbopd.
- Revenue stream from Ghana gas.
- Refinancing plans achieve sustainable capital structure.
- Net debt reduced to c.\$1 billion, gearing c.1x.
- Growth through organic opportunities and M&A.
- Kenya remains a key value option.
- Significant equity value accretion of core business.

**Ongoing portfolio optimisation**



## Non-operated and exploration portfolios

In line with expectations, production from our non-operated portfolio in Gabon and Côte d'Ivoire averaged 13.7 kboepd net in 2023 (2022: 16.7 kboepd net), including 0.5 kboepd of gas production in Côte d'Ivoire.

Gabon is a key part of our production and infrastructure-led exploration (ILX) portfolio and in 2023 we took actions that place the Tchatamba facilities as a core hub for Tullow. In April, we announced the cashless asset swap agreed with Perenco that enabled us to take more material positions in key fields around Tchatamba. In August, the Government of Gabon approved the extension of several of our licences to 2046, reflecting the future potential of the fields and the longevity of the Tchatamba facilities. 2P reserves additions from the licence extensions and the asset swap amounts to c.6 mmbbls with a further c.3 mmbbls 2P positive reserves revision from asset performance, overall representing c.190% reserves replacement in 2023. During 2024, operations in Gabon will focus on infill drilling to sustain production or minimise decline across the licences, as well as two ILX wells at the Simba licence.

On Espoir in Côte d'Ivoire, we continue to work with the operator to establish the best way forward for the asset. On exploration licences CI-524 and CI-803, we are maturing the prospect inventory ahead of drill candidate selection for an exploration well to potentially be drilled in 2025.

In line with our strategy to focus on producing assets, we no longer have licences in Guyana following the sale of Tullow Guyana B.V. to Eco Atlantic and the expiry of the Kanuku licence. Through the sale, which completed in November 2023, we retain exposure to potential future success on the Orinduik licence through contingent considerations and royalty payments.

In Argentina, our exploration team has continued to mature a significant prospective resource base and continues to assess opportunities from these licences.

## Kenya

Kenya remains a material option to drive value and growth for Tullow. An updated Field Development Plan (FDP) which intends to develop 470 mmboe of 2C resources to produce up to 120 kbopd, was submitted to the Government in March 2023. We have since worked collaboratively with the Government as they evaluate the FDP. Once their evaluation is concluded, the FDP will be submitted to the Cabinet Secretary for Energy and Petroleum for review before submission to Parliament for final approval. The development has been designed to be robust at lower oil prices and we continue discussions with prospective strategic partners for this project.

In June 2023, our interest in Kenya increased from 50% to 100% as a result of the withdrawal of our Joint Venture Partners for differing reasons. The increased interest provides us with greater strategic flexibility. While we continue to progress the FDP, we are also actively working with the Government of Kenya in developing options to accelerate production and cash flow to unlock value from this well-matured resource base.

## Reserves and resources

At the end of 2023, audited 2P reserves were 212 mmboe (2022: 229 mmboe). During the year, 23 mmboe of 2P reserves were produced, with a replacement ratio of 26%. Additions were primarily from the extension of production licences in Gabon and the maturation of several infill wells, both in Gabon and the Jubilee area. These additions were partly offset by reductions in TEN 2P reserves, mainly driven by a reduced near-term development programme, in light of the ongoing delays to gain Government approval for the TEN amended PoD. Around 30 mmboe of net gas resources remain classified as 2C pending the approval of the TEN amended PoD and Gas Sales Agreement. Commercialisation of these gas resources would place TEN on a much firmer economic footing and support the maturation of several identified projects.

Tullow's asset base continues to have significant value, and as of 31 December 2023, Tullow's audited 2P NPV10 was \$3,406 million. This is slightly down from 2022 (\$3,895 million), driven largely by TEN revisions and a lower long-term oil price assumption as defined by independent third-party reserves auditor, TRACS.

The Group's audited 2C resources increased to 745 mmboe at the end of 2023 (2022: 605mmboe), reflecting the material scale of opportunity Tullow has to convert resources into reserves to sustain long-term production. As we now hold 100% of our Kenya licences, net contingent resources have doubled to 470mmboe. 54mmboe of contingent resources has also been removed following the sale and exit from Guyana.

## Outlook

After reaching an important inflection point in our business plan in 2023, Tullow has a strong and unique foundation to create material value for our investors, host nations and wider stakeholders and we look to the future with confidence.

We will continue to run our business with the same rigorous financial discipline, prioritising the highest returns and focusing on value-accretive investments. Our balance sheet will continue to strengthen as we further reduce our debt and optimise our capital structure. We have made good progress toward delivering our target of \$800 million of free cash flow between 2023 and 2025 and given the quality of our resource base, the opportunity set ahead of us and a reducing cost outlook, we expect to maintain these levels of free cash flow generation in subsequent years.

With a strong balance sheet and this sustainable free cash flow outlook, our business will be well placed to deliver value to our shareholders through organic and inorganic growth and capital returns.

I thank our shareholders for their continued support as we realise value across the portfolio in 2024 and beyond.

**Rahul Dhir**  
Chief Executive Officer  
5 March 2024



## Investment case

# A compelling value proposition

Strong financial and operational performance.

**30% growth**  
Jubilee 1H to 2H 2023 production

Cash-generative business.

**\$800m**  
Free cash flow<sup>1</sup> over 2023-2025  
at \$80/bbl

Significant equity value accretion as debt is repaid.

**<\$1bn and 1x**  
Expected net debt<sup>1</sup> and gearing<sup>1</sup>  
by YE 2025

Optionality for investment, growth and returns.

**Sustainable**  
Free cash flow<sup>1</sup>

Building a unique African platform.

**Growth**  
From organic and inorganic opportunities

## Attractive asset portfolio

### Ghana

Significant opportunities for infill drilling, facilities expansion and new oil and gas production from currently undeveloped parts of the fields as well as near-field exploration.

### Gabon and Côte d'Ivoire

Low-risk investment projects with potential for fast commercialisation, high returns and rapid payback.

### Kenya

Opportunity to realise value from discovered resources.

1. The Group uses certain performance measures that are not specifically defined under IFRS or other generally accepted accounting principles. These alternative performance measures are explained on pages 189 and 190.



## Market overview

A number of global dynamics are shaping the markets we operate in.

### Geopolitics

Geopolitical tension around the world continues to drive uncertainty and significantly impact the global economy.

During 2023, geopolitical tensions, including the conflict in the Middle East and the ongoing war in Ukraine, have resulted in heightened market instability and disruptions to global trade routes, thereby creating uncertainty and affecting global economic growth.

Across sub-Saharan Africa, our key market, political instability has continued with several military coup d'états occurring, including in Gabon during August 2023.

In these geopolitically unstable times, nations are seeking to secure domestic energy supply which is driving a decline in global trade and increasing energy costs.



Instability is causing nations to seek to secure domestic energy supply.

Inflation has started to reduce towards target levels but interest rates remain high. While most economies are absorbing persistently high interest rates, showing resilience over the past year, core inflation remains elevated in several parts of the world, especially the US and parts of Europe. If major central banks keep interest rates higher for longer in order to tame inflation, risks to the world economy are likely to remain skewed to the downside<sup>1</sup>. In Europe, rising wages and higher incomes are boosting the economy, but short-term wage pressures combined with longer-term tightness in labour markets could stoke further inflationary pressures<sup>2</sup>.

In terms of global politics, in 2024, elections will take place in the US, UK and in many countries in Africa including Ghana, our primary country of operation. Elections can cause significant market volatility as investors cope with uncertainty about a country or region's direction.

#### How we are responding

We work to build relationships with host nations and governments. We also have a proven track record of ensuring business continuity during political uncertainty, as demonstrated in Gabon where our operations were unaffected during the recent coup.

1. Source: [www.imf.org/en/Blogs/Articles/2023/10/10/higher-for-longer-interest-rate-environment-is-squeezing-more-borrowers](https://www.imf.org/en/Blogs/Articles/2023/10/10/higher-for-longer-interest-rate-environment-is-squeezing-more-borrowers).

2. Source: [www.imf.org/en/Blogs/Articles/2023/11/07/europes-wage-rises-are-aiding-recovery-but-economies-face-risks](https://www.imf.org/en/Blogs/Articles/2023/11/07/europes-wage-rises-are-aiding-recovery-but-economies-face-risks).



**Market overview** continued

### Oil prices<sup>1</sup>

For much of 2023 oil prices oscillated in a much narrower range compared with the volatile markets of 2022.

Oil prices fluctuated in the first six months of 2023, following the EU’s ban on Russian crude oil imports, interest rate hikes by global central banks, and worries about inflation and recession. Price strength was driven through OPEC+ cuts combined with improved macroeconomic sentiment. Brent prices rallied in the second half of 2023 with prices hitting yearly highs. Russia and Saudi Arabia’s decision to extend production cuts of a combined 1.3 mb/d through to the end of 2023 triggered a price spike towards the middle of September 2023. This raised the prospect that sustained high interest rates may slow oil demand and economic growth. This ambiguous demand outlook, together with deteriorating macroeconomic indicators and a sharp escalation in geopolitical instability in the Middle East, saw prices increase again in early October, before decreasing into mid-December as concerns around wider conflict and supply disruptions eased.

Oil prices increased in mid-December following attacks on shipping vessels in the Red Sea driving Brent up to \$78/bbl by the end of the year.



2023 oil prices oscillated in a much narrower range compared with 2022 prices.

#### How we are responding

Hedging forms a key part of our financial risk management and allows us to protect our revenue from oil price volatility. We re-introduced our hedging policy in 2023 which sees us protect 60% of our expected production for the year ahead, and 30% of the following year. We also ensure 60% of our production is exposed to rising oil prices by using a mixture of straight put and collar hedge structures. We continue to focus on reducing our costs to ensure our business is resilient at lower oil prices.



**Oil price movement 2022 v 2023 (Dated Brent) \$/m**



1. All data in this section is taken from the monthly IEA Oil Market Reports available at [www.iea.org/energy-system/fossil-fuels/oil](http://www.iea.org/energy-system/fossil-fuels/oil).



## Climate change and energy transition

Since the Paris agreement was signed in 2015, 75% of cities, regions and countries now have net zero targets enshrined in national legislation or policy. In addition, more than two thirds of the world's largest 2,000 companies have committed to a net zero target. With 88% of emissions, 92% of global GDP and more than \$25 trillion in revenues covered, progressing a path to net zero has now become the global norm<sup>1</sup>.

Despite these developments, national climate action plans remain insufficient to limit global temperature rise to 1.5 degree Celsius and meet the goals of the Paris Agreement<sup>2</sup>. The UNEP Emissions Gap Report 2023 showed that the growth of GHG emissions was significantly slowed since 2015, but still needs to decrease by between 28–42% more by 2030<sup>3</sup>.

When leaders gathered in the United Arab Emirates for COP28, the political focus was on the 'Global Stocktake' to close existing gaps between commitments, action and a 1.5C-aligned pathway to net zero. With the UAE Presidency hailing the agreement to transition away from fossil fuels as "historic", the final text asks countries to set 'ambitious' targets over the next two years 'in the light of different national circumstances'. But progress on climate adaptation, resilience and finance was slow, particularly frustrating African nations that bear the brunt of the impact of climate change<sup>4</sup>.

The uncertain geopolitical situation in 2023 is expected to continue through 2024 and is likely to impede further progress. Nevertheless, the consensus from COP28 was that a more measured approach that gives regard to the development needs of all regions is a better approach.

While the pace of the energy transition is uncertain, it is clear that fossil fuels such as oil, natural gas and coal will remain a major part of the energy mix for the foreseeable future.

African countries are disproportionately affected by the global temperature rise – experiencing escalating physical climate risks – but have limited ability to respond due to debt and economic disparity. In response, The Nairobi Declaration called for new financing mechanisms to restructure Africa's debt and unlock climate financing to ensure that African countries can work together to face this challenge<sup>5</sup>.

### How we are responding

Our purpose is to build a better future through the responsible development of oil and gas. In support of global targets to reduce emissions, we are implementing our Net Zero by 2030 strategy. Further detail about our Net Zero by 2030 strategy and progress to date is included on pages 33 and 34.

We recognise the importance of meaningful engagement with a wide spectrum of stakeholders to address the complexity of the energy transition and we regularly engage with host countries to understand their long-term climate-change strategies. For example, in Ghana we are pioneering a nature-based carbon offset project which is aligned with the Government of Ghana's Reduced Emissions from Deforestation and Forest Degradation strategy and its Nationally Determined Contributions under the global Paris Agreement. This project is being undertaken in partnership with the Ghana Forestry Commission to mitigate hard to abate, residual emissions. See page 33 for further information.

1. Source: [www.zerotracker.net/insights/net-zero-targets-among-worlds-largest-companies-double-but-credibility-gaps-undermine-progress](http://www.zerotracker.net/insights/net-zero-targets-among-worlds-largest-companies-double-but-credibility-gaps-undermine-progress)
2. Source: [www.unfccc.int/news/new-analysis-of-national-climate-plans-insufficient-progress-made-cop28-must-set-stage-for-immediate-action](http://www.unfccc.int/news/new-analysis-of-national-climate-plans-insufficient-progress-made-cop28-must-set-stage-for-immediate-action).
3. Source: [www.unep.org/resources/emissions-gap-report-2023#](http://www.unep.org/resources/emissions-gap-report-2023#).
4. Source: [www.ft.com/content/3ffd821c-6200-4808-b16d-ac9cb2207f11](http://www.ft.com/content/3ffd821c-6200-4808-b16d-ac9cb2207f11).
5. Source: [www.africaclimatesummit.org/about](http://www.africaclimatesummit.org/about).



## Our business model

Building a better future through responsible oil and gas development is our purpose and ensuring that we generate value for all our stakeholders shapes our business model and our strategy.

### Our resources and relationships

- Experienced and skilled employees including local teams in Africa with engineering and subsurface technical expertise.
- Attractive portfolio of assets including material reserves and resources in West Africa and significant resources in Kenya.
- Strong reputation as a responsible oil and gas operator and trusted partner.
- Positive relationships with local communities, host nation governments and regulatory bodies.
- Network of dependable suppliers, including local suppliers in Africa, supporting business continuity and growth.
- Financial resources that fund business continuity and growth.

### What we do



#### Produce and sell

We responsibly produce oil and gas from our West African assets and sell to international and domestic markets.



#### Develop and explore

We invest in further development and exploration around our existing fields to maintain and grow production.



#### Harness opportunities

We seek opportunities to bring undeveloped resources to production and acquire existing producing fields to grow and diversify our business.



## How we operate

- We strive to operate in a safe, efficient and sustainable way at all times.
- Our success is dependent on building trust and delivering positive outcomes for all our stakeholders.
- Our values-led culture guides our approach to everything. It drives ethical behaviour to ensure that at all times we do what is right and promotes an open team culture of empowerment, performance and continuous improvement.
- We actively engage with the communities and governments where we operate to understand their needs and invest to support their social development.

### Our strategy is focused on:



Operational  
excellence



Capital  
efficiency



Business  
growth

 Read more about our strategy on pages 16 to 19.

1. As at 31 December 2023.

2. The Group uses certain performance measures that are not specifically defined under IFRS or other generally accepted accounting principles. These alternative performance measures are explained on pages 189 and 190.

## The value we create

### Our people

We provide employment, competitive compensation and benefits, and development opportunities.

#### Employees<sup>1</sup>

**399**

#### Training and development hours in 2023

**+7,000**

### Host communities and governments

Economic growth and sustainable development, through infrastructure developments, STEM education and high-skill job opportunities.

#### Total socio-economic contribution in last five years

**\$3.1bn**

### Investors

#### 2023 free cash flow<sup>2</sup>

**\$170m**

### Suppliers

#### Spent with local suppliers in last five years

**\$1.1bn**



## Our strategy

Through effective execution of our strategy we have continued to evolve our business. We have relentlessly focused on operational performance, cost control, capital discipline and investments to drive growth. As a result, Tullow today is a much-improved business.

As our cash flow continues to increase we will continue to run our business with the same rigorous financial discipline prioritising the highest returns and focusing on value-accretive investments. This will enable us to further reduce our debt and put in place a sustainable capital structure. It will also enable us to grow our business to create lasting social and economic benefits for our host nations and value for our wider stakeholders.

### Our strategic themes



#### Operational excellence

- Operating in a safe, efficient and sustainable way at all times.
- Promoting an inclusive performance-driven culture focused on continuous improvement that empowers employees.
- Building a track record of consistent top-tier operating capability and performance.
- Leveraging our engineering, technical and subsurface expertise to realise operating efficiencies and maximise return on investments.

Link to KPIs:

1 2 3 5 6 7

Link to principal risks:

1 2 6 8 10



#### Capital efficiency

- Operating within a strict cost framework.
- Allocating capital in a disciplined way focused on delivering investor returns and capital to fuel our growth plans.
- Generating material free cash flow of c.\$800 million between 2023 and 2025.
- Deleveraging our balance sheet to become a low-debt business by 2025 with less than \$1 billion net debt and under 1x gearing.

Link to KPIs:

2 4 6 7

Link to principal risks:

3 7



#### Business growth

- Growth from our existing assets, including new production from discovered resources, production from undeveloped parts of fields and near-field exploration.
- Leveraging our deep expertise in two ways: to identify low-risk investments with potential for fast commercialisation, high returns and rapid payback; and create future optionality from significant prospective resources.
- Leveraging our strong reputation as a trusted partner and ethical and responsible operator to secure value-accretive opportunities to diversify our asset base.

Link to KPIs:

4 5 6 7

Link to principal risks:

1 3 4 5 9

Read more about our KPIs on pages 20 and 21.

Read more about our principal risks on pages 52 to 56.



## Strategy in action

During the year we have achieved a number of strategic milestones.



Operational  
excellence

### Enhancing drilling performance

Top-tier drilling performance is being achieved during our ongoing programme in Ghana. The cost of wells in this programme has averaged c.\$56 million, around 20% lower than wells drilled during the 2018–2020 programme. This cost saving has been delivered by significantly reducing non-productive rig time, simplifying well designs and more effective contracting. Our well engineering, subsurface and operations teams are building an excellent track record for efficiently delivering complex wells on schedule and on budget with results in line with expectations.

Average Ghana well costs in 2023

**c.\$56 million**



**Strategy in action** continued**Capital  
efficiency**

## Deleveraging our balance sheet

We have made significant progress in reducing our debt and addressing our debt maturities. During the year we purchased portions of our Notes due in 2025 and 2026 and in November 2023 we entered into a \$400 million five-year notes facility agreement with Glencore (see page 24). These developments, together with our expected cash generation through to 2025, will allow us to fully address all outstanding 2025 Notes and positions us for a successful refinancing of the 2026 Notes.

**Year-end 2023 net debt****\$1.6bn**

2022: \$1.9bn



Business  
growth

## Increasing production at Jubilee

Following the completion of the Jubilee South East project, gross production from our Jubilee field in Ghana grew from c.70,000 barrels of oil per day (bopd) at the start of the year to c.100,000 bopd. This increased production is a result of the three-year c.\$1 billion investment we and our partners have made to bring previously undeveloped reserves to production via the Jubilee South East project. Sharing the value we create is core to our purpose and we are pleased to have delivered this growth through collaboration with a number of local suppliers. In particular, a significant proportion of the complex Jubilee South East offshore infrastructure was fabricated by local companies in Ghana, whose workforces are over 90% Ghanaian. Over the next few years, we plan to maintain this increased level of production through active reservoir management and infill drilling.

Forecast 2024 Jubilee gross production  
**c.100,000 bopd**



## Our KPIs

We measure our performance using the financial and non-financial metrics detailed below. These metrics are used to determine performance-related rewards<sup>1</sup> across the Company ensuring that remuneration and delivery of our strategy are aligned.

The operational and financial metrics below (our 2023 corporate scorecard) reflect our strategic priorities. Their purpose is to drive performance and provide a clear measure of progress achieved during the year. As part of our remuneration arrangements, at the start of each financial year we set targets and weightings in relation to each metric. Further detail in relation to each performance metric and the targets set for the financial year ended 31 December 2023 are set out on page 91 and pages 94 to 96.

Performance metric	Why we measure this	2023 performance
<b>1 Safety</b>	The safe and responsible operation of our assets is always our first priority.	One recordable injury in 2023, maximum score achieved. No Loss of Primary Containments (LOPCs) at Tier 1. Three Tier 2 LOPCs.
<b>2 Financial performance</b> (Cost and working capital management)	Helps determine how effectively we are deploying our strict cost framework and our progress in maintaining cost discipline.	Normalised operating cash flow at \$902 million.
<b>3 Production</b>	Maximising oil production and revenues is critical if we are to continue to deleverage our business and deliver our targeted material cash flow over the next two years.	Group oil production at 56.3 kbopd. Jubilee production efficiency at 96%; TEN production efficiency at 95%.
<b>4 Business plan implementation</b>	Effective implementation of our capital investment programmes underpins our strategy and ensures capital efficiency.	100% of the 2023 capex work programme completed in line with Budget. Delivery of the Jubilee South East project represented a significant 2023 milestone. Part of the Mauritania decommissioning programme deferred due to operational issues. Operations to restart in 2024.
<b>5 Sustainability</b>	If we are to fulfil our purpose, we must mitigate the impact of our operations while generating social and economic benefits for our host nations and other stakeholders.	A number of ESG initiatives were completed including planned engineering works on TEN and Jubilee to eliminate routine flaring, social projects in our countries of operation and people initiatives to improve our employee engagement.
<b>6 Unlocking value</b>	Provides laser focus on key strategic operational projects.	Performance assessment focused on six critical actions including the successful delivery of refinancing initiatives to address near-term debt maturities, Ghana gas commercialisation via an interim gas sales agreement, and in Gabon, swap agreement and licence extension boosting reserves.
<b>7 Leadership effectiveness</b>	Ensures we have the right balance of skills, experience and knowledge to deliver our strategy.	In 2023, the leadership team worked cohesively and, together with a highly energised workforce, achieved 100 kbopd on Jubilee and progressed activities to unlock value in the identified critical areas. With strong support from the Board in the year, the leadership team continued to position the Company for sustainable success in the future.

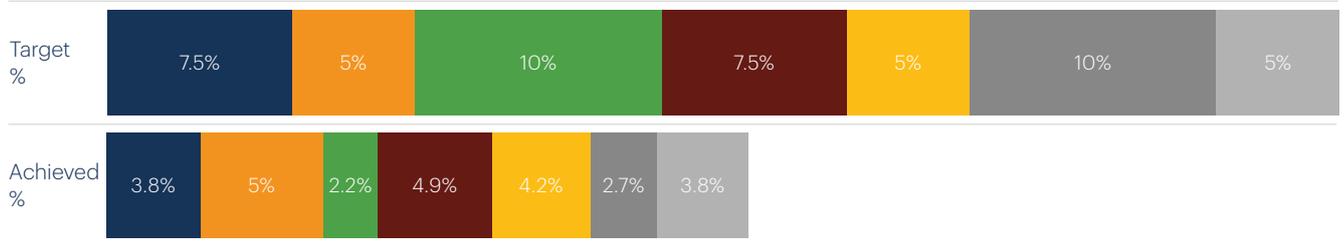
1. Our scorecard also includes a relative total shareholder return performance metric which makes up 50% of the total and only applies to our CEO (see page 96).



## Targets and performance

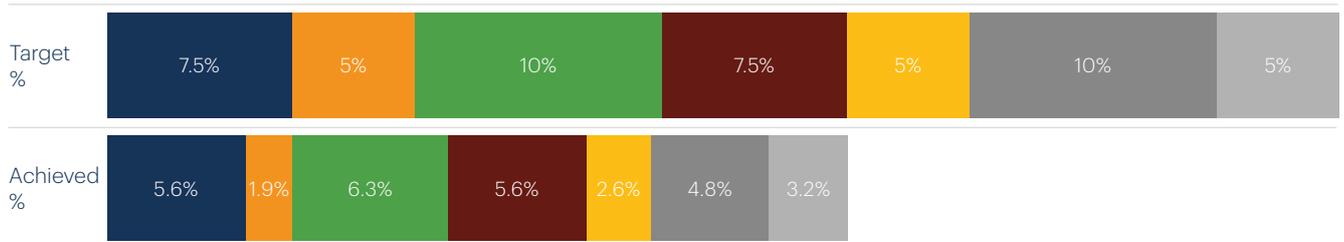
Set out below are overviews of the targets and performance achieved in 2023 and the two prior years.

### 2023 corporate scorecard



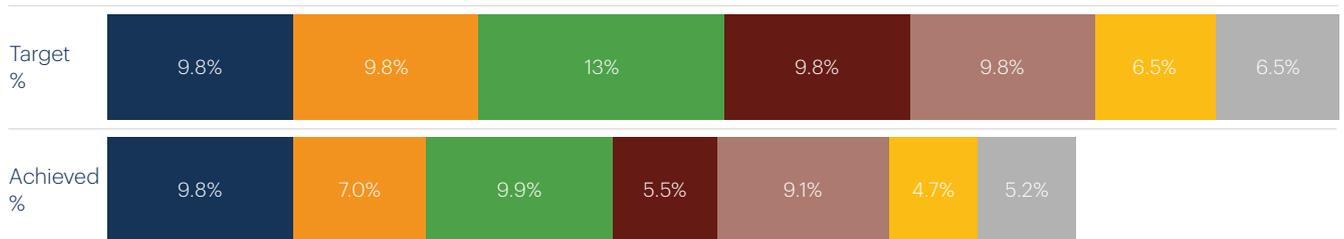
● Safety ● Financial performance ● Production ● Business plan implementation ● Sustainability  
 ● Unlocking value ● Leadership effectiveness

### 2022 corporate scorecard



● Safety ● Financial performance ● Production ● Business plan implementation ● Sustainability  
 ● Unlocking value ● Leadership effectiveness

### 2021 corporate scorecard



● Safety ● Financial performance ● Production ● Business plan implementation ● Capital structure ● Sustainability  
 ● Leadership effectiveness



## Our stakeholders

To fulfil our purpose and build a better future for all our stakeholders we must understand their expectations and concerns and take account of them in the way we run our business.



### Engaging with our stakeholders

During the year, Board members visited a newly built 14-unit dormitory block for students at Axim Girls' Senior High School in Ghana's western region. Tullow provided funding for the build as part of the Ghana Government's initiative to make education more accessible to students who live long distances from schools. In the picture, Board member Sheila Khama engages Tullow Ghana's Associate General Counsel, Hannah Agbozo, in a conversation as they make their way through the facility.



## Our key stakeholders and how we engage with them

<b>Colleagues</b> Enable us to deliver our strategy	<b>Host governments and communities</b> Impacted by what we do	<b>Investors and lenders</b> Provide capital	<b>Suppliers</b> Support our business activities	<b>ESG experts, non-governmental organisations and industry peers</b> Share best practice
<b>What matters to them</b>				
<ul style="list-style-type: none"> <li>• Safe working environment.</li> <li>• Fair compensation and benefits.</li> <li>• Purpose and values-based culture.</li> <li>• Engagement including regular and timely business updates.</li> <li>• Development opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible operator of national assets.</li> <li>• Revenues and taxes from operations.</li> <li>• Socio-economic investment and support.</li> <li>• Consultation on operational initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and delivery.</li> <li>• Sustainable returns.</li> <li>• Regular communication and transparency.</li> <li>• Strong ESG performance especially on climate change mitigation.</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term relationships.</li> <li>• Safe working environment.</li> <li>• Fair terms.</li> <li>• Commitment to invest in local content.</li> </ul>	<ul style="list-style-type: none"> <li>• Safe and sustainable operations.</li> <li>• Input into debates and consultations in relation to industry practices.</li> <li>• Proactive engagement in relation to issues.</li> </ul>
<b>Group-level engagement overview</b>				
<ul style="list-style-type: none"> <li>• Town hall and team meetings.</li> <li>• Engagement surveys.</li> <li>• Local-level engagement including team meetings.</li> <li>• Employee advisory panel (the TAP).</li> <li>• Leadership coffee mornings and brunches.</li> </ul>	<ul style="list-style-type: none"> <li>• Senior management proactively engage with government officials.</li> <li>• Regular interaction through our local Social Performance teams.</li> <li>• Regular meetings, discussions, surveys, advocacy and industry collaborations.</li> </ul>	<ul style="list-style-type: none"> <li>• Investor relations programme including quarterly updates and regular group and 1-2-1 meetings.</li> <li>• Participation in industry conferences.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular commercial dialogue.</li> <li>• Quarterly performance reviews with key suppliers.</li> <li>• Supplier training events in relation to our business requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate memberships including the Extractive Industries Transparency Initiative, Chatham House and Royal African Society.</li> <li>• Participation in ESG-focused investor and industry events and conferences.</li> <li>• Attendance and academic submissions to technical peer-to-peer events.</li> </ul>
<b>Board-level engagement overview</b>				
<ul style="list-style-type: none"> <li>• Quarterly meetings with the TAP, our employee advisory panel.</li> <li>• Town hall meetings hosted by CEO including open Q&amp;A sessions.</li> <li>• Annual Board site visit.</li> <li>• On-site in-person small group discussions with CEO.</li> </ul>	<ul style="list-style-type: none"> <li>• Chair and CEO meet with national government representatives.</li> <li>• Regular Social Performance team Board updates.</li> <li>• Annual Ghana Energy Evening hosted in London.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting.</li> <li>• Chair and Senior Independent Director meet with shareholders as required.</li> <li>• Board receive regular updates on investor relations programme, including investor feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• Chair, CEO and CFO meet with supplier counterparts to assess performance and build relationships.</li> </ul>	<ul style="list-style-type: none"> <li>• Oversee overall sustainability strategy.</li> <li>• Visit social investment and offset projects.</li> <li>• Regularly updated on ESG developments affecting our business.</li> </ul>
<b>Outcomes</b>				
<ul style="list-style-type: none"> <li>• Most recent employee survey results (2022) returned an average positive score of 70% across all survey questions.</li> </ul>	<ul style="list-style-type: none"> <li>• \$713 million total socio-economic contribution in 2023.</li> <li>• See pages 30 to 32.</li> </ul>	<ul style="list-style-type: none"> <li>• Supportive shareholder base.</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical procurement.</li> <li>• Motivated suppliers performing to high standards.</li> <li>• Responsible business practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability strategy addresses stakeholder issues.</li> </ul>



## Section 172 statement

The Directors are required by law to act in a way that promotes the success of the Company for the benefit of shareholders as a whole. In so doing they must also have regard to wider expectations of responsible business behaviour and have regard to the Company's stakeholders and the matters set out in Section 172(1) of the Companies Act 2006.

During the year the Directors have actively engaged with a number of our stakeholders to build understanding of their position and what matters to them (see page 23). This understanding is factored into the Board's decision-making process. In circumstances where stakeholders' interests are conflicted, the Directors endeavour to balance all interests and make decisions that align with our purpose and support the delivery of the Company's strategy and its long-term success.

In relation to the decisions made by the Board during the year ended 31 December 2023, the Board consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, having regard to its stakeholders and the matters set out in Section 172(1) of the Companies Act 2006.

Set out below are examples of Board principal decisions made during the year which illustrate how the Directors have fulfilled their duties.

### Strategy key



Operational excellence



Capital efficiency



Business growth

Decision	Agreement with Glencore Energy UK Limited (Glencore)
<b>Context and link to strategy</b>	<p>In November 2023 we entered into a \$400 million five-year notes facility agreement with Glencore (the Agreement). The facility will be available to draw for 18 months and proceeds are available for liability management of the Company's senior notes maturing in March 2025. The interest on the facility will be term secured overnight financing rate plus 10% on drawn amounts.</p> <p>We also entered into oil marketing and offtake contracts with Glencore for Tullow's crude oil entitlements from the Jubilee and TEN fields in Ghana and the Rabi Light entitlements in Gabon.</p> <div style="display: flex; gap: 10px;">   </div>
<b>Stakeholder considered</b>	Investors, Colleagues, Suppliers.
<b>Process</b>	<p>The Board considered the terms of the Agreement and decided it was in the best long-term interest of the Company and the stakeholders above based on a number of factors including:</p> <ul style="list-style-type: none"> <li>• Proceeds from the facility, together with cash on balance sheet and free cash flow expected to be generated during 2023 to 2025, will allow all outstanding 2025 Notes to be fully addressed and positions us for a successful refinancing of the 2026 Notes.</li> <li>• By entering into the Agreement Tullow seeks to manage its debt profiles and ultimately achieve a sustainable capital structure, including our Company goal of becoming a low-debt business with gearing of 1x or below, and the financial flexibility to pursue value-accretive opportunities or consider future shareholder returns.</li> <li>• A sustainable capital structure, together with successful execution of growth opportunities, will create value for our shareholders, lasting social and economic benefits for our host nations, job security for our people and commercial benefits for our suppliers.</li> </ul>

 Read more about our strategy on pages 16 to 19.



Decision		Asset swap agreement with Perenco Oil and Gas Gabon S.A. (Perenco)
<b>Context and link to strategy</b>	In April 2023, we entered into an asset swap agreement with Perenco to optimise our equity ownership across key fields in Gabon through the cashless swap of interests held by both parties in certain licences in Gabon.	 
<b>Stakeholder considered</b>	Host communities and governments, Investors, Colleagues, Suppliers.	
<b>Process</b>	<p>The Board considered the terms of the Agreement and decided it was in the best long-term interest of the Company based on a number of factors including:</p> <ul style="list-style-type: none"> <li>• The transaction simplifies and equalises our equity ownership across key fields in Gabon, creating better alignment between the participating interest partners and streamlining processes.</li> <li>• The transaction is aligned with our growth strategy which is focused on maximising the value of our key producing assets and low-risk exploration with potential for fast commercialisation, high returns and rapid payback.</li> <li>• Successful execution of growth opportunities will create value for our shareholders, lasting social and economic benefits for our host nations, job security and development opportunities for our people and commercial benefits for our suppliers.</li> </ul>	

Decision		South Lokichar Basin – Kenya update
<b>Context and link to strategy</b>	In May 2023, Tullow Kenya B.V., operator of the Company's licence in Kenya, was informed by its two minority partners of their intention to withdraw from Blocks 10BB, 13T and 10BA in the South Lokichar Basin (the Project). As a result, the Group had an opportunity to increase its working interest in these blocks and assume 100% ownership, resulting in the Company having full rights and liabilities.	 
<b>Stakeholder considered</b>	Host governments and communities, Investors, Suppliers.	
<b>Process</b>	<p>The Board considered the factors associated with 100% ownership of the Project and decided it was in the best long-term interests of the Company and its stakeholders, based on a number of factors, including the benefits, and decided:</p> <ul style="list-style-type: none"> <li>• 100% of the Project created more optionality, providing the Company with more flexibility in the ongoing process to secure strategic partners. It also created a simpler joint venture partnership and as a result, streamlined delivery.</li> <li>• The opportunity is aligned with our growth strategy. It is a low-cost development that has the potential to unlock material value for Kenya.</li> </ul>	



## Sustainability review

We strive to operate in a safe, ethical and sustainable way at all times. During the year we have continued to implement our sustainability strategy and have achieved progress in a number of areas.

### 2023 sustainability highlights

Safe operations	Shared Prosperity	Environmental stewardship	Equality and transparency
0.2 Total Recordable Injury Frequency across our global operations.	\$221 million local supplier spend - an increase of 28% compared to 2022.	Completed process improvements to increase gas handling capacity on Jubilee and TEN separator upgrades to progress elimination of routine flaring to meet our Net Zero commitment.	\$713 million total socio-economic contribution in our host countries, bringing total five-year socio-economic contribution to \$3.1 billion.
Zero Tier 1 process safety Loss of Primary Containments (LOPC) and three Tier 2 LOPC incidents.	Educational activities reached more than 10,000 pupils and students.	3% reduction in total energy consumption.	\$492 million paid to host countries including payments in kind.
Completed Jubilee field FPSO safety culture assessment which evidenced strong improvement in safety systems and practices.	Ongoing investment in Ghana fishing communities with a total of loans worth \$770,000 granted to 2,411 fishing businesses to date.	34% reduction in total water consumption.	21% women in senior management (compared to 14% in 2022).
Two Environment, Health & Safety (EHS) Forums held for contractors in Ghana.	Major programme to identify salient human rights issues and training rolled out within Tullow and across our supplier base in Ghana.	84% total waste recycled, reused or treated (compared to 74% in 2022).	43% Africans in management (compared to 42% in 2022).
Employee engagement with our Global Wellness Agenda with colleagues attending an average of eight wellness events throughout the year.	500 local companies attended six training workshops delivered through the Petroleum Commission / Tullow Business Academy Partnership Initiative in Ghana.	Positive results received in the fourth marine benthic environmental assessment undertaken in Ghana.	Localisation in Ghana at 76% on track to achieve our target of 90%, through implementation of various initiatives.

Tullow Ghana received the Health, Safety and Environment Excellence Award at the 2023 Ghana Energy Awards.



Our investment and achievements in developing and delivering outstanding local content in Ghana's upstream oil and gas sector over the past 10 years were recognised at the 2023 Local Content Conference hosted by the Petroleum Commission. Read more at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability).

### Assurance

Quantitative data in this section relates to the 2023 calendar year and covers our global operations unless otherwise stated. Greenhouse gas (GHG) emissions reporting includes our operated and non-operated assets. Descriptions of data collection methodologies and notes to reported metrics are available in our GHG Emissions Scope & Calculation Methodology and Basis of Reporting documents which are available at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability). GHG emissions and other environmental data from our operated assets have been externally assured by Integrated Reporting and Assurance Services (IRAS) and the Assurance Statement is also available at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability).



## Our sustainability framework

Our sustainability strategy addresses our material economic, social and environmental impacts, and is fundamental to delivering our purpose. It is built around four pillars (see below) which are aligned with the issues that are most relevant to our business, our stakeholders (see page 23) and the relevant broader UN Sustainable Development Goals (SDGs).

The Safety and Sustainability Committee (see pages 87 and 88) supports the Board in directing our sustainability strategy and targets and oversees its implementation. Sustainability-related topics are discussed at every Board meeting.

Social		Environment		Governance
Safe operations	Shared Prosperity	Environmental stewardship	Equality and transparency	
<ul style="list-style-type: none"> <li>Employee health and safety</li> <li>Process safety</li> <li>Emergency response</li> </ul>	<ul style="list-style-type: none"> <li>Local content and capacity</li> <li>Community development</li> <li>Social investment</li> </ul>	<ul style="list-style-type: none"> <li>Climate change</li> <li>Biodiversity</li> <li>Spills</li> <li>Waste</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Anti-corruption</li> <li>Human rights</li> <li>Inclusion and diversity</li> <li>Tax transparency</li> </ul>	

In 2023, we commenced a review of the issues which represent our most significant sustainability impacts as a precursor to updating our sustainability strategy and targets to reflect changes in our business, our operating environments, new reporting standards and frameworks as well as stakeholder expectations since our last assessment. We plan to provide an update and a refreshed sustainability strategy next year.

Further information about our progress in advancing our sustainability programmes is included in our Sustainability Report which is available at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability).



I believe 2024 will provide an opportunity to refresh our strategy and reassess our priorities. A focus on nature, including biodiversity and ocean health, will be higher on our agenda, for example, and we will continue to reinforce the ways in which we inspire and empower our people and attract strong new candidates to join our business.

**Julia Ross**  
Director of People and Sustainability



## Sustainability review continued

### Safe operations

There is nothing more important than the safety of our people and all those who work at or visit our sites. Safe operations management and practices are overseen by the Board with the support of its Safety and Sustainability Committee. We believe all injuries are preventable and work proactively every day to make this our reality.

### Occupational health and safety

We delivered a year of positive safety performance in 2023, achieving our target of below 0.6 for Total Recordable Injuries Frequency (TRIF) and a reduction in the number of High Potential Incidents (HiPos)<sup>1</sup> by more than 50% compared to 2022. Disappointingly, there was one Lost Time Injury (LTI) involving an offshore worker in the Jubilee field who sustained injuries which required offsite treatment. We also recorded three Tier 2 Loss of Primary Containment (LOPC) incidents compared to one Tier 2 LOPC in 2022. All injuries and incidents were subjected to full investigations and corrective actions were taken to prevent recurrence. In 2024, we will continue with further intensive activities to reinforce our safety culture through awareness and training at all levels.

Safety performance <sup>2</sup>	2023	2022	2021
Lost Time Injuries Frequency (LTIF)	<b>0.2</b>	0	0.21
Total Recordable Injuries Frequency (TRIF)	<b>0.2</b>	0	0.43
High Potential Incident Frequency (HiPoF)	<b>0.6</b>	1.5	1.06
Workforce fatalities	<b>0</b>	0	0

### Process safety

Our process safety management system includes policies, standards and risk management activities and covers all our operations from exploration and production through to decommissioning. In 2023, we maintained zero Tier 1 LOPCs for the fourth consecutive year. However, we did experience an increase in Tier 2 LOPCs, which, although less severe, reinforced the opportunity for further improvements.

Process safety events (PSE)	2023	2022	2021
Tier 1	<b>0</b>	0	0
Tier 2	<b>3</b>	1	0
<b>Total</b>	<b>3</b>	1	0

### Asset protection and emergency response

We maintain a high level of preparedness to respond to any emergency to minimise negative impacts on people, the environment and our assets while assuring business continuity. We adhere to our detailed asset protection-related policies, standards and plans which include crisis and emergency management, ensuring employees are fully trained to respond to emergency situations.

In 2023, we conducted two major exercises in Ghana to test our emergency response protocols and business continuity planning. The exercises included testing procedures to be adopted during offshore emergencies and to ensure our teams are updated with all relevant procedures including full understanding of oil spill reporting and strategic response options. As a result of these exercises, we adjusted our processes to improve our overall emergency response preparedness.



## Embedding proactive safe working practices

We launched our Learning from Normal Work campaign to shift mindsets from reactive learning (after incidents) to proactive learning (preventing incidents). Based on the guidance of the International Association of Oil & Gas Producers, our campaign ran for 13 weeks across Tullow Ghana and included workshops covering skills and tools to embed proactive safe working into daily activities and encourage employees to challenge potential safety risks they encounter.

1. HiPos are defined as any incident or near miss that could, in other circumstances, have realistically resulted in one or more fatalities.
2. Our data collection methodologies and notes to reported metrics are available in our Basis of Reporting document.



## Engaging contractors and suppliers in safety

At any given time, many workers at our facilities onshore and offshore are contractors. It is imperative that everyone who works at our sites or supplies materials or services to our facilities has a full understanding of our safety procedures and knows our requirements on how to comply. To engage our contractors on EHS matters, and promote learning and sharing, we hold bi-annual EHS Forums, with each meeting focusing on a different aspect of EHS. Our first forum of 2023 focused on 'Safety Leadership: The Key to Healthy and Safe Workplaces' and covered a number of areas including enhancing attention to medical emergencies and ensuring ongoing learning.

## Employee wellness

We operate a year-round Global Wellness Agenda to support employees in maintaining a healthy lifestyle and we retain in-house medical professionals to provide guidance to employees as needed. Our Employee Assistance Programme offers individual counselling on any personal issue, including mental health challenges. In 2023, we again encouraged physical health with our annual sports day and employee on-site health check-ups. During the year, we also expanded our wellness activities to include financial health and ran our first 'Financial Wellbeing' seminar which was attended by 180 employees. Employees received a 'Wellness Afternoon Off' to support their wellbeing. In addition, towards the end of the year employees enjoyed a 'Tullow Appreciation Day', a day of paid leave offered to all employees as an appreciation for their hard work during the year.

## Investing in employee wellness

Our Global Wellness Fortnight event, which took place in November 2023, offered employees the opportunity to participate in a range of activities including a meditation session, neck and shoulder massages, mindfulness art therapy and nutritional advice. Hundreds of employees also took part in the 'Move It Challenge', a competition involving teams led by our senior leaders to clock up the most exercise safely over the fortnight.



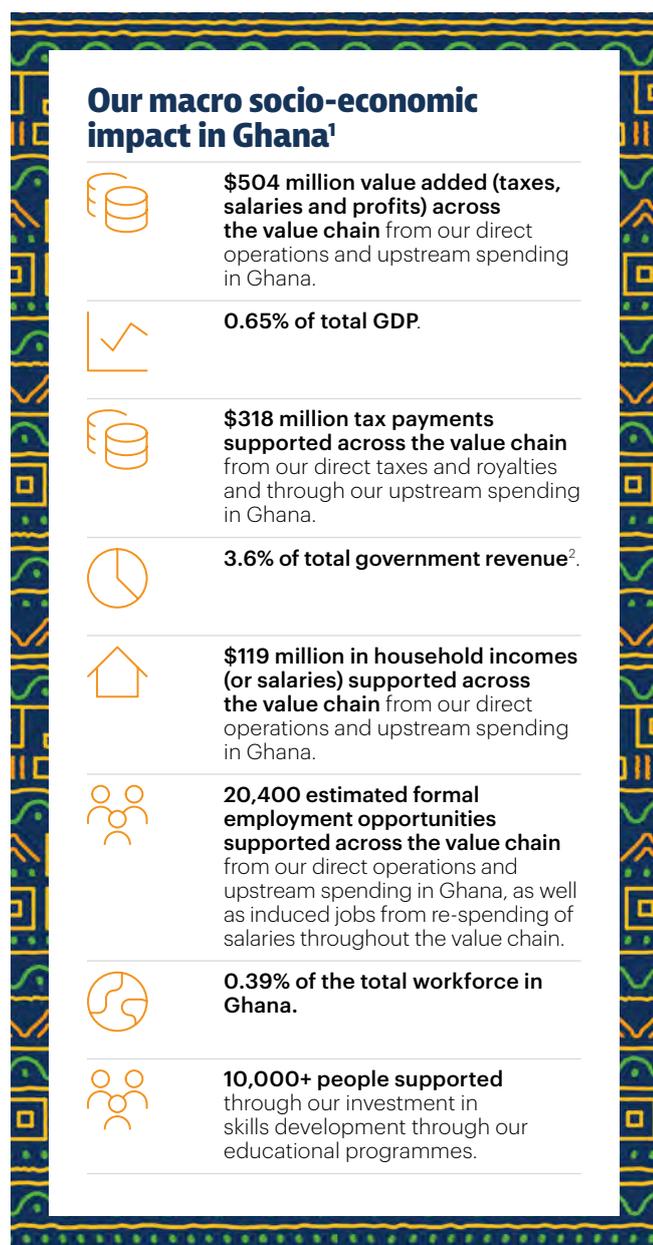
More than 3,100 instances of employee participation in more than 24 global wellness events in 2023, amounting to, on average, each colleague participating in 8 events during the year.



## Sustainability review continued

### Shared Prosperity

Shared Prosperity is a key element of our strategy to go beyond access to energy and deliver economic and social benefits in our host nations by accelerating progress through partnerships whilst managing the impacts of our operations. Our investment in education and skills development enhances employability and enterprise development, empowering local entrepreneurship and building local capabilities in our sector. Our investment in the development of local businesses helps them to grow and thrive.



### Assessing our socio-economic contribution

In 2023, we completed a macro socio-economic impact assessment of our activities in Ghana to calculate the extent of our contribution to advancing the Ghanaian economy and improving life for the people of Ghana; this is core to delivering on our purpose of building a better future through responsible oil and gas development. The assessment, conducted by an external impact and sustainability consultant, Steward Redqueen, demonstrates the strong impact of our local procurement, taxation, employment, livelihoods and skills development during 2023.

### Accelerating entrepreneurship

Enterprise development is fundamental to helping our host country communities develop and maintain sustainable livelihoods. Our flagship enterprise development initiative, The Fisherman's Anchor Project (FAP), which started in 2019, is a micro-credit scheme funded by Tullow and JV Partners and administered by OIC International. FAP provides critical financial support to boost income and economic activity in fishing communities in the coastal districts of Western Ghana, where fishing is the primary source of income, providing jobs for more than 80% of the coastal communities. In particular, FAP provides fishermen

## Fisherman's Anchor Project

The Fisherman's Anchor Project (FAP) has generated significant economic benefit for fishing communities in Western Ghana since 2019. In addition to micro-credit to support livelihoods, reaching more than 2,400 beneficiaries, FAP has engaged more than 1,400 business owners in financial management workshops and other training sessions. FAP highlights include:

- **Approx. \$770,000** (GHC 9,002,900) disbursed in small loans.
- **2,773** credit applicants assessed.
- **2,411** loan beneficiaries from **34** communities.
- **80%** of beneficiaries were women.
- Beneficiaries included fish processors (**75%**), canoe owners (**19%**), pig farmers and other small business owners.
- **100%** loans repaid in full.

1. Data includes Tullow's net equity share of joint ventures. Upstream impact was modelled based on Tullow's procurement data.

2. Total government revenues during 2022 amount to GHS 96.65 billion, or USD 8.77 billion. Source: [www.bog.gov.gh/wp-content/uploads/2023/07/Annual-Report-2022.pdf](http://www.bog.gov.gh/wp-content/uploads/2023/07/Annual-Report-2022.pdf) (page 22).



and local entrepreneurs with tools to help them thrive through the off-season, during which fishing activities generate lower revenues, such as working capital financing or the establishment of a secondary income source.

In 2023, progress was made in transitioning the FAP into a Cooperative Credit Union, with the registration of the Fishermen Anchor Cooperative Credit Union (FACCU), which will provide continuous, affordable and easily accessible financial services to fishing communities in Western Ghana. The FACCU has established four district offices and recruited five mobile bankers to advance the provision of critical financial services to community members. The FACCU has already registered more than 430 members, exceeding its initial target of 400 in 2023.

## Investing in education

We strive to provide access to STEM education and the technical skills needed to open doors to meaningful and fulfilling careers for thousands of young people in our host countries. Working with partners in Ghana, Kenya, Guyana and Suriname, we enabled more than 10,000 students to access education in 2023 (up from 9,000 in 2022). More than 260 students have transitioned to tertiary education and we have held 13 mentoring sessions to support students in learning and acquiring soft skills. Concurrently we supported the training of more than 150 teachers to support and improve the quality of teaching which is expected to benefit over 8,000 students.

Our multiple initiatives include our partnership with the Youth Bridge Foundation which manages Ghana's Educate to Innovate programme. Through this programme we have supported access to education and skills development and directly engaged more than 5,000 students. We also progressed our commitment to provide \$10 million over five years to support the Government of Ghana in providing free access to quality senior high school education. At the end of 2023, our investment has provided accommodation and classroom facilities for more than 4,000 students across eight schools.

More than 4,000 students across eight schools were provided with accommodation and classroom facilities through our investment in senior high school education as at the end of 2023.

## Advancing local businesses

In 2023, we transformed the supply chain of customised steel tube flying leads which are used in our offshore operations. Instead of sourcing components and assembly of this critical equipment in the USA and India, we engaged a local supplier to complete the final assembly work in Ghana. Our initial purchase order of more than \$3.5 million and a forward procurement forecast provided the supplier with confidence to make the capital investment to support this change. This development has enhanced our local supplier capabilities, increased local content and improved the cost efficiency and reliability of our supply chain in Ghana.



**Sustainability review** continued**Shared Prosperity** continued**Progressing local content**

Local content is how we refer to advancing local businesses in our host countries. A fundamental pillar of our Shared Prosperity objective is the investment we make in nurturing and engaging with local suppliers to enhance their capabilities to grow with Tullow and expand their activities within the oil and gas industry in their home country and beyond.

We further expanded our collaboration with the Petroleum Commission of Ghana (PC), providing our industry expertise to advance local suppliers through the Ghana Upstream Petroleum Business Academy and the PC's local content programme. During the year, we delivered six training workshops through the PC/Tullow Business Academy partnership initiative for more than 500 local companies, as well as other joint programmes.

As part of our ongoing partnership with Accenture in Ghana, the Tullow Supplier Mentoring and Training Programme continues to enhance the capability of service providers in Ghana's upstream oil and gas sector and improve the knowledge of PC staff. The programme consists of online access to Accenture Supply Chain Academy's i-cloud learning platform as well as a tailored one-to-one mentorship and coaching programme with customised business support. More than 180 local companies and 17 PC officers have completed the programme.

To further promote transparency, trust-based partnership relationships with our suppliers and increase the involvement of Ghanaian suppliers in our procurement activities and operations, we hold quarterly Supplier Market Days which raise awareness and host discussion on specific topics related to supply challenges in our sector. We also publish quarterly newsletters for the benefit of our suppliers, helping them understand how best to engage with Tullow and providing additional opportunities for contact with them throughout the year.

Also in 2023, we expanded the reach of our innovative, proprietary local content reporting tool (LCR Tool), which requests suppliers to self-report their social impact performance against several metrics including spend on goods and services, employment, investment in facilities and social investments. Data from the LCR Tool enables us to assess the overall reach and effectiveness of our local content programmes whilst providing a rich database that local governments can use to understand the broader benefits our business generates, and the wider economic impact of our supplier spend.

In 2023, we expanded the reach of the LCR Tool from 30 to 45 Tier 1 suppliers with contract values in excess of \$5 million. 100% of these suppliers submitted information to the LCR Tool.

**Promoting trust-based partnership relationships**

Our third Supplier Market Day of 2023 brought together our local leadership and 165 suppliers to deepen our engagement and relationships. A delegation from the PC, led by the Director of Local Content, Mr. Kwaku Boateng, attended to share key insights on strategic alliances, progressive partnerships, local content and other licensing requirements.

Our local supplier spend in 2023 was \$221 million (up from \$173 million in 2022).



## Environmental stewardship

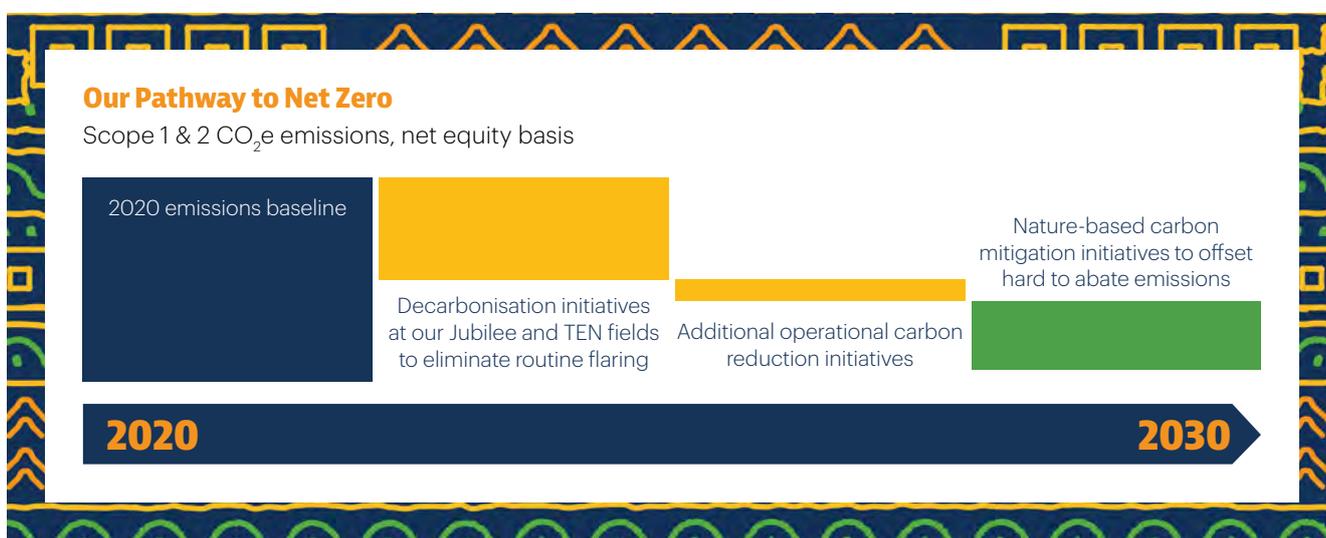
We are committed to being a responsible steward of the environment and ensuring robust systems are in place for assessing and managing environmental risk. A key focus is our contribution to mitigating the effects of global climate change through our commitment to Net Zero whilst preventing other environmental impacts and protecting biodiversity.

### Progressing our Net Zero by 2030 strategy

We support the goals of the 2015 Paris Agreement, namely to hold the increase in the global average temperature to well below 2°C and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. We have committed to achieving Net Zero by 2030 on our Scope 1 and 2 GHG emissions on a net equity basis through a

combination of decarbonising our operated assets in Ghana and identifying high-quality, nature-based solutions to offset our hard to abate emissions. This plan is approved by the Board and the senior leadership team (SLT), and led by a Net Zero Working Group within Tullow. To deliver on our commitment, we are prioritising the elimination of routine flaring at our Jubilee and TEN fields, which we expect will drive down GHG emissions by at least 40% by 2025, on a net equity basis, from a 2020 baseline. Further, we are investing in a verified nature-based carbon offset initiative in Ghana, which will seek to offset 100% of our residual, hard to abate GHG emissions.

Further information about the impact of climate change on our business and how we are managing it is set out in our TCFD response on pages 38 to 47.



### Eliminating routine flaring in Ghana

Routine flaring is an established method of disposing of gas that is generated through oil production in quantities that exceed the capacity to process it for sale or use it as an energy source. Our strategy for eliminating routine flaring, therefore, is dependent upon increasing our gas processing capacity at the Jubilee and TEN fields. Implementation of the changes necessary to achieve this requires the temporary stoppage of operations at each site to allow for switching out of core equipment and other modifications. In 2023, we completed the required modifications at the TEN field that enable the elimination of routine flaring by 2025. Most of the required modifications and upgrades in the Jubilee field have been completed and the remainder will be complete in early 2025.

### Addressing hard to abate emissions

Our plan to address our residual, hard to abate emissions is a nature-based initiative, working in partnership with the Ghana Forestry Commission to offset more than 600,000 tonnes of carbon emissions per year.

We signed a memorandum of understanding in January 2022 and commissioned Terra Global Capital to undertake a feasibility study in April 2022. We expect to complete the agreement this year with our first carbon offsets being delivered within two years. In the meantime, we have been engaging with stakeholders such as the Ghanaian Environmental Protection Agency and communities in the project landscape to gather initial feedback on needs and expectations. Led by the Forestry Commission, we have also conducted field mapping work to understand the land composition to determine deforestation rates and potential volume from the project area. The nature-based offset initiative covers 14 priority districts in the Bono and Bono East regions of Ghana and the key intervention activities to mitigate the threats of deforestation include the generation of alternative sources of income from food crop production and improved land management such as fire and grazing prevention and sustainable charcoal production. For the more than one million people living in the project areas, this project aims to be transformational in terms of supporting a sustainable environment, generating work and improving livelihoods.

**Sustainability review** continued**Environmental stewardship** continued**Driving energy efficiencies and emission performance**

During the year, in line with our Climate Policy, we have continued to drive energy efficiency through incremental improvements across our operations and further invested in on-site renewable energy generation to replace grid power to help drive down emissions. In the past three years, we have improved energy efficiency by 9% from 1,283 GJ per thousand tonnes of hydrocarbon produced in 2021 to 1,168 GJ in 2023.

Our Scope 1 emissions represent more than 99.5% of our direct emissions and correlate to production and associated flaring levels. In 2023, our Scope 1 emissions increased by 4% to 2,342 thousand tonnes CO<sub>2</sub>e, in line with production volumes which required a slightly higher level of flaring than in the prior year. We anticipate a reduction in emissions following the positive impact of our Jubilee and TEN modifications to enable the elimination of routine flaring by 2025, as described above.

The carbon intensity of our operated activities in 2023 was 40kg of CO<sub>2</sub>e per boe compared to 37kg of CO<sub>2</sub>e per boe in 2022, an increase related to routine flaring. Our 2023 methane emissions of 9,657 tonnes CO<sub>2</sub>e represent 0.4% of our total Scope 1 and 2 emissions. Flaring is the most significant source of our methane emissions, which will greatly decrease when routine flaring ceases.

For details of our Scope 1, 2 and 3 GHG emissions for the years 2018–2023, please see our Sustainability Performance Data at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability).

<b>Total air emissions: thousand tCO<sub>2</sub>e<sup>1</sup></b>	<b>2023</b>	2022	2021	2020	2019	2018
Group Scope 1	<b>2,342</b>	2,258	2,234	2,040	1,072	1,046
Group Scope 2	<b>0.87</b>	0.81	0.53	1.28	1.69	3.00
Group Scope 3	<b>9,356</b>	6,680	892	324	15	14
<b>Total Group</b>	<b>11,699</b>	8,939	3,127	2,365	1,089	1,063
<b>Group emissions intensity kg CO<sub>2</sub>e/boe</b>	<b>40</b>	37	35	29	-	-
<b>Group energy use (GWh)</b>	<b>2,567</b>	2,645	2,968	2,682	2,862	2,707
<b>Group energy intensity (GJ / thousand tonnes hydrocarbon produced)</b>	<b>1,168</b>	1,183	1,283	1,045	1,082	1,098
<b>UK air emissions: thousand tCO<sub>2</sub>e</b>						
UK Scope 1	<b>0.062</b>	0.059	0.11	0.27	0.24	-
UK Scope 2	<b>0.1</b>	0.2	0	0.57	0.71	-
UK energy use (GWh)	<b>0.8</b>	1.1	1.7	3.6	4.0	-

1. GHG data is from controlled operations and the calculation methodology can be found in the Basis of Reporting and GHG Methodology documents available at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability). The increases in Scope 3 emissions in 2023 and 2022 were due to an expanded basis of reporting to include all material emissions associated with our value chain, including purchased goods and services, capital goods and the use of sold products.

**Managing water and waste**

Overall, our water impact is minimal and water use remains fairly constant year on year, with minor changes due to small differences in operations. More than 77% of our water withdrawal is from seawater, with zero withdrawal from surface water sources or areas of water stress. More than 99% of the total water we withdraw is discharged back to the sea, after treatment, thereby reducing our overall water consumption to negligible levels. In 2023, we continued our management of community water boreholes in our operating regions in Kenya. On average, almost 20,000 households benefit from our water distribution which in 2023 reached 109,500 cubic metres of water.

We aspire to reduce all waste generated by our operations with a goal of achieving zero waste to landfill at all our sites. In 2023, total non-hazardous waste generated was 352 metric tons, 35% down from 2022 with an overall reduction in total waste of 5% and a significant increase in waste which was diverted from disposal. We continue to implement a rigorous programme of waste segregation, aiming to reduce waste at source and recycle wherever possible. All wood

and fibre waste is recycled and we have eliminated single-use plastics from our offices and offshore operations.

**Protecting biodiversity**

We aim to protect biodiversity wherever we operate and strive to minimise negative impacts of our operations at the planning, exploration, development and decommissioning phases. As well as minimising land impacts, we place a strong focus on ocean health. In 2023, our fourth environmental monitoring survey in Ghana to assess the impact of our offshore operations on the marine ecosystem, indicated that the ongoing offshore activities have not adversely altered the general features of the sediments and water column since our last survey in 2019.

In Ghana, we undertake marine mammal observation by trained observers to watch and record marine mammal sightings within the Jubilee and TEN fields as part of our overall protocol to avoid harm to marine mammals and turtles and we reduce disturbance to marine and coastal ecology from vessels and helicopters by specifying travel routes, speeds and flight heights.



## Equality and transparency

Our commitment to building trust through equality and transparency means living our values; conducting ourselves in an ethical and compliant manner; operating within a framework of robust corporate governance; and maintaining positive partnerships across our value chain. We continuously invest in supporting, educating and empowering our colleagues to advance these objectives in a positive and inclusive working culture.

As at 31 December 2023, we employed 399 people. Female representation across the Group was 26% (103), with male representation at 74% (296). Information about the Board and senior management gender profiles is set out on page 81.

## Refreshing our values and empowering our people

In 2023, in line with the refresh of our company brand, we updated our corporate values, engaging many colleagues throughout the business in the process. Our aims were to enable our people to align themselves with Tullow's strategy and goals and create a compelling values and behaviours framework that will empower all our colleagues to bring their best selves to work every day.

Our new corporate values are clear, simply expressed and resonate with our colleagues. They are inspirational while holding us to account for our actions in an inclusive and empowering culture. We shared these values widely across the organisation in an intensive period of communications, discussions, sessions with the SLT and many in-person and online events.

## Engaging and empowering our people

We aim to foster an organisation in which all colleagues are motivated to live our values and support our purpose, while realising value for themselves in terms of meaningful work, professional growth and competitive compensation and benefits. We survey our employees every two years (with frequent pulse surveys in the interim) to understand how our Employee Value Proposition is delivering value to our employees. The last survey was in 2022 in which 90% of employees participated, resulting in an average positive score of 70% across the sum of all survey questions. Our next survey will take place in 2024.

Beyond mandatory training on ethical conduct, compliance, health, safety and technical skills development, we invest in providing leadership and development training for employees to complement functional knowledge. We aim to provide at least 20 hours of professional development training per employee per year. In 2023, we launched an online learning hub to give employees access to self-training resources and support for personal and professional development. We also put in place a number of leadership development masterclasses including peer-to-peer coaching to talk about challenges and share insights. Our mentoring programme continued during the year with a third cohort of 20 employees being paired with 20 senior leaders to assist our colleagues with leadership and other skills and support them in navigating job challenges. We achieved over 7,000 hours of training within the year.



In 2023, 30% of new hires were women and 53% of new hires were African.

## Our values

### Aim high



With a growth mindset and adaptability to change, we seize every opportunity to learn and improve, working together to uncover greater impact for our business, stakeholders, and communities we work with.

### Own it



We take ownership and empower others through trust, clear expectations, and open communication. Balancing innovation with structure and diligence, we deliver results with focus and intention.

### Be true



We promote an inclusive and fair environment where all are supported, and every voice and contribution is recognised. We act responsibly with safety as a fundamental, non-negotiable aspect of our work, and we do what is right.

**Sustainability review** continued**Equality and transparency**  
continued**Advancing inclusion and diversity**

Inclusion and diversity are defining components of our culture and the way we work and we are proud of our culturally and geographically diverse team. We aim to drive equitable opportunities for all employees in different parts of our business, with particular focus on localisation of African nationals and the advancement of women in our organisation.

<b>Diversity at Tullow</b>	<b>2023</b>	2022	2021
All women	<b>26%</b>	26%	29%
Women in senior management	<b>21%</b>	14%	10%
All Africans	<b>55%</b>	54%	52%
Africans in senior management	<b>8%</b>	9%	10%
Local nationals <sup>1</sup>	<b>84%</b>	82%	83%

**Elevating women in finance**

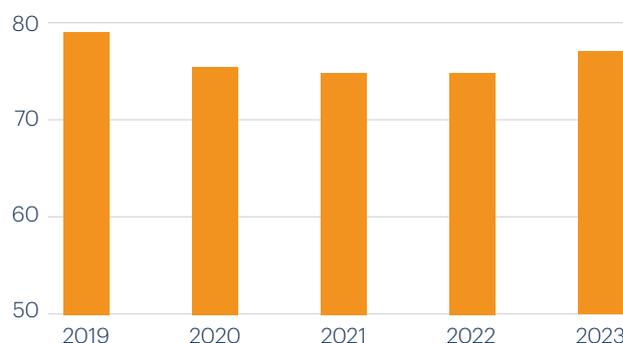
We are a signatory to the Women in Finance Charter, which demonstrates our ongoing commitment to improving the gender diversity of our workforce, particularly improving women's representation at senior levels within our finance function. In 2023, we maintained a level of 50% of female representation in our senior finance team, exceeding our goal of 45%.

**Accelerating localisation**

Our strategy of hiring local nationals and providing them with professional development as we continue to grow our business is one of the most important ways we can meet our commitment to the socio-economic development of our host nations. Our objective in Ghana is to achieve 90% overall workforce localisation, and we made further progress in 2023 with six expatriates replaced with local women and men new hires.



In 2023, there was a total of 22 Speaking Up cases.

**Localisation in Ghana<sup>2</sup>****Promoting ethics and compliance**

Our values, our Code of Ethical Conduct (CoEC) and Modern Slavery Act Transparency Statement govern the way we work and convey a clear message to our employees, supply chain partners and external stakeholders about our approach to ethical standards, anti-corruption, compliance and human rights. Our Modern Slavery Act Transparency Statement and our CoEC are available at [www.tulloil.com/about-us/corporate-governance](http://www.tulloil.com/about-us/corporate-governance).

In 2023, every Tullow permanent employee and every contractor completed our mandatory annual online CoEC training, which now requires self-certified confirmation of understanding and agreement.

This year, we reactivated our Ambassador Ethics & Compliance programme, which plays a vital role in promoting our culture of doing the right thing and upholding the law: 18 volunteers from across different functions and regions support our Ethics & Compliance team by serving as focal points and trusted advisers to their colleagues on all matters relating to our Ethics & Compliance programme. All ambassadors received initial training and the group meets monthly for sharing and discussion, including deep dive learning on a specific topic.

We urge our colleagues to speak up if they observe, or think they observe, behaviour which they believe is not in alignment with our CoEC, and we encourage them to report concerns without fear of reprisal, anonymously if they wish. We promoted our Speaking Up process proactively in several communications campaigns throughout the year to ensure everyone knows what to report and how, and feels safe in doing so if needed. In 2023, the number and nature of speaking up cases reported were similar to those in prior years. Following investigations of these reports no staff dismissals were required.

1. Local nationals means employees who work in a country which matches one of their nationalities, where the employee has declared dual nationalities. Data for 2022 and 2021 are re-stated.

2. Localisation refers to the extent to which jobs originally held by expatriates are filled by Ghanaian nationals.



## Advancing human rights

Building on our long history of respecting human rights and our commitment to the UN Guiding Principles as set out in our Human Rights Policy, in 2023, we completed a detailed human rights saliency assessment. We created a three-year roadmap that commits us to working to enhance our human rights due diligence and prioritises our efforts, based on eight identified salient human rights issues through implementation of a range of supporting action plans.

We continued to raise awareness of human rights issues including providing training for more than 70 employees and over 140 suppliers. We also worked with an external consultant, to assess and identify suppliers with potentially high exposure to human rights risks. We rolled out the supplier self-assessment process to 103 suppliers in Ghana and invited them to a training session on human rights, to ensure they understand our expectations and can seek support to implement appropriate processes in their own operations.

Our human rights roadmap priority actions scheduled for 2024, include:

- Updating our Human Rights Policy and continued integration of human rights in our corporate policies and standards.
- Strengthening supply chain supplier assurance on human rights.
- Reviewing grievance mechanisms and remediation processes.

## Disclosing our tax contributions

We are committed to openness and transparency in all our business dealings as we believe this builds credibility and trust. For several years, we have maintained and disclosed our payments to governments which we believe helps to promote honesty in our industry, mitigate corruption and encourage inclusive development. Tullow has been a corporate supporter of the Extractive Industries Transparency Initiative (EITI) since 2011, and we remain committed to providing our stakeholders with details of our annual taxation contributions. Our annual Payments to Government Report provides details of our mandatory and voluntary tax disclosures.

Summary of our contributions (\$ million)	2023	2022	2021
Total global payments to governments including payments in kind	492	468	234
Total payments to the Ghanaian Government including payments in kind	319	341	172
Socio-economic contribution including mandated and discretionary payments to all major stakeholder groups including governments, suppliers and communities	713	645	445

## Our salient human rights issues



In the past three years (2021–2023), Tullow has paid \$0.6 billion in taxation to the Ghanaian Government, and purchased goods and services from local suppliers in Ghana to the total value of \$0.6 billion.



## Task Force on Climate-related Financial Disclosures (TCFD)

We recognise the importance of climate change and we are committed to providing investors and other stakeholders with information about its potential impact on our business.

### TCFD compliance statement

In accordance with Listing Rule 9.8.6(8) our disclosures in relation to the TCFD recommendations are set out in this section. We confirm that the disclosures are consistent with the TCFD recommendations.

	Recommendation	Status	Page
<b>Governance</b>	a) Describe the Board's oversight of climate-related risks and opportunities.	Compliant	39 and 40
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Compliant	40
<b>Strategy</b>	a) Describe the climate-related risks and opportunities identified over the short, medium and long term.	Compliant	40 to 43
	b) Describe the impact of climate-related risks and opportunities on business, strategy and financial planning.	Compliant	43 and 44
	c) Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Compliant	45
<b>Risk management</b>	a) Describe the processes for identifying and assessing climate-related risks.	Compliant	46
	b) Describe the processes for managing climate-related risks.	Compliant	46
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.	Compliant	46
<b>Metrics and targets</b>	a) Disclose the metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process.	Compliant	47
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks.	Compliant	47
	c) Describe the targets used to manage climate-related risks and opportunities and performance against targets.	Compliant	47



## Governance

Our climate-related governance framework is set out below.

### Board oversight of climate-related risks and opportunities

The Board oversees the identification, assessment, and response to principal risks annually, including climate change, and monitors the effectiveness of our risk management process throughout the year. Our CEO, a Board member, is ultimately responsible for ensuring our strategy takes account of risks and opportunities relating to climate change and energy transition.

The Board receives regular updates on climate-related risks and opportunities from the Audit Committee and the

Safety and Sustainability Committee. As part of the Board's 2023 annual strategy review the Director of Strategy, Commercial and Business Development provided an update on climate-change trends and their potential impact on Tullow. The Board considered this update as part of the 2023 strategy.

The Board has delegated responsibility for overseeing the delivery of our Net Zero plan to the Safety and Sustainability Committee. The Safety and Sustainability Committee met five times during 2023 and at each meeting the Committee considered reports provided by the Director of People and Sustainability and the Managing Director of Tullow Ghana about our Net Zero plan and progress to date.

### Climate governance framework

#### Board

- Ensures climate change is incorporated into Group strategy and is identified as a principal risk.
- Receives reports from the Safety and Sustainability, Audit and Remuneration Committees at each Board meeting (see page 74).

#### Board Committees

##### Audit Committee

- Oversees climate-related financial disclosures.
- Ensures effectiveness of risk management processes and controls.

▶ See pages 82 to 86.

##### Safety and Sustainability Committee

- Assesses potential climate-related risks.
- Oversees the Group's Net Zero plan.

▶ See pages 87 and 88.

##### Remuneration Committee

- Sets the Group scorecard including targets to deliver the Group's Net Zero plan.

▶ See pages 89 to 113.

#### Senior Leadership Team

- Implements the Group strategy, including the identification, assessment, management and disclosure of climate-related risks.
- Oversight and monitoring of climate-related risks and opportunities and their incorporation into the Group's risk registers delegated to specific SLT members as detailed below.

##### CFO

- Ensures implementation consistent with the TCFD recommendations including disclosure of the impact of climate-related risks in the financial statements.
- Oversees resilience testing (see pages 57 and 58).

##### Director of People and Sustainability

- Oversees delivery of sustainability strategy.
- Ensures effective implementation of actions to mitigate climate-related risks.
- Leads discussions with investors and other stakeholders in relation to Net Zero strategy and management of climate-related risks.

##### Director of Strategy, Commercial and Business Development

- Ensures climate-related risks and opportunities are embedded in the Group's strategy.
- Assess GHG emissions arising from new investments and incorporates shadow carbon pricing in economic business case analysis.

##### Ghana Managing Director

- Oversees delivery of GHG emissions projects in Ghana.
- Embeds climate reporting into monthly operational reporting.

##### General Counsel

- Ensures climate-related risks are integrated into principal risks.
- Oversees Group risk registers to ensure business units incorporate material climate change risks.
- Ensures effective controls are in place to manage climate-related risks.

#### Group Sustainability function and the Net Zero Task Force

- Support SLT in assessing and managing climate-related risks.



## Task Force on Climate-related Financial Disclosures (TCFD) continued

### Governance continued

#### Board oversight of climate-related risks and opportunities continued

Our Board members bring a diversity of skills and experience to guide the business in climate change matters (see pages 70 and 71). They are responsible for ensuring they remain sufficiently informed of the climate-related risks that could impact our business and the broader energy sector and seek regular external perspectives on climate change and the energy transition. As part of the 2023 annual strategy review the Board participated in a workshop led by an energy expert from the Oxford Energy Institute.

The Board has embedded climate-related metrics in our remuneration arrangements (see pages 91 and 95). On an annual basis it reviews our Climate Policy, which sets out how we identify climate change-related risks and opportunities and how these are integrated into the business as we respond to the energy transition. A copy of our Climate Policy is available at [www.tullowoil/sustainability](http://www.tullowoil/sustainability).

#### Management's role in assessing and managing climate-related risks and opportunities

The SLT is responsible for implementing our strategy, including the identification, assessment, management and disclosure of climate-related risks. Members of the SLT are responsible and accountable for overseeing and monitoring climate-related matters that fall under their remit (see climate governance framework above), and for embedding climate risks, opportunities, and scenario assumptions into our risk management process. Each member of the SLT reports to our CEO. The SLT provide updates on our approach to managing climate change to the Safety and Sustainability Committee at least three times a year.

The Group Sustainability function and the Net Zero Working Group (a multi-functional team) support management in assessing and managing climate-related risks. The Net Zero Working Group meets quarterly to review the delivery of our Net Zero by 2030 strategy, understand further decarbonisation opportunities, share best practice from the wider industry and monitor the external environment for climate change-related topics that could impact our business.

### Strategy

#### Climate-related risks and opportunities identified over the short, medium and long term

Our purpose is to build a better future through responsible oil and gas development and our corporate and sustainability strategies (see pages 16 to 19 and 26 to 37) support its fulfilment. In relation to climate matters, our Net Zero by 2030 strategy provides an opportunity to support host country governments to meet their nationally determined contributions by reducing GHG emissions, whilst also managing the wider transition risks as detailed below. More detail on our Net Zero strategy is included on page 33.

The UK's Transition Plan Taskforce launched its Oil & Gas Sector Guidance in November 2023 with the objective of driving transparency and accountability for companies and financial institutions' net zero commitments. We will continue to assess transition plan guidance and the related IFRS S2 Climate disclosures in relation to our purpose and strategy and remain committed to transparently disclosing our climate-related risks and opportunities.

Our climate-related risks and opportunities are detailed in the table on pages 41 to 43. The process we implement to identify them is described on page 46.



<b>*Timeframe</b>		<b>**Likelihood key</b>	
<b>Short:</b>	0–5 years.	<b>Remote:</b>	Rare combination of factors required for incident to occur (<1% chance).
<b>Medium:</b>	5–10 years.	<b>Unlikely:</b>	Rare combination of factors required for incident to occur (<5% chance).
<b>Long:</b>	10+ years.	<b>Possible:</b>	Could occur if a number of additional factors are present (5–25%).
		<b>Likely:</b>	Could occur with one normally occurring additional factor (25–75%).
		<b>Extreme:</b>	Almost inevitable (+75%).

## Transition risks and opportunities

Category	Description	Timeframe* & Likelihood**	Potential impact	Mitigations
<b>Current and emerging regulation</b>	<ul style="list-style-type: none"> <li>Limitations on our ability to implement our strategy as a result of new climate change regulation, including international measures to limit use of fossil fuels or curtail GHG emissions.</li> </ul>	<b>Timeframe:</b> Short–Medium <b>Likelihood:</b> Possible	<ul style="list-style-type: none"> <li>Decreased profitability due to implementation of carbon pricing mechanisms (unlikely a mechanism will be implemented in Tullow core geographies before Scope 2 emissions have peaked (by 2025)).</li> <li>Regulatory constraints limiting hydrocarbon commerce.</li> <li>Increased costs from complying with new regulations such as carbon pricing or enforced stranding of assets.</li> <li>Opportunity to decarbonise business faster with stronger business case.</li> </ul>	<ul style="list-style-type: none"> <li>Use shadow carbon price \$25/tCO<sub>2</sub>e emissions for all new investment decisions where a compliance carbon pricing mechanism is not available.</li> <li>Continue to work towards realisation of our Net Zero by 2030 commitment.</li> <li>Engage with host countries' relevant bodies to understand and align with their long-term strategies.</li> <li>Track developments on carbon and greenhouse gas pricing mechanisms and understand offset opportunities within host countries.</li> <li>Undertake accurate, independently assured emissions accounting.</li> <li>Engage with industry associations to keep track of developments.</li> <li>Ensuring compliance with disclosure regulations and standards.</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Perception of increased risks relating to the oil and gas sector, or our strategy.</li> </ul>	<b>Timeframe:</b> Short–Medium <b>Likelihood:</b> Possible	<ul style="list-style-type: none"> <li>Increased cost of capital or insurance.</li> <li>Reduced, or more conditional, access to capital or insurance.</li> <li>Shareholder activism.</li> <li>Longer-term opportunity to diversify capital sources following successful decarbonisation strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Target more diversified sources of financing.</li> <li>Reducing total debt to reduce financing costs and need for capital.</li> <li>Continue to implement our Net Zero by 2030 strategy.</li> <li>Set, and provide investors with regular progress updates in relation to, our decarbonisation plan.</li> <li>Reduce cost base to be competitive in lower oil price environment.</li> <li>Continue to explore measures to reduce the carbon intensity of our portfolio to support diversification of financing.</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>Competitors decarbonise their businesses and transition to renewable energy sources quicker through effective use of technology.</li> <li>Acceleration of transport electrification, displacement of fossil fuels in power generation, enhanced energy efficiency and behaviour change may speed up the decline of hydrocarbon demand.</li> </ul>	<b>Timeframe:</b> Medium–Long <b>Likelihood:</b> Likely	<ul style="list-style-type: none"> <li>Accelerated oil demand peak and a subsequent reduction in demand.</li> <li>Challenges to our business strategy and alignment with broader energy transition goals including shareholder activism, reduced or more costly access to capital and reputational damage.</li> <li>Reduction in supply chain Scope 3 emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Benchmark against peer group carbon intensity.</li> <li>Monitor technology advances aimed at improving energy efficiency and lowering carbon intensity.</li> <li>Continue to explore measures to reduce the carbon intensity of our portfolio.</li> <li>Continue to utilise scenario analysis and monitor global energy outlook to inform business strategy.</li> </ul>



## Task Force on Climate-related Financial Disclosures (TCFD) continued

### Strategy continued

#### Transition risks and opportunities continued

Category	Description	Timeframe* & Likelihood**	Potential impact	Mitigations
<b>Reputation</b>	<ul style="list-style-type: none"> <li>Reputational damage due to the failure to mitigate the carbon intensity of our business or implement a credible emissions reduction strategy.</li> </ul>	<p><b>Timeframe:</b> Short-Medium</p> <p><b>Likelihood:</b> Possible</p>	<ul style="list-style-type: none"> <li>Negative impact on share price.</li> <li>Shareholder activism.</li> <li>Challenges in attracting and retaining talent.</li> <li>Reduced, or more conditional access to capital.</li> <li>Reduced or more conditional access to new licences.</li> <li>Loss of revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Communicate regularly with all stakeholders and provide financial impact information.</li> <li>Continue to implement our Net Zero by 2030 strategy.</li> <li>Engage with host governments to ensure understanding and alignment with our Net Zero 2030 strategy.</li> <li>Ensure climate-related risks and opportunities are factored into all new investment decisions.</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>Litigation, including class actions from communities and other stakeholders, relating to climate-related matters including misrepresentation of carbon neutral products, failure to meet Net Zero goals and the impact of operations on climate change.</li> </ul>	<p><b>Timeframe:</b> Short-Long</p> <p><b>Likelihood:</b> Possible</p>	<ul style="list-style-type: none"> <li>Increased legal costs.</li> <li>Reputational damage.</li> <li>Potential restriction of producing assets and/or exploration activity.</li> <li>Criminal prosecution, severe fines or penalties.</li> <li>Requirement to set more ambitious decarbonisation targets.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent disclosure of climate risks to investors and other stakeholders.</li> <li>Undertake accurate, independently assured carbon accounting.</li> <li>Clear communication of Tullow's strategy and the role of carbon offsets to meet our Net Zero target.</li> <li>Continue to work to implement our Net Zero by 2030 strategy.</li> <li>Engage with host governments and wide network of stakeholders to ensure understanding and alignment with our Net Zero 2030 strategy.</li> <li>Provide employees with regular sustainability updates which continue to emphasise the critical importance of delivering our Net Zero by 2030 strategy.</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>Ongoing oil market uncertainty, particularly given the likely structural shift in oil use in the decades after 2030.</li> </ul>	<p><b>Timeframe:</b> Medium-Long</p> <p><b>Likelihood:</b> Likely</p>	<ul style="list-style-type: none"> <li>Changes in product supply and demand.</li> <li>The repricing of carbon-intensive assets and more rapid asset impairment.</li> <li>Potential stranded assets due to impairment arising from lower oil price.</li> <li>Reduced cash flow from lower oil price.</li> <li>Increased costs due to pricing effects on supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Stress test our portfolio to ensure its core assets are resilient at lower oil price levels.</li> <li>Reduce cost base to be competitive in lower oil price environment.</li> <li>Continue to implement our Net Zero by 2030 strategy.</li> <li>Engage with host governments to ensure understanding and alignment with our Net Zero by 2030 strategy.</li> <li>Maintain watching brief on market conditions to assess potential pricing effects across the business.</li> </ul>



## Physical climate risks

We assess acute physical climate impacts on our existing assets and incorporate meteorological and climate conditions into operational design considerations.

We will continue to increase our understanding of primary and secondary physical risks across our core operations and secondary risks within our supply chain.

Category	Description	Timeframe* & Likelihood**	Potential impact	Mitigations
<b>Acute</b>	<ul style="list-style-type: none"> <li>Physical risks include heat waves, drought, flash flooding, coastal flooding and increased storm frequency.<sup>1</sup></li> </ul>	<b>Timeframe:</b> Short–Long <b>Likelihood:</b> Likely	<ul style="list-style-type: none"> <li>Rising temperatures and frequent heatwaves have the potential to increase costs and impact worker health and safety.</li> <li>Threat to infrastructure from more extreme weather events and flooding lead to increased insurance costs.</li> <li>Conflict in water-stressed or climate-impacted regions impacts operations, social licence to operate, political stability, and potential loss of production.</li> <li>Business continuity risk due to increased storms at ports making access to offshore vessels more challenging.</li> <li>Inability to access onshore equipment and consumables that support our offshore operations impacting production and resulting in increased underwriting costs.</li> </ul>	<ul style="list-style-type: none"> <li>Proven, tested and effective business continuity and crisis management plans and preparedness.</li> <li>Insure core assets.</li> <li>Review and update vulnerability of core operated and non-operated production assets to acute and chronic physical risk.</li> <li>Identify and assess impact of physical risks on finances, operations risk and wider business.</li> </ul>
<b>Chronic</b>	<ul style="list-style-type: none"> <li>Rising sea levels, warming ocean temperatures and increased ground surface temperatures.</li> </ul>	<b>Timeframe:</b> Long <b>Likelihood:</b> Likely	<ul style="list-style-type: none"> <li>Increased sea temperatures impact water use in operations and sustained heat impacts may impact worker health and safety.</li> <li>Conflict in water-stressed or climate-impacted regions impacts operations, social licence to operate, political stability, and potential loss of production.</li> </ul>	<ul style="list-style-type: none"> <li>Review and update vulnerability of core operated and non-operated production assets to acute and chronic physical risk.</li> <li>Identify and assess impact of physical risks on finances, operations and wider business.</li> </ul>

1. Based on research we commissioned Verisk Maplecroft to undertake on the following production assets: Ghana (offshore production, onshore logistics and office sites), Guyana (offshore licence area, onshore office site), and Kenya (onshore field development area and office site, Lamu Port). As part of the research, considered future climate scenarios to 2050 based on the Representative Concentration Pathways developed by the Intergovernmental Panel on Climate Change (IPCC).

## Impact of climate-related risks on our business, strategy and financial planning

We assess the impact of climate-related risks and opportunities on our business by analysing a range of metrics including the impact on profitability, access to new markets, and cost and access to capital.

We also analyse the impact of oil prices as oil price fluctuation has the most impact on our business. This approach aligns with the metrics we use to measure our performance and the information we provide to our investors.

Using the International Energy Agency (IEA) energy scenarios below, we assess the impact on operational cash flow (OCF) generated from our existing production portfolio over 1, 5, and 10 years, which is consistent with our viability assessment (see below).

**Task Force on Climate-related Financial Disclosures (TCFD)** continued**Strategy** continued**Impact of climate-related risks on our business, strategy and financial planning** continued**IEA scenarios used to test impact on OCF**

Scenario	Key assumptions
<b>Net zero by 2050 (NZE)</b>	<ul style="list-style-type: none"> <li>Oil and gas demand 50% of 2020 level.</li> <li>No new oil and gas fields approved for development, with producers focusing on output from existing assets.</li> </ul>
<b>Announced pledges (APS)</b>	<ul style="list-style-type: none"> <li>Countries' net zero commitments lead to peak oil demand in 2024.</li> <li>New oil and gas projects needed with shorter lead times and payback periods.</li> </ul>
<b>Stated policies (STEPS)</b>	<ul style="list-style-type: none"> <li>Global oil demand peaks in 2035.</li> <li>New oil and gas projects needed with shorter lead times and payback periods.</li> </ul>

The impact to OCF per annum is calculated as a percentage for each period and reported against three broad bands of income (see below). We do not consider future developments or exploration opportunities as it is difficult to be specific about the impact of the scenarios due to the high degree of uncertainty associated with future growth.

OCF Impact	1 year	5 years	10 years
Stated policies	● -8%	● 7%	● 15%
Announced pledges	● -19%	● -11%	● -11%
NZE	● -37%	● -32%	● -37%

● Positive ● Loss of up to 10% ● Loss over 10%

The oil price planning assumptions we apply, as part of our annual business planning process, are generally higher than the IEA scenarios, with the exception of the STEPS scenario from 2024 onward. Our assumptions are informed by a range of external forecasts and our in-house expertise, which we use to determine an appropriate planning assumption. Given the STEPS scenario is a conservative benchmark for future oil prices, reflecting global policies and implementing measures adopted as of the end September 2022, we consider our current planning assumptions to be a fair consideration of oil market conditions over the medium term. Based on the oil price trajectories in the APS and NZE scenarios, the IEA predicts a more challenging oil price environment should the assumptions within these scenarios happen.

To complement our assessment of oil price impacts on OCF, we incorporate the IEA NZE emerging markets shadow carbon price scenarios into decisions about new investments and our annual business planning cycle.

As calls for compliance-based carbon pricing mechanisms increase we continue to monitor carbon pricing mechanisms, including emissions trading schemes, carbon taxes and carbon border adjusted mechanisms to understand the potential impact on Tullow.

For the first time this year we have also considered the impacts of an increased cost of capital on our business, by running scenarios on the weighted average cost of capital. This reflects our ongoing assessment of how we can access diversified forms of capital, that might be more expensive, to support delivery of our strategy.

In the coming year we will undertake further assessments to understand the amount and extent of our assets that are vulnerable to climate-related physical risks. We expect this work to be completed by the end of the calendar year 2024.

The climate-related risks and opportunities that could have a potential impact on our business are detailed in the tables on pages 41 to 43. The potential financial impacts are set out on the next page. Further information is included in note 25 to the financial statements.



	Risk	Timeframe	Financial Impact	Methodology
<b>Substantive transition risks</b>	<b>Market</b> – the NZE Scenario would trigger reductions in cash flows resulting in a write-off to net book value of intangible exploration and evaluation assets.	Medium (5 years+)	\$229 million	Write-offs under the NZE Scenario are determined by an assessment of the impact on net book value due to the difference between Tullow's internal and IEA's projected oil price.
	<b>Market</b> – the NZE Scenario would trigger reductions in cash flows resulting in an additional impairment to property, plant and equipment.	Medium (5 years+)	\$174 million	Impairment of physical assets under the NZE Scenario is determined by calculating the impact of reduced oil price on revenues generated by operated production assets in Ghana.
	<b>Market</b> – the NZE Scenario could expedite the energy transition resulting in decommissioning taking place earlier than anticipated.	Long (10 years+)	Cessation of production assumptions would accelerate Ghana by 0–1 years; Gabon 0–9 years; Esplor 4 years. The risk on the timing of decommissioning activities is limited, supported by production plans to fully produce fields in the foreseeable future.	Decommissioning timelines could be brought forward under the NZE Scenario as a result of decreased cash flows from reduced oil price. Quantification of this impact is via an assessment of the economic cut-off point for each asset when using the lower NZE scenario projected oil prices.
<b>Substantive physical risk</b>	Onshore facilities which support Ghana production operations may be impacted by acute physical risks including an increased risk of flooding or fire associated with more intense weather events.	Acute climate-related physical risks	In a worst case flood/fire event the business could experience an increase in premium or lost production primarily arising from supply chain risks (increased length of time to fabricate spares/critical equipment).  Insurable loss of \$223 million: items are split between circa 11 onshore warehouse or storage facilities, so the accumulation per site is much smaller (largest site circa \$60 million).	The value of consumables in our onshore Ghana Supply Hubs which may be affected by an increasing frequency of flood events or other natural catastrophes, e.g. fire. Storage locations and values are regularly checked to ensure appropriate insurance cover is in place. The impact to our business would be realised via an increase in premium and/or lost production with a corresponding impact to OCF, primarily as a result of length of time to source and replace critical spares and equipment. While these risks are considered to be unlikely, an inventory of critical spares and equipment required to maintain production is under way for 2023 to further mitigate this risk.

## Resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Based on our assessment of the likely impact of climate-related risks and opportunities on our business, together with the actions we are taking to mitigate risk, our strategy is resilient and positions us well to fulfil our purpose.

As highlighted in the tables on pages 41 to 43, our climate change risks are likely to materialise over the medium to long term. Based on our analysis, transition risks from oil demand and price decline, carbon price exposure and access to and cost of capital are likely to be the most material. Our strategy takes these factors into account and focuses on infrastructure-led opportunities with short payback periods that align with host government policies.

Furthermore, to ensure our business remains resilient in a low oil price environment and generates the expected OCF, we focus on operational excellence and run our business within a strict cost framework, allocating capital in a disciplined way. Whilst we recognise that the IEA NZE and Announced Pledges scenarios oil price assumptions would have a negative impact on our OCF, the medium- to long-term assumptions for the STEPS scenario would have a positive impact on our OCF.

The Glencore facility agreement, that we secured in November 2023, demonstrates our ability to access long-term capital from a variety of sources and is a strong endorsement of our strategy and business plan.

**Task Force on Climate-related Financial Disclosures (TCFD)** continued**Risk management****Describe the processes for identifying and assessing climate-related risks**

The climate-related risks that could impact our business were initially identified during a workshop that was held in 2021. Participants in the workshop, which was led by the sustainability team, included members from oil marketing, production, risk, legal and exploration teams. Our insurance team, part of Group Risk, also assess the climate impacts to inventory held in onshore warehouses (see more detail on page 45) and our corporate finance team assess the climate change associated risks of access to and cost of capital when seeking new forms of capital (see page 41).

This year, through engagement with key internal and external stakeholders, we commenced a double materiality assessment to ensure that our sustainability strategy continues to address stakeholder issues and changes in our business and its operating environment (see page 27). As part of this process, our transition and physical climate-related risks, and their financial impact, were assessed and the risks detailed on pages 41 to 43 above were reconfirmed. These risks were subsequently considered by the SLT and the Board as part of the annual strategy review process. Further information about the double materiality process can be found in our Sustainability Report which is available at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability).

Our process for identifying and assessing climate-related risks considers information provided by industry bodies including the IEA and International Petroleum Industry Environmental Conservation Association, the World Bank and other industry and professional bodies. We also attend workshops provided by external advisers and during the year our legal function participated in two workshops on climate-related legal risks, led by Freshfields. We also consider the ongoing work of the Financial Stability Board, Network for Greening the Financial System and key stakeholders of our host countries to inform our assessment and understanding of risk in core regions of operation and for various aspects of our business.

**Describe the processes for managing climate-related risks****Describe how processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management**

'Climate change' is one of our principal risks (see page 54) the management of which forms part of our overall risk management process which is described on pages 48 to 51. This principal risk covers some aspects of the climate-related risks described on pages 41 to 43 above including:

- Net Zero by 2030.
- Eliminating routine flaring by 2025.

Other climate-related risks, including regulatory, legal and physical are managed by functional teams including legal, treasury and sustainability and included within risk registers. In relation to our investment decision process, we do take account of GHG emissions and shadow carbon pricing, and we are beginning to embed the assessment of carbon intensity across our portfolio.

As we continue to evolve our risk management processes through 2024, we will look to embed the identification, assessment, and management of the above climate-related risks in our risk management framework.



## Metrics and targets

### Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process

The metrics we used to assess and monitor our climate-related risks and opportunities are outlined below.

<b>Transition risks</b>	<b>Emissions</b>	<ul style="list-style-type: none"> <li>Operated Scope 1 and 2 emissions</li> <li>Net equity Scope 1 and 2 emissions</li> <li>Scope 3 emissions</li> <li>Net equity carbon intensity of production</li> </ul>
	<b>Decarbonisation spend</b>	<ul style="list-style-type: none"> <li>Capex on decarbonisation projects</li> <li>Carbon offset spend</li> </ul>
	<b>Carbon pricing</b>	<ul style="list-style-type: none"> <li>Proportion of GHG emissions subject to carbon pricing mechanisms</li> <li>Internal carbon price used for new investments/acquisitions</li> </ul>
<b>Physical risks</b>		<ul style="list-style-type: none"> <li>Production assets in areas of water stress</li> <li>Maximum anticipated single site insurable loss to onshore facilities due to physical risk (flood, fire)</li> </ul>

Metrics to track the delivery of elimination of routine flaring and the Ghana carbon offset project are determined by the Board annually and are embedded in the sustainability metric within our corporate scorecard (see pages 20 and 21). In 2023, the sustainability metric contributed 5% of the total scorecard. Performance against all scorecard metrics is tracked throughout the year, and the Board receives regular progress updates.

### Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and related risks

We currently disclose our operated and net equity Scope 1 and 2 emissions and eight of the fifteen Scope 3 emissions categories set out in the Greenhouse Gas Protocol Corporate Standard (see page 34).

### Targets used to manage climate-related risks and opportunities and performance against targets

We are committed to achieving Net Zero by 2030 on our Scope 1 and 2 net equity emissions, with an interim target to reduce emissions by 40% by 2025, as part of our commitment to eliminate routine flaring by this date (see page 33).



# Risk management and principal risks

Effectively managing our risks and opportunities is critical in ensuring we achieve our strategic objectives and protect shareholder value.

## Risk oversight and governance

A risk-focused culture and consistent risk management framework is embedded across Tullow at all levels and is driven by the Board. The Board is responsible for ensuring we maintain an effective risk management and internal control system and it works closely with the SLT to ensure this is in place. The Board also oversees the processes we operate to identify, assess and mitigate the risks that could affect our business, including those risks that could threaten our strategy, operating model, performance, solvency and liquidity.

The Audit Committee is responsible for overseeing the process to identify principal and emerging risks and ensuring that they are managed effectively. The Audit Committee is also responsible for overseeing our internal audit programme and, with the support of the SLT, undertakes an annual review of the effectiveness of the internal controls we implement. The latest review was undertaken in February 2024 and reported to the Audit Committee and the Board on 28 and 29 February, respectively (see pages 85 and 86).

The SLT is collectively responsible and accountable for the risk management processes that operate across Tullow, with individual members taking ownership for risks that fall in their business area.

## Risk management framework

Our risk management framework takes a 'top-down, bottom-up' approach and is embedded throughout Tullow. This structure ensures ownership and responsibility for identification, assessment and management of key risks and opportunities at all levels of the Company. Our risk governance framework is set out below.





## Risk appetite

The Board sets Tullow's risk appetite. In doing so it recognises that risk cannot be fully eliminated and that certain risks must be accepted if we are to deliver our strategy. On an annual basis the Board reviews our risk appetite to ensure that it reflects the current external and market conditions. The last review was undertaken in February 2024.

The level of risk we are prepared to tolerate in relation to each of our risk categories and principal risks is detailed in the table below.

Risk category and strategy	Risk appetite
<b>Strategy</b>	
<p>To deliver our strategy and value to stakeholders we endeavour to be nimble, opportunistic and adaptable to changing market conditions.</p> <p><b>Principal risks</b></p> <ul style="list-style-type: none"> <li>1 <b>Business plan not delivered</b></li> <li>3 <b>Value not unlocked</b></li> </ul>	<p><b>ACCEPT</b> investing in developing economies without established oil and gas industry; but do <b>NOT ACCEPT</b> investing in No-go areas as determined by the Board.</p> <p><b>ACCEPT</b> current asset concentration and balance between short and long-term investments; but <b>REFRAIN FROM</b> excessive further concentration in significant E&amp;A or development assets.</p>
<b>Financial</b>	
<p>We adopt a prudent approach to financial planning including diversifying our funding sources and their maturities, applying disciplined capital allocation, hedging our oil revenues and maintaining debt levels at a manageable level.</p> <p><b>Principal risks</b></p> <ul style="list-style-type: none"> <li>4 <b>Geopolitical risk</b></li> <li>7 <b>Insufficient liquidity and funding capacity to sustain the business</b></li> </ul>	<p><b>ACCEPT</b> temporary erosion of financial strength due to adverse market conditions provided a recovery plan in place.</p> <p><b>PREVENT</b> significant impact of oil price volatility on revenue.</p> <p><b>PREVENT</b> significant unexpected costs, write-offs or loss of significant revenue sources.</p>
<b>Organisation</b>	
<p>To ensure optimal business performance we promote a flexible, performance-driven and risk-conscious culture aimed at delivering our business objectives. We also maintain a sustainable and diverse workforce with strong leadership and robust succession planning.</p> <p><b>Principal risks</b></p> <ul style="list-style-type: none"> <li>8 <b>Capability cannot be attracted, developed or retained</b></li> </ul>	<p><b>PREVENT</b> misalignment of strategy with culture and leadership.</p>
<b>Health and safety and security</b>	
<p>At all times we must operate in a manner to reduce risk to as low a level as is reasonably practicable.</p> <p><b>Principal risks</b></p> <ul style="list-style-type: none"> <li>2 <b>Asset integrity breach</b></li> <li>6 <b>Major accident event</b></li> </ul>	<p><b>PREVENT</b> major environmental, health and safety issues and security incidents.</p>
<b>Stakeholders</b>	
<p>We must nurture relationships with host governments and all stakeholders based on integrity, mutual trust, and transparency, and conduct our business dealings with a goal of Shared Prosperity.</p> <p><b>Principal risks</b></p> <ul style="list-style-type: none"> <li>4 <b>Geopolitical risk</b></li> <li>5 <b>Climate change</b></li> </ul>	<p><b>ACCEPT</b> degree of investor volatility but <b>PREVENT</b> deterioration in relationships as a result of miscommunication, error or abuse.</p> <p><b>PREVENT</b> escalation of stakeholder disputes, but <b>ACCEPT</b> the need to protect the Company's rights and interests in relation to fundamental issues e.g. sanctity of contracts, stabilisation clauses, and issues jeopardising commerciality of assets.</p>
<b>Cyber</b>	
<p>We plan, design, and operate information security systems to eliminate risk where practical and otherwise to as low a level as reasonably possible.</p> <p><b>Principal risk</b></p> <ul style="list-style-type: none"> <li>10 <b>Major cyber-disruption</b></li> </ul>	<p><b>PREVENT</b> serious impacts from probable cyber attacks.</p>
<b>Conduct</b>	
<p>We promote an ethical culture. It is the right thing to do and is essential if we are to maintain our reputation as a trusted partner.</p> <p><b>Principal risk</b></p> <ul style="list-style-type: none"> <li>9 <b>Compliance or regulatory breach</b></li> </ul>	<p><b>PREVENT</b> serious breaches of code of conduct, major laws or regulations.</p>



## Risk management continued

### Risk identification and assessment

Management within each business unit are responsible for identifying the key risks in their area and for establishing appropriate and effective management processes to control and mitigate the impact of such risks. All identified business unit key risks are consolidated into the business unit risk registers, which business unit management review and assess on at least a quarterly basis taking into account likelihood of occurrence and potential impact in relation to the Company's risk categories (see above).

The leaders of each business unit review and re-assess the business unit risk registers covering their functional areas to evaluate the strength of existing controls and determine whether mitigation actions need to be revised to ensure that risk levels continue to align with the Company's risk appetite as set by the Board.

Using the business unit risk registers, the SLT identify the principal risks which can be either a single risk or a set of aggregated risks which, taken together, could have a significant impact on our strategy, performance or solvency. Members of the SLT are assigned ownership of and are accountable for stewardship of each of the principal risks. The SLT reviews and discusses the principal risks bi-annually to determine whether mitigations are being effectively executed within the agreed timeframe and whether changes should be made to the principal risks, including whether any risks should be elevated into the principal risk category.

The principal risks, together with the controls and actions to mitigate their impact, are discussed by the Board bi-annually to provide 'top-down' challenge and support. The result of this review is communicated back to the SLT and the business unit leaders to facilitate risk awareness and effective decision making throughout the organisation.

### Our principal risks

Our current principal risks are set out on pages 52 to 56.

During the year, the Company's risk profile has been closely monitored. The external economic and political landscape including the war in Ukraine, inflationary pressures and oil price volatility have not resulted in any new risks or material changes to existing risks.

Our assessment of the likelihood of our principal risks occurring and the potential impact after taking into account the risk management processes and mitigation actions we implement is summarised below.



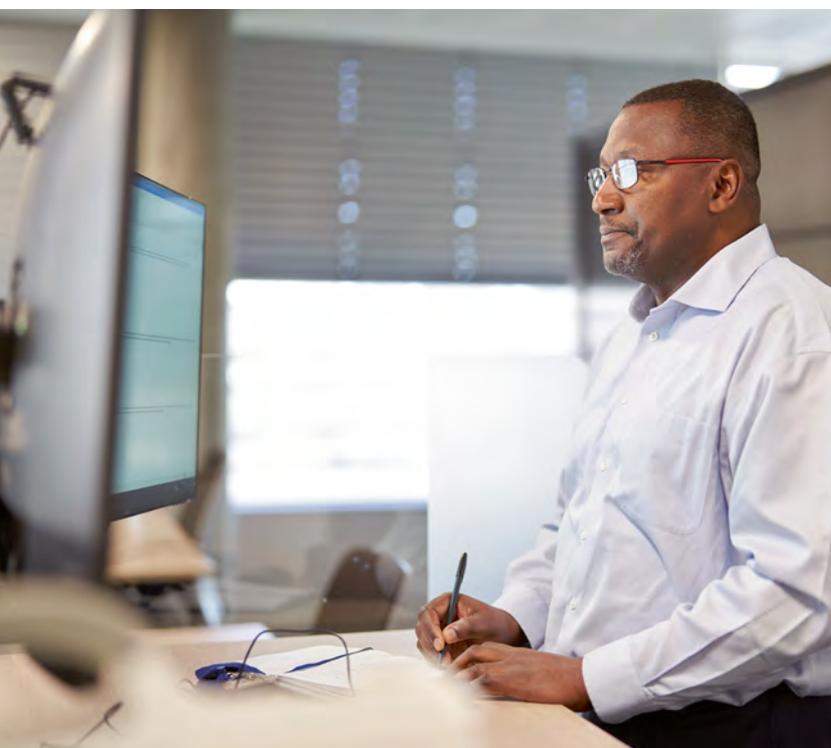


## Emerging risks

Emerging risks are discussed by the Board and the SLT periodically throughout the year and formally considered every six months as an integral component of the principal risk update.

## Evolution of risk management processes during the year

Development of our risk management framework is an ongoing process and during the year we have continued to strengthen our processes and controls.



## Building a more integrated risk management system

During 2023 we have been working to develop and implement a new enterprise risk management system to replace our spreadsheet-based methodology. The new system will embed integrated and consistent business risk management across all our operations. In particular, it will allow us to match strategic and corporate objectives to risks, effectively manage risk across different business functions by applying consistent controls to similar risks and enhance internal reporting.



# Our principal risks

## Strategy key



Operational excellence



Capital efficiency



Business growth

## Residual risk profile change



No change



Increasing risk



Decreasing risk

Risk, category, link to strategy and owner	Residual risk profile change during the year	Mitigation
<b>1 Business plan not delivered</b>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>A decline, or problems with the performance, of wells or facilities could result in not meeting planned production levels.</li> <li>A failure to grow the business via targeted investment in existing fields and/or investment in new fields.</li> <li>Inability to get partner approval for Tullow activity proposals (operated portfolio).</li> <li>Production equipment failure.</li> <li>Unsuccessful appraisal and exploration activity.</li> <li>Inability to influence operator schedule (non-operated portfolio).</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>Reduction in production, revenue and cash flow.</li> <li>Longer-term production targets not met.</li> <li>Impairment of asset values.</li> <li>Damage to stakeholder reputation.</li> </ul>	↔	<ul style="list-style-type: none"> <li>Cross-discipline integrated performance management and planning including clear KPIs and forums.</li> <li>Maintenance and integrity management plans covering all equipment classes, Management and oversight of JV Partners to ensure plans are implemented effectively.</li> <li>Jubilee Expansion project, Jubilee North East (TEN Enhancement Projects delayed or on hold).</li> <li>Continue to invest in non-operated portfolio and M&amp;A to add production assets.</li> <li>TRACS annual reserves audit.</li> <li>Management of operations &amp; maintenance and control of contractors.</li> </ul>
<p><b>Category: Strategy</b>  </p>		
<p><b>Owner:</b> Wissam Al-Monthiry, Ghana Managing Director Jean-Medard Madama, Director of Non-Operated and Exploration</p>		
<b>2 Asset integrity breach</b>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>Aged infrastructure and under investment in upkeep may result in equipment failure.</li> <li>Failure to adhere to procedural requirements resulting in equipment operation outside safety limits.</li> <li>Leakage from wells planned to be decommissioned (non-operated portfolio).</li> <li>Lack of critical equipment or spares.</li> <li>Lack of operator integrity in non-operated portfolio.</li> <li>Project-based execution or delivery failure.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>Reduction in production, revenue and cash flow.</li> <li>Extensive damage to facilities.</li> <li>Damaged relations with JV partners and host governments.</li> <li>Damaged reputation as a credible asset operator.</li> </ul>	↔	<ul style="list-style-type: none"> <li>Asset and well integrity maintenance programmes are in place.</li> <li>Oversee contractor activities.</li> <li>Undertake root cause failure analysis for every incident and capture near miss lessons learned.</li> <li>Well-developed emergency response plan and incident management framework and associated training programmes operated.</li> <li>Audit non-operated joint venture partner operators.</li> <li>Seek expert external advice when appropriate (e.g. leaking wells).</li> </ul>
<p><b>Category: Health &amp; safety and security</b> </p>		
<p><b>Owner:</b> Wissam Al-Monthiry, Ghana Managing Director Jean-Medard Madama, Director of Non-Operated and Exploration</p>		



Risk, category, link to strategy and owner	Residual risk profile change during the year	Mitigation
<h3>3 Value not unlocked</h3>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>• Non-delivery of Ghana gas price and payment guarantees.</li> <li>• Not progressing Kenya project.</li> <li>• Inability to deliver acquisitions.</li> <li>• Unable to mitigate Espoir cash flow profile via sale of asset.</li> <li>• Failure to deliver exploration farm-downs to reduce capex exposure.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• Loss of gas revenue precipitates early COP and decommissioning costs.</li> <li>• Loss of value upside from Kenya of c.\$300 million.</li> <li>• Failure to mitigate Ghana concentration risk and resulting share price impact.</li> <li>• Cash flow impact of c.\$150 million, from not selling Espoir asset.</li> <li>• Exposure to exploration costs in Côte d'Ivoire, Argentina and Guyana of \$50-\$100 million.</li> </ul>		<ul style="list-style-type: none"> <li>• Review and approval of final Gas Sale Agreement by SLT and Board.</li> <li>• Capital allocation process (following agreement of commercial terms).</li> <li>• Critical actions defined in scorecard.</li> <li>• Ongoing review and approval of Kenya project and structure by SLT and Board.</li> <li>• Ramp-up of business development activities and pursuit of multiple simultaneous target acquisitions.</li> <li>• MPR, review and assurance processes (following agreement of commercial terms).</li> <li>• Joint working teams set up in support of Non-Operated and Exploration to optimise production opportunities and address capex exposure.</li> </ul>
<p><b>Category: Strategy</b>  </p>		
<p><b>Owner:</b> Stuart Cooper, Director of Strategy, Commercial and Business Development</p>		
<h3>4 Geopolitical risk</h3>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>• Political changes in the West Africa region, elections and outcomes.</li> <li>• Natural resources targeted for unreasonable and changing fiscal or regulatory demands by host governments.</li> <li>• Failure to manage relationships with key host government stakeholders or regulators.</li> <li>• Economic unrest, especially in Africa.</li> <li>• Supply chain disruption.</li> <li>• Ownership of adjacent licence blocks.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• Delayed decision making by host governments and local partners and security arrangements adversely affected.</li> <li>• Efficient operations obstructed.</li> <li>• Delayed implementation of growth plans.</li> <li>• Increased costs and financial loss, demand for unitisation payments from adjacent block owners.</li> <li>• Ghana Revenue Authority tax demands.</li> </ul>		<ul style="list-style-type: none"> <li>• Extensive relationship management plan in place to manage relationships with governments, including Ghana Advisory Board.</li> <li>• Our business plans are aligned with national priorities.</li> <li>• Communication of the positive impact of our activities on host nations and communities.</li> <li>• Robust stabilisation clauses are included in our Petroleum Agreements and Production Sharing Contracts to protect against unreasonable demands.</li> <li>• Closely monitor political and economic developments in Ghana.</li> </ul>
<p><b>Category: Stakeholder and Financial</b> </p>		
<p><b>Owner:</b> Jean Medard Madama, Director of Non-Operated and Exploration</p>		

**Our principal risks** continued

Risk, category, link to strategy and owner	Residual risk profile change during the year	Mitigation
<b>5 Climate change</b>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>Regulatory constraints, carbon pricing mechanisms, low oil price or conditional access to capital impacting operations or operating cash flow.</li> <li>Failure to align with broader energy transition goals that challenge business strategy.</li> <li>Inability to eliminate routine flaring by 2025.</li> <li>Inability to deliver nature-based carbon offsets.</li> <li>Oil price changes.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>Impacts our ability to implement our strategy, our licence to operate and our reputation.</li> <li>Reduces access to capital including shareholders becoming reluctant to invest.</li> <li>Assets become stranded or uneconomic.</li> <li>Lack of perceived commitment to sustainability impedes our ability to attract and retain talent.</li> <li>Operations are impacted by lack of available equipment or supplies due to physical risks i.e. flooding.</li> </ul> <p><b>Category: Stakeholder</b> </p> <p><b>Owner:</b> Julia Ross, Director of People and Sustainability</p>		<ul style="list-style-type: none"> <li>Stress test our portfolio to ensure core assets are resilient in different oil and carbon price environments.</li> <li>Implement our plan to achieve Net Zero by 2030 (Scope 1 and 2 net equity) (see page 33).</li> <li>Climate Policy agreed by the Board annually.</li> <li>Continue to engage with host countries to understand and align with their long-term energy transition strategies, including Paris Nationally Determined Contributions.</li> <li>Climate considerations embedded in decision making.</li> <li>Extensive stakeholder engagement to manage impacts.</li> </ul>
<b>6 Major accident event</b>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>Asset integrity failures and/or extensive damage to facilities.</li> <li>Our, or our contractors', failure to meet safety standards or adhere to procedural requirements.</li> <li>Operation of equipment outside safe operating limits leading to a major incident.</li> <li>Ageing infrastructure leading to equipment or piping failure.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>Loss of life, environmental damage and potential loss of production.</li> <li>Loss of revenue and increased costs.</li> <li>Reputational damage.</li> <li>Loss of licence to operate.</li> </ul> <p><b>Category: EHS</b> </p> <p><b>Owner:</b> Wissam Al-Monthiry, Ghana Managing Director</p>		<ul style="list-style-type: none"> <li>Asset and well integrity and maintenance programmes are in place, including regular self-verification and external certification, audit and assurance of integrity plans.</li> <li>Undertake root cause failure analysis for every production loss and EHS incident and capture lessons learned to prevent recurrence.</li> <li>Well developed emergency response plan and incident management framework and supporting training is in place.</li> <li>Robust EHS reviews are completed at all stages of contract management process including from specification/pre-qualification through to contract closure.</li> <li>Active contractor engagement on safety throughout life of contract including active EHS forums to enable direct participation.</li> </ul>



Risk, category, link to strategy and owner	Residual risk profile change during the year	Mitigation
<b>7 Insufficient liquidity and funding capacity to sustain business</b>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>Oil price volatility.</li> <li>Failure to deliver targeted farm-downs of exploration assets and Kenya.</li> <li>Failure to deliver our business plan and inappropriate capital allocation.</li> <li>Global cost inflation.</li> <li>Unexpected operational incidents.</li> <li>Unable to refinance our debt.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>Erosion of balance sheet and revenues.</li> <li>Material negative impact on cash flow.</li> <li>Restricts our ability to reduce debt and strengthen the balance sheet.</li> <li>Inability to meet our financial obligations when they fall due.</li> </ul>		<ul style="list-style-type: none"> <li>Developed strategy and business plan to deliver strong cash flow and deleveraging.</li> <li>Capital structure provides liquidity headroom through to December 2024 even in a low oil price environment.</li> <li>A disciplined approach to capital allocation that focuses on cost control and prioritises high-return and short payback investments is adopted.</li> <li>A material commodity hedging programme that protects against the impact of a sustained low oil price environment is in place.</li> </ul>
<b>Category: Financial</b> 		
<b>Owner:</b> Richard Miller, CFO		
<b>8 Capability cannot be attracted, developed or retained</b>		
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>Critical staff leave the organisation.</li> <li>Our lean and agile structure is dependent on a small number of key and critical roles.</li> <li>Unable to adapt quickly to the changing oil and gas skills and capabilities requirements and to identify sources of talent.</li> <li>Inadequate workforce planning.</li> <li>Employee value proposition does not meet employee demands.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>Difficulty in delivering our business plan.</li> <li>Loss of staff would increase pressure on remaining colleagues.</li> <li>Deterioration in the wellbeing of our colleagues, a poor working environment and further attrition.</li> </ul>		<ul style="list-style-type: none"> <li>Developed an enhanced employee value proposition.</li> <li>We actively engage with employees through a variety of channels (see page 23).</li> <li>Regularly review the capabilities across the extended leadership team, to ensure the right skill set is in place to deliver our strategy and to identify development opportunities.</li> <li>Offer competitive market-aligned compensation and benefits.</li> <li>Agile organisation model able to adapt to changing business needs.</li> <li>Talent management and strategic workforce planning.</li> <li>Succession planning.</li> </ul>
<b>Category: Organisation</b> 		
<b>Owner:</b> Julia Ross, Director of People and Sustainability		

**Our principal risks** continued

Risk, category, link to strategy and owner		Residual risk profile change during the year	Mitigation
<b>9 Compliance or regulatory breach</b>			
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>• Non-compliance with bribery and corruption legislation or contractual obligations along with other applicable business conduct requirements.</li> <li>• Regulatory action, an unsettled litigation/dispute or additional future litigation.</li> <li>• Increased Ghana government interest in contracting activity, pressure on Tullow to not adhere to our standards.</li> <li>• Third-party due diligence not completed adequately.</li> <li>• Breach of sanctions.</li> <li>• Failure to keep pace with regulatory change.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• Unplanned cash outflow due to payment of penalties and/or fines.</li> <li>• Reputational damage and a loss of stakeholder confidence.</li> <li>• Personal and corporate fines or prison sentences.</li> <li>• SFO monitorship for up to three years.</li> <li>• Loss of licence to operate.</li> <li>• Adverse impact on share price.</li> </ul> <p><b>Category: Conduct</b> </p> <p><b>Owner:</b> Mike Walsh, General Counsel</p>	↔		<ul style="list-style-type: none"> <li>• Strong anti-bribery and corruption governance processes are in place as a core element of the Ethics &amp; Compliance programme.</li> <li>• Operate PermIntel compliance tracker to monitor all regulatory and contractual obligations.</li> <li>• Regularly undertake third-party due diligence procedures and assurance processes.</li> <li>• Investigation procedures and an associated Misconduct and Loss Reporting Standard are in place.</li> <li>• Regularly undertake anti-tax evasion risk assessments and targeted employee training.</li> <li>• Established financial controls and delegation of authorities.</li> </ul>
<b>10 Major cyber-disruption</b>			
<p><b>Causes and threats:</b></p> <ul style="list-style-type: none"> <li>• Major cyber-attack, internal or external.</li> <li>• User actions, intentional or naïve, that compromise cyber security.</li> <li>• Outsourced provider resources not able to deliver agreed service levels.</li> <li>• Major ransomware outbreak within the Tullow network.</li> <li>• Third-party information security breach.</li> </ul> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>• Limitations on our ability to operate.</li> <li>• Financial loss, loss of stakeholder confidence, loss of production.</li> <li>• High ransomware demands.</li> <li>• Additional cost by way of fines or resolution of service.</li> <li>• Trigger a major incident.</li> </ul> <p><b>Category: Cyber</b> </p> <p><b>Owner:</b> Mike Walsh, General Counsel</p>	↔		<ul style="list-style-type: none"> <li>• Embedded a Security Incident Event Management system across the organisation.</li> <li>• Established an Advanced Security Operations Centre that provides 24/7 network and device monitoring, alerts and responses.</li> <li>• Run a security awareness programme including regular staff susceptibility phishing training and testing.</li> <li>• Provide annual mandatory security awareness training for all staff.</li> <li>• Operate an independent technical assurance programme.</li> <li>• Installed technical network protection access controls and network architecture protocols.</li> </ul>



# Viability statement

## Assessment period

In accordance with the provisions of the UK Corporate Governance Code, the Board has assessed the prospects and the viability of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Board assesses the business over a number of time horizons for different reasons, including the following: Annual Corporate Budget (i.e. 2024), Corporate Business Plan (5 years i.e. 2024–2028), long-term Business Plan (10 years). The Board's period of assessment for the purpose of the viability statement is five years.

## Assessment of the Group's principal risks

In order to make an assessment of the Group's viability, the Directors have made a detailed assessment of the Group's principal risks (see pages 48 to 56), and the potential implications these risks could have on the Group's business delivery and liquidity over the assessment period. This assessment included, where appropriate, detailed cash flow analysis, and the Directors also considered a number of reasonably plausible downside scenarios, and combinations thereof, together with associated supporting analysis provided by the Group's Finance team. A summary of the key assumptions aligned to the Group's principal risks and reasonably plausible downside scenarios can be found below. It should be noted that some assumptions encompass multiple risks but have not been repeated to avoid unnecessary duplication.

Principal risks	Base case assumption	Downside scenario
<b>Business plan not delivered</b>	Production is assumed to be in line with the Corporate Business Plan.	5% reduction in production in each year.
<b>Geopolitical risks</b>	The Group has assumed certain cash outflows associated with tax exposures and provisions.	The Group has included an additional \$28 million in 2024 in relation to potential outflows. The Group has not included any outflows associated with a negative result from the ongoing GRA arbitrations due to its view on the merits of these cases.
<b>Climate change</b>	Base case includes expenditure required to meet 2030 Net Zero commitment (a) decarbonisation project cost to eliminate routine flaring by 2025, (b) nature-based solutions project cost to offset hard to abate emissions.	The Group has considered an oil price sensitivity in line with the IEA 'Net Zero by 2050 Scenario'; see below.
<b>Insufficient liquidity and funding capacity to sustain the business</b>	Oil price assumptions are based on the forward curve at 31 December 2023 for two years, followed by the Group's Corporate Business Plan assumption from 2026 onwards:  2024: \$78/bbl 2025: \$75/bbl 2026: \$70/bbl 2027: \$70/bbl 2028:\$70/bbl  Operating costs and capital investment are assumed to be in line with the Corporate Business Plan.	The Group has analysed two downside oil price scenarios; the first is based on the Directors' assessment of a reasonably plausible downside scenario:  2024: \$70/bbl 2025: \$70/bbl 2026: \$65/bbl 2027: \$65/bbl 2028: \$65/bbl  The second is in line with the IEA 'Net Zero by 2050 Scenario':  2024: \$58/bbl 2025: \$54/bbl 2026: \$50/bbl 2027: \$46/bbl 2028: \$43/bbl  Operating costs are assumed to be 5% higher than those included in the Corporate Business Plan.

For detailed information on risk mitigation, assurance and progress in 2023 refer to the detailed discussion of risks on pages 52 to 56.

For 'Asset integrity breach', 'Value not unlocked', 'Major accident event', 'Compliance or regulatory breach', 'Capability cannot be attracted, developed or retained', and 'Major cyber-disruption', the Group has assessed that there is no reasonably plausible scenario that can be modelled in isolation or in combination with other risks from a cash flow perspective.



## Viability statement continued

### Conclusion

The Group has \$2.1 billion debt outstanding, maturing in 2025, 2026 and 2028. The Corporate Business Plan does not project sufficient free cash flow generation to allow the Group to fully repay these debts when they fall due, and therefore it will need to access debt markets within the viability assessment period.

In the base case, net debt and gearing are forecast to reduce sufficiently such that the Directors are confident that the Group will be able to secure the funding required to maintain adequate liquidity headroom throughout the viability assessment period.

There is sufficient liquidity for the next four years under the downside case, on the basis of securing the same amount of funding as assumed in the base case. Management is focused on mitigating the risks around production, operating cost increases and potential outflows associated with disputes in order to reduce the likelihood of these risks materialising, or their impact in the event these risks materialise. Furthermore, the Directors have considered additional mitigating actions that may be available to the Group, such as incremental commodity hedging executed in periods of higher oil prices, alternative funding options, further rationalisation of the Group's cost base including cuts to discretionary capital expenditure, M&A, portfolio management and careful management of stakeholder relationships.

The IEA Net Zero case assumes a further reduction in short term oil price which if arose would result in a shortfall in liquidity. In this scenario, management will adapt the business plan to maximise cash generation in the short to medium term by deferring capital projects which will support the continuity of business. Based on expert forecasts for the short term, management considers this scenario is unlikely to occur.

Based on the results of the analysis and the ability to mitigate some of the risks associated with the downside scenarios, the Board of Directors has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities, including through refinancing activities, as they fall due over the five-year period of their assessment.



## Financial review



During the year we have transformed our balance sheet and demonstrated our ability to access capital. Gross debt has reduced by almost \$400 million and we are well positioned to put in place a sustainable capital structure.

**Richard Miller**  
Chief Financial Officer



### Income statement

Income statement (key metrics)	2023	2022
<b>Revenue (\$m)</b>		
Sales volumes (boepd)	<b>55,754</b>	55,170
Realised oil price (\$/bbl)	<b>77.5</b>	88.0
Total revenue	<b>1,634</b>	1,783
<b>Operating costs (\$m)</b>		
Underlying cash operating costs <sup>1</sup>	<b>(293)</b>	(267)
Depreciation, Depletion and Amortisation (DDA) of oil and gas and leased assets	<b>(431)</b>	(411)
DDA before impairment charges (\$/bbl)	<b>18.8</b>	18.4
(Overlift)/underlift and oil stock movements	<b>(109)</b>	46
Administrative expenses	<b>(56)</b>	(51)
Gain on bargain purchase	-	197
Exploration costs written off	<b>(27)</b>	(105)
Impairment of property, plant and equipment, net	<b>(408)</b>	(391)
Gain on bond buyback	<b>86</b>	-
Net financing costs	<b>(286)</b>	(293)
<b>Profit from continuing activities before tax</b>	<b>96</b>	442
Income tax expense	<b>(206)</b>	(393)
<b>(Loss)/Profit for the year from continuing activities</b>	<b>(110)</b>	49
Adjusted EBITDAX <sup>1</sup>	<b>1,151</b>	1,469
Basic (loss)/earnings per share (cents)	<b>(7.6)</b>	3.4

1. Alternative performance measures are reconciled on pages 189 to 190.

### Revenue

#### Sales Oil volumes

During the year, there were 55,754 boepd (2022: 55,170 boepd) of liftings. The total number of liftings in Ghana is comparable to the previous year with 13 in Jubilee (2022: 12) and 4 in TEN (2022: 5).

#### Realised oil price (\$/bbl)

The Group's realised oil price after hedging for the period was \$77.5/bbl and before hedging \$84.3/bbl (2022: \$88.0/bbl and before hedging \$104.3/bbl). Lower oil prices compared to 2022 have resulted in a lower hedge loss decreasing total revenue by \$139 million in 2023 (2022: decrease of \$319 million).

#### Gas sales

Included in Total Revenue of \$1,634 million is gas sales of \$38 million of which \$29 million relates to Ghana. During the year, Ghana exported 35,754 mmscf (gross) of gas at an average price of \$1.54/mmbtu.

Refer to Operational Performance section above for detailed gas pricing.



## Financial review continued

### Cost of sales

#### Underlying cash operating costs

Underlying cash operating costs amounted to \$293 million; \$12.8/boe (2022: \$267 million; \$11.9/boe). Routine operating costs largely remain unchanged from prior year. The increase in the current year is largely due to non-recurring expenditure.

#### Depreciation, depletion and amortisation

DD&A charges before impairment on production and development assets amounted to \$431 million; \$18.8/boe (2022: \$411 million; \$18.4/boe). This increase in DD&A per barrel is mainly attributable to downward revision of TEN and Espoir 2P reserves offset by 2022 impairments.

#### Overlift and oil stock movements

The overlift expense is caused by a decrease in the underlift position in Ghana due to timing of liftings as well as reduced stock positions in Gabon from higher sales volumes.

#### Administrative expenses

With the exception of the one-off corporate project expenditure which was partially offset by lower insurance premiums in the current year, Tullow has managed to maintain administrative expenses at prior year levels despite the inflationary environment.

#### Exploration costs written off

During 2023, the Group has written off exploration costs of \$27 million (2022: \$105 million) predominantly driven by Kenya where withdrawal of the JV Partners led to a re-assessment of risks associated to reaching FID resulting in a \$17.9 million impairment and write-offs of \$3.3 million in Cote d'Ivoire, \$3.4 million for the Akoum B well in Gabon and \$2.5 million in Guyana.

#### Impairment of property, plant and equipment

The Group recognised a net impairment charge on PP&E of \$408 million in respect of 2023 (2022: \$391 million) largely driven by a reduction in TEN reserves partially offset by oil price and updated cost assumptions. This was primarily due to delays in gaining approval for the amended TEN PoD which has led to the deferral of investment and continued field decline. There was also an impairment charge in Espoir due to an increase in cost assumptions. Refer to page 191 for the full year end 2023 audited reserve and resource position. There were also changes to estimates on the cost of decommissioning for certain UK and Mauritania assets.

#### Gain on bond buyback

Refer to Borrowings section below.

### Net financing costs

Net financing costs for the period were \$286 million (2022: \$293 million). This decrease is mainly due to lower interest of \$13 million due to the bond redemption where interest was applied on lower outstanding bonds partially offset by an increase in the unwinding of discount on decommissioning provision in Ghana of \$4 million.

A reconciliation of net financing costs is included in Note 5.

### Taxation

The overall net tax expense of \$206 million (2022: \$393 million) primarily relates to tax charges in respect of the Group's production activities in West Africa, reduced by deferred tax credits associated with future UK decommissioning expenditure, exploration write-offs and impairments.

Based on a profit before tax for the period of \$96 million (2022: \$442 million), the effective tax rate is 214.3 per cent (2022: 88.9 per cent). After adjusting for non-recurring amounts related to gain on bond buybacks, exploration write-offs, disposals, impairments, provisions and their associated deferred tax benefit, the Group's adjusted tax rate is 70.2 per cent (2022: 70.3 per cent). The effective tax rate is in line with the prior year with the impact of non-deductible expenditure in Ghana and Gabon and no UK tax benefit arising from net interest and hedging expense of \$167m (2022: \$570m) being partially offset by deferred tax credits related to non-operated assets undergoing decommissioning and prior year adjustments.

The Group's future statutory effective tax rate is sensitive to the geographic mix in which pre-tax profits arise. There is no UK tax benefit from net interest and hedging expenses, whereas net interest and hedging profits would be taxable in the UK. Consequently, the Group's tax charge will continue to vary according to the jurisdictions in which pre-tax profits occur.

		Adjusted profit/(loss) before tax	Tax (expense) /credit	Adjusted effective tax rate
Ghana	<b>2023</b>	<b>584.4</b>	<b>(210.1)</b>	<b>35.9%</b>
	2022	994.8	(359.7)	36.2%
Gabon	<b>2023</b>	<b>216.0</b>	<b>(101.2)</b>	<b>46.8%</b>
	2022	316.1	(158.9)	50.3%
Corporate	<b>2023</b>	<b>(379.4)</b>	<b>9.6</b>	<b>2.5%</b>
	2022	(584.5)	3.5	0.6%
Other non-operated & exploration	<b>2023</b>	<b>1.5</b>	<b>4.7</b>	<b>-324.2%</b>
	2022	15.9	(6.9)	43.5%
Total	<b>2023</b>	<b>422.5</b>	<b>(296.9)</b>	<b>70.2%</b>
	2022	742.3	(522.1)	70.3%



## Adjusted EBITDAX

Adjusted EBITDAX for the year was \$1,151 million (2022: \$1,469 million). The decrease from 2022 was predominantly due to lower revenues associated with reduced oil prices.

## (Loss)/profit for the year from continuing activities and (loss)/earnings per share

The loss for the year from continuing activities amounted to \$110 million (2022: \$49 million profit). Loss after tax was driven mainly by impairments and write-offs totalling \$435 million. Basic loss per share was 7.6 cents (2022: 3.4 cents earnings per share).

## Balance sheet and liquidity management

Balance sheet and liquidity management (key metrics)	2023	2022
Capital investment (\$m) <sup>1</sup>	<b>380</b>	354
Derivative financial instruments (\$m)	<b>(35)</b>	(244)
Borrowings (\$m)	<b>(2,085)</b>	(2,473)
Underlying operating cash flow (\$m) <sup>1</sup>	<b>813</b>	972
Free cash flow (\$m) <sup>1</sup>	<b>170</b>	267
Net debt (\$m) <sup>1</sup>	<b>1,608</b>	1,864
Gearing (times) <sup>1</sup>	<b>1.4</b>	1.3

1. Alternative performance measures are reconciled on pages 189 to 190.

## Capital investment

Capital expenditure amounted to \$380 million (2022: \$354 million) with \$356 million invested in production and development activities of which \$288 million was invested in Jubilee mainly comprising of \$173 million spend on drilling costs and \$75 million on Jubilee South East (JSE) and \$24 million invested in exploration and appraisal activities.

The Group's 2024 capital expenditure is expected to be c.\$250 million and is expected to comprise Ghana of c.\$160 million, West African Non-Operated of c.\$60 million, Kenya of c.\$10 million and exploration spend of c.\$20 million.

## Decommissioning

Decommissioning expenditure was \$67 million in 2023 (2022: \$72 million). The Group's decommissioning budget in 2024 is c.\$70 million of which c.\$20 million is provisioning for future decommissioning in Ghana and Gabon. Subject to programme scheduling, at the end of 2024 it is expected that c.\$40 million of decommissioning liabilities in the UK and Mauritania will remain.

## Derivative financial instruments

Tullow has a material hedge portfolio in place to protect against commodity price volatility and to ensure the availability of cash flow for re-investment in capital programmes that are driving business delivery.

At 31 December 2023, Tullow's hedge portfolio provides downside protection for c.60% of forecast production entitlements in the first half of 2024 with c.\$57/bbl weighted average floors; for the same period, c.40% of forecast production entitlements is capped at weighted average sold calls of c.\$77/bbl. In the second half of 2024, Tullow's hedge portfolio provides downside protection for c.45% of forecast production entitlements with c.\$60/bbl weighted average floors; for the same period, c.20% of forecast production entitlements is capped at weighted average sold calls of c.\$113/bbl.

For the period from June to December 2024, Tullow's hedge portfolio also includes three-way collars (with call spreads) with weighted average sold calls of c.\$85/bbl and weighted average bought calls of c.\$94/bbl, providing full access to oil price upside beyond the bought call price on c.10% of forecast production entitlements in this period.

All financial instruments that are initially recognised and subsequently measured at fair value have been classified in accordance with the hierarchy described in IFRS 13 Fair Value Measurement. Fair value is the amount for which the asset or liability could be exchanged in an arm's length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets (Level 1). To the extent that market prices are not available, fair values are estimated by reference to market-based transactions or using standard valuation techniques for the applicable instruments and commodities involved (Level 2).

All of the Group's derivatives are Level 2 (2022: Level 2). There were no transfers between fair value levels during the year.

At 31 December 2023, the Group's derivative instruments had a net negative fair value of \$35 million (2022: net negative \$244 million).



## Financial review continued

### Derivative financial instruments continued

The following table demonstrates the timing, volumes and prices of the Group's commodity hedge portfolio at year end:

<b>1H24 hedge portfolio at 31 December 2023</b>				
	bopd	Bought put (floor)	Sold call	Bought call
Straight puts	11,217	\$60.05	-	-
Collars	24,344	\$55.37	\$77.47	-
Three-way collars (call spread)	332	\$60.00	\$105.60	\$114.53
Total/weighted average	<b>35,893</b>	<b>\$56.88</b>	<b>\$77.85</b>	<b>\$114.53</b>

<b>2H24 hedge portfolio at 31 December 2023</b>				
	bopd	Bought put (floor)	Sold call	Bought call
Straight puts	6,250	\$59.96	-	-
Collars	12,650	\$60.36	\$113.45	-
Three-way collars (call spread)	6,500	\$60.00	\$84.61	\$93.55
Total/weighted average	<b>25,400</b>	<b>\$60.17</b>	<b>\$103.66</b>	<b>\$93.55</b>

Since the start of 2024, the Company has added a further c.4kbpd of c.\$60/bbl downside protection for the second half of 2024 with a combination of straight puts and three-way collars with weighted average call spreads of c.\$79-\$89/bbl.

### Borrowings

On 15 May 2023, the Group made a mandatory prepayment of \$100 million of the Senior Secured Notes due 2026.

On 20 June 2023, the Group repurchased \$167 million nominal value of Senior Notes due 2025 for \$100 million cash consideration through an Unmodified Dutch Auction. A gain on early bond redemption of \$65 million is recognised as other income in the income statement.

On 13 November 2023, Tullow announced that it had entered into a \$400 million five-year notes facility agreement with Glencore Energy UK limited (Glencore). The facility is available for 18 months and proceeds are to be used for liability management of the Senior Notes due 2025.

On 1 December 2023, the Group repurchased \$115 million nominal value of Senior Secured Notes due 2026 for \$103 million cash consideration through an Unmodified Dutch Auction. A gain on early bond redemption of \$11 million is recognised as other income in the income statement.

On 20 December 2023, the Group repurchased \$141 million nominal value of Senior Notes due 2025 for \$130 million cash consideration through a Modified Dutch Auction. The cash consideration was funded through an equivalent drawdown under the Glencore facility. A gain on early bond redemption of \$10 million is recognised as other income in the Income Statement.

The Group's total drawn debt reduced to \$2.1 billion, consisting of \$493 million nominal value Senior Notes due in March 2025, \$1,485 million nominal value Senior Secured Notes due in May 2026 and \$130 million outstanding under the Glencore facility.

Management regularly reviews options for optimising the Group's capital structure and may seek to retire or purchase outstanding debt from time to time through cash purchases or exchanges in the open market or otherwise. Refer to Note 16 – Borrowings for further detail.

### Credit ratings

Tullow maintains credit ratings with Standard & Poor's (S&P's) and Moody's Investors Service (Moody's).

On 21 June 2023, following completion of a bond tender announced on 12 June 2023, S&P's downgraded Tullow's corporate credit rating to CCC+ with stable outlook, from B- with negative outlook, and the rating of the Senior Secured Notes due 2026 to CCC+ from B- and the rating of the Senior Notes due 2025 to CCC from CCC+.

On 21 December 2023, following completion of the bond tenders announced on 15 November 2023, S&P's upgraded Tullow's corporate credit rating to B- with negative outlook, and the rating of the Senior Secured Notes due 2026 to B- and the rating of the Senior Notes due 2025 to CCC+.

On 22 December 2023, Moody's affirmed Tullow's corporate credit rating at Caa1, with negative outlook, and the rating of the Senior Secured Notes due 2026 at Caa1 and the rating of the Senior Notes due 2025 at Caa2.



## Underlying operating cash flow and free cash flow

Underlying operating cash flow amounted to \$813 million (2022: \$972 million.). The decrease of \$159 million is due to decrease in net revenue of \$201 million driven by lower oil prices and higher tax payments of \$21 million partially offset by lower Gabon royalty payments of \$28 million and a one-off payment in 2022 of \$77 million relating to a historic dispute that has now been settled.

Free cash flow has decreased to \$170 million (2022: \$267 million) primarily due to a decrease in underlying operating cash flow of \$159 million as explained above. There has been a decrease in net cash used in investing activities of \$59 million mainly due to the one-off Ghana pre-emption payment and Uganda FID consideration receipt in 2022 but this has been offset by an increase in decommissioning spend of \$14 million in the current period.

## Net debt and gearing

Reconciliation of net debt	\$m
<b>FY 2022 net debt</b>	<b>1,864</b>
Sales revenue	(1,634)
Operating costs	293
Other operating and administrative expenses	279
<b>Operating cash flow before working capital movements</b>	<b>(1,062)</b>
Movement in working capital	(89)
Tax paid	275
Purchases of intangible exploration and evaluation assets and property, plant and equipment	292
Other investing activities	(24)
Other financing activities	435
Gain on bond buyback	(86)
Foreign exchange loss on cash	3
<b>FY 2023 net debt</b>	<b>1,608</b>

Net debt reduced by \$256 million during the year to \$1,608 million at 31 December 2023 (2022: \$1,864 million), due to generation of free cash flow of \$170 million (as explained above) as well as the gains on the three bond buybacks totalling \$86 million.

The Gearing ratio has increased to 1.4 times (2022: 1.3 times) due to a decrease in Adjusted EBITDAX as explained above primarily due to lower revenues associated with reduced oil prices. This is in line with our target to reach gearing of less than 1.5 times by year-end 2023.

## Liquidity risk management and going concern

The Directors consider the going concern assessment period to be up to 31 March 2025. The Group closely monitors and manages its liquidity headroom. Cash forecasts are regularly produced, and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Group's producing assets and different outcomes on ongoing disputes or litigation.

Management has applied the following oil price assumptions for the going concern assessment:

- Base Case: \$78/bbl for 2024, \$75/bbl for 2024; and
- Low Case: \$70/bbl for 2024, \$70/bbl for 2025.

The Low Case includes, amongst other downside assumptions, a 10% production decrease and 10% increased operating costs compared to the Base Case. Management has also considered additional outflows in respect of all ongoing litigations/arbitrations within the Low Case, with an additional \$48 million outflow being included for the cases expected to progress in the period under assessment. The low case does not include the outflow for the full exposure on Ghana BPRT arbitration of \$320 million (refer to Note 1(af) Ghana tax assessments for details). The remaining arbitration cases are not expected to conclude within the going concern period and no outflows have been included in that respect.

At 31 December 2023, the Group had \$1.0 billion liquidity headroom consisting of c.\$0.5 billion free cash and \$0.5 billion available under the revolving credit facility.

The Group or its affiliates may, at any time and from time to time, seek to retire or purchase outstanding debt through cash purchases and/or exchanges, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as management may determine, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material. The Group has repaid \$0.3 billion and \$0.2 billion of the 2025 and 2026 Notes, respectively, during the year. The repayment of the 2025 Notes was partially funded by a drawdown of \$130 million of the Glencore facility.



## Financial review continued

### Liquidity risk management and going concern continued

The Group's forecasts show that the Group and Parent Company will be able to operate within its current debt facilities and have sufficient financial headroom for the going concern assessment period under its Base Case and Low Case at the end of the going concern period, including a full drawdown of the Glencore debt facility to support the payment of the 2025 Notes. The Directors have also performed a reverse stress test to establish the average oil price throughout the going concern period required to reduce headroom to zero, that price was determined to be \$45/bbl. Based on the analysis above, the Directors have a reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the Annual Report and Accounts.

### Events since 31 December 2023

#### Gabon

On 29 February 2024, Tullow completed the Asset Swap agreement (ASA) transaction (discussed in note 14. Assets and liabilities classified as held for sale) with Perenco Oil and Gas Gabon S.A (Perenco). The transaction is a cashless asset swap to be achieved through the exchange of participating interests held by both parties in certain licences in Gabon. Management have determined that the acquisition of the additional interest in the Tchatamba licence is a Business Combination and the financial impacts cannot be disclosed in the Annual Report and Accounts as the measurement of the assets acquired is now underway. Accordingly, the relevant disclosure will be made in the 2024 half year results.

#### Kenya

On 1 March 2024 Tullow received a letter from the Energy and Petroleum Regulatory Authority (EPRA) extending the review period of the updated Field Development Plan to 30 June 2024.

There have not been any other events since 31 December 2023 that have resulted in a material impact on the year-end results.

**Richard Miller**  
Chief Financial Officer  
5 March 2024



## Non-financial and sustainability information statement

We are committed to complying with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.

The table below outlines our principal policies, risks and KPIs in relation to key non-financial and sustainable matters. The location of further relevant information, including policy implementation and outcomes, is provided on the pages highlighted below and is incorporated in this statement by cross-reference.

Matter and Policy	Principal risks	Non-financial KPIs	Outcomes
<p><b>Environment</b></p> <p><b>Climate Policy:</b> Outlines our climate-change commitments and the steps we are taking to mitigate the impact of climate change risks on our business.</p> <p><b>Safe and Sustainable Operations Policy:</b> Sets out how we achieve our goal of creating a working environment that causes no harm to people, minimises our negative environmental and social impacts and optimises the shared benefits with our stakeholders.</p> <p><b>Code of Ethical Conduct:</b> Sets out the rules we expect everyone to abide by.</p> <p><b>Non-Technical Risk Policy:</b> Sets out the framework to identify, assess, mitigate and monitor social and environmental impacts, and stakeholder issues.</p>	<p>Climate change: page 54.</p> <p>Major accident event: page 54.</p>	<p>Sustainability</p> <p>Safety</p>	<p>Pages 33 and 34.</p>
<p><b>Climate-related financial disclosures</b></p> <p><b>Climate policy.</b></p> <p><b>TCFD statement.</b></p>	<p>Climate change: page 54.</p>	<p>Sustainability</p>	<p>Pages 33 and 34 (Environmental stewardship) and 38 to 47 (TCFD statement).</p>
<p><b>People</b></p> <p><b>Code of Ethical Conduct.</b></p> <p><b>Safe and Sustainable Operations Policy.</b></p> <p><b>Speak Up Policy:</b> Outlines processes that enable reporting of any concern; in particular, anything that is unsafe, unethical or breaches our Code of Ethical Conduct or could harm an individual or the Group.</p> <p><b>Smart Working Policy:</b> Outlines how we seek to promote flexibility in the workplace with regards to duration, location and work patterns, creating a more progressive approach to how employees manage their work life balance.</p>	<p>Capability cannot be attracted, developed or retained: page 55.</p> <p>Major accident event: page 54.</p> <p>Compliance or regulatory breach: page 56.</p>	<p>Safety</p> <p>Leadership effectiveness</p> <p>Sustainability</p>	<p>Pages 35 to 36 (Our people).</p> <p>Pages 28 and 29 (Health and safety).</p>
<p><b>Social and community</b></p> <p><b>Code of Ethical Conduct.</b></p> <p><b>Safe and Sustainable Operations Policy.</b></p> <p><b>Non-Technical Risk Policy.</b></p>	<p>Business plan not delivered: page 52.</p> <p>Major accident event: page 54.</p> <p>Compliance or regulatory breach: page 56.</p>	<p>Business plan implementation</p> <p>Unlocking value</p> <p>Safety</p> <p>Sustainability</p>	<p>Pages 30 to 32.</p>

**Non-financial and sustainability information statement** continued

Matter and Policy	Principal risks	Non-financial KPIs	Outcomes
<p><b>Respect for human rights</b>  <b>Code of Ethical Conduct.</b>  <b>Speak Up Policy.</b>  <b>Human Rights Policy:</b> Sets out our commitment to respecting internationally recognised human rights and seeks to implement the United Nations guiding principles on business and human rights and the voluntary principles on security and human rights.  <b>Modern Slavery Act Transparency Statement:</b> Outlines the steps we take to address modern slavery risks.</p>	Compliance or regulatory breach: page 56.	Sustainability	Page 37.
<p><b>Anti-corruption and anti-bribery</b>  <b>Code of Ethical Conduct.</b>  <b>Speak Up Policy.</b></p>	Compliance or regulatory breach: page 56.	Sustainability	Pages 35 and 36.

Our business model is set out on pages 14 and 15. The non-financial KPIs highlighted above, that are used to monitor our progress, are detailed on pages 20 and 21.

Further information, including our key policies and documents, are available on our website at [www.tulloil.com/sustainability](http://www.tulloil.com/sustainability).

This Strategic Report and the information referred to herein have been approved by the Board and signed on its behalf on 5 March 2024 by:

**Phuthuma Nhleko**  
Chair  
5 March 2024

**Adam Holland**  
Company Secretary  
5 March 2024



# Corporate governance

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# Chair's letter



During the year we have further strengthened and refreshed the Board's composition.

**Phuthuma Nhleko**  
Independent Non-Executive Chair



## Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance report for the year ended 31 December 2023. We recognise that high standards of governance and effective Board oversight are critical to Tullow's success. In this report, we outline how the Board and its Committees have monitored the execution of the Company's strategy and its performance and ensured that appropriate resources, leadership and controls are in place to help support the creation of long-term sustainable value for our shareholders and wider stakeholders.

## Board changes

During the year, we further strengthened and refreshed the composition of our Board to ensure that we have the appropriate balance of skills and experience, and diversity of thought, to support Tullow's long-term success.

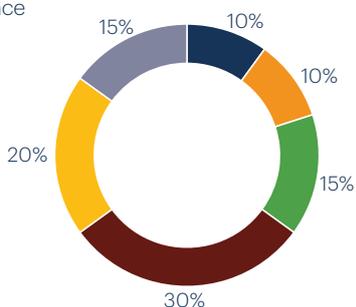
Following confirmation of his appointment as Chief Financial Officer, Richard Miller joined the Board as an Executive Director in January 2023.

Having served nine years, Mike Daly, independent Non-Executive Director, retired from the Board at the Annual General Meeting (AGM) held in May 2023. Once again, I would like to take the opportunity to thank Mike for his service and invaluable contribution to Board and Committee discussions.

During the year, we appointed two new independent Non-Executive Directors. Roald Goethe joined the Board with effect from 24 February 2023 and Rebecca Wiles joined the Board with effect from 28 June 2023. Roald is a highly experienced oil and gas executive with a strong track record of buying, selling, financing and building businesses in West Africa. Rebecca brings deep technical subsurface and geoscience expertise with significant emerging market experience and extensive commercial and operational experience gained during her 33-year career at BP plc. Their biographical details are included on page 71.

### Board's time<sup>1</sup> %

- Principal risks and governance
- Culture and people
- Safety and sustainability (including stakeholder engagement)
- Capital structure and capital allocation
- Strategy and growth
- Business operations and portfolio management



1. Percentages are approximate.

## Culture

If we are to fulfil our purpose we must build trust and the way we do business is critically important. During the year we redefined our culture and relaunched our values, to ensure our culture continues to align with our purpose and strategy. We are committed to fostering an inclusive, collaborative and performance-driven culture which is underpinned by our values: 'Aim High', 'Own it', and 'Be True' (see page 35). Our 'Be true' value drives ethical behaviour to ensure that at all times we do what is right. Our 'Aim high' and 'Own it' values promote a culture of openness, empowerment, performance and continuous improvement. In 2024, we will continue to further embed these values throughout the organisation.

## Diversity

The Board is comprised of a diverse mix of gender, social and ethnic backgrounds, knowledge, personal attributes, skills and experience. This diversity is reflective of the areas in which we do business and provides a mix of perspectives, which contributes to effective Board dynamics.



The Board is committed to increasing diversity across the Group and supports the recommendations of the FTSE Women Leaders Review on gender diversity and the Parker review on ethnicity diversity. Further information about the diversity profile of the Board and the senior management is included on pages 81.

## Code compliance

The Board is committed to the highest standards of corporate governance as set out in the 2018 UK Corporate Governance Code<sup>2</sup> (the Code). As part of its annual governance review cycle, the Board reviewed the Company's compliance with the Code, and I am pleased to confirm that, for the financial year ended 31 December 2023, the Company has applied the Code Principles and complied with all relevant Provisions of the Code.

The Board is cognisant of the changes to the Code, which were published in January 2024 and remains committed to full compliance, as far as practicable.

In this Corporate Governance Report we explain how we have applied the principles of the Code and the table below highlights where relevant information can be found.

## Conclusion

As highlighted in my statement on pages 4 and 5, we have made good progress in delivering our strategy and Tullow's evolution is gaining momentum. Effective corporate governance practices are fundamental to that delivery and the Board will continue to ensure that our governance framework further strengthens and develops to support our evolving business.

**Phuthuma Nhleko**  
Independent Non-Executive Chair  
5 March 2024

## Code application

Principle	Further information
<b>Board leadership and company purpose</b>	
<b>A</b> An effective and entrepreneurial Board that promotes long-term sustainable success that generates value for shareholders and contributes to society.	2023 Board activity highlights. See page 74. Board consideration of stakeholder issues in its decision making and Section 172 statement. See pages 24 and 25 and page 75.
<b>B</b> Establishment of purpose, values and strategy and promotion of desired culture.	Purpose, values, culture and strategy. See page 73.
<b>C</b> Ensuring resources are in place to meet objectives, measuring performance and establishing controls which assess and manage risk.	Audit Committee report. See pages 82 to 86.
<b>D</b> Effective stakeholder engagement and participation.	Engaging with our stakeholders. See pages 23 and 75. Board consideration of stakeholder issues in its decision making and Section 172 statement. See pages 24 and 25 and page 75.
<b>E</b> Ensuring workforce policies and practices are consistent with the company's values and support long-term success, and that mechanisms are in place to allow the workforce to raise concerns.	Engagement with workforce. See pages 23 and 75. Independent whistleblowing procedures. See page 86.
<b>Division of responsibilities</b>	
<b>F</b> Chair's role.	Division of responsibilities. See page 76.
<b>G</b> Clear division of responsibilities and appropriate combination of executive and non-executive roles.	Governance framework. See page 72. Division of responsibilities. See page 76.
<b>H</b> Time commitment, constructive challenge and strategic guidance.	Time commitment and external appointments. See page 73.
<b>I</b> Effective and efficient board.	Composition, succession and evaluation. See pages 77 and 78.
<b>Composition, succession and evaluation</b>	
<b>J</b> Board appointments and succession.	Nominations Committee report. See pages 79 to 81.
<b>K</b> Combination of skills, experience and knowledge	Board of Directors. See pages 70 and 71.
<b>L</b> Annual evaluation	Composition, succession and evaluation. See pages 77 and 78.
<b>Audit, risk and internal control</b>	
<b>M</b> Independent and effective internal and external audit functions.	Audit Committee report. See pages 82 to 86.
<b>N</b> Fair, balanced and understandable assessment.	Effectiveness of audit, risk and internal control. See pages 85 and 86.
<b>O</b> Risk management and internal control systems.	Audit Committee report. See pages 85 and 86.
<b>Remuneration</b>	
<b>P</b> Remuneration policy and practices.	Remuneration policy. See pages 104 to 113.
<b>Q</b> Development of remuneration policy and packages.	Directors' Remuneration Policy report. See pages 104 to 113.
<b>R</b> Independent judgement and discretion.	Remuneration Committee report. See pages 89 to 91.

2. A copy of the Code is available at [www.frc.org.uk](http://www.frc.org.uk).



# Board of Directors

## 1 – Phuthuma Nhleko

### Independent Non-Executive Chair N

**Appointed:** October 2021

**Key strengths:** Executive leadership, public company governance and leadership, emerging markets, engineering, investor relations, corporate finance, business development, risk management, technology and innovation.

**Experience:** Extensive emerging markets experience having worked successfully across Africa over the past three decades including MTN Group (MTN), the leading pan-African telecommunications company, where he served as the company's Chief Executive from 2002 to 2011. He returned to MTN in 2013 and until August 2021 held various roles including Non-Executive Director, Executive Chairman and a member of the company's international advisory board. He has previously served as a Non-Executive Director of BP plc, Anglo-American plc, Nedbank and Old Mutual.

**Current external appointments:** Chairman of Phembani Group, an investment group which he founded in 1994, Chairman of the Johannesburg Stock Exchange Ltd, Non-Executive Director of South African downstream energy company, Engen Petroleum and Non-Executive Director of IHS Towers, the NYSE-listed Emerging Markets Telecom Infrastructure Provider.

## 2 – Rahul Dhir

### Chief Executive Officer

**Appointed:** July 2020

**Key strengths:** Upstream business, exploration, development and operations, executive leadership, capital markets, M&A, environment, health, safety and sustainability.

**Experience:** Substantial leadership experience in the oil and gas industry, having founded Delonex Energy, an Africa-focused oil and gas company in 2013. Prior to establishing Delonex, Rahul spent six years at Cairn India as Chief Executive Officer and Managing Director. He started his career as a Petroleum Engineer, before moving into investment banking where he led teams at Morgan Stanley and Merrill Lynch, advising major oil and gas companies on merger and acquisition and capital market-related issues.

**Current external appointments:** Member of the International Board of Advisors at the University of Texas at Austin.

## 3 – Richard Miller

### Chief Financial Officer

**Appointed:** January 2023

**Key strengths:** Upstream oil and gas, capital markets, M&A, financial management, audit and assurance.

**Experience:** Extensive oil and gas and financial experience having joined Tullow in 2011 and has led the Tullow Finance team, supported a number of acquisitions, disposals and capital markets transactions. Richard is a chartered accountant and he joined Tullow from Ernst and Young LLP where he worked in the audit and assurance practice.

**Current external appointments:** None.

### Committee membership key

- Committee Chair
- A Audit Committee
- N Nominations Committee
- R Remuneration Committee
- S Safety and Sustainability Committee

## 4 – Martin Greenslade

### Senior Independent Director A R N

**Appointed:** November 2019

**Key strengths:** Corporate finance, accounting and audit, risk management and executive and public company leadership.

**Experience:** Extensive corporate financial experience from a 35-year career in the property, engineering and financial sectors in the UK and across Africa, Scandinavia and Europe. From 2005 to 2021 Martin was Chief Financial Officer at Land Securities Group plc, a listed UK real estate company. Previously, he spent five years as group Finance Director of Alvis plc, an international defence and engineering company. Martin is a chartered accountant.

**Current external appointments:** Group Chief Financial Officer at Red Sea Global, Saudi Arabia and a board trustee of the UK arm of International Justice Mission, a human rights charity focused on protecting the poor from violence and ending human slavery.

## 5 – Sheila Khama

### Independent Non-Executive Director S N

**Appointed:** April 2019

**Key strengths:** Extractives project and policy reform, executive leadership, corporate governance, business development, public-private partnership and sustainability.

**Experience:** Significant executive experience in the banking and natural resources sectors across Africa having served as the Chief Executive Officer of De Beers Botswana from 2005 to 2010 and then director of the extractives advisory programme at the African Centre for Economic Transformation. In 2013, Sheila became a director of the Natural Resources Centre at the African Development Bank, Abidjan, Côte d'Ivoire and subsequently in 2016 a policy adviser at the World Bank in Washington. In both roles she advised host governments on sustainable development policies for natural resources. She also represented the African Development Bank as an observer on the international board of directors of the Extractive Industries Transparency Initiative.

**Current external appointments:** Member of the Advisory Board of the Centre for Sustainable Development Investment, Columbia University, and at Mining Indaba, a member of the audit committee of the United Nations Office of Operations, a Non-Executive Director of the Development Partner Institute, a Non-Executive Director of Base Resources Limited and a Non-Executive Director of The Metals Company, which is listed on the NASDAQ Stock Exchange in New York.

## 6 – Genevieve Sangudi

### Independent Non-Executive Director R S

**Appointed:** April 2019

**Key strengths:** Corporate finance, accounting and audit, business development, risk management, executive leadership and investor relations.

**Experience:** Considerable marketing, investment and fund management experience gained during a 22-year career in the financial sector in the US and across Africa. Genevieve began her career in business development as a marketing executive at Procter & Gamble, Boston, before joining Emerging Capital Partners, a pan-African private equity firm, as a partner and managing director. At Emerging Capital Partners Genevieve served on the boards of portfolio companies working closely with the executive teams and set up the company's operations in Nigeria.

**Current external appointments:** Managing Director, Sub-Saharan Africa, for the American private equity company Carlyle Group.



## 7 – Mitchell Ingram

### Independent Non-Executive Director S R

**Appointment:** September 2020

**Key strengths:** Upstream business, corporate finance, accounting and audit, business development, risk management, executive leadership, investor and government relations.

**Experience:** Over 28 years of experience in the oil and natural gas industry. Mitchell joined Anadarko in 2015 and became Executive Vice-President of International, Deep Water, and Exploration in 2018. Prior to this, he served as Development Director and then Asset General Manager for the Karachaganack field in Kazakhstan at BG Group, following his time as Managing Director of QGC Australia. Mitchell began his career at Occidental and spent 22 years in a number of technical and operational roles in the UK North Sea, Qatar and Libya.

**Current external appointments:** None.

## 8 – Roald Goethe

### Independent Non-Executive Director A R

**Appointment:** February 2023

**Key strengths:** Upstream business, finance, development, executive leadership, capital markets, M&A.

**Experience:** Experienced oil and gas executive with extensive commercial knowledge of the energy industry in Africa. In 2006 Roald founded Delaney Petroleum Ltd, trading crude oil and petroleum products predominantly in West Africa and the Middle East. Prior to establishing Delaney, Roald spent 11 years at Trafigura Group, where he had an integral role in the development of the group’s oil trading activities, primarily in West Africa.

**Current external appointments:** Director of ROFGO Racing Limited.

## 9 – Rebecca Wiles

### Independent Non-Executive Director A S

**Appointment:** June 2023

**Key strengths:** Subsurface, geoscience, technology, emerging markets, commercial, government relations, safety and risk management and executive leadership.

**Experience:** Significant technical subsurface and geoscience expertise gained during 33-year career at BP plc (BP). She also has extensive emerging markets, commercial and operational experience having served as Vice President of Exploration and Appraisal at BP Angola and as Managing Director of BP’s Norway business.

**Current external appointments:** Non-Executive Director of SES Water.



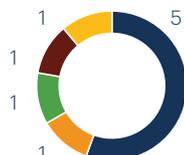
#### Tenure

- 0–2 years
- 3–5 years



#### Nationality

- British
- Motswana
- South African
- Tanzanian
- German



#### Gender

- Male
- Female



#### Independence

- Independent
- Non-independent





# Governance framework

## The Board

- Led by Chair and collectively responsible for setting the Company's strategy to deliver long-term value to shareholders and wider stakeholders.
- Ensures that the appropriate resources, leadership and effective controls are in place to deliver the strategy.
- Sets the Company's culture and values.
- Monitors the business's performance, oversees risk management and determines the Company's risk appetite.
- Accountable for the stewardship of the Company's business to the shareholders and wider stakeholders.

## Committees

### Nominations Committee

- Responsible for reviewing the balance of skills, knowledge, experience and diversity of the Board and its Committees.
- Oversees the recruitment and appointment of Directors.
- Ensures plans are in place for orderly succession for the Board and senior management and oversees the development of a diverse pipeline for succession.
- Monitors the development and implementation of the inclusion and diversity strategy at Board level and throughout the Company.

### Audit Committee

- Responsible for the integrity of financial reporting and disclosures and reviews the controls in place.
- Oversees the relationship with the external auditor, including monitoring independence.
- Reviews significant financial reporting and accounting policy issues.
- Oversees the Group's internal audit programme and the process of identifying principal and emerging risks and ensuring that they are managed effectively.

### Safety and Sustainability Committee

- Responsible for and monitors occupational and process safety, people and asset security, health and environmental stewardship, including protection of the environment, climate and biodiversity.
- Oversees the Company's sustainability-related governance matters including protection of human rights, socio-political issues and sustainability-related disclosures.
- Oversees implementation of the Company's strategic sustainability priorities.

### Remuneration Committee

- Responsible for the remuneration arrangements for the Chair, Executive Directors, and senior management, in line with the Remuneration Policy.
- Ensures rewards and incentives closely align with the successful delivery of the Company's long-term purpose and strategy as well as those of the shareholders and wider stakeholders, including the workforce.
- Reviews the remuneration arrangements for the wider workforce.

▶ See pages 79 to 81.

▶ See pages 82 to 86.

▶ See pages 87 and 88.

▶ See pages 89 to 113.

## Senior Leadership Team

### Chief Executive Officer, Chief Financial Officer and five senior managers

- Led by the Chief Executive Officer and responsible for the delivery and execution of the Board's strategy and day-to-day management of the Company's business including operational performance.



**Jean-Medard Madama**

Director of Non-Operated and Exploration



**Julia Ross**

Director of People and Sustainability



**Wissam Al-Monthiry**

Ghana Managing Director



**Mike Walsh**

General Counsel



**Stuart Cooper**

Director of Strategy, Commercial and Business Development



# Board leadership and company purpose

## Purpose, culture, values and strategy

The Board is accountable to the Company's shareholders and wider stakeholders for the creation and delivery of long-term, sustainable operational and financial performance for the enhancement of shareholder and stakeholder value. The Board discharges its responsibilities in a number of ways including ensuring that the Group's purpose, values and strategy align and that the necessary resources are available to achieve the agreed strategic priorities.

The Board sets the Group's core values and behaviours which shape our culture and ensures that it takes decisions that are aligned to our values. The Board regularly reviews the policies implemented, including our Code of Ethical Conduct, to ensure we continue to have the right framework and working practices in place, ensuring that at all times we do what is right and promote a culture of openness, empowerment, performance and continuous improvement.

During the year we reviewed our culture and refreshed our values. Further information about our values and this process, is set out on page 35.

The Board utilises a number of methods to understand, monitor and assess the Company's culture including:

- **Employee engagement:** Through its quarterly meeting with the TAP, our employee advisory panel, the Board has direct access to the workforce and is able to build a better understanding of their experiences and concerns, including the working practices that operate across the Group. This engagement also enables the Board to ensure alignment of our culture, purpose and strategic priorities.
- **Safety:** The Board, supported by its Committees, reviews safety incident reports and ensures that management deploy appropriate mitigating actions and provide regular progress updates.
- **Site visits:** As far as practicable, the Board as a collective and/or individual Board members, undertake site visits. These visits allow the Board to gain first-hand experience of our culture in action and gain a deeper understanding of our business. During the year, the entire Board visited our Ghana office and met with a number of employees.
- **Policies and procedures:** The Board ensures that the right practices and processes are in place to support our culture. These policies, which cover areas such as sustainability, ethical conduct, anti-bribery and whistleblowing, set our expectations of the behaviours and practices expected, inform behaviour and embed good decision making in line with our desired culture. The policies are reviewed regularly and updated as required to ensure they continue to promote the right culture and practices that are consistent with our values.

- **Whistleblowing:** The Board receives reports from the Group's whistleblowing facility, and regularly reviews the effectiveness of the Group's whistleblowing arrangements. See page 86. In addition, the Audit Committee's supervision of the Group's internal controls framework and review of any compliance issues, informs the Board's assessment and monitoring of our culture.

## Governance framework

The Board operates through a governance framework (see adjacent page) with clear procedures, lines of responsibility and delegated authorities to ensure that our strategy is implemented, and key risks are assessed and managed effectively.

## Board meetings and attendance in 2023

The Board met five times during the year, in person. There was an additional meeting held in July which was devoted to an extensive review of the Group's long-term strategy. The September Board and Committee meetings were held in Ghana and provided the Directors with first-hand insights into the Company's operations and an opportunity to engage with stakeholders.

In addition to the five scheduled Board meetings, additional unscheduled ad hoc Board calls were held during the year to discuss specific items. In certain circumstances meetings are called at short notice and, due to prior business commitments and time differences Directors may not always be able to attend. If a Director is unable to attend a meeting because of exceptional circumstances, they receive the papers in advance of the meeting and have the opportunity to discuss any matters they wish to raise with the relevant Chair or the Company Secretary. Directors are provided with feedback about decisions made at any meeting they are unable to attend.

## Time commitment and external appointments

The expected time commitment of the Chair and Non-Executive Directors is agreed and set out in writing in their letter of appointment. The Board has considered the individual Directors' attendance, their contribution, and their external appointments, and is satisfied that each of the Directors is able to allocate sufficient time to the Group to discharge his or her responsibilities effectively. As evidenced by the attendance table below, the attendance remained high and demonstrates the Directors' ability to devote sufficient time to their role. In line with the Code, Directors are required to seek Board approval prior to taking on any additional significant external appointments.

**Board leadership and Company purpose** continued**Time commitment and external appointments** continued

The table below shows the number of scheduled Board meetings each Director attended during the year together with the number of meetings they were entitled to attend.

Director	Scheduled meeting attendance
<b>Phuthuma Nhleko</b> Independent Non-Executive Chair	5/5
<b>Rahul Dhir</b> Chief Executive Officer	5/5
<b>Richard Miller</b> Chief Financial Officer	5/5
<b>Martin Greenslade</b> Senior Independent Director	5/5
<b>Mitchell Ingram</b> Independent Non-Executive Director	5/5
<b>Sheila Khama</b> Independent Non-Executive Director	5/5
<b>Genevieve Sangudi</b> Independent Non-Executive Director	5/5
<b>Roald Goethe</b> <sup>1</sup> Independent Non-Executive Director	5/5
<b>Rebecca Wiles</b> <sup>2</sup> Independent Non-Executive Director	3/3
<b>Mike Daly</b> <sup>3</sup> Independent Non-Executive Director	2/2
<b>Total</b>	5

1. Joined the Board on 24 February 2023.

2. Joined the Board on 28 June 2023.

3. Retired from the Board on 24 May 2023.

During the year, there were three unscheduled Board meetings which all Directors attended. In addition to the formal Board meetings held throughout the year, the Chair regularly met with the Non-Executive Directors without the presence of the Executive Directors. Also, during the year, the Senior Independent Director held a meeting with the Non-Executive Directors without the presence of the Chair, to evaluate his performance.

**Board activities during the year**

Strategy and business plans	Performance and risk management
<p>The Board considered and oversaw the delivery of our strategic objectives for the benefit of our shareholders and wider stakeholders including reviewing the following matters:</p> <ul style="list-style-type: none"> <li>• Strategy, the Group's strategic plan and strategic updates.</li> <li>• Capital structure.</li> <li>• Capital allocation.</li> <li>• Growth opportunities.</li> </ul>	<p>The Board regularly reviewed financial performance and risks, as well as risk controls and processes including:</p> <ul style="list-style-type: none"> <li>• Business reviews, including operational performance.</li> <li>• Health and safety performance.</li> <li>• 2022 preliminary results statements.</li> <li>• Cyber security risk management.</li> <li>• Enterprise Risk Management framework including climate-related risks.</li> <li>• Annual tax update.</li> <li>• Going concern and viability statements.</li> <li>• Audit fees.</li> <li>• Sustainability – including climate change and energy transition.</li> </ul>
Governance, political and regulatory environment	Culture and stakeholders
<p>The Board received regular reports from the Company Secretary on governance and regulatory matters, as well as regular updates and insights on market trends and developments. Key governance matters considered and reviewed included:</p> <ul style="list-style-type: none"> <li>• 2022 Annual Report and Accounts.</li> <li>• Annual General Meeting.</li> <li>• Board effectiveness including evaluation and independence.</li> <li>• Succession planning and committee composition.</li> <li>• Reports from Committee Chairs.</li> <li>• Terms of reference reviews.</li> <li>• Reports on workforce engagement.</li> <li>• Proposed changes to the Code.</li> <li>• Macro and geopolitical developments.</li> <li>• Modern Slavery Act Transparency Statement.</li> <li>• TCFD disclosure.</li> </ul>	<p>Recognising the importance of understanding the views and interests of our people and our wider stakeholders, the Board:</p> <ul style="list-style-type: none"> <li>• Reviewed our Employee Value Proposition (EVP).</li> <li>• Considered feedback from Board participation in the Tullow Advisory Panel.</li> <li>• Reviewed our culture and values to ensure alignment with our purpose and feedback.</li> <li>• Considered investor feedback.</li> <li>• Reviewed a number of inclusion and diversity initiatives.</li> </ul>



## Schedule of matters reserved to the Board

There are certain key responsibilities that the Board does not delegate, and which are reserved for its consideration. The Board's responsibilities include: the development of strategy; the approval of major capital expenditure; the Group's capital structure; the consideration of significant financing matters; and oversight of policies and procedures. The full schedule of matters reserved to the Board is available at [www.tullowoil.com/about-us/corporate-governance](http://www.tullowoil.com/about-us/corporate-governance). The Board reviews the schedule on an annual basis and the latest review took place in November 2023.

## Conflicts of interest

Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of Tullow, unless that conflict is first authorised by the Board. The Company has procedures in place for managing conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his or her duty under company law.

Should a Director become aware that he or she has an interest, directly or indirectly, in an existing or proposed transaction with Tullow, they are required to notify the Board in line with the Company's Articles of Association. If a conflict does arise, the Director is excluded from discussions and all Directors have a continuing duty to update any changes to their conflicts of interest.

## Stakeholder engagement

### Engaging with our stakeholders

Strong relationships built on trust remain key to the delivery of the Group's strategy and goals. Information about our stakeholders, including how the Board engages with them, is set out on page 23.

During 2023 the Chair, Executive Directors and Non-Executive Directors frequently engaged with many of our stakeholders and the insights arising from such engagement was considered and discussed by the Board as a whole and taken into consideration during Board decision making. Our Section 172 statement and examples of how the Board took account of stakeholders in its decision making is included on pages 24 and 25.

### Workforce engagement

Our people have a key role to play in Tullow's evolution and the Board recognises the importance of engaging with them to understand their views and their valuable insights about our business.

In accordance with Provision 5 of the Code, we operate a dedicated formal advisory panel, the Tullow Advisory Panel (TAP), which consists of eight elected colleague representatives from across our different locations. The TAP meets quarterly with members of the SLT and on separate occasions with two independent Non-Executive Directors. The purpose of these meetings is to discuss colleagues' feedback

on a wide range of topics including staff development, employee workload and diversity and inclusion, and the Company's strategic objectives. This forum helps to ensure that our employees' perspectives are considered by the Board and its Committees in their decision-making processes. It also provides an opportunity for the Non-Executive Directors to hear about our business from employee's perspectives and gain more insight about our culture and operations. Following their meetings with the TAP, the Non-Executive Directors formally report to the Board on the key matters arising from the discussions. During 2023, issues considered by the Board following meetings of the TAP included:

- Internal communication strategy.
- Hybrid and flexible working arrangements.
- Workforce remuneration arrangements.

In September 2023 the Board meeting took place in Ghana, and all members of the Board met with a number of our Ghana-based employees during informal receptions and small group discussions.

### AGM voting

At the 2023 AGM we received less than 80% approval for Resolution 19, which sought authority for the Company to purchase its own shares. The Board continued its engagement with our major shareholders who voted against the resolution to better understand and address their concerns. After careful consideration, and taking into consideration the views of our shareholders, the Directors have decided not to seek permission for the Company to purchase its own shares at the forthcoming 2024 AGM.



Non-Executive Directors, Rebecca Wiles and Sheila Khama, together with Julia Ross (Director of People and Sustainability) meeting the Chief Executive of Youth Bridge Foundation, Seth Oteng, during their visit to the foundation in September 2023. We have partnered with this Ghana-based youth-focused non-governmental organisation since 2018 to support science, technology, engineering, and mathematics (STEM) programmes targeted at junior and senior high school pupils in the areas where we operate. Initiatives include mobile STEM clinics, which provide access to science equipment and enable pupils to undertake laboratory experiments to aid their understanding of theoretical concepts.



## Division of responsibilities

### Responsibilities

As at the date of this report, our Board comprised of the Chair, seven independent Non-Executive Directors and two Executive Directors. There is a clear division of responsibilities, which ensures responsibility and accountability. The roles of the Chair and Chief Executive are held separately and clearly defined and agreed as set out in the division of responsibilities approved each year by the Board. See summary below.

### The Chair

The Chair of our Board, Phuthuma Nhleko, is responsible for leading the Board and its overall effectiveness and for promoting the highest standards of integrity, probity, and corporate governance. The Chair is also responsible for effective shareholder engagement and building strong relationships with our wider stakeholders. The Chair meets regularly with the other Non-Executive Directors, without Executive Directors present, to review Board discussions and engagement as well as the performance of the SLT.

### The Chief Executive Officer

Our Chief Executive Officer (CEO), Rahul Dhir, is responsible for the overall performance and day-to-day operational management of our business. The CEO responsibilities include executing the Group's strategy and overall commercial objectives, monitoring the progress against the Company's strategic objectives and the performance of the Senior Leadership Team (SLT).

### The Senior Independent Director (SID)

Our SID, Martin Greenslade, provides a sounding board for the Chair. The Board is fully satisfied that he demonstrates complete independence and robustness of character in this role. The SID is available to meet shareholders if they have concerns that cannot be resolved through discussion with the Chair or for matters where such contact would be inappropriate.

In addition, during the year the SID meets with the other Non-Executive Directors, without the Chair present, to evaluate the Chair's performance.

### Non-Executive Directors (NEDs)

Our independent NEDs assess, challenge and monitor the Executive Directors' delivery of strategy within the risk and governance structure agreed by the Board. As Board Committee members, they also review the integrity of the Company's financial information, consider ESG issues, recommend appropriate succession plans, and set the Directors' remuneration.

### Board independence

The independence of our Non-Executive Directors is formally reviewed annually by the Nominations Committee. All of the Non-Executive Directors who served during the year were considered by the Board to be independent for the purposes of the Code and the Chair was considered independent upon his appointment. These considerations specifically include reference to Provision 10 of the Code and the Director's shareholdings in the Company.

In accordance with the Code, all of the Directors will retire at the 2024 AGM and submit themselves for appointment or re-appointment by shareholders. Each of the Non-Executive Directors seeking appointment or re-appointment are considered to be independent in character and judgement.

The Non-Executive Directors can obtain independent professional advice, at the Company's expense, in the performance of their duties.

### Board Committees

The Board has delegated some of its responsibilities to four Committees: the Audit Committee, the Nominations Committee, the Safety and Sustainability Committee and the Remuneration Committee (see page 72). The Board is satisfied that the Committees have sufficient time and resources to carry out their duties effectively. Their terms of reference are reviewed and approved annually by the Board and the respective Committee Chairs report on their activities to the Board. The individual Committee terms of reference are available at [www.tulloil.com/about-us/corporate-governance/board-committees](http://www.tulloil.com/about-us/corporate-governance/board-committees).

### Company Secretary

The Board is supported and advised by the Company Secretary who ensures that it has the policies, processes, information, time and resources it needs for it to function effectively and efficiently. The Company Secretary is also responsible for ensuring compliance with all Board procedures and for providing advice to Directors when required. The Company Secretary acts as secretary to the Audit, Nominations, Safety and Sustainability and Remuneration Committees and has direct access to the Chairs of these Committees. All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter reserved for the Board.



# Composition, succession and evaluation

## Composition, skills and experience

To ensure that the Executive Directors and senior management possess the necessary skills and experience required for the strategy of the business, the Board has established a Nominations Committee (see pages 79 to 81) to oversee the process of appointments and succession planning for Directors and other Senior Managers. The role of the Nominations Committee is critical in ensuring that the Group's Board and Committee composition and balance support both the Group's business ambitions and best practice in the area of corporate governance.

The Board comprises seven independent Non-Executive Directors and two Executive Directors. Their respective relevant skills and experience are detailed on pages 70 and 71 and below.

## Induction, training and development

Upon joining the Board, Directors receive induction programmes which are specifically designed to complement their background, experience and knowledge with a more detailed understanding of the upstream industry and other matters regularly discussed by the Board. The programmes include one-to-one meetings with members of the SLT, functional leaders and, where possible, visits to the Group's principal offices and operations. The Directors also receive an overview of their duties, corporate governance policies and Board processes. As required, professional advisers and subject matter experts are invited

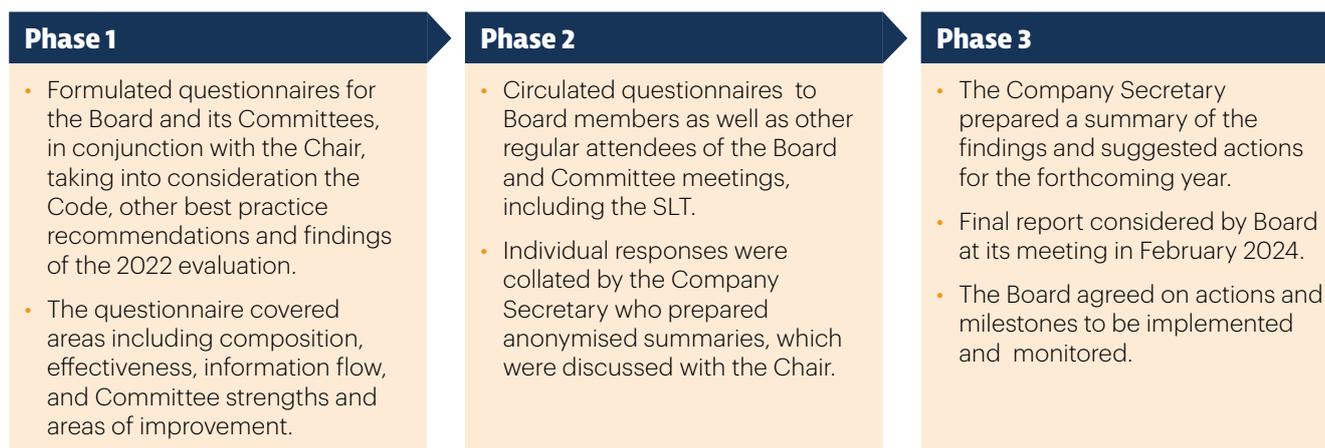
to Board and Committee meetings to provide in-depth updates. The Company Secretary also provides regular updates to the Board and its Committee on regulatory and corporate governance matters.

In September 2023, as part of their induction programmes, Roald Goethe and Rebecca Wiles visited the Kwame Nkrumah floating production storage and offloading vessel which operates in the Jubilee oil fields off the coast of Ghana. During the same visit to Ghana, they received a technical 'deep dive' presentation on the portfolio of oil and gas assets held by the Group in Ghana, including detail on seismic data and capital allocation programmes. Later in the year, they received a technical presentation in London showcasing the people, workflows and technologies in the subsurface realm.

## Board evaluation

Each year, in line with the Code, we undertake a formal and rigorous evaluation of the performance of the Board and its Committees. At least every third year, this process is facilitated by an external evaluator. Our last externally facilitated evaluation took place in 2022 and was facilitated by Heidrick & Struggles (the 2022 evaluation). Heidrick & Struggles, have previously assisted Tullow with executive searches but have no other connections with the Company. Information about the 2022 evaluation process, its findings and actions taken to address these findings is included in our 2022 Annual Report and Accounts on pages 69 and 70.

The Company Secretary facilitated the evaluation in respect of the year ended 31 December 2023 (the 2023 evaluation), through the process detailed below.



**Composition, succession and evaluation** continued**Board evaluation** continued

The conclusions of the 2023 evaluation were positive, confirming that the Board continues to operate effectively with strong leadership and a continual enhancement of skills and experience. The relationships among the Chair, the Senior Independent Director, Non-Executive Directors and the Executive Directors remained of a high quality. Previous evaluation recommendations had been implemented effectively and the Board's strategic stewardship of key matters remained strong.

Key findings and the actions agreed to address are detailed below.

Key findings	Recommendations
Ongoing training and development to support the Board.	Continue to provide tailored ongoing training and awareness including site visits and technical updates.
Succession planning and talent development to support the Company's longer-term prospects.	Continue to review the optimal composition and skillset of the Board, whilst increasing focus on SLT succession and talent development, including reviewing key criteria skillsets required for senior leadership positions.
Meeting materials.	Continue to improve the balance between presentation and discussion and ensure that Board and Committee materials are succinct and clear.



# Nominations Committee report



To fulfil our purpose and deliver our strategy it is essential that our leadership team has the right balance of skills, knowledge and experience.

**Phuthuma Nhleko**  
Chair of the Nominations Committee



## Key responsibilities

- Reviews the structure, size and composition of the Board, including the balance of skills, knowledge, diversity and experience of the Board and its Committees and makes recommendations to the Board regarding any changes.
- Oversees the succession planning process for the Board and senior management.
- Reviews the Board's effectiveness including its performance evaluation.

## 2023 key activities

- Oversaw the recruitment process and appointment of Roald Goethe and Rebecca Wiles as new independent Non-Executive Directors and increased female representation on the Board to 33%.
- Refreshed the composition of the Board Committees.

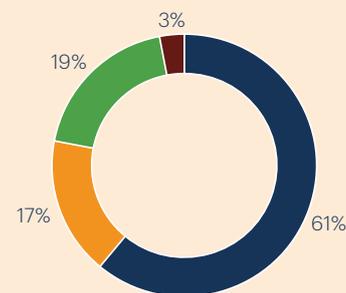
## 2024 priorities

- Enhance Directors' induction, training and development programmes.
- Review the Executive Directors and senior management succession pipeline and development initiatives.

## Allocation of Nominations Committee time\* (%)

### Activity\* %

- Non-Executive Director succession planning
- Senior management succession planning
- Leadership effectiveness
- Corporate governance



\* Percentages are approximate.

## Committee membership, meetings and attendance

The table below sets out the number of meetings attended out of the meetings members were eligible to attend.

Director	Scheduled Meeting Attendance	Unscheduled Meeting Attendance
Phuthuma Nhleko	3/3	2/2
Martin Greenslade	3/3	2/2
Sheila Khama <sup>1</sup>	2/2	1/1
Mike Daly <sup>2</sup>	2/2	2/2

1. Joined the Committee on 24 May 2023.
2. Stepped down from the Board and the Committee on 24 May 2023.

The CEO and Director of People and Sustainability also attend meetings of the Committee by invitation and were present at most of, or part of, the meetings in 2023, as appropriate.



## Nominations Committee report continued

### Dear shareholder

I am delighted to present the Nominations Committee (the Committee) report for the year ended 31 December 2023. The Committee continues to play a vital role in ensuring that we have the right balance of skills experience, knowledge and diversity across our leadership team. Ensuring orderly succession planning and strong and effective leadership, taking into account our approach to inclusion and diversity, to support our strategy also continue to be key areas of focus.

### Role and responsibilities

The Committee's key responsibilities are set out on the previous page and outlined in the Committee's terms of reference which are available at [www.tulloil.com/about-us/corporate-governance/board-committees](http://www.tulloil.com/about-us/corporate-governance/board-committees).

### Committee membership, meetings and attendance

The Committee's members are listed on the previous page together with information about the number of scheduled meetings held during the year and each Director's meeting attendance.

In addition to its scheduled meetings the Committee held two unscheduled meetings to consider specific items including the appointments of new independent Non-Executive Directors.

### Non-Executive Director succession

During the year, having assessed the skills, diversity, experience and tenure across the Board the Committee commissioned a search for two new Non-Executive Directors with significant knowledge of our sector and experience of operating in Africa and emerging markets. This process led to the Committee recommending to the Board the appointment of Roald Goethe and Rebecca Wiles, both of whom have extensive relevant experience and knowledge (see page 71). The Board approved both appointments and Roald and Rebecca joined the Board on 24 February 2023 and 28 June 2023 respectively.

### Committee membership changes

During the year, and following the retirement of Mike Daly after serving nine years on the Board, the Committee reviewed the composition of each of the Board's Committee and following this review, the Committee recommended to the Board the following changes:

- Audit Committee: The appointment of Roald Goethe and Rebecca Wiles as members, with effect from 24 May 2023 and 1 January 2024 respectively.
- Safety and Sustainability: The appointment of Rebecca Wiles as a member with effect from 1 January 2024.
- Nominations Committee: The appointment of Sheila Khama as a member with effect from 24 May 2023.
- Remuneration Committee: The appointment of Roald Goethe as a member with effect from 1 January 2024.

Following the changes to the Audit Committee as detailed above Genevieve Sangudi stepped down as a member of the Audit Committee, with effect from 1 January 2024.

The Board approved and welcomed these recommendations.

### Inclusion and diversity

The Board is committed to ensuring that together the Directors possess the requisite diversity of skills, experience, knowledge and perspectives to support the long-term success of the Company. The Board recognises the role of diversity in promoting balanced and considered decision making which aligns with the Group's purpose, values and strategy. All Board appointments are made on an objective and shared understanding of merit, in line with required competencies relevant to the Company as identified by the Committee.

During the year, we made great progress on our gender diversity representation on the Board, with the appointment of Rebecca Wiles and increasing diversity remains one of the key focuses of the Committee.

As at the date of this Annual Report, female representation on the Board was 33% (2022: 22%). The Committee acknowledges the FCA's diversity target recommendation that at least 40% of the Board should be female and one of the Chair or SID and/or the CEO or CFO should be female. In line with the Parker Review, we continue to have an ethnically diverse Board, with 44% of the Board identifying as being ethnic minority.

We are committed to building a Board and management team that are diverse in all respects. We are mindful of the recommendation of the 2023 Parker Review to set a target for 2027 for ethnic diversity, and will be considering the appropriate target that reflects the diversity of our dynamic workforce and the areas we operate in.

The Committee also oversees the development of a diverse pipeline for future succession to Board and senior management appointments, including reviewing the gender balance of senior management and its direct reports. As at the date of this Annual Report, the SLT has 14% female representation, and among their direct reports, female representation is 32% (excluding administrative staff).

Whilst the Committee remains committed to increasing diversity, all appointments will be based on merit with each candidate assessed against objective criteria, with the prime objective to maintain and enhance the Board's overall effectiveness.



## Board and leadership team diversity as at 31 December 2023

As required under Listing Rule 9.8.6R, the breakdown of the gender identity and ethnic background of the Board and executive management<sup>2</sup>, as at 31 December 2023 is set out in the tables below. This information is based on self-reported data from the Board and SLT. Between 31 December 2023 and 5 March 2024, being the date at which this report is approved, there have been no changes in composition of the Board or SLT.

Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board <sup>1</sup>	Number in executive management <sup>2</sup>	Percentage of executive management
Men	6	67.7%	4	6	85.7%
Women	3	33.3%	0	1	14.3%
Not specified/prefer not to say	N/A	N/A	N/A	N/A	N/A

Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board <sup>1</sup>	Number in executive management <sup>2</sup>	Percentage of executive management
White British or other white	5	55.6%	2	4	57.1%
Mixed/multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	1	11.1%	1	1	14.3%
Black/African/Caribbean/Black British	3	33.3%	1	1	14.3%
Other ethnic group, including Arab	0	0%	0	1	14.3%
Not specified/prefer not to say	N/A	N/A	N/A	N/A	N/A

1. Includes CEO, CFO, Chair and Senior Independent Director.

2. Includes the Senior Leadership Team (which includes the CEO and CFO) and aligns with the FCA's definition of executive management.

## Recruitment process

The search processes for the two new Independent Non-Executive Directors appointed during 2023 were assisted by the search consultant Heidrick & Struggles which, in late 2022, also assisted with an externally facilitated evaluation of the performance of the Board, its Committees and Directors (the 2022 evaluation). The results and recommendations of the 2022 evaluation (which can be found in our 2022 Annual Report and Accounts on pages 69 and 70), together with other factors (including stakeholder engagement) purposively informed the scope of the searches and the skills and experience that the Committee sought to add to the Board. Our approach to diversity and inclusion was factored into the search processes and a long list of candidates was compiled taking into account the competencies required as identified by the Committee. This long list was considered by the Committee and a short list of candidates were identified who then met with Chair, CEO and SID. Following these meetings the Committee recommended to the Board the appointment of Roald and Rebecca.

## External appointments

To ensure that Directors continue to have sufficient time to commit to discharge their duties, any additional external appointments undertaken require advance approval by the Board. The Directors significant external appointments are disclosed in their biographies on pages 70 and 71.

## Review of Committee effectiveness

The Committee undertook a review of its effectiveness in 2024, in respect of the year ended 31 December 2023, with the results reported to the Board (see pages 77 and 78). I am pleased to confirm that the Committee was considered to be operating effectively and in accordance with the Code and the relevant guidance. The feedback provided has been used to shape the Committee's annual rolling agenda for 2024.

**Phuthuma Nhleko**  
Chair of the Nominations Committee  
5 March 2024



# Audit Committee report



The Committee has continued to review the effectiveness of the Group's control environment and strengthen its risk management process.

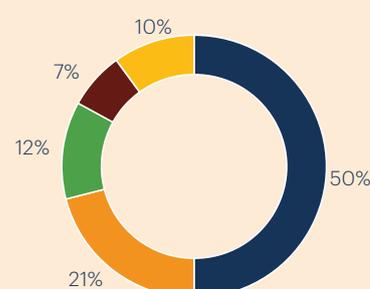
**Martin Greenslade**  
Chair of the Audit Committee



## Allocation of Audit Committee time\* (%)

### Activity\* %

- Financial reporting
- Internal controls and risk management
- Special topics
- External audit
- Corporate governance



\* Percentages are approximate.

## Key responsibilities

- Oversees financial reporting and disclosures including monitoring the integrity of the financial statements and reviewing and challenging the appropriateness and consistency of significant accounting policies.
- Monitors and assesses the adequacy and effectiveness of risk management systems and internal controls.
- Oversees the relationship with the external auditor and the effectiveness of the audit process.
- Oversees the work programme of internal audit and the system of ethics and compliance.

## 2023 key activities

- Reviewed the significant accounting judgements made during the year.
- Monitored the developments arising from the internal audit programme.

## 2024 priorities

- Monitor developments and review processes and procedures to prepare for upcoming changes in relation to Audit and Corporate Governance reforms.
- Enhance and further embed our Enterprise Risk Management framework.

## Committee membership, meetings and attendance

The table below sets out the number of meetings attended out of the meetings members were eligible to attend.

Director	Scheduled Meeting Attendance
Martin Greenslade	4/4
Roald Goethe <sup>1</sup>	2/2
Genevieve Sangudi <sup>2</sup>	4/4
Mike Daly <sup>3</sup>	2/2

1. Joined the Committee on 24 May 2023.

2. Retired from the Committee on 1 January 2024.

3. Retired from the Board and Committee on 24 May 2023.

The Committee meetings are routinely attended by the CEO, CFO, the Group General Counsel, the Group Financial Controller, the Head of Internal Audit and Risk and representatives of the external auditor, and members of Company Secretariat. The Committee also invites other senior finance and business heads to attend certain meetings to gain a deeper level of insight on particular items. The Committee also met without management present and met privately with the external audit partner and the Head of Internal Audit and Risk.



## Dear shareholder

### Overview

As the Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 31 December 2023. The purpose of this report is to describe how the Committee has discharged its responsibilities during the year. Our core objectives include ensuring the integrity of the Group's financial reporting process, the effectiveness of the external audit and ensuring that the Company has an effective control environment to manage risks.

### Role and responsibilities

The Committee's key responsibilities are set out on the previous page and outlined in the Committee's terms of reference which are available at [www.tulloil.com/about-us/corporate-governance/board-committees](http://www.tulloil.com/about-us/corporate-governance/board-committees).

### Committee membership, meetings and attendance

In line with the provisions of the Code, all Committee members are independent Non-Executive Directors. I have relevant and recent financial experience as the current Group Chief Financial Officer at Red Sea Global and having served as Chief Financial Officer at Land Securities Group plc, a listed UK real estate company between 2005 and 2021. Previously, I spent five years as Group Finance Director of Alvis plc, an international defence and engineering company. I am a Fellow of the Institute of Chartered

Accountants in England and Wales. The Board remains satisfied that I possess recent and relevance financial experience appropriate to Chair the Committee.

During the year, the membership of the Committee was changed, and I am pleased to formally welcome Roald Goethe (appointed 24 May 2023) and Rebecca Wiles (appointed 1 January 2024) as members of the Committee. They are both already making good contributions to the Committee's discussions, and I look forward to working with them in the future. Further biographical information in relation to Roald and Rebecca is set out on page 71.

Genevieve Sangudi stepped down from the Committee with effect from 1 January 2024. On behalf of the Committee, I would like to thank Genevieve for her valuable input to the Committee over the last few years. In May 2023, Mike Daly also stepped down from the Board and the Committee and I would also like to thank Mike for his significant contribution to the Committee during his tenure.

In addition to the Committee's scheduled meetings during the year the Committee held conference calls between meetings to consider specific items. Meetings are scheduled to allow sufficient time for full discussion of key topics and to enable early identification and resolution of risks and issues. Meetings are aligned with the Group's financial reporting calendar. The Committee sets an annual work plan, developed from its Terms of Reference, with standing items that the Committee considers at each meeting, in addition to areas of risk identified for detailed review and any matters that arise during the year.

### Significant issues and financial judgements

The significant issues and primary areas of financial judgement considered by the Committee in relation to the 2023 accounts and how these were addressed are detailed below. The related Group accounting policies can be found on pages 134 to 144.

Significant financial judgements and areas of estimation	How the Committee addressed these judgements and areas of estimation
<p><b>Carrying value of intangible exploration and evaluation assets</b></p>	<p>A detailed accounting paper was received by the Committee from management on the Group's exploration and evaluation assets, with a separate paper for Kenya, given its materiality. The papers documented management's assessment of indicators for impairment and, if required, showed calculations for the impairments. The Committee reviewed these papers and challenged management's position, with particular focus on the Kenya development project given key changes to the project in 2023, at the February 2024 Audit Committee meeting.</p> <p>The Committee supported management's assessment that an impairment was required in respect of Kenya based on the judgemental assessment performed and ensured there was an appropriate disclosure of this judgement in the Annual Report and Accounts.</p>



## Audit Committee report continued

### Significant issues and financial judgements continued

Significant financial judgements and areas of estimation	How the Committee addressed these judgements and areas of estimation
<b>Carrying value of property, plant and equipment (PP&amp;E)</b>	<p>The Committee received and reviewed the papers prepared by management on the Group's oil price and discount rate assumptions, which are used in the assessment of the carrying value of PP&amp;E. At the September, November and February Audit Committee meetings these assumptions were challenged by the Committee compared to independent oil price forecasts. The Committee also challenged the Company's calculation of discount rates, with particular focus on the asset and exploration risk adjustments made by management to a peer group weighted average cost of capital.</p> <p>At the September and February Audit Committee meetings the Audit Committee reviewed and challenged detailed papers on management's assessment of impairment triggers and resulting impairment tests for PP&amp;E. The Committee gave particular focus to TEN, given the materiality of historical impairments made to that asset. The Committee also discussed the Group's reserves and resources with the Group's principal external reserves auditor, TRACS, at the February Committee meeting to gain comfort over management's view of the carrying value of PP&amp;E. The Committee concurred with the impairments proposed by management and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.</p>
<b>Going concern and viability</b>	<p>A detailed accounting paper and cash flow analysis was prepared by management and provided to the Committee, which then reviewed and challenged the assumptions and judgements in the underlying going concern and viability statement forecast cash flows. The Committee discussed with management the risks, sensitivities and mitigations identified by management to ensure the Company can continue as a going concern. The Committee also discussed the five-year time horizon used by management for the viability statement, which aligns with the revised debt maturities following the refinancing in 2023.</p> <p>The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.</p>
<b>Gabon asset swap</b>	<p>A detailed accounting paper was prepared by management and reviewed by the Committee documenting the background and accounting treatment of the Gabon asset swap agreement and its impact on Group results. The disposal group met the criteria for classification as held for sale under IFRS 5 and the carrying amounts have been presented as such on the balance sheet. On completion, any positive difference between the fair value of the acquired assets and the carrying value of the disposal group will be recognised as a gain in the income statement.</p>
<b>TEN FPSO Lease accounting</b>	<p>A detailed accounting paper was prepared by management documenting the accounting treatment of the lease extension on the TEN FPSO following a decision to not exercise the purchase option. The extended term has been treated as a lease remeasurement in line with the requirements of IFRS 16, and the discount rate and lease term have been updated to reflect the new expected end date. The adjustments were made to the right-of-use asset and liability on the balance sheet.</p> <p>The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.</p>
<b>Uncertain tax and regulatory treatments</b>	<p>Detailed accounting papers on all tax and regulatory exposures were prepared by management for the Committee's review. Where relevant, the papers included summaries of external legal or tax advice on particular tax claims and assessments received. The Committee also met with the Head of Tax in the February meeting to discuss and challenge the key judgements and estimates made including the likelihood of success and the quantum of the total exposure for which provision had been made. The Committee concurred with management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.</p>



## External auditor

The Committee has primary responsibility for managing the relationship with the external auditor, including assessing its performance, effectiveness and independence, recommending to the Board its re-appointment or removal, and agreeing terms of engagement.

Based on the competitive tender process conducted in 2018, the Committee recommended to the Board the appointment of Ernst & Young LLP (EY) as Tullow's statutory auditor for the 2020 financial year, which was approved by shareholders at the 2021 AGM. Under current regulations, the Group will be required to retender the audit by no later than the 2029 financial year.

The external auditor is required to rotate the audit partner responsible for the Group audit every five years. Mr Paul Wallek is EY's lead audit partner with effect from 2020. During the year the Committee held private meetings with the external auditor, and I also maintained regular contact with the audit partner throughout the year. These meetings provide an opportunity for open dialogue with the external auditor without management being present, and help ensure that the external auditor is able to operate effectively and challenge management sufficiently when required.

## Effectiveness of external audit process

The Audit Committee is responsible for assessing the qualifications, expertise and resources, and independence of EY, as well as the effectiveness of the audit process. The Committee's assessment of the 2023 audit process covered all aspects of the audit service provided by EY, including:

- Obtaining a report on the auditor's own internal quality control procedures and consideration of the auditor's annual transparency reports in line with the Code.
- Approving the auditor's terms of engagement and remuneration.
- Reviewing and approving the audit plan prepared by the auditor at the start of the audit cycle. This plan identifies key audit risks which included oil and gas reserve estimations; recoverability of Kenya exploration and evaluation assets; recoverability of property plant and equipment; going concern; revenue recognition; uncertain tax treatments and accounting for the Gabon asset swap.
- Discussing and challenging a number of matters including the auditor's assessment of the Group's significant financial risks and the performance of management in addressing these risks, the auditor's opinion of management's role in fulfilling obligations for the maintenance of internal controls and the transparency and responsiveness of interactions with management.
- Confirming the independence of the audit including how the auditor has exercised professional challenge.
- Assessing the effectiveness and performance of the external auditor and the audit process based on the Committee's interactions with the external auditor and management's survey.

As a result of the Committee's assessment, the Committee concluded that the external audit process had operated effectively. EY and management have agreed on step plans to ensure the quality of audit, team continuity and focus on continuous improvement is maintained.

## Non-audit services and independence

The Committee closely monitors the level of audit and non-audit services provided by the auditor to the Group. Non-audit services are normally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group is necessary. An internal Tullow standard for the engagement of the auditor to supply non-audit services is in place to formalise these arrangements. It was revised in January 2022 and is reviewed regularly. It requires Committee approval for all non-trivial categories of non-audit work. In 2023 total fees for audit-related work amounted to \$2.5 million and total fees for non-audit-related work amounted to \$0.5 million. See note 4 to the financial statements for further information.

In addition to processes put in place to ensure segregation of audit and non-audit roles, EY is required, as part of the assurance process in relation to the audit, to confirm to the Committee that it has both the appropriate independence and the objectivity to allow it to continue to serve the Company's shareholders. This confirmation is received every six months, and no matters of concern were identified by the Committee.

## Internal controls and risk management

The Board has overall responsibility for risk management and internal control systems, and for reviewing their effectiveness. This process is overseen by the Committee on the Board's behalf.

In 2023, the Committee reviewed, discussed and briefed the Board on risks, controls and assurance, including the annual assessment of the system of risk management and internal control, to monitor the effectiveness of the procedures for internal control over financial reporting, compliance and operational matters.

The Directors obtained comfort over the effectiveness of the Group's risk management and internal control systems through various assurance activities that included:

- Audits undertaken by the Internal Audit team.
- Enterprise risk management and assurance processes.
- The external auditor's observations on internal financial controls identified as part of its audit.
- Regular performance, risk and assurance reporting by the Business Unit and Corporate teams to the Board.



## Audit Committee report continued

### Internal controls and risk management continued

During the year, in conjunction with the Board, the Committee completed two robust assessments of the significant risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. This assessment included the identification and discussion of principal and emerging risks. The assessment process included engagements with the SLT helping to support understanding, ownership and accountability of enterprise-wide risks across all layers of the Company. For each of the principal risk categories, the Board reviewed the risk strategies to ensure they were still valid, and their associated risk appetites.

Internal Audit periodically presented its findings to the Committee over delivery of the assurance plan, progress of issues raised and their timely resolution. On occasions, senior management representatives from the business were also invited to attend the Committee to provide updates on key matters such as the annual tax strategy review and TCFD reporting.

In addition, during the year, the Committee received reports from the principal independent reserves auditor TRACS and reviewed the arrangements in place for managing cyber risk relating to the Group's critical information systems.

All identified findings were assessed, with no indications of fraud noted.

Based on the results of the annual effectiveness review of risk management and internal control systems, the Directors concluded that the system of internal controls operated effectively throughout the financial year and up to the date on which the financial statements were signed. There were areas identified for improvement and the Directors are confident that they are in the process of being addressed.

### Internal audit requirements

The Committee's role is to consider how the Group's internal audit requirements are satisfied and make relevant recommendations to the Board. Throughout 2023 the Committee requested and received reports from management on its resource and budget planning for the Internal Audit function in order to assess the effectiveness of internal audit and satisfy itself that the quality, experience and expertise of the function is appropriate for the business. The level of internal resource available to the function was in line with target from throughout the year. In addition, the internal audit function uses external expertise for specialist reviews and so the Committee challenged management to ensure sufficient budget was made available for additional external resource where required.

During the year:

- The Committee reviewed and challenged the 2023 programme of internal audit work developed to address both financial and overall risk management objectives identified within the Group during the planning phase. The plan was subsequently adopted with progress reported at the Committee's meetings and feedback provided. A

total of 19 internal audits were planned for 2023 of which 15 were completed with two in progress at the year end, one review was postponed into 2024 and two reviews were consolidated into one. The primary changes in the plan were due to re-assessments of the Group's priorities and the results of completed audits. Based on the nature of the audits completed, the assurance performed by management, the Committee's subsequent assessment and the scale of the business, the Committee believes an appropriate level of assurance has been performed over the Group's internal control environment.

- Internal Audit also ran a systematic programme of audits of suppliers' compliance with contractual terms, with a focus on significant and high-risk contracts.
- Detailed results from the internal audits were reported to management and in summary to the Committee during the year. Where required, the Committee receives full reports and details on any key findings and receives regular reports on the status of the implementation of Internal Audit recommendations.
- The Committee assessed the effectiveness of Internal Audit through meeting with the Head of Internal Audit, its review and assessment of the Internal Audit Plan and the results of audits reported.

### Whistleblowing procedure

In line with best practice and to ensure we operate to the highest ethical standards, an independent whistleblowing procedure was established in 2011 and operated throughout 2023. The procedure allows staff to confidentially raise any concerns about business practices and complements our internal reporting processes. The Committee considers the whistleblowing procedures to be appropriate for the size and scale of the Group.

The whistleblowing policy is included in the Code of Ethical Conduct which is available to all staff in printed form and on our intranet. Each member of staff is annually required to complete an online awareness course to refresh their knowledge of key provisions of the Code of Ethical Conduct, which was included as a Group-wide KPI.

The Committee receives from the Group Ethics and Compliance Manager summaries of investigations of significant known or suspected misconduct by third parties and employees including ongoing monitoring and following up of internal investigations.

### Review of Committee effectiveness

The Committee undertook a review of its effectiveness in 2024, in respect of the year ended 31 December 2023, with the results reported to the Board (see pages 77 and 78). I am pleased to confirm that the Committee was considered to be operating effectively and in accordance with the Code and the relevant guidance. The feedback provided has been used to shape the Committee's annual rolling agenda for 2024.

**Martin Greenslade**  
Chair of the Audit Committee  
5 March 2024



# Safety and Sustainability Committee report



The Committee continued to monitor the Group's safety and environmental performance and its progress in embedding sustainability across the business.

**Mitchell Ingram**  
Chair of the Safety and Sustainability Committee



## Key responsibilities

- Oversees implementation of the Company's strategic sustainability priorities.
- Monitors the implementation of the Company's environmental, health, security and asset protection, and safety policies and reviews key learnings from safety incidents.
- Reviews the Company's approach to delivering Shared Prosperity, including local content, social investment and social performance.
- Reviews the pathways to decarbonise the Company's operations, and the associated costs and risks, and approves the timeframe in which Tullow intends to achieve Net Zero.

## 2023 key activities

- Monitored progress in relation to Net Zero Scope 1 and 2 emissions by 2030 commitment.
- Reviewed human rights salient issues, roadmap and action plans.
- Reviewed performance against sustainability KPIs and provided feedback.
- Promoted occupational health and safety, process safety and asset integrity across Ghana operations.

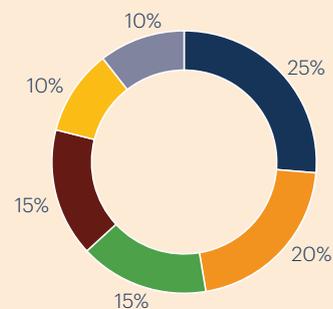
## 2024 priorities

- Continue to improve safety, operational and environmental performance.
- Ensure sustainability strategy delivers sustainable value creation.
- Continue to monitor the Net Zero delivery plan and the progress of the nature-based offset solution in Ghana.

## Allocation of Safety and Sustainability Committee time\* (%)

### Activity\* %

- Safety performance, safety risk management and incident reviews
- Sustainability performance and KPI reviews
- Shared Prosperity programmes including local content
- Climate change mitigation and Net Zero progress and plans
- Asset health and integrity
- Other topics including human resources, human rights



\* Percentages are approximate.

## Committee membership, meetings and attendance

The table below sets out the number of scheduled meetings attended out of the meetings members were eligible to attend.

Director	Attendance
Mitchell Ingram	4/4
Genevieve Sangudi	4/4
Sheila Khama	4/4
Mike Daly <sup>1</sup>	2/2

1. Stepped down from the Board and the Committee on 24 May 2023.

The Director of People and Sustainability and the Managing Director, Ghana, who report to the Committee, are invited to attend each meeting of the Committee and participated in all of the meetings during 2023. The Climate Change Manager, Group Shared Prosperity Manager, Group Sustainability Manager and the Group EHS Manager also attend meetings of the Committee by invitation and were present at most of the meetings during the year. The Committee is supported by the Company Secretary.



## Safety and Sustainability Committee report continued

### Dear shareholder

#### Overview

The Safety and Sustainability Committee oversees our sustainability strategy and performance in relation to its four pillars: Safe Operations, Shared Prosperity, Environmental Stewardship and Equality and Transparency. 2023 was another active year for the Committee during which several strategic programmes were advanced across all four sustainability pillars.

#### Role and responsibilities

The Committee's key responsibilities are set out on the previous page and outlined in the Committee's terms of reference which are available at [www.tulloil.com/aboutus/corporate-governance/board-committees](http://www.tulloil.com/aboutus/corporate-governance/board-committees).

#### Committee membership, meetings and attendance

The Committee's members are listed on the previous page together with information about the number of scheduled meetings held during the year and each Director's meeting attendance.

#### Committee activities

To ensure that sustainability is embedded across all business activities and decision making, at each meeting the Committee reviews the sustainability KPI which forms part of the Group's scorecard (see pages 20 and 21). As needed, the Committee also conducts in-depth reviews of strategically important areas of concern for the Group.

In 2023, the Committee engaged across several topics which are core to our sustainability performance and progress. Personal and process safety continued to be an important discussion at every meeting and the Committee reviewed all notable safety events including significant safety events and high-potential near misses. This included a lost-time injury on the Jubilee FPSO in which an offshore worker required offsite medical treatment. The Committee reviewed the thorough investigation of the incident which took place and corrective actions to prevent similar incidents. Similarly, the Committee reviewed ongoing investment in life cycle integrity and maintenance of operated assets and new safety campaigns such as 'Learning from Normal Work' and enhanced safety hazard risk management practices. The Committee also examined safety risk mitigation at non-operated assets.

Advancing plans to deliver our Net Zero Scope 1 and 2 emissions by 2030 commitment, and the interim goal of eliminating routine flaring by 2025, were a regular feature of the Committee's agenda in 2023, and included updates on the implementation of modifications at Jubilee and TEN fields to enable elimination of routine flaring. Additionally, the Committee played an instrumental role in considerations leading to the agreement to partner with the Ghana Forestry Commission in a project which will offset more than 600,000 tonnes of carbon emissions per year, representing 100% of Tullow's residual hard to abate emissions. The Committee is supportive of the agreed hands-on approach, which involves upfront investment, aligning on carbon standards, engagement with communities in the project regions in Ghana to improve livelihoods and deliver environmental benefits.

During the year, in relation to our human rights policy, the Committee considered the salient issues most relevant to our business activities. Following this review the Committee oversaw the development of a new human rights roadmap and the development of plans to further strengthen the protection of human rights across the Group (see page 37).

The Committee continued to monitor delivery of our Shared Prosperity strategy including ongoing educational initiatives in host countries, accelerated through partnerships with experienced local organisations. The outcomes of these activities in terms of improved enrolment in education, higher school grades and stronger interest in STEM higher education represent an important contribution to delivering Shared Prosperity in the communities where we operate. Similarly, the Committee reviewed local content performance, including the positive development of collaboration with the Ghana Petroleum Commission to broaden and deepen the nature of knowledge and the extensive engagement and support provided to local suppliers and entrepreneurs.

The Committee evaluated and agreed the Group's sustainability disclosures including the annual Sustainability Report and its TCFD statement (see pages 38 to 47).

#### Review of Committee effectiveness

The Committee undertook a review of its effectiveness in 2024, in respect of the year ended 31 December 2023, with the results reported to the Board (see pages 77 and 78). I am pleased to confirm that the Committee was considered to be operating effectively and in accordance with the Code and the relevant guidance. The feedback provided has been used to shape the Committee's annual rolling agenda for 2024.

**Mitchell Ingram**  
Chair of the Safety and Sustainability Committee  
5 March 2024



# Remuneration report



The Remuneration Committee seeks to align reward with the Company's strategy, culture and delivery of long-term shareholder value.

**Genevieve Sangudi**  
Chair of the Remuneration Committee



## Key responsibilities

- Ensures Executive Directors and the SLT are rewarded for promoting the long-term sustainable success of the Company and delivering on its strategy.
- Reviews the remuneration arrangements for the wider workforce.

## 2023 key activities

- Setting an appropriately stretching set of key performance metrics for the 2023 and 2024 KPI scorecards.
- Monitoring progress against the 2023 KPI scorecard.
- Undertaking a review of the Directors' Remuneration Policy (the Policy), including consideration of alternative incentive structures, performance measures, and other Policy elements.
- Reviewing the remuneration arrangements, including benchmarking of Total Remuneration for the SLT and reviewing the implementation of the revised pay philosophy and principles for the wider workforce.

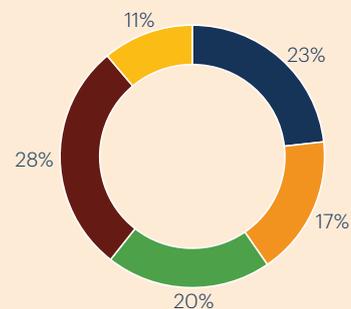
## 2024 priorities

- Monitor progress against the 2024 KPI scorecard.
- Cascade principles of 2023 Directors' Remuneration Policy below Board/SLT level.
- Review alignment of remuneration arrangements across the workforce to ensure fair and consistent reward based on performance.

## Allocation of Remuneration Committee time\* (%)

### Activity\* %

- Executive and senior management remuneration
- Wider workforce pay and conditions
- Remuneration policy
- Remuneration reporting and corporate governance
- Scorecard performance review



\* Percentages are approximate.

## Committee membership, meetings and attendance

The table below sets out the number of meetings attended out of the meetings members were eligible to attend.

Director	Scheduled Meeting Attendance
Genevieve Sangudi	5/5
Mitchell Ingram <sup>1</sup>	4/5
Martin Greenslade	5/5

1. Mitchell Ingram was unable to attend the meeting due to personal reasons.

The CEO and other members of the SLT may be invited to attend Committee meetings to provide business context and performance updates. However, no member of the SLT is present when their own remuneration is determined. The Company Secretary acts as Secretary to the Committee.



## Remuneration report continued

### Annual statement on remuneration

#### Dear shareholder

On behalf of the Board, I am presenting the Remuneration Committee's report for 2023 on Directors' remuneration. The report is divided into three main sections:

- This Annual Statement, which contains a summary of performance and pay for 2023, the Committee's activities during the year, and the proposed implementation of the Directors' Remuneration Policy for 2024.
- The 2023 Annual Report on Remuneration, which provides details of the remuneration earned by Directors in the year ended 31 December 2023 and how the Policy will be operated in 2024.
- The Directors' Remuneration Policy Report, which was formally approved by the shareholders at the 2023 AGM and sets out the forward-looking three-year Directors' Remuneration Policy for the Company.

#### New Directors' Remuneration Policy approved at the 2023 AGM

As disclosed last year the Committee undertook a comprehensive review of the Directors' Remuneration Policy in 2022 and early 2023, which included consultation with many of our major shareholders. Following this process it was pleasing to see the strong support for the Policy at our 2023 AGM, with the Policy report receiving a 98.6% vote in favour.

The feedback received from shareholders during this consultation helped inform the Committee's decisions on the final terms of the Policy, and has continued to form part of the Committee's discussions during the year. I would like to thank those who took part in the consultation exercise for their time and input.

#### 2023 performance context

During the year, we made material financial and operational progress. A key event in the year was the start-up of the Jubilee South East (JSE) project which delivered material production growth from the field and in turn, marked a step-change in our cash flow generation. We also refined our non-operated portfolio through a swap agreement and licence extensions in Gabon. \$170 million of free cash flow was generated during the year, which was ahead of expectations, and we secured a \$400 million debt facility agreement with Glencore, which demonstrates our ability to access long-term capital. We further strengthened our balance sheet through continued deleveraging and proactive buy-backs of our bonds. We remain on track to deliver our target of c.\$800 million free cash flow over the 2023 to 2025 period and create an optimal capital structure.

2023 full-year production was 62.7 kboepd, marginally below expectations due to water injection challenges and a short-term delay to the start up of the JSE project. This production generated revenue of \$1,634 million (2022: \$1,783 million); gross profit of \$765 million (\$1,086 million) and a loss after tax of \$110 million (2022: profit after tax of \$49 million). This loss was driven by impairments and write-offs totalling \$435 million.

We are pleased with the operational and financial progress made during the year to position Tullow for growth.

#### Summary of Executive Director remuneration for 2023

As set out in the Policy, 2023 was a transitional year as we move from the Tullow Incentive Plan (TIP) to separate annual bonus and LTIP awards. Rahul Dhir's 2023 variable pay was therefore earned under the TIP, whereas Richard Miller, due to his appointment as CFO in January 2023, was eligible for an annual bonus.

Following the end of the year the Committee reviewed the performance achieved against the KPI scorecard used for annual bonus awards. For TIP awards the scorecard also included a 50% element based on relative TSR. The details of the scorecard and the performance achieved can be found on pages 93 to 96. It was noted that there had been resilient performance across a number of our KPIs including safety, financials, production, business plan implementation, sustainability, unlocking value, leadership effectiveness and capital structure.

Based on this assessment the Committee awarded Rahul Dhir a TIP award of 106% of salary (i.e. 26.5% of the maximum 400% of salary potential), which takes into account the progress against annual KPIs and the three-year TSR measurement period, which commenced 1 January 2021 and ended 31 December 2023. In line with the Policy, 50% of the TIP award is paid in cash, with the remaining 50% deferred into shares which vest after five years.

Based on performance against the annual KPIs, the Committee felt it appropriate to award an annual bonus to Richard Miller of 79.5% of salary (i.e. 53% of the maximum 150% of salary opportunity). In line with the Policy, one-third of the bonus earned will be deferred into shares for a period of three years.

The Committee considers these outcomes to be appropriate in the context of the performance achieved over the relevant period and has not applied discretion to the outcome.

As disclosed last year, in June 2023 we granted the first LTIP awards under the Policy to Rahul Dhir and Richard Miller, which are subject to performance over the three years from 1 January 2023. To determine the number of underlying shares for each LTIP award, the Committee decided to apply the same share price as used to determine the March 2023 TIP share awards in relation to the 2022 performance year, which was 17% higher than the share price on the day the LTIP awards were made. Details of these awards can be found on page 100.

#### Summary of Executive Director remuneration for 2024

In early 2024 the Committee reviewed the salary levels for the Executive Directors, taking into account the average pay increase awarded to UK-based employees of 3.5%. The base salary for Rahul Dhir, our CEO, will be increased by 2.8%, below the typical increase awarded to UK based employees for 2024. Richard Miller, our CFO, was appointed on 1 January 2023 and his salary on appointment was set at a level that considered that this was his first FTSE CFO role. During 2023 his performance has been strong, he



has gained significant experience and he has continued to develop in the role. Therefore, the Committee determined that it was fair and appropriate to increase his base salary by 9.3%. Following this increase the CFO's base salary will remain below that of his predecessor. Base salary increases will apply with effect from 1 April 2024.

As set out in the approved Policy, 2024 will be the final transition year for Rahul Dhir, with performance for the 2022 to 2024 period continuing to be rewarded through the TIP. This will be based 50% on relative TSR over three years, and 50% on the annual KPI scorecard performance in 2024.

We have finalised our annual KPI scorecard for 2024 with a focus on safety, financial performance, production, business plan implementation, embedding sustainability, unlocking value and leadership effectiveness. We believe all targets to be suitably challenging.

LTIP awards will be made to Rahul Dhir and Richard Miller in 2024, and will continue to be based on 50% of relative TSR and 50% of absolute TSR performance assessed over the three years from 1 January 2024. Details can be found on pages 101 and 102.

### Remuneration arrangements for the wider workforce

During 2023 the Committee continued to consider the alignment of remuneration arrangements through the workforce, ensuring all employees are rewarded fairly and consistently for their contribution to the overall Company performance. In doing so, the Committee took into account the presentations made to the Board on the Company's initiatives regarding culture and the Employee Value Proposition.

### Employee engagement

During the year, members of the Committee met with the workforce Tullow Advisory Panel (TAP), a staff panel, which collectively represents Tullow's global workforce. These meetings provided an opportunity to gather feedback from employees to help shape decisions with regards to the ongoing development of Tullow's Employee Value Proposition. On behalf of the Committee I would like to thank TAP members and other employees for their input to the Board's discussions.

### Review of Committee effectiveness

The Committee undertook a review of its effectiveness in 2024, in respect of the year ended 31 December 2023, with the results reported to the Board (see pages 77 and 78). I am pleased to confirm that the Committee was considered to be operating effectively and in accordance with the Code and relevant guidance. The feedback provided has been used to shape the Committee's annual rolling agenda for 2024.

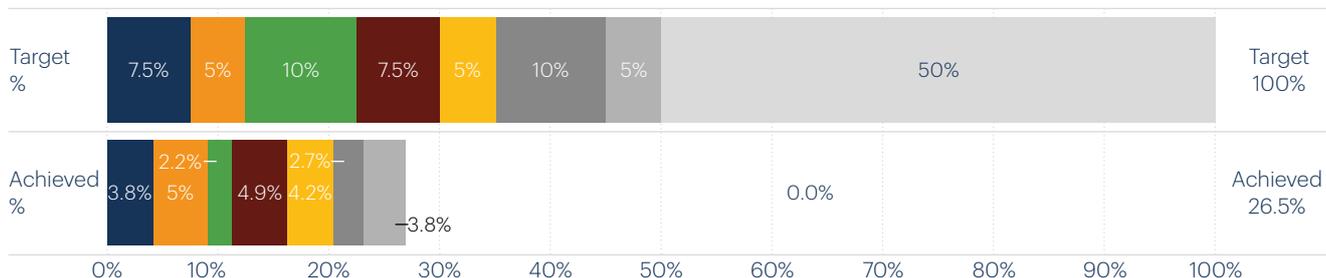
### Looking ahead

On behalf of the Committee, I would like to again thank shareholders for their vote approving the Directors' Remuneration Policy and the Directors' Remuneration report at the last AGM and look forward to your continued support over the coming year. If you have any comments or questions on any element of the report, please contact me via our Company Secretary, Adam Holland, at [companysecretary@tulloil.com](mailto:companysecretary@tulloil.com).

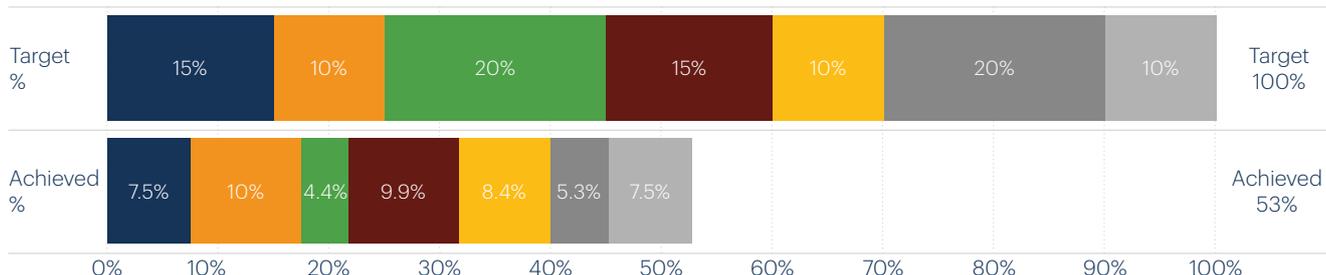
**Genevieve Sangudi**  
 Chair of the Remuneration Committee  
 5 March 2024

## Executive remuneration at a glance

### Assessment of TIP Awards



### Assessment of Annual Bonus Awards



- Safety
- Financial Performance
- Production
- Business Plan Implementation
- Sustainability
- Unlocking Value
- Leadership Effectiveness
- Total Shareholder Return



## Remuneration report continued

### Annual Report on Remuneration

#### Directors' remuneration (audited)

The remuneration of the Directors for the year ended 31 December 2023 payable by Group companies in respect of qualifying services and comparative figures for 2022 and 2023 are shown in the table below:

		Fixed pay			Tullow Incentive Plan		Annual Bonus Plan		Total	Total fixed pay	Total variable pay
		Salary fees <sup>1</sup>	Pensions <sup>2</sup>	Taxable benefits <sup>3</sup>	TIP cash	Deferred TIP shares <sup>4</sup>	Cash Bonus	Deferred shares <sup>4</sup>			
		£	£	£	£	£	£	£	£	£	
<b>Executive Directors</b>											
Rahul Dhir	<b>2023</b>	<b>613,150</b>	<b>91,972</b>	<b>28,284</b>	<b>327,752</b>	<b>327,752</b>	-	-	<b>1,388,910</b>	<b>733,406</b>	<b>655,504</b>
	2022	593,050	88,958	20,513	358,440	358,440	-	-	1,419,400	702,520	716,880
Richard Miller	<b>2023</b>	<b>366,000</b>	<b>36,600</b>	<b>11,002</b>	-	-	<b>193,980</b>	<b>96,990</b>	<b>704,572</b>	<b>413,602</b>	<b>290,970</b>
	2022	-	-	-	-	-	-	-	-	-	-
<b>Subtotal 2023</b>	<b>2023</b>	<b>979,150</b>	<b>128,572</b>	<b>39,286</b>	<b>327,752</b>	<b>327,752</b>	<b>193,980</b>	<b>96,990</b>	<b>2,093,482</b>	<b>1,147,008</b>	<b>946,474</b>
Subtotal 2022 (includes former Executive Directors)	2022	708,430	117,801	52,642	496,889	358,440	-	-	1,734,195	878,867	855,329
<b>Non-Executive Directors</b>											
Mike Daly <sup>5</sup>	<b>2023</b>	<b>27,083</b>	-	<b>3,706</b>	-	-	-	-	<b>30,789</b>	<b>30,789</b>	<b>n/a</b>
	2022	65,000	-	256	-	-	-	-	65,256	65,256	n/a
Genevieve Sangudi <sup>6</sup>	<b>2023</b>	<b>80,000</b>	-	<b>7,417</b>	-	-	-	-	<b>87,417</b>	<b>87,417</b>	<b>n/a</b>
	2022	73,981	-	10,242	-	-	-	-	84,223	84,223	n/a
Sheila Khama	<b>2023</b>	<b>65,000</b>	-	<b>8,414</b>	-	-	-	-	<b>73,414</b>	<b>73,414</b>	<b>n/a</b>
	2022	65,000	-	9,311	-	-	-	-	74,311	74,311	n/a
Martin Greenslade	<b>2023</b>	<b>100,000</b>	-	<b>3,190</b>	-	-	-	-	<b>103,190</b>	<b>103,190</b>	<b>n/a</b>
	2022	87,962	-	279	-	-	-	-	88,241	88,241	n/a
Roald Goethe <sup>7</sup>	<b>2023</b>	<b>54,667</b>	-	<b>3,358</b>	-	-	-	-	<b>58,025</b>	<b>58,025</b>	<b>n/a</b>
	2022	-	-	-	-	-	-	-	-	-	n/a
Rebecca Wiles <sup>8</sup>	<b>2023</b>	<b>33,750</b>	-	<b>3,267</b>	-	-	-	-	<b>37,017</b>	<b>37,017</b>	<b>n/a</b>
	2022	-	-	-	-	-	-	-	-	-	n/a
Mitchell Ingram	<b>2023</b>	<b>80,000</b>	-	<b>2,902</b>	-	-	-	-	<b>82,902</b>	<b>82,902</b>	<b>n/a</b>
	2022	80,000	-	4,210	-	-	-	-	84,210	84,210	n/a
Phuthuma Nhleko	<b>2023</b>	<b>300,000</b>	-	<b>45,260</b>	-	-	-	-	<b>345,260</b>	<b>345,260</b>	<b>n/a</b>
	2022	300,000	-	31,064	-	-	-	-	331,064	331,064	n/a
<b>Subtotal 2023</b>	<b>2023</b>	<b>740,500</b>	-	<b>77,514</b>	-	-	-	-	<b>818,014</b>	<b>818,014</b>	<b>n/a</b>
Subtotal 2022 (includes former Directors)	2022	749,661	-	55,362	-	-	-	-	805,023	805,023	n/a
<b>Total</b>	<b>2023</b>	<b>1,719,650</b>	<b>128,572</b>	<b>116,800</b>	<b>327,752</b>	<b>327,752</b>	<b>193,980</b>	<b>96,990</b>	<b>2,911,496</b>	<b>1,965,022</b>	<b>946,474</b>
Total (includes former Directors)	2022	1,458,090	117,801	108,004	496,889	358,440	-	-	2,539,218	1,683,889	885,329

1. Base salaries of the Executive Directors have been rounded up to the nearest £10 for payment purposes, in line with established policy.
2. None of the Executive Directors have a prospective entitlement to a defined benefit pension by reference to qualifying services. Pension benefits for Executive Directors are workforce aligned. Rahul Dhir receives cash in lieu of pension contribution. Richard Miller receives a partial employee contribution towards the regular company pension plan with the balance paid as cash in lieu.



3. Taxable benefits comprise private medical insurance for all Executive Directors and any other taxable expenses. Travel and subsistence benefits provided to Executive Directors and Non-Executive Directors have also been included on a grossed-up basis as Tullow meets the UK tax liability on their behalf.
4. These figures represent that part of the TIP and Annual Bonus Awards required to be deferred into shares.
5. Mike Daly retired from the Board on 24 May 2023.
6. Genevieve Sangudi was appointed Chair of the Remuneration Committee following the AGM on 25 May 2022.
7. Roald Goethe was appointed Non-Executive Director effective 24 February 2023.
8. Rebecca Wiles was appointed Non-Executive Director effective 28 June 2023.

### **Material contracts**

There have been no contracts or arrangements during the financial year in which a Director of the Company was materially interested and/or which were significant in relation to the Group's business.

### **Payments to past Directors**

No payments were made to past Directors in 2023.

### **Payments for loss of office**

No payments for loss of office were made to past Directors in 2023.

### **Determination of 2024 TIP and Annual Bonus Awards based on performance to 31 December 2023 (audited)**

We measure performance using a corporate scorecard that includes a number of financial and non-financial key performance indicators (KPIs). The corporate scorecard is central to Tullow's approach to performance management and the 2023 metrics were agreed with the Board and focus on targets that were deemed important for the year. Each KPI measured has a percentage weighting and financial indicators have trigger, base, and stretch performance targets.

For the Executive Directors participating in TIP, an additional TSR metric was included, which represents a weighting of 50% of the total corporate scorecard.

Progress against the corporate scorecard is tracked during the year to assess performance against strategy. Following the end of the 2023 financial year, the corporate scorecard performance was assessed as 53% of the maximum for Annual Bonus Award and the workforce and 26.5% for the Executive Directors participating in TIP taking into account the additional TSR metric. The Committee is satisfied with the outcome based on the broader view of performance and stakeholder experience.



## Remuneration report continued

### Annual Report on Remuneration continued

#### Details of variable pay earned in the year

Details of the performance targets and performance against those targets are as follows:

Performance metric	Performance					% of TIP award (% of salary maximum)	Actual TIP award Rahul Dhir	% of annual bonus award (% of salary maximum)	Actual annual bonus award Richard Miller	
<b>Safety</b>	Health and safety of our staff and everyone who is associated with our operations.					7.5% (30%)	3.75% (15%)	15% (22.5%)	7.5% (11.25%)	
Measure of Total Recordable Incident Rate (TRIR) and Loss of Primary Containment (LOPC) Tier 1 & 2 as per IOGP		Trigger	Base	Stretch	2023 Performance					
	TRIR as per IOGP	0.77	0.60	0.48	0.20					
	Payout	0%	50%	100%	100%					
		Trigger	Base	Stretch	2023 Performance					
	Number of LOPC Tier 1 & 2 as per IOGP	Tier 1: 0 Tier 2: 2	Tier 1: 0 Tier 2: 1	Tier 1: 0 Tier 2: 0	Tier 1: 0 Tier 2: 3					
	Payout	20%	50%	100%	0%					
	In 2023 there was one recordable injury (versus none in 2022) and no process safety events related to Loss of Primary Containment (LOPC) at Tier 1. There were three Tier 2 LOPCs recorded in 2023.									
	<b>Financial performance</b>	Key value driver for our business and the delivery of this KPI is driven by how effectively we are deploying our strict cost framework and our progress in achieving capital efficiency.					5% (20%)	5% (20%)	10% (15%)	10% (15%)
			Trigger	Base	Stretch	2023 Performance				
	Operating Cash Flow (OCF) (\$mm)	726	807	888	902					
Payout	0%	50%	100%	100%						
Normalised operating cash flow of \$902 million (from our absolute OCF of \$813 million) is above our stretch target. This has been achieved despite inflationary cost pressure during the year.										
<b>Production</b>	Targets related to oil production and vessel efficiency	Trigger	Base	Stretch	2023 Performance	10% (40%)	2.2% (8.8%)	20% (30%)	4.4% (6.6%)	
Group production (kbopd)	58	63	64	56						
Payout	25%	88%	100%	0%						
		Trigger	Base	Stretch	2023 Performance					
Jubilee production efficiency (% of uptime)	94%	97%	98%	96%						
Payout	25%	60%	100%	54%						
		Trigger	Base	Stretch	2023 Performance					
TEN production efficiency (% of uptime)	95%	98%	99%	95%						
Payout	25%	60%	100%	27%						
The percentage of the award which is payable for the Base level of performance differs for each measure to reflect the relative challenge associated with each performance target. Production of 56.3 kbopd for 2023 was below the Trigger target primarily due to Jubilee South East schedule delays and reduced water injection which has now been resolved.										





## Remuneration report continued

### Annual Report on Remuneration continued

#### Details of variable pay earned in the year continued

Performance metric	Performance	% of TIP award (% of salary maximum)	Actual TIP award Rahul Dhir	% of annual bonus award (% of salary maximum)	Actual annual bonus award Richard Miller
<b>Unlocking value</b>	Progress in 2023 against the six critical actions: 1. Deliver Kenya farm-down and FDP approval: Engagements to secure a strategic partner for the development project in Kenya are ongoing. 2. Manage GRA exposure to agreed ways forward: Tullow continues to engage with the Government of Ghana, including the GRA, with the aim of resolving these disputes on a mutually acceptable basis. 3. Sign Ghana GSA and Operationalise: Ghana gas commercialisation via interim gas sales agreement. 4. Deliver enhancement in TEN value: Progressing amended TEN PoD collaboratively with Government of Ghana. 5. Deleveraging and positioning for future refinancing: Successful delivery in 2023 of refinancing initiatives to address near-term debt maturities including debt facility agreed with Glencore. 6. Optimise non-operated and exploration portfolio: Targeted resource addition achieved through securing new licences in Gabon and Côte d'Ivoire and portfolio prospect maturation.	10% (40%)	2.65% (10.6%)	20% (30%)	5.3% (7.95%)
<b>Leadership effectiveness</b>	The Board made a judgement on the performance of the SLT over the year. They considered several factors, including the strength and cohesiveness of the leadership team, a clear strategy being set and understood across the organisation, a fully engaged workforce, and the business being positioned for sustainable success. During 2023 the leadership team has strengthened and, supported by the hard work and dedication of the entire Tullow team, has worked together cohesively to ensure continued operational delivery through an unrelenting focus on business performance. The leadership team also progressed activities to position the organisation for future sustainable success by unlocking value in the identified critical areas. This resulted in a score of 3.75%.	5% (20%)	3.75% (15%)	10% (15%)	7.5% (11.25%)
<b>Relative Total Shareholder Return (TSR)<sup>3</sup></b>	Performance against a bespoke group of listed exploration and production companies measured from 1 January 2021 to 31 December 2023. 25% is payable at median, increasing to 100% payable at upper quartile. Tullow placed below median.	50% (200%)	0% (0%)	N/A	N/A
<b>Total</b>		100% (400%)	26.5% (106%)	100% (150%)	53% (79.5%)

3. The TSR comparator group for the 2023 TIP Award was as follows: Africa Oil, BW Energy, Capricorn Energy, Diversified Energy Co., Energean, EnQuest, Harbour Energy, Kosmos Energy, Maurel and Prom, Pharos Energy and Seplat Energy (NSA).

In line with the Policy, the TIP outcomes are divided evenly between cash and deferred shares up to the first 200% of base salary. Any amount above 200% of base salary is awarded entirely in deferred shares. Deferred shares are normally subject to deferral until the fifth anniversary of grant, normally subject to continued service. The table below shows the values for the Executive Directors participating in TIP.

Director	Cash TIP	Deferred TIP
Rahul Dhir	£327,752	£327,752

In line with the Policy, the Annual Bonus outcomes are divided for two-thirds in cash and one-third in deferred shares. Deferred shares are normally subject to deferral until the third anniversary of grant, normally subject to continued service. The table below shows the values for the Executive Directors participating in the Annual Bonus plan.

Director	Cash Annual Bonus	Deferred Annual Bonus
Richard Miller	£193,980	£96,990



## UK SIP shares awarded in 2023 (audited)

The UK SIP is a tax-favoured all-employee plan that enables UK employees to save out of pre-tax salary. Quarterly contributions are used by the plan trustee to buy Tullow Oil plc shares (partnership shares). The Group funds an award of an equal number of shares (matching shares). The current maximum contribution is £150 per month. Shares held in the plan for five years will be free of income tax and national insurance, as well as Capital Gains tax if retained in the plan until sold. Details of shares purchased and awarded to Executive Directors under the UK SIP are as follows:

Director	Shares held 01.01.23	Partnership shares acquired in year	Matching shares awarded in year	Total shares held 31.12.23 (including dividend shares)	Dividend shares acquired in the year <sup>1</sup>	SIP shares that became unrestricted in year <sup>1</sup>	Total unrestricted shares held at 31.12.23
Richard Miller	17,963	–	–	17,963	–	1,468	7,342

1. Unrestricted shares (which are included in the total shares held at 31 December 2023) are those which no longer attract a tax liability if they are withdrawn from the plan.

## Executive Director and Non-Executive Director terms of appointment

Director	Year appointed	Number of complete years on the Board	Date of current engagement commenced	Expiry of current term
Rahul Dhir	2020	3	01.07.20	n/a
Richard Miller	2023	1	01.01.23	n/a
Phuthuma Nhleko	2021	2	25.10.21	24.10.24
Martin Greenslade	2019	4	01.11.19	31.10.24
Sheila Khama	2019	4	26.04.19	26.04.25
Mitchell Ingram	2020	3	09.09.20	09.09.26
Genevieve Sangudi	2019	4	26.04.19	25.04.25
Rebecca Wiles	2023	0	28.06.23	27.06.26
Roald Goethe	2023	0	24.02.23	23.02.26

In the case of each Non-Executive Director, the appointment is renewable thereafter if agreed by the Director and the Board. The appointment of any Non-Executive Director may be terminated by either party on three months' notice. There are no arrangements under which any Non-Executive Director is entitled to receive compensation upon the early termination of his or her appointment.

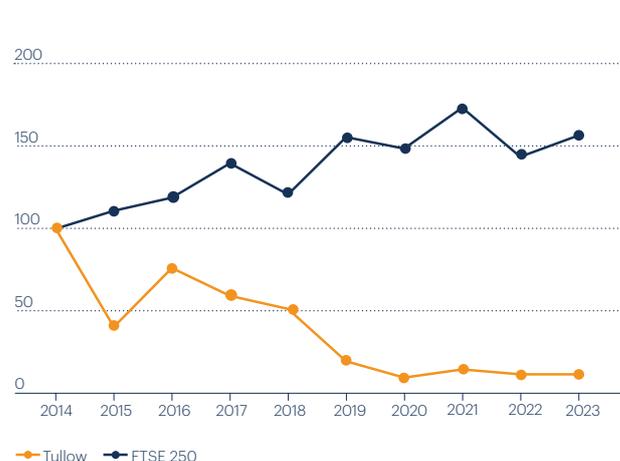
## CEO – total pay versus TSR

For 2023 the CEO total pay is based on the summation of the actual base pay, pension, benefits and TIP cash bonus and share award equivalent value for Rahul Dhir for the financial year ending 31 December 2023.

### CEO – Total pay versus RI



### Total shareholder return



**Remuneration report** continued**Annual Report on Remuneration** continued**Comparison of overall performance and pay**

The Committee has chosen to compare the TSR of the Company's ordinary shares against the FTSE 250 index; whilst the Company was placed outside the index for the majority of 2023, we believe the size and complexity of the organisation still makes this a comparable index. The values indicated in the graph above show the share price growth plus re-invested dividends for the period 2014 to 2023 from a £100 hypothetical holding of ordinary shares in Tullow Oil plc and in the index.

The total remuneration figures for the CEO during each of the last 10 financial years are shown in the tables below. The total remuneration figure includes the annual bonus based on that year's performance (2014 to 2023), TIP Awards based on the performance period ending in the relevant year (2014 to 2023). The annual bonus payout and TIP Award, as a percentage of the maximum opportunity, are also shown for each of these years.

	Year ending in										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Aidan Heavey <sup>1</sup>											
Total remuneration	£2,378,316	£2,835,709	£2,893,232	£1,717,276	-	-	-	-	-	-	-
Annual bonus	-	-	-	-	-	-	-	-	-	-	-
TIP	23%	38%	39%	40%	-	-	-	-	-	-	-
	Year ending in										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Paul McDade <sup>2</sup>											
Total remuneration	n/a	n/a	n/a	£1,416,281	£2,759,684	£986,706	-	-	-	-	-
TIP	n/a	n/a	n/a	40%	60.3%	0%	-	-	-	-	-
	Year ending in										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Dorothy Thompson <sup>3</sup>											
Total remuneration	n/a	n/a	n/a	n/a	n/a	37,704	418,452	n/a	n/a	-	-
	Year ending in										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Rahul Dhir <sup>4</sup>											
Total remuneration	n/a	n/a	n/a	n/a	n/a	n/a	£686,519	£1,860,806	£1,419,400	£1,388,910	£1,388,910
TIP	n/a	n/a	n/a	n/a	n/a	n/a	20%	51.2%	30%	26.5%	26.5%

1 & 2. For 2017, total remuneration figures are shown for Aidan Heavey based on the period he held the office of Chief Executive Officer and for the transition period up to 31 October 2017, and for Paul McDade from 27 April 2017 when he commenced in his office of Chief Executive.

3. For 2020, total remuneration is shown for Dorothy Thompson for the period she served as Executive Chair, i.e. 1 January 2020 to 8 September 2020. For 2019, the amount shown is the Executive Chair fee pro rata for the period 9 December 2019 to 31 December 2019. Dorothy Thompson did not participate in any incentive plans whilst serving as Executive Chair.

4. For 2020, total remuneration is shown for Rahul Dhir from the commencement of his appointment as Chief Executive Officer on 1 July 2020.



## Additional statutory information – percentage change in remuneration for Executive and Non-Executive Directors

The table below shows the percentage change in each of the Directors' total remuneration (for Executive Directors excluding the value of any pension benefits receivable in the year) between the financial year ended 31 December 2021, 31 December 2022 and 31 December 2023, compared to that of the average for all employees of the Group.

	% change from 2022 to 2023			% change from 2021 to 2022			% change from 2020 to 2021		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Phuthuma Nhleko	0%	46% <sup>1</sup>	n/a	2,607%	n/a	n/a	n/a	n/a	n/a
Rahul Dhir	3.4%	38% <sup>2</sup>	(8.6%)	2%	193%	(40%)	99%	379%	232%
Richard Miller	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mike Daly <sup>3</sup>	(58%)	1,345%	n/a	0%	n/a	n/a	(19%)	n/a	n/a
Martin Greenslade <sup>4</sup>	14%	1,044%	n/a	3%	n/a	n/a	8%	n/a	n/a
Mitchell Ingram	0%	(31%)	n/a	0%	n/a	n/a	295%	n/a	n/a
Roald Goethe	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rebecca Wiles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Genevieve Sangudi <sup>5</sup>	8%	(28%)	n/a	14%	1,051%	n/a	0%	(100%)	n/a
Sheila Khama	0%	(10%)	n/a	0%	n/a	n/a	0%	(100%)	n/a
<b>Average employees</b>	<b>3.3%</b>	<b>5.6%<sup>6</sup></b>	<b>(14.9%)</b>	5.4%	5.7%	(11.7%)	2.8%	7.0%	119.9%

- Increase in benefits for Phuthuma Nhleko due to increased travel and subsistence during 2023.
- Increase in benefits for Rahul Dhir due to increased travel and subsistence during 2023 and the buy-out of annual leave.
- The decrease in fees for Mike Daly is due to him stepping down from the Board on 24 May 2023. The increase in benefits reflect increased travel and subsistence during 2023.
- The increase in fees for Martin Greenslade reflect his appointment as Senior Independent Director in 2022. Benefits have increased due to increased travel and subsistence during 2023.
- The increase in fees for Genevieve Sangudi reflects her appointment as Chair of the Remuneration Committee after the 2022 AGM. Benefits have increased due to increased travel and subsistence post the COVID-19 pandemic.
- Increase in average employee benefits is driven by changes to annual medical insurance premiums.

## CEO pay ratio 2023

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	A	11:1	8:1	5:1
2022	A	12:1	8:1	6:1
2021	A	16:1	10:1	8:1
2020	A	7:1	5:1	3:1
2019	A	8:1	5:1	4:1

We have calculated the CEO pay ratio using the methodology described as 'Option A' in the Regulations, as we recognise that this is the most statistically accurate form of calculation.

For each UK employee<sup>1</sup> the Single Total Figure of Remuneration (STFR) has been calculated as a summation of base pay, benefits, employer pension contributions receivable during the year ended 31 December 2023 and cash bonus payable and value of share awards to be granted for the 2023 performance year. The STFR at 25th percentile is £121,044, £178,373 at median and £249,630 at 75th percentile. The wages component at 25th percentile is £87,331, £167,800 at median and £156,663 at 75th percentile.

1. All STFRs have been based on a full-time equivalent and annualised to provide a dataset for the full year 31 December 2023.

**Remuneration report** continued**Annual Report on Remuneration** continued**CEO pay ratio 2023** continued

In setting both our CEO remuneration and the remuneration structures for the wider UK workforce, we have adopted a remuneration structure which includes the same core components for employees at all levels (base pay, benefits, pension, cash bonus and share awards). Whilst all employees receive a base salary commensurate to the Company's position in the market, the differences exist in the quantum of variable pay achievable by our Executive Directors and SLT; at these levels there is a greater emphasis placed on variable pay given their opportunity to impact directly on Company performance. Based on this distinction, and taking into account Company performance in a particular financial year and the impact on variable pay, the Committee believes that the median pay ratio is consistent with and reflective of the wider pay, reward and progression policies impacting our UK employees. The Committee will continue to monitor longer-term trends.

**Relative importance of spend on pay**

The following table shows the Group's actual spend on pay for all employees relative to tax and retained profits.

Staff costs have been compared to tax expense and retained profits in order to provide a measure of their scale compared to other key elements of the Group's financial metrics.

	2022	2023	% change
Staff costs (£m)	63.9	<b>68.3</b>	(7%)
Tax (credit)/expense (£m) <sup>1</sup>	318.9	<b>165.3</b>	48%
Retained profits (£m) <sup>1</sup>	(1,818.8)	<b>(1,887.6)</b>	(4%)

1. Voluntary disclosure.

**Details of share awards granted to Executive Directors**

Director	Award grant date	Share price on grant date	As at 01.01.23	Granted during the year	Exercised during the year	As at 31.12.23	Earliest date shares can be acquired	Latest date shares can be acquired
Richard Miller <sup>1</sup>	14.02.19	226.30p	33,906	-	-	33,906	14.02.22	14.02.29
	13.03.20	10.91p	152,518	-	-	152,518	13.03.23	13.03.30
	15.03.21	60.48p	59,117	-	-	59,117	15.03.24	15.03.31
	14.03.22	49.14p	240,848	-	-	240,848	14.03.25	14.03.32
	30.09.22	42.22p	71,056	-	-	71,056	30.09.25	30.09.32
	08.12.22	37.22p	39,979	-	-	39,979	08.12.25	08.12.32
	13.03.23	32.00p	-	280,576	-	280,576	13.03.26	13.03.33
	28.06.23	27.74p	-	2,726,460	-	2,726,460	13.03.28	13.03.33
Dividend equivalents	10.05.19	213.10p	594	-	-	594	14.02.22	14.02.29
	17.10.19	207.20p	313	-	-	313	14.02.22	14.02.29
Rahul Dhir <sup>2</sup>	05.08.20	27.68p	9,000,000	-	-	9,000,000	01.07.25	30.06.30
	15.03.21	60.48p	319,316	-	-	319,316	15.03.26	15.03.31
	14.03.22	49.14p	1,104,269	-	-	1,104,269	14.03.27	14.03.32
	13.03.23	32.00p	-	1,067,930	-	1,067,930	13.03.28	13.03.33
	28.06.23	27.74p	-	4,605,929	-	4,605,929	13.03.28	13.03.33

- The awards granted in 2019, 2020, 2021, 2022 and in March 2023 are Non-Executive Director ESAP and TIP awards. The award granted in June 2023 is an Executive Director LTIP grant for the 2023-2025 performance period with performance conditions attached.
- Share awards granted on 05 August 2020 represent 'Buy-out Awards' to replace share arrangements that were forfeited upon leaving his former employer (full details of which are available in the 2020 Directors' Remuneration report). The awards granted in 2021, 2022 and in March 2023 are TIP awards. The award granted in June 2023 is an Executive Director LTIP grant for the 2023-2025 performance period with performance conditions attached.



## Share price range

During 2023, the highest mid-market price of the Company's shares was 39.04p and the lowest was 22.60p. The year-end price was 38.92p.

## Details of Directors' interests

The interests of the Directors (all of which were beneficial), who held office during FY 2023, are set out in the table below:

	Ordinary shares held		% of salary under 2023 Remuneration Policy shareholding guidelines <sup>1</sup>	TIP Awards		LTIP Awards	Buyout Awards		SIP		SIP total
	01.01.23	31.12.23		Unvested	Vested	Unvested	Unvested	Vested	Restricted	Unrestricted	31.12.23
<b>Executive Directors</b>											
Rahul Dhir <sup>2</sup>	1,346,000	1,706,900	325%	2,491,515	-	4,605,929	9,000,000	-	-	-	-
Richard Miller	-	35,500	55%	691,576	187,331	2,726,460	-	-	10,621	7,342	17,963
<b>Non-Executive Directors</b>											
Mike Daly	4,795	4,795	-	-	-	-	-	-	-	-	-
Genevieve Sangudi	-	100,000	-	-	-	-	-	-	-	-	-
Roald Goethe <sup>3</sup>	22,000,000	23,700,000	-	-	-	-	-	-	-	-	-
Rebecca Wiles	-	-	-	-	-	-	-	-	-	-	-
Sheila Khama	7,070	39,970	-	-	-	-	-	-	-	-	-
Martin Greenslade	60,000	60,000	-	-	-	-	-	-	-	-	-
Mitchell Ingram	50,000	50,000	-	-	-	-	-	-	-	-	-
Phuthuma Nhleko	-	142,500	-	-	-	-	-	-	-	-	-

1. Calculated using share price of 38.92p at year end, excluding awards remaining subject to performance conditions. Under the Company's shareholding guidelines, each Executive Director is required to build up their shareholdings in the Company's shares to at least 400% of their current salary. Further details of the minimum shareholding requirement are set out in the Remuneration Policy Report.
2. 1,346,000 ordinary shares held by Rahul Dhir are in respect of his buyout-award granted on commencement of employment. The additional ordinary shares held reflect subsequent open market purchases.
3. Roald Goethe was appointed as a Non-Executive Director on 24 February 2023 and disclosed that he or persons closely associated with him hold 22,000,000 ordinary shares of 10p each in the Company and \$2,500,000 Senior Notes due 2025.

There have been no changes in the interests of any Director between 1 January 2024 and the date of this report.

## Implementation of Policy for Executive Directors for 2024

The Remuneration Policy will be implemented during 2024 as follows:

- Base salary for Rahul Dhir will be increased by 2.8%, below the typical increase awarded to UK- based employees for 2024.
- Base salary for Richard Miller will be increased by 9.3% to move towards market norms as his experience and contribution increased.
- Pension provision will be 15% of salary for Rahul Dhir and 10% of salary for Richard Miller (workforce aligned).
- TIP Award for Rahul Dhir with a maximum opportunity of 400% of salary based on: Safety (7.5%), Financial performance (5.0%), Production (10.0%), Business plan implementation (7.5%), Sustainability (5.0%), Unlocking value (10.0%), Leadership effectiveness (5.0%) and Relative TSR (50%) for the 2022-2024 performance period.
- LTIP Award for Rahul Dhir with a maximum opportunity of 250% of salary based 50% on our relative and 50% on our absolute total shareholder returns during the 2024-2026 performance period.
- LTIP Award for Richard Miller with a maximum opportunity of 250% of salary based 50% on our relative and 50% on our absolute total shareholder returns during the 2024-2026 performance period.
- The TSR comparator group for both the TIP and 2024-2026 LTIP Awards will be as follows: Africa Oil, BW Energy, Capricorn Energy, Diversified Energy Co., Energean, EnQuest, Harbour Energy, Kosmos Energy, Maurel and Prom, Pharos Energy and Seplat Energy (NSA).



## Remuneration report continued

### Implementation of Policy for Executive Directors for 2024 continued

- Our absolute total shareholder return target for the 2024–2026 LTIP Award will be on average 20% per annum at Threshold and on average 30% per annum at Maximum. Our relative total shareholder return target for the 2024–2026 LTIP Award will be comparator group Median at Threshold and comparator group Upper Quartile at Maximum.
- 2024 Annual Bonus opportunity for Richard Miller with a maximum opportunity of 150% of salary based on: Safety (15%), Financial performance, (10%), Production (20%), Business plan implementation (15%), Sustainability (10%), Unlocking value (20%) and Leadership effectiveness (10%).
- No changes will be made to the Chair nor the Non-Executive Director fees from 2023 levels.

## Governance

### Remuneration Committee members

Genevieve Sangudi (Committee Chair), Mitchell Ingram and Martin Greenslade.

### Remuneration Committee membership and attendance

All members of the Committee are independent Non-Executive Directors. None of the Committee members has day-to-day involvement with the business and nor do they have any personal financial interest, except as shareholders, in the matters to be recommended. The number of scheduled and unscheduled meetings held and the attendance by each member is shown in the table on page 89.

The Company Secretary is available to assist the members of the Committee as required, ensuring that timely and accurate information is distributed accordingly.

### Advice received during 2023

The Committee received external advice from Deloitte LLP (Deloitte) during 2023. Deloitte are members of the Remuneration Consultants Group and are a signatory to its Code of Conduct. During the year Deloitte provided no other services to the Company. Fees (ex VAT) paid to Deloitte for advice provided during 2023 amounted to £48,550. Deloitte has no other connections to the Company or the Directors that affect their independence. The Committee evaluates the services provided by external advisers and is satisfied that the advice received from Deloitte was objective and independent.

### Activities of the Committee during 2023

A summary of the main Committee activities during 2023 are set out below:

- Setting an appropriately stretching set of key performance metrics for the 2023 KPI scorecard.
- Monitoring progress against the 2023 KPI scorecard.
- Reviewing feedback received from shareholders at the 2023 AGM.
- Undertaking a review of the Directors' Remuneration Policy, including consideration of alternative incentive structures, performance measures, and other Policy elements.
- Review of changes in remuneration-related guidance, shareholder policies and governance matters.
- Reviewing the remuneration arrangements, including benchmarking of Total Remuneration for the SLT and reviewing the implementation of the revised pay philosophy and principles for the wider workforce.
- Review of the Committee's performance and terms of reference.
- Review of draft KPIs for 2024 to align with strategy and culture of Tullow.



## Principles of Executive Director remuneration

The Committee seeks to ensure that the Directors Remuneration Policy and its practices are consistent with the six factors set out in Provision 40 of the new UK Corporate Governance Code:

### Clarity

Our Policy is well understood by the SLT and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during the recent consultation exercise).

### Simplicity

The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Executive remuneration policies and practices are straightforward to communicate and operate.

### Risk

Our Policy has been designed to ensure that inappropriate risk taking is discouraged and will not be rewarded via: (i) the balanced use of both annual and three-year performance periods which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by deferred equity in our incentive plans (together with in-employment and post-cessation shareholding guidelines and five-year vesting period); (iii) malus/clawback provisions; and (iv) the ability to exercise negative discretion to remuneration outcomes.

### Predictability

The TIP and Annual Bonus and LTIP are subject to an individual annual cap and market-standard dilution limits.

### Proportionality

There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

### Alignment to culture

Our Executive pay policies are fully aligned to Tullow's culture through the use of metrics in the TIP, LTIP and Annual Bonus Plan that measure how we perform against our financial and non-financial KPIs.

## Shareholder voting at the AGM

At last year's AGM on 24 May 2023 the remuneration-related resolutions received the following votes from shareholders:

	2022 Annual Statement and Annual Report on Remuneration	
	Total number of votes	% of votes cast
For	900,774,660	99.68%
Against	2,895,406	0.32%
	Total number of votes	% of ISC votes
Total votes cast (for and against)	903,670,066	62.43%
Votes withheld	642,220	
	2023 Remuneration Policy	
	Total number of votes	% of votes cast
For	890,988,764	98.60%
Against	12,691,569	1.40%
	Total number of votes	% of ISC votes
Total votes cast (for and against)	903,680,333	62.43%
Votes withheld	631,953	

**Remuneration report** continued**Directors' Remuneration Policy Report**

This section of the report sets out the Remuneration Policy (the Policy) for Executive and Non-Executive Directors which was approved by shareholders at the 2023 AGM on 24 May 2023. The Policy has come into effect from the date of the AGM and will apply for a period of up to three years.

**Policy overview**

The principles of the Remuneration Committee are to ensure that remuneration is linked to Tullow's strategy and promote the attraction, motivation and retention of the highest-quality executives who are key to delivering sustainable long-term value growth and substantial returns to shareholders.

**Policy review process**

The Committee undertook a review of Directors' Remuneration Policy to ensure that it is appropriate to support our strategy. The central focus of the Committee was developing an incentive structure that would reward growth and value creation and align management with shareholders.

The Committee was mindful in its deliberations on the new Remuneration Policy of any potential conflicts of interest and sought to minimise them through an open and transparent internal consultation process, by seeking independent advice from its external advisers and by undertaking a broad shareholder consultation exercise.

**2023 Policy changes**

The main change under the Policy is the transition from the Tullow Incentive Plan to the grant of separate annual bonus and LTIP awards. This transition is structured to ensure that there are no overlaps or gaps in performance assessment for Executive Directors appointed prior to 2023.

For the current CEO the TIP will continue for 2024 (capturing 2022–2024 performance period) in accordance with the structure approved by shareholders at the 2020 AGM. No TIP awards will be made after 2024. Other Executive Directors will not participate in the TIP for 2024.

Executive Directors appointed from 2023 onwards, including the current CFO, are eligible for an annual bonus award from 2023 onwards. Our current CEO will be eligible for an annual bonus award from 2025 onwards. The maximum opportunity will be 150% of salary and one-third of any bonus earned will normally be deferred into Tullow shares for three years.

All Executive Directors are eligible for an LTIP award from 2023 onwards. The first grant captured performance over the 2023–2025 period. The maximum award will be 250% of salary, and awards will be subject to a two-year holding period following vesting.

The policy was also updated for developments in corporate governance and feedback received from our shareholders.

**Summary Directors' Remuneration Policy****Base salary**

Purpose and link to strategy	Operation	Maximum opportunity
To provide an appropriate level of fixed cash income.	Generally reviewed annually. Base salaries will be set by the Committee taking into account:	Any increases to current Executive Director salaries, presented in the 'Application of Policy in 2024' column below this Policy table, will not normally exceed the average increase awarded to other UK-based employees.
To attract and retain individuals with the personal attributes, skills and experience required to deliver our strategy	<ul style="list-style-type: none"> <li>The scale, scope and responsibility of the role.</li> <li>The skills and experience of the individual.</li> <li>The base salary of other employees, including increases awarded to the wider population.</li> <li>The base salary of individuals undertaking similar roles in companies of comparable size and complexity. This may include international oil and gas sector companies or a broader group of FTSE-listed organisations.</li> </ul>	Increases may be above this level in certain circumstances, for instance if there is an increase in the scale, scope or responsibility of the role or to allow the base salary of newly appointed Executives to move towards market norms as their experience and contribution increase.
Performance and provisions for the recovery		
A broad assessment of individual and business performance is used as part of the salary review.		
No recovery provisions apply.		



## Pension and benefits

Purpose and link to strategy	Operation	Maximum opportunity
To attract and retain individuals with the personal attributes, skills and experience required to deliver our strategy.	<p>Defined contribution pension scheme or salary supplement in lieu of pension. The Company does not operate or have any legacy defined benefit pension schemes.</p> <p>Medical insurance, income protection and life assurance. Additional benefits may be provided as appropriate.</p> <p>Executive Directors may participate in the Tullow UK Share Incentive Plan (SIP) and the Tullow Sharesave (SAYE) plan.</p>	<p>Pension: Workforce aligned for Executive Directors (as a percentage of salary). Employees currently receive an employer contribution of 10% of salary, increasing to 15% of salary for employees over 50.</p> <p>Benefits: The range of benefits that may be provided is set by the Committee after taking into account local market practice in the country where the Executive Director is based. No monetary maximum is given for benefits provided to the Executive Directors as the cost will depend on individual circumstances.</p> <p>Tullow UK SIP and SAYE: Up to HM Revenue &amp; Customs (HMRC) limits. Maximum participation levels and matching levels for all staff, including Executive Directors, are set by reference to the rules of the plan and relevant legislation.</p>

### Performance and provisions for the recovery

Not applicable.

## Legacy Tullow Incentive Plan (TIP) – applicable only for current CEO and for 2023 and 2024 only

Purpose and link to strategy	Operation	Maximum opportunity
<p>To provide a simple, competitive, performance-linked incentive plan that:</p> <ul style="list-style-type: none"> <li>Aligns the interests of management and shareholders.</li> <li>Promotes the long-term success of the Company.</li> <li>Provides a real incentive to achieve our strategic objectives and deliver superior shareholder returns.</li> <li>Will attract, retain and motivate individuals with the required personal attributes, skills and experience.</li> </ul>	<p>The current CEO is eligible to receive a TIP award, subject to performance, for 2023 (for the 2021–23 period) and 2024 (for the 2022–24 period). No further TIP awards will be granted after 2024, and any Executive Directors appointed from 2023 onwards, including the current CFO, are not eligible to participate in the plan.</p> <p>An annual TIP award consisting of up to 400% of base salary, which is divided evenly between cash and deferred shares up to the first 200% of base salary.</p> <p>Any amount above 200% of base salary is awarded entirely in deferred shares.</p> <p>Deferred shares are normally subject to deferral until the fifth anniversary of grant, normally subject to continued service.</p> <p>TIP awards are non-pensionable and will be made in line with the Committee's assessment of performance targets.</p> <p>At the discretion of the Committee, any portion of the cash component of a TIP award can be satisfied by granting deferred shares with a vesting date set by the Committee being not earlier than the first anniversary of grant.</p>	<p>400% of salary.</p> <p>Dividend equivalents will accrue on TIP deferred shares over the vesting period.</p>

### Performance and provisions for the recovery

A balanced scorecard of stretching financial and operational objectives, linked to the achievement of Tullow's long-term strategy, will be used to assess TIP outcomes which may include targets relating to: relative or absolute total shareholder return (TSR); earnings per share (EPS); environmental, health and safety (EHS); financial; production; operations; project; exploration; or specific strategic and personal objectives.

Performance will typically be measured over one year for all measures apart from TSR and EPS, which, if adopted, will normally be measured over the three financial years prior to grant.

No more than 25% of the maximum TIP opportunity will be payable for threshold performance.

Recovery provisions apply (see below).

**Remuneration report** continued**Directors' Remuneration Policy Report** continued**Summary Directors' Remuneration Policy** continued**Annual bonus**

Purpose and link to strategy	Operation	Maximum opportunity
The executive bonus scheme rewards Executive Directors for achieving financial and strategic targets in the relevant year by reference to operational targets and individual objectives.	<p>The Current CEO will be eligible to participate in the Annual Bonus plan from 2025 onwards.</p> <p>The current CFO and any newly appointed Executive Directors are eligible to participate from 2023 onwards.</p> <p>Targets are reviewed annually and any pay-out is determined by the Committee after the year end based on targets set for the financial period.</p> <p>The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance or if the Committee considers the formulaic outturn is not appropriate in the context of other factors considered by the Committee to be relevant.</p> <p>One-third of any bonus earned will normally be deferred into shares for a period of three years. Deferred bonus awards may take the form of nil-cost options, conditional awards of shares or such other form as has a similar economic effect.</p> <p>Additional shares may be delivered in respect of shares subject to deferred bonus awards to reflect the value of dividends paid during the period beginning with the date of grant and ending with the date of vesting (this payment may assume that dividends had been reinvested in Tullow shares on a cumulative basis).</p>	Up to 150% of salary.

**Performance and provisions for the recovery**

A balanced scorecard of stretching financial and operational objectives, linked to the achievement of Tullow's long-term strategy, will be used to assess Annual Bonus outcomes. Performance will typically be measured over one year.

No more than 25% of the maximum opportunity will be payable for threshold performance.

Recovery provisions apply (see below).

**Long Term Incentive Plan (LTIP)**

Purpose and link to strategy	Operation	Maximum opportunity
The LTIP provides a clear link between the remuneration of the Executive Directors and the creation of value for shareholders by rewarding the Executive Directors for the achievement of longer-term objectives aligned to shareholders' interests.	<p>Executive Directors will be eligible to be granted LTIP award from 2023 onwards.</p> <p>Awards are normally made on an annual basis and normally vest three years from grant subject to continued employment and the satisfaction of challenging three-year performance targets.</p> <p>A two-year holding period following LTIP vesting applies to grants to Executive Directors. In total, this results in a five-year combined vesting and holding period.</p> <p>The Committee has discretion to vary the formulaic vesting outturn if it considers that the outturn does not reflect the Committee's assessment of performance or is not appropriate in the context of other factors considered by the Committee to be relevant.</p> <p>Additional shares may be delivered in respect of shares which vest under the LTIP to reflect the value of dividends, which would have been paid on those shares during the period beginning with the date of grant and ending with the vesting date (this payment may assume that dividends had been reinvested in Tullow shares on a cumulative basis).</p>	Up to 250% of salary.

**Performance and provisions for the recovery**

Performance is usually measured over a three-year period.

Performance measures for LTIP awards will include financial measures which may include, but are not limited to, total shareholder return (TSR), and may include strategic measures (which may include ESG measures).

Subject to the Committee's discretion to override formulaic outturns, awards will normally vest as to 25% for threshold performance, increasing to 100% for maximum performance.

Recovery provisions apply (see below).



<b>Shareholding guidelines</b>		
<b>Purpose and link to strategy</b>	<b>Operation</b>	<b>Maximum opportunity</b>
To align the interests of management and shareholders and promote a long-term approach to performance and risk management.	<p>Executive Directors are required to retain at least 100% of post-tax share awards until a minimum shareholding equivalent to 400% of base salary is achieved in owned shares.</p> <p>Unvested TIP, LTIP and Deferred Bonus shares net of applicable taxes count towards the minimum shareholding requirement.</p> <p>Shares included in this calculation are those held beneficially by the Executive Director and his or her spouse/civil partner.</p> <p>50% of the shareholding guideline (i.e. 200% of salary) will need to be retained by Executive Directors for two years post-cessation.</p>	400% of salary.
<b>Performance and provisions for the recovery</b>		
Not applicable.		
<b>Non-Executive Directors</b>		
<b>Purpose and link to strategy</b>	<b>Operation</b>	<b>Maximum opportunity</b>
<p>To provide an appropriate fee level.</p> <p>To attract individuals with the necessary experience and ability.</p> <p>To make a significant contribution to the Group's activities while also reflecting the time commitment and responsibility of the role.</p>	<p>The Chair is paid an annual fee and the Non-Executive Directors are paid a base fee and additional responsibility fees, for example for the role of Senior Independent Director or for chairing a Board Committee.</p> <p>Fees are normally reviewed annually.</p> <p>Each Non-Executive Director is also entitled to a reimbursement of necessary travel and other expenses including associated tax costs.</p> <p>Non-Executive Directors do not participate in any share scheme or annual bonus scheme and are not eligible to join the Group's pension schemes.</p>	<p>Non-Executive Director remuneration is determined within the limits set by the Articles of Association.</p> <p>There is no maximum prescribed fee increase although fee increases for Non-Executive Directors will not normally exceed the average increase awarded to Executive Directors. Increases may be above this level if there is an increase in the scale, scope or responsibility of the role.</p>
<b>Performance and provisions for the recovery</b>		
Not applicable.		

## Operation of share plans

The Committee will operate the TIP, LTIP and Deferred Bonus in accordance with the Plan rules, Listing Rules and HMRC rules where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans in relation to the SLT, including Executive Directors. These include (but are not limited to) the following (albeit with the level of award restricted as set out in the Directors' Remuneration Policy):

- Who participates.
- The timing of grant of awards and/or payment.
- The size of awards and/or payment.
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction.
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes and a good leaver's treatment.
- Adjustments to awards required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends).
- The ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose.

The choice of the performance metrics applicable to the TIP and LTIP awards, which are set by the Committee at the start of the relevant financial year, reflects the Committee's belief that any incentive compensation should be appropriately challenging and tied to the delivery of stretching financial, operational and TSR-related objectives, explicitly linked to the achievement of Tullow's long-term strategy.

In addition to the TIP, LTIP and Deferred Bonus, Executive Directors are also eligible to participate in the UK SIP or any other all-employee share plans on the same terms as other employees. All-employee share plans do not operate performance conditions.



## Remuneration report continued

### Directors' Remuneration Policy Report continued

#### Calculation of TIP awards

In addition to base salary and other benefits described in the Remuneration Policy, for 2023 and 2024 Executive Directors shall be eligible to receive an award issued under the rules of the TIP (a TIP Award). The TIP combines short- and long-term incentive-based pay and includes a cash bonus component and a deferred share award component.

At the beginning of the 2023 and 2024 financial years, the Committee will determine a multiple of base salary, subject to the limits established under this Policy, to apply to a TIP Award. At the same time the Committee will also determine a balanced corporate scorecard of performance metrics applicable to any TIP Award. The choice of the performance metrics and the weightings given to them, which are set by the Committee at the start of the relevant financial year normally, reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to the delivery of stretching financial, operational and total shareholder return (TSR) related objectives, explicitly linked to the achievement of Tullow's long-term strategy.

Following completion of the financial year, the Committee will review the Company's performance against the corporate scorecard resulting in a percentage score. The multiple set by the Committee is then applied to the percentage score to determine the total TIP Award amount. A TIP Award is divided equally between cash bonus and deferred shares up to the first 200% of base salary. Any portion of a TIP Award above 200% of base salary shall be satisfied in deferred shares only. Deferred shares forming part of a TIP Award are normally deferred for five years and are subject to malus and clawback. In its discretion, the Committee may elect to satisfy any portion of the cash bonus element of a TIP Award in deferred shares which will be deferred for a period determined by the Committee, being not less than one year from the date of grant. Deferred shares issued in lieu of any portion of the cash bonus component of a TIP Award shall be subject to malus, clawback and the minimum shareholding requirements set out on the previous page.

#### Performance measures for LTIP and annual bonus awards

The choice of the performance metrics and range of targets applicable to the annual bonus plan for Executive Directors reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of robust performance relating to the Group's financial key performance indicators and, where appropriate, specific individual/strategic objectives (including ESG objectives). Performance metrics applicable to the LTIP are selected to support Company strategy and provide shareholder alignment. Targets applying to the annual bonus and LTIP are reviewed annually, based on a range of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and business environment in a given year.

#### Legacy remuneration

For the avoidance of doubt, the Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the 2023 Remuneration Policy set out in the document where the terms of the payment were agreed (i) before the 2023 Remuneration Policy came into effect, provided that the terms of the payment were consistent with any applicable shareholder-approved Directors' Remuneration Policy in force at the time they were agreed or were otherwise approved by shareholders; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

#### Discretion

The Committee reserves the right to exercise its discretion in the event of exceptional and unforeseen positive or negative developments during the performance period. In addition, the Committee reserves the right to reduce the TIP, annual bonus or LTIP payment where the Committee considers that the level of payment is not commensurate with overall corporate performance and returns delivered to shareholders over the performance period.



## Recovery provisions

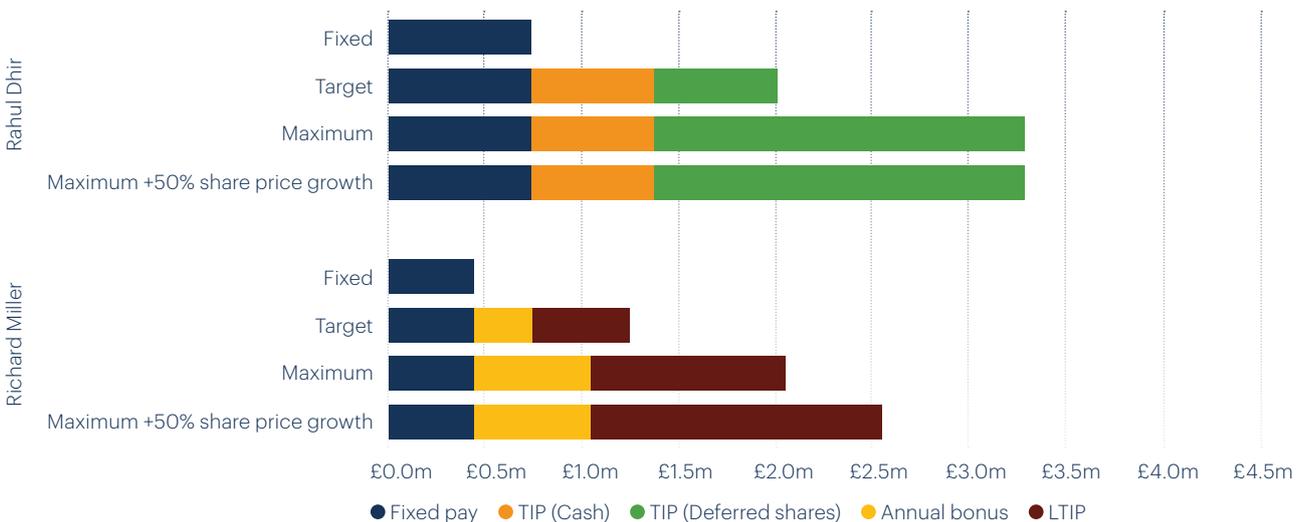
TIP Awards are subject to malus and clawback. The Committee retains discretion to apply malus and clawback to both the cash and deferred share elements of the TIP during the five-year vesting period, triggers are outlined in the TIP rules, including but not limited to a material adverse restatement of the financial accounts or reserves, a catastrophic failure of operational, EHS and risk management or corporate failure or insolvency.

Annual bonus and LTIP awards are subject to malus and clawback. The Committee retains discretion to apply malus and clawback to the cash bonus, deferred bonus and LTIP awards up to three years after the payment or vesting of awards. Malus and clawback triggers are outlined in the plan rules and include but are not limited to a material adverse restatement of the financial accounts or reserves, a catastrophic failure of operational, EHS and risk management or corporate failure or insolvency.

## Illustration of remuneration scenarios of Executive Directors

### 2024

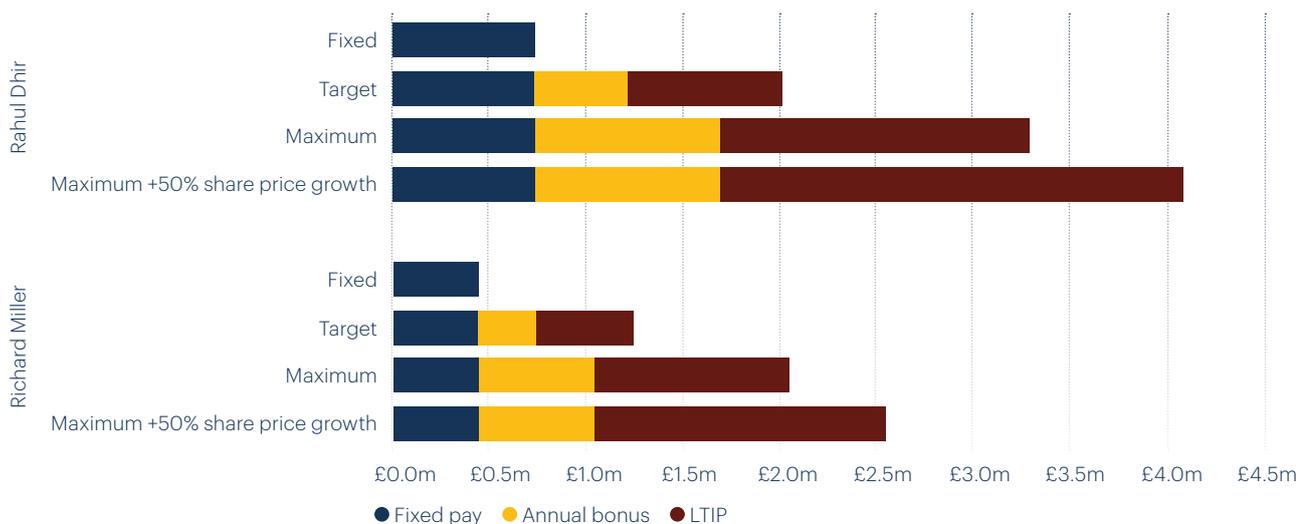
The charts below show how the composition of the Executive Directors' remuneration packages varies at different levels of performance under the Remuneration Policy, as a percentage of total remuneration opportunity and as a total value for the current CEO and CFO for 2024.



1. Base salary is effective as at 1 April 2024.
2. Fixed pay includes pension in line with wider workforce.
3. For the CEO, the target TIP Award is taken to be 50% of the maximum annual opportunity for 2024 (200% of salary). The maximum value of the TIP is taken to be 400% of salary (i.e. the maximum annual opportunity) for 2024.
4. For the CFO, the target Annual Bonus and LTIP Award is taken to be 50% of the maximum opportunity for 2024 (Annual Bonus: 75% of salary; LTIP Award: 125% of salary). The maximum value of the Annual Bonus is taken to be 150% and LTIP Award is taken to be 250% of salary (i.e. the maximum annual opportunity).
5. No share price appreciation has been assumed for the fixed, target and maximum scenarios.
6. The Committee is aware of the regulations requiring an indication of the impact of 50% share price appreciation on the maximum scenario in the chart above. For the TIP, given that TSR performance is measured over three years prior to grant of award, share price appreciation over the performance period would not impact on the value of the maximum award.

**Remuneration report** continued**Directors' Remuneration Policy Report** continued**Illustration of remuneration scenarios of Executive Directors** continued**2025 onwards**

The charts below show how the composition of the Executive Directors' remuneration packages varies at different levels of performance under the Remuneration Policy, as a percentage of total remuneration opportunity and as a total value for the current CEO and CFO for 2025:



1. Base salary is effective as at 1 April 2024.
2. Fixed pay includes pension in line with wider workforce.
3. The target Annual Bonus and LTIP Award is taken to be 50% of the maximum opportunity for 2024 (Annual Bonus: 75% of salary; LTIP Award: 125% of salary). The maximum value of the Annual Bonus is taken to be 150% and LTIP Award is taken to be 250% of salary (i.e. the maximum annual opportunity).
4. No share price appreciation has been assumed for the fixed, target and maximum scenarios. 50% share price appreciation is applied to the maximum scenario in the chart above.

**Service agreements**

Executive Director service agreements set out restrictions on the ability of the Director to participate in businesses competing with those of the Group or to entice or solicit away from the Group any senior employees in the six months after ceasing employment. The above reflects the Committee's policy that service contracts should be structured to reflect the interests of the Group and the individuals concerned, while also taking due account of market and best practice.

The term of each service contract is not fixed. Each agreement is terminable by the Director on six months' notice and by the employing company on 12 months' notice.

The Executive Directors' service agreements and the appointment letters of the Non-Executive Directors are available for inspection by shareholders at the Company's registered office.

**External appointments**

The Board operates a formal policy in relation to the external directorships that an Executive Director may hold. Whilst the policy does not prescribe a maximum number of external appointments, it sets out guidance that an Executive Director should not hold more than one non-executive director position in a FTSE 350 company.



## Policy for new appointments

The remuneration of a new Executive Director will normally include salary, benefits, pension and participation in the annual bonus and LTIP arrangements in accordance with the policy for Executive Directors' remuneration. A newly appointed Executive Director would not participate in the TIP. In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the principles and limits set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Directors' Remuneration report for the relevant year.

	Policy
<b>Salary</b>	<p>Salary will be set taking into account the individual's experience and skills, prevailing market rates in companies of comparable size and complexity and internal relativities.</p> <p>Where appropriate, the Committee may set the initial salary below the market level (e.g. if the individual has limited PLC board experience or is new to the role), with the intention to make phased pay increases over a number of years, which may be above those of the wider workforce, to achieve the desired market positioning. These increases will be subject to continued development in the role.</p>
<b>Buy-out awards</b>	<p>Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting time frame of forfeited opportunities.</p> <p>When determining any such buy-out, the guiding principle would be that awards would generally be on a like-for-like basis unless this is considered by the Committee not to be practical or appropriate.</p> <p>Award may be facilitated under the existing incentive plans where possible, but also using Rule 9.4.2. of the Listing Rules, if necessary.</p>
<b>Maximum level of variable remuneration</b>	<p>The Committee will not offer non-performance-related variable remuneration and the maximum level of variable remuneration which may be granted (excluding buyout awards) is 400% of base salary, which is in line with the current maximum limit under the annual bonus and LTIP.</p>
<b>Other elements of remuneration</b>	<p>Other elements may be included in the following circumstances:</p> <p>An interim appointment being made to fill an Executive Director role on a short-term basis.</p> <p>If exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis.</p> <p>If an Executive Director is recruited at a time in the year when it would be inappropriate to provide an annual bonus or LTIP award for that year. Subject to the limit on variable remuneration set out above, the quantum in respect of the period employed during the year may be transferred to the subsequent year.</p> <p>If the Executive Director is required to relocate, reasonable relocation, travel and subsistence payments may be provided (either via one-off or ongoing payments or benefits).</p>

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take account of the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Fee levels for Non-Executive Director appointments will take into account the expected time commitment of the role and the current fee structure in place at that time.

## Policy for loss of office

Executive Directors' service contracts are terminable by the Director on six months' notice and by the relevant employing company on 12 months' notice. There are no specific provisions under which Executive Directors are entitled to receive compensation upon early termination, other than in accordance with the notice period.

On termination of an Executive Director's service contract, the Committee will take into account the departing Director's duty to mitigate his loss when determining the amount of any compensation. Disbursements such as legal and outplacement costs and incidental expenses may be payable where appropriate, and payments may be made for accrued holiday.

The Committee reserves the right to make payments by way of settlement of any claim arising in connection with the cessation of employment.



## Remuneration report continued

### Directors' Remuneration Policy Report continued

#### Policy for loss of office continued

The following payments may also be made to departing Executive Directors:

	Cessation of employment due to death, injury, disability, retirement (for TIP awards only), redundancy, the participant's employing company or business for which they work being sold out of the Company's Group or in other circumstances at the discretion of the Committee.	Cessation of employment due to other reasons (e.g. termination for cause)
<b>TIP (cash)</b>	Cessation during a financial year, or after the year but prior to the normal TIP Award date, may, at the discretion of the Committee, result in the cash part of the TIP being paid following the date of cessation (prorated for the proportion of the year worked).	No entitlement to the cash part of the TIP following the date notice is served.
<b>TIP (shares)</b>	Cessation during a financial year, or after the year but prior to the normal TIP Award date, may, at the discretion of the Committee, result in an award of deferred shares being made (prorated for the proportion of the year worked). Unvested TIP shares generally vest at the normal vesting date (except on death or retirement – see below) unless the Committee determines they should vest at cessation. On death, TIP shares generally vest immediately unless the Committee determines that they should vest at the normal vesting date. On retirement (as evidenced to the satisfaction of the Committee), TIP shares will vest at the earlier of the normal vesting date and three years from retirement unless the Committee determines they should vest at cessation.	Unvested TIP shares lapse. No entitlement to the deferred share element of the TIP following the date notice is served.
<b>Annual bonus</b>	<p>The Executive Director will normally be considered for a bonus payment.</p> <p>It is the Committee's policy to ensure that any bonus payment reflects the departing Executive Director's performance. Unless the Committee determines otherwise, any bonus payment will be paid at the usual time following the determination of performance measures and be subject to a pro rata reduction for time served during the performance period.</p>	No entitlement to annual bonus award following date notice is served.
<b>Deferred bonus shares</b>	Unvested awards will continue and will vest at the normal vesting date. In exceptional circumstances, the Committee may decide that the Executive Director's deferred share awards will vest at the date of cessation of employment.	Unvested awards will normally lapse on cessation of employment.
<b>LTIP awards</b>	<p>Unvested awards will continue and will remain capable of vesting at the normal vesting date. To the extent that the awards vest, a two-year holding period would then normally apply.</p> <p>In exceptional circumstances, the Committee may decide that the Executive Director's awards will vest and be released early at the date of cessation of employment or at some other time (e.g. following the end of the performance period).</p> <p>In either case, vesting will depend on the extent to which the performance measures have been satisfied and will be subject to a pro rata reduction of the awards for time served from the grant date to the date of cessation of employment (although the Committee has discretion to disapply time prorating if the circumstances warrant it).</p>	<p>Unvested awards will normally lapse on cessation of employment.</p> <p>If an Executive Director leaves for any reason after an award has vested but before it has been released (i.e. during a holding period), their award will ordinarily continue to be released at the normal release date.</p>



The terms applying to any buy-out awards on cessation of employment or change of control would be determined when the award is granted. Such terms would normally be consistent with the principles outlined above.

In the event of a change of control deferred bonus shares will vest in full. LTIP awards will vest early in the event of change of control. The level of vesting will be determined taking into account the extent to which performance measures are satisfied at the date of the relevant event and, unless the Committee determines otherwise, awards will be prorated for time served from the grant date to the date of the relevant event. TIP awards will be treated in line with the plan rules.

### Consideration of shareholders' views

The Committee considers shareholder feedback received at the AGM each year and, more generally, guidance from shareholder representative bodies. This feedback, plus any additional feedback received during any meetings from time to time, is considered as part of the Company's annual review of the continuing appropriateness of the Remuneration Policy.

Prior to the finalisation of this Policy the Committee consulted with all major shareholders on the proposals. This feedback helped inform the final Policy put forward for shareholder approval. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be proposed to be made to the Remuneration Policy.

### Employment conditions elsewhere in the Group

In setting the Remuneration Policy and remuneration levels for Executive Directors, the Committee is cognisant of the approach to rewarding employees in the Group and levels of pay increases generally. The Committee does not currently formally consult directly with employees on the executive pay policy, but it does receive regular updates from the Company Secretary and the Director of People and Sustainability. During the year this included updates on discussions with the SLT on the proposed changes to the Directors' Remuneration Policy and how these changes would apply more widely to other employees.

### Non-Executive Directors' terms of appointment

Non-Executive Director	Year appointed	Number of complete years on the Board	Date of current engagement commenced	Expiry of current term
Phuthuma Nhleko	2021	2	25.10.21	24.10.24
Martin Greenslade	2019	4	01.11.19	31.10.24
Sheila Khama	2019	4	26.04.19	26.04.25
Rebecca Wiles	2023	0	28.06.23	27.06.26
Mitchell Ingram	2020	3	09.09.20	09.09.26
Genevieve Sangudi	2019	4	26.04.19	25.04.25
Roald Goethe	2023	0	24.02.23	23.02.26

In each case, the appointment is renewable thereafter if agreed by the Director and the Board. The appointment of any Non-Executive Director may be terminated by either party on three months' notice. There are no arrangements under which any Non-Executive Director is entitled to receive compensation upon the early termination of his or her appointment.

**Genevieve Sangudi**  
Chair of the Remuneration Committee  
5 March 2024



## Directors' report

The Directors present their Annual Report and audited Financial Statements for the Group for the year ended 31 December 2023. Certain statutory or regulatory information required to be included in this section is included elsewhere in the Annual Report (see table below) and is incorporated by reference. The Corporate Governance Report on pages 68 to 113 is the corporate governance statement for the purposes of Disclosure Guidance and Transparency Rule 7.2.1.

### Information incorporated by reference

The information in the table below is incorporated in the Directors' report by reference and can be found on the pages of this Annual Report as indicated in the table below.

Information	Page
Principal activities	14 to 16
Likely future developments	9
Our stakeholders and how we engage with them	22 and 23
ESG	26 to 37
Employee involvement and engagement	23 and 35
Diversity	36
Greenhouse gases	34
TCFD	38 to 47
Human rights	37
Anti-bribery and anti-corruption	35 and 36
Derivative financial instruments	61 and 62
Post balance sheet events	64

### Articles of Association

The Company's Articles were adopted at the 2021 AGM. They may only be amended by a special resolution of the shareholders.

### Listing of notes

Tullow's Senior Secured Notes due 2026 and Senior Notes due 2025 are listed on the Luxembourg Stock Exchange.

### Results and dividends

The loss on ordinary activities after taxation of the Group for the year ended 31 December 2023 was \$110 million (2022: \$49 million profit). In 2023 the Board recommended that no interim and final dividend would be paid.

### Share capital

As at 5 March 2024 (being the latest practicable date before publication of this Annual Report and financial statements), the Company's issued share capital comprised of 1,454,137,162 ordinary shares each with a nominal value of £0.10.

### Substantial shareholdings

As at 31 December 2023 and 5 March 2024 (being the latest practicable date before publication of this Annual Report and financial statements), the Company had been notified in accordance with the requirements of provision 5.1.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules of the following significant holdings in the Company's ordinary share capital:

Shareholder	Number of shares	% of issued capital (as at date of notification)
Samuel Dossou-Aworet	243,635,633	16.80%
Azvalor Asset Management S.G.I.I.C., S.A.	239,327,757	16.47%
RWC Asset Management LLP	71,022,015	5.09%
Summerhill Trust Company (Isle of Man) Limited	58,838,104	4.19%

### Shareholders' rights

The rights and obligations of shareholders are set out in the Company's Articles of Association (which can be amended by special resolution). The rights and obligations attaching to the Company's shares are as follows:

- Dividend rights – holders of the Company's shares may, by ordinary resolution, declare dividends but may not declare dividends in excess of the amount recommended by the Directors. The Directors may also pay interim dividends. No dividend may be paid other than out of profits available for distribution. Subject to shareholder approval, payment or satisfaction of a dividend may be made wholly or partly by distribution of specific assets.



- Voting rights – voting at any general meeting may be conducted by a show of hands unless a poll is duly demanded. On a show of hands every shareholder who is present in person at a general meeting (and every proxy or corporate representative appointed by a shareholder and present at a general meeting) has one vote regardless of the number of shares held by the shareholder (or represented by the proxy or corporate representative). If a proxy has been appointed by more than one shareholder and has been instructed by one or more of those shareholders to vote 'for' the resolution and by one or more of those shareholders to vote 'against' a particular resolution, the proxy shall have one vote for and one vote against that resolution. On a poll, every shareholder who is present in person has one vote for every share held by that shareholder and a proxy has one vote for every share in respect of which he has been appointed as proxy (the deadline for exercising voting rights by proxy is set out in the form of proxy). On a poll, a corporate representative may exercise all the powers of the Company that has authorised him.
  - A poll may be demanded by any of the following: (a) the Chairman of the meeting; (b) at least five shareholders entitled to vote and present in person or by proxy or represented by a duly authorised corporate representative at the meeting; (c) any shareholder or shareholders present in person or by proxy or represented by a duly authorised corporate representative and holding shares or being a representative in respect of a holder of shares representing in the aggregate not less than one-tenth of the total voting rights of all shareholders entitled to attend and vote at the meeting; or (d) any shareholder or shareholders present in person or by proxy or represented by a duly authorised corporate representative and holding shares or being a representative in respect of a holder of shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sums paid up on all the shares conferring that right.
  - Return of capital – in the event of the liquidation of the Company, after payment of all liabilities and deductions taking priority, the balance of assets available for distribution will be distributed among the holders of ordinary shares according to the amounts paid up on the shares held by them. A liquidator may, with the authority of a special resolution, divide among the shareholders the whole or any part of the Company's assets, or vest the Company's assets in whole or in part in trustees upon such trusts for the benefit of shareholders, but no shareholder is compelled to accept any property in respect of which there is a liability.
  - Control rights under employee share schemes – the Company operates a number of employee share schemes (see pages 97 and 107). Under some of these arrangements, shares are held by trustees on behalf of employees. The employees are not entitled to exercise directly any voting or other control rights. The trustees will generally vote in accordance with employees' instructions and abstain where no instructions are received. Unallocated shares are generally voted at the discretion of the trustees.
  - Restrictions on holding securities – there are no restrictions under the Company's Articles of Association or under UK law that either restrict the rights of UK resident shareholders to hold shares or limit the rights of non-resident or foreign shareholders to hold or vote the Company's ordinary shares.
- There are no UK foreign exchange control restrictions on the payment of dividends to US persons on the Company's ordinary shares.
- ### Material agreements containing 'change of control' provisions
- The following significant agreements will, in the event of a 'change of control' of the Company, be affected as follows:
- To the extent that a 'change of control' occurs, as a result of: (i) a disposal of all or substantially all the properties or assets of the Company and all its restricted subsidiaries (other than through a merger or consolidation) in one or a series of related transactions; (ii) a plan being adopted relating to the liquidation or dissolution of the Company; or (iii) any person becoming the beneficial owner, directly or indirectly, of shares of the Company which grant that person more than 50% of the voting rights of the Company.
  - Under the \$600 million senior secured revolving facility agreement between, among others, the Company and certain subsidiaries of the Company, ABSA Bank, Barclays, BNP Paribas, DNB (UK), JP Morgan, ING Belgium, Nedbank, Standard Chartered Bank, Standard Bank of South Africa, Glas Trust Corporation and the lenders specified therein, the Company is obliged to notify the agent (who notifies the lenders) upon the occurrence of a change of control. Each lender shall be entitled to repayment of all outstanding amounts owed by the Company and certain subsidiaries of the Company to it under the agreement and any connected finance document. Each lender shall be entitled to cancel its commitments immediately under the agreement. So long as such lender states its requirement to be repaid within 30 days of being notified by the agent, the repayment amount will become due and payable by no later than 30 days after the agent has notified the Company to request such payments.
  - Under an Indenture relating to \$1.8 billion of 10.25% senior secured notes due in 2026 between, among others, the Company, certain subsidiaries of the Company and Deutsche Trustee Company Limited as the Trustee, the Company must make an offer to noteholders to repurchase all or any part of the notes at 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest on the notes repurchased to the date of purchase in the event that a change of control of the Company occurs. The repurchase offer must be made by the Company to all noteholders within 30 days following the change of control and the repurchase must take place no earlier than 10 days and no later than 60 days from the date of the repurchase offer.

**Directors' report** continued**Material agreements containing 'change of control' provisions** continued

- Relating to \$800 million of 7% Senior Notes due in 2025 between, among others, the Company, certain subsidiaries of the Company and Deutsche Trustee Company Limited as the Trustee, the Company must make an offer to noteholders to repurchase all the notes at 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest in the event that a change of control of the Company occurs. The repurchase offer must be made by the Company to all noteholders within 30 days following the change of control and the repurchase must take place no earlier than 10 days and no later than 60 days from the date the repurchase offer is made. Each noteholder may take up the offer in respect of all or part of its notes.
- Under the \$400 million note subscription agreement between, amongst others, the Company, Glencore, Glas Trust Corporation and Law Debenture, the Company is obliged to notify the agent (who notifies the noteholders) upon the occurrence of a change of control. Each noteholder shall be entitled to repayment of all outstanding amounts owed by the Company to it under the agreement and any connected finance document. Each noteholder shall also be entitled to cancel any undrawn commitments immediately under the agreement. In order to give effect to the noteholder's request for repayment, they are to notify the Company within 30 days of being notified by the agent, following which the repayment amount will become due and payable no later than 30 days after such notice to the Company.

**Directors**

In accordance with the provisions of the Code, all Directors eligible for re-election should retire at each AGM and offer themselves for election or re-election (as appropriate). Accordingly, all Directors will retire and seek election or re-election at the AGM, anticipated to be held on 16 May 2024. The Board believes that all Directors offering themselves for election or re-election continue to be effective and demonstrate commitment to the role. The names and biographies of our current Directors are included on pages 70 and 71 and the names of the Directors that retired during the year are set out on page 5.

Details of the Directors' interests in the ordinary shares of the Company and in the Group's long-term incentive and other share option schemes are set out on page 101 in the Directors' Remuneration report.

**Directors' indemnities and insurance cover**

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by the Companies Act 2006, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries. The Directors are also indemnified against the cost of defending a criminal prosecution or a claim by the Company, its subsidiaries or a regulator provided that where the defence is unsuccessful the Director must repay those defence costs. The Company also maintains directors' and officers' liability insurance cover, the level of which is reviewed annually.

**Powers of Directors**

The general powers of the Directors are set out in Article 104 of the Articles of Association of the Company. It provides that the business of the Company shall be managed by the Board which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. This power is subject to any limitations imposed on the Company by applicable legislation. It is also limited by the provisions of the Articles of Association of the Company and any directions given by special resolution of the shareholders of the Company which are applicable on the date that any power is exercised.

Please note the following specific provisions relevant to the exercise of power by the Directors:

- Pre-emptive rights and new issues of shares – the holders of ordinary shares have no pre-emptive rights under the Articles of Association of the Company. However, the ability of the Directors to cause the Company to issue shares, securities convertible into shares or rights to shares, otherwise than pursuant to an employee share scheme, is restricted under the Companies Act 2006 which provides that the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's articles of association or given by its shareholders in general meeting, but which in either event cannot last for more than five years. Under the Companies Act 2006, the Company may also not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer on a pre-emptive basis to existing shareholders, unless this requirement is waived by a special resolution of the shareholders.
- Borrowing powers – the net external borrowings of the Group outstanding at any time shall not exceed an amount equal to four times the aggregate of the Group's adjusted capital and reserves calculated in the manner prescribed in Article 105 of the Company's Articles of Association, unless sanctioned by an ordinary resolution of the Company's shareholders.



## Appointment and replacement of Directors

The Company shall appoint (disregarding Alternate Directors) no fewer than two and no more than 15 Directors. The appointment and replacement of Directors may be made as follows:

- The shareholders may by ordinary resolution elect any person who is willing to act to be a Director.
- The Board may elect any person who is willing to act to be a Director. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for election.
- Each Director is required in terms of the Articles of Association to retire from office at the third Annual General Meeting after the Annual General Meeting at which he or she was last elected or re-elected, although he or she may be re-elected by ordinary resolution if eligible and willing. However, to comply with the principles of best corporate governance, the Board intends that each Director will submit him or herself for re-election on an annual basis.
- The Company may by special resolution remove any Director before the expiration of his or her period of office or may, by ordinary resolution, remove a Director where special notice has been given and the necessary statutory procedures are complied with.
- There are a number of other grounds on which a Director's office may cease, namely voluntary resignation, where all the other Directors (being at least three in number) request his or her resignation, where he or she suffers physical or mental incapacity, where he or she is absent from meetings of the Board without permission of the Board for six consecutive months, becomes bankrupt or compounds with his or her creditors or where he or she is prohibited by law from being a Director.

## Authority to allot new shares

At the Company's AGM on 24 May 2023, shareholders authorised the Directors, by way of ordinary resolution, to allot new equity securities up to a maximum aggregate value of £48,228,412, being approximately one-third of the issued share capital of the Company as at 17 April 2023.

The authority conferred at the 2023 AGM will expire at the close of the Company's AGM in 2024 or the close of business on 30 June 2024 (whichever is earlier). At the 2024 AGM, shareholders will be requested to renew this authority. Save for the allotment of shares in respect of the Group's employee share schemes, the Directors have no current intention to exercise this authority.

## Purchase of own shares

At the Company's AGM on 24 May 2023 shareholders authorised the Company by way of special resolution, to make market purchases of a maximum of 144,685,380 of the Company's ordinary shares (being 10% of the issued share capital of the Company) as at 17 April 2023 at certain

minimum and maximum prices specified in the resolution. The authority conferred at the 2023 AGM will expire at the close of the Company's AGM in 2024 or the close of business on 30 June 2024 (whichever is earlier).

After careful consideration, including considering the views expressed by shareholders, the Directors have decided not to seek authority to make market purchases of the Company's own shares. Although, not anticipated, should the Company require to make market purchases of its own shares, a separate general meeting would be called at which the authority to purchase the Company's own share would be sought from shareholders.

## Political donations

In line with Group policy, no donations were made for political purposes.

## Auditor and disclosure of relevant audit information

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and each Director has taken all steps that ought to have been taken to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution to re-appoint EY as the Company's auditor will be proposed at the 2024 AGM on 16 May 2024. Further information can be found in the Audit Committee Report on pages 85.

## Annual General Meeting

It is anticipated that the AGM of Tullow will be held at 9 Chiswick Park 566 Chiswick High Road W4 5XT on 16 May 2024, at 11.00 am.

The Notice convening the AGM and detailing the resolutions to be put to shareholders at the meeting, will be sent to shareholders together with this Annual Report and Accounts and published on our website at [www.tulloil.com](http://www.tulloil.com).

This Corporate Governance report (which includes the Directors' Remuneration report) and the information referred to herein have been approved by the Board and signed on its behalf by:

**Adam Holland**  
Company Secretary  
5 March 2024

**Registered office:**  
9 Chiswick Park  
566 Chiswick High Road  
London W4 5XT

Company registered in England and Wales No. 3919249



## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards (IFRSs), and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules and the Transparency (Directive 2004/109/EC) Regulations 207 (as amended), Group Financial Statements are required to be prepared in accordance with UK-adopted international accounting standards and international Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs and in respect of the Parent Company Financial Statements, FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group Financial Statements, state whether UK-adopted international accounting standards and IFRSs adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- in respect of the Parent Company Financial Statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

### Directors' responsibility statement (DTR 4.1 and the Transparency (Directive 2004/109/EC) Regulations (as amended))

The Directors confirm, to the best of their knowledge:

- that the consolidated Financial Statements, prepared in accordance with UK-adopted international accounting standards and IFRSs adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and undertakings included in the consolidation taken as a whole;
- that the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

**Rahul Dhir**  
Chief Executive Officer  
5 March 2024



# Financial statements

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# Independent auditor's report to the members of Tullow Oil plc

## Opinion

In our opinion:

- Tullow Oil plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tullow Oil plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

Group	Parent company
Group balance sheet as at 31 December 2023	Company balance sheet as at 31 December 2023
Group income statement for the year then ended	Company statement of changes in equity for the year then ended
Group statement of comprehensive income for the year then ended	Related notes 1 to 7 to the financial statements including material accounting policy information
Group statement of changes in equity for the year then ended	
Group cash flow statement for the year then ended	
Related notes 1 to 30 to the financial statements, including material accounting policy information.	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.



## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating whether management's going concern period, of 12 months from signing of the financial statements, was appropriate;
- assessing the reasonableness of management's oil price assumptions by comparing it with forward curves;
- with the assistance of our business modelling specialists, reviewing the integrity of management's going concern model by checking consistency of the assumptions and formulae;
- comparing the forecasted cash expenditure incorporated in the model with the board approved budget to ensure consistency;
- assessing historical forecasting accuracy through comparing forecast versus actual;
- checking that the cash flows assumptions used in the going concern model were consistent with those used for impairment testing purposes, including decarbonisation costs, and evaluating the differences for appropriateness;
- ensuring assumptions, such as hedging, provision utilisation and decommissioning escrow payments, were consistent with other areas of our audit;
- assessing whether the assumptions in the management's downside scenario were plausible and sufficiently severe;
- verifying managements plan in relation to repayment of the remaining outstanding 2025 bonds and assessing whether there is sufficient liquidity at the end of going concern period, after their repayment;
- obtaining an understanding of ongoing litigations and identifying cases, in particular those mentioned in the accounting policies note section (af), where the outcome is expected within the going concern period. We then evaluated whether management's downside case sufficiently captured potential outflows in relation to these cases;
- evaluating management's reverse stress test to determine the oil price at which liquidity becomes negative and assessing the likelihood of its occurrence;
- confirming that the forecast decarbonisation costs were included in the model; and
- reviewing management's proposed disclosures to ensure that they were appropriate and met current accounting requirements.

## Our key observations

In forming our conclusions, we have considered the generation of free cash flow and available liquidity that supports the repayment of 2025 bonds. With maturities of the 2026 bonds in May 2026 and tax arbitration hearings scheduled for 2025, we consider the management's going concern period of 12 months to be reasonable. We consider the downside case is sufficiently severe and appropriately reflects potential outflows in respect of ongoing arbitrations. Under management's reverse stress test, at an oil price of \$45/bbl throughout the going concern period, the liquidity becomes negative. Based on the current oil price and forward curve we consider the likelihood of occurrence of this scenario to be remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period up to March 2025.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.



## Independent auditor's report to the members of Tullow Oil plc continued

### Overview of our audit approach

<b>Audit scope</b>	<ul style="list-style-type: none"> <li>We performed an audit of the complete financial information of 4 components and audit procedures on specific balances for a further 7 components.</li> <li>The components where we performed full or specific audit procedures accounted for 100% of adjusted Earnings before Interest Tax Depreciation Amortisation and Exploration ('Adjusted EBITDAX'), 100% of Revenue and 90% of Total assets.</li> </ul>
<b>Key audit matters</b>	<ul style="list-style-type: none"> <li>Recoverability of Kenya intangible exploration and evaluation asset</li> <li>Uncertain Tax Treatments</li> <li>Recoverability of Property plant and equipment</li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>Overall Group materiality of \$29.4m which represents 2.6% Adjusted EBITDAX.</li> </ul>

### An overview of the scope of the parent company and group audits

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 41 reporting components of the Group, we selected 11 components covering entities within Cote D'Ivoire, Gabon, Ghana, Kenya and the United Kingdom, which represent the principal business units within the Group.

Of the 11 components selected, we performed an audit of the complete financial information of 4 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 7 components ("specific scope components"), we performed audit procedures on specific accounts within

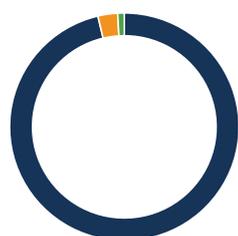
that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed full or specific audit procedures accounted for 101% (2022: 97%) of the Group's Adjusted EBITDAX, 100% (2022: 97%) of the Group's Revenue and 90% (2022: 90%) of the Group's Total assets. For the current year, the full scope components contributed 104% (2022: 103%) of the Group's Adjusted EBITDAX, 98% (2022: 99%) of the Group's Revenue and 83% (2022: 83%) of the Group's Total assets. The specific scope components contributed -3% (2022: -6%) of the Group's Adjusted EBITDAX, 2% (2022: -2%) of the Group's Revenue and 7% (2022: 7%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also performed specified procedures over certain aspects of Cash and Cash Equivalents and Finance Revenue in one location.

Of the remaining 30 components that together represent 0% of the Group's Adjusted EBITDAX, none are individually greater than 1% of the Group's Adjusted EBITDAX. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

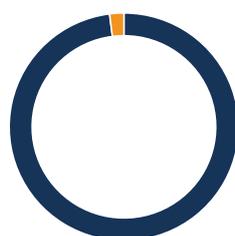
The charts below illustrate the coverage obtained from the work performed by our audit team.

#### Adjusted EBITDAX



■ 104% Full scope components  
■ (3)% Specific scope components  
■ (1)% Other procedures

#### Revenue



■ 98% Full scope components  
■ 2% Specific scope components  
■ 0% Other procedures

#### Total assets



■ 83% Full scope components  
■ 7% Specific scope components  
■ 10% Other procedures



## Changes from the prior year

There were no changes to our full scope components in the current year. For other scopes, we have updated our assessment this year to exclude three exploration entities that are no longer material, primarily due to exploration cost write-offs in 2022. These changes had limited impact on coverage.

In line with our approach from the previous year, audit work for the Ghana component, which covers 2 full scope components, has been performed by an integrated primary audit team comprising of team members from EY UK and EY Ghana and led by the Senior Statutory Auditor.

During the current year's audit cycle, visits were undertaken by the Group audit team to Ghana in July 2023, November 2023 and January 2024. These visits involved meetings with local management, including members of finance, legal and commercial teams. We held discussions on the audit approach, reviewed working papers to validate that the required procedures have been performed and discussed the issues arising in the component audit.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

## Climate change

Stakeholders are increasingly interested in how climate change will impact Tullow Oil Plc. The Group has determined that the most significant future impacts from climate change on their operations will be from potential fall in oil prices, carbon pricing mechanisms, accessibility to debt and equity funding and ability to retain employee and stakeholder confidence in their commitments. These are explained on pages 38 to 47 in the Task Force for Climate related Financial Disclosures and on pages 52 to 56 in the principal risks and uncertainties. They have also explained their climate commitments on page 33. All of these disclosures form part of the "Other information", rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The group has explained in note 25 how they have reflected the impact of climate change in their financial statements, including how this aligns with their commitment to being Net Zero by 2030 on Scope 1 and Scope 2 GHG emissions on a net equity basis supporting the goal of limiting global temperature rise to well below 2o C as per Article 2 of the Paris Agreement. Significant judgements and estimates relating to climate change are included in note 25. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty

of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. In note 25 to the financial statements supplementary sensitivity disclosures of the impact of changes in oil price under IEA scenario-Net Zero Emission by 2050 have been provided.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 38 to 47 and the significant judgements and estimates disclosed in note 25 and whether these have been appropriately reflected in oil and gas asset values where these are impacted by future cash flows and associated sensitivity disclosures (see note 25), and in the timing and nature of decommissioning liabilities recognised, (see note 25), following the requirements of UK adopted international accounting standards and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists. This included making inquiries of the Head of Sustainability and Group Finance teams, and a review of peer disclosures and sector guidance on climate change and energy transition to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: Recoverability of Kenya Intangible Exploration and Evaluation Asset ('E&E') and Recoverability of Property, Plant and Equipment ('PP&E'). Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent auditor's report to the members of Tullow Oil plc continued

### Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Recoverability of Kenya Intangible Exploration and Evaluation Asset ('E&amp;E')</b></p> <p>This is an estimate based on uncertain outcomes. The recoverability of the Kenya E&amp;E asset of \$242.2m carries inherent risks that the project does not progress to development, requiring the write-off or impairment of the related capitalised costs, when the relevant IFRS requirements are met.</p> <p><i>Refer to the Audit Committee Report (page 82); Accounting policies (page 142); and Note 8 of the Consolidated Financial Statements (pages 151-153)</i></p> <p>Determining the recoverable value of the Kenya E&amp;E asset is judgemental given the uncertainties surrounding the progression of the project to Final Investment Decision ('FID'). Management has performed an impairment assessment under the value-in-use ('VIU') methodology where estimates are made for key inputs including oil prices; discount rates; production profiles; cost profiles and fiscal terms.</p> <p>The VIU recoverable value is risk-adjusted for uncertainties associated with the Group's ability to recover the value of the asset. These uncertainties include the ability to secure a strategic partner through a farm down, obtaining government deliverables (for example access to land and water and improved fiscal terms), and arranging financing to develop the asset, which represent a source of potential management bias.</p> <p>As a result of these factors, there is significant judgement relating to the Kenya E&amp;E asset and whether an impairment or impairment reversal is required at year end. As disclosed in Note 8, changes in significant assumptions can result in a material impairment charge, or impairment reversal. An impairment of \$17.9m has been recorded in the current year.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• confirmed our understanding of Tullow's impairment testing process, as well as the control environment implemented by management by performing a walkthrough of the process;</li> <li>• read the Kenya Joint Operating Agreement and communication with the Government of Kenya (GoK) to confirm that the transfer of interest is unconditional and irrevocable, and effective from 30 June 2023;</li> <li>• performed press searches to corroborate management's judgement that the other JV partners have permanently withdrawn;</li> <li>• evaluated the professional qualifications and objectivity of management's external experts who performed the detailed preparation of the resources estimates in 2021. With no material changes to the development plan, we consider it appropriate for management to continue to rely on the 2021 report for oil and gas resources estimates;</li> <li>• reconciled the oil and gas resources and cost estimates used in the impairment model to the resources report produced by the Management's external expert and Field Development Plan (FDP) submitted to the GoK;</li> <li>• engaged our valuation specialists to test the mathematical accuracy and formulae integrity of management's model;</li> <li>• evaluated the appropriateness of management's discount rate for Kenya based on an independent re-calculation of the discount rate including an assessment of country specific risks;</li> <li>• compared Tullow's commodity price scenarios to assessments provided by our valuation specialists and to prices used by peer companies. We also compared Tullow's prices to the IEA's Net Zero Emissions 2050 (NZE) and to the Announced Pledges Scenario (APS) price assumptions as potential contradictory evidence for estimates of future oil prices;</li> <li>• sensitised the valuation based on significant assumptions, such as oil price and discount rate, and audited sensitivities performed by Tullow, including using the IEA's Net Zero Emissions oil price forecast post-2030;</li> <li>• engaged our valuation specialists to evaluate management's probabilistic methodology for reflecting uncertainties associated with the project to derive risk-adjusted recoverable value;</li> </ul>	<p>We consider it is reasonable that Tullow is entitled to 100% of the economic interest in the Kenya JV as at 31 December 2023, as the JV partners have issued withdrawal notices and public statements which are considered irrevocable as per the Kenya Joint Operating Agreement.</p> <p>We consider acceptable the judgements used by management in calculating a gross NPV and then applying probabilities to reflect the remaining project uncertainties to calculate the recoverable amount.</p> <p>On sensitivity disclosures, management has appropriately calculated and disclosed the impact on the value of the Kenya asset under the IEA's NZE scenario.</p>



## Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Recoverability of Kenya Intangible Exploration and Evaluation Asset ('E&amp;E')</b> continued</p> <p>We consider that the risk associated with this key audit matter has increased compared to the previous year following withdrawal of the other JV Partners from the Kenya Joint Venture and transfer of their equity interest to Tullow. This withdrawal and transfer of interest is subject to the Government of Kenya's consent which is yet to be received as of the date of our report. Management has applied judgement in determining Tullow has acquired the 50% additional interest during the year.</p>	<ul style="list-style-type: none"> <li>assessed the appropriateness of the probabilistic assessment used to adjust for the uncertainties in computing the recoverable amount of the asset by independently evaluating each uncertainty's facts and circumstances through inspection of supporting evidence including communications with a potential farm down partner and the GoK and discussions with management outside of the finance function;</li> <li>evaluated management's impact assessment of potential physical risks arising from climate change and carbon intensity of the project and whether this may impact the chances of development; and</li> <li>assessing whether the disclosures provided in the financial statements reflect management's judgements, risks and uncertainties of the project.</li> </ul> <p>The audit procedures were performed by the group audit team with the assistance of valuation specialists. Our audit procedures over this risk area covers 100% of the reported risk amount.</p>	
<p><b>Uncertain Tax Treatments</b></p> <p>This is an estimate based on uncertain outcomes. The risk is that tax provisions are not appropriate given the nature of the tax matter.</p> <p><i>Refer to the Audit Committee Report (page 82); Accounting policies (pages 143-144); and Note 6 of the Consolidated Financial Statements (pages 149-150)</i></p> <p>Uncertain tax treatments involve judgement as to whether a matter is a provision or a contingent liability and there is subjectivity in determining whether any estimated provision is appropriate. This requires significant judgement, including evaluating the outcome of the tax matter, the timescale for resolution and the need to negotiate with various stakeholders. Furthermore, the outcome of the tax matter in most instances is outside of Tullow's control.</p> <p>As described in the Accounting Policies note section (af) of the accounting policies to the Consolidated Financial Statements Tullow has three ongoing arbitrations with Ghana Revenue Authority amounting to \$707 million. Our procedures were focused on these three matters. Outcomes not in Management's favour, that are not provided for appropriately, could result in material charges through the Group's profit and loss once settled.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>confirmed our understanding of Tullow's taxation process, as well as the control environment implemented by management by performing a walkthrough of the process;</li> <li>obtained and read the correspondence with tax authorities and when required used our local audit teams and tax specialists to assess management's assumptions and judgements regarding the level of provisions made;</li> <li>inspected external legal and tax opinions, where considered necessary, to corroborate management's assessment of the risk profile in respect of the tax claims;</li> <li>evaluated the professional qualifications and objectivity of management's external experts;</li> <li>discussed the likelihood and quantum of any potential settlement with management outside the finance/tax function including the General Counsel, CEO and Chair;</li> <li>Reviewed publicly available information regarding other significant tax claims against multi-nationals in Ghana, in particular MTN, to understand the basis of the claim and the outcome;</li> <li>obtained direct confirmation from external legal counsel to corroborate the status and management position for material litigations;</li> <li>obtained Tullow's uncertain tax treatment assessments and audited the associated workings, including assessing any exposures and provisions were appropriately extrapolated for periods which have yet to be assessed by tax authorities; and</li> </ul>	<p>Based on the evidence obtained and audit procedures performed, including inspecting external legal and tax opinions, we are satisfied that the accounting treatment and disclosures in respect of litigations and uncertain tax treatments is appropriate.</p> <p>We also concluded that the disclosures made in the financial statements are appropriate.</p>



## Independent auditor's report to the members of Tullow Oil plc continued

### Key audit matters continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Uncertain Tax Treatments</b> continued</p> <p>We consider that the risk associated with this key audit matter has increased compared to the previous year given the outcome of one arbitration will be known within the going concern period.</p>	<ul style="list-style-type: none"> <li>ensured consistency of assumptions regarding cash outflows in relation to arbitrations expected to progress within the going concern period;</li> <li>considered the relevant disclosures made within the financial statements to ensure they appropriately reflect the facts and circumstances of the tax litigations and exposures and are in accordance with the requirements of IAS 37 Provisions, IAS 12 Income Taxes and IFRIC 23 Uncertainty over Income tax treatments.</li> </ul> <p>Our audit responses were performed by the group audit team, with support from tax specialists in UK and Ghana. Our audit procedures over this risk area covers 100% of the reported risk amount.</p>	
<p><b>Recoverability of Property, Plant and Equipment ('PP&amp;E')</b></p> <p>This is a forecast-based estimate. The risk is that potential impairments are not identified on a timely basis. The risk is similar to 2022 given the reduction in TEN reserves offset by an increase in the long-term oil price assumption of \$5/bbl.</p> <p><i>Refer to the Audit Committee report (page 82); Accounting policies (pages 142-143); and Note 9 of the Consolidated Financial Statements (pages 153-155)</i></p> <p>Auditing the impairment of PP&amp;E involves estimation of key inputs in particular commodity price assumptions and discount rates. Changes to any of these key inputs could lead to a further impairment or a reversal of impairment, hence this is considered a key audit matter. Following the identification of indicators of impairment in the TEN CGU and impairment reversals for the Group's remaining CGUs, the carrying values were tested for impairment or impairment reversal. A net impairment of \$301.2 million was recorded.</p> <p>We consider that the risk associated with this key audit matter has remained consistent with the previous year.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>confirmed our understanding of Tullow's impairment testing process, as well as the control environment implemented by management by performing a walkthrough of the process;</li> <li>engaged our valuation specialists to test the mathematical accuracy and formulae integrity of management's model;</li> <li>compared Tullow's commodity price scenarios to assessments provided by our valuation specialists and to prices used by peer companies. We also compared Tullow's prices to the IEA's Net Zero Emissions 2050 (NZE) and to the Announced Pledges Scenario (APS) price assumptions as potential contradictory evidence for best estimates of future oil prices;</li> <li>assessed the appropriateness of management's impairment discount rates including an independent re-calculation of the discount rate including an assessment of country specific risks;</li> <li>reconciled production and cost profiles used in the impairment model to the reserves report produced by management's external expert;</li> <li>evaluated the professional expertise and objectivity of management's external experts;</li> <li>evaluating the consistency of assumptions used in the impairment model with other areas of the audit such as going concern;</li> <li>testing whether decarbonisation costs were incorporated in the models; and</li> <li>evaluated management's impact assessment of potential physical risks arising from climate change and whether this may impact the carrying value of the asset; and</li> <li>audited sensitivities performed by Tullow including using the IEA's Net Zero Emissions oil price curve and the IEA's Announced Pledge Scenario (APS) price curve.</li> </ul> <p>The audit procedures were performed by our group engagement team with the assistance of valuation specialists.</p>	<p>We reported to the Audit Committee that, based on our testing performed and the subsequent adjustments made by management, we considered the current period impairment charge is fairly stated.</p> <p>We also reported that management had appropriately included costs for decarbonisation projects identified within the Ghana asset impairment models.</p> <p>On sensitivity disclosures, management appropriately disclosed the impact on the value of PP&amp;E under the IEA's NZE scenario.</p>



## Key audit matters continued

In the prior year, our auditor's report included key audit matters in relation to the Fair valuation of additional interest acquired in Ghana assets and Impairment of Investment in subsidiaries. Since the acquisition was completed in 2022, the fair valuation of additional interest acquired in Ghana assets has not been considered as a key audit matter in the current year. Furthermore, Impairment of investment in subsidiaries was identified as a key audit matter following identification of a prior year error in calculating the recoverable value of investments. In the current year, this has not been identified as a key audit matter as no similar error was identified, resulting in a reduction in executive involvement and lower allocation of resources.

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be \$29.4 million (2022: \$26.2 million), which is 2.6% (2022: 2.5%) of Adjusted EBITDAX. Our key criterion in determining materiality remains our perception of the needs of Tullow's stakeholders. We consider which earnings, activity or capital-based measure aligns best with the expectations of the users of Tullow's financial statements. In doing so, we apply a 'reasonable investor perspective', which reflects our understanding of the common financial information needs of the members of Tullow as a group. We believe that Adjusted EBITDAX provides us with the most appropriate measure upon which to calculate materiality as it represents a key performance indicator used by Tullow's investors.

We have excluded non-recurring items such as impairments of E&E assets and producing oil & gas assets, non-cash movements in provisions and gain on bond buyback to ensure we are using a consistent measure representative of the underlying business. The non-recurring items excluded in 2023 were impairment of E&E assets (\$27 million), impairment of oil and gas assets (\$401 million) offset by non-cash movement in provisions (\$22 million) and gain on bond buyback (\$86 million).

For 2023, we have not used a normalised measure based on our observations of the current year oil prices and analysis of forecast price curves and noted that oil price volatility caused by the pandemic and the outbreak of war in Ukraine 2023 has reduced. Consequently, we have ceased normalising Adjusted EBITDAX in the current year.

We determined materiality for the Parent Company to be \$36.0 million (2022: \$28.2 million), which is 1.4% (2022: 1.4%) of Net Assets. The basis for calculating Parent Company materiality has not changed since the prior year.

During the course of our audit, we reassessed initial materiality and concluded that the Group's actual performance in 2023 did not affect our initial materiality. As such, our materiality was unchanged from planning.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2023: 50%) of our planning materiality, namely \$14.7m (2022: \$13.1m). We have set performance materiality at this percentage due to our assessment of the nature, number and impact of the adjusted and unadjusted audit differences identified in 2022 audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was \$3.7m to \$14.7m (2022: \$2.6m to \$13.1m).

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$1.5m (2022: \$1.2m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Other information

The other information comprises the information included in the annual report set out on pages 1 to 118 and 189 to 193, including Strategic report, Corporate Governance and Supplementary information, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.



## Independent auditor's report to the members of Tullow Oil plc continued

### Other information continued

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 63 to 64;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 57 to 58;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 57;
- Directors' statement on fair, balanced and understandable set out on page 118;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 86;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 85 and 86; and;
- The section describing the work of the audit committee set out on page 82

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 118, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that related to the reporting framework (UK-adopted IAS, IFRS, Companies Act 2006, the UK Corporate Governance Code and Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which Tullow operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, relating to health and safety, employee matters, environmental matters and bribery and corruption practices.
- We understood how Tullow Oil plc is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes, papers provided to Audit committees and correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by considering the degree of incentive, opportunity and rationalisation that may exist within the group. We did this by meeting with management to gain an understanding of where

there was susceptibility to fraud, how the company is complying with international tax laws and regulations, procedures in place to address the risk of bribery and corruption in high-risk countries. We also performed procedures around setting key performance indicators and, alongside our forensics specialists, assessed whistleblowing incidences for those with a potential financial reporting impact.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting defined risk criteria based on our understanding of the business; inquiries with legal counsel, group management, internal audit and all full and specific scope management; review of volume and nature of whistleblowing complaints received during the year; review of legal expense accounts; and performance of adverse press searches.
- Based on the results of our audit procedures, and where instances of potential non-compliance were identified, we consulted the relevant EY local teams and EY specialists who aided us in determining sufficient, and executing appropriate, procedures to respond to the risk identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 21 July 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the years ending 2020 to 2023.
- The audit opinion is consistent with the additional report to the audit committee.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Ernst & Young LLP, Statutory Auditor**  
London  
5 March 2024



## Group income statement

Year ended 31 December 2023

	Notes	2023 \$m	2022 \$m
Continuing activities			
<b>Revenue</b>	2	<b>1,634.1</b>	1,783.1
Cost of sales	4	<b>(869.2)</b>	(697.5)
<b>Gross profit</b>		<b>764.9</b>	1,085.6
Administrative expenses	4	<b>(56.1)</b>	(51.0)
Gain on bargain purchase		–	196.8
Other gains		<b>0.2</b>	3.1
Exploration costs written off	8	<b>(27.0)</b>	(105.2)
Impairment of property, plant and equipment, net	9	<b>(408.1)</b>	(391.2)
Provisions reversal/(expense)	4	<b>22.0</b>	(4.2)
<b>Operating profit</b>		<b>295.9</b>	733.9
(Loss)/gain on hedging instruments		<b>(0.4)</b>	0.8
Gain on bond buyback	16	<b>86.0</b>	–
Finance income	5	<b>44.0</b>	42.9
Finance costs	5	<b>(329.6)</b>	(335.5)
<b>Profit from continuing activities before tax</b>		<b>95.9</b>	442.1
Income tax expense	6	<b>(205.5)</b>	(393.0)
<b>(Loss)/profit for the year from continuing activities</b>		<b>(109.6)</b>	49.1
Attributable to:			
Owners of the Company		<b>(109.6)</b>	49.1
<b>(Loss)/earnings per ordinary share from continuing activities</b>	7	<b>¢</b>	¢
Basic		<b>(7.6)</b>	3.4
Diluted		<b>(7.6)</b>	3.3

## Group statement of comprehensive income and expense

Year ended 31 December 2023

	Notes	2023 \$m	2022 \$m
<b>(Loss)/ profit for the year</b>		<b>(109.6)</b>	49.1
<b>Items that may be reclassified to the income statement in subsequent periods</b>			
Cash flow hedges			
Gains/(losses) arising in the year	17	<b>20.1</b>	(399.5)
Gains arising in the year – time value	17	<b>50.3</b>	21.7
Reclassification adjustments for items included in profit on realisation	17	<b>111.3</b>	288.5
Reclassification adjustments for items included in loss on realisation – time value	17	<b>27.8</b>	30.8
Exchange differences on translation of foreign operations		<b>(5.8)</b>	10.2
<b>Other comprehensive income/(expense)</b>		<b>203.7</b>	(48.3)
Tax relating to components of other comprehensive income/(expense)		–	–
<b>Net other comprehensive income/(expense) for the year</b>		<b>203.7</b>	(48.3)
<b>Total comprehensive income for the year</b>		<b>94.1</b>	0.8
Attributable to:			
Owners of the Company		<b>94.1</b>	0.8



# Group balance sheet

As at 31 December 2023

	Notes	2023 \$m	2022 \$m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible exploration and evaluation assets	8	287.0	288.6
Property, plant and equipment	9	2,532.8	2,981.4
Other non-current assets	10	338.6	327.1
Deferred tax assets	20	19.6	14.5
		<b>3,178.0</b>	3,611.6
<b>Current assets</b>			
Inventories	11	107.3	181.6
Trade receivables	12	43.5	26.8
Other current assets	10	571.2	567.9
Current tax assets	6	3.8	15.4
Cash and cash equivalents	13	499.0	636.3
Assets classified as held for sale	14	55.8	-
		<b>1,280.6</b>	1,428.0
<b>Total assets</b>		<b>4,458.6</b>	5,039.6
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(775.0)	(750.2)
Borrowings	16	(100.0)	(100.0)
Provisions	19	(67.9)	(98.8)
Current tax liabilities	6	(230.5)	(186.0)
Derivative financial instruments	17	(35.0)	(186.3)
Liabilities associated with assets classified as held for sale	14	(17.6)	-
		<b>(1,226.0)</b>	(1,321.3)
<b>Non-current liabilities</b>			
Trade and other payables	15	(783.2)	(780.0)
Borrowings	16	(1,984.6)	(2,372.8)
Provisions	19	(403.7)	(415.6)
Deferred tax liabilities	20	(420.5)	(551.5)
Derivative financial instruments	17	-	(57.9)
		<b>(3,592.0)</b>	(4,177.8)
<b>Total liabilities</b>		<b>(4,818.0)</b>	(5,499.1)
<b>Net liabilities</b>		<b>(359.4)</b>	(459.5)
<b>EQUITY</b>			
Called-up share capital	21	216.7	215.2
Share premium	21	1,294.7	1,294.7
Foreign currency translation reserve		(244.4)	(238.6)
Hedge reserve	17	(18.9)	(150.3)
Hedge reserve – time value	17	(16.3)	(94.4)
Merger reserve		755.2	755.2
Retained earnings		(2,346.4)	(2,241.3)
<b>Equity attributable to equity holders of the Company</b>		<b>(359.4)</b>	(459.5)
<b>Total equity</b>		<b>(359.4)</b>	(459.5)

Approved by the Board and authorised for issue on 5 March 2024.

**Rahul Dhir**  
Chief Executive Officer  
5 March 2024

**Richard Miller**  
Chief Financial Officer  
5 March 2024



## Group statement of changes in equity

Year ended 31 December 2023

	Notes	Share capital \$m	Share premium \$m	Foreign currency translation reserve <sup>1</sup> \$m	Hedge reserve <sup>2</sup> \$m	Hedge reserve – time value <sup>2</sup> \$m	Merger reserve \$m	Retained earnings \$m	Total equity \$m
At 1 January 2022		214.2	1,294.7	(248.8)	(39.3)	(146.9)	755.2	(2,295.2)	(466.1)
Profit for the year		-	-	-	-	-	-	49.1	49.1
Hedges, net of tax	17	-	-	-	(111.0)	52.5	-	-	(58.5)
Currency translation adjustments		-	-	10.2	-	-	-	-	10.2
Exercise of employee share options	21	1.0	-	-	-	-	-	(1.0)	-
Share-based payment charges	22	-	-	-	-	-	-	5.8	5.8
<b>At 1 January 2023</b>		<b>215.2</b>	<b>1,294.7</b>	<b>(238.6)</b>	<b>(150.3)</b>	<b>(94.4)</b>	<b>755.2</b>	<b>(2,241.3)</b>	<b>(459.5)</b>
Loss for the year		-	-	-	-	-	-	(109.6)	(109.6)
Hedges, net of tax	17	-	-	-	131.4	78.1	-	-	209.5
Currency translation adjustments		-	-	(5.8)	-	-	-	-	(5.8)
Exercise of employee share options	21	1.5	-	-	-	-	-	(1.5)	-
Share-based payment charges	22	-	-	-	-	-	-	6.0	6.0
<b>At 31 December 2023</b>		<b>216.7</b>	<b>1,294.7</b>	<b>(244.4)</b>	<b>(18.9)</b>	<b>(16.3)</b>	<b>755.2</b>	<b>(2,346.4)</b>	<b>(359.4)</b>

1. The foreign currency translation reserve represents exchange gains and losses arising on translation of foreign currency subsidiaries, monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation.
2. The hedge reserve represents gains and losses on derivatives classified as effective cash flow hedges.



# Group cash flow statement

Year ended 31 December 2023

	Notes	2023 \$m	2022 \$m
<b>Cash flows from operating activities</b>			
Profit from continuing activities before tax		95.9	442.1
Adjustments for:			
Depreciation, depletion and amortisation	9	436.6	425.8
Gain on bargain purchase		-	(196.8)
Other gains		(0.2)	(3.1)
Taxes paid in kind	6	(11.0)	(21.4)
Exploration costs written off	8	27.0	105.2
Impairment of property, plant and equipment, net	9	408.1	391.2
Provisions (reversal)/ expense		(22.0)	4.2
Payment for provisions	19	(0.6)	(127.3)
Decommissioning expenditure		(78.1)	(57.7)
Share-based payment charge	22	6.0	5.8
Loss/(gain) on hedging instruments	17	0.4	(0.8)
Gain on bond buyback	16	(86.0)	-
Finance income	5	(44.0)	(42.9)
Finance costs	5	329.6	335.5
<b>Operating cash flow before working capital movements</b>		<b>1,061.7</b>	1,259.8
(Increase)/decrease in trade and other receivables		(36.3)	288.4
Decrease/(increase) in inventories		66.6	(48.0)
Increase/(decrease) in trade payables		58.7	(193.1)
Cash generated from operating activities		<b>1,150.7</b>	1,307.1
Income taxes paid		(274.5)	(229.3)
Net cash from operating activities		<b>876.2</b>	1,077.8
<b>Cash flows from investing activities</b>			
Proceeds from disposals		0.7	68.1
Purchase of additional interest in joint operation		-	(126.8)
Purchase of intangible exploration and evaluation assets	27	(30.2)	(42.6)
Purchase of property, plant and equipment	27	(262.3)	(263.8)
Interest received		23.3	8.9
Net cash used in investing activities		<b>(268.5)</b>	(356.2)
<b>Cash flows from financing activities</b>			
Debt arrangement fees		(5.0)	-
Repayment of borrowings	27	(432.2)	(100.0)
Drawdown of borrowings	27	129.7	-
Payment of obligations under leases		(195.0)	(203.8)
Finance costs paid		(240.0)	(249.0)
Net cash used in financing activities		<b>(742.5)</b>	(552.8)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(134.8)</b>	168.8
<b>Cash and cash equivalents at beginning of year</b>		<b>636.3</b>	469.1
Foreign exchange loss		(2.5)	(1.6)
<b>Cash and cash equivalents at end of year</b>	13	<b>499.0</b>	636.3



# Accounting policies

Year ended 31 December 2023

## (a) General information

Tullow Oil plc is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is Tullow Oil plc, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT. The primary activity of the Group is the discovery and production of oil and gas.

## (b) Adoption of new and revised standards

### New International Financial Reporting Standards adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

On 23 May 2023 an amendment to IAS 12 was issued which introduced a temporary mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to the top-up tax, which is effective immediately and require new disclosures about the Pillar Two exposures.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes.

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted on 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated Financial Statements.

### Upcoming International Financial Reporting Standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## (c) Changes in accounting policy

The Group's accounting policies are consistent with the prior year.

## (d) Basis of preparation

The Financial Statements have been prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRSs) and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments and contingent considerations which have been measured at fair value less cost to sell. The Financial Statements are presented in US dollars and all values are rounded to the nearest \$0.1 million, except where otherwise stated. The material accounting policies adopted by the Group are set out below.

## Liquidity risk management and going concern

### Assessment period and assumptions

The Directors consider the going concern assessment period to be up to 31 March 2025. The Group closely monitors and manages its liquidity headroom. Cash forecasts are regularly produced, and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Group's producing assets and different outcomes on ongoing disputes or litigation.

Management has applied the following oil price assumptions for the going concern assessment:

- Base Case: \$78/bbl for 2024, \$75/bbl for 2025; and
- Low Case: \$70/bbl for 2024, \$70/bbl for 2025.

The Low Case includes, amongst other downside assumptions, a 10% production decrease and 10% increased operating costs compared to the Base Case. Management has also considered additional outflows in respect of all ongoing litigations/arbitrations within the Low Case, with an additional \$48 million outflow being included for the cases expected to progress in the period under assessment. The low case does not include the outflow for the full exposure on Ghana BPRT arbitration of \$320 million (refer to Note 1(af) Ghana tax assessments for details). The remaining arbitration cases are not expected to conclude within the going concern period and no outflows have been included in that respect.

At 31 December 2023, the Group had \$1.0 billion liquidity headroom consisting of c.\$0.5 billion free cash and \$0.5 billion available under the revolving credit facility.

The Group or its affiliates may, at any time and from time to



## (d) Basis of preparation continued

### Liquidity risk management and going concern continued

#### Assessment period and assumptions continued

time, seek to retire or purchase outstanding debt through cash purchases and/or exchanges, in open-market purchases, privately negotiated transactions or otherwise.

Such repurchases or exchanges, if any, will be upon such terms and at such prices as management may determine, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material. The Group has repaid \$0.3 billion and \$0.2 billion of the 2025 and 2026 Notes, respectively, during the year. The repayment of the 2025 Notes was partially funded by a drawdown of \$130 million of the Glencore facility.

The Group's forecasts show that the Group and Parent Company will be able to operate within its current debt facilities and have sufficient financial headroom for the going concern assessment period under its Base Case and Low Case at the end of the going concern period, including a full drawdown of the Glencore debt facility to support the payment of the 2025 Notes. The Directors have also performed a reverse stress test to establish the average oil price throughout the going concern period required to reduce headroom to zero, that price was determined to be \$45/bbl. Based on the analysis above, the Directors have a reasonable expectation that the Group and Parent Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the Annual Report and Accounts.

## (e) Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power over an investee entity, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the Group income statement from the transaction date of acquisition, being the date on which the Group gains control, and will continue to be included until the date that control ceases.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

## (e) Basis of consolidation continued

### Joint arrangements

The Group is engaged in oil and gas exploration, development and production through unincorporated joint arrangements; these are classified as joint operations in accordance with IFRS 11. The Group accounts for its share of the results and assets and liabilities of these joint operations. In addition, where Tullow acts as operator to the joint operation, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint operation are included in the Group's balance sheet.

### (f) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises:

- Fair values of the assets transferred.
- Liabilities incurred to the former owners of the acquired business.
- Equity interests issued by the Group.
- Fair value of any asset or liability resulting from a contingent consideration arrangement.
- Fair value of any pre-existing equity interest in the subsidiary.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed when control is obtained over a business, and when an interest or an additional interest is acquired in a joint operation which is a business are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

**Accounting policies** continued

Year ended 31 December 2023

**(g) Revenue from contracts with customers**

Revenue from contracts with customers represents the sales value, net of VAT, of the Group's share of liftings in the year. Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all of its revenue arrangements since it controls the goods or services before transferring them to the customer.

**i) Revenue from crude oil sales**

The crude oil produced by the upstream operations is sold to external customers. Revenue from the sale of crude oil is recognised at the point in time when control of the product is transferred to the customer, which is typically when goods are delivered, and title has passed. The transportation and shipping costs associated with the transfer of the product to the point of sale is recognised as a selling cost.

Under the terms of the relevant production sharing arrangements, the Group is entitled to its participating share in the crude oil based on the Group's working interest. Revenue from contracts with customers is recognised based on the actual volumes sold to customers. No adjustments are made to revenue for any differences between volumes sold to customers and unsold volumes which the Group is entitled to sell based on its working interest. Revenue in respect of such volumes is only recognised when there is a transfer of output to the Group's customers. Differences between the volume which the Group is entitled to sell based on its working interest and the actual volumes that the Group has sold to customers are recognised as an over/underlift (note (h)) within cost of sales.

Under the terms of the Production Sharing Contracts in Gabon and Côte d'Ivoire, the Group is not required to pay any corporate income taxes. The share of the profit oil which the government is entitled to is deemed to include a portion representing the notional corporate income tax paid by the government on behalf of the contractors. This portion of notional corporate income tax is presented as an income tax expense with a corresponding amount recognised in Revenue.

The Group's sales of crude oil are priced based on the consideration specified in contracts with customers with reference to quoted market prices in active markets, adjusted for a quality differential based on gravity of the crude oil sold relative to Brent. Invoices are typically paid on 30-60 day terms.

For certain non-operated arrangements, the Group's stake is structured as a carried interest, in which all costs relating to the performance of petroleum operations are borne by the operator and other Joint Venture Partners and are recovered upon production. The recognition of revenue is on net basis, where the Group only accounts for its share of profit oil.

**(g) Revenue from contracts with customers** continued**ii) Revenue from gas sales**

Revenue associated with the sale of natural gas in Ghana is measured in line with the consideration agreed per MMBtu in the existing sales contracts with offtakers. The transfer of control occurs when title passes at the point the customer takes physical delivery. The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognised relating to performance obligations satisfied over time are not significant.

**(h) Over/underlift**

Lifting or offtake arrangements for oil and gas produced in certain of the Group's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production less stock is underlift or overlift. Underlift and overlift are valued at market value and included within receivables and payables respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis.

**(i) Inventories**

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises direct purchase costs. Net realisable value is determined by reference to prices existing at the balance sheet date, less estimated costs of completion and the estimated costs necessary to make the sale.

Oil product is stated at net realisable value and changes in net realisable value are recognised in the income statement.

**(j) Foreign currencies**

The US dollar is the presentational currency of the Group. For the purpose of presenting consolidated Financial Statements, the assets and liabilities of the Group's non-US dollar-denominated entities are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Currency translation adjustments arising on the restatement of opening net assets of non-US dollar subsidiaries, together with differences between the subsidiaries' results translated at average rates versus closing rates, are recognised in the statement of comprehensive income and expense and transferred to the foreign currency translation reserve. All resulting exchange differences are classified as equity until disposal of the subsidiary. On disposal, the cumulative amounts of the exchange differences are recognised as income or expense.



## (j) Foreign currencies continued

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated into functional currency at the exchange rate ruling at the balance sheet date, with a corresponding charge or credit to the income statement. However, exchange gains and losses arising on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

## (k) Assets classified as held for sale

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. A loss for any initial or subsequent write-down of the asset or disposal group to a revised fair value less costs to sell is recognised at each reporting date. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets and corresponding liabilities classified as held for sale are presented separately as current items in the statement of financial position.

## (l) Intangible, exploration and evaluation assets and oil and gas assets

The Group adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalised in cost centres by well, field or exploration area, as appropriate.

These costs are then written off as exploration costs in the income statement unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

Exploration and evaluation assets are tested for impairment when reclassified to development assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amounts by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less cost to sell and their value in use.

## (l) Intangible, exploration and evaluation assets and oil and gas assets continued

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development assets. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities is amortised in accordance with the Group's depletion and amortisation accounting policy.

Cash consideration received on farm-down of exploration and evaluation assets is credited against the carrying value of the asset. The excess amount over the carrying value of the asset is recognised as a gain on disposal of exploration and evaluation assets in the statement of profit or loss.

## (m) Commercial reserves

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% statistical probability that it will be less.

## (n) Depletion and amortisation

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or by a group of fields which are reliant on common infrastructure. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

## (o) Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset or Cash Generating Unit (CGU) may be impaired. In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its recoverable amount. The recoverable amount is the higher of the asset's/CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place.

**Accounting policies** continued

Year ended 31 December 2023

**(o) Impairment of property, plant and equipment** continued

Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is VIU. The Group estimates VIU using a discounted cash flow model.

In order to discount the future cash flows the Group calculates asset or CGU-specific discount rates.

The discount rates are based on an assessment of a relevant peer group's post-tax weighted average cost of capital (WACC). The post-tax WACC is subsequently grossed up to a pre-tax rate. The Group then deducts any exploration risk premium which is implicit within a peer group's WACC and subsequently applies additional country risk premium for all CGUs, an element of which is determined by whether the assets are onshore or offshore.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any amortisation that would have been charged since the impairment.

**(p) Decommissioning**

Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value using a risk-free rate, and is re-assessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

**(q) Property, plant and equipment – non-oil and gas assets**

Property, plant and equipment is stated in the balance sheet at cost less accumulated depreciation and any recognised impairment loss. Depreciation on property, plant and equipment other than production assets is provided at rates calculated to write off the cost less the estimated residual value of each asset on a straight-line basis over its expected useful economic life of between three and ten years.

**(r) Share issue expenses and share premium account**

Costs of share issues are written off against the premium arising on the issues of share capital.

**(s) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs, which include interest on borrowings calculated using the effective interest method as described in paragraph (aa), obligations under finance leases, the unwinding effect of discounting provisions and exchange differences, are recognised in the income statement in the period in which they are incurred.

**(t) Taxation**

Current and deferred tax, including UK corporation tax and overseas corporation tax, are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred corporation tax is recognised on all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying temporary differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

Petroleum revenue tax (PRT) is treated as an income tax and deferred PRT is accounted for under the temporary difference method. UK PRT refunds are included in the income statement and is taxable for UK corporation tax.

**(u) Pensions**

Contributions to the Group's defined contribution pension schemes are charged to operating profit on an accrual basis.

**(v) Derivative financial instruments**

The Group uses derivative financial instruments, such as forward currency contracts and commodity options contracts, to hedge its foreign currency risks and commodity price risks respectively.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the



## (v) Derivative financial instruments continued

timing of the recognition in profit or loss depends on the nature of the hedge relationship.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk, or associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the time value hedge reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period-related, then the amount accumulated in the time value hedge reserve is reclassified to profit or loss on a rational basis. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in hedging

## (v) Derivative financial instruments continued

reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses oil option contracts for its exposure to volatility of Dated Brent prices. The ineffective portion relating to option contracts is recognised as gain or loss on hedging instruments in the Group income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Cash flow hedge accounting is discontinued only when the hedging relationship or a part thereof ceases to meet the qualifying criteria. This includes when the designated hedged forecast transaction or part thereof is no longer considered to be highly probable to occur, or when the hedging instrument is sold, terminated or exercised without replacement or rollover. When cash flow hedge accounting is discontinued, amounts previously recognised within other comprehensive income remain in equity until the forecast transaction occurs and are reclassified to profit or loss or transferred to the initial carrying amount of a non-financial asset or liability as above. If the forecast transaction is no longer expected to occur, amounts previously recognised within other comprehensive income will be immediately reclassified to profit or loss.

## (w) Leases

On inception of a contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether the contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

### Lessee accounting

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, in case of Joint operation, adjusted for any amount receivable from Joint



## Accounting policies continued

Year ended 31 December 2023

### (w) Leases continued

#### Lessee accounting continued

Venture Partners and any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs required to remove or restore the underlying asset, less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, or applying the unit of production method, and the Joint Venture receivable is allocated against the monthly Joint Venture billing cycle.

The initial measurement of the corresponding lease liability is at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease payments include fixed payments, less any lease incentive receivable, variable leases payments based on an index or rate, and amounts expected to be payable by the lessee under residual value guarantees.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets with a value of \$5,000.

Over the course of a lease contract, there will be taxable timing differences that could give rise to deferred tax, subject to local tax laws and regulations.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

### (x) Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments. The Group has share-based awards that are equity settled and cash settled as defined by IFRS 2. The fair value of the equity settled awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions.

### (x) Share-based payments continued

This fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using a binomial option pricing model with suitable modifications to allow for employee turnover after vesting and early exercise. Where necessary, this model is supplemented with a Monte Carlo model. The inputs to the models include: the share price at date of grant; exercise price; expected volatility; expected dividends; risk-free rate of interest; and patterns of exercise of the plan participants.

For cash settled awards, a liability is recognised for the goods or service acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the income statement.

### (y) Financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The subsequent measurement of financial assets depends on their classification, as set out overleaf.

#### i) Financial assets measured at amortised cost

Assets are subsequently classified and measured at amortised cost when the business model of the Company is to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. These assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired. This category of financial assets includes trade and other receivables.

Financial assets measured at amortised cost include trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.



## (y) Financial assets continued

### ii) Financial assets measured at fair value through other comprehensive income

Assets are subsequently classified and measured at fair value through other comprehensive income when the business model of the Company is to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest.

### iii) Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. These assets are carried on the balance sheet at fair value with gains or losses recognised in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category. As at 31 December 2023, the Group does not have any financial assets classified at fair value through profit or loss or other comprehensive income.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### Impairment of trade and Joint Venture receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on the payment profiles of sales over the historical period and the corresponding historical credit losses experienced during this period. These rates are then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period. Based on management assessment, the credit loss in trade receivables and Joint Venture receivable as at 31 December 2023 would be immaterial; therefore, in line with IFRS 9, no impairment was recognised (2022: \$nil).

In order to minimise the risk of default, credit risk is managed on a Group basis (note 17).

## (z) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## (aa) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

## (ab) Financial liabilities

The measurement of financial liabilities is determined by the initial classification.

### i) Financial liabilities at fair value through profit or loss:

Those balances that meet the definition of being held for trading are measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognised in the income statement.

### ii) Financial liabilities measured at amortised cost:

All financial liabilities not meeting the criteria of being classified at fair value through profit or loss are classified as financial liabilities measured at amortised cost. The instruments are initially recognised at its fair value net of transaction costs that are directly attributable to the issue of financial liability. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Trade payables and borrowings fall under this category of financial instruments.

As at 31 December 2023 all financial liabilities are measured at amortised cost.

The Group derecognises a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of the financial liability extinguished and any consideration paid is recognised in the Income Statement as other income if the transaction results in a gain, or finance costs if the result is a loss.

### iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



## Accounting policies continued

Year ended 31 December 2023

### (ac) Equity instruments

Equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

### (ad) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### (ae) Critical accounting judgements

The Group assesses critical accounting judgements annually. The following are the critical judgements, apart from those involving estimations which are dealt with in policy (af), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

#### Carrying value of intangible exploration and evaluation assets (note 9)

The amounts for intangible exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment in accordance with the Group's accounting policy. The process of determining whether there is an indicator for impairment or calculating the impairment requires critical judgement.

The key areas in which management has applied judgement and estimation are as follows: the Group's intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; the assessment of whether sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and the success of a well result or geological or geophysical survey. Details on impact of these key estimates using sensitivities applied to impairment models can be found in note 8.

The most material area where judgement was applied during 2023 was in the assessment of the value in use (VIU) of the Kenyan CGU and assessing the likelihood of recovery of the net book value of the asset. Triggers for an impairment assessment were identified following the withdrawal of the JV partners and an increase in Group's long-term oil price assumption, resulting in an increase in

### (ae) Critical accounting judgements continued

#### Carrying value of intangible exploration and evaluation assets (note 9)

the underlying value of the project. Due to the stage of this project being pre-final investment decision (FID) and only having 2C resources booked, the VIU assessment required estimation and judgement in a number of different aspects including oil prices differentials, uncontracted cost profiles and certain fiscal terms. Furthermore, the Group has identified the following estimation uncertainties, which require judgement, in respect to the Group's ability to realise the estimated VIU; receiving an acceptable offer from a strategic partner, obtaining financing for the project and government deliverables in form of provision of required infrastructure and fiscal terms. These items require satisfactory resolution before the Group can take FID. Due to the binary nature of these uncertainties the Group was unable to either adjust the cash flows or discount rate appropriately. It has therefore used its judgement and assessed the probability of achieving FID and therefore the recognition of commercial reserves.

This probability was applied to the VIU to determine a risk adjusted VIU and compared against the net book value of the asset. Based on this an impairment charge of \$17.9 million was booked as at 31 December 2023. Should the uncertainties around the project be resolved there will be a reversal of previously recognised impairment. However, if the uncertainties are not resolved there will be an additional impairment of \$242.2 million.

#### (af) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Carrying value of property, plant and equipment (note 9)

Management performs impairment reviews on the Group's property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators of impairments or impairment reversals are present and an impairment or impairment reversal test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices assumptions, pre-tax discount rates, commercial reserves and the related cost profiles. Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques. The estimate is reviewed at least annually by management and by independent consultants. Proven and probable



## (af) Key sources of estimation uncertainty continued

### Carrying value of property, plant and equipment (note 9) continued

reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of remaining recoverable reserves and the proportion of the gross reserves which are attributable to host governments under the terms of the Production Sharing Contracts. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

Net entitlement reserves estimates are subsequently calculated using the current oil price and cost recovery assumptions, in line with the relevant agreements.

Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or oil and gas prices could impact the depletion rates, carrying value of assets (refer to the Commercial Reserves and Contingent Resources Summary on page 191).

The estimation applied by management to the exploration risk premium adjustment to its impairment discount rates, estimated future commodity prices and forecast cash flows on the TEN asset would have the most material impact on the 2023 Financial Statements should management have concluded differently.

Details on the impact of these key estimates and judgements using sensitivity applied to impairment models can be found in note 9.

### Lease accounting (note 18)

#### Discount rate

The Group has assessed the appropriate incremental borrowing rate applicable for each contract. Management has applied the practical expedient which allows for the adoption of a portfolio approach, where a single discount rate for a portfolio of leases with similar characteristics can be applied. As the Group has external borrowings with a consortium of lenders, these are considered the best reference for the incremental borrowing rate for the Group at the lease commencement date if the interest rate implicit in the lease is not readily determinable. For the material remeasurements during the year, predominantly on the TEN FPSO lease discussed in note 18 the Group has assessed the incremental borrowing rate to be 16.88%.

#### Determination of the lease term

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. For leases relating to Joint Venture operations where there is an option to extend, the Group will only

## (af) Key sources of estimation uncertainty continued

### Lease accounting (note 18) continued

#### Determination of the lease term continued

proceed after it has received Joint Venture approval to extend. At the inception of new leases in relation to joint arrangements they do not include any period covered by an extension option in the lease term because they cannot be reasonably certain that approval from the other venturers can be obtained. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In respect of the TEN FPSO lease, the lease term was updated to reflect the management's best estimate view that the FPSO will continue to be leased until the cessation of production in 2032 and assumes an exercise of the extension option following a decision not to exercise the purchase option.

#### Uncertain tax treatments

The Group is subject to various material claims which arise in the ordinary course of its business in various jurisdictions, including cost recovery claims, claims from regulatory bodies and both corporate income tax and indirect tax claims. The Group is in formal dispute proceedings regarding a number of these tax claims. The resolution of tax positions, through negotiation with the relevant tax authorities or litigation, can take several years to complete. In assessing whether these claims should be provided for in the Financial Statements, management has considered them in the context of the applicable laws and relevant contracts for the countries concerned. Management has applied judgement in assessing the likely outcome of the claims and has estimated the financial impact based on external tax and legal advice and prior experience of such claims.

Provisions of \$85.0 million (2022: \$106.4 million) are included in income tax payable (\$78.3 million (2022: \$70.6 million)), deferred tax liability (\$nil (2022: \$nil)), and provisions (\$6.7 million (2022: \$35.8 million)). Where these matters relate to expenditure which is capitalised within Intangible Exploration and Evaluation Assets and Property, Plant and Equipment, any difference between the amounts accrued and the amounts settled is capitalised within the relevant asset balance, subject to applicable impairment indicators. Where these matters relate to producing activities or historical issues, any differences between the accrued and settled amounts are taken to the Group income statement.

Due to the uncertainty of such tax items, it is possible that on conclusion of an open tax matter at a future date the outcome may differ significantly from management's estimate. If the Group was unsuccessful in defending itself from all of these claims, the result would be additional liabilities of \$1,030.3 million (2022: \$1,024.0 million) which includes \$6.9 million of interest and penalties (2022: \$32.4 million).

**Accounting policies** continued

Year ended 31 December 2023

**(af) Key sources of estimation uncertainty** continued**Uncertain tax treatments** continued

The provisions and contingent liabilities relating to these disputes have decreased following the conclusion of tax authority challenges and matters lapsing under the statute of limitations, but have increased, following new claims being initiated and extrapolation of exposures through to 31 December 2023, giving rise to an overall decrease in provision of \$21.4 million and increase in contingent liability of \$6.2 million.

**Ghana tax assessments**

In October 2021, Tullow Ghana Limited (TGL) filed a Request for Arbitration with the International Chamber of Commerce (ICC) disputing the \$320.3 million branch profits remittance tax (BPRT) assessment issued as part of the direct tax audit for the financial years 2014 to 2016. The Ghana Revenue Authority (GRA) is seeking to apply BPRT under a law which the Group considers is not applicable to TGL, since it falls outside the tax regime provided for in the Petroleum Agreements and relevant double tax treaties. The arbitration hearing took place in October 2023 and a decision is expected in the current financial year. TGL is not required to pay any amounts of BPRT until the dispute is formally resolved.

In December 2022, TGL received a \$190.5 million corporate income tax assessment and payment demand from the GRA relating to the disallowance of loan interest for the financial years 2010 to 2020. The Group has previously disclosed assessments by the GRA relating to the same issue; this revised assessment supersedes all previous claims. The Group considers the assessment to breach TGL's rights under its Petroleum Agreements. In February 2023, TGL filed a Request for Arbitration with the ICC, disputing the assessment with the suspension of TGL's obligation to pay any amount in relation to the assessment until the dispute is formally resolved. The arbitration hearing is scheduled to commence on 30 June 2025.

In December 2022, TGL received a \$196.5 million corporate income tax assessment and payment demand from the GRA relating to proceeds received by Tullow during the financial years 2016 to 2019 under Tullow's corporate Business Interruption Insurance policy. The Group considers the assessment to breach TGL's rights under its Petroleum Agreements. In February 2023, TGL filed a Request for Arbitration to the ICC, disputing the assessment with the suspension of TGL's obligation to pay any amount in relation to the assessment until the dispute is formally resolved. The arbitration hearing is scheduled to commence on 17 November 2025. The Group continues to engage with the Government of Ghana with the aim of resolving the BPRT, loan interest and insurance disputes on a mutually acceptable basis.

**(af) Key sources of estimation uncertainty** continued**Bangladesh litigation**

The National Board of Revenue (NBR) is seeking to disallow \$118.6 million of tax relief in respect of development costs incurred by Tullow Bangladesh Limited (TBL). The NBR subsequently issued a payment demand to TBL in February 2020 for Taka 3,094.3 million (c.\$29.3 million) requesting payment by 15 March 2020. However, under the Production Sharing Contract (PSC), the Government is required to indemnify TBL against all taxes levied by any public authority, and the share of production paid to Petrobangla (PB), Bangladesh's national oil company, is deemed to include all taxes due which PB is then obliged to pay to the NBR. TBL sent the payment demand to PB and the Government requesting the payment or discharge of the payment demand under their respective PSC indemnities. On 14 June 2021, TBL issued a formal notice of dispute under the PSC to the Government and PB. A further request for payment was received from NBR on 28 October 2021 demanding settlement by 15 November 2021. Arbitration proceedings were initiated under the PSC on 29 December 2021. A procedural hearing was held on 28 June 2022 which set the timetable for the process going forward. The first submissions have been made in October 2022 with counter submissions received on 17 January 2023. The second submission was made in June 2023 with the first Tribunal hearing scheduled for 20-24 May 2024. A decision is expected in H1 2025.

**Other items**

Other items totalling \$294.0 million (2022: \$280.0 million) comprise exposures in respect of claims for corporation tax in respect of disallowed expenditure or withholding taxes that are either currently under discussion with the tax authorities or which arise in respect of known issues for periods not yet under audit.

**Timing of cash flows**

While it is not possible to estimate the timing and amount of tax cash flows in relation to possible outcomes with certainty, as they are subject to outcome of court/ arbitration proceedings and any potential appeals, management anticipates that there will not be material cash taxes paid in excess of the amounts provided for uncertain tax treatments.



# Notes to the Group Financial Statements

Year ended 31 December 2023

## Note 1. Segmental reporting

The information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on four Business Units – Ghana, Non-operated producing assets including Uganda and decommissioning assets, Kenya and Exploration. Therefore, the Group's reportable segments under IFRS 8 are Ghana, Non-operated, Kenya and Exploration.

The following tables present revenue, loss and certain asset and liability information regarding the Group's reportable business segments for the years ended 31 December 2023 and 31 December 2022.

	Ghana \$m	Non- Operated \$m	Kenya \$m	Exploration \$m	Corporate \$m	Total \$m
<b>2023</b>						
Sales revenue by origin	1,311.4	461.8	-	-	(139.1)	1,634.1
<b>Segment result<sup>1</sup></b>	<b>408.2</b>	<b>114.0</b>	<b>(17.9)</b>	<b>(9.9)</b>	<b>(164.6)</b>	<b>329.8</b>
Provisions reversal						22.0
Other gains						0.2
Unallocated corporate expenses <sup>2</sup>						(56.1)
<b>Operating profit</b>						<b>295.9</b>
Loss on hedging instruments						(0.4)
Gain on bond buyback						86.0
Finance income						44.0
Finance costs						(329.6)
<b>Profit before tax</b>						<b>95.9</b>
Income tax expense						(205.5)
<b>Loss after tax</b>						<b>(109.6)</b>
<b>Total assets</b>	<b>3,529.7</b>	<b>200.9</b>	<b>253.3</b>	<b>48.5</b>	<b>426.2</b>	<b>4,458.6</b>
<b>Total liabilities<sup>3</sup></b>	<b>(2,231.6)</b>	<b>(355.1)</b>	<b>(10.3)</b>	<b>(2.9)</b>	<b>(2,218.1)</b>	<b>(4,818.0)</b>
<b>Other segment information</b>						
Capital expenditure:						
Property, plant and equipment	413.7	85.9	(2.2)	-	2.1	499.5
Intangible exploration and evaluation assets	0.2	1.6	7.5	16.1	-	25.4
Depletion, depreciation and amortisation	(387.7)	(44.1)	0.6	-	(5.4)	(436.6)
Impairment of property, plant and equipment, net	(301.2)	(97.9)	-	-	(9.0)	(408.1)
Exploration costs written off	(0.2)	0.9	(17.9)	(9.8)	-	(27.0)

1. Segment result is a non-IFRS measure which includes gross profit, exploration costs written off and impairment of property, plant and equipment. See reconciliation below.

2. Unallocated expenditure includes amounts of a corporate nature and not specifically attributable to a geographic area.

3. Total liabilities – Corporate comprise the Group's external debt and other non-attributable liabilities.

## Reconciliation of segment result

	2023 \$m	2022 \$m
Segment result	329.8	589.2
Add back:		
Exploration costs written off	27.0	105.2
Impairment of property, plant and equipment	408.1	391.2
<b>Gross profit</b>	<b>764.9</b>	<b>1,085.6</b>



## Notes to the Group Financial Statements continued

Year ended 31 December 2023

### Note 1. Segmental reporting continued

All sales are made to external customers. Included in revenue arising from Ghana and Non-Operated segments are revenues of approximately \$462.3 million, \$326.9 million and \$181.9 million relating to the Group's customers who each contribute more than 10% of total sales revenue (2022: \$696.9 million, \$566.1 million, \$310.9 million and \$242.3 million). As the sales of oil and gas are made on global markets and are highly liquid, the Group does not place reliance on the largest customers mentioned above. Payment terms are typically 30 days from the bill of lading.

During 2023, Tullow has entered into an oil marketing contract under which it will sell its crude oil entitlements to Glencore Energy UK Limited. The contract expires in 2028.

	Ghana \$m	Non- Operated \$m	Kenya \$m	Exploration \$m	Corporate \$m	Total \$m
<b>2022</b>						
Sales revenue by origin	1,578.5	524.0	–	–	(319.4)	1,783.1
<b>Segment result<sup>1</sup></b>	692.5	337.3	(0.5)	(102.6)	(337.5)	589.2
Provisions expense						(4.1)
Gain on bargain purchase						196.8
Other gains						3.1
Unallocated corporate expenses <sup>2</sup>						(51.1)
<b>Operating profit</b>						733.9
Gain on hedging instruments						0.8
Finance income						42.9
Finance costs						(335.5)
<b>Profit before tax</b>						442.1
Income tax expense						(393.0)
<b>Profit after tax</b>						49.1
<b>Total assets</b>	3,827.7	380.6	265.6	46.0	519.7	5,039.6
<b>Total liabilities<sup>3</sup></b>	(2,220.5)	(401.6)	(14.1)	(4.6)	(2,858.3)	(5,499.1)
<b>Other segment information</b>						
Capital expenditure:						
Property, plant and equipment	342.9	26.9	–	–	0.9	370.7
Intangible exploration and evaluation assets	0.9	(1.7)	(2.1)	42.1	–	39.2
Depletion, depreciation and amortisation	(362.1)	(52.7)	(1.3)	–	(9.7)	(425.8)
Impairment of property, plant and equipment, net	(380.6)	(10.6)	–	–	–	(391.2)
Exploration costs written off	(0.9)	1.8	(0.5)	(105.6)	–	(105.2)

1. Segment result is a non-IFRS measure which includes gross profit, exploration costs written off and impairment of property, plant and equipment. See reconciliation below.

2. Unallocated expenditure includes amounts of a corporate nature and not specifically attributable to a geographic area.

3. Total liabilities – Corporate comprise the Group's external debt and other non-attributable liabilities.



## Note 1. Segmental reporting continued

	Sales revenue 2023 \$m	Sales revenue 2022 \$m	Non-current assets <sup>1</sup> 2023 \$m	Non-current assets <sup>1</sup> 2022 \$m
<b>Sales revenue and non-current assets by origin</b>				
Ghana	1,311.4	1,578.5	2,771.0	3,087.4
<b>Total Ghana</b>	<b>1,311.4</b>	<b>1,578.5</b>	<b>2,771.0</b>	<b>3,087.4</b>
Kenya	-	-	250.0	258.5
<b>Total Kenya</b>	<b>-</b>	<b>-</b>	<b>250.0</b>	<b>258.5</b>
Argentina	-	-	36.4	33.6
Côte d'Ivoire	-	-	5.8	2.4
<b>Total Exploration</b>	<b>-</b>	<b>-</b>	<b>42.2</b>	<b>36.0</b>
Gabon	419.5	477.0	82.8	132.6
Côte d'Ivoire	42.3	47.0	0.4	59.2
<b>Total Non-Operated</b>	<b>461.8</b>	<b>524.0</b>	<b>83.2</b>	<b>191.8</b>
Corporate	(139.1)	(319.4)	12.0	23.4
<b>Total</b>	<b>1,634.1</b>	<b>1,783.1</b>	<b>3,158.4</b>	<b>3,597.1</b>

1. Non-current assets exclude derivative financial instruments and deferred tax assets.

## Note 2. Total revenue

	2023 \$m	2022 \$m
Revenue from contracts with customers		
Revenue from crude oil sales	1,744.6	2,102.5
Revenue from gas sales	28.6	-
<b>Total revenue from contracts with customers</b>	<b>1,773.2</b>	<b>2,102.5</b>
Loss on realisation of cash flow hedges	(139.1)	(319.4)
<b>Total revenue</b>	<b>1,634.1</b>	<b>1,783.1</b>

Finance income has been presented as part of net financing costs (refer to note 5).

## Note 3. Staff costs

The average annual number of employees employed by the Group worldwide was:

	2023 Number	2022 Number
Administration	187	182
Technical	206	194
<b>Total</b>	<b>393</b>	<b>376</b>

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 3. Staff costs** continued

Staff costs in respect of those employees were as follows:

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Salaries	<b>71.5</b>	66.3
Social security costs	<b>7.1</b>	7.0
Pension costs	<b>6.3</b>	5.3
Redundancy costs	–	0.1
<b>Total staff costs</b>	<b>84.9</b>	78.7

A proportion of the Group's staff costs shown above is recharged to the Group's Joint Venture Partners, a proportion is allocated to operating costs and a proportion is capitalised into the cost of fixed assets under the Group's accounting policy for exploration, evaluation and production assets with the remainder classified as an administrative overhead cost in the income statement. The net staff costs recognised in the income statement were \$16.5 million (2022: \$10.5 million).

The Group operates defined contribution pension schemes for staff and Executive Directors. The contributions are payable to external funds which are administered by independent trustees. Contributions during the year amounted to \$6.3 million (2022: \$5.3 million).

Details of Directors' remuneration, Directors' transactions and Directors' interests are set out in the part of the Directors' Remuneration Report described as having been audited, which forms part of these Financial Statements.

**Note 4. Other costs**

	Notes	<b>2023</b>	2022
		<b>\$m</b>	\$m
Operating profit is stated after charging/(deducting):			
Operating costs		<b>292.9</b>	266.5
Depletion and amortisation of oil and gas and leased assets <sup>1</sup>	9	<b>430.8</b>	410.7
Overlift, underlift and oil stock movements		<b>109.3</b>	(46.3)
Royalties		<b>33.9</b>	61.7
Share-based payment charge included in cost of sales	22	<b>0.4</b>	0.4
Other cost of sales		<b>1.9</b>	4.4
<b>Total cost of sales</b>		<b>869.2</b>	697.5
Share-based payment charge included in administrative expenses	22	<b>5.6</b>	5.4
Depreciation of other fixed assets <sup>1</sup>	9	<b>5.8</b>	15.1
Other administrative costs		<b>44.7</b>	30.5
<b>Total administrative expenses</b>		<b>56.1</b>	51.0
<b>Provisions (reversal)/ expense<sup>2</sup></b>		<b>(22.0)</b>	4.2
Fees payable to the Company's auditor for:			
The audit of the Company's annual accounts		<b>2.0</b>	2.1
The audit of the Company's subsidiaries pursuant to legislation		<b>0.5</b>	0.6
<b>Total audit services</b>		<b>2.5</b>	2.7
Non-audit services:			
Audit-related assurance services – half-year review		<b>0.5</b>	0.5
Corporate finance services		–	1.0
<b>Total non-audit services</b>		<b>0.5</b>	1.5
<b>Total</b>		<b>3.0</b>	4.2

1. Depreciation expense on leased assets of \$81.4 million (2022: \$60.9 million) as per note 9 includes a charge of \$2.2 million (\$3.9 million) on leased administrative assets, which is presented within administrative expenses in the income statement. The remaining balance of \$79.2 million (2022: \$57.0 million) relates to other leased assets and is included within cost of sales.

The reduction in depreciation of other fixed assets expense is caused by corporate assets in the UK and Ghana reaching the end of their useful life during 2022 and 2023.

2. This includes credit to the movements in other provisions of \$22.0 million (2022: \$4.1 million charge) as well as restructuring and redundancy costs of \$nil (2022: \$0.1 million).



## Note 4. Other costs continued

The increase in other administrative costs is mainly due to one-off corporate project expenditure which was partially offset by lower insurance premiums in the current year.

Fees payable to Ernst & Young LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated Financial Statements are required to disclose such fees on a consolidated basis.

Non-audit services were 20% of audit services during the year.

Details of the Company's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity are safeguarded are set out in the Audit Committee Report on pages 82 to 86. No services were provided pursuant to contingent fee arrangements.

## Note 5. Net financing costs

	Notes	2023 \$m	2022 \$m
Interest on bank overdrafts and borrowings		237.0	250.4
Interest on obligations under leases	18	78.6	76.4
Total borrowing costs		315.6	326.8
Finance and arrangement fees		1.9	0.3
Other interest expense		2.0	2.4
Unwinding of discount on decommissioning provisions	19	10.1	6.0
<b>Total finance costs</b>		<b>329.6</b>	<b>335.5</b>
Interest income on amounts due from Joint Venture Partners for leases	18	(30.1)	(29.6)
Other finance income		(13.9)	(13.3)
<b>Total finance income</b>		<b>(44.0)</b>	<b>(42.9)</b>
<b>Net financing costs</b>		<b>285.6</b>	<b>292.6</b>

## Note 6. Taxation on profit on continuing activities

	Notes	2023 \$m	2022 \$m
<b>Current tax on profits for the year</b>			
UK corporation tax		(1.9)	(11.8)
Foreign tax		322.2	321.0
Taxes paid in kind under production sharing contracts		11.0	21.4
Adjustments in respect of prior periods		(10.8)	(3.3)
<b>Total corporate tax</b>		<b>342.1</b>	<b>327.3</b>
UK petroleum revenue tax		(0.7)	(2.8)
<b>Total current tax</b>		<b>341.4</b>	<b>324.5</b>
<b>Deferred tax</b>			
<b>Origination and reversal of temporary differences</b>			
UK corporation tax		(22.9)	11.4
Foreign tax		(106.5)	54.0
Adjustments in respect of prior periods		(2.8)	(2.9)
<b>Total deferred corporate tax</b>		<b>(132.2)</b>	<b>62.5</b>
Deferred UK petroleum revenue tax		(3.7)	6.0
<b>Total deferred tax</b>	20	<b>(135.9)</b>	<b>68.5</b>
<b>Total income tax expense</b>		<b>205.5</b>	<b>393.0</b>

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 6. Taxation on profit on continuing activities** continued

The tax rate applied to profit on continuing activities in preparing the reconciliation below is the UK corporation tax rate applicable to the Group's UK profits, being 23.5% (2022: 19%), which is the weighted average rate calculated for FY 2023 taking into account the UK CT rate change effective from 1 April 2023. The difference between the total income tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax applicable to UK profits of 23.5% is as follows:

	<b>2023</b>	2022
	<b>\$m</b>	\$m
<b>Profit from continuing activities before tax</b>	<b>95.9</b>	442.1
Tax on profit from continuing activities at the standard UK corporation tax rate of 23.5% (2022: 19%)	<b>22.5</b>	84.0
Effects of:		
Non-deductible exploration expenditure <sup>a</sup>	<b>3.4</b>	0.5
Other non-deductible expenses <sup>b,d</sup>	<b>35.4</b>	27.8
Net deferred tax asset not recognised <sup>c</sup>	<b>65.1</b>	138.5
Utilisation of tax losses not previously recognised	<b>(0.2)</b>	(0.4)
Adjustment relating to prior years	<b>(2.8)</b>	(6.2)
Other tax rates applicable outside the UK	<b>82.4</b>	214.6
Other income not subject to corporation tax	<b>(0.3)</b>	(0.1)
Tax impact of acquisition through business combination	-	(65.7)
<b>Total income tax expense for the year</b>	<b>205.5</b>	393.0

a. Includes recurring explorations costs written off where there is no deferred tax impact.

b. Includes impairments.

c. Includes hedging losses and interest expense.

d. Includes movements in provisions in respect of uncertain tax treatments.

The Group's profit before taxation will continue to arise in jurisdictions where the effective rate of taxation differs from that in the UK, such as Ghana (35%) and Gabon convention fields (50%), Gabon PSC fields (35%) and CDI PSC (25%). Furthermore, there is no tax benefit arising on net interest and hedging expense in the UK. Accordingly, the Group's tax charge will continue to vary according to the jurisdictions in which pre-tax profits arise.

The Group has tax losses of \$4,195.3 million (2022: \$4,237.4 million) of which \$3,109.9 million are available for offset indefinitely and \$1,085.4 million in the next 5-7 years against future taxable profits in the companies in which the losses arose. Deferred tax assets have not been recognised in respect of losses of \$4,165.7 million (2022: \$4,128.9 million) as it is not sufficiently probable that there will be future taxable profits against which these losses can be utilised.

The Group has recognised deferred tax assets of \$7.4 million (2022: \$35.8 million) in relation to tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions. The Group has suffered these losses in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates. The tax losses can be carried forward indefinitely.

There are no temporary differences relating to unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

**Tax relating to components of other comprehensive income**

During 2023 nil tax expense (2022: nil tax expense) has been recognised through other comprehensive income.

**Global minimum top-up tax**

The Group operates in the UK, which has enacted new legislation to implement the global minimum top-up tax. However, since the newly enacted tax legislation is only effective from 1 January 2024, there is no current tax impact for the year ended 31 December 2023. The Group is not expecting to pay top-up taxes in the future because all jurisdictions in which the Group operates are above 15% and management is not currently aware of any circumstances under which this might change.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.



## Note 7. (Loss)/earnings per ordinary share

Basic (loss)/earnings per ordinary share amounts are calculated by dividing net (loss)/ profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per ordinary share amounts are calculated by dividing net (loss)/ profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of dilutive ordinary shares that would be issued if employee and other share options were converted into ordinary shares.

	2023 \$m	2022 \$m
<b>(Loss)/ profit for the year</b>		
Net (loss)/profit attributable to equity shareholders	<b>(109.6)</b>	49.1
Effect of dilutive potential ordinary shares	-	-
<b>Diluted net (loss)/ earnings attributable to equity shareholders</b>	<b>(109.6)</b>	49.1

	2023 Number	2022 Number
<b>Number of shares</b>		
Basic weighted average number of shares	<b>1,447,121,945</b>	1,437,099,966
Dilutive potential ordinary shares	-	48,375,409
<b>Diluted weighted average number of shares</b>	<b>1,447,121,945</b>	1,485,475,375

## Note 8. Intangible exploration and evaluation assets

	2023 \$m	2022 \$m
At 1 January	<b>288.6</b>	354.6
Additions	<b>25.4</b>	39.2
Amounts written off	<b>(27.0)</b>	(105.2)
<b>At 31 December</b>	<b>287.0</b>	288.6

The below table provides a summary of the exploration costs written off on a pre-tax basis by country.

Country	CGU	Rationale for 2023 write-off	2023 write-off/ (back) \$m	2023 Remaining recoverable amount \$m
Guyana	Kanuku	a	<b>1.7</b>	-
Guyana	Orinduik	a	<b>0.7</b>	-
Côte d'Ivoire	Block 524	a	<b>3.3</b>	-
Kenya	Blocks 10BB and 13T	b, c	<b>17.9</b>	<b>242.2</b>
New Ventures	Various	d	<b>4.1</b>	-
Uganda	Exploration areas 1, 1A, 2 and 3A	e	<b>(4.3)</b>	-
Gabon	DE8	f	<b>3.4</b>	-
Other	Various		<b>0.2</b>	-
<b>Total write-off</b>			<b>27.0</b>	-

- Current-year expenditure on assets previously written off.
- Following VIU assessment subsequent to withdrawal of JV Partners.
- Revision of short, medium and long-term oil price assumptions.
- New Ventures expenditure is written off as incurred.
- Release of indirect tax provision following settlement.
- Unsuccessful well costs written off.



## Notes to the Group Financial Statements continued

Year ended 31 December 2023

### Note 8. Intangible exploration and evaluation assets continued

#### Kenya

Discussions with the Government of Kenya (GoK) on securing government deliverables and approval of the Field Development Plan (FDP) have been ongoing since its submission on 10 December 2021. An updated FDP was submitted on 3 March 2023 and is being reviewed by the GoK before ratification by the Kenyan Parliament. Energy and Petroleum Regulatory Authority (EPRA), the regulator, has engaged third party consultants to review the revised FDP and the current review period ends on 30 June 2024. The Group expects a production licence to be granted once government due process has been completed.

On 22 May 2023, Africa Oil Corporation (AOC) and Total Energies (TE) gave notice of their respective withdrawal from the Blocks 10BA, 10BB and 13T Production Sharing Contracts (PSCs) and the Joint Operating Agreements (JOAs), effective 30 June 2023, quoting differing internal strategic objectives as reasons. The withdrawal is ultimately subject to the GoK's consent, at which stage the transaction will be considered completed and Tullow will have full rights and liabilities under the JOA. Pending GoK approval, per the terms of the agreement, the participating interest (PI) vests in trust for the sole and exclusive benefit of Tullow, who is the only remaining Joint Venture Partner.

In management's view, in light of public statements and announcements made by AOC and TE to this effect, and in accordance with the terms of the Joint Operating Agreement, it is considered that the ownership of the 50% held by AOC and TE was passed on 30 June 2023, resulting in Tullow holding 100%. From that date, Tullow has the right to benefit from the PI and is liable for all costs incurred going forward (except those for which the withdrawing parties remain liable for). As the sole party, Tullow can control and direct the use of the asset from 30 June 2023. The position remained unchanged as at 31 December 2023. Tullow accounted for this as an asset acquisition at nil cost.

The withdrawal of the partners and an upward revision to the Group's oil prices as detailed in note 9 are considered to be impairment assessment triggers for the asset as at 31 December 2023, and in line with its accounting policy the Group has performed a VIU assessment. The cash flows were discounted using a pre-tax nominal discount rate of 20% (2022: 20%). This resulted in an NPV significantly in excess of the book value of \$260.1 million. However, the Group has identified the following uncertainties in respect of the Group's ability to realise the estimated VIU; receiving and subsequently finalising an acceptable offer from a strategic partner and securing governmental approvals relating thereto, obtaining financing for the project and government deliverables in form of provision of required infrastructure and fiscal terms. These items require satisfactory resolution before the Group can take a Final Investment Decision (FID). The Group continues to progress with the farm-down process.

Due to the binary nature of these uncertainties the Group was unable to either adjust the cash flows or discount rate appropriately. It has therefore used its judgement and assessed a probability of achieving FID and therefore the recognition of commercial reserves. This probability was applied to the VIU to determine a risk-adjusted VIU and compared against the net book value of the asset. Certain risks have increased since 31 December 2022, predominantly around farm-down and project financing. This has been partially offset by an increased equity interest in the project and changes in oil price assumptions.

Based on this, the NPV has been revised to \$242.2 million and an impairment of \$17.9 million has been recognised as at 31 December 2023.

Should the uncertainties around the project be resolved, there will be a reversal of a previously recorded impairment. However, if the uncertainties are not resolved there will be an additional impairment of \$242.2 million. A reduction or increase in the two-year forward curve of \$5/bbl, based on the approximate range of annualised average oil price over recent history, and a reduction or increase in the medium and long-term price assumptions of \$5/bbl, based on the range of annualised average historical prices, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Decreases to oil prices specified above would increase the impairment charge by \$37.9 million, whilst increases to oil prices specified above would result in a credit to the impairment charge of \$37.7 million. A 1% change in the pre-tax discount rate would result in an additional impairment charge of \$33.9 million. The Group believes a 1% change in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Group's and a peer group of companies' impairments.

For Net Zero Emissions sensitivities refer to page 45 of the TCFD.

#### Guyana

On 10 August 2023, Tullow announced that it had agreed to sell its total interest in Tullow Guyana B.V., which includes the Orinduik licence (60% operated equity) in Guyana, to Eco Guyana Oil and Gas (Barbados) Limited in exchange for an upfront cash consideration of \$0.7 million and contingent consideration linked to a series of potential future milestones.

The transaction completed on 16 November 2023 and resulted in \$0.7 million of gain on disposal included in Other gains the income statement.



## Note 8. Intangible exploration and evaluation assets continued

Country	CGU	Rationale for 2022 write-off	2022 write-off \$m	2022 Remaining recoverable amount \$m
Guyana	Kanuku	a, b	75.3	-
Guyana	Orinduik	b	22.4	-
Côte d'Ivoire	Block 524	c	3.1	-
New Ventures	Various	d	3.0	-
Other	Various		1.4	-
<b>Total write-off</b>			105.2	-

- a. Unsuccessful well costs written off.  
b. Licence relinquishments, expiry, planned exit or reduced activity.  
c. Current year expenditure on assets previously written off.  
d. New Ventures expenditure is written off as incurred.

## Note 9. Property, plant and equipment

Notes	2023 Oil and gas assets \$m	2023 Other fixed assets \$m	2023 Right of use assets \$m	2023 Total \$m	2022 Oil and gas assets \$m	2022 Other fixed assets \$m	2022 Right of use assets \$m	2022 Total \$m
<b>Cost</b>								
At 1 January	11,182.6	30.0	1,196.8	12,409.4	10,521.7	69.5	1,091.7	11,682.9
Additions	1 416.1	2.3	81.1	499.5	305.2	2.0	63.5	370.7
Acquisitions <sup>1</sup>	-	-	-	-	473.2	-	-	473.2
Transfer <sup>1</sup>	-	-	-	-	-	-	86.6	86.6
Transfer to assets held for sale	14 (302.8)	-	-	(302.8)	-	-	-	-
Asset retirement	(67.7)	(11.0)	(10.6)	(89.3)	-	(38.1)	(41.7)	(79.8)
Currency translation adjustments	53.9	0.6	1.5	56.0	(117.5)	(3.4)	(3.3)	(124.2)
<b>At 31 December</b>	<b>11,282.1</b>	<b>21.9</b>	<b>1,268.8</b>	<b>12,572.8</b>	11,182.6	30.0	1,196.8	12,409.4
<b>Depreciation, depletion, amortisation and impairment</b>								
At 1 January	(8,888.4)	(24.4)	(515.2)	(9,428.0)	(8,263.7)	(53.8)	(450.8)	(8,768.3)
Charge for the year	4 (351.6)	(3.6)	(81.4)	(436.6)	(353.7)	(11.2)	(60.9)	(425.8)
Impairment loss	(399.1)	-	(9.0)	(408.1)	(391.2)	-	-	(391.2)
Capitalised depreciation	-	-	(49.3)	(49.3)	-	-	(46.1)	(46.1)
Transfer to assets held for sale	14 247.6	-	-	247.6	-	-	-	-
Asset retirement	67.7	11.0	10.6	89.3	-	38.1	41.7	79.8
Currency translation adjustments	(53.9)	(0.5)	(0.5)	(54.9)	120.2	2.5	0.9	123.6
<b>At 31 December</b>	<b>(9,377.7)</b>	<b>(17.5)</b>	<b>(644.8)</b>	<b>(10,040.0)</b>	(8,888.4)	(24.4)	(515.2)	(9,428.0)
<b>Net book value at 31 December</b>	<b>1,904.4</b>	<b>4.4</b>	<b>624.0</b>	<b>2,532.8</b>	2,294.2	5.6	681.6	2,981.4

1. This relates to an acquisition through business combination discussed in note 15 of the 2022 Annual Report and Accounts.

The currency translation adjustments arose due to the movement against the Group's presentational currency, USD, of the Group's UK assets, which have a functional currency of GBP.



## Notes to the Group Financial Statements continued

Year ended 31 December 2023

### Note 9. Property, plant and equipment continued

During 2023 and 2022 the Group applied the following nominal oil price assumptions for impairment assessments:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 onwards
<b>2023</b>	<b>\$78/bbl</b>	<b>\$75/bbl</b>	<b>\$75/bbl</b>	<b>\$75/bbl</b>	<b>\$75/bbl</b>	<b>\$75/bbl inflated at 2%</b>
2022	\$84/bbl	\$79/bbl	\$70/bbl	\$70/bbl	\$70/bbl	\$70/bbl inflated at 2%

	Trigger for 2023 impairment	2023 Impairment \$m	Pre-tax discount rate assumption	2023 Remaining recoverable amount <sup>g</sup> \$m
Espoir (Côte d'Ivoire)	a, c	53.5	14%	0.4
TEN (Ghana)	b, c	301.2	14%	528.3
Mauritania	d	27.9	n/a	-
UK CGU	d, e	16.5	n/a	-
UK Corporate	f	9.0	n/a	-
<b>Impairment</b>		<b>408.1</b>		

- Increase in production and development costs.
- Revision of value based on revisions to reserves.
- Revision of short, medium and long-term oil price assumptions.
- Change to decommissioning estimate.
- The fields in the UK are grouped into one CGU as all fields within those countries share critical gas infrastructure.
- Fully impaired right-of-use asset relating to a vacant office space.
- The remaining recoverable amount of the asset is its value in use.

Impairments identified in the TEN fields of \$301.2 million were primarily due to lower 2P reserves partially offset by an increase in oil price. This was primarily due to delays in gaining approval for the amended TEN PoD which has led to the deferral of investment and continued field decline.

Oil prices stated above are benchmark prices to which an individual field price differential is applied. All impairment assessments are prepared on a VIU basis using discounted future cash flows based on 2P reserves profiles. A reduction or increase in the two-year forward curve of \$5/bbl, based on the approximate range of annualised average oil price over recent history, and a reduction or increase in the medium and long-term price assumptions of \$5/bbl, based on the range of annualised average historical prices, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Decreases to oil prices specified above would increase the impairment charge by \$76.4 million for Ghana and increase the impairment by \$0.4 million for Non-Operated, whilst increases to oil prices specified above would result in a reduction in the impairment charge of \$72.6 million for Ghana and \$17.1 million for Non-Operated. A 1% increase in the pre-tax discount rate would increase the impairment by \$15.6 million for Ghana and increase the impairment by \$0.4 million for Non-Operated. The Group believes a 1% increase in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Group's and peer group of companies' impairments.

For Net Zero Emissions sensitivities refer to page 45 of the TCFD and note 25. Climate change and energy transition.

	Trigger for 2022 impairment/ (reversal)	2022 Impairment/ (reversal) \$m	Pre-tax discount rate assumption	2022 Remaining recoverable amount <sup>d</sup> \$m
Limande and Turnix CGU (Gabon)	a	(1.6)	15%	44.6
Tchatamba (Gabon)	a	(1.3)	15%	38.0
Oba and Middle Oba CGU (Gabon)	a	(0.4)	17%	11.8
Echira, Niungo and Igongo (Gabon)	a	(1.4)	17%	8.6
TEN (Ghana)	b	380.6	13%	931.7
Mauritania	a	12.8	n/a	-
UK CGU	a,c	2.5	n/a	-
<b>Impairment</b>		<b>391.2</b>		

- Change to decommissioning estimate.
- Revision of value based on revisions to reserves.
- The fields in the UK are grouped into one CGU as all fields within those countries share critical gas infrastructure.
- The remaining recoverable amount of the asset is its value in use.



## Note 9. Property, plant and equipment continued

Impairments identified in the TEN fields of \$380.6 million were primarily due to lower 2P reserves partially offset by oil price assumptions.

Oil prices stated above are benchmark prices to which an individual field price differential is applied. All impairment assessments are prepared on a VIU basis using discounted future cash flows based on 2P reserves profiles. A reduction or increase in the two-year forward curve of \$5/bbl, based on the approximate range of annualised average oil price over recent history, and a reduction or increase in the medium and long-term price assumptions of \$5/bbl, based on the range of annualised average historical prices, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Decreases to oil prices specified above would increase the impairment charge by \$131.4 million for Ghana and increase the impairment by \$19.2 million for Non-Operated, whilst increases to oil prices specified above would result in a credit to the impairment charge of \$122.0 million for Ghana and no change to Non-Operated. A 1% change in the pre-tax discount rate would increase the impairment by \$33.0 million for Ghana and increase the impairment by \$2.9 million for Non-Operated. The Group believes a 1% change in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Group's and peer group of companies' impairments.

## Note 10. Other assets

	2023 \$m	2022 \$m
<b>Non-current</b>		
Amounts due from Joint Venture Partners	332.5	323.3
VAT recoverable	6.1	3.8
	<b>338.6</b>	327.1
<b>Current</b>		
Amounts due from Joint Venture Partners	498.1	452.3
Underlifts	47.8	76.2
Prepayments	21.1	31.3
Other current assets	4.2	8.1
	<b>571.2</b>	567.9
	<b>909.8</b>	895.0

The increase in current receivables from JV Partners compared to December 2022 mainly relates to partner's share of increased accrual balances (note 15), net increase in GNPC (Ghana National Petroleum Corporation) receivable and other working capital movements, partially offset by a lower balance of current receivables relating to leases (note 18).

## Note 11. Inventories

	2023 \$m	2022 \$m
Warehouse stock and materials	71.5	69.1
Oil stock	35.8	112.5
	<b>107.3</b>	181.6

The decrease in oil stock from 31 December 2022 is driven by a decrease in Gabon of \$70.6 million due to an additional lifting in November 2023.

## Note 12. Trade receivables

Trade receivables comprise amounts due for the sale of oil and gas. They are generally due for settlement within 30–60 days and are therefore all classified as current. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The balance of trade receivables as at 31 December 2023 of \$43.5 million (2022: \$26.8 million) mainly relates to gas sales in Ghana.

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 13. Cash and cash equivalents**

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Cash at bank	<b>114.9</b>	305.3
Short-term deposits and other cash equivalents	<b>384.1</b>	331.0
	<b>499.0</b>	636.3

Cash and cash equivalents includes an amount of \$36.9 million (2022: \$74.7 million) which the Group holds as operator in Joint Venture bank accounts. Included within cash at bank is \$4.5 million (2022: \$7.0 million) held as security for performance bonds relating to work commitments on exploration licences.

**Note 14. Assets and liabilities classified as held for sale**

On 28 April 2023, Tullow announced that through its wholly owned subsidiary, Tullow Oil Gabon S.A., it had signed an Asset Swap Agreement (ASA) with Perenco Oil and Gas Gabon S.A. (Perenco). Under the ASA, Tullow has agreed to assign and transfer certain of its existing participating interests in Limande, Turnix, M'oba, Oba and 17.5% in Simba assets to Perenco in return for the assignment and transfer by Perenco of 15% of its participating interests in Kowe (Tchatamba) and 20% of its participating interests in DE8 licence to Tullow.

Due to the agreed neutrality of the transaction, no additional consideration is payable by either party in respect thereof. The ASA includes provisions to ensure the neutrality of the transaction via cash adjustments for the period between economic date and completion date.

On completion, all assets and associated liabilities relating to the existing participating interests held in Limande, Turnix, M'Oba and Oba assets, together with 17.5% of Tullow's interest in Simba, will be disposed. All assets impacted by the transaction are included in the 'Non-Operated' Business Unit applied for segment performance reporting.

Management concluded that the asset met the IFRS 5 Held for Sale criteria on 19 July 2023, when the agreed form of the amendment to the Tullow Protocol was submitted to the relevant Governmental Authority of the Gabonese Republic (the Tullow Protocol is an investment convention that applies to certain Tullow licences). All other conditions precedent to the completion of the transaction were considered reasonably certain to occur within 12 months of 19 July.

The transaction completed on 29 February 2024. Refer to note 26. Events since 31 December 2023.

The major classes of assets and liabilities comprising the assets classified as held for sale as at 31 December 2023 were as follows:

	<b>2023</b>
	<b>\$m</b>
<b>Assets</b>	
Property, plant and equipment	<b>55.2</b>
Other debtors	<b>0.6</b>
<b>Assets classified as held for sale</b>	<b>55.8</b>
<b>Liabilities</b>	
Other payables	<b>(1.4)</b>
Accruals	<b>(2.0)</b>
Decommissioning provision	<b>(14.2)</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>(17.6)</b>
<b>Net assets directly associated with disposal group</b>	<b>38.2</b>



## Note 15. Trade and other payables

### Current liabilities

	Notes	2023 \$m	2022 \$m
Trade payables		22.3	68.4
Other payables		65.3	51.4
Overlifts		3.1	-
Accruals		498.6	379.3
Current portion of lease liabilities	18	185.7	251.2
		<b>775.0</b>	750.2

Accruals mainly relate to capital expenditure, interest expense on bonds and staff-related expenses. The movement in the balance is predominantly driven by an increased level of activity in Ghana during the year relating to Jubilee South East.

Trade and other payables are non-interest bearing except for leases (note 18). The change in trade payables and in other payables represents timing differences and levels of work activity.

Payables related to operated Joint Ventures (primarily in Ghana and Kenya) are recorded gross with the amount representing the partners' share recognised in amounts due from Joint Venture Partners (note 10).

The movement in current lease liabilities is mainly driven by the remeasurement of the TEN FPSO lease discussed in note 18.

### Non-current liabilities

	Notes	2023 \$m	2022 \$m
Other non-current liabilities <sup>1</sup>		62.2	47.1
Non-current portion of lease liabilities	18	721.0	732.9
		<b>783.2</b>	780.0

1. Other non-current liabilities include balances related to JV Partners.

## Note 16. Borrowings

	2023 \$m	2022 \$m
<b>Current</b>		
Borrowings – within one year		
10.25% Senior Secured Notes due 2026	100.0	100.0
	<b>100.0</b>	100.0
<b>Non-current</b>		
Borrowings – after one year but within five years		
7.00% Senior Notes due 2025	489.0	792.8
10.25% Senior Secured Notes due 2026	1,371.0	1,580.0
Secured Notes Facility due 2028	124.6	-
	<b>1,984.6</b>	2,372.8
Carrying value of total borrowings	<b>2,084.6</b>	2,472.8

The Group's capital structure includes \$1,485 million Senior Secured Notes (2026 Notes), \$493 million Senior Notes (2025 Notes), \$400 million Secured Notes Facility and a \$500 million undrawn Super Senior Revolving Credit Facility (SSRCF) which will primarily be used for working capital purposes.

The 2026 Notes, maturing in May 2026, require an annual prepayment of \$100 million, in May, of the outstanding principal amount plus accrued and unpaid interest, with the balance due on maturity.

On 15 May 2023, the Group made a mandatory prepayment of \$100 million of the 2026 Notes.

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 16. Borrowings** continued

On 20 June 2023, the Group repurchased \$167 million nominal value of 2025 Notes for \$100 million cash consideration through an Unmodified Dutch Auction. A gain on early bond buyback of \$65 million is recognised as other income in the income statement.

On 13 November 2023, Tullow announced that it had entered into a \$400 million secured notes facility agreement maturing in November 2028 (Secured Notes Facility) with Glencore Energy UK Limited (Glencore). The Secured Notes Facility is available for 18 months and proceeds are available for liability management of the 2025 Notes. The interest on the Secured Notes Facility will be Term Secured Overnight Financing Rate (SOFR) plus 10% on drawn amounts.

On 1 December 2023, the Group repurchased \$115 million nominal value of 2026 Notes for \$103 million cash consideration through an Unmodified Dutch Auction. A gain on early bond buyback of \$11 million is recognised as other income in the income statement.

On 20 December, the Group repurchased \$141 million nominal value of 2025 Notes for \$130 million cash consideration through a Modified Dutch Auction. The cash consideration was funded through an equivalent drawdown under the Secured Notes Facility. A gain on early bond buyback of \$10 million is recognised as other income in the income statement.

The Group's total drawn debt reduced to \$2.1 billion, consisting of \$493 million nominal value 2025 Notes, \$1,485 million nominal value 2026 Notes, and \$130 million outstanding under the Secured Notes Facility.

The 2025 Notes are due in a single payment in March 2025.

The SSRCF, maturing in December 2024, comprises of (i) a \$500 million revolving credit facility and (ii) a \$100 million letter of credit facility. The revolving credit facility remains undrawn as at 31 December 2023. Letters of credit amounting to \$10 million (2022: \$44 million) have been issued under the facility.

Unamortised debt arrangement fees for the 2026 Notes, 2025 Notes, Secured Notes Facility and the SSRCF are \$14.3 million (2022: \$20.0 million), \$3.6 million (2022: \$7.0 million), \$5.0 million (2022: \$nil) and \$2.3 million (2022: \$4.8 million) respectively.

The SSRCF, the 2026 Notes and the Secured Notes Facility are senior secured obligations of Tullow Oil Plc and are guaranteed by certain of the subsidiaries of the Group.

**Capital management**

The Group defines capital as the total equity and net debt of the Group. Capital is managed in order to provide returns for shareholders and benefits to stakeholders and to safeguard the Group's ability to continue as a going concern. The Group is not subject to any externally imposed capital requirements. To maintain or adjust the capital structure, management may put in place new debt facilities, issue new shares for cash, repay debt, engage in active portfolio management, adjust the dividend payment to shareholders, or undertake such other restructuring activities as appropriate. The Group monitors capital on the basis of the gearing, being net debt divided by adjusted EBITDAX, and maintains a policy target of less than 1x.

**SSRCF covenants**

The SSRCF does not have any financial maintenance covenants. Availability under the \$500 million cash tranche of the facility is determined on an annual basis with reference to the Net Present Value of the 2P reserves of the Group (2P NPV) at the end of the preceding calendar year. SSRCF debt capacity is calculated as 2P NPV divided by 1.1x less senior secured debt outstanding.

**2025 Notes and 2026 Notes covenants**

The 2025 Notes and the 2026 Notes are subject to customary high-yield covenants including limitations on debt incurrence, asset sales and restricted payments such as prepayments of junior debt and dividends.

Key covenants in the current business cycle are considered to be those related to debt incurrence and restricted payments. For definitions of the capitalised terms used in the following paragraphs please refer to the offering memorandum of the 2025 Notes and/or the 2026 Notes.

Tullow is permitted to incur additional debt if the ratio of Consolidated Cash Flow to Fixed Charges for the previous 12 months is at least 2.25 times on a pro forma basis.

Tullow is permitted to incur secured debt if the 2P Reserves Coverage Ratio is at least 2.0 times on a pro forma basis.

Tullow is permitted to incur debt to refinance the 2025 Notes on a like-for-like basis, i.e. subordinated to the 2026 Notes.

Tullow is permitted to make payments towards the 2025 Notes amounting to the greater of \$100 million per year and 50% of the Consolidated Net Income of the Group for the period from 1 January 2021 to the end of the most recently completed fiscal half-year for which internal financial statements are available if, after giving pro forma effect to the payment(s), the 2P Reserves Coverage Ratio is equal to or greater than 1.5 times.



## Note 16. Borrowings continued

### 2025 Notes and 2026 Notes covenants continued

Tullow is permitted to make payments towards the 2025 Notes amounting to the greater of \$100 million per year, 50% of the Consolidated Net Income of the Group for the period from 1 January 2021 to the end of the most recently completed fiscal half-year for which internal financial statements are available and 100% of Consolidated Cash Flow per year if, after giving pro forma effect to the payment(s), the 2P Reserves Coverage Ratio is equal to or greater than 2.0 times and the Consolidated Leverage Ratio is less than 1.5 times.

The Company or its affiliates may, at any time and from time to time, seek to retire or purchase outstanding debt through cash purchases and/or exchanges, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as management may determine, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material.

### Secured Notes Facility covenants

The Secured Notes Facility does not have any financial maintenance covenants. The facility is subject to substantially the same covenants as the 2026 Notes, with additional restrictions related to the use of proceeds from any incurrence of new indebtedness ranking senior to the facility or sharing the same collateral.

Tullow is permitted to refinance the SSRFC and the 2026 Notes on a like-for-like basis.

Tullow is permitted to refinance the 2025 Notes with new indebtedness which is unsecured and ranks junior to the Secured Notes Facility.

## Note 17. Financial instruments

### Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, coordinates access to international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal management reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures, if deemed appropriate. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors. Compliance with policies and exposure limits are monitored and reviewed internally on a regular basis. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

	2023 \$m	2022 \$m
<b>Financial assets</b>		
<b>Financial assets at amortised cost</b>		
Trade receivables	43.5	26.8
Amounts due from Joint Venture Partners	830.6	775.6
Cash and cash equivalents	499.0	636.3
	<b>1,373.1</b>	1,438.7
<b>Financial liabilities</b>		
<b>Liabilities at amortised cost</b>		
Trade payables	84.5	115.4
Other payables	567.0	430.7
Borrowings	2,084.6	2,472.8
Lease liabilities	906.7	984.1
<b>Derivative financial instruments</b>		
Used for hedging	35.0	244.2
	<b>3,677.8</b>	4,247.3

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 17. Financial instruments** continued**Fair values of financial assets and liabilities**

With the exception of the 2026 Notes and the 2025 Notes, the Group considers the carrying value of all its financial assets and liabilities to be materially the same as their fair value. The fair value of the 2026 Notes and 2025 Notes as determined using market value at 31 December 2023, was \$1,327.3 million (2022: \$1,364.8 million) and \$458.3 million (2022: \$490.0 million) respectively. These are compared to their carrying value of \$1,470.9 million (2022: \$1,680.0 million) and \$489.0 million (2022: \$792.9 million). The 2026 Notes and the 2025 Notes are categorised as level 1 in the fair value hierarchy.

No material financial assets are impaired at the balance sheet date. All financial assets and liabilities with the exception of derivatives are measured at amortised cost.

**Fair values of derivative instruments**

All derivatives are recognised at fair value on the balance sheet with valuation changes recognised immediately in the income statement, unless the derivatives have been designated as a cash flow hedge. Fair value is the amount for which the asset or liability could be exchanged in an arm's-length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets. To the extent that market prices are not available, fair values are estimated by reference to market-based transactions, or using standard valuation techniques for the applicable instruments and commodities involved.

The Group's derivative carrying and fair values were as follows:

<b>Assets/liabilities</b>	<b>2023 Less than 1 year \$m</b>	<b>2023 1-3 years \$m</b>	<b>2023 Total \$m</b>	2022 Less than 1 year \$m	2022 1-3 years \$m	2022 Total \$m
Cash flow hedges						
Oil derivatives	<b>(13.3)</b>	-	<b>(13.3)</b>	(162.1)	(49.7)	(211.8)
Deferred premium						
Oil derivatives	<b>(21.7)</b>	-	<b>(21.7)</b>	(24.2)	(8.2)	(32.4)
<b>Total liabilities</b>	<b>(35.0)</b>	-	<b>(35.0)</b>	(186.3)	(57.9)	(244.2)

Derivatives' maturity and the timing of their recycling into income or expense coincide.

The following provides an analysis of the Group's financial instruments measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and

Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

All the Group's derivatives are Level 2 (2022: Level 2). There were no transfers between fair value levels during the year.

For financial instruments which are recognised on a recurring basis, the Group determines whether transfers have occurred between levels by re-assessing categorisation (based on the lowest-level input which is significant to the fair value measurement as a whole) at the end of each reporting period.



## Note 17. Financial instruments continued

### Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Group balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No material enforceable master netting agreements were identified.

The Group has entered into ISDA Master Agreements with derivative counterparties. The following table shows the amounts recognised for financial assets and liabilities which are subject to offsetting arrangements on a gross basis, and the amounts offset in the Group balance sheet.

	<b>Gross amounts recognised \$m</b>	<b>Gross amounts offset in Group balance sheet \$m</b>	<b>Net amounts presented in Group balance sheet \$m</b>
<b>31 December 2023</b>			
Derivative assets	3.0	(3.0)	-
Derivative liabilities	(38.0)	3.0	(35.0)
<b>31 December 2022</b>			
Derivative assets	-	-	-
Derivative liabilities	(244.2)	-	(244.2)

### Commodity price risk

The Group uses a number of derivatives to mitigate the commodity price risk associated with its underlying oil revenue. Such commodity derivatives tend to be priced using benchmarks, such as Dated Brent, which correlate as far as possible to the underlying oil revenue. There is an economic relationship between the hedged items and the hedging instruments due to a common underlying, i.e. Dated Brent, between them. Forecast oil sales, which are based on Dated Brent, are hedged with options which have Dated Brent as reference price. An increase in Dated Brent will cause the value of the hedged item and hedging instrument to move in opposite directions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity derivatives is identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. The Group hedges its estimated oil revenues on a portfolio basis, aggregating its oil revenues from substantially all of its African oil interests.

As at 31 December 2023 and 31 December 2022, all of the Group's oil derivatives have been designated as cash flow hedges. The Group's oil hedges have been assessed to be highly effective.

Financial risk management is adopted centrally for the Group. The Group adopts a risk component hedging strategy. This results from designating the variability in all the cash flows attributable to the change in the benchmark price per the oil sales contracts where the critical terms of the hedged item and hedging instrument match.

At 31 December 2023, Tullow's hedge portfolio provides downside protection for c.60% of forecast production entitlements in the first half of 2024 with c.\$57/bbl weighted average floors; for the same period, c.40% of forecast production entitlements is capped at weighted average sold calls of c.\$77/bbl. In the second half of 2024, Tullow's hedge portfolio provides downside protection for c.45% of forecast production entitlements with c.\$60/bbl weighted average floors; for the same period, c.20% of forecast production entitlements is capped at weighted average sold calls of c.\$113/bbl.

For the period from June to December 2024, Tullow's hedge portfolio also includes three-way collars (with call spreads) with weighted average sold calls of c.\$85/bbl and weighted average bought calls of c.\$94/bbl, providing full access to oil price upside beyond the bought call price on c.10% of forecast production entitlements in this period.

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 17. Financial instruments** continued**Commodity price risk** continued

The following table demonstrates the timing, volumes and prices of the Group's commodity hedge portfolio at year end:

<b>First half of 2024 hedge portfolio at 31 December 2023</b>	<b>Bopd</b>	<b>Bought put (floor)</b>	<b>Sold call</b>	<b>Bought call</b>
<b>Hedge structure</b>				
Straight puts	11,217	\$60.05	-	-
Collars	24,344	\$55.37	\$77.47	-
Three way collars (call spread)	332	\$60.00	\$105.60	\$114.53
<b>Total/weighted average</b>	<b>35,893</b>	<b>\$56.88</b>	<b>\$77.85</b>	<b>\$114.53</b>
<b>Second half of 2024 hedge position at 31 December 2023</b>	<b>Bopd</b>	<b>Bought put (floor)</b>	<b>Sold call</b>	<b>Bought call</b>
<b>Hedge structure</b>				
Straight Puts	6,250	\$59.96	-	-
Collars	12,650	\$60.36	\$113.45	-
Three way collars (call spread)	6,500	\$60.00	\$84.61	\$93.55
<b>Total/weighted average</b>	<b>25,400</b>	<b>\$60.17</b>	<b>\$103.66</b>	<b>\$93.55</b>

The following table demonstrates the sensitivity of the Group's derivative financial instruments to reasonably possible movements in Dated Brent oil prices:

	Effect on equity		
	Market movement as at 31 Dec 2023	2023 \$m	2022 \$m
Brent oil price	25%	(95.3)	(464.4)
Brent oil price	(25%)	24.2	-

The following assumptions have been used in calculating the sensitivity in movement of the oil price: the pricing adjustments relate only to the point forward mark-to-market (MTM) valuations, the price sensitivities assume there is no ineffectiveness related to the oil hedges and the sensitivities have been run only on the intrinsic element of the hedge as management considers this to be the material component of oil hedge valuations.

**Hedge reserve summary**

The hedge reserve represents the portion of deferred gains and losses on hedging instruments deemed to be effective cash flow hedges. The movement in the reserve for the period is recognised in other comprehensive income.

The following table summarises the cash flow hedge reserve by intrinsic and time value, net of tax effects:

<b>Cash flow hedge reserve</b>	<b>2023 \$m</b>	<b>2022 \$m</b>
Oil derivatives - intrinsic	(18.9)	(150.3)
Oil derivatives - time value	(16.3)	(94.4)

The deferred gains and losses in the hedge reserve are subsequently transferred to the income statement at maturity of derivative contracts. The tables below show the impact on the hedge reserve and on sales revenue during the year:

<b>Deferred amounts in the hedge reserve - intrinsic</b>	<b>2023 \$m</b>	<b>2022 \$m</b>
At 1 January	(150.3)	(39.3)
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives - transferred to sales revenue	111.3	288.5
Revaluation gains/(losses) arising in the year	20.1	(399.5)
	131.4	(110.8)
<b>At 31 December</b>	<b>(18.9)</b>	<b>(150.3)</b>



## Note 17. Financial instruments continued

### Hedge reserve summary continued

	2023 \$m	2022 \$m
<b>Deferred amounts in the hedge reserve – time value</b>		
At 1 January	<b>(94.4)</b>	(146.9)
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	<b>27.8</b>	30.8
Revaluation gains arising in the year	<b>50.3</b>	21.7
	<b>78.1</b>	52.5
<b>At 31 December</b>	<b>(16.3)</b>	(94.4)
<b>Reconciliation to sales revenue</b>		
Oil derivatives – transferred to sales revenue	<b>111.3</b>	288.5
Deferred premium paid	<b>27.8</b>	30.8
<b>Net losses from commodity derivatives in sales revenue (note 2)</b>	<b>139.1</b>	319.3

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. During the financial year 2022, the Group was not exposed to interest rate risk as it only borrowed funds at fixed interest rates. Following a drawdown of the Secured Notes Facility, amounting to \$130 million (note 16), the Group's borrowings are both fixed and variable interest bearing as at 31 December 2023. The Super Senior Revolving Credit Facility is based on floating interest rates and remains undrawn as at year end.

Fixed rate debt comprises 2025 Notes and 2026 Notes.

The interest rate profile of the Group's financial assets and liabilities, excluding trade and other receivables and trade and other payables, at 31 December 2023 and 2022, was as follows:

	2023 Cash and cash equivalents \$m	2023 Fixed rate debt \$m	2023 Floating rate debt \$m	2023 Total \$m	2022 Cash and cash equivalents \$m	2022 Fixed rate debt \$m	2022 Total \$m
US\$	<b>492.3</b>	<b>(1,977.8)</b>	<b>(129.6)</b>	<b>(1,615.1)</b>	578.1	(2,500.0)	(1,921.9)
Euro	<b>0.6</b>	–	–	<b>0.6</b>	0.3	–	0.3
Sterling	<b>4.1</b>	–	–	<b>4.1</b>	16.3	–	16.3
XAF	<b>0.3</b>	–	–	<b>0.3</b>	38.8	–	38.8
Other	<b>1.7</b>	–	–	<b>1.7</b>	2.8	–	2.8
	<b>499.0</b>	<b>(1,977.8)</b>	<b>(129.6)</b>	<b>(1,608.4)</b>	636.3	(2,500.0)	(1,863.7)

Most of the Group's Cash and cash equivalents consisted of balances earning variable interest rates as at 31 December 2023 and 31 December 2022.

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in interest rates:

	Market movement	Effect on finance costs		Effect on equity	
		2023 \$m	2022 \$m	2023 \$m	2022 \$m
Interest rate	100 basis points	<b>3.6</b>	–	<b>3.6</b>	–
Interest rate	(10) basis points	<b>(0.9)</b>	–	<b>(0.9)</b>	–

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 17. Financial instruments** continued**Credit risk**

The Group has a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. The Group limits its counterparty credit risk on cash and cash equivalent balances by dealing only with financial institutions with credit ratings of at least A or equivalent.

The primary credit exposures for the Group are its receivables generated by the sale of crude oil and natural gas and amounts due from JV Partners (including in relation to their share of the TEN FPSO lease). These exposures are managed at the corporate level. During the financial year 2023, the Group's crude sales were predominantly made to international oil market participants including the oil majors and trading houses. In November 2023, the Group entered into oil marketing and offtake contracts with Glencore for the Group's crude oil entitlements from the Jubilee and Ten fields in Ghana and the Rabi Light entitlements in Gabon. JV Partners are predominantly international major oil and gas market participants. Counterparty evaluations are conducted utilising international credit rating agency and financial assessments. Where considered appropriate, security in the form of trade finance instruments from financial institutions with an appropriate credit rating, such as letters of credit, guarantees and credit insurance, are obtained to mitigate the risks.

The Group generally enters into derivative agreements with banks which are lenders under the SSRCF. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The maximum financial exposure due to credit risk on the Group's financial assets, representing the sum of cash and cash equivalents, investments, derivative assets, trade receivables, and receivables from Joint Venture Partners, as at 31 December 2023 was \$1,373.1 million (2022: \$1,438.7 million).

**Foreign currency risk**

The Group conducts and manages its business predominantly in US dollars, the functional currency of the industry in which it operates. The Group also purchases the functional currencies of the countries in which it operates routinely on the spot market. From time to time the Group undertakes transactions denominated in other currencies arising from certain operating and capital expenditure incurred in currencies other than US dollars; these exposures are often managed by executing foreign currency financial derivatives. There were no foreign currency financial derivatives in place as at 31 December 2023 (2022: nil). Cash balances are held in other currencies to meet immediate operating and administrative expenses or to comply with local currency regulations.

As at 31 December 2023, the only material monetary assets or liabilities of the Group that were not denominated in the functional currency of the respective subsidiaries involved were \$6.7 million in non-US dollar-denominated cash and cash equivalents (2022: \$58.1 million).

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in US dollar exchange rates:

	Market movement	Effect on profit before tax		Effect on equity	
		2023 \$m	2022 \$m	2023 \$m	2022 \$m
US\$/foreign currency exchange rates	20%	<b>1.1</b>	9.7	<b>1.1</b>	9.7
US\$/foreign currency exchange rates	(20%)	<b>(1.7)</b>	(14.5)	<b>(1.7)</b>	(14.7)

**Liquidity risk**

The Group manages its liquidity risk using both short-term and long-term cash flow projections, supplemented by debt financing plans and active portfolio management across the Group. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework covering the Group's short, medium and long-term funding and liquidity management requirements.

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Group's producing assets and delays to development projects. The Group had \$1.0 billion (2022: \$1.1 billion) of total facility headroom and free cash as at 31 December 2023.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.



## Note 17. Financial instruments continued

### Liquidity risk continued

	Weighted average effective interest rate	Less than 1 month \$m	1-3 months \$m	3 months to 1 year \$m	1-5 years \$m	5+ years \$m	Total \$m
<b>31 December 2023</b>							
Non-interest bearing	n/a	49.5	-	38.1	62.2	-	149.8
Lease liabilities	16.4%	45.3	55.8	203.7	734.2	337.5	1,376.5
Fixed interest rate instruments	9.9%						
Principal repayments		-	-	100.0	1,878.0	-	1,978.0
Interest charge		-	17.0	164.0	220.0	-	401.0
Variable interest rate instruments	15.8%						
Principal repayments		-	-	-	130.0	-	130.0
Interest charge		-	5.0	15.0	69.0	-	89.0
<b>Total</b>		<b>94.8</b>	<b>77.8</b>	<b>520.8</b>	<b>3,093.4</b>	<b>337.5</b>	<b>4,124.3</b>
	Weighted average effective interest rate	Less than 1 month \$m	1-3 months \$m	3 months to 1 year \$m	1-5 years \$m	5+ years \$m	Total \$m
<b>31 December 2022</b>							
Non-interest bearing	n/a	93.5	-	26.3	47.0	-	166.8
Lease liabilities	7.1%	27.3	57.1	225.2	746.3	10.5	1,066.4
Fixed interest rate instruments	9.7%						
Principal repayments		-	-	100.0	2,400.0	-	2,500.0
Interest charge		-	28.0	197.0	464.0	-	689.0
<b>Total</b>		<b>120.8</b>	<b>85.1</b>	<b>548.5</b>	<b>3,657.3</b>	<b>10.5</b>	<b>4,422.2</b>

## Note 18. Leases

This note provides information for leases where the Group is a lessee. The Group did not enter into any contracts acting as a lessor.

### i) Amounts recognised in the balance sheet

	Right-of-use assets		Lease liabilities	
	31 December 2023 \$m	31 December 2022 \$m	31 December 2023 \$m	31 December 2022 \$m
<b>Right-of-use assets (included within property, plant and equipment) and lease liabilities</b>				
Property leases	22.0	39.2	27.6	34.6
Oil and gas production and support equipment leases	576.9	639.0	826.4	942.4
Transportation equipment leases	25.1	3.4	52.7	7.1
<b>Total</b>	<b>624.0</b>	<b>681.6</b>	<b>906.7</b>	<b>984.1</b>
Current			185.7	251.2
Non-current			721.0	732.9
<b>Total</b>			<b>906.7</b>	<b>984.1</b>

Additions to the right-of-use assets during the 2023 financial year were \$81.1 million. Refer to note 9.

For ageing of lease liabilities, refer to note 17.

### TEN FPSO

The Group's leases balance includes the TEN FPSO, classified as 'Oil and Gas production and support equipment'. During the year, the assumption that the TEN FPSO lease term would end in April 2024, when the purchase option was assumed to be exercised, was updated to reflect the best estimate view that the FPSO will continue to be leased until the cessation of production in 2032. It also assumes an exercise of the extension option.



## Notes to the Group Financial Statements continued

Year ended 31 December 2023

### Note 18. Leases continued

#### i) Amounts recognised in the balance sheet continued

##### TEN FPSO continued

The resulting lease liability remeasurement had the following impact on the balances:

	\$m
Lease liability	<b>(39.2)</b>
Right-of-use asset (included within Property, plant and equipment)	<b>25.6</b>
Amounts due from Joint Venture Partners	<b>13.6</b>

As at 31 December 2023, the present value of the TEN FPSO right-of-use asset was \$549.0 million (2022: \$596.9 million).

The present value of the TEN FPSO gross lease liability was \$763.5 million (2022: \$847.9 million).

A receivable from the Joint Venture Partners of \$288.8 million (2022: \$330.1 million) was recognised in other assets (note 10) to reflect the value of future payments that will be met by cash calls from partners relating to the TEN FPSO lease.

The present value of the receivable from the Joint Venture Partners unwinds over the expected life of the lease and the unwinding of the discount is reported within finance income.

Carrying amounts of the lease liabilities and Joint Venture leases receivables and the movements during the period:

	Lease liabilities \$m	Joint Venture lease receivables \$m	Total \$m
At 1 January 2022	(1,163.4)	531.0	(632.4)
Additions and changes in lease estimates	(89.4)	40.2	(49.2)
Acquisitions	–	(86.6)	(86.6)
Payments/(receipts)	342.0	(138.2)	203.8
Interest (expense)/income	(76.4)	29.6	(46.8)
Currency translation adjustments	3.1	–	3.2
<b>At 1 January 2023</b>	<b>(984.1)</b>	<b>376.1</b>	<b>(608.0)</b>
Additions and changes in lease estimates	<b>(174.1)</b>	<b>79.8</b>	<b>(94.3)</b>
Payments/(receipts)	<b>331.5</b>	<b>(136.5)</b>	<b>195.0</b>
Interest (expense)/income	<b>(78.6)</b>	<b>30.1</b>	<b>(48.5)</b>
Currency translation adjustments	<b>(1.4)</b>	<b>–</b>	<b>(1.4)</b>
<b>At 31 December 2023</b>	<b>(906.7)</b>	<b>349.5</b>	<b>(557.2)</b>

#### ii) Amounts recognised in the statement of profit or loss

	31 December 2023 \$m	31 December 2022 \$m
<b>Depreciation charge of right-of-use assets</b>		
Property leases	<b>7.3</b>	14.0
Oil and gas production and support equipment leases	<b>74.1</b>	46.9
<b>Total</b>	<b>81.4</b>	60.9
Interest expense on lease liabilities (included in finance cost)	<b>78.6</b>	76.4
Interest income on amounts due from Joint Venture Partners	<b>(30.1)</b>	(29.6)
Expense relating to short-term leases	<b>1.0</b>	2.0
Expense relating to leases of low-value assets	<b>0.9</b>	1.8
<b>Total</b>	<b>131.8</b>	111.5

The total net cash outflow for leases in 2023 was \$195.0 million (2022: \$203.8 million).



## Note 19. Provisions

	Notes	Decommissioning 2023 \$m	Other provisions 2023 \$m	Total 2023 \$m	Decommissioning 2022 \$m	Other provisions 2022 \$m	Total 2022 \$m
At 1 January		398.1	116.3	514.4	498.7	228.8	727.5
New provisions, changes in estimates and reclassifications		47.8	(21.9)	25.9	(47.6)	(19.7)	(67.3)
Acquisitions <sup>1</sup>		-	-	-	24.8	36.8	61.6
Transfer to assets and liabilities held for sale	14	(14.2)	-	(14.2)			
Payments		(66.4)	(0.6)	(67.0)	(72.1)	(127.3)	(199.4)
Unwinding of discount	5	10.1	-	10.1	6.0	-	6.0
Currency translation adjustment		2.5	(0.1)	2.4	(11.6)	(2.3)	(13.9)
<b>At 31 December</b>		<b>377.9</b>	<b>93.7</b>	<b>471.6</b>	398.1	116.3	514.4
<b>Current provisions</b>		<b>53.4</b>	<b>14.5</b>	<b>67.9</b>	87.7	11.1	98.8
<b>Non-current provisions</b>		<b>324.5</b>	<b>79.2</b>	<b>403.7</b>	310.4	105.2	415.6

1. This relates to an acquisition through business combination discussed in note 15 of the 2022 Annual Report and Accounts.

Other provisions include non-income tax provisions of \$38.8 million (2022: \$68.3 million) and \$54.9 million (2022: \$48.0 million) of disputed cases and claims. Management estimates non-current other provisions would fall due between two and five years.

Non-Current other provisions includes a provision relating to a potential claim arising out of historical contractual agreement. Further information is not provided as it will be seriously prejudicial to the Company's interest.

The decommissioning provision represents the present value of decommissioning costs relating to the European and African oil and gas interests. The Group has assumed cessation of production as the estimated timing for outflow of expenditure. However, expenditure could be incurred prior to cessation of production or after and actual timing will depend on a number of factors including, underlying cost environment, availability of equipment and services and allocation of capital.

The energy transition could result in decommissioning taking place earlier than anticipated. The risk on the timing of decommissioning activities is limited, supported by production plans to fully produce fields in the foreseeable future. For Net Zero Emissions sensitivities, including acceleration of decommissioning activities, refer to page 45 of the TCFD and note 25. Climate change and energy transition.

In 2023, after the extension of several licences in Gabon, the discount rate has increased from 3.5% to 4% for those assets with an assumed cessation of production date post 2038. This is due to a rate difference between the 10- and 20-year US Treasury Bills which are used as a data source. This resulted in a decrease in the provision of \$3.1 million in Gabon.

	Inflation assumption <sup>1</sup>	Discount rate assumption 2023	Cessation of production assumption 2023	Total 2023 \$m	Discount rate assumption 2022	Cessation of production assumption 2022	Total 2022 \$m
Côte d'Ivoire	2%	3.5%	2032	47.1	3.5%	2035	45.6
Gabon	2%	3.5-4%	2034-2047	28.7	3.5%	2025-2037	49.2
Ghana	2%	3.5%	2032-2036	208.2	3.5%	2036	190.2
Mauritania	n/a	n/a	2018	54.7	n/a	2018	56.0
UK	n/a	n/a	2018	39.2	n/a	2018	57.1
				<b>377.9</b>			398.1

1. Short-term inflation rate assumption has decreased from 2.5% to 2.4% in 2024. Medium and long-term rates of 2% remained unchanged from 31 December 2022.

The Group's decommissioning activities are ongoing in the UK and Mauritania, with \$53.4 of the future costs expected to be incurred in 2024. The remaining activities are planned to continue through to 2027, with an associated expenditure of \$40.4 million.



## Notes to the Group Financial Statements continued

Year ended 31 December 2023

### Note 20. Deferred taxation

	Accelerated tax depreciation \$m	Decommiss- ioning \$m	Tax losses \$m	Other temporary differences \$m	Provisions \$m	Deferred petroleum revenue tax \$m	Total \$m
At 1 January 2022	(598.3)	88.8	221.9	(66.4)	21.7	9.4	(322.9)
Credit/(charge) to income statement	184.0	(22.9)	(186.1)	(32.6)	(5.9)	(5.0)	(68.5)
Acquired through business combination <sup>1</sup>	(143.6)	-	-	-	-	-	(143.6)
Exchange differences	(0.2)	-	-	-	-	(1.8)	(2.0)
At 1 January 2023	<b>(558.1)</b>	<b>65.9</b>	<b>35.8</b>	<b>(99.0)</b>	<b>15.8</b>	<b>2.6</b>	<b>(537.0)</b>
Credit/(charge) to income statement	<b>117.9</b>	<b>1.7</b>	<b>(28.4)</b>	<b>40.9</b>	-	<b>3.8</b>	<b>135.9</b>
Exchange differences	-	-	-	-	-	<b>0.2</b>	<b>0.2</b>
<b>At 31 December 2023</b>	<b>(440.2)</b>	<b>67.6</b>	<b>7.4</b>	<b>(58.1)</b>	<b>15.8</b>	<b>6.6</b>	<b>(400.9)</b>
						<b>2023</b> <b>\$m</b>	2022 \$m
Deferred tax liabilities						<b>(420.5)</b>	(551.5)
Deferred tax assets						<b>19.6</b>	14.5
						<b>(400.9)</b>	(537.0)

1. This relates to an acquisition through business combination discussed in note 15 of the 2022 Annual Report and Accounts.

The majority of the Group's deferred tax assets and liabilities are expected to be recovered over more than one year.

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit in the period in which the change occurs.

### Note 21. Called-up equity share capital and share premium account

#### Allotted equity share capital and share premium

	Equity share capital allotted and fully paid		Share premium
	Number	\$m	\$m
Ordinary shares of 10p each			
At 1 January 2022	1,432,080,097	214.2	1,294.7
Issued during the year			
Exercise of share options	7,525,898	1.0	-
At 1 January 2023	<b>1,439,605,995</b>	<b>215.2</b>	<b>1,294.7</b>
Issued during the year			
Exercise of share options	<b>12,935,892</b>	<b>1.5</b>	-
<b>At 31 December 2023</b>	<b>1,452,541,887</b>	<b>216.7</b>	<b>1,294.7</b>

The Company does not have a maximum authorised share capital.



## Note 22. Share-based payments

### Analysis of share-based payment charge

	Notes	2023 \$m	2022 \$m
Tullow Incentive Plan		3.7	3.9
Employee Share Award Plan		1.4	1.2
2022 PDMR buy-out award		0.5	0.5
2021 Tullow Sharesave Plan		0.4	0.2
		6.0	5.8
Expensed to operating costs	4	0.4	0.4
Expensed as administrative cost	4	5.6	5.4
<b>Total share-based payment charge</b>		<b>6.0</b>	<b>5.8</b>

The national insurance liability as at 31 December 2023 was \$1.9 million (2022: \$1.6 million).

### Tullow Incentive Plan (TIP)

Under the TIP, senior management can be granted nil exercise price options, normally exercisable from three years (five years in the case of the Company's Directors) to ten years following grant provided an individual remains in employment. The size of awards depends on both annual performance measures and total shareholder return (TSR) over a period of up to three years. There are no post-grant performance conditions. No dividends are paid over the vesting period; however, it has been agreed for the TIP Awards since 2018 that an amount equivalent to the dividends that would have been paid on the TIP shares during the vesting period if they were 'real' shares will also be payable on exercise of the award. There are further details of the TIP in the Remuneration Report on pages 89 to 113.

The weighted average remaining contractual life for TIP awards outstanding at 31 December 2023 was 6.6 years.

### Employee Share Award Plan (ESAP)

Most Group employees are eligible to be granted nil exercise price options, that are exercisable from three to ten years following grant. An individual must normally remain in employment for three years from grant for the share to vest. Awards are not subject to post-grant performance conditions. No dividends are paid over the vesting period; however, it has been agreed for the ESAP awards granted since 2018 that an amount equivalent to the dividends that would have been paid on the ESAP shares during the vesting period if they were 'real' shares will also be payable on exercise of the award.

Phantom options that provide a cash bonus equivalent to the gain that could be made from a share option (being granted over a notional number of shares) have also been granted under the ESAP in situations where the grant of share options was not practicable.

The weighted average remaining contractual life for ESAP awards outstanding at 31 December 2023 was 7.1 years.

### 2010 Share Option Plan (2010 SOP)

Participation in the 2010 SOP was available to most of the Group's employees. Options have an exercise price equal to market value shortly before grant and are normally exercisable between three and ten years from the date of the grant subject to continuing employment.

Phantom options, providing a cash bonus equivalent to the gain that could be made from a share option, have also been granted under the 2010 SOP in situations where the grant of share options was not practicable.

All remaining options under the SOP expired during 2023 and so there were no outstanding options under the SOP at 31 December 2023.

### 2020 PDMR buy-out awards

On 5 August 2020, the Company granted the new Chief Executive Officer a number of Buyout Awards following the commencement of their employment in order to compensate them for certain share arrangements forfeited upon leaving their former employer. The grant of the awards was conditional on the CEO purchasing shares in the Company with a value of £350,000 (the Purchased Shares). These awards will vest after five years from the date of joining subject to continued service and the retention of the Purchased Shares. The awards comprise: a restricted share award in the form of a nil-cost option over 3,000,000 shares; a share option over 3,000,000 shares with a per share exercise price of £0.2566 (being equal to the market value of a share at the close of trading on the dealing date immediately following the date on which the Purchased Shares were acquired); and a share option over 3,000,000 shares with a per share exercise price of £0.5132 (being twice the exercise price for the above options).



## Notes to the Group Financial Statements continued

Year ended 31 December 2023

### Note 22. Share-based payments continued

#### 2020 PDMR buy-out awards continued

The awards will ordinarily vest on 1 July 2025 and if they remain unexercised will expire on 1 July 2030. There are further details of the 2020 PDMR Buyout Awards in the Remuneration Report on pages 89 to 113.

The weighted average remaining contractual life for the PDMR Buyout Awards outstanding at 31 December 2023 was 6.5 years.

#### 2021 Tullow Sharesave Plan (SAYE)

UK-based employees are eligible to participate in the SAYE scheme introduced in 2021. These are standard statutory HMRC approved 'Save as you earn' awards. To participate in the SAYE, employees choose how much money of their net salary to save each month (subject to certain limits) for a period of three years. At the end of the period employees are entitled to purchase shares using the funds they have saved at a price 20% below the market price on the day before the invitation date. Alternatively, they can elect to take back all their savings as cash. Only employees who remain in service and continue to pay monthly contributions will be eligible to purchase shares. If they leave employment or choose to stop paying contributions before the end of the three-year period they will be refunded the amount they have saved.

Outstanding SAYE awards at 31 December 2023 had exercise prices of 29p to 40p and remaining contractual lives between 1.4 years and 3.4 years. The weighted average remaining contractual life is 2.2 years.

#### UK and Irish Share Incentive Plans (SIPs)

These are all-employee plans set up in the UK and Ireland, to enable employees to save out of salary up to prescribed monthly limits. Contributions are used by the SIP trustees to buy Tullow shares (Partnership Shares) at the end of each three-month accumulation period. The Company makes a matching contribution to acquire Tullow shares (Matching Shares) on a one-for-one basis. Under the UK SIP, Matching Shares are subject to time-based forfeiture over three years on leaving employment in certain circumstances or if the related Partnership Shares are sold. The fair value of a Matching Share is its market value when it is awarded.

Under the UK SIP: (i) Partnership Shares are purchased at the lower of their market values at the start of the accumulation period and the purchase date (which is treated as a three-month share option for IFRS 2 purposes and therefore results in an accounting charge); and (ii) Matching Shares vest over the three years after being awarded (resulting in their accounting charge being spread over that period).

Under the Irish SIP: (i) Partnership Shares are bought at the market value at the purchase date (which does not result in any accounting charge); and (ii) Matching Shares vest over the two years after being awarded (resulting in their accounting charge being spread over that period).

#### Tullow Executive Share Plan (LTIP)

Under the LTIP, senior management can be granted nil exercise price options, normally exercisable between 2.5 to 10 years following grant (with a two-year holding period in the case of the Company's Directors). Awards granted in 2023 vest subject to Total Shareholder Return (TSR) performance conditions, with 50% of an award subject to an Absolute TSR performance condition (where the Company's TSR is tested against targets set by the Remuneration Committee), and the remaining 50% subject to a relative TSR condition (where the Company's TSR is compared to the companies in a Selected Peer Group). Performance is measured over a fixed three-year period of three consecutive financial years starting with the financial year in which the award is made. The average share price over each weekday within the previous three months is calculated at the start and at the end of the Performance period. The TSR is calculated from these averages. An individual must also normally remain in employment to the vesting date in order for the shares to vest. No dividends are paid over the vesting period; however, it has been agreed for the 2023 LTIP awards that an amount equivalent to the dividends that would have been paid on the LTIP shares during the vesting period if they were 'real' shares will also be payable on exercise of the award. There are further details of the 2023 Tullow Executive Share Plan (LTIP) awards in the Remuneration Report on pages 89 to 113.

The weighted average remaining contractual life for LTIP awards outstanding at 31 December 2023 was 9.5 years.



## Note 22. Share-based payments continued

### Tullow Executive Share Plan (LTIP) continued

The following table illustrates the number and average weighted share price at grant or weighted average exercise price (WAEP) of, and movements in, share options under the TIP, ESAP, 2010 SOP, 2020 buyout and SAYE.

		Outstanding as at 1 January	Granted during the year	Exercised during the year	Forfeited/ expired during the year	Outstanding at 31 December	Exercisable at 31 December
2023 TIP –	number of shares	24,854,248	9,455,309	7,291,530	328,764	26,689,263	6,053,704
2023 TIP –	average weighted share price at grant	68.4	32.0	75.8	226.3	51.5	51.5
2022 TIP –	number of shares	21,740,803	8,076,264	4,529,667	433,152	24,854,248	3,014,253
2022 TIP –	average weighted share price at grant	105.3	49.1	211.6	64.4	68.4	220.0
2023 ESAP –	number of shares	17,330,077	6,798,244	5,578,281	468,947	18,081,093	8,146,742
2023 ESAP –	average weighted share price at grant	76.4	32.3	59.9	32.6	66.0	100.2
2022 ESAP –	number of shares	17,638,898	3,556,316	2,803,974	1,061,163	17,330,077	4,613,422
2022 ESAP –	average weighted share price at grant	96.5	49.3	180.0	45.2	76.4	228.5
2023 SOP –	number of shares	178,283	–	–	178,283	–	–
2023 SOP –	WAEP	976.4	–	–	976.4	–	–
2022 SOP –	number of shares	2,046,755	–	–	1,868,472	178,283	178,283
2022 SOP –	WAEP	1,106.0	–	–	1,118.4	976.4	976.4
2023 Buyout Awards –	number of shares	9,000,000	–	–	–	9,000,000	–
2023 Buyout Awards –	WAEP	25.7	–	–	–	25.7	–
2022 Buyout Awards –	number of shares	9,000,000	–	–	–	9,000,000	–
2022 Buyout Awards –	WAEP	25.7	–	–	–	25.7	–
2023 LTIP	number of shares	–	12,241,264	–	–	12,241,264	–
2023 LTIP	average weighted share price at grant	–	27.7	–	–	27.7	–
2022 LTIP	number of shares	–	–	–	–	–	–
2022 LTIP	average weighted share price at grant	–	–	–	–	–	–
2023 SAYE –	number of options	1,534,241	975,600	–	121,970	2,387,871	–
2023 SAYE –	WAEP	38.0	40.0	–	38.2	38.8	–
2022 SAYE –	number of options	1,534,241	975,600	–	121,970	2,387,871	–
2022 SAYE –	WAEP	38.0	40.0	–	38.2	38.8	–

The options granted during the year were valued using Monte Carlo simulation models for the LTIP and a proprietary binomial valuation for the TIP, ESAP and SAYE.

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 22. Share-based payments** continued**Tullow Executive Share Plan (LTIP)** continued

The following table details the weighted average fair value of awards granted and the assumptions used in the fair value expense calculations.

	2023 LTIP	2023 ESAP	2022 ESAP	2023 TIP	2022 TIP	2023 SAYE	2022 SAYE
Weighted average fair value of awards granted	<b>13.4p</b>	<b>32.0p</b>	49.3p	<b>32.0p</b>	49.1p	<b>20.5p</b>	23.1p
Principal inputs to options valuations model:							
Weighted average share price at grant	<b>27.7p</b>	<b>32.0p</b>	49.3p	<b>32.0p</b>	49.1p	<b>32.3p</b>	38.4p
Weighted average exercise price	<b>0.0p</b>	<b>0.0p</b>	0.0p	<b>0.0p</b>	0.0p	<b>29.0p</b>	40.0p
Risk-free interest rate per annum <sup>1</sup>	<b>5.0%</b>	<b>3.5%</b>	1.5% to 4.4%	<b>3.5%</b>	1.5%/1.5%	<b>4.5%</b>	4.3%
Expected volatility per annum <sup>1,2</sup>	<b>63%</b>	<b>89%</b>	101% to 102%	<b>89%/84%</b>	102%/85%	<b>92%</b>	91%
Expected award life (years) <sup>1,3</sup>	<b>2.7</b>	<b>3.0</b>	3.0	<b>3.0/5.0</b>	3.0/5.0	<b>3.6</b>	3.6
Dividend yield per annum <sup>4</sup>	<b>n/a</b>	<b>n/a</b>	n/a	<b>n/a</b>	n/a	<b>0.0%</b>	0.0%
Employee turnover before vesting per annum <sup>1</sup>	<b>0%</b>	<b>5%</b>	5%	<b>5%/0%</b>	5%/0%	<b>5%</b>	5%

- Shows the assumption for 2023 and 2022 LTIP awards made to senior management/Executives and Directors respectively.
- Expected volatility was determined by calculating the historical volatility of the Company's share price over a period commensurate with the expected life of the awards. The fair values of the 2023 ESAP and TIP Awards, and the 2022 TIP Awards are not affected by the assumption for the Company's share price volatility.
- The expected life is the average expected period from date of grant to exercise allowing for the Company's best estimate of participants' expected exercise behaviour.
- No dividend yield assumption is needed for the fair value calculations for the 2023 LTIP, ESAP and TIP Awards as a dividend equivalent will be payable on the exercise of these awards.

	2023 ESAP	2023 TIP
Weighted average share price at exercise for awards exercised	<b>32.3p</b>	32.8p

**Note 23. Commitments and contingencies**

	2023 \$m	2022 \$m
<b>Capital commitments</b>	<b>207.0</b>	301.2
<b>Contingent liabilities</b>		
Performance guarantees	<b>42.7</b>	84.1
Other contingent liabilities	<b>84.4</b>	55.8
	<b>127.1</b>	139.9

Where Tullow acts as operator of a Joint Venture the capital commitments reported represent Tullow's net share of these commitments. Where Tullow is non-operator the value of capital commitments is based on committed future work programmes.

Performance guarantees are in respect of abandonment obligations, committed work programmes and certain financial obligations.

Other contingent liabilities include amounts for ongoing legal disputes with third parties where we consider the likelihood of a cash outflow to be higher than remote but not probable. The timing of any economic outflow if it were to occur would likely range between one and five years.

The movement in capital commitments is predominantly due to lower capital expenditure budget in Ghana after the start-up of Jubilee South East project in 2023.



## Note 24. Related party transactions

The Directors of Tullow Oil plc are considered to be the only Key Management Personnel as defined by IAS 24 Related Party Disclosures.

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Short-term employee benefits	<b>2.7</b>	2.5
Post-employment benefits	<b>0.2</b>	0.1
Share-based payments	<b>1.4</b>	1.4
	<b>4.3</b>	4.0

### Short-term employee benefits

These amounts comprise fees paid to the Directors in respect of salary and benefits earned during the relevant financial year, plus bonuses awarded for the year.

### Post-employment benefits

These amounts comprise amounts paid into the pension schemes of the Directors.

### Share-based payments

This is the cost to the Group of Directors' participation in share-based payment plans, as measured by the fair value of options and shares granted, accounted for in accordance with IFRS 2 Share-based Payment.

There are no other related party transactions. Further details regarding transactions with the Directors of Tullow Oil plc are disclosed in the Remuneration Report on pages 89 to 113.

## Note 25. Climate change and energy transition

Tullow remains committed to being Net Zero on Scope 1 and Scope 2 emissions on a net equity basis by 2030, providing support to host country governments in meeting their national targets by reducing GHG emissions. Further information on the Group's Net Zero strategy is on page 33.

This note describes how the Group has considered climate-related impacts in key areas of the Financial Statements and how this translates into the valuation of assets and measurement of liabilities as Tullow make progress in the energy transition.

Note (af) key sources of estimation uncertainties describes those uncertainties that have the potential to have a material effect on the Group Balance Sheet in the next 12 months.

This note describes the key areas of climate impacts that potentially have short and longer-term effects on amounts recognised on the Group Balance Sheet as at 31 December 2023. Where relevant this note contains references to other notes to the Group Financial Statements, and sections of the Task Force on Climate-related Financial Disclosures (TCFD), to provide an overarching summary.

### Financial planning assumptions

Tullow targets being Net Zero Scope 1 and 2 emissions by 2030, on a net equity basis, with an interim target of 40% reduction in emissions by 2025, these metrics have been included in the Group's business plan. The Financial Statements are based on reasonable and supportable assumptions that represent management's current best estimate of the range of economic conditions that may exist in the foreseeable future.

The Group has performed an assessment of the potential future impact of climate change on key elements of its Financial Statements utilising three IEA scenarios (see TCFD on pages 38 to 47 for details).

Tullow continues to assess operating cash flow (OCF) impact on our currently producing assets using the oil price assumptions within the IEA scenarios which are detailed on pages 43 to 45 of the TCFD.

The impact of acute and chronic physical climate risks on our existing assets are also assessed and meteorological and climate conditions are incorporated into operational design considerations, please refer to the TCFD on pages 38 to 47 for probabilities, potential exposures, and mitigations.

While carbon prices are projected to grow, there is low likelihood that there will be a substantive impact on the Group's core geographies in the medium term. Tullow runs shadow carbon price sensitivities for any new investment decisions and business planning cycles, using an internal shadow carbon price of \$25/tCO<sub>2</sub>e which is in line with the NZE carbon price for other emerging market and developing economies.

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 25. Climate change and energy transition** continued**Financial planning assumptions** continued

To address hard to abate residual emissions, Tullow is developing a nature-based carbon offset project with the Forestry Commission of Ghana which is expected to progress towards FID in 2024. The carbon price sensitivity and costs for nature-based carbon offset projects are not included in the value in use calculation of the recoverable amount of the Group CGUs as expected cash flows associated with current nature based solutions are not directly attributable to the asset CGUs.

Pricing assumptions used will continue to be updated for changes in the economic environment and the pace of the energy transition. Tullow will continue to use the 'Net Zero Emissions by 2050 Scenario' to assess potential financial impacts on intangible exploration and evaluation asset write-offs, impairments of property, plant and equipment, and decommissioning timelines. These are detailed on pages 38 to 47 of the TCFD.

Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known.

**Note 26. Events since 31 December 2023**

**Gabon** – On 29 February 2024, Tullow completed the Asset Swap agreement (ASA) transaction (discussed in note 14. Assets and liabilities classified as held for sale) with Perenco Oil and Gas Gabon S.A (Perenco). The transaction is a cashless asset swap to be achieved through the exchange of participating interests held by both parties in certain licences in Gabon. Management have determined that the acquisition of the additional interest in the Tchatabamba licence is a Business Combination and the financial impacts cannot be disclosed in the Annual Report and Accounts as the measurement of the assets acquired is now underway. Accordingly, the relevant disclosure will be made in the 2024 half year results.

**Kenya** – On 1 March 2024 Tullow received a letter from the EPRA extending the review period of the updated Field Development Plan to 30 June 2024.

There have not been any other events since 31 December 2023 that have resulted in a material impact on the year-end results.

**Note 27. Cash flow statement reconciliations**

Purchases of intangible exploration and evaluation assets	<b>2023</b>	2022			
	<b>\$m</b>	\$m			
Additions to intangible exploration and evaluation assets	<b>25.4</b>	39.2			
<b>Associated cash flows</b>					
Purchases of intangible exploration and evaluation assets	<b>(30.2)</b>	(42.6)			
<b>Non-cash movements/presented in other cash flow lines</b>					
Movement in working capital	<b>4.8</b>	3.4			
	<b>2023</b>	2022			
	<b>\$m</b>	\$m			
Purchases of property, plant and equipment	<b>499.5</b>	370.7			
<b>Associated cash flows</b>					
Purchases of property, plant and equipment	<b>(262.3)</b>	(263.8)			
<b>Non-cash movements/presented in other cash flow lines</b>					
Decommissioning asset revisions	<b>(47.8)</b>	19.9			
Right-of-use asset additions	<b>(81.1)</b>	(63.5)			
Movement in working capital	<b>(108.3)</b>	(63.3)			
	<b>2023</b>	2022	2021	<b>2023</b>	2022
	<b>\$m</b>	\$m	\$m	<b>Movement</b>	Movement
Movement in borrowings	<b>2,084.6</b>	2,472.8	2,568.7	<b>(388.2)</b>	(95.9)
<b>Associated cash flows</b>					
Debt arrangement fees				<b>(5.0)</b>	-
Repayment of borrowings				<b>(432.2)</b>	(100.0)
Drawdown of borrowings				<b>129.7</b>	-
<b>Non-cash movements/presented in other cash flow lines</b>					
Gain on bond buyback				<b>(86.0)</b>	-
Amortisation of arrangement fees and accrued interest				<b>5.3</b>	4.1



## Note 28. Dividends

In 2023, the Board recommended that no interim or final dividend would be paid.

## Note 29. Tullow Oil plc subsidiaries

### As at 31 December 2023

Each undertaking listed below is a subsidiary by virtue of Tullow Oil plc holding, directly or indirectly, a majority of voting rights in the undertaking. The ownership percentages are equal to the effective equity owned by the Group. Unless otherwise noted, the share capital of each undertaking comprises ordinary shares or the local equivalent thereof.

The percentage of equity owned by the Group is 100% unless otherwise noted. The results of all undertakings listed below are fully consolidated in the Group's Financial Statements.

Company name	Country of incorporation	Direct or indirect	Address of registered office
Hardman Resources Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow Chinguetti Production Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow Petroleum (Mauritania) Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Tullow Uganda Operations Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
Eagle Drill Limited	British Virgin Islands	Indirect (50%)	Akara Building, 24 De Castro Street, Wickhams Cay, Road Town, Tortola, British Virgin Islands
Tullow (EA) Holdings Limited	British Virgin Islands	Indirect	Ritter House, Wickhams Cay, Tortola, VG1110, British Virgin Islands
DWT-T Company	Cayman Islands	Indirect	PO Box 32322, 4th Floor Century Yard, Cricket Square, George Town, KY1-1209, Cayman Islands
Tullow Argentina Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Comoros Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Côte d'Ivoire Onshore Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Group Services Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Jamaica Limited <sup>1</sup>	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow New Ventures Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Mozambique Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil 100 Limited <sup>2</sup>	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil 101 Limited <sup>1</sup>	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil Finance Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil SK Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil SPE Limited	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Peru Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Technologies Limited <sup>2</sup>	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Uruguay Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil Gabon SA	Gabon	Indirect	Quartier Tahiti, Immeuble Narval B.P. 9773, Libreville, Gabon

1. Dissolved 30 January 2024.

2. Dissolved 27 June 2023.

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 29. Tullow Oil plc subsidiaries** continued**As at 31 December 2023** continued

Company name	Country of incorporation	Direct or indirect	Address of registered office
Tullow Oil (Mauritania) Ltd	Guernsey	Indirect	P.O. Box 119, Martello Court, Admiral Park, St. Peter Port GY1 3HB, Guernsey
Tullow Oil Limited	Ireland	Direct	11 Adelaide Road, Dublin 2, Dublin, Ireland
Tullow Congo Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Gabon Holdings Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Gabon Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Mauritania Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Namibia Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Uganda Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Côte d'Ivoire Exploration Limited <sup>3</sup>	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Côte d'Ivoire Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Ghana Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow India Operations Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Oil (Jersey) Limited	Jersey	Direct	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Oil International Limited	Jersey	Indirect	44 Esplanade, St Helier JE4 9WG, Jersey
Tullow Ethiopia BV <sup>4</sup>	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Guyana BV <sup>5</sup>	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Hardman Holdings BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Kenya BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Overseas Holdings BV	Netherlands	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Suriname BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Uganda Holdings BV <sup>6</sup>	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Zambia BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil Norge AS <sup>7</sup>	Norway	Indirect	Tordenskioldsgate 6B, 0160 Oslo, Norway
Energy Africa Bredasdorp (Pty) Ltd	South Africa	Indirect	Maitland House 1 – River Park, Gloucester Road, Mowbray, Western Cape 7700, South Africa
Tullow South Africa (Pty) Limited	South Africa	Indirect	Maitland House 1 – River Park, Gloucester Road, Mowbray, Western Cape 7700, South Africa
T.U. S.A.	Uruguay	Indirect	Colonia 810, Of. 403, Montevideo, Uruguay

3. Dissolved 24 September 2023.

4. Dissolved 22 December 2023.

5. Sold 16 November 2023.

6. Dissolved 22 September 2023.

7. Dissolved 29 March 2023.



## Note 30. Licence interests

### Current exploration, development and production interests

#### Ghana

Licence/Unit area	Fields	Area sq km	Tullow interest	Operator	Other partners
Deepwater Tano TEN Development Area	Wawa, Tweneboa, Enyenra, Ntomme	619	54.84%	Tullow	Kosmos, KEGIN, GNPC, Jubilee Oil Holdings, Petro SA
West Cape Three Points	Jubilee	150	25.66%	Tullow	Kosmos, KEGIN, GNPC, Jubilee Oil Holdings, Petro SA
Jubilee Field Unit Area <sup>1</sup>	Jubilee, Mahogany, Teak		38.98%	Tullow	Kosmos, KEGIN, GNPC, Jubilee Oil Holdings, Petro SA

1. A unitisation agreement covering the Jubilee field was agreed by the partners of the West Cape Three Points and the Deepwater Tano licences. The Jubilee Unit Area was expanded in 2017 to include the Mahogany and Teak fields. It now includes all of the remaining part of the West Cape Three Points licence and a small part of the Deepwater Tano licence.

#### Non-Operated

Licence/Unit area	Fields	Area sq km	Tullow interest	Operator	Other partners
<b>Côte d'Ivoire</b>					
CI-26 Special Area 'E'	Espoir	235	21.33%	CNR	Petroci
<b>Gabon</b>					
Avouma	Avouma, South Tchibala	52	7.50%	Vaalco	Addax (Sinopec), Sasol, PetroEnergy
DE8 <sup>2</sup>	DE8	2,393	40.00%	Perenco	
Ebouri	Ebouri	15	7.50%	Vaalco	Addax (Sinopec), Sasol, PetroEnergy
Echira	Echira	76	40.00%	Perenco	Gabon Oil Company
Etame	Etame, North Tchibala	49	7.50%	Vaalco	Addax (Sinopec), Sasol, PetroEnergy
Ezanga		5,626	8.57%	Maurel & Prom	Gabon Oil Company
Gwedidi	Gwedidi	5	7.50%	Maurel & Prom	Gabon Oil Company
Mabounda	Mabounda	6	7.50%	Maurel & Prom	Gabon Oil Company
Maroc	Maroc	17	7.50%	Maurel & Prom	Gabon Oil Company
Maroc Nord	Maroc Nord	17	7.50%	Maurel & Prom	Gabon Oil Company
Mbigou	Mbigou	5	7.50%	Maurel & Prom	Gabon Oil Company
Niambi	Niambi	4	7.50%	Maurel & Prom	Gabon Oil Company
Niungo	Niungo	96	40.00%	Perenco	Gabon Oil Company
Omko	Omko	16	7.50%	Maurel & Prom	Gabon Oil Company
Onal	Onal	46	7.50%	Maurel & Prom	Gabon Oil Company
Simba <sup>2</sup>	Simba	315	40.00%	Perenco	
Tchatamba Marin <sup>2</sup>	Tchatamba Marin	30	40.00%	Perenco	
Tchatamba South <sup>2</sup>	Tchatamba South	40	40.00%	Perenco	
Tchatamba West <sup>2</sup>	Tchatamba West	25	40.00%	Perenco	

2. Subject to completion of the asset swap deal announced in April 2023 (refer to note 14 above).

**Notes to the Group Financial Statements** continued

Year ended 31 December 2023

**Note 30. Licence interests** continued**Kenya**

Licence	Fields	Area sq km	Tullow interest	Operator	Other partners
<b>Kenya</b>					
Block 10BA <sup>3</sup>		11,569	100.00%	Tullow	
Block 10BB <sup>3</sup>	Amosing, Ngamia	6,172	100.00%	Tullow	
Block 12B		6,200	100.00%	Tullow	
Block 13T <sup>3</sup>	Ekales, Twiga	4,719	100.00%	Tullow	

**Exploration**

Licence/Unit area	Fields	Area sq km	Tullow interest	Operator	Other partners
<b>Argentina</b>					
Block MLO-114		5,942	40.00%	Tullow	Pluspetrol, Wintershall Dea
Block MLO-119		4,546	40.00%	Tullow	Pluspetrol, Wintershall Dea
Block MLO-122		4,420	100.00%	Tullow	
<b>Côte d'Ivoire</b>					
CI-524		551	90.00%	Tullow	Petroci
CI-803		1,345	90.00%	Tullow	Petroci

3. Subject to Government of Kenya consent (refer to note 8 above).



# Company balance sheet

As at 31 December 2023

	Notes	2023 \$m	2022 \$m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	1	<b>4,484.2</b>	4,863.7
		<b>4,484.2</b>	4,863.7
<b>Current assets</b>			
Other current assets	3	<b>5.1</b>	9.1
Cash at bank		<b>15.9</b>	54.5
		<b>21.0</b>	63.6
<b>Total assets</b>		<b>4,505.2</b>	4,927.3
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	4	<b>(430.6)</b>	(194.4)
Borrowings	5	<b>(100.0)</b>	(100.0)
Derivative financial instruments	6	<b>(36.4)</b>	(186.3)
		<b>(567.0)</b>	(480.7)
<b>Non-current liabilities</b>			
Borrowings	5	<b>(1,984.6)</b>	(2,372.8)
Derivative financial instruments	6	<b>-</b>	(58.2)
		<b>(1,984.6)</b>	(2,431.0)
<b>Total liabilities</b>		<b>(2,551.6)</b>	(2,911.7)
<b>Net assets</b>		<b>1,953.6</b>	2,015.6
<b>Capital and reserves</b>			
Called-up share capital	7	<b>216.7</b>	215.2
Share premium	7	<b>1,294.7</b>	1,294.7
Foreign currency translation reserve		<b>194.5</b>	194.5
Merger reserves		<b>671.5</b>	671.5
Retained earnings		<b>(423.8)</b>	(360.3)
<b>Total equity</b>		<b>1,953.6</b>	2,015.6

During the year the Company made a loss of \$68.0 million (2022: \$179.5 million loss).

Approved by the Board and authorised for issue on 5 March 2024.

**Rahul Dhir**  
Chief Executive Officer  
5 March 2024

**Richard Miller**  
Chief Financial Officer  
5 March 2024



## Company statement of changes in equity

Year ended 31 December 2023

	Share capital \$m	Share premium \$m	Foreign currency translation reserve \$m	Merger reserves \$m	Retained earnings \$m	Total equity \$m
As 1 January 2022	214.2	1,294.7	194.5	671.5	(185.6)	2,189.3
Loss for the year	-	-	-	-	(179.5)	(179.5)
Exercising of employee share options	1.0	-	-	-	(1.0)	-
Share-based payment charges	-	-	-	-	5.8	5.8
<b>As 1 January 2023</b>	<b>215.2</b>	<b>1,294.7</b>	<b>194.5</b>	<b>671.5</b>	<b>(360.3)</b>	<b>2,015.6</b>
Loss for the year	-	-	-	-	(68.0)	(68.0)
Exercising of employee share options	1.5	-	-	-	(1.5)	-
Share-based payment charges	-	-	-	-	6.0	6.0
<b>At 31 December 2023</b>	<b>216.7</b>	<b>1,294.7</b>	<b>194.5</b>	<b>671.5</b>	<b>(423.8)</b>	<b>1,953.6</b>



# Company accounting policies

As at 31 December 2023

## (a) General information

Tullow Oil plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Tullow Oil plc, Building 9, Chiswick Park, 566 Chiswick High Road, London W4 5XT. The Financial Statements are presented in US dollars and all values are rounded to the nearest \$0.1 million, except where otherwise stated. Tullow Oil plc is the ultimate Parent of the Group.

## (b) Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. The Financial Statements have therefore been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework as issued by the Financial Reporting Council.

The following exemptions from the requirements of IFRS have been applied in the preparation of these Financial Statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7 Financial Instruments: Disclosures.
- Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1 Presentation of Financial Statements – comparative information requirements in respect of certain assets.

The following paragraphs of IAS 1 Presentation of Financial Statements:

- 10(d) (statement of cash flows).
- 111 (cash flow statement information).
- 134–136 (capital management disclosures).
- IAS 7 Statement of Cash Flows.
- Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Paragraph 17 of IAS 24 Related Party Disclosures (key management compensation).
- The requirements in IAS 24 Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group. Where relevant, equivalent disclosures have been given in the Group accounts.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value.

The Company has applied the exemption from the requirement to publish a separate profit and loss account for the Parent Company set out in section 408 of the Companies Act 2006.

During the year the Company made a loss of \$68.0 million (2022: \$179.5 million loss).

## (c) Going concern

Refer to the Basis of preparation in the Accounting Policies section of the Group accounts.

## (d) Foreign currencies

The US dollar is the functional and presentational currency of the Company. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date, with a corresponding charge or credit to the income statement. However, exchange gains and losses arising on long-term foreign currency borrowings, which are a hedge against the Company's overseas investments, are dealt with in reserves.

## (e) Share-based payments

The Company has applied the requirements of IFRS 2 Share-based Payments. The Company has share-based awards that are equity settled and cash settled as defined by IFRS 2. The fair value of the equity settled awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Company's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using a binomial option pricing model with suitable modifications to allow for employee turnover after vesting and early exercise. Where necessary, this model is supplemented with a Monte Carlo model. The inputs to the models include: the share price at date of grant; exercise price; expected volatility; expected dividends; risk-free rate of interest; and patterns of exercise of the plan participants.

For cash settled awards, a liability is recognised for the goods or service acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the income statement.

## (f) Investments

Investments in subsidiaries are accounted for at cost less any provision for impairment.

**Company accounting policies** continued

As at 31 December 2023

**(g) Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition. As of 31 December 2023, all financial assets were classified at amortised cost.

Assets are classified and measured at amortised cost when the business model of the Company is to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. These assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

**(h) Financial liabilities**

The measurement of financial liabilities is determined by the initial classification.

**(i) Financial liabilities at fair value through profit or loss:**

Those balances that meet the definition of being held for trading are measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognised in the income statement.

Intercompany derivative liabilities fall under this category of financial instruments.

**ii) Financial liabilities measured at amortised cost:**

All financial liabilities not meeting the criteria of being classified at fair value through profit or loss are classified as financial liabilities measured at amortised cost. The instruments are initially recognised at their fair value net of transaction costs that are directly attributable to the issue of financial liability. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Borrowings and trade creditors fall under this category of financial instruments.

**(i) Share issue expenses**

Costs of share issues are written off against the premium arising on the issues of share capital.

**(j) Finance costs of debt**

Finance costs of debt are recognised in the profit and loss account over the term of the related debt at a constant rate on the carrying amount.

Interest-bearing borrowings are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**(k) Taxation**

Current and deferred tax, including UK corporation tax and overseas corporation tax, are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred corporation tax is recognised on all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying temporary differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

**(l) Capital management**

The Company defines capital as the total equity of the Company. Capital is managed in order to provide returns for shareholders and benefits to stakeholders and to safeguard the Company's ability to continue as a going concern. Tullow is not subject to any externally imposed capital requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, and put in place new debt facilities.



## **(m) Critical accounting judgements and key sources of estimation uncertainty**

The Group assesses critical accounting judgements annually. The following are the critical judgements, apart from those involving estimations which are dealt with in policy (af), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

### **Investments (note 1):**

The Company is required to assess the carrying values of each of its investments in subsidiaries for impairment. The net assets of certain of the Company's subsidiaries are predominantly intangible exploration and evaluation (E&E) and property, plant and equipment assets.

Where facts and circumstances indicate that the carrying amount of an E&E asset held by a subsidiary may exceed its recoverable amount, by reference to the specific indicators of impairment of E&E assets, an impairment test of the asset is performed by the subsidiary undertaking and the asset is impaired by any difference between its carrying value and its recoverable amount. The recognition of such an impairment by a subsidiary is used by the Company as the primary basis for determining whether or not there are indications that the investment in the related subsidiary may also be impaired, and thus whether an impairment test of the investment carrying value needs to be performed. The results of exploration activities are inherently uncertain and the assessment of impairment of E&E assets by the subsidiary, and that of the related investment by the Company, is judgemental.

For property, plant and equipment, the value of assets/fields supporting the investment value is assessed by estimating the discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

In order to discount the future cash flows the Group calculates CGU-specific discount rates. The discount rates are based on an assessment of a relevant peer group's post-tax weighted average cost of capital (WACC). The post-tax WACC is subsequently grossed up to a pre-tax rate. The Group then deducts any exploration risk premium which is implicit within a peer group's WACC and subsequently applies additional country risk premium for all CGUs, an element of which is determined by whether the assets are onshore or offshore. Refer to notes 8 and 9 to the Group Financial Statements.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Refer to note 1 for sensitivities.



# Notes to the Company Financial Statements

Year ended 31 December 2023

## Note 1. Investments

	2023 \$m	2022 \$m
Subsidiary undertakings	4,484.2	4,863.7
	<b>4,484.2</b>	4,863.7

The movement in Company's investment in subsidiaries of \$379.5 million (2022: \$163.1 million) is due to additions of \$245.1 million (2022: \$665.6 million) and impairment charge of \$624.6 million (2022: \$502.5 million impairment charge) which was recognised against the Company's investments in subsidiaries in relation to losses incurred by Group service companies and exploration companies and reduction to the underlying value of the Group's production companies. (Refer to notes 8 and 9 in the Notes to the Group Financial Statements.)

	Trigger for 2023 impairment	2023 Impairment/ (reversal) \$m	2023 Remaining recoverable amount \$m	2022 Impairment \$m	2022 Remaining recoverable amount \$m
Tullow Group Services Limited	a	5.7	-	5.4	-
Tullow Overseas Holdings B.V.	a,b	764.5	4,261.5	497.1	4,786.6
Tullow Oil SPE Limited	c	(112.8)	178.1	-	65.3
Tullow Gabon Holdings Limited	n/a	-	11.8	-	11.8
Tullow Oil Finance Limited	c	(32.8)	32.8	-	-
<b>Total</b>		<b>624.6</b>	<b>4,484.2</b>	502.5	4,863.7

- a. Reduction in net asset value as a result of impairment of direct and indirect subsidiaries.  
b. Impact of loss-making subsidiaries.  
c. Impairment reversal due to increased net asset value of a direct subsidiary.

The Company's subsidiary undertakings as at 31 December 2023 are listed on pages 175 to 176. The principal activity of all companies relates to oil and gas exploration, development and production.

## Sensitivities

The value of property, plant and equipment and E&E assets supporting the investment value will be affected by the potential future changes to oil prices and discount rates. All impairment assessments are prepared on a VIU basis using discounted future cash flows based on 2P reserves profiles. A reduction or increase in the two-year forward curve of \$5/bbl, based on the approximate range of annualised average oil price over recent history, and a reduction or increase in the medium and long-term price assumptions of \$5/bbl, based on the range of annualised average historical prices, are considered to be reasonably possible changes for the purposes of sensitivity analysis. Decreases to oil prices specified in note 9 to the Group Financial Statements would increase the investment impairment charge by \$460.7 million, whilst increases to oil prices specified above would result in a credit to the investment impairment charge of \$459.2 million. A 1% change in the pre-tax discount rate would increase the impairment by \$196.0 million. The Company believes a 1% change in the pre-tax discount rate to be a reasonable possibility based on historical analysis of the Company's and peer group of companies' impairments.

## Climate change

The value of property, plant and equipment and E&E assets supporting the investment value will be affected by the potential future impact of Climate Change. The Company estimates that the impact on oil and carbon prices as contained in the NZE scenarios on the value of assets held by subsidiaries could result in a potential write-off of investments of up to \$1,280.4 million. Refer to note 25 to the Group Financial Statements.

## Note 2. Deferred tax

The Company has tax losses of \$1,306.0 million (2022: \$1,289.5 million) that are available indefinitely for offset against future non-ring-fenced taxable profits in the Company. A deferred tax asset of \$nil (2022: \$nil) has been recognised in respect of these losses on the basis that the Company does not anticipate making non-ring-fenced profits in the foreseeable future.



### Note 3. Other current assets

#### Amounts falling due within one year

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Other debtors	<b>0.9</b>	4.9
Due from subsidiary undertaking	<b>4.2</b>	4.2
	<b>5.1</b>	9.1

The amounts due from subsidiary undertaking relates to a balance from Tullow Overseas Holdings B.V.. The balance accrues no interest and is repayable on demand. At 31 December 2023 a provision of \$nil (2022: \$nil) was held in respect of the recoverability of amounts due from subsidiary undertaking.

### Note 4. Trade and other payables

#### Amounts falling due within one year

	<b>2023</b>	2022
	<b>\$m</b>	\$m
Accrued interest	<b>33.3</b>	40.9
Accruals	<b>7.7</b>	9.0
Due to subsidiary undertakings	<b>389.6</b>	144.5
	<b>430.6</b>	194.4

### Note 5. Borrowings

	<b>2023</b>	2022
	<b>\$m</b>	\$m
<b>Current</b>		
Borrowings – within one year		
10.25% Senior Secured Notes due 2026	<b>100.0</b>	100.0
	<b>100.0</b>	100.0
<b>Non-current</b>		
Borrowings – after one year but within five years		
7.00% Senior Notes due 2025	<b>489.0</b>	792.8
10.25% Senior Secured Notes due 2026	<b>1,371.0</b>	1,580.0
Secured Notes Facility due 2028	<b>124.6</b>	–
	<b>1,984.6</b>	2,372.8
<b>Carrying value of total borrowings</b>	<b>2,084.6</b>	2,472.8

The Company's capital structure includes \$1,485 million Senior Secured Notes (2026 Notes), \$493 million Senior Notes (2025 Notes), a \$400 million Secured Notes Facility and a \$500 undrawn million Super Senior Revolving Credit Facility (SSRCF) which will primarily be used for working capital purposes.

The 2026 Notes, maturing in May 2026, require an annual prepayment of \$100 million, in May, of the outstanding principal amount plus accrued and unpaid interest, with the balance due on maturity.

On 15 May 2023, the Company made a mandatory prepayment of \$100 million of the 2026 Notes.

On 20 June 2023, the Company repurchased \$167 million nominal value of 2025 Notes for \$100 million cash consideration through an Unmodified Dutch Auction. A gain on early bond buyback of \$65 million is recognised as other income in the income statement.

**Notes to the Company Financial Statements** continued

Year ended 31 December 2023

**Note 5. Borrowings** continued

On 13 November 2023, Tullow announced that it had entered into a \$400 million secured notes facility agreement maturing in November 2028 (Secured Notes Facility) with Glencore Energy UK Limited (Glencore). The Secured Notes Facility is available for 18 months and proceeds are available for liability management of the 2025 Notes. The interest on the Secured Notes Facility will be Term Secured Overnight Financing Rate (SOFR) plus 10% on drawn amounts.

On 1 December 2023, the Company repurchased \$115 million nominal value of 2026 Notes for \$103 million cash consideration through an Unmodified Dutch Auction. A gain on early bond buyback of \$11 million is recognised as other income in the income statement.

On 20 December, the Company repurchased \$141 million nominal value of 2025 Notes for \$130 million cash consideration through a Modified Dutch Auction. The cash consideration was funded through an equivalent drawdown under the Secured Notes Facility. A gain on early bond buyback of \$10 million is recognised as other income in the income statement.

The Company's total drawn debt reduced to \$2.1 billion, consisting of \$493 million nominal value 2025 Notes, \$1,485 million nominal value 2026 Notes and \$130 million outstanding under the Secured Notes Facility.

The 2025 Notes are due in a single payment in March 2025.

The SSRCF, maturing in December 2024, comprises of (i) a \$500 million revolving credit facility and (ii) a \$100 million letter of credit facility. The revolving credit facility remains undrawn as at 31 December 2023. Letters of credit amounting to \$10 million (2022: \$44 million) have been issued under the facility.

Unamortised debt arrangement fees for the 2026 Notes, 2025 Notes, Secured Notes Facility and the SSRCF are \$14.3 million (2022: \$20.0 million), \$3.6 million (2022: \$7.0 million), \$5.0 million (2022: \$nil) and \$2.3 million (2022: \$4.8 million) respectively.

The SSRCF, the 2026 Notes and the Secured Notes Facility are senior secured obligations of Tullow Oil Plc and are guaranteed by certain of the subsidiaries of the Group.

The Company or its affiliates may, at any time and from time to time, seek to retire or purchase outstanding debt through cash purchases and/or exchanges, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as management may determine, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions, and other factors.

**Note 6. Financial instruments****Disclosure exemptions adopted**

Where equivalent disclosures for the requirements of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurements have been included in the 2023 Annual Report and Accounts of Tullow Oil plc, the Company has adopted the disclosure exemptions available to the Company's accounts.

**Financial risk management objectives**

The Company follows the Group's policies for managing all its financial risks.

**Fair values of derivative instruments**

All derivatives are recognised at fair value on the balance sheet with valuation changes recognised immediately in the income statement. Fair value is the amount for which the asset or liability could be exchanged in an arm's-length transaction at the relevant date. Where available, fair values are determined using quoted prices in active markets. To the extent that market prices are not available, fair values are estimated by reference to market-based transactions or using standard valuation techniques for the applicable instruments and commodities involved.

The Company's derivative carrying and fair values were as follows:

Assets/liabilities	2023	2023	2023	2022	2022	2022
	Less than 1 year \$m	1-3 years \$m	Total \$m	Less than 1 year \$m	1-3 years \$m	Total \$m
Option market value						
Oil derivatives	(28.1)	-	(28.1)	(162.1)	(50.0)	(212.1)
Deferred premium						
Oil derivatives	(8.3)	-	(8.3)	(24.2)	(8.2)	(32.4)
<b>Total liabilities</b>	<b>(36.4)</b>	<b>-</b>	<b>(36.4)</b>	<b>(186.3)</b>	<b>(58.2)</b>	<b>(244.5)</b>



## Note 6. Financial instruments continued

### Fair values of derivative instruments continued

The following provides an analysis of the Company's financial instruments measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly or indirectly; and

Level 3: fair value measurements are those derived from valuation techniques which include inputs for the asset or liability that are not based on observable market data.

All of the Company's derivatives are Level 2 (2022: Level 2). There were no transfers between fair value levels during the year.

For financial instruments which are recognised on a recurring basis, the Company determines whether transfers have occurred between levels by re-assessing categorisation (based on the lowest-level input which is significant to the fair value measurement as a whole) at the end of each reporting period.

### Income statement summary

Derivative fair value movements during the year which have been recognised in the income statement were as follows:

	<b>2023</b>	2022
	<b>\$m</b>	\$m
<b>Loss on derivative instruments</b>		
Oil derivatives	<b>208.1</b>	72.4

### Cash flow and interest rate risk

The interest rate profile of the Company's financial assets and liabilities, excluding trade and other receivables and trade and other payables, at 31 December 2023 and 31 December 2022 was as follows:

	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	2022	2022	2022
	<b>Cash</b>	<b>Fixed</b>	<b>Floating</b>	<b>Total</b>	Cash	Fixed	Total
	<b>at bank</b>	<b>rate debt</b>	<b>rate debt</b>	<b>\$m</b>	at bank	rate debt	Total
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	\$m	\$m	\$m
US\$	<b>15.9</b>	<b>(1,977.8)</b>	<b>(129.6)</b>	<b>(2,091.5)</b>	54.5	(2,500.0)	(2,445.5)
	<b>15.9</b>	<b>(1,977.8)</b>	<b>(129.6)</b>	<b>(2,091.5)</b>	54.5	(2,500.0)	(2,445.5)

Cash and cash equivalents consisted of \$11.0 million (2022: \$50.0 million) of short-term deposits that are readily convertible to known amounts of cash with insignificant risk of change in value. The Company only deposits cash with major banks of high-quality credit standing.

### Liquidity risk

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	<b>Weighted</b>	<b>Less than</b>	<b>1-3</b>	<b>3 months</b>	<b>1-5</b>	<b>5+</b>	<b>Total</b>
	<b>average</b>	<b>1 month</b>	<b>months</b>	<b>to 1 year</b>	<b>years</b>	<b>years</b>	<b>\$m</b>
	<b>effective</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
	<b>interest rate</b>						
<b>31 December 2023</b>							
Non-interest bearing		-	11.6	419.0	-	-	430.6
Fixed interest rate instruments	<b>9.9%</b>						
Principal repayments		-	-	100.0	1,878.0	-	1,978.0
Interest charge		-	17.0	164.0	220.0	-	401.0
Variable interest rate instruments	<b>15.8%</b>						
Principal repayments		-	-	-	130.0	-	130.0
Interest charge		-	5.0	15.0	69.0	-	89.0
			<b>33.6</b>	<b>698.0</b>	<b>2,297.0</b>	<b>-</b>	<b>3,028.6</b>



## Notes to the Company Financial Statements continued

Year ended 31 December 2023

### Note 6. Financial instruments continued

#### Liquidity risk continued

	Weighted average effective interest rate	Less than 1 month \$m	1-3 months \$m	3 months to 1 year \$m	1-5 years \$m	5+ years \$m	Total \$m
<b>31 December 2022</b>							
Non-interest bearing	n/a	-	18.7	175.7	-	-	194.4
Fixed interest rate instruments	9.7%						
Principal repayments		-	-	100.0	2,400.0	-	2,500.0
Interest charge		-	28.0	197.0	464.0	-	689.0
		-	46.7	472.7	2,864.0	-	3,383.4

### Note 7. Called-up equity share capital and share premium account

#### Allotted equity share capital and share premium

	Equity share capital allotted and fully paid Number	Share capital \$m	Share premium \$m
<b>At 1 January 2022</b>			
Issued during the year	1,432,080,097	214.2	1,294.7
Exercise of share options	7,525,898	1.0	-
<b>At 1 January 2023</b>			
	<b>1,439,605,995</b>	<b>215.2</b>	<b>1,294.7</b>
Issued during the year			
Exercise of share options	<b>12,935,892</b>	<b>1.5</b>	<b>-</b>
<b>At 31 December 2023</b>			
	<b>1,452,541,887</b>	<b>216.7</b>	<b>1,294.7</b>

The Company does not have a maximum authorised share capital. The par value of the Company's shares is 10p.



## Alternative performance measures

The Group uses certain measures of performance that are not specifically defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include capital investment, net debt, gearing, adjusted EBITDAX, underlying cash operating costs, free cash flow, underlying operating cash flow and pre-financing cash flow.

### Capital investment

Capital investment is defined as additions to property, plant and equipment and intangible exploration and evaluation assets less decommissioning asset additions, right-of-use asset additions, capitalised share-based payment charge, capitalised finance costs, additions to administrative assets and certain other adjustments. The Directors believe that capital investment is a useful indicator of the Group's organic expenditure on exploration and evaluation assets and oil and gas assets incurred during a period because it eliminates certain accounting adjustments such as capitalised finance costs and decommissioning asset additions.

	2023 \$m	2022 \$m
Additions to property, plant and equipment	416.1	370.7
Additions to intangible exploration and evaluation assets	25.4	39.2
Less:		
Changes to Decommissioning asset estimates	47.8	(19.9)
Right-of-use asset additions	81.1	63.5
Lease payments related to capital activities	(53.6)	(40.2)
Additions to administrative assets	2.3	2.0
Other non-cash capital movements	(16.0)	50.4
<b>Capital investment</b>	<b>379.9</b>	<b>354.1</b>
Movement in working capital	(89.7)	(49.7)
Additions to administrative assets	2.3	2.0
<b>Cash capital expenditure per the cash flow statement</b>	<b>292.5</b>	<b>306.4</b>

### Net debt

Net debt is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of cash borrowings after taking account of cash and cash equivalents within the Group's business that could be utilised to pay down the outstanding cash borrowings. Net debt is defined as current and non-current borrowings plus non-cash adjustments, less cash and cash equivalents. Non-cash adjustments include unamortised arrangement fees, adjustment to convertible bonds, and other adjustments. The Group's definition of net debt does not include the Group's leases as the Group's focus is the management of cash borrowings and a lease is viewed as deferred capital investment.

The value of the Group's lease liabilities as at 31 December 2023 was \$185.7 million current and \$721.0 million non-current; it should be noted that these balances are recorded gross for operated assets and are therefore not representative of the Group's net exposure under these contracts.

	2023 \$m	2022 \$m
Borrowings	2,084.6	2,472.8
Non-cash adjustments	22.8	27.2
Less cash and cash equivalents	(499.0)	(636.3)
<b>Net debt</b>	<b>1,608.4</b>	<b>1,863.7</b>

### Gearing and adjusted EBITDAX

Gearing is a useful indicator of the Group's indebtedness, financial flexibility and capital structure and can assist securities analysts, investors and other parties to evaluate the Group. Gearing is defined as net debt divided by adjusted EBITDAX. Adjusted EBITDAX is defined as (loss)/profit from continuing activities adjusted for income tax expense, finance costs, finance revenue, loss/(gain) on hedging instruments, gain on bargain purchase, other losses, depreciation, depletion and amortisation, share-based payment charge, restructuring costs, loss/(gain) on disposal, gain on bond buy back, exploration costs written off, impairment of property, plant and equipment net and provision (reversal)/expense.

	2023 \$m	2022 \$m
(Loss)/ profit from continuing activities	(109.6)	49.1
Adjusted for:		
Income tax expense	205.5	393.0
Finance costs	329.6	335.5
Finance revenue	(44.0)	(42.9)
Loss/ (gain) on hedging instruments	0.4	(0.8)
Gain on bargain purchase	-	(196.8)
Other gains	(0.2)	(0.4)
Depreciation, depletion and amortisation	436.6	425.8
Share-based payment charge	6.0	5.8
Provision (reversal)/expense	(22.0)	4.2
Gain on bond buyback	(86.0)	-
Exploration costs written off	27.0	105.2
Impairment of property, plant and equipment, net	408.1	391.2
<b>Adjusted EBITDAX</b>	<b>1,151.4</b>	<b>1,468.9</b>
<b>Net debt</b>	<b>1,608.4</b>	<b>1,863.7</b>
<b>Gearing (times)</b>	<b>1.4</b>	<b>1.3</b>



## Alternative performance measures continued

### Underlying cash operating costs

Underlying cash operating costs is a useful indicator of the Group's costs incurred to produce oil and gas. Underlying cash operating costs eliminates certain non-cash accounting adjustments to the Group's cost of sales to produce oil and gas. Underlying cash operating costs is defined as cost of sales less operating lease expense, depletion and amortisation of oil and gas assets, underlift, overlift and oil stock movements, share-based payment charge included in cost of sales, royalties and certain other cost of sales. Underlying cash operating costs are divided by production to determine underlying cash operating costs per boe. In 2022 and 2023 Tullow incurred abnormal non-recurring costs which are presented separately below. The adjusted normalised cash operating costs are a helpful indicator to the forward underlying costs of the business.

	2023 \$m	2022 \$m
Cost of sales	869.2	697.5
Add:		
Lease payments related to operating activity	7.2	14.0
Less:		
Depletion and amortisation of oil and gas and leased assets	430.8	410.7
Underlift, overlift and oil stock movements	109.3	(46.3)
Share-based payment charge included in cost of sales	0.4	0.4
Royalties	33.9	61.7
Other cost of sales	9.1	18.5
<b>Underlying cash operating costs</b>	<b>292.9</b>	266.5
Non-recurring costs	(25.9)	(14.7)
<b>Total normalised cash operating costs</b>	<b>267.0</b>	251.8
Production (mmboe)	22.9	21.6
<b>Underlying cash operating costs per boe (\$/boe)</b>	<b>12.8</b>	12.3
<b>Normalised cash operating costs per boe (\$/boe)</b>	<b>11.7</b>	11.3

### Free cash flow

Free cash flow is a useful indicator of the Group's ability to generate cash flow to fund the business and strategic acquisitions, reduce borrowings and provide returns to shareholders through dividends. Free cash flow is defined as net cash from operating activities, and net cash used in investing activities, less debt arrangement fees, repayment of obligations under leases, finance costs paid, and foreign exchange gain/(loss).

	2023 \$m	2022 \$m
Net cash from operating activities	876.2	1,077.8
Net cash used in investing activities	(268.5)	(356.2)
Repayment of obligations under leases	(195.0)	(203.8)
Finance costs paid	(240.0)	(249.0)
Foreign exchange gain	(2.5)	(1.6)
<b>Free cash flow</b>	<b>170.2</b>	267.2

### Underlying operating cash flow

This is a useful indicator of the Group's assets' ability to generate cash flow to fund further investment in the business, reduce borrowing and provide returns to shareholders. Underlying operating cash flow is defined as net cash from operating activities less repayments of obligations under leases plus decommissioning expenditure.

### Pre-financing free cash flow

This is a useful indicator of the Group's ability to generate cash flow to reduce borrowings and provide returns to shareholders through dividends. Pre-financing free cash flow is defined as net cash from operating activities, and net cash used in investing activities, less repayment of obligations under leases and foreign exchange gain.

	2023	2022
Net cash from operating activities	876.2	1,077.8
Decommissioning expenditure	78.1	57.7
Lease payments related to capital activities	53.6	40.2
Repayment of obligations under leases	(195.0)	(203.8)
<b>Underlying operating cash flow</b>	<b>812.9</b>	971.9
Net cash used in investing activities	(268.5)	(356.2)
Decommissioning expenditure	(78.1)	(57.7)
Lease payments related to capital activities	(53.6)	(40.2)
<b>Pre-financing free cash flow</b>	<b>412.7</b>	517.8



## Commercial reserves and contingent resources summary (unaudited) working interest basis

	Ghana		Non-Operated		Kenya <sup>6</sup>		Exploration		Total		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas <sup>8</sup> bcf	Petroleum mmboe
<b>Commercial reserves<sup>1</sup></b>											
1 January 2023	164.3	157.3	37.8	5.1	-	-	-	-	202.1	162.4	229.1
Revisions <sup>3,4</sup>	(4.9)	8.4	7.0	2.8	-	-	-	-	2.1	11.2	4.0
Production	(15.5)	(14.0)	(4.9)	(1.1)	-	-	-	-	(20.4)	(15.1)	(22.9)
Acquisitions <sup>5</sup>	-	-	7.5	-	-	-	-	-	7.5	-	7.5
Disposals <sup>7</sup>	-	-	(5.5)	-	-	-	-	-	(5.5)	-	(5.5)
<b>31 December 2023</b>	<b>143.9</b>	<b>151.7</b>	<b>41.9</b>	<b>6.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185.8</b>	<b>158.5</b>	<b>212.2</b>
<b>Contingent resources<sup>2</sup></b>											
1 January 2023	185.0	577.8	36.0	8.6	231.4	-	54.5	-	506.9	586.4	604.6
Revisions <sup>3,4,6</sup>	(32.2)	(66.8)	(4.1)	1.1	-	-	-	-	(30.4)	(65.7)	(41.4)
Acquisitions <sup>5</sup>	-	-	3.2	-	239.0	-	-	-	242.2	-	242.2
Disposals <sup>6</sup>	-	-	(5.9)	-	-	-	(54.5)	-	(60.4)	-	(60.4)
<b>31 December 2023</b>	<b>152.8</b>	<b>511.0</b>	<b>35.1</b>	<b>9.7</b>	<b>470.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>658.3</b>	<b>520.7</b>	<b>745.0</b>
<b>Total</b>											
<b>31 December 2023</b>	<b>296.6</b>	<b>662.7</b>	<b>77.0</b>	<b>16.5</b>	<b>470.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>844.1</b>	<b>679.2</b>	<b>957.2</b>

- Reserves presented are 'Proven and Probable'. They are as audited and reported by independent third-party reserves auditor at YE 2023 and adjusted for production for January - December 2023.
- Contingent Resources are 'Proven and Probable'. They are as audited and reported by independent third-party reserves auditor as at YE 2023 based on best available information.
- Reserves and Resources revisions in Ghana relate to evaluation of the Jubilee South East (JSE) project, infill drilling and field performance in Jubilee during 2023, which is offset by the recategorisation of the Tweneboa oil project from reserves to contingent resource.
- Reserves revisions in Gabon mainly relate to extension of Production licences except for Etame and Ezanga, maturation of Echira Infill wells and overall good field performance across all assets.
- Reserves revisions in Gabon also include an asset swap with Perenco, in which M'Oba, Oba, Limande, Turnix and a percentage of Simba have been exchanged for an increased working interest in Tchatamba and the DE8 licence.
- Kenya contingent resources have doubled to 470mmstb, with Tullow now holding 100% of the licence, and a Field Development Plan under discussion with government.
- Guyana contingent resources have been removed following agreement with our JV Partner Eco and the expiry of the Kanuku licence.
- A gas conversion factor of 6 mscf/boe is used to calculate the total Petroleum mmboe.

The Group provides for depletion and amortisation of tangible fixed assets on a net entitlements basis, which reflects the terms of the Production Sharing Contracts related to each field. Total net entitlement reserves were 204.5 mmboe at 31 December 2023 (31 December 2022: 219.6 mmboe).

Contingent Resources relate to resources in respect of which development plans are in the course of preparation or further evaluation is under way with a view to future development.



# Shareholder information

## Financial calendar

2023 full-year results announced	6 March 2024
Annual General Meeting	16 May 2024
AGM trading update	16 May 2024
2024 half-year results announced	7 August 2024
November trading update	13 November 2024

## Shareholder enquiries

All enquiries concerning shareholdings, including notification of change of address, loss of a share certificate or dividend payments, should be made to the Company's registrar.

For shareholders on the UK register, Computershare provides a range of services through its online portal, Investor Centre, which can be accessed free of charge at [www.investorcentre.co.uk](http://www.investorcentre.co.uk). Once registered, this service, accessible from anywhere in the world, enables shareholders to check details of their shareholdings or dividends, download forms to notify changes in personal details and access other relevant information.

## United Kingdom registrar

### Computershare Investor Services PLC

The Pavilions  
Bridgwater Road  
Bristol BS99 6ZY

Tel – UK shareholders: 0370 703 6242

Tel – overseas shareholders: +44 870 703 6242

Contact: [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus)

## Ghana registrar

### The Central Securities Depository (Ghana) Limited

4th Floor,  
Cedi House,  
P.M.B CT 465  
Cantonments,  
Accra, Ghana

Tel – Ghana shareholders: + 233 303 972 254/302 689 313

Contact: [info@csd.com.gh](mailto:info@csd.com.gh)

## Share dealing facility

The Company's shares can be traded through most banks, building societies, stockbrokers or 'share shops'. In addition, UK-based shareholders can buy or sell the Company's shares using a share dealing facility made available by Computershare, which includes internet and postal share dealing.

## Internet share dealing

Internet share dealing is available to shareholders residing in the UK. This service offers shareholders a straightforward way to buy or sell the Company's shares on the London Stock Exchange. The commission is 1.4%, subject to a minimum charge of £40. In addition, stamp duty, currently 0.5%, is payable on purchases. Real-time dealing is available during UK market hours (08:00 to 16:30). In addition, you can place a sale instruction outside of market hours. To access the service, log on to [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk). Shareholders must have their Shareholder Reference Number (SRN) available. The SRN appears on share certificates. Internet share dealing is only available to residents in either the UK, Channel Islands or Isle of Man.

## Postal share dealing service

The postal share dealing service offers a way to sell or purchase shares (subject to availability). To use the service you must be a resident of the UK or one of the permitted jurisdictions. A full list of permitted jurisdictions can be found at [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk). If you wish to use the service, you can download a postal share dealing form and the terms and conditions at [www.computershare.com/dealing/uk](http://www.computershare.com/dealing/uk). The fee for this service is 1.4% of the value of each sale or purchase and is subject to a minimum charge of £40. Stamp duty of 0.5% may be payable on purchases. Detailed terms and conditions for both internet and postal dealing are available upon request by calling +44 370 702 0000.

## ShareGift

If you have a small number of shares whose value makes it uneconomical to sell, you may wish to consider donating them to ShareGift, which is a UK-registered charity specialising in realising the value locked up in small shareholdings for charitable purposes. The resulting proceeds are donated to a range of charities, reflecting suggestions received from donors. Should you wish to donate your Tullow Oil plc shares in this way, please download and complete a transfer form from [www.sharegift.org/forms](http://www.sharegift.org/forms), sign it and send it together with the share certificate to ShareGift, PO Box 72253, London SW1P 9LQ. For more information regarding this charity, visit [www.sharegift.org](http://www.sharegift.org).



## Electronic communication

To reduce impact on the environment, the Company encourages all shareholders to receive their shareholder communications, including Annual Reports and notices of meetings, electronically. Once registered for electronic communications, shareholders will be sent an email each time the Company publishes statutory documents, providing a link to the information.

## Shareholder security

Shareholders are advised to be cautious of unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Obtain the name of the person and the organisation.
- Check they are authorised by the FCA by looking the firm up on [www.fca.org.uk/register](http://www.fca.org.uk/register).
- Report the matter to the FCA either by calling 0800 111 6768 or visit [www.fca.org.uk/consumers](http://www.fca.org.uk/consumers).

Further information is available at [www.tulloil.com/investors/shareholder-centre](http://www.tulloil.com/investors/shareholder-centre).

## Corporate brokers

### Barclays

5 North Colonnade,  
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### Peel Hunt

100 Liverpool Street,  
London EC2M 2AT

## Auditor

### Ernst and Young LLP

1 More London Place,  
London SE1 2AF



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The Tullow logo is the word "TULLOW" in a bold, white, italicized sans-serif font. It is positioned in the lower-left quadrant of the page, set against a background of repeating geometric patterns in a light blue color. The patterns include horizontal bands of wavy lines, rows of triangles, and rows of squares, some containing smaller squares or vertical lines.

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

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