Building a better future through responsible oil and gas development

Tullow Oil plc 2021 Annual Report and Accounts

Tullow's purpose is to build a better future through responsible oil and gas development

Who we are

Tullow Oil is an independent oil and gas exploration and production company. We have producing assets in West Africa, with material positions in discovered resources in Kenya and emerging basins in Latin America. We are headquartered in London and our shares are listed on the London, Irish and Ghana stock exchanges. Tullow also pursues near-field exploration opportunities in and around its producing and development assets.

2021 key metrics

Group working interest production

59,200 boepd

2020: 74,900 boepd

Operating cash flow

$711m

2020: $598m

Adjusted EBITDAX

$1.0bn

2020: $0.8bn

Loss after tax

$(81)m

2020: $(1,222)m

Capital investment

$263m

2020: $288m

Net debt

$2.1bn

2020: $2.4bn

Free cash flow

$245m

2020: $432m

Gearing

2.2 times

2020: 3.0 times

Strategic report

Corporate governance

Financial Statements

Supplementary information

Tullow is an exploration and production (E&P) company focused on Africa and South America. We are a full cycle upstream oil and gas company, operating assets through the lifecycle of exploration and appraisal, through to the development and production phase to decommissioning at the end of life. Our business is focused on finding, or acquiring assets to extract, oil and gas which is then sold in the global commodity market.

By doing the above, Tullow is able to unlock and maximise value from the hydrocarbon resources of its host nations. We are committed to doing this efficiently and safely, while minimising our environmental impact. Through our work, we also deliver shared prosperity and value for our investors, host nations and people.

Upstream

Tullow's activities

Exploration and appraisal

2–5 years

Identify | Explore

Exploration is the process of identifying potential hydrocarbons and involves acquiring seismic and drilling prospects. This may be followed by appraisal wells to better understand the size and quality of a geological play.

Tullow's activities:

In addition to selective exploration in emerging basins, we are focused on leveraging our geoscience expertise to enhance the value of our core assets. This is largely done through 'Infrastructure-led exploration', which involves identifying new resources near existing infrastructure.

Development

3 years +

Identify | Develop

Developments require host Government approval and need to be commercially, technically, environmentally and socially viable. Developments are capital intensive, requiring spend on new infrastructure as well as investment in local jobs and suppliers.

Tullow's activities:

Our development activities are focused on preparing capital efficient development plans that enable the production of discovered resources. For Tullow, this primarily relates to Project Oil Kenya and further developments of our existing producing fields such as the Jubilee South East Development.

Production

25 years +

Identify | Produce

The extraction and sale of hydrocarbons can last decades, bringing material value to host nations through tax and royalties while providing revenue to the participating oil and gas companies. When production ceases, facilities are decommissioned, and the site is fully remediated.

Tullow's activities:

We have a goal to become a leading West African operator and we are striving for top quartile operating performance in terms of safety, emissions, reliability and costs. We operate both the Jubilee and TEN fields in Ghana and work in partnership with the operators of our non-operated assets.

Our stakeholders

Our investors:
Delivering sustainable returns on capital

Our host nations:
Creating shared prosperity

Our people:
Providing a great place to work

Our investment case

Responsible, safe and reliable operations

Engineering and subsurface technical expertise

Cost focus and capital discipline

Prudent financial strategy with revenues protected by hedging

Commitment to Net Zero by 2030 (Scope 1 & 2 net equity emissions)

West African production base

Over 3 billion bbls of oil in place with <50% produced to date

Unlocking upside value

Realise value from discovered resources in Kenya, positions in emerging exploration basins and M&A

Generate material free cash flow from production

Plan to reach gearing of 1.5x net debt: EBITDAX by 2025 at $65/bbl

Deliver tangible social and economic benefits to our host nations

Significantly reduce carbon emissions from our operations

Create value for our investors, host nations and people

Managing our risks

Commercial	See more on page 38 & 39	Financial	See more on pages 38, 39 & 40
Stakeholder	See more on page 39	People	See more on page 40
Climate	See more on page 40	Ethics & Conduct	See more on page 41
EHS or security	See more on page 39	Cyber	See more on page 41

A strategy to fulfil our purpose

Over the past year, Tullow has refined its strategy in light of growing climate pressures, and we believe the oil and gas industry can, and should be, an engine of development for developing economies, particularly in Africa. As long as global hydrocarbon demand exists, it is imperative that Africa's oil and gas assets are managed responsibly, efficiently and transparently and that oil and gas production in developing economies creates long-lasting economic and social benefits. Tullow has a long and strong history in Africa and is well positioned to continue as a leader in the continent's oil and gas industry.

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

1 Focus on oil and gas

2 Grow our business

3 Focus on costs

4 Achieve operational excellence

5 Be a trusted partner

6 Maintain our licence to operate

7 Create a collaborative and supportive workplace

We intend to fulfil our purpose through the following strategy:

1

To produce and develop oil and gas resources in Africa

We believe that reliable and adequate energy supplies are critical for world economic and political stability and that fossil fuels will remain an integral part of the energy mix for some time. Therefore, oil and gas resources need to be developed and produced responsibly. Africa continues to suffer from extreme energy poverty and there is a strong case for a fair transition where African economies have the opportunity (like much of the world until now) to benefit from the responsible development of their resources.

2

To grow our business through the development of discovered resources, near field exploration and M&A

The Jubilee and TEN fields in Ghana provide a set of highly profitable investment opportunities through a combination of infill drilling, facilities expansion, production from currently undeveloped parts of the fields and near field exploration. Tullow's non-operated production in Gabon and Côte d'Ivoire also provides infrastructure-led (ILX) exploration opportunities and a number of diverse low-risk investment projects. Tullow will also seek to realise upside through its discovered resources in Kenya and unlock value from its exploration assets. As many companies allocate capital away from the upstream business and divest assets, Tullow also has potential to grow its business through acquisitions.

3

To continue to focus on cost management and capital efficiency to deliver a robust balance sheet

We continue to carefully manage our costs and believe that every barrel matters and every dollar counts. The issuance of $1.8 billion of Senior Secured Notes with a $500 million revolving credit facility in May 2021 has put Tullow on a much firmer financial footing and the Group now has a pathway to invest in its assets to maximise their value.

4

To be a competitive operator, renowned for operational excellence, strong safety standards and leading geoscience expertise

We must achieve low cost and capital efficient operations to produce barrels competitively while ensuring the safety and wellbeing of our people and minimising our environmental impact. Delivering reliable asset performance is critical to this, carrying out timely maintenance and having the right processes and people in place to maximise uptime.

5

To be a trusted partner, supporting the economic development of emerging, oil-exporting economies

Tullow's assets generate material revenues for governments through the production and sale of oil and gas. Our assets also have the potential to allow us to partner with governments to contribute towards domestic energy needs and help alleviate energy poverty in Africa. This must be achieved with high standards of compliance, zero tolerance for corruption and continuous tax transparency to maintain and develop quality relationships with our host governments.

6

To maintain our social license to operate and ensure continued access to capital through environmental stewardship and our commitment to shared prosperity

Tullow is committed to developing local content and investing in social projects to improve the everyday life of the people in our host nations. With a target to achieve Net Zero by 2030 on Scope 1 and 2 net equity emissions and an emphasis on responsible operations, Tullow will ensure that the oil and gas resources of host countries are developed efficiently and safely while minimising the environmental impact. Through our work, we will deliver shared prosperity and create value for our investors, staff, host nations and communities.

7

To create a collaborative, supportive and transparent work environment where our people have a breadth of opportunities to grow and develop

We are fostering an open team culture, with good engagement from our people. Equality and transparency are central to the way we operate and to helping us earn the trust of all those with whom we interact. Tullow is becoming more performance focused, empowering our people to deliver and be valued for their contribution. We also have a renewed focus on diversity and inclusion, recognising that collectively leveraging our individually diverse backgrounds and experiences will make us a more successful organisation.

Positioned to build a positive and sustainable future in Africa

Phuthuma Nhleko joined Tullow in October 2021 as a non-executive Director and became Chair of the Group in January 2022. Phuthuma brings extensive emerging markets experience to Tullow having worked successfully across Africa over the past three decades. He discusses his initial reflections and ambitions for Tullow.

> "2021 has been a transformational year for the Company and I am excited to join at this important stage in its development. With a stable balance sheet and a clear strategy underpinned by a commitment to Net Zero by 2030 and to responsible and safe operations, Tullow is well positioned to re-establish itself as a leader in Africa."

Phuthuma Nhleko
Chair

It is an honour to serve as Chair of your Company and I believe that Tullow has an important and significant role to play in Africa in developing and producing host nations' hydrocarbon resources. I have followed Tullow with much interest since its inception and I have been particularly impressed with the successful operational turnaround and transformational refinancing achieved in 2021. Your Company is now well positioned for a positive and sustainable future, building on its strong position and reputation in the African oil and gas sector. I am privileged to succeed Dorothy Thompson who ably steered Tullow through some difficult and turbulent times and Dorothy leaves Tullow with our best wishes and thanks for a job well done.

A new direction and delivery in 2021

At the Capital Markets Day held in November 2020, Rahul and the team set out a new direction for Tullow. The long-term Business Plan focuses our capital principally on the large resources that underpin our producing assets, while also seeking to unlock value from our material positions in Kenya and emerging basins. With a singular focus on costs, the team is working to deliver high margins and cash flows to fund our investments and reduce debt. A disciplined approach to capital allocation is ensuring high returns and rapid paybacks. Our strong geoscience and subsurface skills are enabling us to maximise recovery and add additional resources to provide further value from our producing base.

I am pleased to report that in 2021 the team have made demonstrable progress in delivering the Corporate Business Plan. Nearly $1 billion in self-help was delivered through cost savings and the successful sale of non-core assets. This, along with the early evidence of operational improvements, positioned us for a transformational $1.8 billion bond issuance in May which has provided a pathway for the Company to invest in its assets to maximise their value. A relentless focus on operations is delivering strong performance at both FPSOs in Ghana and successful drilling campaigns in Ghana and Gabon. Notable production growth came from Jubilee in Ghana and Simba in Gabon, but production was lower than expected from TEN and Espoir. At the same time, oil prices have recovered from historical lows in April 2020, to over $120 per barrel today. All together, the Group is on a far stronger financial and operational footing.

Financial discipline

I have been struck by the team's commitment to cost management and capital discipline. There has been a lot of enthusiasm around Rahul's encouragement to our staff to treat every dollar of spend as if it was their own. I am very supportive of this approach given that Tullow's debt remains elevated. Achieving an optimum and sustainable capital structure and making the balance sheet more robust remains one of the Board's top priorities. Furthermore, the now evident inflationary pressures in the oil services sector underline the importance of tight cost control.

Les Wood

As previously announced, Les Wood, Chief Financial Officer, will step down from the Board and leave Tullow on 31 March 2022, having been Chief Financial Officer since 2017. Les's leadership of the finance team culminated in last year's comprehensive debt refinancing. We thank Les for his significant contribution to Tullow and wish him the best in his future endeavours. As at the date of this Report, Tullow's recruitment of a new CFO and Executive Director to replace Les is ongoing and the process is expected to conclude shortly. The Nominations Committee has approved the appointment of Richard Miller, Group Financial Controller, as interim CFO with effect from 1 April 2022. Richard is a chartered accountant and has worked in a number of senior roles within Finance since he joined Tullow in 2011.

Tullow – a leader in Africa

Notwithstanding the ongoing focus on reducing the use of fossil fuels, the world will consume more energy going forward and fossil fuels will remain an integral part of the energy mix for the foreseeable future. There is a need for oil and gas resources to be developed and produced, but this has to be done responsibly and with minimal environmental impact. To this end at Tullow, we have a responsibility to reduce and, in time, eliminate the emissions under our control. Our Net Zero commitment underscores the seriousness of our intent.

Through my extensive experience of heading the MTN Executive team as we established telecommunication infrastructure across many African countries, I have witnessed the positive impact of the oil and gas industry on economic development. At the same time, Africa continues to suffer from extreme energy poverty, with a minimal contribution to global emissions. So, I believe there is a strong case for an energy transition where African economies have the opportunity to benefit from the responsible development of their resources. This was aptly highlighted by HE Nana Akufo-Addo, the President of Ghana, in his speech at COP26 in Glasgow, when he said: "We believe that a balance must be struck and maintained between our social, economic and environmental imperatives".

Today, Tullow is uniquely placed to be a leader in Africa and deliver the balance that was highlighted by President Akufo-Addo. As many companies look to exit or reduce their exposure to Africa, we have renewed our commitment to the continent and are seeking to grow. Through the safe and efficient delivery of our business plan, we will bring shared prosperity to our host nations and communities, while reducing our environmental impact.

I look forward to bringing my experience from doing business in Africa to Tullow and to building relationships with our key stakeholders across our countries of operation. One of my key areas of focus will be Ghana, where I hope to positively contribute to the delivery of the 'Ghana Value Maximisation Plan' and delivering shared prosperity to our host nation. I am also pleased to note the constructive relationship between Tullow and the Government of Ghana, even where we have material differences of opinion in certain areas, and continued strengthening of our partnership will be one of my key areas of focus going forward.

Conclusion and outlook

2021 has been a transformational year for your Company and I am excited to have joined Tullow at this important stage in its development. With a stable balance sheet and a clear strategy underpinned by a commitment to Net Zero by 2030 and to responsible and safe operations, Tullow is well positioned to re-establish itself as a leader in Africa. I look forward to working with Rahul and his team as they grow the business, deliver Shared Prosperity and create value for our investors, staff, host nations and communities.

Phuthuma Nhleko
Chair

8 March 2022

A year of progress, delivery and operational improvement

In 2021, Tullow underwent further transformation under the lead of Rahul Dhir, Chief Executive Officer. Rahul outlines the progress Tullow has made and how the Group is well positioned to reach its full potential.

> "We believe that oil and gas production can, and should be, a driver of long-lasting economic and social change in developing economies."

Rahul Dhir
Chief Executive Officer

This has been a year of profound change and transformation for Tullow. I am very proud of the progress achieved in the midst of existential challenges facing our industry and the COVID-19 pandemic. We began the year in refinancing talks with our lending banks and bond holders and had reached a firm financial footing by year end. The delivery of our long-term Business Plan is progressing well, and our performance is at the upper end of expectations with significant improvements in safety, operating efficiency and drilling performance.

Board changes

Tullow's transformation owes much to two colleagues who are leaving Tullow. Dorothy Thompson, who very ably led Tullow through the end of 2019 as non-Executive Chair and until 8 September 2020 as Executive Chair, stepped down from the Board on 31 December 2021. Les Wood, our Chief Financial Officer, who has delivered Tullow's financial strategy during this critical time, will step down on 31 March 2022. I am deeply grateful to both Dorothy and Les for their tremendous contribution to Tullow and for their support to me in my first 18 months as CEO. Please join me in wishing them well for the future.

I am delighted to welcome Phuthuma Nhleko as our new Chairman. Phuthuma is a widely acclaimed business leader with a deep understanding of doing business in Africa, having contributed to building a successful and truly pan-African business. He also brings experience from listed companies across international markets, including the UK and Africa.

As at the date of this Report, our recruitment process of a new CFO and Executive Director is ongoing and the process is expected to conclude shortly.

I look forward to working closely with both Phuthuma and our new CFO when appointed as we re-establish Tullow as the leading oil and gas company in Africa.

Our performance in 2021

As ever, my first priority is the health and safety of our staff and everyone who is associated with our operations. There has been a marked improvement in our EHS performance relative to last year, despite increased activity levels. This has been achieved through the implementation of a safety improvement plan, active leadership interventions and a good reporting culture.

Unsurprisingly, COVID-19 mitigation remained top of mind across our entire business. We experienced a small number of positive COVID-19 cases offshore and took rapid and decisive action, including temporarily reducing manning. Consequently, there was no impact on safe production operations and the potential for contagion was contained. 100% of our core crew in Ghana are now vaccinated.

The successful refinancing of our debt was the highlight of the first half of the year. Substantial self-help in the form of cost reductions and asset sales, strong operational performance, and improved market conditions allowed us to address our near-term debt maturities. The longer maturities of our current debt provide the financial headroom and afford us time to invest in our assets and deliver production and value. This was a transformational transaction. I am indebted to all those in the Company who worked on the project and our external advisers for successfully executing this transaction.

Our improved financial situation has been further enhanced by our operational performance and I am very pleased to report that Tullow performed well in 2021 with improvements in FPSO uptime, gas offtake and water injection. This strong operational performance was also reflected in our drilling programme that saw Tullow successfully drill and complete four wells (three at Jubilee; one at TEN) in 2021 and allowed us to achieve notable production growth at Jubilee where average daily production grew from c.70,000 bopd at the beginning of 2021 to c.90,000 bopd by the end of the year. This production growth was partially offset by lower than expected production at TEN following higher production decline rates than expected at some wells.

The drilling programme in Ghana is at the core of our strategy and underpins the Ghana Value Maximisation Plan. The early success of this plan validates our thesis that we can deliver production growth and value through a well-crafted capital investment programme. Because of this success, we are engaging with our partners in Ghana and considering whether to hire a second rig for use in Ghana in early 2023. We are also in the process of increasing our equity interests in both the Jubilee and TEN fields following the exercise of our right of pre-emption related to the sale of Occidental Petroleum's interests in Ghana to Kosmos Energy. These initiatives align well with our evolving drilling plans for 2022–25 which are focused on the eastern flank of the Jubilee field and the Greater Ntomme and Tweneboa areas at TEN.

In Gabon, we continue to deliver stable production. Our operational and subsurface teams have worked closely with our partners to identify surrounding near-field prospects that can sustain and increase production. The Simba expansion project was accelerated into 2021 and the Sim-03 well was completed in September. Consequently, production from Simba is expected to be 40% higher year-on-year.

We reoriented our exploration effort to enhance value in our core areas. Consequently, there was much focus on the Tano Basin across Ghana and Côte d'Ivoire, maturing some interesting opportunities in the vicinity of the TEN FPSO. In Gabon, the team has matured several prospects around the Simba and the Tchatamba South licences.

We exited 11 blocks in 2021 which we assessed to be insufficiently attractive to justify further investment. Tullow retains material positions in emerging basins in Guyana and Argentina and continues to seek strategic partners, to reduce its capital exposure in these areas. To date, we have been unable to secure new partners resulting in expected exploration capex in 2022 of c.$45 million.

Another area with very significant change in 2021 has been in Kenya where our team, in close consultation with our Joint Venture Partners, reworked the development plan. The new plan targets more resources, delivers higher production and significantly cuts the project costs. This plan has restructured a commercially difficult project into an investible opportunity and we have good engagement with the Government of Kenya. Accordingly, we are now working with potential strategic partners to reduce our stake in the project to be more in line with a company of our size and I expect to see our work in Kenya progress materially in 2022.

Stakeholder engagement

I have been greatly encouraged by the supportive and open engagement with all our major stakeholders. As travel restrictions eased, I have been able to meet many of our key stakeholders in person. In Ghana, HE Nana Akufo-Addo, the President of Ghana, as well as the Minister for Energy, Hon. Dr. Prempeh, Finance Minister, Ken Ofori-Atta and other senior officials have been very supportive of our investment in the Ghana Value Maximisation Plan. This support also lends itself to constructive discussions on some of our more challenging issues, for example in respect of our dispute with the Government of Ghana over branch profit remittance tax where, after consultation with the Government of Ghana, the matter was referred to international arbitration (full details on page 119). It was recognised that it is not uncommon to utilise the dispute resolution process in Petroleum Agreements to resolve such disagreements. I commend the Government of Ghana for not letting this ongoing dispute distract from our core business of developing and producing Ghana's oil & gas and I am confident this will continue to be the case going forward. In Kenya, Cabinet Secretary for Energy, Hon. John Munyes, and Permanent Secretary Andrew Kamau and their teams have monitored and challenged our thinking as we developed the revised Field Development Plan. The Ivorian Energy Minister, Hon. Thomas Camara, and his team have engaged as we have refined the prospectivity in CI 524 and developed our plans for further investment in Côte d'Ivoire. Colleagues across our Partners and at our key suppliers have worked closely with us as we have developed and implemented our Business Plan and improved operational performance. In May 2021, we appointed a Ghana Advisory Board of Phyllis Christian, Elly Ohene-Adu and Alex Hutton-Mills to provide strategic guidance and advice on our operations in Ghana and the delivery of our business plan. I am already benefitting enormously from their counsel on managing key relationships and delivering shared prosperity in Ghana.

Climate and Shared Prosperity

I reflected in last year's Annual Report on why I joined Tullow and why the Company's commitment to climate risk management and shared prosperity is so important. This year, as part of this commitment, we have taken two important steps with regard to our wider responsibilities to society and the countries in which we work. In March 2021, we committed to being Net Zero on our Scope 1 and 2 net equity emissions by 2030, supporting the goal of limiting global temperature rise to well below 2°C as per Article 2 of the Paris Agreement. We will achieve this through decarbonising our production and offsetting hard to abate emissions through nature-based solutions. In September 2021, we laid out our purpose – affirming our belief that oil & gas production can and should be a driver of long-lasting economic and social change in developing economies as long as those resources are developed efficiently, safely and responsibly. This supports a fair energy transition for African countries and aligns with the outcomes of COP26 which recognises the need to "strengthen climate action in the context of sustainable development and efforts to eradicate poverty". For more details about how we manage our impact and deliver shared prosperity, I would ask shareholders to read our Sustainability Report which you can also find at tullowoil.com.

Outlook

Our successful transformation in 2021 has been driven by the hard work of the entire Tullow team. We are fortunate to have dedicated and committed colleagues who deserve the credit for Tullow's vastly improved performance and balance sheet. They are well aware, as I am, that we remain a company in transition and that the job is not complete. However, there should be no doubt that we have the assets, the plan, the capital structure and financial discipline to reach the full potential of this company. I would like to thank all our host governments and communities, Joint Venture Partners, staff and our investors for their continued support and I look forward to another year of delivery in 2022.

Rahul Dhir

Rahul Dhir
Chief Executive Officer

8 March 2022

How our business creates value

Tullow's business model is to monetise oil and gas from our portfolio of assets and in doing so, fulfil our purpose of building a better future. Tullow's focus has changed in recent years from an exploration-led business to a company focused on unlocking value from its producing assets. This is reflected in our decision to allocate in excess of 90% of our capital expenditure to our producing assets.

Inputs

Our investors:

Tullow has both equity and debt investors. We regularly meet with our investors to update them on our business and listen to their feedback.

1.4bn issued shares

Our host nations:

Tullow requires the support of host governments to operate in their licences and/or to gain approval to develop their resources.

8 countries of operation

Over **30** licences

Our people:

Our highly experienced and committed professionals work hard to deliver Tullow's business plan while upholding our values.

353 employees

Funding

Self-funded business through cash from operations

Business priorities

- Safe, reliable operations and production performance
- Unlock value from discovered resources and exploration acreage
- Cost and capital discipline
- Utilise geoscience expertise in engineering, subsurface and exploration
- Deliver tangible social and economic benefits to our host nations
- Strengthen the balance sheet

Investment decisions

Balance investment for both near and longer-term cash flow

Delivering improved operating performance to maximise value from our producing assets is a key focus, alongside steps taken to reduce our cost base and simplify our capital structure. Together, these building blocks deliver a highly cash generative business plan that seeks to generate material cash flow to fund investment, grow our business and reduce debt, while providing multiple benefits to our host nations. We have a number of stakeholders but consider our investors, our host nations and our people to be the primary participants for our business.

Cash generation

Generate material cash flow

Use of cash

- Reinvest and grow our business
- Service and repay debt
- Shareholder returns

Capital allocation

- >90% allocated to maximising value from our producing assets, including near field exploration
- Limit capital at risk from exploration
- High levels of scrutiny across G&A costs
- Appropriate investment in our Net Zero and sustainability strategies

Value creation

Our investors:

Our platform for growth and path to lower debt is expected to deliver a tangible increase in equity value. Our commodity hedging portfolio provides significant oil price downside protection for our revenues.

$711m

2021 operating cash flow

Our host nations:

The sale of oil and gas generates material revenue for host nations in terms of taxes paid. We also invest in local suppliers to help run our operations.

$234m

Payments to Governments

Our people:

We provide appropriate reward and recognition through compensation and benefits. We are building a culture of empowerment with a commitment to invest in development.

760

Recognitions shared through our 'Celebration Hub'

A recovering market amidst an ongoing global pandemic

2021 brought hope for global economic growth following 2020's downturn. Energy prices have seen a strong recovery while the pathway to Net Zero has been brought into even sharper focus.

1 Geopolitics

The ongoing COVID-19 pandemic remained the key global political and economic risk in 2021

In 2021, COVID-19 continued to dominate the political agenda as the world moved away from the strict enforcement of major non-pharmaceutical interventions and towards controlling the pandemic through vaccines, anti-viral treatments and testing.

Towards the end of 2021, the pandemic took an unexpected turn with the Omicron variant, which was first sequenced in South Africa, spreading rapidly in every continent but with very different and milder outcomes to previous waves for those affected and especially for those with prior immunity either through previous exposure to the virus or vaccination.

The global economy was surprisingly robust in 2021 as economies rebounded to close to pre-pandemic levels. Consumers took advantage of savings made during periods of lockdown and of low interest rates which, in turn, lead to significant increases in inflation. This spike in inflation will likely be controlled by interest rate rises through 2022 albeit from historically low levels.

The oil price recovered strongly in 2021 as international travel re-started and as governments, particularly state and national government in the US, indicated that they were not inclined to deal with future virus waves through lockdowns and long-lasting travel restrictions. The oil price also benefitted from a disciplined approach in OPEC+ which has very effectively pushed prices up and pushed oil in storage down. The lack of investment in oil and gas developments since the oil price crash of 2014 has also had, and will continue to have, a significant effect on the oil price.

Other commodities also increased in price as economies rebounded, supply chains became stretched and worker shortages intensified. In the UK and Europe, natural gas prices rose by as much as 900% on the previous year reaching a high of 452p/therm on 21 December as President Putin of Russia demonstrated his control of gas supplies into a highly gas-constrained EU.

In Africa, the pandemic has had a sporadic effect with significant monitoring of COVID-19 limited to only a few African countries and it continues to be difficult to be entirely certain about how far the virus has spread in Africa. Vaccine take-up in Africa has also been limited both by low levels of supply from developed countries and the UN's COVAX programme and by lack of demand due to distrust of government.

Either way, Africa did not recover as quickly as developed economies and that slower rate of growth is forecast to continue into 2022 with a number of countries having to consider painful debt re-structuring. African leaders were both present and vocal at COP26 in Glasgow with a number of senior leaders pointing out the need for a just energy transition for Africa that reflected the continent's minuscule impact on global warming and low levels of current and historic carbon emissions. Some African Heads of Government, including President Akufo-Addo of Ghana, went further and stressed their determination that African countries be allowed to develop their natural resources, including hydrocarbons, as part of a just energy transition.

Looking ahead, there are local and national elections in Kenya towards the end of 2022 and the outcome, at this point, remains uncertain.

2 Oil price

2021 saw a strong recovery in the oil markets with prices topping $80/bbl and upward pressure driven by the gas market, although COVID-19 remained a concern through year-end

2021 was a year that saw a volatile and uneven recovery from the pandemic, with the oil and refining markets each responding differently. Brent crude traded inside a $50–86/bbl range and an average of $71/bbl. Prices rose firmly in January amid the prospect of tighter crude supply and a declining trend in global oil stocks, before surging more than 15% in February, reaching the highest monthly average ($62/bbl) since January 2020. March marked the fifth consecutive month of rising crude prices, supported by positive fundamentals including projections of a stronger economic rebound in 2H21, and an acceleration in the vaccination roll-out, mainly in the OECD region. The second half of

March saw financial investors liquidating part of their bullish positions as the market began to soften. April then saw the first crude price fall in six months amid a resurgence of COVID-19 in a number of countries, stoking fears around reduced near-term demand. This was reversed by strong gains in May as prices rose 6% m-o-m, with APAC and European refiners showing buying interest in advance of the summer driving season and expectations of further demand recovery, while the accelerated vaccination programmes and easing of mobility restrictions in Western countries eclipsed the worsening situation in several Asian countries. The decision of OPEC to gradually adjust production from May to July also supported market confidence. This continued firmly throughout June and into July amid a volatile futures market and strong physical market fundamentals. However, financial investors reduced their long positions in July given concerns around the new Delta variant of COVID-19 and expectations of increasing global supply. Prices in August reflected such concerns, falling due to concerns around short-term demand outlook in Asia, higher global supply, and mixed economic data. However, this was reversed somewhat in the last week of the month as concerns around demand eased, and the rebound continued firmly in September (c. 5% m-o-m) with an improved COVID-19 situation in Asia and supply disruptions in the Gulf of Mexico after Hurricane Ida. Concerns around the risk of natural gas and coal shortages in Asia and Europe further boosted oil demand as a substitution fuel source. October saw a price surge of more than 12% with prices surpassing $80/bbl, driven largely by concerns over supply issues in Asia and Europe's power sector ahead of the winter period, with soaring gas and coal prices. The end of the year saw a decline in prices amid fears surrounding the COVID-19 Omicron variant and an increase in cases in Europe and elsewhere, as well as concerns around strategic reserve releases, while gas prices moved lower, with a December average oil price of $75/bbl.

3

Climate Change Policy and energy transition

COP26, hosted by the UK Government in Glasgow, was the clear highlight for Climate Policy in 2021

Prior to COP26, the United Nations' Environment Programme (UNEP) issued a report stating that current commitments to cut greenhouse gas emissions put the planet on track for a rise of 2.7°C temperature this century which is some way short of the 2 / 1.5°C target adopted in 2015 as part of the Paris Agreement. Their October 2021 report stated that new and updated Nationally Determined Contributions would only take off 7.5% of predicted 2030 emissions while 55% is needed to meet the 1.5°C target. This followed a report by the Intergovernmental Panel on Climate Change (IPCC) in August 2021 that stated global warming was dangerously close to spiralling out of control. During the Northern Hemisphere summer, a number of weather-related events also served to focus the minds of global leaders in the run up to COP26, including record-breaking summer temperatures in the Pacific North West and devastating flooding in Germany and Belgium in July 2021.

Despite these events, COP26 delegates met with low expectations about what might be achieved and, while COP26 did not meet some of the loftier targets that were set, the main outcomes at least suggested that good progress had been made and that further progress is possible.

Key outcomes included the launch of the Glasgow Financial Alliance for Net Zero (GFANZ) which saw more than $130 trillion of private capital committed to transforming the global economy towards the Paris climate goal of 1.5°C, a commitment by major banks to ending all international public financing of new unabated coal power by the end of 2021, an agreement by more than 100 countries to decrease their methane emissions by 30% by 2030 compared with 2020 levels and the establishment of a new International Sustainability Standards Board (ISSB) to increase the global focus on climate risk disclosure and reporting.

On the debit side, the failure to, as the UK Government had wanted, "consign coal to history" led the headlines at the end of the conference and the commitment to secure $100 billion of climate finance, originally agreed at COP15 in 2009 in Copenhagen, was pushed to 2023.

Looking at COP26 from a Tullow perspective, the focus on coal meant that oil and gas were barely mentioned while COP27, which is taking place in Cairo in November 2022, seems likely, given its location, to place far greater emphasis on Africa and on developing economies.

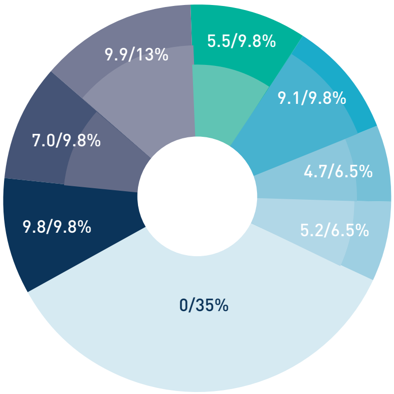
Elsewhere, progress towards an EU Taxonomy, which the UK will likely mirror, continued. The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. The Taxonomy is a transparency tool that will introduce mandatory disclosure obligations on some companies and investors, requiring them to disclose their share of Taxonomy-aligned activities. This disclosure of the proportion of Taxonomy-aligned activities will allow for the comparison of companies and, critically, investment portfolios and will guide market participants in their investment decisions.

Climate Change and Energy Transition continue to be topics of considerable national and international debate but in the last quarter of 2021 the dynamics of this debate changed. First, leaders from Africa and other developing countries made it clear through their contributions at COP26 that their voices would be heard and that an unfair energy transition that failed to recognise which countries had made the biggest contributions to global emissions would not be acceptable. Second, very high gas prices in Europe driven both by geopolitics and reliance on gas imports suggested that Western Europe needed to think again about how it would meet the energy demands and price expectations of its people.

Measuring our performance

Our scorecard aligns both executive pay and employees' performance-related pay to Key Performance Indicators (KPIs) measuring our performance across a range of operational, financial and non-financial measures.

2021 Scorecard



■	1. Safety	9.8/9.8%
■	2. Financial Performance	7.0/9.8%
■	3. Production	9.9/13%
■	4. Business Plan Implementation	5.5/9.8%
■	5. Capital Structure	9.1/9.8%
■	6. Sustainability	4.7/6.5%
■	7. Leadership Effectiveness	5.2/6.5%
□	8. Total Shareholder Return	0/35%

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KPI	Performance
1. Safety	2 TRI recorded in 2021 (TRIR 0.43), maximum score achieved 0 number of LOPC at either Tier 1 or Tier 2, maximum score achieved
2. Financial Performance	Normalised Operating Cash Flow (OCF) at $499 million
3. Production	Group Oil normalised production at 58.3 kbopd Jubilee production efficiency at 98%; TEN production efficiency at 97%
4. Business Plan Implementation	94% of the 2021 capex work programme completed at spend totalling $229 million
5. Capital Structure	Transformational debt refinancing has put Tullow on a firm footing to deliver our Business Plan and unlock value in the future
6. Sustainability	We renewed our commitment to sustainability with a particular focus on climate change risk management and shared prosperity. In March 2021, we committed to being Net Zero on our Scope 1 and 2 net equity emissions by 2030
7. Leadership Effectiveness	The strength and cohesiveness of the leadership team worked with an engaged workforce resulted in successful delivery of the business activities and improve performance in 2021. Together with the strong support and collaboration of the Board, the leadership team worked in 2021 to position the organisation for sustainable success
8. Total Shareholder Return[1]	TSR position is bottom quartile

The safe and responsible operation of our assets is always our first priority and through the implementation of safety improvement plans, contractor engagement, active leadership interventions and a strong reporting culture we have improved our EHS performance resulting in top quartile 2021 performance versus our industry peers. There were two recordable injuries in 2021 (versus 8 in 2020) and no incidents for Loss of Primary Containment (LOPC). The same operational improvements were evident in our production efficiency with both TEN and Jubilee achieving over 97%. For Jubilee this was a significant improvement on previous years. This helped actual production exceed the Budget and even after normalising for one-off benefits we were close to matching our Scorecard target.

Actual Operating Cash Flow of $711 million was significantly higher than Budget thanks to the higher oil prices in 2021 but for the Scorecard KPI we normalised back to our Budget price assumption. This means the KPI focused on cost and working capital management. As a result, our normalised OCF was $499 million resulting in a 7.0% score.

The Business Plan Implementation KPI tracks our delivery of the capital investment in the Budget (what percentage of the work programme have we delivered) and have we delivered it on cost (have we adhered to the Budget costs). We delivered 94% of the Budget work programme for a spend of $229 million. An additional $35 million of capital spend was for additional projects approved post the Budget e.g. the extra wells drilled on Jubilee because we were ahead of schedule.

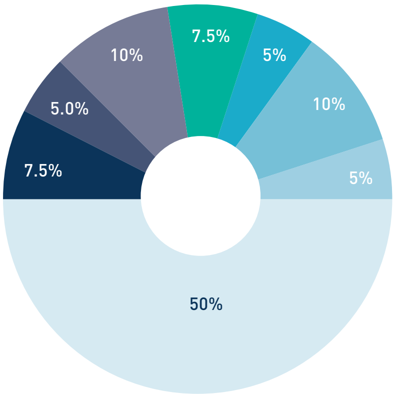
The refinancing of our debt in the first half of 2021 was a significant achievement for the Company. The Board gave a 9.1% score out of maximum score of 9.8% due to the increased ongoing financing costs resulting from the refinancing.

The Sustainability KPI was measured against a series of milestones which tracked our delivery against several key themes, shared prosperity, local content, employee engagement, corporate governance, and progress of our Net Zero plans.

Finally, the Board made a judgement on the effectiveness of the Senior Leadership Team 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, the engagement of the workforce, and the successful delivery of business activities in 2021. They concluded the improved performance in 2021 has been driven by the hard work and unrelenting dedication of the entire Tullow team and with the strong support and collaboration of our Board, resulting in a 5.2% score.

[1] TSR is only applicable to CEO and CFO Remuneration. Remuneration for the wider workforce is based on all other KPIs.

2022 Scorecard



1. Safety	7.5%
2. Financial Performance	5.0%
3. Production	10.0%
4. Business Plan Implementation	7.5%
5. Sustainability	5.0%
6. Unlocking Value	10.0%
7. Leadership Effectiveness	5.0%
8. Total Shareholder Return	50.0%

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KPI	Performance	Strategic objective
1. Safety	Total Recordable Incident Rate (TRIR) of between 0.78 and 0.51; Loss of Primary Containment (LOPC) Tier 1 and 2 as per IOGP definition of 1 or less at Tier 2 and 0 at Tier 1	4
2. Financial Performance	Group underlying Operating Cash Flow (OCF) of $513 million to $627 million at a Brent price of $60/bbl	1 3
3. Production	55–61 kobpd produced; Jubilee production efficiency of 96–98%; TEN production efficiency of 97–99%	1
4. Business Plan Implementation	Achieve 100% agreed work programme for $452 million agreed budget	1 2
5. Sustainability	Achieve 90 to 100% of ESG key deliverable milestones	5 6
6. Unlocking Value	Having completed the refinancing in 2021, focus is now on unlocking value through a number of critical actions discussed below	2
7. Leadership Effectiveness	Organisation is positioned for sustainable success	7
8. Total Shareholder Return[1]	Creating shareholder value	1 2 3 4 5 6 7

The 2022 scorecard remains largely the same as the 2021 scorecard as it reflects a focus on performance with clear output KPIs at the Group level balanced with a series of input targets across all other levels of the business. It ensures safety is prioritised alongside operational targets, and balances short-term production targets with longer-term business value, Business Plan implementation and leadership to stabilise and then grow our business, whilst delivering a robust response to sustainability.

With input from the Extended Leadership Team, the Remuneration Committee have identified a number of critical actions for 2022 that have the potential to unlock value. These include completing the pre-emption of the sale by Occidental Petroleum to Kosmos of its interests in the Jubilee and TEN fields in Ghana, making progress on a farm down in Kenya, a successful takeover of operatorship of the Jubilee FPSO, progressing the commercialisation of gas in Ghana, resolving ongoing tax disputes and further optimisation of our portfolio to maximise value.

1 TSR is only applicable to CEO and CFO Remuneration. Remuneration for the wider workforce is based on all other KPIs.

A review of our operations

Production, reserves and resources

In 2021, Group working interest production averaged 59.2 kboepd, in line with guidance, with notable production growth from the Jubilee field in Ghana and Simba field in Gabon, but lower production than expected from the TEN fields in Ghana and the Espoir field in Côte d'Ivoire.

In 2022, Group working interest production guidance is 55 to 61 kboepd. This forecast is based on Tullow's existing equity interests in Jubilee (35.48%) and TEN (47.175%) and will be adjusted following completion of the pre-emption of the sale of Occidental Petroleum's interest in Ghana to Kosmos Energy. The estimated full year impact of the completed pre-emption would be an addition of c.5 kboepd (net) to the Group's 2022 production forecast, subject to adjustment for completion timing.

Group average working interest production	FY 2021 (kboepd)	FY 2022 guidance (kboepd)
Ghana[1]	**42.1**	**39–42**
Jubilee	26.6	28–30
TEN	15.5	11–12
Non-operated portfolio[2]	**17.2**	**16–19**
Total production	**59.2**	**55–61**

[1] Ghana production represented before impact of pre-emption on Deep Water Tano (DWT) Block

[2] 2021 figure includes partial production from assets in Equatorial Guinea and the Dussafu Marin Permit in Gabon, ahead of divestment during the year. 2022 production guidance does not include any production from these assets.

The Group's audited 2P reserves decreased from 260 mmboe at the end of 2020 to 231 mmboe at the end of 2021. About half of this reduction was the result of the sale of assets in Equatorial Guinea and the Dussafu Marin Permit in Gabon (15 mmboe). Reserve additions and positive revisions included a 13 mmboe increase at Jubilee following improved field performance and acceleration of new projects and a 11 mmboe increase in the non-operated portfolio due to better field performance and maturation of new projects. These gains were offset by a 16 mmboe decrease at TEN reflecting poorer than expected Ntomme field performance and re-categorisation of certain reserves at Enyenra. Overall, with the Group producing 22 mmboe during 2021, the organic reserves replacement ratio was approximately 36%.

The Group's audited 2C resources decreased from 640 mmboe to 623 mmboe. The reduction was driven primarily by the sale of assets in Equatorial Guinea and Gabon, the maturation of selected TEN projects from 2C to 2P and poorer than expected field performance at TEN. However, these reductions were largely offset by a positive revision from Tullow's auditors of the Kenyan assets, to align with the updated Field Development Plan.

Ghana

Jubilee

The Jubilee field averaged 74.9 kbopd gross (net 26.6 kbopd) in 2021, ahead of guidance at the start of the year. Average daily production grew from c.70 kbopd at the beginning of the year to exceed 90 kbopd by year-end, as new wells were brought onstream and operational performance remained high with FPSO uptime averaging c.98%, gas offtake rates averaging c.85 mmscfd and water injection rates averaging over 200 kbwpd. The annual gas offtake rate was impacted by overrunning maintenance and subsequent reduced capacity at the Ghana National Gas Company (GNGC) onshore gas processing plant during the fourth quarter of the year. Tullow continues to work closely with GNGC to help improve offtake reliability. Gas offtake has now returned to regular rates of over 100 mmscfd and Tullow and its JV Partners are still targeting average offtake of c.135 mmscfd in 2022.

The drilling programme, which commenced in April, delivered two producers (J56-P online in July, J57-P online in December), one water injector (J55-WI online in September) and a work over (J12-WI online early in January 2022). Strong drilling performance was achieved during the year with wells costing approximately 20% less than wells drilled from 2018 to 2020, ahead of the assumptions included in the Business Plan.

The field continues to perform well, and average 2022 production is expected to increase to between c.80 to 84 kbopd gross (net: 28 to 30 kbopd). This forecast includes a planned shutdown in the second quarter of 2022 for approximately two weeks. Three new wells are planned to be drilled at Jubilee in 2022, focused on delivering reliable in-year production: a water injector, which will provide pressure support to existing producers, is due onstream in the first quarter; this will be followed by a producer and a second water injector.

The core developed area of the Jubilee field has c.1.5 billion barrels gross oil initially in place (STOIIP), with an estimated ultimate recovery (EUR) approaching 40%. To date, around half of the expected reserves have been produced. Outside of the core area, the development of the Jubilee North East (JNE) and Jubilee South East (JSE) areas marks a step change that targets relatively untapped areas of the field, containing over 500 mmbbls gross oil in place. These areas combined gross EUR is over 170 mmbbls gross oil, of which less than 10% has been produced. The 2022 work programme is focused on investment in infrastructure for the JSE and JNE projects that will access the undeveloped resources and lead to meaningful production growth in subsequent years.

TEN

The TEN fields averaged 32.8 kbopd gross (net: 15.5 kbopd) in 2021, below guidance given at the start of the year. This was primarily due to higher production decline rates than expected on particular wells. A gas injector at the Ntomme field (Nt06-GI), was brought onstream in the fourth quarter to provide pressure support to existing production wells. Nt06-GI also encountered oil at the base of the well, de-risking the development potential of areas further to the north of Ntomme. In 2021, uptime on the TEN FPSO was c.97%, water injection was c.65 kbwpd and gas injection was c.135 mmscfd. In 2022, TEN is expected to produce between 22 to 26 kbopd gross (net: 11–12kbopd).

Within the core developed areas of Ntomme and Enyenra, which contain c.750 mmbbls gross oil initially in place (STOIIP), around half of the expected reserves have been produced to date. However, production decline within this core area has been faster than expected and while material reserves remain, the overall view of ultimate recovery from these fields has reduced. As a consequence, Tullow and its Joint Venture (JV) Partners have improved their understanding of the broader TEN area and the significant remaining potential. The addition of undeveloped reservoirs in the Tweneboa area, accessible from the Ntomme riser base area, and the extension of the Enyenra field development to the north and south of the core developed area, introduce a similar volume of undeveloped STOIIP as the core areas. Tullow and its JV Partners will start to target these new areas in 2022, with two development wells planned in the Ntomme riser base area. Investment in infrastructure will allow these to be brought on stream from 2023. Furthermore, an additional production well is planned in the undeveloped Enyenra North area in the fourth quarter of the year.

Operational Transformation Plan

The operational transformation that Tullow embarked on in 2020 has delivered strong performance across safety, reliability and costs. A singular focus on personal and process safety across the organisation and visible leadership have provided a foundation for a strong safety culture. The production potential is being maximised by optimising performance of every element of production from the reservoir to the surface facilities. High levels of facility uptime have been achieved at both FPSOs by addressing long-standing equipment defects and sustaining this by implementing systemised monitoring and mitigating of equipment risk. In addition, Tullow is building an equipment systems maintenance management infrastructure to help sustain the reliability improvements. All this has been achieved by taking more direct control of day-to-day operations on the Jubilee and TEN FPSOs.

In order to build on these improvements and to achieve the ambition to be a top quartile operator in terms of safety, reliability and costs, Tullow, supported by its JV Partners and the Government of Ghana, has taken the decision to self-operate the Jubilee FPSO. Accordingly, Tullow will take over all operations and maintenance (O&M) from MODEC on the Jubilee field when the current O&M contract comes to a scheduled end in 2022. This will allow greater control and integration over the core areas of safety, efficiency, emissions, reliability and local content, in turn presenting an opportunity to further reduce costs.

Progress towards elimination of routine flaring in Ghana

As part of Tullow's commitment to becoming a Net Zero Company by 2030 on its Scope 1 and 2 emissions, work to increase gas processing capacity at the Jubilee FSPO is planned during a scheduled shutdown in the second quarter of 2022, which together with compressor upgrades and other facility de-bottlenecking activities through 2022 and early 2023 will increase gas handling capacity and contribute towards the target of eliminating routine flaring in Ghana by 2025. Other activities planned during the shutdown will focus on maintenance, integrity, and reliability of the FPSO for the long-term.

Ghana gas commercialisation

Associated gas from Jubilee and non-associated gas from the TEN fields has the potential to be a significant value driver for Tullow and for Ghana. In 2009, Tullow and its JV Partners pledged to provide 200 bcf of rich/wet associated gas (Foundation gas) from the Jubilee field free of charge to the Government of Ghana. The Group currently expects to complete the provision of this Foundation gas, which Tullow estimates has delivered over c. $2.4 billion of value to Ghana including the onshore extraction of liquids yields, by the end of 2022. Based on Tullow's calculations, gas from the Jubilee field currently fuels c.30% of thermal power generation in Ghana and continued offtake of associated gas from the Jubilee field is vital to maintaining oil production, increasing power generation in Ghana and the production of Liquid Petroleum Gas for Ghana's domestic market. Tullow is currently in commercial negotiations with the Government of Ghana to finalise the Post Foundation Volume Gas Sales Agreement which would deliver 500 bcf of natural gas and would add c.6 kboepd to Group production. The Group's investment in upstream gas handling infrastructure on the Jubilee FPSO and the ability to supply comingled Jubilee & TEN gas gives Tullow confidence that it can meet growing domestic demand and be the most competitive supplier of gas into the Ghanaian market.

Tullow is also in positive discussions with JV partners and the Government of Ghana on the development of incremental gas volumes present at the TEN fields where c.1 tcf of gas is estimated to be in place. Because of the upstream infrastructure in place, including a gas pipeline to shore, TEN gas is well-placed to be a stable and reliable source of gas at potential rates of 6 kboepd for Ghana and, as the power sector in West Africa develops further, the wider region. With such substantial volumes in place, this resource has the potential to drive significant industrial transformation in Ghana across the mining and petrochemical sectors among others and be a reliable and low-cost provider of wet gas at a time when the benefit of having significant domestic gas supplies is so clear.

Pre-emption of Deep Water Tano component of Kosmos Energy/Occidental Petroleum Ghana transaction

In November 2021, Tullow exercised its right of pre-emption related to the sale of Occidental Petroleum's interests in the Jubilee and TEN fields in Ghana to Kosmos Energy. As a result, Tullow's equity interests are expected to increase to 38.9% in the Jubilee field and 54.8% in the TEN fields upon completion of the transaction. The transaction documents are now in agreed form between Tullow and Kosmos. On this basis, Tullow and Kosmos have jointly requested consent from the Government of Ghana and discussions with the Government are progressing positively.

Non-operated portfolio

Production from Tullow's non-operated portfolio averaged 17.2 kboepd in 2021, including contributions from Tullow's continuing interests in Gabon, Côte d'Ivoire and partial contribution from divested assets. 2022 net production is expected to average between 16 to 19 kboepd.

In February 2021, Tullow announced an agreement to sell its entire interests in Equatorial Guinea and the Dussafu Marin Permit in Gabon to Panoro Energy ASA. The deals were completed in March 2021 and June 2021, respectively, for $180 million including contingent cash payments of up to $40 million which are linked to asset performance and oil price.

In Gabon, the Simba expansion project made good progress in 2021, and an infill well was brought onstream in September 2021. A new 10-inch pipeline, allowing increased oil offtake from the field, became operational in December 2021. After initial operational issues post start-up, the well is now performing as expected and consequently, net production for the Simba field in 2022 is expected to average c.6kbopd, 40% higher than in 2021. Also in Gabon, two infrastructure-led exploration wells were drilled in the year near the Tchatamba field. One well was unsuccessful and the other resulted in the Wamba (TCTS-B14) discovery in the second half of 2021. Wamba is adjacent to the Tchatamba South oil field and extended production tests are planned in 2022.

In Côte d'Ivoire, the Espoir field was shut down for approximately four weeks in the first half of the year following a major incident onboard the FPSO in January 2021. A further shutdown of approximately eight weeks was conducted in the second half of the year to carry out remediation work identified by BW Offshore, the FPSO operator. The field is now back onstream and Tullow continues to engage with the operator (CNR International) on further remediation plans for the FPSO and on identifying development drilling opportunities.

Decommissioning

In the UK, post-decommissioning surveys have been completed and submitted as part of the operated decommissioning programme approval process, with formal approval expected in 2022. The Group's non-operated decommissioning activities are ongoing and are expected to continue through to 2026.

In Mauritania, the Group's operated decommissioning programme of the Banda and Tiof fields is expected to commence in the fourth quarter of 2022. Planning is well advanced, with major service providers secured. Non-operated decommissioning of the Chinguetti field is ongoing and seabed infrastructure clearance is expected to complete this year.

The expected remaining UK and Mauritania decommissioning exposure over 2022-26 is c.$180 million, with over half of this forecast spend in 2022. The final exposure may vary depending on the final required scope and work programmes agreed across the various projects. Provisioning for decommissioning of producing assets in Ghana and parts of the non-operated portfolio has commenced this year at c.$30 million per annum.

Kenya

In 2021 Tullow and its JV Partners (Africa Oil and Total Energies) completed the redesign of the Kenya development project (Blocks 10BB and 13T licences) to ensure it is a technically, commercially and environmentally robust project. The key changes to the development concept have been driven by incorporating the production data from the Early Oil Pilot Scheme (EOPS), optimising the number of wells to be drilled and changing the producer to injector ratio, adding the Ekales field into the first phase of production and increasing the Central Processing Facility capacity to 130,00 bopd and the pipeline size from 18" to 20" to handle the increased flow rates.

These changes have increased total gross capital expenditure (capex), which covers both the upstream and the pipeline to First Oil, to c.$3.4 billion and delivers a 30% increase in resources whilst lowering the unit cost to $22/bbl (previously c.$31/bbl). A higher production plateau of 120 kbopd is now planned, with expected gross oil recovery of 585 mmbo over the full life of the field. This resource position is supported by a Competent Persons Report completed by external international auditors Gaffney Cline Associates (GCA).

Simultaneous to the development, an exploration and appraisal (E&A) plan will be implemented to ensure the remaining five discoveries are developed efficiently. This will extend and sustain initial plateau rates while keeping costs low by using the rigs used for development drilling. The E&A plan also focuses on additional exploration potential within the Blocks 10BB and 13T licences and exploring the wider Blocks 10BA and 12B licence acreage.

Tullow and its JV Partners have taken the opportunity of this review to improve the environmental and social aspects of the project. Carbon emissions will be limited through a combination of heat conservation, use of associated gas for power and reinjection of excess gas into the reservoir. Further, there are opportunities to use the Kenyan national grid that is substantially powered by renewables and options to offset remaining emissions. As per the previous development plan, the 825 kilometres long pipeline that will transport the crude oil from Turkana to the port of Lamu will be heated and buried to avoid long-term disruption. The project will also require water for reservoir pressure which will be abstracted through a pipeline from the Turkwell Dam and will also be used to provide water to local communities. This project would also be Kenya's first oil and gas development and would represent a stable, long-term source of income for the Government of Kenya.

In line with licence extension requirements, Tullow and its JV Partners submitted a final FDP to the Government of Kenya in December 2021, incorporating their feedback on the draft FDP submitted earlier in the year.

Submission of the FDP for the 10BB/13T licences will allow Tullow and its JV Partners to secure the Production Licences for blocks and the continuation of the exploration licences on the 10BA and 12B blocks through the commitments made in the E&A plan. The JV is now working closely with the Ministry of Petroleum and Mines to secure FDP approval which needs to be ratified by the Kenyan parliament. The FDP is conditional on a number of critical work streams for both the Government of Kenya and the JV Partners, including, but not limited to, the successful introduction of a new strategic partner. Constructive discussions with interested parties are progressing as Tullow and the JV Partners look to secure a strategic partner for the project.

> "Through the redesign of the Kenya development concept Tullow and its JV partners have created a commercially and environmentally robust project."

Exploration

In Tullow's core area of West Africa, the exploration team is focused on maturing near-field and infrastructure-led (ILX) exploration opportunities around existing producing fields, to unlock additional value from the Group's asset base.

In Gabon, focus in on strengthening the prospective resource base within the Simba licence and several low-risk and compelling investment options adjacent to infrastructure have been identified which will be considered for future drilling programmes.

In Côte d'Ivoire, Tullow has a 90% interest in offshore Block CI-524 which is a continuation of the proven Cretaceous turbidite plays that are producing at the adjacent TEN and Jubilee fields. This block presents a unique opportunity due to Tullow's deep understanding of the area and its proximity to the Group's producing fields that could realise cost and operational synergies in the event of discoveries. Focus has been on maturing opportunities through 3D seismic reprocessing which has identified additional prospective resources in several stacked reservoirs that are being matured as future drilling candidates. Tullow, together with its JV Partner PetroCi, has proceeded into the second exploration phase in CI-524, which includes a commitment well to be drilled before August 2024.

In Ghana, focus is on opportunities around the Jubilee and TEN fields to unlock additional value from the Group's asset base, with potential reserves additions from ILX opportunities.

Tullow also continues to focus on unlocking value from the substantial prospective resource base in the emerging basins of Guyana and Argentina, while seeking to mitigate capital exposure from historical work commitments. In 2022, commitments include the Beebei-Potaro exploration well in the Kanuku Block in Guyana, which will target the Cretaceous light oil play of the Guyana-Suriname Basin, as well as seismic acquisition over Block MLO 122 in Argentina.

In 2021, Tullow drilled the unsuccessful Goliathberg-Voltzberg North exploration well, on Block 47, offshore Suriname. The well encountered good quality reservoir but only minor oil shows. In Argentina, a multi-client 3D seismic acquisition was completed on Tullow-operated licences MLO114 and MLO119. In Côte d'Ivoire, Tullow has now exited all onshore blocks but retains its 90% interest in the offshore Block CI-524, adjacent to the TEN fields.

The Group continued to rationalise its portfolio during the year and exited 11 exploration blocks in 2021, including all of its licences in Suriname and Peru, reorienting its exploration effort towards near-field and infrastructure-led exploration activities to enhance value in core areas. In January 2022, Tullow also exited the PEL 90 licence in Namibia.

> "The exploration team is focused on maturing near-field and infrastructure-led exploration opportunities around existing producing fields, to unlock additional value from the Group's asset base."

Creating a pathway for future growth

2021 was a transition year for Tullow as the Group began to execute and deliver on the 10-year Business Plan we presented at our Capital Markets Day at the end of November 2020, and I am pleased to report on the good progress we made during the year.

"I leave Tullow confident that it has a great team of people who are working with much improved processes, re-focused capital discipline and the platform to thrive."

Les Wood
Chief Financial Officer

Transformational refinancing delivered

The comprehensive refinancing of Tullow's debt was a significant event for Tullow in 2021, to simplify our capital structure, increase our financial resilience and give us the foundation to deliver our Business Plan. This was completed in May 2021, with the issuance of $1.8 billion of Senior Secured Notes (maturing in 2026), and the placement of a $500 million revolving credit facility with nine of our lending banks previously in the Reserves Based Lending (RBL) facility. The new notes, along with cash on balance sheet, allowed us to repay and redeem existing bonds that were due in 2021 and 2022 and repay and cancel our RBL facility. Tullow's next material maturity is now its $800 million of Senior Notes due in 2025, creating a clear pathway for Tullow to invest in its assets to maximise their value and deliver our cash generative plan.

Continued prudent financial strategy

Tullow's Business Plan supports deleveraging, with cashflows expected to reduce our leverage to 1.5x net debt to EBITDAX by 2025 (at $65/bbl), and at higher oil prices we would expect to achieve this earlier. Key to achieving this target is strict capital allocation, a focus on costs and prudent financial risk management.

Rigorous capital allocation is now embedded at Tullow as we focus on high return and fast payback investments in our production assets. Capital expenditure was $263 million in 2021, with over 80% of spend allocated to our producing assets, compared with c.70% on average over 2016–20.

Commodity hedging remains a key component of our financial risk management. In 2021, as required under the terms of the refinancing, we built up a portfolio which protects 75% of our production entitlements for a period of 24 months from completing our debt refinancing in May 2021, and 50% of our production entitlements for another 12 months beyond that. Our hedge portfolio from 2022 to May 2024 has weighted average collars of c.$53–76/bbl, giving us robust downside protection as well as good access to upside. Higher oil prices in the second half of 2021 did mean we lost out on some higher oil price upside, resulting in a $153 million loss on the realisation of commodity hedges for the year. While this outflow may seem disappointing, I remain firmly of the view that downside protection is incredibly important to protect the Company against oil price volatility, as evidenced during the two most recent downturns when over $1 billion of revenue was generated through hedging downside protection.

Continued focus on costs

In 2021, we continued to deliver cost savings across the business with net G&A down to $64 million (2020: $87 million). Our net operating costs were also reduced to $269 million (2020: $332 million), primarily due to savings of c.$50 million in Ghana due to facilities O&M costs and the result of asset disposals. While our culture is becoming ever more performance focused, where every barrel matters and every dollar counts, we faced some cost pressures in 2021. Despite lower net operating costs unit operating costs increased to $12.4/bbl (2020: $12.1/bbl). However, this was primarily due to lower production and increased costs related to extended COVID-19 operating procedures. A normalised unit operating cost was $12.1/bbl.

Continued focus on costs continued

Financing costs also remain high relative to cash flow generation at $356 million in 2021 (2020: $314 million), however, this includes one-off refinancing fees of $18 million. Looking ahead to 2022 and beyond, financing costs are set to steadily reduce as we pay down debt. Tullow continues to have exposure to legacy legal issues such as the ongoing tax dispute with the Ghana Revenue Authority (as detailed on page 119), and while we endeavour to settle these issues, there are occasions where arbitration is the only way to bring these matters to a close. In February 2022, we announced the result of an Arbitration with HiTec Vision (HiTec) regarding payments related to the purchase of Spring Energy in 2013. The panel delivered an award in favour of HiTec and ruled that Tullow should pay $76 million. While the verdict was disappointing, Tullow accepts the outcome and paid the amount from existing cash balances. On a more positive note, also in February, a Final Investment Decision for the Tilenga project was taken in Uganda, triggering a contingent consideration of $75 million in relation to the sale of our Uganda assets to Total in 2020.

Further refinement of our portfolio

Following the sale of Tullow's interests in Uganda in 2020, Tullow's portfolio management activities continued in 2021 with the sale of our Equatorial Guinea assets and the Dussafu Marin permit in Gabon. These value accretive transactions raised $133 million, delivering important cash flow for the Group to further strengthen the balance sheet. Together with the significant cost savings generated, these actions delivered around $1 billion of 'self-help', a critical component that underpinned the refinancing.

We have also substantially simplified our exploration portfolio, exiting non-core areas including Peru and Suriname and onshore licences in Côte d'Ivoire. We also looked to farm down and reduce our stake in licences in Guyana and Argentina, which have near-term work commitments, with good interest from potential buyers. However, these efforts are yet to result in new partners, primarily due to a challenging external backdrop during 2021, resulting in higher than planned exploration spend in 2022.

In November 2021, Tullow exercised its right of pre-emption related to the sale of Occidental Petroleum's interests in the Jubilee and TEN fields in Ghana to Kosmos Energy. As a result, Tullow's equity interests are expected to increase to 38.9% in the Jubilee field and 54.8% in the TEN fields upon completion of the transaction. The transaction documents are now in agreed form between Tullow and Kosmos. On this basis, Tullow and Kosmos have jointly requested consent from the Government of Ghana and discussions with the Government are progressively positively.

In Kenya, the submission of a revised Field Development Plan was a key focus, and Tullow and its JV Partners submitted the plan in December 2021, as per the licence extension requirements provided by the Government of Kenya in September 2020. The JV Partners also continue to seek a strategic partner for this project and constructive discussions are progressing with interested parties.

Key 2021 financial results

Our financial strategy, comprehensive refinancing and focus on cost discipline have led to positive results. Tullow generated $1.3 billion revenue (2020: $1.4 billion), resulting in $711 million of operating cash flow (2020: $598 million). However, the Company made a loss after tax of $81 million, primarily driven by impairments and restructuring costs and other provisions. Post financing costs, Tullow generated $245 million of free cash flow (2020: $432 million), allowing us to reduce net debt to $2.1 billion (2020: $2.4 billion) with year-end gearing of 2.2 times net debt to EBITDAX (2020: 3.0 times). We closed the year with strong liquidity headroom consisting of free cash and undrawn facilities of $876 million.

Following an independent reserves audit of our producing assets we have reported pre-tax impairments of $54 million. These were primarily driven by a decrease in TEN 2P reserves and an increase in future capex partially offset by a higher long-term oil price assumption of $65/bbl.

Reflections on a challenging but rewarding tenure

In September 2021, Tullow announced that I would step down as Chief Financial Officer (CFO) and leave the business at the end of March 2022. The decision to move on comes after eight years with the Company, with my last five years spent as CFO. Following our comprehensive refinancing earlier this year, which was the culmination of a number of steps to strengthen the Group's balance sheet, it is the right time for me to leave Tullow.

While my tenure has been hugely challenging as we guided Tullow through some of the most difficult times in its history, I am very proud to have led the team responsible for Tullow's financial turnaround and to input into the Group's future strategy. I leave Tullow confident that it has a great team of people in place, who are working in a company with much improved processes, re-focused capital discipline and the platform to thrive. I have built excellent relationships that I know will endure and I look forward to watching Rahul and his talented team execute our ambitious strategy over the years to come.

Les Wood

Les Wood
Chief Financial Officer

8 March 2022

Insights from the Task Force on Climate-related Financial Disclosures (TCFD) scenario analysis

In 2021 Tullow continued to test the resilience of its portfolio against a range of scenarios including those of the International Energy Agency (IEA), a commonly accepted source for the global energy sector. The four IEA scenarios, the Net Zero Emissions by 2050 Scenario, Announced Pledges Scenario, Stated Policies Scenario and the Sustainable Development Scenario, assess the impact of the energy transition on a wide range of industries with different regional impacts, including the impact on energy demand and energy mix in different markets. However, as a predominantly oil producing company with no downstream assets, the key material risk for our business remains oil price and to a lesser extent carbon price.

Our assessment reflects the impact of each scenario on the Group's Operating Cash Flow (OCF) over 1, 5, and 10 years. The choice of OCF instead of Net Present Value (NPV), which was used last year, has been made to reflect our Group Scorecard and the guidance given to investors about our future financial performance in our Trading Statements. The OCF KPI reflects our ability as a company to generate the cash we need to invest in the business and to finance the activities of the business. Whilst the discounting of cash flows in the NPV calculation implicitly captured the different impacts of the scenarios over time, we have chosen to make the changing impacts over time more explicit.

Refer to Note 26 for assessment of climate change risk on the Group's Financial Statements.

	OCF impact	1 Year	5 Year	10 Year
STEPS	Stated Policies Scenario	🟦	🟦	🟦
APS	Announced Pledges Scenario	🟦	🟦	🟦
SDS	Sustainable Development Scenario	🟦	🟦	🟦
NZE	Net Zero Emissions by 2050 Scenario	🟩	■	■

🟦 Positive impact
🟩 Loss of 0–10%
■ Loss > 10%

IEA scenarios

(Real Terms 2020 $/bbl)		2022	2023	2024	2025	2026	2027	2028	2029	**2030**	2035	2040	2045	**2050**
STEPS	Stated Policies Scenario	66	68	69	70	72	73	74	76	**77**	80	83	85	**88**
APS	Announced Pledges Scenario	65	65	66	66	66	66	67	67	**67**	66	65	65	**64**
SDS	Sustainable Development Scenario	64	63	62	61	60	59	58	57	**56**	55	53	52	**50**
NZE	Net Zero Emissions by 2050 scenario	62	59	55	52	49	46	42	39	**36**	33	30	27	**24**
	Tullow Planning Assumption ($65/bbl flat nominal)	62	61	60	59	58	57	55	54	**53**	48	44	40	**36**

Tullow complies with the TCFD disclosure recommendations fully within this Report and more comprehensively in our Climate Risk and Resilience Report, see table below for information regarding these disclosures. Our Climate Risk and Resilience report can be found at www.tullowoil.com/sustainability.

TCFD disclosures

Governance	Describe the Board's oversight of climate-related risks and opportunities.	Page 56–57
	Describe the Management's role in assessing and managing climate-related risks and opportunities	Page 57
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Risks – Page 38 Opportunities – Page 4–5
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Page 23 Page 146 (Note 26)
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 23 Page 146 (Note 26)
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks.	Page 36–38, 40
	Describe the organisation's processes for managing climate-related risks.	Page 36–38, 40
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Page 36–38, 40
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities, in line with its strategy and risk management process.	OCF – Page 23 Emissions –Page 31–32
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Page 31–32
	Describe the targets used by the organisation to manage climate-related risks, opportunities, and performances against targets.	Page 14–15, 76, 82

2021 financial results

Financial summary	2021	2020
Working interest production volume (boepd)[1]	**59,200**	74,900
Sales volume (boepd)	**55,450**	74,600
Realised oil price ($/bbl)	**62.7**	50.9
Total revenue ($m)	**1,273**	1,396
Gross profit ($m)	**634**	403
Underlying cash operating costs per boe ($/boe)[1]	**12.4**	12.1
Exploration costs written off ($m)	**60**	987
Impairment of property, plant and equipment, net ($m)	**54**	251
Operating profit/(loss)($m)	**515**	(1,018)
Profit/(Loss) before tax ($m)	**203**	(1,273)
Loss after tax ($m)	**(81)**	(1,222)
Basic loss per share (cents)	**(5.7)**	(86.6)
Capital investment ($m)[1]	**263**	288
Adjusted EBITDAX ($m)[1]	**961**	804
Net debt ($m)[1]	**2,131**	2,376
Gearing (times)[1]	**2.2**	3.0
Free cash flow ($m)[1]	**245**	432
Underlying operating cash flow ($m)[1]	**711**	598
Pre-financing cash flow ($m)[1]	**529**	625

1. Alternative performance measures are explained and reconciled on pages 161 to 162.

Production and commodity prices

Group working interest production averaged 59,200 boepd, a decrease of 21% for the year (2020: 74,900 boepd). The decrease in production primarily resulted from the sale of Tullow's interests in Equatorial Guinea and the Dussafu Marin Permit in Gabon in 1H21, and lower than expected production from the TEN fields.

The Group's realised oil price after hedging for the period was $62.7/bbl and before hedging $70.3/bbl. (2020: $50.9/bbl and $42.9/bbl respectively). There has been a strong recovery in oil markets which has led to higher realised prices partially offset by hedge losses, decreasing total revenue by $153 million (2020: increased revenue by $219 million).

	2021	2020
Profit and Loss		
Revenue ($m)	**1,273**	1,396
Underlift/ Overlift income/ (expense) ($m)	**20**	(161)
Balance Sheet		
Underlift ($m)	**27**	20
Overlift ($m)	**(1)**	(4)

Underlying cash operating costs, depreciation, impairments, write-offs and administrative expenses

Underlying cash operating costs amounted to $269 million; $12.4/boe (2020: $332 million; $12.1/boe). The reduction in operating costs is mainly driven by the disposal of Equatorial Guinea in 2021 ($23 million) and decrease in Facilities O&M costs in Ghana ($47 million), offset by an increase in Gabon mainly due to the costs relating to the Simba well which came onstream in 2021 ($12 million).

Cash operating costs excluding COVID-19 operating procedures and shuttle tanker operations in Ghana were $12.1/boe (2020: $11.8/boe).

Depreciation, depletion and amortisation (DD&A) charges on production and development assets amounted to $361 million; $16.7/boe (2020: $446 million; $16.3/boe). This increase in DD&A per barrel is mainly attributable to a downward revision of TEN 2P reserves.

Administrative expenses of $64 million (2020: $87 million) have decreased against the comparative period. In February 2020, Tullow concluded its Business Review, which included a review of the Group's organisation structure and resources and resulted in a significant headcount reduction. Furthermore, the Group has focused on reducing non-payroll G&A costs including outsourced information systems expenses, professional fees and office rent. However, this is partially offset by the adverse GBP:USD FX variance in 2021. During 2021, Tullow met its $125 million cost savings target by delivering $127 million in cash savings and is expected to deliver in excess of this in 2022 and beyond.

The Group recognised a net impairment charge on producing assets of $54 million in respect of 2021 (2020: $251 million). Impairments primarily related to the TEN fields following reduced 2P reserves and higher capital expenditure offset by higher price assumptions and lower expected future decommissioning costs. The TEN fields' impairment was offset by impairment reversals on the non-operated fields associated with increased 2P reserves and higher price assumptions.

Impairment of property, plant and equipment (PP&E)	**2021**	2020
Pre-tax impairment of PP&E, net ($m)	**54**	251
Associated deferred tax credit ($m)	**(21)**	(68)
Post-tax impairment of PP&E, net ($m)	**33**	183

The total exploration cost written off for the year ended 31 December 2021 was $60 million (2020: $987 million), predominantly driven by the write-off of the GVN-1 well costs and licence costs of Blocks 47 and 54 in Suriname. The remaining write-offs comprise of licence level costs associated with Peru, Comoros, Côte d'Ivoire and Namibia due to no planned activity and licence exits. This is partially offset by a release of an indirect tax provision following settlement in Uganda relating to its disposal in 2020.

Exploration costs written off	**2021**	2020
Exploration cost written off ($m)	**60**	987

Asset disposals

In March 2021, the Group completed the sale of its assets in Equatorial Guinea with a cash consideration received of $88.9 million. This transaction included contingent future payments of up to $16.0 million which are linked to asset performance and oil price. As per the SPA, a further $5.0 million of additional consideration was also received on completion of the sale of the Dussafu Marin Permit in Gabon.

In June 2021, the Group completed the asset sale of the Dussafu Marin Permit in Gabon with a cash consideration received of $39.0 million. This transaction included contingent future payments of up to $24.0 million which are linked to asset performance and oil price.

Tullow received $75 million (net of $7 million indemnity provision relating to tax audits) from Total following a Final Investment Decision (FID) for the Lake Albert Development in Uganda on 16 February 2022.

Derivative financial instruments

Tullow continues to undertake hedging activities as part of the ongoing management of its business risk 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 2021, Tullow's hedge portfolio provides downside protection for 75% of forecast production entitlements through to May 2023 and 50% for a further 12 months to May 2024. Since completion of the comprehensive debt refinancing in May where increased hedges for May 2021 to May 2024 (75%, 75%, 50%) were a requirement, new hedges have been placed with $55/bbl floors and weighted average sold calls of c.$76/bbl for the period January 2022 to May 2024. The strong recovery in oil prices allowed the Group to secure sold calls above $95/bbl by the end of the hedging programme implementation.

All of the Group's derivatives are Level 2 (2020: Level 2). There were no transfers between fair value levels during the year.

At 31 December 2021, the Group's derivative instruments had a net negative fair value of $180 million (2020: net positive $2 million).

2021 hedge position	bopd	Bought put (floor)	Sold call	Bought call
Collars	39,000	$48.12	$66.47	—
Three-way collars (call spread)	1,000	$50.00	$72.80	$82.80
Total/weighted average	40,000	$48.17	$66.63	$82.80

Hedge position at 31 December 2021	2022	2023	2024
Hedged volume (kbopd)	42,500	33,100	11,300
Weighted average bough put (floor) ($/bbl)	$51/bbl	$55/bbl	$55/bbl
Weighted average sold call ($/bbl)	$78/bbl	$75/bbl	$75/bbl

Net financing costs

Net financing costs for the year were $312 million (2020: $255 million). The increase in financing costs during the period is mainly driven by finance fees, such as legal and advisor fees related to the assessment of alternative refinancing options of the extinguished RBL Facility directly expensed to the income statement ($18 million), as well as increased average cost of debt following completion of the refinancing transactions in May 2021, partly offset by the net gain on early settlement and derecognition of the RBL Facility and the 2022 Notes ($8 million credit).

Net financing costs include interest incurred on the Group's debt facilities, foreign exchange gains/losses, the unwinding of discount on decommissioning provisions, and the net financing costs associated with lease assets. These costs are offset by interest earned on cash deposits. A reconciliation of net financing costs is included in Note 5.

Taxation

The net tax expense of $283 million (2020: credit of $52 million) primarily relates to tax charges in respect of the Group's production activities in West Africa, as well as UK decommissioning assets, reduced by deferred tax credits associated with exploration write-offs, impairments and provisions for onerous service contracts.

Based on a profit before tax for the period of $203 million (2020: loss of $1,273 million), the effective tax rate is 139.8% (2020: 4.1%). After adjusting for non-recurring amounts related to restructuring costs, exploration write-offs, disposals, impairments, provisions for onerous service contracts and their associated deferred tax benefit, the Group's adjusted effective tax rate is 117.0% (2020: 35.6%). The adjusted effective tax rate has increased primarily due to there being no UK tax benefit from net interest and hedging expenses of $417 million, compared to net profits of $16 million arising on hedging gain and net interest in 2020. Non-deductible expenditure in Ghana, the change in mix of taxable and non-taxable profits in Gabon, prior year adjustments and taxes on uncertain tax treatments are additional contributing factors.

Taxation continued

The Group's future statutory effective tax rate is sensitive to the geographic mix in which pre-tax profits and exploration costs written off arise. Unsuccessful exploration is often incurred in jurisdictions where the Group has no taxable profits such that no related tax benefit results. Consequently, the Group's tax charge will continue to vary according to the jurisdictions in which pre-tax profits and exploration costs write-offs occur.

Analysis of effective tax rate ($m)		Profit/ (loss) before tax	Tax (expense)/ credit	Effective tax rate
Ghana	FY 2021	450.9	(163.3)	36.2%
	FY 2020	0.4	0.6	(139.2)%
Gabon	FY 2021	178.3	(88.5)	49.6%
	FY 2020	46.1	(34.6)	75.2%
Equatorial Guinea	FY 2021	15.5	(5.4)	35.0%
	FY 2020	18.6	0.8	(4.1)%
Corporate	FY 2021	(386.0)	(41.8)	(10.8)%
	FY 2020	(25.8)	8.1	31.3%
Other non-operated and exploration	FY 2021	(0.4)	(3.6)	(1,033.9)%
	FY 2020	(20.1)	4.0	(20.0)%
Total	FY 2021	258.4	(302.7)	117.1%
	FY 2020	59.4	(21.1)	35.6%

Loss after tax from continuing activities and loss per share

The loss for the year from continuing activities amounted to $81 million (2020: $1,222 million loss). Basic loss per share was 5.7 cents (2020: 86.6 cents loss per share).

Reconciliation of net debt	$m
Year end 2020 net debt	2,375.6
Sales revenue	(1,273.2)
Operating costs	268.7
Other operating and administrative expenses	109.2
Cash flow from operations	**(895.3)**
Movement in working capital	52.3
Tax paid	56.1
Purchases of intangible exploration and evaluation assets and property, plant and equipment	236.5
Other investing activities	(134.8)
Other financing activities	447.4
Foreign exchange loss on cash	(6.9)
Year end 2021 net debt	**2,130.9**

Capital investment

Capital expenditure amounted to $263 million (2020: $288 million) with $205 million invested in production and development activities and $58 million invested in exploration and appraisal activities.

Tullow will continue to maintain capital discipline primarily directing investment towards maximising value from the Group's producing assets. The Group's 2022 capital expenditure is expected to total c.$350 million and comprises Ghana capex of c.$270 million, West Africa non-operated capex of c.$30 million, Kenya capex of c.$5 million, and exploration spend of c. $45 million.

Borrowings

On 17 May 2021, the Group completed a comprehensive refinancing of its debt with the issuance of five-year $1.8 billion Senior Secured Notes (2026 Notes) and a new undrawn $500 million Super Senior Revolving Credit Facility (SSRCF) which will be primarily used for working capital purposes.

The 2026 Notes have been used to (i) repay all amounts outstanding under, and cancel all commitments made available pursuant to, the Group's RBL Facility, (ii) redeem in full the Group's senior notes due 2022, (iii) repay in full and cancel the Group's convertible bonds and (iv) pay fees and expenses incurred in connection with the transactions.

The 2026 Notes, maturing in May 2026, require an annual prepayment of $100 million of the outstanding principal amount plus accrued and unpaid interest with the balance due on maturity.

The Senior Notes due 2025 is payable in a single payment in March 2025.

The Revolving Credit Facility, maturing in December 2024, comprises (i) a $500 million revolving credit facility and (ii) a $100 million letter of credit facility.

The 2026 Notes and the SSRCF are senior secured obligations of Tullow Oil Plc and are guaranteed by certain of the Group's subsidiaries.

Credit ratings

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

On 5 February 2021, S&P's placed Tullow's CCC+ corporate credit rating and CCC+ ratings for bonds maturing in 2022 and 2025 on negative credit watch to reflect the uncertainty associated with ongoing debt refinancing discussions at the time. On 18 May 2021, S&P's upgraded Tullow's corporate credit rating to B-, removed the rating from negative credit watch and revised the outlook to stable. At the same time S&P's assigned a B- rating to the $1.8 billion 2026 Notes and confirmed the CCC+ rating of the $800 million Senior Notes maturing in 2025.

On 29 April 2021, Moody's assigned and placed under review for upgrade a B3 rating to the $1.8 billion 2026 Notes, and at the same time placed Tullow's Caa1 corporate credit rating under review for upgrade. Moody's confirmed their Caa2 ratings of the Senior Notes maturing in 2022 and 2025.
On 20 October 2021, Moody's upgraded Tullow's corporate credit rating to B3 with stable outlook from Caa1 under review for upgrade, and at the same time upgraded its rating of the $1.8 billion Senior Secured Notes to B2 with stable outlook from B3 under review for upgrade. Moody's also affirmed their Caa2 rating of the Senior Notes maturing in 2025.

Liquidity risk management and going concern

Assessment period and assumptions

The Directors consider the going concern assessment period to be up to 31 March 2023. 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: $76/bbl for 2022, $71/bbl for 2023.
- Low Case: $60/bbl for 2022, $60/bbl for 2023.
- The Low Case includes, in addtion to lower oil price assumptions, a 5% production decrease and 12% increased opex compared to the Base Case as well as increased outflows associated with an ongoing disputes.

On 17 May 2021, the Group announced the completion of its offering of $1.8 billion 2026 Notes. The net proceeds, together with cash on balance sheet, have been used to (i) repay all amounts outstanding under, and cancel all commitments made available pursuant to, the Company's RBL Facility, (ii) redeem in full the Company's senior notes due 2022, (iii) at maturity, repay in full and cancel the Company's convertible bonds due 2021 and (iv) pay fees and expenses incurred in connection with the transactions. The Group also entered into a $500 million Super Senior Revolving Credit Facility (SSRCF) which is undrawn and will be primarily used for working capital purposes. The 2026 Senior Notes and the SSRCF do not have any maintenance covenants (disclosure of key covenants and the determination of availability under the SSRCF are provided in note 18). Following completion of these transactions the Directors have concluded that the material uncertainties noted in the 2020 Annual Report and Accounts, associated with implementing a Refinancing Proposal and obtaining amendments or waivers in respect of covenant breaches or, in the event a Refinancing Proposal is implemented, the revised covenants are subsequently breached, no longer exist.

The Group had $0.9 billion liquidity headroom of unutilised debt capacity and non restrictive cash as at 31 December 2021. The Group's forecasts show that the Group 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. These forecasts show full availability of the $500 million SSRCF, which under the Base Case remains undrawn. Furthermore management has performed a reverse stress test and the average oil price throughout the going concern period required to reduce headroom to zero during the assessment period is $39/bbl. Based on the analysis above, the Directors have a reasonable expectation that the 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 year end results.

Events since 31 December 2021

Adjusting events

On 15 February 2022 a panel of arbitrators, working under the jurisdiction of Norwegian law, delivered an award in favour of HiTec Vision (HiTec) in relation to its dispute with Tullow (Award). The panel had been asked to adjudicate as to whether discoveries made in the PL-537 Licence (Offshore Norway) between 2013 and 2016 had triggered a further payment under the SPA between Tullow and HiTec regarding the purchase of Spring Energy in 2013. With the Award, the panel has decided by way of split decision that conditions for a further payment outlined in the SPA were met. The Tribunal ruled that Tullow should pay $76 million. This amount also includes interest and costs. This has been recognised in the balance sheet as a liability as at 31 December 2021.

Non-adjusting events

FID for the Tilenga Project in Uganda and the East African Crude Oil Pipeline (EACOP) as reported by Total Energies Ltd on 1 February 2022 triggered a contingent consideration payment of $75 million (net of $7 million indemnity provision relating to tax audits) in relation to Tullow's sale of its assets in Uganda to Total in 2020 which was received on 16 February 2022. This was recognised as a current receivable as at 31 December 2021.

There have not been any other events since 31 December 2021 that have resulted in a material impact on the year end results.

Sustainability as a key to a better future

Tullow's purpose is to build a better future through responsible oil and gas development. Through our activities, we help address global energy demand in a safe, cost-efficient and environmentally and socially responsible way. We form close relationships and partnerships in our host countries in Africa and South America and our activities generate significant economic and social value, advancing national development priorities, creating local business and investment opportunities and helping to build local skills and capabilities.

Sustainability is embedded across the business through the implementation of our strategy, management standards, governance and audits. Our approach considers the expectations of our key stakeholder groups, including our host governments and communities, colleagues, shareholders and the financial markets and suppliers, as well as important topics for the sector defined by the International Petroleum Industry Environmental Conservation Association (IPIECA) and at a global level by the UN in the form of the Sustainable Development Goals (SDGs). Our sustainability framework comprises of four pillars which combine the inputs and expectations of all these groups. The material topics which reflect our most important social and environmental impacts were reviewed and approved by our Senior Leadership Team in 2021.

Safe Operations

Material topics
- Employee health and safety
- Process safety
- Emergency response

Read more: 29

Shared Prosperity

Material topics
- Local content and capacity
- Community development
- Social investment

Read more: 30

Environmental Stewardship

Material topics
- Climate change
- Biodiversity
- Spills
- Waste

Read more: 31 and 32

Equality and Transparency

Material topics
- Compliance
- Anti-corruption
- Human rights
- Inclusion and diversity
- Tax transparency

Read more: 33,34,and 35

Tullow supports the following standards and partnerships:

Safe Operations

2021 highlights

- 75% reduction in total recordable injuries compared to 2020
- 55% reduction in High Potential Incidents compared to 2020
- Zero Tier 1 and zero Tier 2 Loss of Primary Containment (LOPC) releases
- Three years of operations without a Lost Time Injury at our Jubilee FPSO Kwame Nkrumah
- All operational workforce trained in Process Safety Fundamentals
- Seven wellness programme events attended per employee, on average

Tullow is committed to the highest standards of health and safety and we strive every day to maintain a positive safety culture across our business. We work hand in hand with our contractors to ensure compliance with laws and regulations governing safe working.

Occupational health and safety

In 2021, we stepped up our safety training programmes to reinforce our culture of safe working and further embed safe working practices in line with our safety management system and International Association of Oil and Gas Producers (IOGP) Life Saving Rules implementation. Our focus was on renewed safety leadership across all parts of the business with the personal involvement of Tullow leaders, including site visits to our operations in Ghana by our CEO, Rahul Dhir. Overall, we saw a marked improvement in safety performance in 2021, reversing a concerning dip in performance in 2020.

Safety performance	2021	2020	2019
Lost Time Injuries Frequency (LTIF)	**0.21**	0.32	0.09
Total Recordable Injuries Frequency (TRIF)	**0.43**	1.27	0.56
High Potential Incident Frequency (HiPoF)	**1.06**	1.74	1.39
Workforce fatalities	**0**	0	0

Process safety

In 2021, we maintained a strong level of Process Safety performance with zero Tier 1 and zero Tier 2 Process Safety Events (PSE) related to Loss of Primary Containment (LOPC) releases.

Process safety events (PSE)	2021	2020	2019
Tier 1	**0**	0	1
Tier 2	**0**	4	3
Total	**0**	4	4

In 2021, we commenced a Process Safety Fundamentals (PSF) programme, based on the IOGP PSF framework, throughout the organisation. We trained all our operational workforce, including our direct employees and contractors, on the PSFs. To support the roll-out, we nominated PSF champions at our sites and held monthly events for deep dives on each of the PSFs, sharing best practice, discussing further integration into daily ways of working and ensuring the same high level of understanding and engagement for all our workforce at all locations.

Asset protection and emergency response

We are committed to maintaining and enhancing our ability to respond rapidly to unforeseen events in order to maintain business continuity and minimise negative impacts on people, the environment, our physical and intellectual assets, and our reputation. In 2021, we maintained emergency response training and exercises involving credible emergency scenarios. Extensive well capping, containment and oil spill response training was conducted and followed by a major exercise to test all parts of our response capability.

COVID-19 response and wellness programme

During 2021, we continued to operate in accordance with relevant regulations and guidance relating to COVID-19 safety measures to keep our colleagues, contractors and visitors safe. Office-based colleagues worked from home during intermittent closures, and we provided support to help them deal with the challenges and higher stress levels that characterised this period. We also assisted colleagues and contractors who were away from home for extended periods of time due to travel restrictions and quarantining rules. We supported access to COVID-19 vaccines and strongly encouraged our teams to be vaccinated. Additionally, our wellness programme continued throughout 2021, offering a range of talks and activities with expert speakers and instructors, placing emphasis on assisting colleagues navigate the challenges of the COVID-19 pandemic. We held our annual global Wellness Fortnight in November 2021, bringing the entire company together to participate in multiple health and wellness activities. The 2021 wellness programme attendee count was more than 2,500 throughout the year which is on average seven different activities per employee.

Shared Prosperity

2021 highlights

- $207 million local supplier spend in 2021, bringing total five-year local spend to $1.2 billion
- Launch of Flat Confidence, first 100% Ghanaian owned, crewed and flagged vessel contracted to support offshore operations in Ghana
- Over 700 loans worth $267,000 granted to Ghanaian fishing sector businesses alongside business training and development support
- Over 700 local suppliers trained on Industry best practice with the Petroleum Commission/ Tullow Business Academy in Ghana
- Over 7,800 students across Ghana, Kenya, Guyana and Suriname benefitted from our range of initiatives supporting access to educational programmes and schooling facilities

Shared Prosperity is a core pillar of our Sustainability Framework. Tullow is committed to investing in (1) local content and creating conditions to enable local companies to participate in our supply chain; (2) education and skills development to enhance employability; (3) enterprise development including supporting agricultural livelihoods to increase local entrepreneurship; and (4) mitigating environmental and social impacts. We engage thoughtfully and consistently to understand how our operations contribute to broader governmental aims and affect local communities wherever we operate. In 2021, for example, Tullow consulted with 115 communities around our Jubilee and TEN operations, including over 5,000 beneficiaries of our social investment activities to review impact mitigation initiatives and social investment programmes. In Kenya, we engaged with the National Environmental Management Authority to reach an agreement on waste management consolidation and started new project disclosure and consultations on the Midstream, Upstream and Water pipeline Environmental and Social Impact Assessment.

Education and skills development

In 2021, Tullow advanced continuing and new initiatives to encourage more young people to gain education in STEM and broaden their career options. In Ghana, we completed construction of accommodation blocks at three schools for more than 1,100 pupils which will improve access to education and attendance, as part of our five-year $10 million commitment to senior high school infrastructure. In partnership with Youth Bridge Foundation, the Tullow STEM Radio School continued to broadcast STEM lessons to over 1,300 high school pupils across Ghana. Additionally, with Tullow's support, Youth Bridge helped prepare over 1,400 final year junior high school pupils for the 2021 Basic Education Certificate Examination.

In Guyana, we continued to support STEM Guyana, to launch a Virtual Academy programme, rolling out 20 learning pods to enable continuity of education during the pandemic for vulnerable children, reaching 500 pupils with almost 80% of them gaining positive results in national assessments and advancing to the country's leading secondary schools to continue their studies.

Contributing to enterprise development

The Fishermen's Anchor Project is a micro credit scheme funded by Tullow Ghana and JV Partners and administered by Opportunities Industrialization Center International. The Project aims to provide critical financial support to existing and new businesses in the fishing sector to boost economic activity in coastal districts over a five-year period. To date over 700 loans to a value of $267,000 have been granted to fish processing and fishing/agriculture businesses; over 90% of these businesses are owned by women. In addition over 380 individuals received training and 280 individuals received business development support.

Optimising local content

As a large operator in our host countries, we leverage our spending power to benefit local businesses and their participation in regional and national economies. Tullow Ghana's local supplier spend in 2021 was $204 million, which constitutes 99% of Tullow's overall local supplier spend.

This year, we adopted a refreshed strategy with the principal goal of increasing contract awards and spend with indigenous Ghanaian companies. We made progress through supporting the Ghana Petroleum Commission to launch the Business Academy Partnership to help meet the training and development needs of local suppliers. During 2021, the Academy delivered five training workshops to more than 700 local suppliers and other participants. Additionally, Tullow supported finance training and mentoring programmes through Invest in Africa and Accenture in Ghana which benefitted hundreds of current and potential suppliers.

Also in 2021, Tullow took delivery of the Flat Confidence vessel, the first Ghanaian-owned, Ghanaian-flagged and Ghanaian-crewed marine vessel to support offshore activities in the oil and gas industry in Ghana. The Flat Confidence was acquired by Flat C Marine Offshore Limited following a long-term contract awarded by Tullow Ghana. This enabled Flat C Marine Offshore Limited to raise financing to procure the vessel which is now active in the Jubilee and TEN fields. The completion of the Flat Confidence vessel reflects Tullow's commitment to investing in capability growth in the Ghanaian marine sectors. In late 2021, Tullow Ghana awarded a second contract to another supplier to deliver a similar vessel in the next 12-18 months.

Environmental Stewardship

2021 highlights

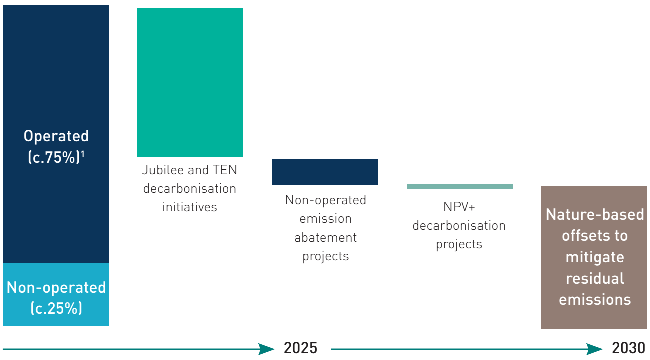
- In March 2021 Tullow set its goal to achieve Net Zero by 2030 (Scope 1 & 2 net equity emissions)
- Discussions with Ghana Forestry Commission and Terra Global to identify offset projects that support Ghana's Reduced Emissions from Deforestation and forest Degradation (REDD+) strategy and support delivery of Tullow's Net Zero commitment
- Over 65% reduction in emissions from non-routine flaring associated with unplanned outages
- 88% reduction in water consumption per tonne of hydrocarbon produced
- 74% reduction in hazardous waste generation in our Ghana operations
- 82% reduction in Scope 2 emissions over the last four years
- Appointment of Terra Global to support carbon offsetting work

Tullow supports the goals of the Paris Agreement of 2015 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. Tullow has committed to becoming a Net Zero Company by 2030 on our Scope 1 and 2 GHG emissions on a net equity basis through a combination of decarbonising our operated and non-operated assets and identifying nature-based solutions to offset our hard to abate emissions. Additionally, we are prioritising decarbonisation of our operations with a target to reduce emissions across our portfolio by at least 40% by 2025 on a net equity basis against a 2020 baseline. In creating our pathway to Net Zero, the primary focus will be on our operations in Ghana, where we have the greatest ability to influence the decarbonisation efforts.

Tullow's Net Zero pathway

Supported by our internal Net Zero Task Force and approved by our Board of Directors and Senior Leadership Team, we have defined a clear pathway to achieving our Net Zero target.

2030 Net Zero Pathway (Scope 1 & 2)



1. Net equity basis.

This comprises two main initiatives, in addition to ongoing carbon efficiency projects throughout our operations, as follows:

- **Decarbonisation initiatives:** through the elimination of routine flaring of gas from our Jubilee and TEN fields by 2025, we will reduce GHG emissions by at least 40% from a 2020 baseline. The majority of spend linked to these decarbonisation initiatives will be expended before 2025.
- **Nature-based carbon offsets:** by investing in verified nature-based carbon offset projects initially in Ghana, we will offset hard to abate GHG emissions. Partnering with Terra Global allows Tullow to mitigate exposure to medium to long-term changes in offset costs.

Decarbonisation initiatives

Our effort to progress towards our goal of eliminating routine flaring by 2025 is on course to be delivered. Implementation of the changes necessary to eliminate routine flaring for our Ghana assets requires the shutdown of operations at each site to allow for switching out core equipment and other upgrades. Routine flaring elimination and flare reduction rates on the Jubilee FPSO will be achieved through re-motoring and re-wheeling of high-pressure compressors alongside an expansion of gas compression and processing capacity, and higher produced water treatment capacity. The compressor upgrade and capacity expansion are scheduled to be completed during 2023. On the TEN FPSO, routine flaring elimination will be achieved through gas flow modification to allow low-pressure gas to be processed without the need for flaring. Work on this initiative will start in early 2022 and will be completed during a planned maintenance shutdown in 2023. We are also working with the operators of our non-operated assets to identify decarbonisation initiatives and have already reduced routine flaring on some assets in our Gabon portfolio. In 2022 we have budgeted a study to re-route gas from Simba to Tchatamba for power generation and if sanctioned this will allow to reduce flaring at the Simba field.

Nature-based carbon offsets

We plan to address our residual, hard to abate emissions through the implementation of a diversified portfolio of nature-based carbon offset projects, initially in Ghana. This year we appointed Terra Global, a global leader in sustainable forest and agriculture programme development, to advise on the selection of suitable projects for financing and implementation that will be independently verified and assured under leading third-party carbon standards. Terra Global will assist with the identification of potential initiatives that support Ghana's REDD+ strategy, other natural resource management and rural development policies. Through discussions with Terra Global and the Ghana Forestry Commission we target to deliver, by 2030, a portfolio of projects that will generate credits to offset emissions of 600,000 tCO_2e annually.

Climate risk and resilience reporting

Our detailed plans for achieving Net Zero and managing climate risks for our business are laid out in our second annual Climate Risk and Resilience Report, prepared in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, which can be found at www.tullowoil.com/sustainability.

Environmental Stewardship continued

Carbon efficiencies in 2021

We continue to drive carbon efficiencies through our operations, resulting in a reduction in Scope 2 greenhouse gas emissions over the past four years (530 tCO_2e in 2021, compared to 2,996 tCO_2e in 2018). Our main office in the UK utilises 100% renewable wind energy, which has eliminated our Scope 2 emissions in the UK. Further reductions in total Scope 1 and 2 emissions will be realised with the implementation of our pathway to Net Zero by 2030 as described on page 31. However, as a result of our continued need to flare, our emissions intensity relative to production grew from 29 kg CO_2e/boe in 2020 to 35 kg CO_2e/boe this year. We are committed to transparent disclosures of our emissions on both an operated and net equity basis, and are continuing to report Scope 3 emissions from our non-operated portfolio. We recognise that Scope 3 emissions often represent a large component of an organisation's GHG emissions, and are continuously working to better understand the emissions within our value chain and expand our disclosure accordingly.

Total air emissions: thousand tCO_2e	**2021**	2020	2019	2018	2017
Group Scope 1	**2,234**	2,040	1,072	1,046	1,424
Group Scope 2	**0.5**	1.28	1.69	3.00	2.93
Total Group	**2,235**	2,041	1,074	1,049	1,427
Group emissions intensity kg CO_2e/boe	**35**	29	–	–	–
Group energy use (GWh)	**2,968**	2,682	2,862	2,707	2,232

UK air emissions: thousand tCO_2e	**2021**	2020	2019	2018	2017
UK Scope 1	**0.11**	0.27	0.24	–	–
UK Scope 2	**0**	0.57	0.71	–	–
UK energy use (GWh)	**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 Calculation Methodology documents at www.tullowoil.com/sustainability.
2. Integrated Reporting & Assurance Services (IRAS) has provided independent assurance over Scope 1 and 2 emissions.

Details of our Scope 1, 2 and 3 greenhouse gas emissions for the years 2017–2021 on both an operated and net equity basis can be found in our Sustainability Performance Data workbook at www.tullowoil.com/sustainability.

Water efficiency and waste management

Over the past year, we have reduced our total water consumption by 88% on a per tonne of hydrocarbon produced basis, due to continuous efficiency measures in our operations. More than 68% of our water withdrawal is seawater and we withdraw zero water from fresh water sources. Overall, our waste generation on a per tonne basis has remained stable at modest levels over the past five years. More than 83% of our waste is recycled, reused or treated and less than 11% is landfilled.

Biodiversity

Tullow strives to minimise negative impacts on biodiversity at the planning, exploration, development and decommissioning phases of our activities. In 2021, we continued to progress decommissioning activities in Mauritania following cessation of activity in non-operated areas in 2014, and in the United Kingdom, following cessation of production in 2018.

We also make efforts to protect biodiversity through restoration initiatives. In 2021, Tullow began a collaboration with the National Agricultural Research and Extension Institute (NAREI) in Guyana to support the restoration of mangroves which are endangered by human activities. Mangroves play an important role in carbon sequestration while supporting coastline safety for Guyana's coastal communities. Tullow's collaboration supports the planting of spartina grass sprouts to rehabilitate the area and the planting of locally grown black mangrove seedlings. The first phase of this mangrove restoration programme was completed in 2021 along 0.5 km of coastline and the second phase will progress in 2022.

Equality and Transparency

2021 highlights

- $445 million total socio-economic contribution in our host countries, bringing total five-year socio-economic contribution to $2.9 billion
- $234 million paid to host countries in taxes
- 13 'Speak Up' cases, of which 3 substantiated or partially substantiated
- 29% women colleagues overall, with Senior Management roles held by 10% women (compared to 30% and 18% respectively in 2020)
- Senior Management roles held by 10% African (compared to 9% in 2020)
- Localisation in Ghana at 75% with target to achieve 90%

Socio-economic contribution

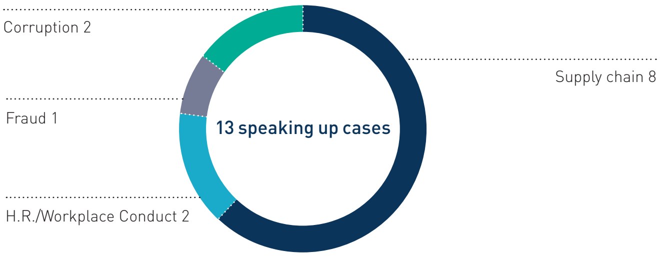
Our annual Payments to Governments Report provides details of all mandatory and voluntary payments. Our payments to governments, including payments in kind, amounted to $234 million in 2021 (2020: $375 million). Total payments to all major stakeholder groups including suppliers and communities, as well as governments, brought our total socio-economic contribution to $445 million (2020: $542 million). In addition to payments to governments, this included $207 million spent with local suppliers, and $4 million in discretionary spend on social projects. Our total payments made to the Ghanaian Government in 2021 amounted to $172 million (2020: $180 million).

Ethical conduct, compliance and human rights

Our Code of Ethical Conduct governs the way we work and reflects our zero tolerance for bribery, corruption and other forms of financial crime as well as our position and controls with regards to human rights, lobbying and advocacy, prevention of the facilitation of tax evasion, anti-slavery and data privacy. All individuals and organisations involved in Tullow's extended supply chain and operations are contractually required to meet the standards of our Code of Ethical Conduct, and we conduct risk-based third-party due diligence to assess related risks. In 2021, we revised our Code of Ethical Conduct to include Tullow's refreshed purpose and values, and developed a new online e-learning training course for all Tullow colleagues. 100% of Tullow colleagues completed the required annual Code of Ethical Conduct e-learning, and signed an acknowledgment, a declaration of how they have upheld the Code of Ethical Conduct through the year.

We urge our colleagues to 'Speak Up' if they observe misconduct or behaviour that they believe is not in alignment with our Code of Ethical Conduct. Our independent, external integrity reporting mechanism (Safecall) is available 24/7 in several languages. All reported cases are reviewed and investigated by our Ethics & Compliance Team (E&C), with regular summary updates provided to the Audit Committee and the Board of Directors.

Speaking up cases



Tullow's human rights policy is aligned with leading international human rights instruments such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights (VPSHR) and the ILO Declaration on Fundamental Principles and Rights at Work and related ILO conventions. For more information about our implementation of human rights, please see our Modern Slavery Act Transparency Statements.

Transparency and disclosure of payments

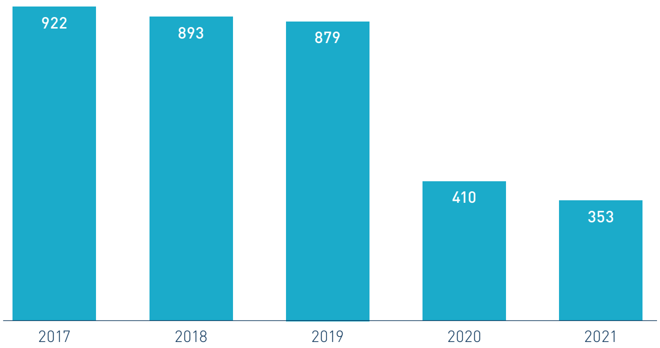
Transparency regarding payments to governments is an important way to promote honesty in our industry, mitigate corruption and support inclusive development. Tullow has been a corporate supporter/member of the Extractive Industries Transparency Initiative (EITI) since 2011.

Equality and Transparency continued

Our people

We ended the year 2021 with 353 colleagues, 62% fewer than five years ago.

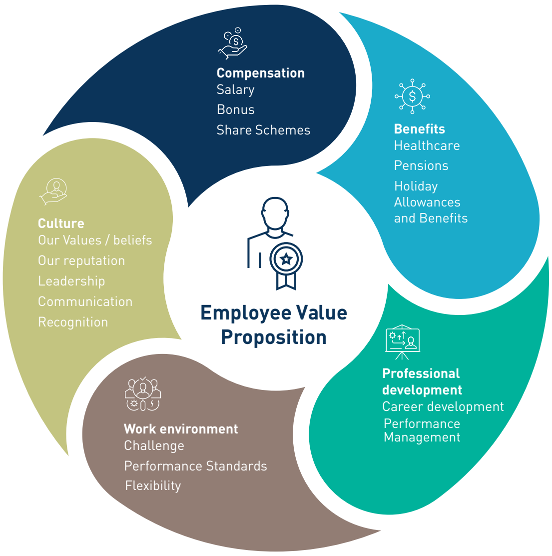
Tullow employees 2017–2021



Right-sizing our organisation to support our new business strategy has been difficult, both for those who left the organisation and for those who stayed through our transformation. In all decisions, we took a considered and equitable approach to restructuring the workforce, focusing on retention of skills needed to support ongoing value creation for all stakeholders, while considering our linked objectives of diversity and localisation. For those who left Tullow, we provided enhanced redundancy terms including extended notice periods wherever possible and supported colleagues with assistance packages to help them through the transition.

In 2021, as part of our restructuring processes, we adjusted our compensation packages to ensure they were market competitive and introduced a continuous performance management process to enable the differentiation of performance and allocation of bonus pay in line with overall company results. We introduced a new cash Health Plan which UK colleagues can join and allows them to claim money back towards the cost of managing and maintaining everyday health and wellbeing. In 2021, we also updated our company-wide Smart Working policy to enable greater flexibility for working from home, managing work hours and working a flexible week.

Employee engagement



During 2021, we enhanced our offerings and processes to support our Employee Value Proposition (EVP), launched in 2020. We conducted two surveys amongst permanent employees and an improvement in average positive scores reflected a clearer understanding of our purpose and strategy, a greater sense of stability and an appreciation of initial EVP initiatives. Actions are being implemented to improve the lower scoring areas as well as to continue to drive the increased positivity.

Summary Results from our Employee Value Proposition Survey in August 2021

EVP Category	Positive responses*	Change from March 2021
Culture and Values	64%	+10%
Professional development	69%	+2%
Working environment	68%	+9%
Visible leadership	61%	-4%
Total survey	66%	+4%

* Responses were evaluated for positive, neutral and negative responses.

Leadership, performance and professional development

In 2021, we embarked upon an organizational capability review process for the 24 senior leaders across our business. The review will assist us in reinforcing our leadership team as a key enabler of Tullow's ability to deliver on our purpose and strategy in the coming years. Additionally, across the organisation, we placed a specific focus on reinforcing our culture of continuous improvement and introduced Continuous Performance Management (CPM), a performance review process in which 100% of Tullow colleagues participated in 2021. To support development, we relaunched our mentoring programme with a first cohort of 25 colleagues paired with senior leaders to support leadership and other skills.

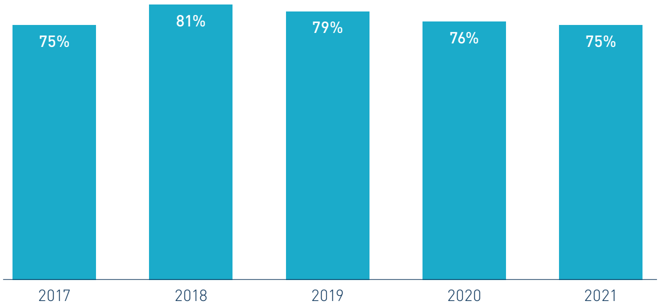
Culture, values, inclusion and diversity

We maintain a culture of respect, equality and inclusion and strive to be a company where everyone feels they belong. Tullow maintains zero tolerance for all forms of prejudice and discrimination in the workplace and we actively foster an environment in which speaking up is encouraged. At Tullow, a meaningful commitment to Inclusion and Diversity (I&D) means addressing all dimensions of diversity both through our organisational practices and continuous education and awareness initiatives. In 2021, we held several education and awareness events that were well attended by Tullow colleagues. The key themes included: race and equity, unconscious bias, psychological safety and the meaning of belonging.

Localisation

In 2021, we revised our strategy to help us accelerate localisation in order to reach a new goal of 90% localisation in Ghana. Our new localisation strategy includes appointing local nationals into more senior roles and hiring highly skilled Ghanaian professionals from other sectors with transferable skills, rather than focusing our search on those from our sector. In 2021, we made three appointments of Tullow colleagues into senior roles and hired an experienced Ghanaian from another sector.

% of local nationals employed in Ghana
(includes Tullow colleagues and contractors)



We proactively manage risks

At Tullow, we recognise that effectively managing risks and opportunities is essential to our long-term success. Our ability to identify, assess and successfully manage current and emerging risks 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 all levels at Tullow and is driven by the Board. The Board is responsible for overseeing the risk identification, assessment and mitigation process. To this end, the Board undertakes a bi-annual assessment of the risks facing the Company, including those risks that could threaten our business strategy, operating model, performance, solvency and liquidity. Emerging risks are discussed by the Board and the Senior Leadership Team periodically throughout the year.

The Board is responsible for ensuring Tullow maintains an effective risk management and internal control system and works closely with Tullow's Senior Leadership Team to ensure this is in place. The Senior Leadership Team is collectively responsible and accountable for the risk management process in place across the organisation, with individual members taking ownership for risks that fall in their business area.

Tullow recognises that risk cannot be fully eliminated and that there are certain risks the Board and/or the Senior Leadership Team accept when pursuing strategic business opportunities. Acceptance of risk is made at an appropriate authority level and within Tullow's defined risk appetite and tolerance levels.

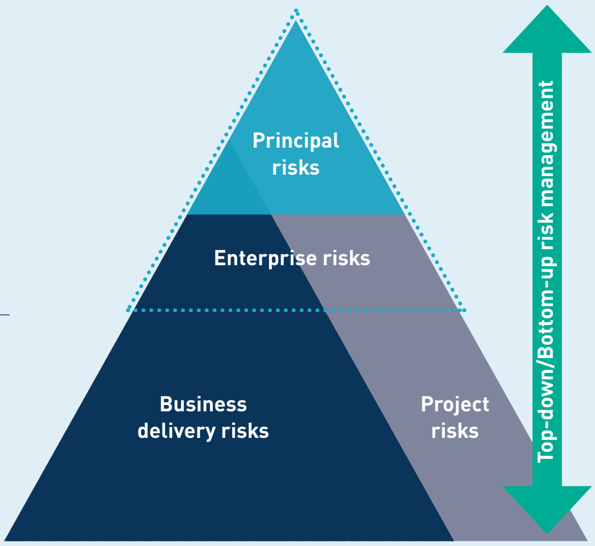
Tullow's risk governance framework is illustrated below:

Board

- Oversees identification, assessment and response to principal risks
- Sets risk appetite
- Monitors effectiveness of the risk management process

Extended Leadership Team (ELT)

- Identifies and assesses their respective business delivery risks
- Ensures effective risk mitigation actions are planned
- Monitors effectiveness of risk mitigation and response plans



Senior Leadership Team (SLT)

- Sets the tone for an effective risk management culture
- Identifies and assesses principal and enterprise-wide risks
- Monitors effectiveness of risk management actions for those risks and decides the focus of effort
- Decides which risks require periodic Board review

Business functions

- Identifies business delivery risks and raises these to the leadership team
- Identifies and assesses respective project risks
- Ensures effective risk mitigation actions are planned and implemented

Every layer of the organisation is responsible for identifying key risks and managing them in line with our risk appetite (as set by the Board)

Risk management process

Our risk management framework takes a 'top-down, bottom-up' approach. It is a rigorous method that ensures ownership and responsibility for identification, assessment and management of key risks and opportunities, and is embedded throughout the business. The Board sets the context for risk management through defining the strategic direction and risk appetite for the organisation.

Risk management framework

Risks identification and assessment

Each Business Head and Head of function is responsible, and accountable, for managing risk and risk mitigation within their remit. The Extended Leadership Team (ELT) reviews and reassesses risk on at least a quarterly basis to evaluate the strength of existing controls and determine whether additional risk reduction actions are needed to ensure the risk level is within the risk appetite set by the Board.

Consolidation of business risks

To facilitate assessment of the main risks facing the business, Tullow's leadership undertakes a bottom-up review of the key risks faced by the business. The key risks in each area are identified by the Business Heads and Heads of Functions, including mitigating actions and any emerging risks. These are consolidated upwards into the Business Unit risk registers and assessed according to their likelihood of occurring, and the potential consequences to Tullow in terms of safety, reputational, financial, legal and regulatory impact.

From this, the Senior Leadership Team identifies the principal and enterprise-wide risks which can be either a single risk, or a set of aggregated risks which, taken together, are significant for Tullow. Members of the Senior Leadership Team have ownership and accountability for stewardship of each of the principal and enterprise-wide risks. As a collective, the Senior Leadership Team reviews and discusses the risks to understand whether mitigations are being effectively executed within the agreed timeframe.

On a bi-annual basis the principal risks and mitigants are discussed by the Board to provide 'top-down' challenge and support. The result of this review is communicated back down to the Business Units to facilitate risk awareness and effective decision making throughout the organisation.

Risk appetite

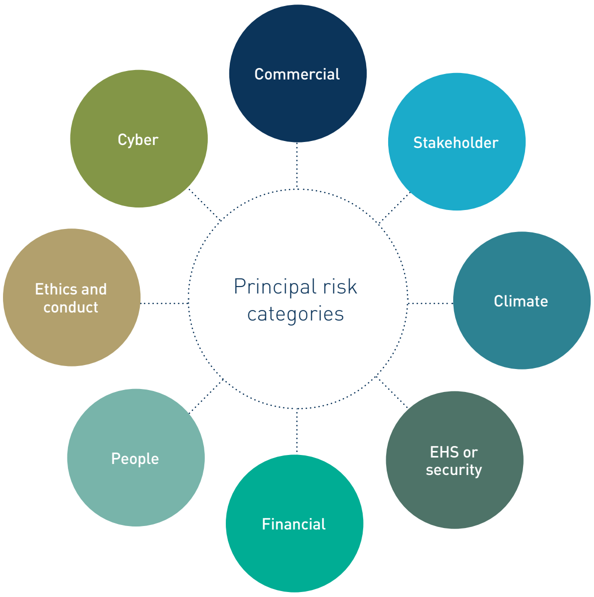
The Board sets Tullow's risk appetite and acceptable risk tolerance levels for each of the principal risk categories. In considering Tullow's risk appetite, the Board reviews the risk identification process, the assessment of enterprise level risks, the existing controls and mitigating actions and the residual risks. During this process, the Board articulates which risks Tullow should not tolerate, which should be managed to an acceptable level and which should be accepted in order to deliver our business strategy.

The risk appetite is reviewed at least annually by the Board to ensure that it reflects the current external and market conditions. A revised risk appetite was last reviewed by the Board in December 2021.

Evolution of Tullow's management of risk

During 2021, Tullow's risk framework has been simplified and realigned to reflect the revised business structure and reporting lines. Senior risk owners have been working to ensure a greater culture of risk awareness and challenge is instilled throughout the business with an increased focus on mitigating actions. Further consistency in risk identification, measurement and reporting has been embedded across the organisation.

Categories of principal risks



Tullow's risk profile

The Company risk profile has been closely monitored throughout the year, with consideration given to the risks to delivering the revised Business Plan, as well as whether external factors such as the COVID-19 pandemic and oil price volatility have resulted in any new risks or changes to existing risks. The impact of these factors has been considered and managed across all principal risks. The following table represents the Company's current principal risks.

Failure to deliver production targets (Commercial & Financial risk)

Risk details	Risk mitigations
Tullow's Business Plan is anchored on production from the Jubilee and TEN fields in Ghana and non-operated fields in Côte d'Ivoire and Gabon. A decline, or problems with the performance, of wells or facilities could result in not meeting planned production levels which in turn would lead to a reduction in revenue and cash flow ultimately impairing our ability to reduce leverage.	- Robust control over Operations & Maintenance (O&M) contractor as well as ongoing O&M transformation project - Cross discipline integrated performance management including clear KPIs and forums - Maintenance and integrity management plans covering all equipment classes - Management and oversight of JV Partners to ensure maintenance and integrity plans are implemented effectively
A failure to grow the business via targeted investment in existing fields and/or investment in new fields could ultimately impact our ability to meet longer-term production targets.	- Jubilee Expansion project, Jubilee South East, North East and TEN Enhancement Projects - Exploration strategy focused on acreage close to existing infrastructure, to enable discoveries to be converted to production quickly - Continued investment in non-operated portfolio, including accelerating projects where possible - Mergers & Acquisitions (M&A), inorganic growth with a focus on producing assets
Inability to secure associated gas offtake in Ghana could limit our ability to produce oil and impact revenue and value.	- Working with the Government of Ghana to secure temporary flaring permit - Working to secure a long-term gas offtake commercialisation contract in Ghana as agreed in principle by the Board - Managing production processes to minimise production of gas which needs to be exported from the fields

Risk of a Major EHS incident (EHS or security risk)

Risk details	Risk mitigations
A major incident could potentially result in asset integrity failures and/or extensive damage to facilities. This may in turn lead to a loss of life, environmental damage and potential for loss of production (and therefore revenue), increased costs and reputational damage.	- Risk management processes embedded at all levels of the organisation - Asset and well integrity and maintenance programmes are in place, including regular self-verification and external certification, audit and assurance of integrity plans - Root cause failure analysis processes in place for production losses and EHS incidents to prevent recurrence and ensure lessons are learned - Emergency Response Plans and Incident Management Framework to aid in escalation when incidents do occur
A failure of our colleagues or contractors to meet safety standards or adhere to procedural requirements could result in operation of equipment outside safe operating limits leading to a major EHS or operation incident.	- Tiered assurance activities ensuring all critical processes are adhered to - Robust EHS aspects are included at all stages of contract management (from specification/pre-qualification through to contract closure) - Active contractor engagement on safety throughout life of contract including EHS forums to enable direct participation

Failure to unlock value (Stakeholder, Commercial & Financial risk)

Risk details	Risk mitigations
Significant non-associated gas resource has been identified on current licences and failure to secure gas market share could delay development of these resources.	- A workstream has been established to assess commercialisation opportunities in Ghana and the region that will enable development of the identified resources while playing an important role for the industrial development of Ghana
Delay in approval of a revised Field Development Plan (FDP) by the Government of Kenya could impact a final investment decision.	- A revised FDP has been submitted to the Government of Kenya for approval in line with the licence extension conditions - Continued engagement with the Government of Kenya and regulators to ensure timely approval of the revised FDP
Failure to secure a strategic partner would impact our ability to progress the Kenya project to final investment decision and unlock value.	- The Kenya JV Partners via an ongoing farm-down process are actively seeking a strategic partner to fund the next stage of development and unlock value. Discussions are under way with potential bidders around a range of commercial arrangements
The inability to successfully explore and add accretive upside value to Tullow's assets through addition of reserves and resources around producing assets could limit the return on the licences.	- Close collaboration focused on fully leveraging geoscience expertise to identify and mature reserves and resources which have the potential to rapidly unlock value for producing assets - This is reinforced by an Infrastructure-led exploration (ILX) strategy to strengthen the portfolio, by focusing on opportunities near producing assets, and create value through integration of assets, expertise and regional knowledge
The inability to limit our capital exposure to historic exploration commitments in selective emerging basins of Guyana and Argentina may result in having to divert capital from producing assets.	- A number of farm-down processes are under way to limit capital exposure on selective emerging basins by aiming to reduce our equity share. This will ensure Tullow can participate at an equity consistent with our capital allocation guidance

Governance and risk management continued

Failure to manage geopolitical risks (Stakeholder & Financial risk)

Risk details	Risk mitigations
Political instability in the West Africa region, where our producing assets are concentrated, could delay and impact decision making by host governments and local partners and may also impact security arrangements.	- An extensive relationship management plan is in place, to actively manage senior relationships with host governments, including an Advisory Board in Ghana - We ensure alignment of our business plans with national priorities and have developed a communication plan to educate stakeholders on the positive impact of our activities on host nations and communities
Unreasonable fiscal or regulatory demands by host governments could obstruct efficient operations, delay implementation of our growth plans and cause increased costs and financial loss.	- We have robust stabilisation clauses in all our Petroleum Agreements and Production Sharing Contracts to protect us against unreasonable demands

Failure to manage climate change risks (Climate risk)

Risk details	Risk mitigations
Tullow recognises climate change as a material risk for our business. There is a potential for climate related risks, including regulatory constraints, carbon pricing mechanisms, low oil price or conditional access to capital, to affect Tullow's ability to implement our strategy. Challenges to our business strategy and failure to align with broader energy transition goals could result in reduced or conditional access to capital or shareholder/investor reluctance to invest. Failure to deliver on our commitment to eliminate routine flaring by 2025 and thereby mitigate the carbon intensity of Tullow's business may lead to stakeholder confidence erosion and impact our ability to attract and retain talent.	- There is recognition and support from the Board that decarbonisation requires investment. We are implementing our plan to achieve Net Zero by 2030 (Scope 1 and 2 net equity), through reducing our emissions from routine flaring and offsetting hard to abate emissions - We stress test our portfolio to ensure core assets are resilient in different oil and carbon price environments - There is ongoing engagement with host countries to understand and align with their long-term energy transition strategies, including Paris Nationally Determined Contributions

Risk of insufficient liquidity and funding capacity to sustain and grow the business / failure to deliver a highly cash generative business (Financial risk)

Risk details	Risk mitigations
Tullow remains exposed to erosion of its balance sheet and revenues due to oil price volatility, unexpected operational incidents, ongoing costs associated with the COVID-19 pandemic and failure to deliver targeted farm downs of exploration assets and Kenya. Failure to deliver our Business Plan could have a material negative impact on cash flow and our ability to reduce debt and strengthen the balance sheet, which may affect our ability to meet our financial obligations when they fall due.	- Business plan in place to deliver strong cash flow and deleveraging - Capital structure provides liquidity headroom through to December 2024 even in a low oil price environment - Disciplined capital allocation prioritising high return and short payback investments, and a strong focus on cost control - Material commodity hedging programme protects against the impact of a sustained low oil price environment

Failure to develop, retain and attract capability (People risk)

Risk details	Risk mitigations
There is a risk that critical staff leave the organisation resulting in difficulty to deliver against our business plan. We operate a lean and agile structure and are dependent on a small number of key and critical roles. Loss of staff would increase pressure on remaining colleagues and could lead to deterioration in the wellbeing of our colleagues, a poor working environment and, potentially, further attrition.	- A new Employee Value Proposition (EVP) was rolled out in 2021, covering culture, working environment, remuneration, learning and development and performance management - Employee engagement initiatives are in place, including an employee advisory panel, Tullow Townhalls, coffee mornings and employee engagement surveys - We have refreshed our Inclusion and Diversity (I&D) policy and hosted a number of speakers during the year, to increase awareness and reaffirm our focus on I&D - Succession plans are in place for critical roles. We have undertaken a leadership capability review of the extended leadership team, to ensure a focus on development and ensuring the right capability is in the organisation

Risk of a compliance or regulatory breach (Ethics & Conduct risk)	
Risk details	Risk mitigations
The Company could be exposed to increased risk of non-compliance with bribery and corruption legislation or contractual obligations along with other applicable business conduct requirements. In particular, an unforeseen material compliance breach could lead to regulatory action, an unsettled litigation/dispute or additional future litigation that may result in unplanned cash outflow, penalty/fines, reputational damage and a loss of stakeholder confidence in Management.	- Tullow maintains high ethical standards across the business. Strong anti-bribery and corruption (ABC) governance processes/procedures are in place as a core element of the Ethics and Conduct (E&C) programme - A mandatory annual Code of Ethical Conduct eLearning and acknowledgement / certification process is in place for all employees. Third-party due diligence procedures and assurance processes are in place - Investigation procedures and an associated Misconduct and Loss Reporting Standard are in place - Processes and controls are in place to deliver General Data Protection Regulation (GDPR) compliance - Anti-tax evasion risk assessments are undertaken with clear mitigation actions identified, including targeted employee training

Risk of major cyber-attack (Cyber risk)	
Risk details	Risk mitigations
The external cybersecurity threat environment is continuously evolving and intensifying, therefore the risk of a major cyber-attack is an ongoing risk that requires constant monitoring and management. Tullow may suffer an external cyber-attack which could have far reaching consequences for the business. This could limit our ability to operate, impact production, expose the Company to high ransomware demands or potentially trigger a major incident. This could result in financial loss, loss of stakeholder confidence, loss of production, or additional cost by way of fines or resolution of service.	- Security Incident Event Management (SIEM) system in place, supported by an Advanced Security Operations Centre (SOC) providing 24/7 network and device monitoring, alerting and response - Security awareness programme in place supported by regular staff susceptibility phishing training and testing. Annual mandatory security awareness training for all staff - An independent technical assurance programme is in place

Lines of defence

First line of defence
Business leadership
(ownership and management of risk)

- Own and manage business risks. Implement and execute controls in business. Monitor risks and control at business level.
- Assurance provided through self-reviews and focused assurance reviews.
- Projects – implement and execute controls at site/project level. Monitor risks and controls at site/project level.

Second line of defence
Risk management and compliance functions (oversight of risk management)

- Set the framework and support embedding of effective risk management practices.
- Provide challenge to leadership on the identification and management of risk.
- Monitor compliance with functional standards (minimum controls).
- Provide assurance through periodic reporting and focused reviews.

Third line of defence
Internal Audit (independent assurance)

- Provide independent assurance of respective governance, internal control systems and controls across all levels of the business.
- Assurance provided through risk-based internal audit reviews.

Internal control
A foundation of effective governance, risk management and control exists throughout the organisation. The effectiveness of the internal control framework is reviewed through the risk management process and challenged as described above. In addition to this, the Senior Leadership Team and Audit Committee perform an annual review of the effectiveness of internal control. This was last undertaken in March 2022.

Nature of assurance
- Assurance activities are put in place across the three lines of defence to assure that control activities are effective in mitigating risks to the business. These specifically focus on areas where there are internal/external changes, control failures and historical issues.
- Business leadership is the first line of defence and is responsible for ensuring their key risks have been identified and that adequate controls are in place to manage those risks.
- Risk management and compliance functions act as the second line of defence, providing support and challenge to the business in managing risks effectively, and providing assurance that compliance with functional standards is being met.
- Internal Audit acts as the third line of defence and is responsible for providing independent assurance through its risk-based internal audit programme. The Internal Audit Plan and outputs are reviewed by the Audit Committee. Agreed actions for improving the control environment and managing risk are owned by assigned individuals and monitored through Tullow's actions tracking process. The Audit Committee monitors the implementation of actions.
- Tullow's risk management and assurance processes provide the Board and the Management Team with reasonable, but not absolute, assurance that our assets and reputation are protected.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

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 the Company must, in accordance with s172(1)(a-f) of the Companies Act 2006, also have regard to wider expectations of responsible business behaviour, such as having due regard to the interests of, and actively engaging with, its employees; the need to engage and foster business relationships with suppliers, customers and others; the need to act fairly as between Members of the Company; the likely consequences of any decision in the long term; the desirability of maintaining a reputation for high standards of business conduct; and the impact of the Company's operations on the community and the wider environment. The section below further details on how the Directors have fulfilled their duties.

During the year, the Board was closely involved in all key decisions of the Company. In addition to providing rigorous evaluation, risk management and challenge to maintain strong governance, the Board also engaged with stakeholders to inform decisions. The Board is aware that in some situations, stakeholders' interests will be conflicted, however, the engagement enabled them to fully understand the key issues relevant to our stakeholders. Further details on how the Board considered stakeholders during the decision making process, and how the stakeholder engagement fed into this process, are set out on the next few pages.

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 in the decisions taken throughout the year ended 31 December 2021.

Decision	**Approval of 2021 Budget and long-term Business Plan (10 years)**
Context and link to strategy	The Company's long-term Business Plan and operating strategy was presented to investors and the wider market at its Capital Markets Day on 25 November 2020. The long-term Business Plan and operating strategy is focused on short-cycle, high-return opportunities and the substantial potential associated with the Group's producing assets within its large resource base. The long-term Business Plan reflects a shift in capital allocation from previous years to focus over 90% of the Group's capital expenditure over the next 10 years on its West African producing assets. The plan is also focused on generating cash flow to significantly reduce debt and further strengthen the balance sheet. After capital investment and other costs, the plan is expected to generate material cash flow in the medium term which the Group would initially apply towards reducing gearing to 1–2x net debt / EBITDAX, while retaining appropriate liquidity.
Challenges and outcome	In light of disappointing operational and financial performance in 2019, the Company carried out a Business Review, involving a thorough reassessment of the Group's operational structure, cost base, future investment and asset portfolio plans. The result of this review was the long-term Business Plan. The Board reviewed the long-term Business Plan as part of the 2021 budget process over the course of the second half of 2020, ahead of approval in January 2021. The Board considered that the long-term Business Plan can deliver material value from the Company's assets and generate substantial cash flow. In addition, the long-term Business Plan delivers sufficient operating cash flow to achieve an appropriate balance between debt reduction and value creation.
Stakeholder considerations	Whilst reviewing the 2021 budget and long-term Business Plan, the Board considered the following stakeholders: - **Investors/creditors:** The long-term Business Plan should deliver production growth in the medium term and the ability to sustain production over the longer term. The expenditure under the plan is expected to be self-funded and not to require additional borrowing. In addition, the plan is expected to reduce the Company's gearing to 1–2x net debt/EBITDAX in the medium term while retaining appropriate liquidity. - **Host nations:** The new plan is expected to deliver production growth and deliver significant value for Tullow's host nations. It also reconfirms the Company's commitment to further develop and unlock value from its core assets and deliver shared prosperity to our host nations in the process. The long-term Business Plan also confirms the shift from an exploration-led company to one focused on the sustainable exploitation of its producing assets and infrastructure in line with the Company's Net Zero commitments. - **Employees:** By creating long-term value for the Company, the long-term Business Plan creates value for its employees through exciting professional opportunities, career development and potential remuneration upside through the employee share plans.
Link to KPIs	2. Working Capital and Cost Management 3. Production 4. Business Plan Implementation 5. Capital Structure 8. Total Shareholder return

Section 172(1) statement continued

Decision	**Refinancing of the Company's debt**
Context and link to strategy	At the beginning of 2021, the Company had sufficient liquidity for its short-term needs. However, a liquidity shortfall was forecast for April 2022 following the repayment of the $650 million Senior Notes due in April 2022. This liquidity shortfall fell inside the liquidity forecast test periods in respect of the February 2021, September 2021 and March 2022 RBL Facility redeterminations. As such, the ability of the Group to continue operating as a going concern relied on its ability to obtain waivers or amendments from its banks with respect to the liquidity tests, and to implement a refinancing proposal to address the April 2022 maturity.
Challenges and outcome	The Board considered various options to address the Company's debt maturities and concluded that the issuance of $1.8 billion Senior Secured Notes and arrangement of a new $600 million Super Senior Revolving Credit Facility comprising of a $500 million revolving credit facility and a $100 million letter of credit facility was in the best interests of all stakeholders, including the Group's creditors. The refinancing delivered a more stable capital structure for the Company, removed the uncertainty associated with protracted refinancing discussions with creditors, and addressed the Company's near-term debt maturities.
Stakeholder considerations	In reviewing the refinancing options for the Company, the Board considered the following stakeholders: - **Investors:** The refinancing provides a clear pathway for the Company to invest in its assets to maximise their value. - **Creditors:** The refinancing addressed the Company's near-term debt maturities and allowed creditors to be repaid at par and the choice to participate in the Refinancing. - **Employees:** The refinancing provides employees with the confidence that Tullow remains an employer at which they can continue to work with confidence and develop their skills and future opportunities. - **Suppliers:** The refinancing provides our suppliers with the confidence that they can continue to engage with Tullow in the long term for the success of the Company.
Link to KPIs	5. Capital Structure 8. Total Shareholder return

Decision	**Exercise of Ghana pre-emption**
Context and link to strategy	On 13 October 2021, Kosmos Energy announced that it had acquired an additional 18.0% interest in the Jubilee field and an additional 11.0% interest in the TEN fields in Ghana from Occidental Petroleum for a purchase price of $550 million. Under the Deep Water Tano (DWT) Joint Operating Agreement (JOA), Tullow has pre-emption rights in respect of the 11.05% participating interest within the offshore DWT Block acquired by Kosmos Energy which includes the TEN field and a portion of the Jubilee field.
Challenges and outcome	In making its decision to support the exercise of the pre-emption, the Board considered whether the acquisition was value accretive, could be self-funded and could generate additional cash flow to help accelerate debt reduction. The Board assessed that: - The additional equity in these assets is expected to increase Group daily production by c.10% and generate over $200 million incremental free cash flow at $65/bbl for Tullow between 2022 and 2026, which could help accelerate debt reduction. - The consideration for the 7.7% increase in equity is expected to be c.$150 million with an economic effective date of 1 April 2021, subject to concluding definitive agreements and closing adjustments. The purchase of the participating interest in the DWT Block will be funded from Tullow's existing resources. In addition, the Board considered that increasing the Group's operated stakes in the Jubilee and TEN fields also underscores the Company's commitment to investing in and delivering its long-term Business Plan. This opportunity also fits well with the Group's strategy to focus on maximising value from our producing assets. On 11 November 2021, the Company announced that it had exercised its right of pre-emption over its participating interest in the DWT Block.
Stakeholder considerations	In making its decision, the Board considered the following stakeholders: - **Creditors:** The Board considered the affordability of the transaction and concluded that Tullow could fund the transaction from existing sources without causing undue risk to the Company's liquidity position. - **Investors:** The acquisition is expected to generate over $200 million incremental free cash flow at $65/bbl for Tullow between 2022 and 2026. Self-funding the acquisition also presents no dilution to shareholders. - **Host nations:** The increased operated stakes in the Jubilee and TEN fields underscore the Company's commitment to investing in these assets, which will continue to generate revenues for the Government of Ghana.
Link to KPIs	3. Production 4. Business Plan Implementation 5. Capital Structure 8. Total Shareholder Return

Decision	**Sale of assets in Equatorial Guinea and the Dussafu Marin permit**
Context and link to strategy	Since Tullow's announcement in December 2019 of Board changes and revisions to 2020 guidance, the Company has, amongst other things, been focused on delivering reliable production, lowering its cost base and exploring portfolio management options to reduce debt and strengthen its balance sheet. On 12 March 2020, Tullow's Board announced its plans to raise in excess of $1 billion of proceeds from portfolio management options in order to further streamline the business and to reduce gearing. This $1 billion target was ultimately achieved through a combination of assets sales and self-help measures. On 10 November 2020, Tullow completed the sale of its assets in Uganda to Total for an upfront consideration of $500 million with a further $75 million payable following a Final Investment Decision for the Lake Albert Development. On 9 February 2021, Tullow announced that it had signed two separate sale and purchase agreements with Panoro Energy ASA for all of Tullow's assets in Equatorial Guinea and the Dussafu asset in Gabon.
Challenges and outcome	When making the decision to sell Tullow's assets in Equatorial Guinea and the Dussafu asset in Gabon, the Board considered that the sales would generate $180 million in proceeds, including $133 million in upfront cash consideration. It also considered that the transactions were value accretive, with neutral impact on the Group's operating cash flow (at $50/bbl) and would further strengthen the Company's balance sheet. The Board also considered that the sales were in line with Tullow's strategy of focusing on its core high-margin production assets and were comfortable with potential risks stemming from increased concentration on Ghana as a result of the sales.
Stakeholder considerations	In making its decision to support the sale of Tullow's assets in Equatorial Guinea and the Dussafu asset in Gabon, the Board considered the following stakeholders: - **Creditors:** The transactions were an important step in reducing the Company's net debt and were put towards the delivery of $1 billion of proceeds and savings achieved through portfolio management and self-help measures over two years. The sale of these assets provided important incremental liquidity to the Group ahead of the comprehensive refinancing of the Group's debt. - **Investors:** In addition to the lowering of the Group's cost base and capital expenditure, the transactions support the delivery of improved margins from the Group's remaining assets. Exiting non-core assets allows the Group to focus on investing on the highest value and highest return opportunities within its portfolio. - **Host nations:** Due to Tullow's non-operated position in these assets, the Board considered that the impact of the disposals on local employees would be extremely limited. The Governments of Equatorial Guinea and Gabon approved the transactions. - **Employees:** Due to Tullow's non-operated position in these two assets, the Board considered that the impact of the disposals on employees would be extremely limited.
Link to KPIs	2. Working Capital and Cost Management 4. Business Plan Implementation 5. Capital Structure 8. Total Shareholder Return

Decision	Net Zero Commitment
Context and link to strategy	In 2020, Tullow issued its first Climate Policy and formalised its support for the goals of the Paris Agreement, namely, to hold the increase in the global average temperature to well below 2°C and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. In 2021, Tullow refreshed its purpose, to build a better future through the responsible development of oil and gas. The Company continues to support its host governments as they seek to use oil revenues to support social and economic development and Tullow is committed to work to align with the actions that they take to manage climate change. A number of oil and gas companies, including some of the Company's peers, have announced ambitions to become Net Zero on Scope 1 and 2 net equity emissions, by decarbonising their assets as far as practicable and offsetting any residual emissions.
Challenges and outcome	The Board has endorsed the Group's commitment to become a Net Zero Company by 2030 on its Scope 1 and 2 emissions on a net equity basis. In doing so the Board considered in particular how the Company expects to deliver this commitment and the possible challenges: - An increase in the gas handling capacity on the Jubilee FPSO and process modifications on the TEN FPSO are required to eliminate routine flaring in Ghana by 2025. The technical aspects of these changes are well understood and form part of the long-term Business Plan which the Board has approved. - Delivering Net Zero requires sustained gas offtake by the Ghana National Gas Company. After almost 10 years of excess gas injection on Jubilee due to insufficient gas offtake, a request to flare was made to protect the reservoirs and to maintain oil production at planned levels. The Board is satisfied that, following engagement with the Government of Ghana, there is strong alignment and a robust commercial foundation to achieve the targeted levels of gas offtake that would enable the elimination of routine flaring from the Jubilee and TEN fields. - The Board is satisfied with the progress made in identifying nature-based carbon removal projects such as reforestation, afforestation and conservation projects in Ghana that are required to offset the residual hard to abate carbon emissions.
Stakeholder considerations	When approving the Net Zero commitment of the Company, the Board considered the following stakeholders: - **Investors/Creditors:** Companies' commitments towards addressing climate change are becoming central to investors' investment decisions. Investors and corporates are subject to growing pressures to clearly outline ambitious targets to reduce carbon emissions. The Board is convinced that meeting Net Zero targets will be critical for the Company to maintain access to capital. - **Host nations:** In 2019, Ghana became the third country to sign a landmark agreement with the World Bank that rewards community efforts to implement projects that reduce carbon emissions from deforestation and forest degradation. Ghana has a REDD+ strategy that is designed to meet the requirements of the Warsaw Framework and the United Nations Framework Convention on Climate Change (UNFCCC). The Board is aware of the various engagements the Company has with the Ghanaian Forestry Commission to align respective strategies and targets and help identify suitable REDD+ projects for carbon offsetting. - **JV Partners:** Tullow's Net Zero strategy is aligned with the ambitions of our JV Partners in Ghana. - **Employees:** It is becoming increasingly important for individuals around the world to ensure that the organisation they work for is proactively addressing climate change issues.
Link to KPIs	6. Sustainability

Decision	**Employee Value Proposition**
Context and link to strategy	During 2020 Tullow fundamentally reset and downsized its business. During that time the Group directed its focus on managing individuals impacted by the changes in a respectful and fair manner. In 2021, following the redefinition of the Group's purpose, strategy and values, the Company decided to implement changes to its Employee Value Proposition to ensure that Tullow remains a compelling place to work and to empower and incentivise employees to focus on the delivery of the Corporate Business Plan.
Challenges and outcome	The Employee Value Proposition introduced new working arrangements designed to provide staff with better work/life balance. These include: smart working arrangements; the ability for employees to buy and sell up to five days annual leave; and enhanced paternity leave available across all Tullow locations. The restrictions imposed by the COVID-19 pandemic meant that much of 2021 was spent working remotely. When the guidance from the UK Government to work from home was lifted, the Company introduced a hybrid working environment enabling people to work from home, with two days working in the office to help build a cohesive culture. Other features of the Employee Value Proposition include competitive pay including bonuses; private medical insurance for employees and their dependants; professional development opportunities; and an open, transparent and inclusive culture. In July 2021 the Company also launched the Celebration Hub which provides a platform for Group-wide recognition of the successes of individual employees or teams across the whole business. Finally, to address concerns of Tullow's Ghanaian employees with regards to the depreciation of the Ghanaian Cedi against the US dollar and the impact this can have on their disposable income, the Company implemented a mechanism to help mitigate this impact. This works by guaranteeing a lump sum payment as a percentage of base salary where the inflation used to calculate annual salary increments is less than the Cedi depreciation for the prior year.
Stakeholder considerations	In making its decision, the Board considered the following stakeholders: - **Employees:** In making decisions related to the Employee Value Proposition, the Board took into account the feedback received via the Tullow Advisory Panel who met with the Board four times during 2021, market pay and policy data was shared to support all compensation related decisions and the data from three employee surveys conducted in the year. The Board believes that flexible working arrangements support an inclusive and diverse work environment. - **Investors/creditors:** The Employee Value Proposition empowers and incentivises Tullow employees to focus on the regeneration of the business and on creating value from the Group's assets.
Link to KPIs	7. Leadership Effectiveness

Decision	**Self-operate model for Jubilee FPSO**
Context and link to strategy	As part of a longer-term operational transformation plan, Tullow has taken the decision to self-operate the Jubilee FPSO Kwame Nkrumah and will take over all operations and maintenance (O&M) when the current third-party operator's, MODEC, contract comes to an end in mid-2022. Increased Tullow control over the operational turnaround achieved in the past 18 months demonstrated that Tullow has the in-house capacity to self-operate. Taking this further to self-operatorship presents an opportunity to realise and sustain efficiency improvements, cost reductions as well as gain ESG benefits. Through this change, Tullow is targeting top quartile operating performance in terms of safety, emissions, reliability and costs. The decision to self-operate the Jubilee FPSO is part of a broader strategic goal to become a leading West African operator, creating a differentiating core competence for Tullow which could be leveraged for potential future acquisitions.
Challenges and outcome	Following extensive discussions at the Board during the second half of 2020 and early 2021, a project team was established in the second quarter of 2021 to assess, define and develop the plan for the transition. This plan was reviewed and approved by the Board in July 2021. The Board review of the self-operate transition plan covered various governance, safety, and technical aspects. The implementation of the transformation is ongoing, and the Board continues to regularly review and support the transition process.
Stakeholder considerations	In making its decision, the Board considered the following stakeholders: - **Investors:** When the Board was considering the decision to transition to a self-operate model for the Jubilee FPSO in Ghana, it took into account the long-term value this could deliver to the Group through reductions in operating costs and an increase in FPSO efficiency. It also considered how developing this core competence could be of benefit to Tullow's broader strategy to grow in Africa. - **Local suppliers:** The Board considered the potential additional revenue that could be captured by local suppliers via an increased direct engagement with the Group on the procurement process, and the potential transfer of skills to indigenous Ghanaian companies via training. - **Employees:** The Board took time to understand any additional safety risks self-operation would bring to Tullow and ensured appropriate mitigating systems and processes will be in place. Self-operate also provides opportunity for professional development for many individuals in the Tullow team, especially in Ghana.
Link to KPIs	1. Safety 2. Working Capital and Cost Management 8. Total Shareholder Return

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. 2022), Corporate Business Plan (5 years i.e. 2022–2026), long-term Business Plan (10 years). During 2021 the Board revised its period of assessment for the purpose of the viability statement, which was previously three years, to five years for the following reasons:

i. during the first half of 2021 the Group refinanced its near-term debt maturities with the issuance of Senior Secured Notes due in May 2026 (2026 Notes). The Group's only other outstanding debt are Senior Notes due in March 2025, and therefore all of the Group's debt matures outside of three years but within five years;

ii. in September 2021 the Group provided guidance to the market over a five-year period (2021–2025); and

iii. this period also aligns with the Corporate Business Plan which targets an increase in production and operating cash flow generation over the next five years.

Notwithstanding the assessment period selected for the viability statement the Group will continue to assess the business over all time horizons noted above.

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, 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
Failure to deliver production targets	Production is assumed to be in line with the Corporate Business Plan.	5% reduction in production in each year.
Failure to manage geopolitical risks	The Group has included probable outflow associated with tax exposures (refer to page 118 for a description of the Group's uncertain tax treatments).	In addition to the exposure included in the base case the Group has included $56 million related to potential outflows which are currently not deemed to be probable but whose likelihood is greater than remote.
Failure to manage climate change risks	The key impact of climate change on the Group's portfolio of assets is reflected in the oil price assumptions. See below.	The Directors have considered an oil price sensitivity in line with the IEA 'Net Zero by 2050 Scenario'; see below. The Group has also assessed the impact of carbon pricing; refer to the TCFD disclosure.
Risk of insufficient liquidity and funding capacity to sustain and grow the business / failure to deliver a highly cash generative business	Oil price assumptions are based on the forward curve at 31 December 2021 for two years, followed by the Group's Corporate Business Plan assumption from 2024 onwards: 2022: $76/bbl; 2023: $71/bbl; 2024: $62/bbl; 2025: $64/bbl; 2026: $65/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: 2022: $60/bbl; 2023: $61/bbl; 2024: $62/bbl; 2025: $64/bbl; 2026: $65/bbl. The second is in line with the IEA 'Net Zero by 2050 Scenario': 2022: $62/bbl; 2023: $59/bbl; 2024: $55/bbl; 2025: $52/bbl; 2026: $49/bbl. 12% increase in operating costs.

For detailed information on risk mitigation, assurance and progress in 2021 refer to the detailed discussion of risks on page 36.

For 'Risk of an asset integrity breach', 'Failure to unlock value', 'Risk of a major EHS accident and Security', 'Risk of a compliance or regulatory breach', 'Failure to develop, retain and attract capability', and 'Risk of major cyber-attack' 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.

Conclusion

The Group has $2.4 billion notes outstanding, maturing in 2025 and 2026. The Corporate Business Plan does not project sufficient free cash flow generation to allow the Group to fully repay these notes 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.

Under the two downside scenarios, which assume all risks arise simultaneously, execution of a refinancing would be very challenging. 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.

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.

Non-financial reporting

Tullow aims to comply with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.The table below outlines to stakeholders Tullow's position, principal policies, main risks and KPIs on key non-financial areas.

Requirement	Group approach and policies
Environment Further information: Environment, see pages 31 to 32.	Oil and gas production carries a high risk of environmental impact and incidents related to production processes. Our product and the process associated with its production generate carbon emissions which contribute to climate change. Tullow is working to reduce its impact on the environment through its Net Zero 2030 commitment and through its standards and policies.
Employees Further information: Our People, see pages 33 to 35. Further information: Health and Safety, see page 29.	Tullow aims to create an inclusive environment, free from discrimination, where individual differences and the contributions of all our staff are recognised and everybody is treated fairly. We have zero tolerance for any form of discrimination and decisions related to recruitment selection, development or promotion are based upon aptitude and ability only.
Social policy Further information: Community relations, go to our Sustainability Report online.	We engage with communities early in the planning process to identify the key impacts, both positive and negative, of our operations. We maintain ongoing dialogue to provide information about Tullow's activities and create opportunities for people to contribute to decisions which affect them. We always listen to feedback and concerns, answer enquiries and register grievances made by community members.
Respect for human rights Further information: Our Approach, go to our Sustainability Report online.	Tullow respects and promotes internationally recognised human rights as set out in the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. When considering new investments, we review associated potential human rights issues and their relationship to our operations.
Anti-corruption and anti-bribery Further information: Anti-corruption and anti-bribery, see page 33	Tullow has zero tolerance of any form of corruption. We conduct our business honestly, fairly and transparently and we do not exercise improper influence on any individual or entity. We are subject to many anti-bribery laws in the jurisdictions within which we work and, as a UK registered company, are required to comply with the UK Bribery Act (2010).

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

Phuthuma Nhleko
Chair

8 March 2022

Adam Holland
Company Secretary

8 March 2022

Documents	Related KPIs	Related principal risks
Climate Policy Safe and Sustainable Operations Policy Code of Ethical Conduct Non-Technical Risk Standard	Level 0 KPI: Embed Sustainability across the organisation. Level 1 KPI: Progress Net Zero plan.	Climate risk on page 40 EHS or security risk on page 39
Code of Ethical Conduct Smart Working Policy	Level 0 KPI: Leadership effectiveness. Level 2 KPIs: Quarterly employment engagement pulse checks; redefine commitment to inclusion and diversity; develop localisation plans.	People risk on page 40 Ethics & conduct risk on page 41
Code of Ethical Conduct Non-Technical Risk Standard	Level 1 KPIs: Deliver 2022 social investment plan and develop long term shared prosperity strategy; implement revised local content plan.	Stakeholder risk on page 39 & 40
Human Rights Policy Code of Ethical Conduct	Level 2 KPI: Code of Ethical Conduct training completed by all staff.	Stakeholder risk on page 39 & 40 Ethics & conduct risk on page 41
Code of Ethical Conduct	Level 2 KPI: Code of Ethical Conduct training completed by all staff.	Ethics & conduct risk on page 41

A framework for corporate governance

As a UK-listed company, Tullow Oil plc's governance policies and procedures are based on the Financial Reporting Council's UK Corporate Governance Code (the Code) and the Financial Reporting Council's Guidance on Board Effectiveness, both of which can be found at www.frc.org.uk. This Directors' Report summarises how the Group has complied with the Code during the year ended 31 December 2021 and describes changes to the governance structure that took place before year end. The Code sets out how governance is achieved through the application of its five main principles and their supporting provisions:

- Board leadership and Company purpose;
- division of responsibilities;
- composition, succession and evaluation;
- audit, risk and internal control; and
- remuneration.

Board leadership and Company purpose

The Board is accountable to shareholders and the Group's other stakeholders for the creation and delivery of long-term, sustainable operational and financial performance for the enhancement of shareholder and stakeholder value. The Board meets these aims through setting the Group's objectives, Values and strategy and ensuring that the necessary resources are available to achieve the agreed strategic priorities. During 2021, the Group has been focused on cost and operations to achieve a more reliable and consistent operating performance and a sustainable improvement in operating margins. Our purpose is to build a better future through responsible oil and gas development.

The Board operates through a governance framework with clear procedures, lines of responsibility and delegated authorities to ensure that strategy is implemented and key risks are assessed and managed effectively. These are underpinned by the Board's work to set the Group's core Values, behaviours, culture and standards of business conduct and to ensure that these are clearly understood by the workforce, shareholders and other stakeholders.

The Board also ensures that there is sufficient engagement with the Group's stakeholders such that their views can be considered in Board decision making. The Group's stakeholders are divided into the following main groups: our investors, our host countries and their communities, our people.

Division of responsibilities

The Chair is responsible for leadership of the Board and its overall effectiveness whilst the Chief Executive Officer is responsible for the operational management of the business, for developing strategy in consultation with the Board and for implementation of the strategy with the Senior Leadership Team. One of the non-executive Directors has been selected by the Board to be the Senior Independent Director. The Board is fully satisfied that the Senior Independent Director demonstrates complete independence and robustness of character in this role. The Senior Independent Director 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 Senior Independent Director meets with the other non-executive Directors, without the Chair present, to discuss the Chair's performance. 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 Senior Leadership Team.

The Chair offers governance meetings with shareholders at least once a year to receive their direct feedback. In line with the guidance issued by the Institute of Chartered Secretaries and Administrators (ICSA), the Board has approved formal terms of reference for a Committee of the Executive Directors. The separation of responsibilities between the Board and the Senior Leadership Team is clearly defined and agreed by the Board and is published on the Group's website.

Until 31 December 2021, the Board consisted of eight independent non-executive Directors and two Executive Directors. On 31 December 2021 Dorothy Thompson stepped down as the non-executive Chair of the Board and left the Company, whereupon Phuthuma Nhleko, an existing non-executive and independent Director and the Chair-Designate, was appointed non-executive Chair of the Board. After 31 December 2021, the independent non-executive Directors consist of an independent non-executive Chair, one Senior Independent Director and five independent non-executive Directors.

The Executive Directors consist of the Chief Executive Officer and the Chief Financial Officer.

The Board of Directors

Chair, Executive Directors, Senior Independent Director and non-executive Directors

The Board operates under the leadership of the Chair and is collectively responsible for setting the Company's strategy to deliver long-term value to shareholders and other stakeholders. The Board ensures that the appropriate resources, leadership and effective controls are in place to deliver the strategy. The Board also sets out the Company's culture and Values, monitors business performance, oversees risk management and determines the Company's risk appetite. The Board delegates some of its responsibilities to the Board sub-committees. The Board is accountable for the stewardship of the Company's business to the shareholders and other stakeholders.

Audit Committee

Responsible for financial reporting, audit, internal control and risk management processes.

pages 61 to 66

Nominations Committee

Responsible for Board composition, appointment of Directors and succession planning.

pages 67 to 68

Safety and Sustainability Committee

Responsible for health, safety, environment, climate change, shared prosperity, security and business sustainability.

pages 69 to 70

Remuneration Committee

Responsible for reward and compensation for the Chair, Executive Directors and Senior Managers and reviewing the remuneration arrangements of the workforce.

pages 71 to 87

Senior Leadership Team

Chief Executive Officer, Chief Financial Officer and three Senior Managers

The Senior Leadership Team operates under the leadership of the Chief Executive Officer and is responsible for the delivery and execution of the Board's strategy as well as the day-to-day management of the Company's business including operational performance. The Senior Leadership Team is accountable to the Board.

Following the appointment of the new Chair of the Board, the Board undertook a review of the schedule of matters reserved for the Board and also the division of responsibilities between the Chair of the Board, the Chief Executive and the Senior Independent Director, and all of these are available on our website.

The Board has reviewed the criteria set out in the Corporate Governance Code and the FRC's Guidance on Board Effectiveness and considers each of the non-executive Directors to be independent in character and judgement with no conflicts of interest. In addition, the Board is satisfied that all non-executive Directors have disclosed their other significant commitments and confirmed that they have sufficient time to discharge their duties effectively. The Board is also of the view that no one individual or group of individuals dominates decision making.

As part of the governance framework, 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. 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 can be found on the Group's website. Director attendance at Board and Committee meetings is summarised in the table overleaf.

Committee Reports on pages 61 to 87

Board and Board Committee attendance 2021

Director	Board (8)	Audit Committee (5)	Nominations Committee (3)	Safety and Sustainability Committee (6)	Remuneration Committee (4)
Phuthuma Nhleko	1[1]		1[1]		
Rahul Dhir	8				
Mitchell Ingram	8			6	4
Les Wood	8				
Dorothy Thompson[4]	8		3	6	
Jeremy Wilson	8	5	3		4
Mike Daly	8	5	3	5	2[2]
Sheila Khama	8			6	
Genevieve Sangudi	8	2[2]		3[3]	4
Martin Greenslade	8	5			

1. Denotes Director(s) who joined the Company part way through the year.
2. Denotes Director(s) who ceased to be a Committee member part way through the year.
3. Denotes Director(s) who joined a Committee part way through the year.
4. Denotes Director(s) who are no longer Directors of the Company.

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.

The Board typically meets seven times a year. One of those meetings is devoted to an extensive review of the long-term strategy of the business and another is usually held at an overseas office of the Group to provide the Board with deeper insights into the Company's operations and an opportunity to engage with stakeholders. In preparation for the Group's refinancing, as well as the asset disposals implemented by the Group, certain Directors and Committees held a number of meetings and calls between meetings more frequently than usual. Due to the restrictions imposed by the COVID-19 pandemic, several of these meetings were held via video-conference. Unfortunately, the Board was unable to travel as a group to an overseas office. However, the Chief Executive Officer was able to visit certain overseas offices, including Ghana, and engage with a variety of stakeholders.

The focus of the Board's meetings during the first half of the year was on operational performance, the oversight of the Business Plan and the refinancing of the Group. The second half of the year focused on capital allocation and the Company's long-term strategy, stakeholder engagement, and the energy transition and sustainability. Later in the year, the Board focused on culture, and the Employee Value Proposition. At various meetings during the year, the Board also reviewed the key risks facing the Company and discussed the Group's appetite for those risks.

Composition, succession and evaluation

To ensure that serving Executive Directors and Senior Managers of the Company continue to possess the necessary skills and experience required for the strategy of the business, the Board has established a Nominations Committee 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.

During 2021, two significant changes to the Board were announced. In June, Dorothy Thompson announced her intention to step down as non-executive Chair of the Board. A search process was initiated and in October Phuthuma Nhleko was appointed as an independent non-executive Chair-Designate of the Board. Phuthuma brings extensive emerging markets experience to Tullow having worked successfully across Africa over the past three decades. His biography can be found on page 58. He was appointed Chair of the Board on 1 January 2022. In September, the Company announced that Les Wood, Chief Financial Officer and Executive Director, had mutually agreed with the Board that he would step down from Tullow on 31 March 2022, after the presentation of the 2021 full year results. A search process was initiated and, as at the date of this Report, Tullow's recruitment of a new CFO and Executive Director to replace Les Wood is ongoing. Further detail on the appointment process for these Directors can be found in the Nominations Committee Report on pages 67 to 68.

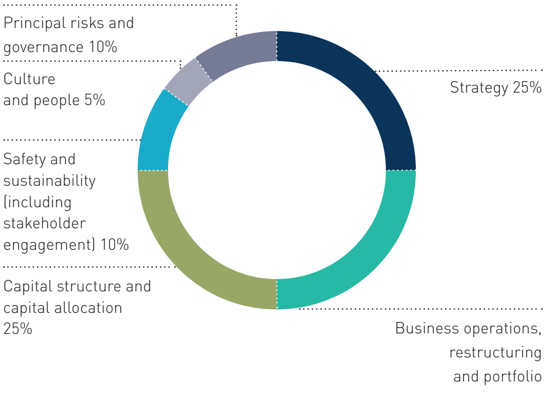
Upon joining the Board, Directors receive induction programmes which are specifically designed to complement their background, experience and knowledge with a more detailed understanding of the upstream industry and other matters regularly discussed by the Board. The programmes include one-to-one meetings with Senior Management, 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.

Directors are initially appointed for a term of three years. All of the Directors will seek re-election at the next Annual General Meeting. The Board will set out in the Notice of Annual General Meeting its reasons for supporting the re-election or election of each of the Directors. In October 2022, Jeremy Wilson will have completed nine years on the Board. It is his intention to seek re-election at the AGM in early 2022 and in due course agree with the Board a date that is mutually convenient for him to retire before October 2022.

As part of the ongoing evaluation of the Board's effectiveness, and following the externally facilitated evaluation of the Board in 2019, the Board carried out an internal evaluation of its performance and that of its Committees in 2021. This was facilitated by the Company Secretary with input from the Chair of the Board, the Senior Independent Director and the Chair of the Committees. The review required each of the Directors to submit responses to a series of questionnaires to reflect their individual performance, the performance of the Board as a whole and the main areas under consideration by the Board and its Committees. Contributors to Board and Committee meetings and the wider group of direct reports to Senior Managers were also provided with the opportunity to provide their feedback to be incorporated into the evaluation. All responses were compiled and discussed at the Board and relevant Committee meetings.

The evaluations reported a number of positive observations including that the Board believes it has a positive diversity of views, skills and experience and a boardroom culture where challenge is welcomed and delivered in a constructive manner. Following the refinancing in 2021, the Board was pleased to take the time to review and debate the Company's long-term strategy. The evaluation highlighted areas for the Board to further focus on in the near term future, including: a deep dive on the Company's principal risks; succession strategy; a strategy for data and technology; and in-person engagement with the Company's senior leaders following COVID-19. These areas have been incorporated into the Board's agenda for 2022.

Board time* (%)



* Percentages are approximate.

Nominations Committee Report on pages 67 and 68

Shareholder engagement

At the AGM on 16 June 2021, a significant number (25.30%) of votes were cast against Resolution 7 to re-elect Dorothy Thompson as a Director of the Company. Although the resolutions passed, members of the Board, including the Senior Independent Director engaged with our major shareholders who voted against the resolution and now have an understanding of the concerns raised by them. Their feedback was incorporated into the search for our new Chair.

Audit, risk and internal control

The Board has delegated responsibility to the Audit Committee to satisfy itself on the integrity of the Financial Statements and announcements on financial performance, overseeing the relationship with the external auditor and reviewing significant financial reporting and accounting policy issues.

The Audit Committee has also assumed responsibility for overseeing the Group's internal audit programme and the process of identifying principal and emerging risks and ensuring that they are managed effectively. As part of that process, the Company's internal financial controls and internal control and risk management systems are assessed annually.

The Directors acknowledge their responsibility for the Group's systems of internal control which are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication and to comply with the requirements of the Code. Overall control is ensured by a regular detailed reporting system covering both operational and commercial performance and the state of the Group's financial affairs.

The Board has procedures for identifying, evaluating and managing principal risks that impact the Group and these are regularly reviewed. Tullow recognises that any systems of risk management and internal control can only provide reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. However, the Board does seek to ensure that Tullow has appropriate systems in place for the identification and management of key risks, including emerging risks. In accordance with the requirements of the Code, the Board has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

Safety and Sustainability Committee

The Board has delegated to this Committee the responsibility and oversight of the Company's occupational and process safety, people and asset security, health and environmental stewardship. The Committee monitors performance and key risks associated with these areas. The Committee also provides oversight of the implementation of the Company's strategic priorities with respect to sustainability, namely; a Net Zero delivery plan, Safe Operations, Shared Prosperity, Environmental Stewardship, and Equality and Transparency.

Safety and Sustainability Committee Report pages 67 to 68

Audit Committee

The Audit Committee retains responsibility for oversight of the external audit of reserves and resources. Board governance was strengthened by the nomination of a non-executive Director with appropriate technical expertise who has responsibility for engagement with the Chief Petroleum Engineer on all matters relating to reserves and resources. The same non-executive Director is available to assist with technical concerns raised through the Company's confidential speaking-up service, Safe Call. The Company's external independent reserves auditor meets with the Audit Committee at least once a year to provide the Committee with an opportunity to ask questions and provide challenge to Senior Management's assumptions.

Audit Committee Report pages 61 to 66

Remuneration Committee

The policies and practices for determining the remuneration of the Executive Directors and the Senior Managers have been delegated to the Remuneration Committee. The principal role of the Remuneration Committee is to develop and maintain a Remuneration Policy that ensures Executive Directors and Senior Managers are rewarded in a manner that closely aligns with the successful delivery of the Company's long-term purpose and strategy as well as those of the shareholders and other stakeholders, including the workforce.

Remuneration Committee Report pages 71 to 87

Board oversight of climate change and disclosures in alignment with TCFD

Climate change remains one of Tullow's nine Principal Risks with governance over climate related risks provided at Board, senior Management and operational levels. The Board has ultimate accountability for ensuring Tullow maintains sound climate risk management and internal control systems. Directors are responsible for ensuring they remain sufficiently informed of climate related risks to Tullow and the broader energy sector, required to be able to meet their fiduciary duties under the UK Companies Act 2006.

The Board:

- takes account of the financial impact on Tullow's existing portfolio stemming from the risks of lower oil demand, lower oil prices and potential carbon taxes identified in a range of commonly accepted climate scenarios for the energy industry;
- ensures mitigation of climate change risks is embedded in Tullow's strategy, decision making on capital allocation and Management compensation;
- monitors indications of any changes in Tullow's access to and cost of capital and debt, particularly stemming from shifts in investor sentiment towards the oil and gas sector related to climate change;
- approves Tullow's carbon management and performance, including targets for emissions reductions; and
- reviews Tullow's assessment of climate risks and opportunities including host nations' Nationally Determined Contributions in support of the Paris Agreement.

The Board undertakes these responsibilities primarily through three sub-committees. The Safety and Sustainability Committee holds responsibility for operational performance on carbon emissions management and how this translates into sustainability performance and disclosures. Oversight of decarbonisation initiatives which underpin Tullow's Net Zero commitment is also part of the Committee's remit. The Audit Committee oversees the assessment of Tullow's financial resilience considering the forecasts of various scenarios on our portfolio and ensures it is appropriately and transparently reflected in our financial disclosures. Through the Remuneration Committee the Board ensures climate and sustainability performance, including performance against our Net Zero target, is embedded in the corporate scorecard and annual performance KPIs. The Board approved the inclusion of a Sustainability KPI in the 2022 Scorecard with a weighting of 10%.

The Tullow Senior Leadership Team, led by the Director of People and Sustainability, supports climate risk management through review of Tullow's commercial resilience against various climate modelling scenarios. The Senior Leadership Team is also tasked with leading the incorporation of climate related risks, opportunities and scenario assumptions into enterprise risk registers. The Ghana Managing Director is furthermore accountable for the implementation of decarbonisation initiatives in our Ghana operations. The Non-Operated Business Manager and Head of Exploration are respectively responsible for identifying and managing climate related risks and opportunities for their businesses. Senior Leadership are supported in managing these responsibilities through our multi-disciplinary climate risk review process, incorporating assessment of our portfolio and strategy against a range of commonly accepted climate scenarios, policy positions and regulations within our host nations. Each part of the business therefore evaluates climate related risks and opportunities within their remit as part of an ongoing risk review cycle; climate risk management reflects Tullow's 'top-down, bottom-up' approach to risk, recognising the cross-cutting nature of climate change risk which may affect other principal risk categories.

Audit Committee

Beyond its fiduciary duties in relation to the integrity of the Company's Financial Statements, the Audit Committee is also responsible for ensuring there is a sufficient level of assurance being provided on the risk management and internal controls systems, including for Climate Risk, and whether it is sufficient for the Board to satisfy itself that they are operating effectively. During 2021 this included a review of the climate scenario analysis undertaken to test the resilience of Tullow's portfolio as well as review of climate risks.

Safety and Sustainability Committee

Tullow modified the scope of its standing EHS Committee to include safety and sustainability in 2019 to reflect the material nature of ESG and sustainability risks. Embedding sustainability across the organisation, which includes progress against Tullow's Net Zero Commitment, was a key focus of the Committee for 2021. Among others, this included a review of the climate risk analysis process and findings of this assessment.

Compliance

The Board is satisfied that the Group has complied in full with the Code during the year ended 31 December 2021, with the following exception:

i. The Directors' Remuneration Policy, approved by shareholders in 2020, provides that Executive Director pension contributions for new Executive Directors are aligned (as a percentage of salary) with those available to the workforce. However, it provides that pension contributions for existing Executive Directors will be frozen at the 2019 cash amount and adjusted downwards so they are aligned (as a percentage of salary) with those available to the workforce by 1 January 2023. This does not comply with Provision 38 of the Code which requires these contributions to be aligned with those available to the workforce; however, this is reflective of Provision 143 of the FRC's Guidance on Board Effectiveness, which acknowledges that it may not be practical to alter existing contractual arrangements. The Board confirms that the pension contributions for the Chief Executive Officer appointed in 2020 and those of the new Chief Financial Officer to be appointed in 2022 are aligned (as a percentage of salary) with those available to the workforce and that, following the departure of Les Wood by mutual agreement of the Board on 31 March 2022, there will no longer be any Executive Director receiving pension contributions which are not in line with the workforce.

Phuthuma Nhleko
Chair

8 March 2022

Board of Directors

N

Phuthuma Nhleko

Independent non-executive Chair

Age: **61**

Tenure: **<1 year**

Appointment: **October 2021**

Independent: **Yes**

Key strengths

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

Experience

Phuthuma brings extensive emerging markets experience to Tullow having worked successfully across Africa over the past three decades. Phuthuma was Chief Executive of MTN Group, the leading pan-African telecommunications company, from 2002 to 2011. During his time with MTN, the Group grew rapidly in Africa and the Middle East, gaining over 185 million subscribers to become one of the largest listed companies in Africa. In 2013, Phuthuma returned to MTN as a non-executive Director and Chairman until 2019. This included a period as Executive Chairman from 2015 to 2017. He remained part of the international advisory board for the business until August 2021. After stepping down as Chief Executive of MTN in 2011, Phuthuma was a non-executive Director at BP plc (2011–16) and Anglo-American plc (2011–15). He also served previously on the Boards of Nedbank and Old Mutual in South Africa.

Current external roles

Phuthuma is Chairman of Phembani Group, an investment group which he founded in 1994, and is Chairman-designate of the Johannesburg Stock Exchange Ltd. Phuthuma is also a non-executive Director of South African downstream energy company, Engen Petroleum, and a non-executive Director of IHS Towers, the NYSE-listed Emerging Markets Telecom Infrastructure Provider.

Rahul Dhir

Chief Executive Officer

Age: **56**

Tenure: **2 years**

Appointment: **April 2020**

Independent: **No**

Key strengths

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

Experience

Rahul brings substantial leadership experience in the oil and gas industry to Tullow, 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. Under his leadership Cairn India successfully completed a $2 billion IPO and grew to a market value of nearly $13 billion with operated production of over 200,000 barrels of oil equivalent per day. Rahul 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 & gas companies on merger and acquisition and capital market related issues.

Current external roles

Member of the International Board of Advisors at the University of Texas at Austin.

Les Wood

Chief Financial Officer

Age: **59**

Tenure: **4 years**

Appointment: **2017**

Independent: **No**

Key strengths

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

Experience

Les brings considerable financial and commercial expertise to Tullow, including major mergers and acquisitions delivery, joining in 2014 as Vice President Commercial and Finance after a 28-year career at BP plc. Les held a number of senior roles at BP plc including chief financial officer for BP plc Canada and BP plc Middle East as well as global head of business development. Les holds a BSc (Hons) in Chemistry from Herriot Watt University, Edinburgh, and an MSc in Inorganic Chemistry from Aberdeen University.

Current external roles

None.

A N S

Mike Daly

Non-executive Director

Age: **68**

Tenure: **7 years**

Appointment: **2014**

Independent: **Yes**

Key strengths

Upstream business, exploration and appraisal executive leadership, business development, executive and public company leadership, technology and innovation, environment, health, safety and sustainability.

Experience

Mike brings significant upstream experience to Tullow from a 40-year career in the oil and gas business. Mike spent 28 years at BP plc where he held a number of senior executive and functional roles within the exploration and production division across Europe, South America, the Middle East and Asia, including eight years as head of exploration and new business development. He also served on BP's executive team as executive vice president exploration, accountable for the leadership of BP's exploration business. Mike was a member of the World Economic Forum's Global Agenda Council on the Arctic and has served on the advisory board of the British Geological Survey. He is a visiting professor at the Department of Earth Sciences, Oxford University. He holds a BSc in Geology from the University College of Wales and a PhD in Geology from Leeds University. Mike is also a graduate of the Program for Management Development, Harvard Business School, and in 2014 was awarded The Geological Society of London's Petroleum Group Medal.

Current external roles

Non-executive director of Compagnie Générale de Géophysique, a global provider of geoscience and geophysical services to the oil and gas industry, where he is chair of the health, safety, environment and sustainable development committee and a member of the investment committee. President of the Geological Society of London, a registered UK charity.

A

Martin Greenslade

Non-executive Director

Age: **56**

Tenure: **3 years**

Appointment: **2019**

Independent: **Yes**

Key strengths

Corporate finance, accounting and audit, risk management and executive and public company leadership.

Experience

Martin, a chartered accountant, brings extensive corporate financial experience to Tullow from a 34-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 holds an MA in Computer and Natural Sciences from Cambridge University and is also a graduate of the Stanford Executive Program, Stanford University, California.

Current external roles

Martin is 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.

S

Sheila Khama

Non-executive Director

Age: **64**

Tenure: **3 years**

Appointment: **2019**

Independent: **Yes**

Key strengths

Extractives project and policy reform, executive leadership, corporate governance, business development, public–private partnership and sustainability.

Experience

Sheila brings to Tullow a wealth of executive experience in the banking and natural resources sectors across Africa. Sheila served as the chief executive officer of De Beers Botswana from 2005 to 2010, after which she served as a director of the extractives advisory programme at the African Centre for Economic Transformation. In 2013, Sheila took up a position as director of the Natural Resources Centre at the African Development Bank, Abidjan, Côte d'Ivoire. Sheila subsequently became a policy adviser at the World Bank in Washington in 2016. In both roles she advised host governments on sustainable development policies for natural resources. During this time she also represented the African Development Bank as an observer on the international board of directors of the Extractive Industries Transparency Initiative. Sheila holds a BA from the University of Botswana and an MBA from the Edinburgh University Business School.

Current external roles
Sheila is currently a member of the Advisory Board of the Centre for Sustainable Development Investment, Columbia University, and the audit committee of the United Nations Office of Operations, a non-executive director of the Development Partner Institute, as well as a non-executive Director of The Metals Company, which is listed on the NASDAQ Stock Exchange in New York.

R S

Mitchell Ingram

Non-executive Director

Age: **59**

Tenure: **<2 years**

Appointment: **2020**

Independent: **Yes**

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

Experience
Mitchell brings a wealth of oil and gas executive experience to Tullow, having established a distinguished career spanning 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. Mitchell holds a BSc in Engineering Technology from Robert Gordon University in Aberdeen.

Current external roles
None.

R * S

Genevieve Sangudi

Non-executive Director

Age: **45**

Tenure: **3 years**

Appointment: **2019**

Independent: **Yes**

* Genevieve Sangudi will be appointed Chair of the Remuneration Committee following the Company's Annual General Meeting in 2022.

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

Experience
Genevieve brings considerable marketing, investment and fund management experience to Tullow from 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. Since 2011, Genevieve has been managing director, Sub-Saharan Africa, for the American private equity company Carlyle Group, based in Johannesburg, South Africa, leading on a number of significant transactions in Gabon, Tanzania, Nigeria and Uganda. Genevieve holds a BA from Macalester College, St Paul, Minnesota, an MA in International Affairs from Columbia University, New York, and an MBA from the Columbia Business School, Columbia University.

Current external roles
Genevieve is currently managing director, Sub-Saharan Africa, for the American private equity company Carlyle Group.

A N R *

Jeremy Wilson

Senior Independent Director

Age: **57**

Tenure: **8 years**

Appointment: **2013**

Independent: **Yes**

* After nearly nine years as a non-executive Director of Tullow, Jeremy Wilson will be stepping down before October 2022 and will step down as Chair of the Remuneration Committee immediately following the Company's Annual General Meeting in 2022.

Key strengths
Corporate finance, accounting and audit, business development, risk management, executive leadership, public company governance and leadership and investor relations.

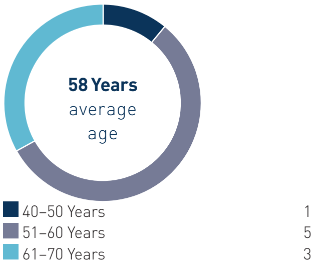
Experience
Jeremy brings extensive strategic and corporate finance experience to Tullow developed over a 30-year business career. Most recently Jeremy spent 26 years at the investment bank JP Morgan where he held a number of senior executive roles including head of European mergers and acquisitions, co-head of global natural resources and diversified industrials and latterly vice chair of the bank's energy group. Up until mid-2020 Jeremy was a non-executive director of John Wood Group plc, an international engineering company providing project and technical services to the energy industry, where he served as a senior independent director on the audit and nominations committees and chair of the remuneration committee. Jeremy holds an MSc in Engineering from Cambridge University.

Current external roles
Jeremy is founder, owner and chair of the Lakeland Climbing Centre.

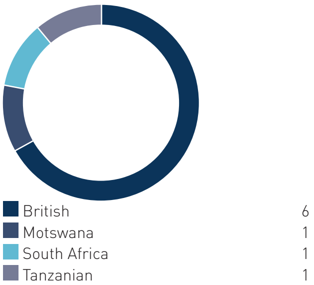
Board composition statistics

Tenure

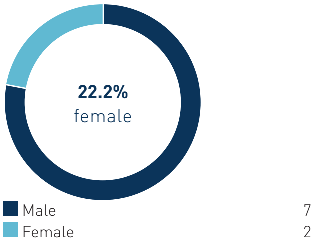
Age



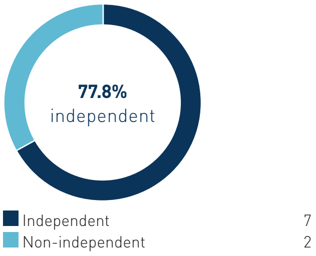
Nationality



Gender



Independence



Committee membership key

● Committee Chair

A Audit Committee

N Nominations Committee

R Remuneration Committee

S Safety and Sustainability Committee

Engaging with our stakeholders

COVID-19 still posed significant challenges in the Board's ability to build on its relationships with all of Tullow's key stakeholder groups during 2021. Nevertheless, the Board sought out opportunities to engage virtually with our key stakeholders which include investors and creditors, host nations and Tullow staff. Engagements were undertaken by the Chair, Executive Directors and non-executive Directors and feedback from these engagements is considered during Board discussions and decision making.

Our key stakeholders

How the Board engaged

Our investors

- Throughout the year, the CEO and CFO met virtually with major investors to discuss business performance as well as the Group's Business Plan presented at the Capital Markets Day in late 2020. The CEO and CFO also engaged with major shareholders during the process of defining its strategy and relaying its purpose that was presented at Tullow's 2021 Half Year Results.
- The CEO and CFO engaged with around 300 investors during a two-day roadshow for the $1.8 billion Senior Notes offering.
- The CEO and CFO attended a number of equity and debt conferences during the year; and hosted a number of group or 1-2-1 meetings with current or prospective investors. They have also hosted a number of dedicated webinars for Retail Investors to engage with this important part of our shareholder base.
- The Chair and Senior Independent Director met with major shareholders to discuss governance issues.
- Tullow hosted a virtual Annual General Meeting which was also attended by the Directors. At the AGM on 16 June 2021, a significant number (25.30%) of votes were cast against Resolution 7. to re-elect Dorothy Thompson as a Director of the Company. Although the resolutions passed, members of the Board, including the Senior Independent Director, engaged with our major shareholders who voted against the resolution and now have an understanding of the concerns raised by them.

Our host nations

- The CEO met HE the President of Ghana in both Accra and London during 2021; the CEO also met Ghana's Ministers for Finance and Energy in Accra and regularly engaged with them virtually.
- The CEO and other senior business leaders met the Energy Minister for Kenya and senior Kenyan officials in Nairobi and at Africa Oil Week in Dubai.
- The CEO and other senior business leaders also met a range of senior politicians and officials at Africa Oil Week including the Minister for Energy from Côte d'Ivoire and his officials. They also engaged with senior representatives of the Ghanaian, Gabonese, Mauritanian and British Governments as well as industry partners and peers.
- Additionally, the CEO met virtually with many of our key stakeholders across our business in connection with Tullow's major transactions during the year.
- In 2022, Tullow's new Chairman will meet with a range of key stakeholders from across Tullow's countries of operations.

Our people

- The non-executive Directors met with members of the Tullow Advisory Panel on three occasions during the course of the year. These meetings provided an opportunity to gather feedback from employees to help shape decisions with regards to the ongoing implementation of the new Employee Value Proposition. Such feedback led to the launch of some significant initiatives to improve further the Tullow employee experience in areas such as recognition, hybrid working and compensation policies.
- The CEO and CFO hosted regular virtual town hall events which included open Q&A throughout the year and took feedback via regular pulse surveys.
- As travel restrictions began to lift, the CEO and CFO were able to meet with our employees across our locations in person, hosting many small group discussions. Furthermore, they championed a restyling of our office environments to create truly inclusive and agile working environments.

Audit Committee report

Dear shareholder

The Audit Committee continues to focus on ensuring that Tullow has a strong system of financial and non-financial controls, risk management processes and internal audit programme. In particular, the Audit Committee's activities in 2021 included oversight of Tullow's financial reports, disclosures in key transactional documents, as well as assessing the effectiveness of the Company's risk management and internal control processes. In this report, I also outline key areas of financial judgement and estimation, which were considered in Tullow's accounts and the action taken by the Committee to ensure they fairly reflect Tullow's financial position. In 2021 particular focus was given to judgements made in respect of uncertain tax treatments and the Group's going concern assessment and disclosure as it has evolved pre and post the comprehensive refinancing in May. The refinancing in May removed the short-term material uncertainties around the business continuing as a going concern and the increasing oil price improved operating cash flows. The Committee continued to review the performance of our finance and supply chain outsourcing partner and reviewed climate risk, including its TCFD analysis, scenarios and disclosure.

The Committee has monitored the performance of Ernst & Young LLP as the Company's statutory external auditor. We continue to be encouraged by the focus and insight provided by Ernst & Young, especially in the areas of significant judgements and their use of data analytics.

The Committee oversaw the appointment of a new Head of Internal Audit and Risk. This was particularly important due to the significant changes that occurred within the organisational structure of the business and that of the internal audit function during 2020 and 2021. Unfortunately, the candidate left in 4Q21 to pursue other opportunities and therefore the Committee oversaw the appointment of a second Head of Internal Audit and Risk in 1Q22. The changes in Head of Internal Audit and Risk and other resourcing challenges in 2021 led to a reduction in the number of internal audits performed, with seven of a planned 15 completed in 2021 and two in progress at the year end. The remaining five audits have been deferred.

The Committee also met with the new Group Ethics and Compliance Manager and received updates on matters including the Code of Ethical Conduct, avenues available to our staff and suppliers for speaking up, and procedures for the detection and prevention of fraud.

Based on the results of the annual effectiveness review of risk management and internal control, the Audit Committee 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 Audit Committee is confident that they are in the process of being addressed.

Before advising the Board on the approval of the 2021 Annual Report and Accounts, the Committee asked the Senior Leadership Team to demonstrate to the Committee its processes and procedures for ensuring that the report contains the relevant information necessary for shareholders to assess Tullow's position, performance, business model and strategy and that it is fair, balanced and understandable. Furthermore, the Committee, in conjunction with the Board provided detailed feedback to Management on the 2020 Annual Report and Accounts process, which has been addressed through the 2021 process.

Martin Greenslade

Martin Greenslade
Chair of the Audit Committee

8 March 2022

Governance

Martin Greenslade was appointed Audit Committee Chair in 2020 following the AGM. Martin is a chartered accountant. He was Chief Financial Officer at Land Securities Group plc from 2005 to 2021 thus meeting the requirement of the UK Corporate Governance Code for the Audit Committee to have at least one member who has recent and relevant financial experience. The other members of the Audit Committee are Mike Daly and Jeremy Wilson. Together, the members of the Committee demonstrate competence in the oil and gas industry, with Mike Daly having significant prior experience in oil and gas companies, while Jeremy Wilson brings a wider range of industry, commercial and financial experience, which is vital in supporting effective governance. The Company Secretary serves as the secretary to the Committee.

The Chief Financial Officer, the Group General Counsel, the Group Financial Controller, the Head of Internal Audit and Risk and representatives of the external auditor are invited to attend each meeting of the Committee and participated in all of the meetings during 2021. The Chair of the Board and the CEO also attend meetings of the Committee by invitation and were present at most of the meetings in 2021. The external auditor and the Head of Internal Audit and Risk have unrestricted access to the Committee Chair.

In 2021, the Committee met on five occasions and also 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 reviewed its terms of reference during the year to ensure they comply with relevant regulation, including the UK Corporate Governance Code 2018, the Companies Act 2006, the FRC's 2016 Guidance on Audit Committees, the FRC's 2014 Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and the FRC's Revised Ethical Standards 2019. The Audit Committee's terms of reference can be accessed via the corporate website. The Board most recently approved the terms of reference on 20 January 2022.

Summary of responsibilities

The Committee's detailed responsibilities are described in its terms of reference and include:

- monitor the integrity of the Financial Statements of the Group, reviewing and reporting to the Board on significant financial reporting issues and judgements including going concern and viability statement assessments;
- review and, where necessary, challenge the consistency of significant accounting policies, and whether appropriate accounting standards have been used;
- review the content of the Annual Report and Accounts and advise the Board on whether it is fair, balanced and understandable and if it provides the information necessary for shareholders to assess Tullow's position, performance, business model and strategy;
- monitor and review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- consider the level of assurance being provided on the risk management and internal controls systems and whether it is sufficient for the Board to satisfy itself that they are operating effectively;
- review the adequacy of the whistleblowing system, and the Company's procedures for detecting and preventing fraud;
- review and assess the annual Internal Audit Plan, its alignment with key risks of the business and coordination with other assurance providers and receive a report on the results of the Internal Audit function's work on a periodic basis;
- oversee its relationship with the external auditor including assessing its independence and objectivity, review the annual audit plan to ensure it is consistent with the scope of the audit engagement, and review the findings of the audit;
- meet with the Chief Petroleum Engineer and receive reports from the independent reserves auditor (TRACS);
- assess the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process; and
- oversee the system of ethics and compliance, including its procedures to prevent bribery and corruption, and response to any significant instances of non-compliance.

Key areas reviewed in 2021

The Committee fully discharged its responsibilities during the year and the following describes the work completed by the Audit Committee in 2021:

Annual Report

For the Audit Committee and the Board to be satisfied with the overall fairness, balance and clarity of the final report, the following steps are taken:

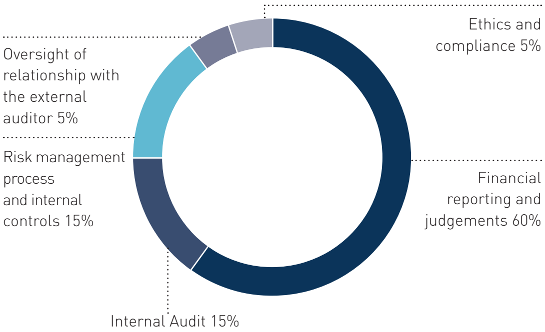
- collaborative approach taken by the Group, with support from the Executives and Group functions and direct input from the Board;
- a central dedicated project team working closely with our external auditor;
- early engagement and planning, taking into consideration investors' feedback, regulatory changes and leading practice;
- comprehensive guidance issued to key report contributors across the Group;
- validation of data and information included in the report both internally and by the external auditor;
- a series of key proof dates for comprehensive review across different levels in the Group that aim to ensure consistency and overall balance;
- the approach by management and resultant disclosure associated with climate change and TCFD; and
- Senior Management and Board review and sign-off.

Financial reporting

As part of the financial reporting process, the Committee kept under review ongoing and emerging financial reporting risks and judgements. The Committee met in September 2021 to review half-year Financial Statements and in December 2021 to discuss an initial view of key financial reporting risks and judgements before the year end process. Finally, the Committee met for the full-year accounts approval in March 2022. At each stage of the process, the Committee considered the key risks identified as being significant to the 2021 Annual Report and Accounts as well as accounting policy changes and their most appropriate treatment and disclosure. The primary areas of judgement considered by the Committee in relation to the 2021 accounts and how these were addressed are detailed overleaf. The related Group accounting policies can be found on pages 109 to 119.

Significant financial judgements and areas of estimation	How the Committee addressed these judgements and areas of estimation
Carrying value of intangible exploration and evaluation assets	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 2021, at the March Audit Committee meeting. The Committee supported Management's assessment that an impairment was not required in respect of Kenya based on the judgemental assessment performed. The Committee also concurred that exploration assets in Suriname should be written off as proposed by Management and ensured there was an appropriate disclosure of this judgement in the Annual Report and Accounts.
Carrying value of property, plant and equipment (PP&E)	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&E. At the September, December and March 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. At the September and March Audit Committee meetings the Audit Committee reviewed and challenged detailed papers on Management's assessment of impairment triggers and resulting impairment tests for PP&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 March Committee meeting to gain comfort over Management's view of the carrying value of PP&E. The Committee concurred with the impairment and impairment reversals proposed by Management and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Going concern and viability	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 agreed with Management that the previously disclosed material uncertainties have been resolved following the refinancing in May 2021. 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 2022. The Committee concurred with Management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Decommissioning costs	A detailed paper was prepared by Management detailing the Group's decommissioning provision assumptions making reference, where appropriate, to relevant third-party reports, operator estimates and market data. At the December and March Audit Committee meetings, the Committee challenged the reasonableness of Management's assessment of the changes to estimated decommissioning costs made during 2021. The Committee concurred with Management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Provisions	A detailed accounting paper was prepared by Management on provisions and reviewed by the Committee. This included a summary of independent legal advice on such disputes where appropriate. The Committee regularly monitors the risk by receiving regular summaries of all open litigations and disputes as part of the Group's Quarterly Performance reporting. The Committee then challenged Management's position at the December and March Audit Committee meetings. The Committee concurred with Management's assessment and ensured there was an adequate disclosure of this judgement in the Annual Report and Accounts.
Uncertain tax and regulatory treatments	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 September and March meetings 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.

Allocation of Audit Committee time* (%)



* Percentages are approximate.

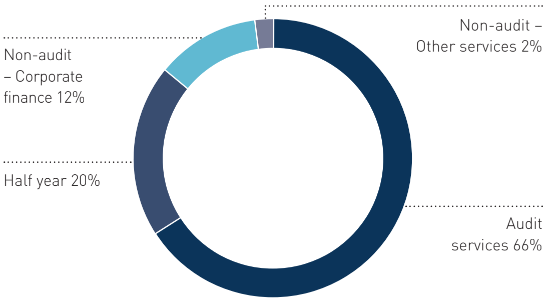
External auditor

Making recommendations to the Board on the appointment or re-appointment of the Group's external auditor, overseeing the Board's relationship with the external auditor and overseeing the selection of a new external auditor, and assessing the effectiveness of the external audit process is a key responsibility of the Audit Committee.

- The UK Corporate Governance Code states that the Audit Committee should have primary responsibility for making a recommendation on the appointment, re-appointment or removal of the external auditor. On the basis of the competitive tender process carried out in 2018, the Committee recommended to the Board the appointment of Ernst & Young LLP as Tullow's statutory auditor for the 2020 financial year, which was approved by shareholders at the 2020 AGM. Under current regulations, the Group will be required to retender the audit by no later than the 2030 financial year.
- The external auditor is required to rotate the audit partner responsible for the Group audit every five years. Mr Paul Wallek is Ernst & Young LLP's lead audit partner with effect from 2020.
- The Audit Committee assessed the qualifications, expertise and resources, and independence of Ernst & Young LLP as well as the effectiveness of the audit process. This review covered all aspects of the audit service provided by Ernst & Young LLP, including obtaining a report on the audit firm's own internal quality control procedures and consideration of the audit firm's annual transparency reports in line with the UK Corporate Governance Code. The Audit Committee also approved the external audit terms of engagement and remuneration. During 2021 the Committee held private meetings with the external auditor. The Audit Committee Chair also maintained regular contact with the audit partner, Mr Paul Wallek, throughout the year. These meetings provide an opportunity for open dialogue with the external auditor without Management being present.
- Matters discussed included the auditor's assessment of 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, the transparency and responsiveness of interactions with Management, confirmation that no restrictions have been placed on it by Management, maintaining the independence of the audit, and how it has exercised professional challenge.
- In order to ensure the effectiveness of the external audit process, Ernst & Young LLP conducts an audit risk identification process at the start of the audit cycle. This plan is presented to the Audit Committee for its review and approval and, for the 2021 audit, the key audit risks identified included: Oil and gas reserve estimation; Impairment of Kenya exploration and evaluation ('E&E') assets; Impairment and impairment reversal assessment of Oil & Gas assets; Manipulation of period-end manual journals in order to overstate revenue and management override of controls; Estimation of Ghana decommissioning costs; and Uncertain tax treatments. These and other identified risks are reviewed through the year and reported at Audit Committee meetings where the Committee challenges the work completed by the auditor and tests Management's assumptions and estimates in relation to these risks. The Committee also seeks an assessment from Management of the effectiveness of the external audit process. In addition, a separate questionnaire addressed to all attendees of the Audit Committee and Senior Finance Managers is used to assess external audit effectiveness. As a result of these reviews, the Audit Committee considered the external audit process to be operating effectively.
- The Committee closely monitors the level of audit and non-audit services provided by the external 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 external auditor to supply non-audit services is in place to formalise these arrangements. It was revised in January 2022 and is reviewed bi-annually. It requires Audit Committee approval for all non-trivial categories of non-audit work. A breakdown of the fees paid in 2021 to the external auditor in respect of audit and non-audit work is included in note 4 to the Financial Statements and summarised on the next page.

- In addition to processes put in place to ensure segregation of audit and non-audit roles, Ernst & Young LLP 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 Members of the Company. This confirmation is received every six months and no matters of concern were identified by the Committee.

Fees payable to auditor (%)



Internal controls and risk management

Responsibility for reviewing the effectiveness of the Group's risk management and internal control is delegated to the Audit Committee by the Board.

In 2021, the Audit 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 Audit Committee 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;
- assurance undertaken by the Group functions and Business Units;
- enterprise risk management and assurance processes;
- the external auditor's observations on internal financial controls identified as part of its audit; and
- regular performance, risk and assurance reporting by the Business Unit and Corporate teams to the Board.

During the year, in concert with the Board, the Audit Committee completed a robust assessment 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 of emerging risks. The assessment process included engagements with the Senior Leadership Team 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 ensure they were still valid and their associated risk appetites.

Internal Audit periodically presented its findings to the Audit 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 the Audit Committee to provide updates on key matters such as business process outsourcing and annual tax strategy review.

In addition, during the year, the Audit Committee received reports from the principal independent reserves auditor TRACS and reviewed the arrangements in place for managing 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 Audit Committee 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 Audit Committee is confident that they are in the process of being addressed.

Internal audit requirements

The Audit Committee's role is to consider how the Group's internal audit requirements are satisfied and make relevant recommendations to the Board. Throughout 2021 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 lower than anticipated at the beginning of the year due to vacancies for part of the year, and so the Committee challenged Management to ensure sufficient budget was made available for additional external resource where required, including consultants for specialised audits. The Committee also regularly provided feedback on progress against the 2021 internal audit plan and guidance on the prioritisation of certain audits focused on the effectiveness of the control environment, with audits related to longer-term issues such as climate change deferred into 2022.

- A new Group Head of Internal Audit and Risk was appointed to the role in 2021. However, the individual subsequently resigned and a new Head of Internal Audit and Risk joined the Group in February 2022. The position's main responsibilities include evaluating the Group's assessment of the overall control environment.

Internal audit requirements continued

- The Committee reviewed and challenged the programme of 2021 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 Audit Committee meetings. A total of 15 internal audits were initially planned for 2021 however seven were completed and two in progress at the year end. The remaining five audits have been deferred. The primary change in the plan was due to changes in the Head of Internal Audit and Risk role and other resourcing constraints as well as re-assessments of the priorities of the organisation. Based on the nature of the audits completed and those deferred relating to longer-term issues such as climate change, the assurance performed by Management and subsequently assessed by the Committee and the smaller scale of organisation, the Committee believes an appropriate level of assurance has been performed over the Group internal control environment.
- Internal Audit also ran a systematic programme of audits of suppliers' compliance with commercial and business ethics clauses, including bribery and corruption with regard to significant and high-risk contracts.
- Detailed results from the internal audits were reported to Management and in summary to the Audit Committee during the year. Where required, the Audit Committee receives full reports and details on any key findings. The Audit Committee receives regular reports on the status of the implementation of Internal Audit recommendations.
- The Audit 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

We ensure that an effective whistleblowing procedure is in place.

- In line with best practice and to ensure Tullow works to the highest ethical standards, an independent whistleblowing procedure was established in 2011 and operated throughout 2021 to allow staff to confidentially raise any concerns about business practices. This procedure complements established internal reporting processes. The whistleblowing policy is included in the Code of Ethical Conduct which is available to all staff in printed form and on the corporate intranet. Each member of staff is annually required to complete an online awareness course to refresh their knowledge of key provisions of Tullow's Code of Ethical Conduct, which was included as a Group-wide KPI. The Committee considers the whistleblowing procedures to be appropriate for the size and scale of the Group.
- 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 effectiveness of the Audit Committee

- In March 2022, the Audit Committee undertook a review of its effectiveness during 2021, with the results reported to the Board. The Committee was considered to be operating effectively and in accordance with the UK Corporate Governance Code and the relevant guidance. The feedback provided has been used to shape the agendas and the annual rolling agenda of the Committee in 2022.

Dear shareholder

The main function of the Nominations Committee is to ensure that the Board and its Committees are appropriately constituted and have the necessary skills and expertise to support the Company's current and future activities and deliver its strategy for sustainable long-term success. Below Board level, the Committee focuses on the recruitment, development and retention of a diverse pipeline of managers who will occupy the most senior positions in the Company in the future.

The diversity of a board contributes to its success and I am pleased that we continue to have a strong African membership and a strong female membership on the Board.

The key activity of the Committee in 2021 was two-fold: 1) the appointment and oversight of a Chair Selection Committee to search for a new independent non-Executive Chair of the Board, which resulted in the announcement on 25 October 2021 of the appointment of myself, Phuthuma Nhleko; and 2) the search for a new Chief Financial Officer and Executive Director, which is ongoing as at the date of this Report and expected to conclude shortly.

I was appointed as an independent non-executive Director of the Board and Chair Designate on 25 October 2021. Dorothy Thompson stepped down as Chair of the Board and Chair of the Nominations Committee on 31 December 2021, whereupon I was appointed as the independent non-executive Chair of the Board and Chair of the Nominations Committee with effect from 1 January 2022. Because Dorothy Thompson was Chair of the Committee during the search for her replacement, the Committee appointed a Chair Selection Committee led by the Senior Independent Director, Jeremy Wilson, the Chair Selection Committee focused on identifying candidates that possessed the skills, experience and values required to lead the Board and support our Executive Directors to deliver our long-term strategy in pursuit of our purpose. These included: excellence in leadership; a strong depth of experience of working in and with our African host countries; experience in oil and gas; and a conviction for creating value for all our stakeholders. I am delighted to have been appointed as Chair of Tullow, a company I have followed with much interest since its inception and I believe is uniquely placed to develop the oil and gas resources of our host countries efficiently and safely while minimising its environmental impact. I look forward to supporting the Tullow team as they grow the business, deliver shared prosperity and create value for our investors, staff, host nations and communities. My biography can be found on page 58 of this report.

The search process for a new Chair of the Board was assisted by the search consultant Russell Reynolds, which has no other connection with the Company, its Group or any of the Directors. The search process for a new Chief Financial Officer and Executive Director is being assisted by the search consultant Cripps Sears, which has no other connection with the Company, its Group or any of the Directors.

The Committee is also responsible for ensuring there are plans in place for the orderly succession of Senior Manager positions within the business. The Committee and the Board reviewed the proposals and arrangements for the recruitment, development and retention of managers occupying the senior positions in the Company. In 2022, the Committee will continue in this work and will be particularly focused on ensuring the team has the necessary skills and expertise to deliver the future business strategy whilst achieving a diverse and inclusive workforce population with a nationality mix which is representative of our assets' geographic footprint and improves our gender diversity. Further details of our Inclusion and Diversity policy and how it has been implemented in 2021, including our diversity statistics, can be found on pages 34 and 35. The Committee is conscious that, following the resignation of Dorothy Thompson from the Board on 31 December 2021, the Board is no longer composed of at least 33% women. However it is pleased that, following my appointment, the Board has increased its diversity of nationalities and is more representative of our assets' geographic footprint. The Committee will continue to review the diversity of skills and experience at the Board and the need for gender diversity remains a priority.

In October 2021, the Committee initiated an internal evaluation of the performance of the Board and its Committees. Further details on the process and results of the evaluation can be found on pages 54 and 55 and those results have been used to update the annual rolling agendas of the Board and its Committees and will shape the training programme for Directors, and will continue to inform the work of the Committee in 2022.

Phuthuma Nhleko
Chair of the Nominations Committee

8 March 2022

Committee's role

The Committee reviews the composition and balance of the Board and Senior Managers on a regular basis. It also ensures robust succession plans are in place for all Directors and Senior Managers. When recruiting new Executive or non-executive Directors, the Committee appoints external search consultants to provide a list of possible candidates, from which a shortlist is produced. External consultants are instructed that diversity is one of the criteria that the Committee will take into consideration in its selection of the shortlist. The Committee's terms of reference are reviewed annually and are set out on the corporate website.

Committee's main responsibilities

The Committee's main duties are:

- reviewing the structure, size and composition of the Board (including the skills, knowledge, experience and diversity of its members) and making recommendations to the Board about any changes required;
- identifying and nominating, for Board approval, candidates to fill Board vacancies as and when they arise;
- succession planning for Directors and other Senior Managers;
- reviewing annually the time commitment required of non-executive Directors; and
- making recommendations to the Board regarding membership of the Audit, Remuneration and other Committees in consultation with the Chair of each Committee.

Committee membership and meetings

The membership and attendance of the Committee meetings held in 2021 are shown on page 54.

In addition to three formal meetings, the Committee held several informal discussions, telephone conference calls and interviews during the year and were assisted in the critical decisions arising from these discussions through consultation with the whole Board.

Dear shareholder

The Safety and Sustainability Committee monitors the performance and sets the forward-looking agenda for the Company in relation to Safe Operations, Shared Prosperity, Environmental Stewardship and Equality and Transparency. The Committee also executes in-depth reviews of strategically important areas of concern for the Group.

In 2021 the Committee continued to recognise the importance of process safety and particularly the need for a focus on asset integrity and maintenance in Ghana with performance reviewed at each Committee meeting. There was also renewed focus on maximising the learning from both occupational and process safety related incidents across every part of the business, including the non-operated part of our activities. The Committee has also had several deep dives relating to the decision and preparations to self-operate the KNK FPSO in Ghana from mid-2022.

Through 2021 COVID-19 continued to present a huge challenge to our people, however, their commitment and professionalism have resulted in continued safe operations through the year.

Tullow continued to review its overall approach to sustainability, with a focus on embedding sustainability in the organisation. This involved regular review of the performance of our Net Zero plan; our socio-economic investments; our local content plans and also the performance of our teams and their engagement. The Group reviewed its business for a third year against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and for the first time used third party to assure all of our non-financial data and disclosure. The Committee reviewed the Climate Policy and Human Rights policy, and continued to the review the progress of the Net Zero Plan; the decarbonisation initiatives identified to reduce emissions and eliminate routing flaring on Jubilee and TEN and the carbon offsetting project which is at the feasibility stage of sourcing nature-based projects in Ghana.

At the end of 2020 I took on responsibility of Chair of the Safety and Sustainability Committee and welcomed Genevieve Sangudi as a member of the Committee.

M W Ingram

Mitch Ingram
Chair of the Safety and Sustainability Committee

8 March 2022

Committee's role

The Committee's role is to monitor the performance and key risks that the Company faces in relation to safety and sustainability.

The Committee oversees the processes and systems put in place by the Company to meet our stated objectives of protecting employees, the communities in which we operate and the natural environment, and potential future changes in external market drivers. Additionally, it monitors the effectiveness of operational organisations across the Company in delivering continuous improvement in EHS through reviewing a wide range of EHS leading and lagging indicators to gain an insight into how EHS policies, standards and practices are being implemented.

The Committee continues to review high-potential incidents (5 in 2021), especially where they have occurred repeatedly in one location or activity. During 2021 we reviewed incident trends, including events where there was a loss of containment of a hazardous fluid in order to identify common causations and ensure that improvement activities, including initiatives/campaigns, were appropriately targeted. The Committee also scrutinises the outcome of audits and investigations and importantly the closure of related actions.

Additionally, the Committee reviews Tullow's broader sustainability performance against our goals, aligned to our overall purpose and business strategy. This includes receiving updates on Tullow's performance as evaluated by ESG ratings agencies, our shared prosperity performance, progress of our Net Zero strategy and also the health of the organisation through employee engagements.

Committee's main responsibilities

The Committee's main responsibilities are:

- to review and provide advice regarding the Safety and Sustainability, Climate and Human Rights policies of the Company;
- to monitor the performance, including regulatory compliance, of the Company in the progressive implementation of its environmental, health, security and asset protection, and safety policies, including process safety management;
- to review matters relating to material environmental, health, security and asset protection, and safety risks, and to consider material regulatory and technical developments in the fields of environmental, health, security and asset protection, and safety management;
- to review the pathways to decarbonise Tullow's operations, and the associated costs and risks and to approve the timeframe in which Tullow intends to achieve Net Zero; and
- to review Tullow's approach to delivering shared prosperity, including local content, social investment and social performance.

The Committee's terms of reference are reviewed annually and are available on the corporate website. The Committee's organisation changed at the end of 2020 with a handover of the Chair position to Mitchell Ingram. The Committee currently comprises four non-executive Directors. The membership of the Committee and attendance throughout the year is set out on page 54. The Committee is supported by the Company Secretary and the principal members of the Senior Leadership Team who report to the Committee are Julia Ross, Director of People and Sustainability and Wissam Al-Monthiry, Ghana MD.

The safety and sustainability related KPIs that the Company measured its performance on in 2021 can be found on pages 75 and 76 of this report.

The Committee's focus in 2022

- A continuing emphasis on process safety, the asset integrity in Ghana, topsides and subsea.
- Continually improving performance of safety, operational, environmental and risk management.
- Reviewing the capability and organisation to deliver safety and sustainability performance.
- Ensuring sustainable value creation through the delivery of the sustainability strategy.
- A continuing focus on progress of the Net Zero delivery plan in the near term (elimination of flaring by 2025) and the long-term Net Zero on scope 1 and 2 emissions on a net equity basis by 2030.
- For our SECR disclosures, please go to pages 50 and 51 of the Strategic Report.

Annual statement on remuneration

The Remuneration Committee is focused on ensuring Executive Directors and Senior Managers are rewarded for promoting the long-term sustainable success of the Company and delivering on its strategy.

Dear shareholder

On behalf of the Board, I am presenting the Remuneration Committee's report for 2021 on Directors' remuneration. The report is divided into three main sections:

- this **Annual Statement**, which contains a summary of performance and pay for 2021, an overview of Executive Director remuneration for 2021 and 2022 and details in respect of the operation of the Committee;
- the **2021 Annual Report on Remuneration**, which provides details of the remuneration earned by Directors in the year ended 31 December 2021 and how the Policy will be operated in 2022; and
- the **Directors' Remuneration Policy Report**, which was formally approved by the shareholders at the 2020 AGM and sets out the forward-looking Directors' Remuneration Policy for the Company.

2021 context

2021 was a year of transition for the business and our workforce. I would like to take this opportunity to thank all of our workforce for their efforts in delivering key initiatives in what was a year of transition for themselves moving from a COVID-19 restricted working environment to a truly hybrid working environment. These initiatives undoubtedly have put Tullow firmly back on the path towards creating sustainable long-term value both for our shareholders and for the communities in which we operate. The successful transformational refinancing allowed the Company to repay and redeem existing bonds due in 2021 and 2022 and repay and cancel the RBL facility, creating a clear pathway for Tullow to invest in its assets to maximise their value and deliver its cash generative plan. At the same time, asset sales in Equatorial Guinea and Gabon were completed, strengthening the balance sheet further. Whilst securing the finances of the Company was key in 2021, the improved operational performance through 2021 was also important to underpin the business for the future and reflected the strong performance by the teams; combined FPSO uptime was in excess of 97%, Jubilee gas offtake averaged 85 mmscfd and water injection averaged over 200 kbwpd, and Tullow completed the drilling of 4 wells, allowing the Company to achieve an average oil production of 59,200 bopd.

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

Summary of Executive Director remuneration for 2021

The Committee deliberated and has determined that it is appropriate to make TIP Awards to our Executive Directors. The KPI scorecard at 51.2% of maximum for 2021 reflects the achievements led by the Executive Directors to stabilise and put Tullow firmly back on the path to creating long-term value. The details of the KPI scorecard can be found on page 14. It was noted that there had been strong performance across a number of our KPIs including safety, financials, production, business plan implementation, capital structure and sustainability. The share price also increased by c.57% over the course of FY21. As such, the Committee felt it appropriate to award a TIP to both Rahul Dhir and Les Wood at 204% of salary (i.e. 51% of the maximum 400% of salary potential), which takes into account the progress against annual KPIs and the TSR measurement period, which commenced 1 July 2020, when Rahul Dhir joined the Company. In line with the Policy, 100% of salary is paid in cash, with the remaining 104% of salary deferred into shares which vest after five years.

Summary of Executive Director remuneration for 2022

Base salary levels were last increased with effect from 1 January 2019 (3% increase) and frozen in 2020 and 2021. Considering the higher inflation environment, the standard pay increase awarded to UK based employees will be 3% and the Committee has agreed the same increase for Rahul Dhir. Given his planned departure, there will be no salary increase for Les Wood.

We have finalised our KPI scorecard for 2022 with a focus on production, safety, cash flow, sustainability, and unlocking value through the delivery of critical activities. Details can be found on page 15. We believe all targets to be suitably challenging.

When our new CEO joined in July 2020, as previously mentioned we needed to restart the relative Total Shareholder Return (TSR) metric from July 2020 so he bore no penalty or reward for the time before he joined. We also reduced the weighting of the TSR measure over 2020 and 2021 to 25% and 35% respectively. This will revert to a 50% weighting in 2022, to rebalance the focus placed on short-term and longer-term value creation and to better reflect the shareholder experience.

For our new CFO, any TIP payable for 2022 will be pro rated for time served in 2022.

Remuneration arrangements for the wider workforce

As noted in my statement last year, the Committee reviewed the revised Employee Value Proposition in December 2020 and was pleased to report its alignment with the Values and culture of the Company. The Committee has monitored the implementation and effectiveness of the new arrangements throughout 2021 and is confident that the new arrangement is supporting the high-performance culture encouraged in the Company. The Committee will continue 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.

Stakeholder 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 implementation of the new Employee Value Proposition. Such feedback led to the launch of some significant initiatives to improve further the Tullow employee experience in areas including benefits and compensation policies.

At the beginning of last year, I engaged with many of the Company's major shareholders and institutions which represent the views of many of our stakeholders to ensure an understanding of the remuneration decisions taken ahead of last year's AGM. This year I will again be contacting our major shareholders with an offer of engagement prior to the AGM and look forward to any feedback they wish to provide.

Directors' Remuneration Policy

The existing Policy was approved by shareholders at the 2020 AGM and will therefore require reapproval at the 2023 AGM. During the course of 2022, the Committee will consider whether any changes are required to the Policy. Any material changes will be the subject of prior consultation with our major shareholders.

Remuneration Committee Chair

I will be stepping down as Chair of the Remuneration Committee after the forthcoming AGM in 2022 and will be replaced by Genevieve Sangudi as Chair of the Remuneration Committee.

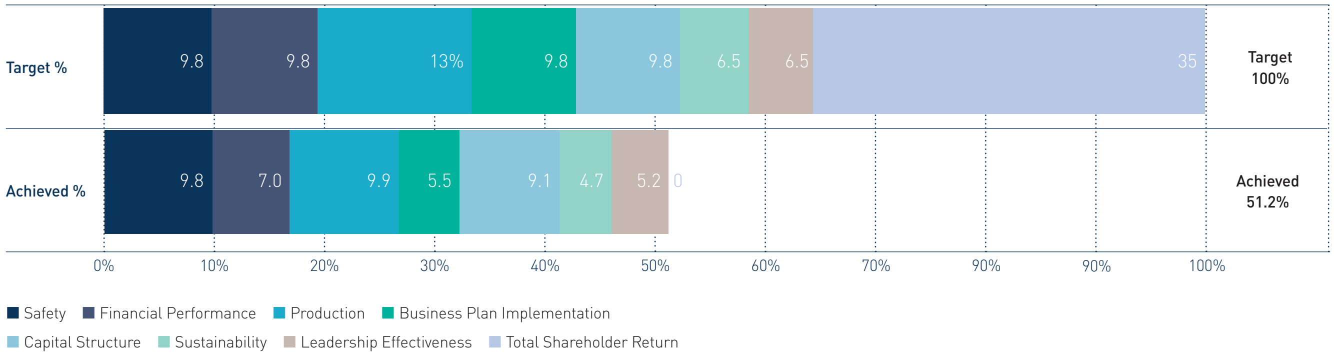
Concluding thoughts

On behalf of the Committee, I would like to thank shareholders for their vote approving the Directors' Remuneration Report at the last AGM. I look forward to your continued support over the coming year where a key task of the Committee is to review the current remuneration policy in anticipation of a binding vote in 2023 and we will therefore be seeking to consult with key shareholders on any significant changes during the second part of 2022. If you have any comments or questions on any element of the report, please contact me via our Company Secretary, Adam Holland, at companysecretary@tullowoil.com.

Jeremy Wilson
Chair of the Remuneration Committee

8 March 2022

Assessment of TIP Awards



Annual Report on Remuneration

Directors' remuneration (audited)

The remuneration of the Directors for the year ended 31 December 2021 payable by Group companies in respect of qualifying services and comparative figures for 2020 are shown in the table below:

		Fixed pay			Tullow Incentive Plan				
		Salary/fees[1] £	Pensions[2] £	Taxable benefits[3] £	TIP cash £	Deferred TIP shares[4] £	Total £	Total fixed pay	Total variable pay
Executive Directors									
Rahul Dhir[5]	**2021**	**580,000**	**87,000**	**7,010**	**580,000**	**606,796**	**1,860,806**	**674,010**	**1,186,796**
	2020	291,580	43,738	1,461	174,870	174,870	686,519	336,779	349,740
Les Wood[6]	**2021**	**461,500**	**115,374**	**78,291**	**461,495**	**482,816**	**1,599,476**	**655,165**	**944,311**
	2020	461,500	115,374	10,846	185,521	185,521	958,762	587,720	371,042
Subtotal 2021	**2021**	**1,041,500**	**202,374**	**85,301**	**1,041,495**	**1,089,612**	**3,460,282**	**1,329,175**	**2,131,107**
Subtotal 2020	2020	753,080	159,112	12,307	360,391	360,391	1,645,281	924,499	720,782
Non-executive Directors									
Dorothy Thompson[7]	**2021**	**300,000**	**–**	**–**	**–**	**–**	**300,000**	**300,000**	**n/a**
	2020	506,560	–	5,338	–	–	511,898	511,898	n/a
Mike Daly	**2021**	**65,000**	**–**	**–**	**–**	**–**	**65,000**	**65,000**	**n/a**
	2020	80,000	–	–	–	–	80,000	80,000	n/a
Jeremy Wilson	**2021**	**95,000**	**–**	**890**	**–**	**–**	**95,890**	**95,890**	**n/a**
	2020	95,000	–	3,979	–	–	98,979	98,979	n/a
Genevieve Sangudi	**2021**	**65,000**	**–**	**–**	**–**	**–**	**65,000**	**65,000**	**n/a**
	2020	65,000	–	781	–	–	65,781	65,781	n/a
Sheila Khama	**2021**	**65,000**	**–**	**–**	**–**	**–**	**65,000**	**65,000**	**n/a**
	2020	65,000	–	2,329	–	–	67,329	67,329	n/a
Martin Greenslade[9]	**2021**	**85,000**	**–**	**–**	**–**	**–**	**85,000**	**85,000**	**n/a**
	2020	78,720	–	–	–	–	78,720	78,720	n/a
Mitchell Ingram[10]	**2021**	**80,000**	**–**	**–**	**–**	**–**	**80,000**	**80,000**	**n/a**
	2020	20,250	–	–	–	–	20,250	20,250	n/a
Phuthuma Nhleko[8]	**2021**	**11,082**	**–**	**–**	**–**	**–**	**11,082**	**11,082**	**n/a**
Former non-executive Directors									
Steve Lucas	2020	26,550	–	–	–	–	26,550	26,550	n/a
Subtotal 2021	**2021**	**766,082**	**–**	**890**	**–**	**–**	**766,972**	**766,972**	**n/a**
Subtotal 2020 (includes former non-executive Directors)	2020	937,080	–	12,427	–	–	949,507	949,507	n/a
Total	**2021**	**1,807,582**	**202,374**	**86,191**	**1,041,495**	**1,089,612**	**4,227,254**	**2,096,147**	**2,131,107**
Total (includes former non-executive Directors)	2020	1,690,160	159,112	24,734	360,391	360,391	2,594,788	1,874,006	720,782

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. Both Rahul Dhir and Les Wood receive cash in lieu of pension contribution.
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 NEDs 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 Award required to be deferred into shares.
5. Rahul Dhir was appointed Chief Executive Officer effective 1 July 2020. Benefits consist of medical insurance and travel expenses.
6. 2020 and 2021 benefits for Les Wood include a cash buyout of five days, annual leave equating to £8,875. This was an arrangement for all employees as a response to the COVID-19 pandemic and the ability to utilise annual leave. Expenses include outplacement services in relation to his planned departure.

Annual Report on Remuneration continued

Directors' remuneration (audited) continued

7. Dorothy Thompson was appointed Non-Executive Chair of the Board on 21 July 2018 and served as Executive Chair of the Board from 9 December 2019 until 8 September 2020, including a transitionary period from 1 July 2020 to 8 September 2020, whereafter she returned to her position as Non-Executive Chair of the Tullow Board. She stepped down from the Board on 31 December 2021.
8. Phuthuma Nhleko was appointed Non-Executive Director and Chair Designate effective 25 October 2021 and Non-Executive Chair effective 1 January 2022.
9. Martin Greenslade was appointed Chair of the Audit Committee following the AGM on 23 April 2020.
10. Mitchell ingram was appointed as Board member effective 9 September 2020.

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 2021.

Payments for loss of office

No payments were made for loss of office of Executive Directors in 2021.

As announced September 2021, Les Wood will be stepping down from the Board during 2022 following publication of Tullow's 2021 results.

Les Wood will continue to receive his base salary, pension and benefits through to his departure date. Any remaining balance of his notice period will be paid following his departure. Les remained eligible for a TIP award for FY2021, which was assessed on the original performance criteria and is set out in more detail below. He will remain eligible for a TIP award for any service through 2022, subject to performance criteria assessed at the end of the year and pro rated for the period of service rendered.

Les will be treated as a good leaver for the purposes of outstanding TIP awards. As per the TIP rules, these awards will continue to vest on their normal vesting dates. Shares will continue to be subject to the post-cessation shareholding requirement for a period of two years after cessation. The shares that Les holds pursuant to the HMRC tax favoured Tullow Share Incentive Plan will be released on termination of his employment. Les will also receive a capped contribution towards his legal fees and has been provided outplacement services. Full details of Les's remuneration arrangements will be disclosed in next year's Directors' Remuneration Report and in the future as required.

Determination of 2022 TIP Award based on performance to 31 December 2021 (audited)

The corporate scorecard is made up of a collection of Key Performance Indicators (KPIs) which indicate the Company's overall performance across a range of operational, financial, and non-financial measures. The corporate scorecard is central to Tullow's approach to performance management and the 2021 indicators 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, an additional TSR metric was included, which represents a weighting of 35% of the total Company Scorecard. The Group's progress against its corporate scorecard is tracked during the year to assess its performance against its strategy. Following the end of the 2021 financial year, the corporate scorecard KPI performance was assessed as 78.7% of the maximum for the workforce and 51.2% for the Executive Directors taking into account the additional TSR metric. The Committee is satisfied with the outcome based on the broader view of performance and stakeholder experience.

Details of variable pay earned in the year

Determination of 2022 TIP Award based on performance to 31 December 2021 (audited)

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

<table>
<tr><th>Performance metric</th><th>Performance</th><th>% of award (% of salary maximum)</th><th>Actual (Rahul Dhir and Les Wood)[1,2]</th></tr>
<tr><td>Safety
Measure of Total Recordable Incident Rate (TRIR) and Loss of Primary Containment (LOPC) Tier 1& 2 as per IOGP</td><td>Health and safety of our staff and everyone who is associated with our operations. There has been a marked improvement in EHS performance relative to last year.
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>TRIR as per IOGP</td><td>0.92</td><td>0.72</td><td>0.58</td><td>0.43</td></tr>
<tr><td>Payout</td><td>0%</td><td>50%</td><td>100%</td><td>100%</td></tr>
</table>
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>Number of LOPC Tier 1 & 2 as per IOGP</td><td>Tier 1: 1
Tier 2: 2</td><td>Tier 1: 0
Tier 2: 1</td><td>Tier 1: 0
Tier 2: 0</td><td>Tier 1: 0
Tier 2: 0</td></tr>
<tr><td>Payout</td><td>0%</td><td>50%</td><td>100%</td><td>100%</td></tr>
</table>
There were two recordable injuries in 2021 (versus 8 in 2020) and zero process safety events related to Loss of Primary Containment (LOPC) at Tier 1 or Tier 2.</td><td>9.8%
(39)%</td><td>9.8%
(39)%</td></tr>
<tr><td>Financial Performance</td><td>Key value driver for our business and the delivery of this KPI is driven by cost and working capital management.
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>Operating Cash Flow (OCF) ($mm)</td><td>430</td><td>478</td><td>526</td><td>499</td></tr>
<tr><td>Payout</td><td>0%</td><td>50%</td><td>100%</td><td>72%</td></tr>
</table>
Normalised operating cash flow of $499 million (from our absolute OCF of $711 million) is above the midpoint. Despite material improvements in cost performance (both Opex and G&A), stretch targets were not achieved.</td><td>9.8%
(39)%</td><td>7.0%
(28)%</td></tr>
<tr><td>Production
Targets related to oil production and vessel efficiency</td><td>
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>Group production (kopbd)</td><td>54</td><td>58</td><td>60</td><td>58.3</td></tr>
<tr><td>Payout</td><td>25%</td><td>75%</td><td>100%</td><td>79%</td></tr>
</table>
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>Jubilee production efficiency (% of uptime)</td><td>93%</td><td>94%</td><td>95%</td><td>97.8%</td></tr>
<tr><td>Payout</td><td>25%</td><td>62.5%</td><td>100%</td><td>100%</td></tr>
</table>
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>TEN production efficiency (% of uptime)</td><td>97%</td><td>98%</td><td>99%</td><td>97.2%</td></tr>
<tr><td>Payout</td><td>25%</td><td>62.5%</td><td>100%</td><td>33%</td></tr>
</table>
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.
Normalised production of 58.3 kbd (from absolute production of 59.2 kbd) for 2021 was close to the stretch target. Strong production growth at Jubilee offset the production declines at TEN. Operationally, we delivered top-tier benchmark uptime on both operated FPSOs. In Gabon, production growth from Simba (including from the expansion project) helped offset the disappointing performance from Espoir in CDI.</td><td>13%
(52)%</td><td>9.9%
(39)%</td></tr>
</table>

Annual Report on Remuneration continued

Details of variable pay earned in the year continued

Determination of 2022 TIP Award based on performance to 31 December 2021 (audited) continued

<table>
<tr><th>Performance metric</th><th>Performance</th><th>% of award (% of salary maximum)</th><th>Actual (Rahul Dhir and Les Wood)[3,4]</th></tr>
<tr><td>Business Plan implementation</td><td>Budget Adherence[1]
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>Budget Adherence</td><td>1.1 x Mid</td><td>$241m [2]</td><td>0.9 x Mid</td><td>$229m</td></tr>
<tr><td>Payout</td><td>0%</td><td>50%</td><td>100%</td><td>75%</td></tr>
</table>
Work Programme achieved considering Capex & Performance
<table>
<tr><th></th><th>Trigger</th><th>Base</th><th>Stretch</th><th>2021 Performance</th></tr>
<tr><td>Adherence to work programme</td><td>90%</td><td>95%</td><td>100%</td><td>94%</td></tr>
<tr><td>Payout</td><td>0%</td><td>50%</td><td>100%</td><td>37%</td></tr>
</table>
In 2021 we implemented 94% of the planned activity for the year and within Budget.</td><td>9.8%
(39)%</td><td>5.5%
(22%)</td></tr>
<tr><td>Capital Structure
Agree appropriate debt refinancing</td><td>A comprehensive debt refinancing was completed in May 2021. $1.8 billion senior secured notes due 2026 were successfully placed, with the proceeds used to repay outstandings under the Group's RBL facility (which was subsequently cancelled), a $300 million convertible bond and $650 million senior notes. Following the refinancing the Group has no material debt maturities until March 2025, providing (at the time of refinancing) four years' liquidity runway which will enable Management to deliver the Group's Business Plan as set out at a Capital Markets Day in November 2020.
The refinancing has removed the risk and administrative burden associated with semi-annual debt capacity redeterminations, which were required under the RBL Facility. Under the new debt capital structure there are no ongoing maintenance covenants, and the Group's financial auditors concurred with the Directors assessment that following the refinancing there is no longer a material uncertainty in respect of the Group's ability to continue as a going concern.
The Board gave 9.1% out of maximum score of 9.8% due to the increased ongoing financing costs as a result of the refinancing.</td><td>9.8%
(39)%</td><td>9.1%
(36)%</td></tr>
<tr><td>Sustainability
Embed Sustainability across the organisation</td><td>In March 2021, we committed to being Net Zero on our Scope 1 and Scope 2 GHG emissions, on a net equity basis, by 2030. In 2021, we began implementing decarbonising initiatives in Ghana, including the re-motor of two compressors. We appointed Terra Global to work with us on the identification and selection of locally based offsetting projects and agreed a MOU with the Forestry Commission in Ghana to ensure we align with the Government of Ghana's REDD+ strategy.
We invested $4 million in discretionary socio-economic investment: supporting education and skills development and enterprise development in our communities and host countries. We supported >7,800 students, >700 community businesses and >700 local suppliers across our locations and were awarded three local content awards in Ghana in recognition of the achievements.
During 2021 we saw an increase in employee engagement from 61% (1H) to 66% (2H). The successful implementation of a Continuous Performance Management process focused on continuous improvement. A renewed strategy agreed to accelerate localisation aiming for 90% an increase from 75% in 2021.
The above performance delivered ahead of the base target set and provides a solid foundation on which to build in the future, therefore, a score of 4.7% out of a possible 6.5% was deemed as reasonable.</td><td>6.5%
(26)%</td><td>4.7%
(19)%</td></tr>
</table>

Performance metric	Performance	% of award (% of salary maximum)	Actual (Rahul Dhir and Les Wood)[3,4]
Leadership Effectiveness	The Board made a judgement on the performance and decision making of the senior leadership team 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 successful delivery of business activities in 2021. The improved performance in 2021 has been driven by the hard work and unrelenting dedication of the entire Tullow team resulting in a 5.2% score. The leadership team has worked in 2021 to position the organisation for future sustainable success.	6.5% (26%)	5.2% (21)%
Relative Total Shareholder Return (TSR)[3]	Performance against a bespoke group of listed exploration and production companies measured from July 2020 to 31 December 2021 – 25% is payable at median, increasing to 100% payable at upper quartile. Tullow placed below median.	35% (140%)	0% (0)%
Total		100% (400%)	51.2% (204%)

1. Was previously called 'Working Capital and Cost Management'. This is defined as percentage of work programme delivered, assessing Capex efficiency and performance against pre-set objectives and milestones.
2. Normalised to a budget comparable value. $257m x % adherence to work programme
3. The TSR comparator group for the 2021 TIP Award was as follows: Africa Oil, Aker BP, Apache, Cairn Energy, DNO, Enquest, Genel Energy, Kosmos Energy, Lundin Petroleum, Oil Search, Ophir Energy, Pharos Energy and Santos.

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:

Director	Cash TIP	Deferred TIP
Rahul Dhir	£580,000	£606,796
Les Wood	£461,495	£482,816

UK SIP shares awarded in 2021 (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 01.01.21	Partnership shares acquired in year	Matching shares awarded in year	Total shares held 31.12.21 (including dividend shares)	Dividend shares acquired in the year	SIP shares that became unrestricted in year	Total unrestricted shares held at 31.12.21[1]
Les Wood	24,817	6,275	6,275	37,367	0	0	1,061

1. Unrestricted shares (which are included in the total shares held at 31 December 2021) are those which no longer attract a tax liability if they are withdrawn from the plan.

Annual Report on Remuneration continued

Executive Director and non-executive Director terms of appointment

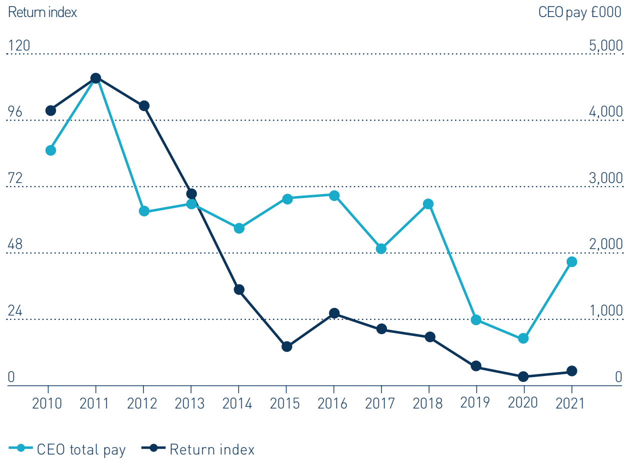
Director	Year appointed	Number of complete years on the Board	Date of current engagement commenced	Expiry of current term
Rahul Dhir	2020	1	01.07.20	n/a
Les Wood	2017	4	20.06.17	n/a
Phuthuma Nhleko	2021	0	25.10.21	24.10.24
Mike Daly	2014	7	30.05.20	31.05.23
Martin Greenslade	2019	2	01.11.19	31.10.22
Sheila Khama	2019	2	26.04.19	25.04.22
Mitchell Ingram	2020	1	09.09.20	08.09.23
Genevieve Sangudi	2019	2	26.04.19	25.04.22
Jeremy Wilson	2013	8	21.10.19	20.10.22

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.

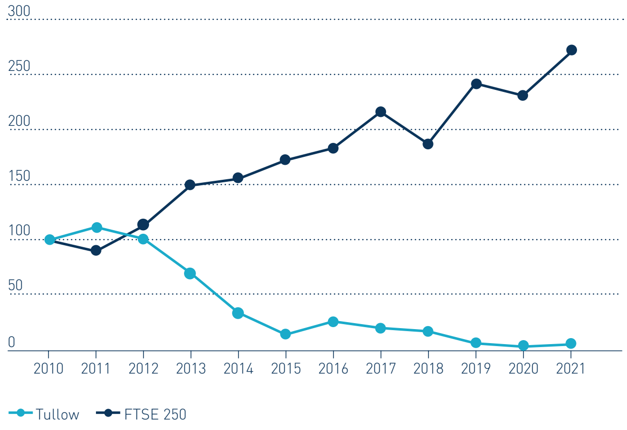
CEO – total pay versus TSR

For 2021 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 2021.

CEO – TOTAL PAY VERSUS RI



TOTAL SHAREHOLDER RETURN



Comparison of overall performance and pay

The Remuneration Committee has chosen to compare the TSR of the Company's ordinary shares against the FTSE 250 index; whilst the Company was placed outside of the index in 2021, 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 2012 to 2021 from a £100 hypothetical holding of ordinary shares in Tullow Oil plc and in the index.

The total remuneration figures for the Chief Executive 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 (2012 to 2021), PSP awards based on three-year performance periods ending in the relevant year (2012) and the value of TIP Awards based on the performance period ending in the relevant year (2013 to 2021). The annual bonus payout, PSP vesting level and TIP Award, as a percentage of the maximum opportunity, are also shown for each of these years.

	Year ending in									
Aidan Heavey[1]	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Total remuneration	£2,623,116	£2,750,273	£2,378,316	£2,835,709	£2,893,232	£1,717,276	–	–	–	**–**
Annual bonus	70%	–	–	–	–	–	–	–	–	**–**
PSP vesting	23%	–	–	–	–	–	–	–	–	**–**
TIP	–	30%	23%	38%	39%	40%	–	–	–	**–**

	Year ending in									
Paul McDade[2]	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Total remuneration	n/a	n/a	n/a	n/a	n/a	£1,416,281	£2,759,684	£986,706	–	**–**
TIP	–	n/a	n/a	n/a	n/a	40%	60.3%	0%	–	**–**

	Year ending in									
Dorothy Thompson[3]	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Total remuneration	n/a	n/a	n/a	n/a	n/a	n/a	n/a	37,704	418,452	**n/a**

	Year ending in									
Rahul Dhir[4]	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Total remuneration	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	£686,519	**£1,860,806**
TIP	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	20%	**51.2%**

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.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in the Chief Executive's total remuneration (excluding the value of any pension benefits receivable in the year) between the financial year ended 31 December 2020 and 31 December 2021, compared to that of the average for all employees of the Group.

	% change from 2020 to 2021		
	Salary	Benefits	Bonus
Chief Executive	0%	379.8%[1]	241.0%[1]
Average employees	2.8%	7.0%[2]	119.9%

1. Increase in benefits and bonus for Rahul due to a full year of benefits and bonus payable in 2021, he joined as Chief Executive Officer on 1 July 2020.
2. Increase in average employee benefits is driven by changes to annual medical insurance premiums.

Annual Report on Remuneration continued

Additional statutory information – percentage change in remuneration for executive and non-executive Directors

	% change from 2020 to 2021			% change from 2019 to 2020		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Phuthuma Nhleko[1]	n/a	n/a	n/a	n/a	n/a	n/a
Les Wood	0%	622%[2]	149%	0%	629%[2]	n/a
Dorothy Thompson	(41%)[3]	n/a	n/a	59%	n/a	n/a
Jeremy Wilson	0%	(78%)[5]	n/a	5%	(60%)[5]	n/a
Mike Daly	(19%)[4]	n/a	n/a	0%	n/a	n/a
Martin Greenslade[7]	8%	n/a	n/a	625%	n/a	n/a
Mitchell Ingram[6]	295%	n/a	n/a	n/a	n/a	n/a
Genevieve Sangudi	0%	(100%)[5]	n/a	46%	(83%)[5]	n/a
Sheila Khama	0%	(100%)[5]	n/a	46%	(56%)[5]	n/a

1. Phuthuma Nhleko joined during 2021 therefore has no movements to show.
2. Increase in benefits for Les Wood is due to holiday cash out for 2021 due to the COVID-19 pandemic and outplacement services provided in relation to his planned departure.
3. Decrease in salary for Dorothy Thompson reflects a decrease of her fees after stepping down from the role of Executive Chair in 8 September 2020.
4. The decrease in fees for Mike Daly is due to him stepping down from Chair of the Safety & Sustainability Committee on 31 December 2020.
5. Benefits have reduced due to reduced travel during the COVID-19 pandemic.
6. The increase in fees for Mitchell Ingram reflect his appointed to the Board in late 2020, and him also becoming Chair of the Safety & Sustainability Committee from 1 January 2021.
7. The increase in fees for Martin Greenslade reflect a full year in role as Chair of the Audit Committee in 2021.

CEO pay ratio 2021

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	A	16:1	10:1	8:1
2020	A	7:1	5:1	3:1
2019	A	8:1	5:1	4:1
2018 (voluntary disclosure)	A	23:1	15:1	10:1

Tullow has calculated the CEO pay ratio using the methodology described as 'Option A' in the Regulations, as Tullow recognises that this is the most statistically accurate form of calculation.

For each UK employee[1] the STFR has been calculated as a summation of base pay, benefits, employer pension contributions receivable during the year ended 31 December 2021 and cash bonus payable and value of share awards to be granted for the performance year 31 December 2021. The STFR at 25th percentile is £118,182, £181,098 at median and £244,252 at 75th percentile. The wages component at 25th percentile is £83,524, £130,000 at median and £168,328 at 75th percentile.

In setting both our CEO remuneration and the remuneration structures for the wider UK workforce, Tullow has 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 our position in the market, the differences exist in the quantum of variable pay achievable by our Executives and Senior Management; 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, the Company believes taking into account Company performance in a particular financial year and the impact on variable pay, that the median pay ratio is consistent with and reflective of the wider pay, reward and progression policies impacting our UK employees. Performance for 2021 is not easily comparable to 2020 as Rahul Dhir was appointed at the beginning of the second half of 2020 and this is reflective in the pro rata remuneration used for the purpose of this calculation in 2020. In 2019, no TIP awards were paid which also means a lower pay ratio. The Committee will monitor longer-term trends.

1. All STFRs have been based on a full-time equivalent and annualised to provide a dataset for the full year 31 December 2021. Tullow would like to build on this reporting in future years by looking at the same dataset for employees globally to determine a global CEO pay ratio.

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.

	2020	**2021**	% change
Staff costs (£m)	105.0	**60.4**	74%
Tax (credit)/expense (£m)[1]	(35.9)	**206.1**	(117)%
Retained profits (£m)[1]	(1,735.9)	**(1,681.6)**	3%

[1] Voluntary disclosure.

Summary of past share awards

Details of share awards granted to Executive Directors:

Director	Award grant date	Share price on grant date	As at 01.01.21	Granted during the year	Exercised during the year	As at 31.12.21	Earliest date shares can be acquired	Latest date shares can be acquired
Les Wood[1]	27.04.17	214p	101,249	–	101,249	0	27.04.20	27.07.27
	08.02.18	187p	148,802	–	–	148,802	08.02.23	08.02.28
	14.02.19	219p	288,617	–	–	288,617	14.02.24	14.02.29
	15.03.21	54.7p	338,765	–	–	338,765	15.03.26	15.03.31
Dividend equivalents								
08.02.18	10.05.19	187p	2,605	–	–	2,605	08.02.23	08.02.28
14.02.19	10.05.19	219p	5,052	–	–	5,052	14.02.24	14.02.29
08.02.18	17.10.19	187p	1,372	–	–	1,372	08.02.23	08.02.28
14.02.19	17.10.19	219p	2,661	–	–	2,661	14.02.24	14.02.29
			889,123	–	101,249	787,874		
Rahul Dhir[2]	05.08.20	27.68p		9,000,000	–	9,000,000	01.07.25	30.06.30
	15.03.21	54.7p	319,316			319,316	15.03.26	15.03.31

[1] Les Wood – all awards granted to Les Wood are TIP Awards. Those granted on 27 April 2017 prior to appointment as an Executive Director have a three-year vesting period.

[2] Rahul Dhir – 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 last year's Directors' Remuneration Report). The awards granted in 2021 are TIP awards.

Share price range

During 2021, the highest mid-market price of the Company's shares was 64.94p and the lowest was 25.72p. The year end price was 46.45p.

Annual Report on Remuneration continued

Directors' interests in the share capital of the Company (audited)

The interests of the Directors (all of which were beneficial), who held office during FY 2021, are set out in the table below:

	Ordinary shares held		% of salary under 2021 Remuneration Policy shareholding guidelines[1]	TIP Awards		Buyout Awards		SIP		SIP total
	01.01.21	31.12.21		Unvested	Vested	Unvested	Vested	Restricted	Unrestricted	31.12.21
Executive Directors										
Rahul Dhir[2]	1,346,000	1,346,000	307%	319,316	–	9,000,000	–	–	–	–
Les Wood	198,457	198,457	65%	787,874	–	–	–	36,306	1,061	37,367
Non-executive Directors										
Mike Daly	4,795	4,795	–	–	–	–	–	–	–	–
Dorothy Thompson	68,148	68,148	–	–	–	–	–	–	–	–
Jeremy Wilson	87,959	87,959	–	–	–	–	–	–	–	–
Genevieve Sangudi	–	–	–	–	–	–	–	–	–	–
Sheila Khama	–	7,070	–	–	–	–	–	–	–	–
Martin Greenslade	–	–	–	–	–	–	–	–	–	–
Mitchell Ingram	–	50,000	–	–	–	–	–	–	–	–
Phuthuma Nhleko	–	–	–	–	–	–	–	–	–	–

1. Calculated using share price of 46.45p at year end. 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. Ordinary shares and unvested awards held by Rahul Dhir are in respect of his Buyout Award granted on commencement of employment.

On 5 January 2022 Les Wood was awarded 1,834 SIP shares, all of which are restricted.

There have been no other changes in the interests of any Director between 1 January 2022 and the date of this report.

Implementation of Policy for Executive Directors for 2022

The Remuneration Policy will be implemented during 2022 as follows:

- base salary for Rahul Dhir will be increased by 3% in line with increases awarded to UK based employees. No increase will be awarded to Les Wood for the remainder of his employment during 2021.
- pension provision will be 15% of salary for Rahul Dhir (workforce aligned) and 25% of salary for Les Wood for the remainder of his employment; and
- TIP Award 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%)*.

* An adjusted TSR comparison period will also apply; this looks at the average share price in the 20 trading days prior to the commencement of Rahul Dhir on 1 July 2020.

The pension arrangements for any new appointment will be aligned with those of the wider workforce. Any TIP Award will be pro-rated for the period of service rendered in the year.

Please see page 15 of this report for further disclosure and details of these targets and how they are linked to our strategy.

- No changes will be made to the Chair nor the non-executive Director fees from 2021 levels.

Looking forward to 2022

- The Committee will seek to engage and consult with major shareholders as part of the review of the current remuneration policy to ensure support and clear understanding of any changes that may be proposed and in anticipation of a binding vote in 2023.

The Committee will continue to review the remuneration arrangements of the wider workforce when considering arrangements for Executives and Senior Management.

Governance

Remuneration Committee members

Jeremy Wilson (Committee Chair), Genevieve Sangudi and Mitchell Ingram.

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 formal meetings held and the attendance by each member is shown in the table on page 54. The Committee also held informal discussions as required.

The Group Company Secretary acts as Secretary to the Committee and is available to assist the members of the Committee as required, ensuring that timely and accurate information is distributed accordingly. The Chief Executive and other members of the Management Team may be invited to attend Committee meetings to provide business context and performance updates. However, no member of Management is present when their own remuneration is determined.

Advice received from the Committee during 2021

During 2021, the Company Secretary and the Committee's consultants also provided corporate governance guidance support to the Committee.

The Committee received external advice from FIT Remuneration Consultants LLP (FIT) during 2021 in respect of the implementation of the Policy. FIT was appointed as the Committee's advisers in 2019 following a competitive tender process. FIT is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct and provided no other services to the Company. Fees (ex VAT) paid to FIT respectively for advice provided during 2021 amounted to £56,807. FIT does not provide any other services and does not have any other connections to the Company or the Directors that may affect its independence. The Committee evaluates the services provided by external advisers and is satisfied that the advice received from FIT was objective and independent.

Activities of the Committee during 2021

A summary of the main Committee activities during 2021 are set out below:

- setting an appropriately stretching set of key performance metrics for the 2021 KPI scorecard;
- monitoring progress against the 2021 KPI scorecard;
- reviewing feedback received from shareholders at the 2021 AGM;
- review of changes in remuneration-related guidance, shareholder policies and governance matters;
- reviewing the remuneration arrangements, including benchmarking of Total Remuneration for Senior Managers 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;
- agreeing the leaver arrangements for Les Wood;
- review of draft KPIs for 2022 to align with strategy and culture of Tullow; and
- setting of fees for our new Chairman

Annual Report on Remuneration continued

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 our Senior Executive Team 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 is 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 that measure how we perform against our financial and non-financial KPIs.

Shareholder voting at the AGM

At last year's AGM on 16 June 2021 the remuneration-related resolutions received the following votes from shareholders:

	2020 Annual Statement and Annual Report on Remuneration	
	Total number of votes	% of votes cast
For	700,791,473	81.55
Against	158,497,388	18.45
	Total number of votes	% of ISC votes
Total votes cast (for and against)	859,288,861	60.17%
Votes withheld	250,684	

Directors' Remuneration Policy Report

This part of the Directors' Remuneration Policy sets out a summary of the Remuneration Policy for the Company which became effective following approval from shareholders through a binding vote at the AGM held on 23 April 2020. The full Policy can be found in the 2020 Directors' Remuneration Report.

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.

Summary Directors' Remuneration Policy

Base salary

Purpose and link to strategy	Operation	Maximum opportunity
To provide an appropriate level of fixed cash income. To attract and retain individuals with the personal attributes, skills and experience required to deliver our strategy.	Generally reviewed annually with increases normally effective from 1 April. Base salaries will be set by the Committee taking into account: - the scale, scope, and responsibility of the role; - the skills and experience of the individual; - the base salary of other employees, including increases awarded to the wider population; and - 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.	Any increases to current Executive Director salaries, presented in the 'Application of Policy in 2020' column below this Policy table, will not normally exceed the average increase awarded to other UK-based employees. 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.	Defined contribution pension scheme or salary supplement in lieu of pension. The Company does not operate or have any legacy defined benefit pension schemes. Medical insurance, income protection and life assurance. Additional benefits may be provided as appropriate. Executive Directors may participate in the Tullow UK Share Incentive Plan (SIP).	Pension: Workforce aligned for new Executive Directors. Workforce aligned (as a percentage of salary) by 1 January 2023 for incumbent Directors. 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 is based. No monetary maximum is given for benefits provided to the Executive Directors as the cost will depend on individual circumstances. Tullow UK SIP: Up to HM Revenue & 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.

Performance and provisions for the recovery
Not applicable.

Directors' Remuneration Policy Report continued

Summary Directors' Remuneration Policy continued

Tullow Incentive Plan (TIP)

Purpose and link to strategy	Operation	Maximum opportunity
To provide a simple, competitive, performance-linked incentive plan that: - aligns the interests of Management and shareholders; - promotes the long-term success of the Company; - provides a real incentive to achieve our strategic objectives and deliver superior shareholder returns; and - will attract, retain and motivate individuals with the required personal attributes, skills and experience.	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. 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. TIP Awards are non-pensionable and will be made in line with the Committee's assessment of performance targets. 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.	400% of salary. Dividend equivalents will accrue on TIP deferred shares over the vesting period.

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).

Shareholding guidelines

Purpose and link to strategy	Operation	Maximum opportunity
To align the interests of Management and shareholders and promote a long-term approach to performance and risk management.	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. Unvested TIP shares net of applicable taxes count towards the minimum shareholding requirement. Shares included in this calculation are those held beneficially by the Executive Director and his or her spouse/civil partner. From the 2020 AGM, 50% of the shareholding guideline (i.e. 200% of salary) will need to be retained by Executive Directors for two years post-cessation.	400% of salary.

Performance and provisions for the recovery

Not applicable.

Non-executive Directors

Purpose and link to strategy	Operation	Maximum opportunity
To provide an appropriate fee level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities while also reflecting the time commitment and responsibility of the role.	The Chair is paid an annual fee and the non-executive Directors are paid a base fee and additional responsibility fees for the role of Senior Independent Director or for chairing a Board Committee. Fees are normally reviewed annually. Each non-executive Director is also entitled to a reimbursement of necessary travel and other expenses including associated tax costs. 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.	Non-executive Director remuneration is determined within the limits set by the Articles of Association. 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.
Performance and provisions for the recovery		
Not applicable.		

Calculation of TIP Awards

In addition to base salary and other benefits described in the Remuneration Policy, each Executive Director 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 each financial year, 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 page 86 of this report.

Approval

This report was approved by the Board of Directors on 8 March 2022 and signed on its behalf by:

Jeremy Wilson
Chair of the Remuneration Committee

8 March 2022

Other statutory information

The Directors present their Annual Report and audited Financial Statements for the Group for the year ended 31 December 2021.

Principal activities

Tullow is an independent oil and gas, exploration and production group, quoted on the London, Euronext Dublin and Ghanaian stock exchanges. The Group has interests in over 30 exploration and production licences across eight countries.

Strategic Report

The Group is required by section 414A of the Companies Act 2006 and the Central Bank of Ireland's Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) to present a Strategic Report in the Annual Report. This can be found on pages 1 to 51. The Strategic Report contains an indication of the Directors' view on likely future developments in the business of the Group. In addition, following the introduction of the EU Non-Financial Reporting Directive, the Strategic Report also provides direction on where information on the impact of activities on employees, social and environmental matters, human rights and anti-corruption and anti-bribery matters can be found within the Annual Report and Financial Statements, as well as a description of the Group's policies and where these are located. The Corporate Governance Report on pages 52 to 87 is the corporate governance statement for the purposes of Disclosure Guidance and Transparency Rule 7.2.1. The Annual Report and Financial Statements use financial and non-financial KPIs wherever possible and appropriate.

Results and dividends

The loss on ordinary activities after taxation of the Group for the year ended 31 December 2021 was $81 million (2020: loss of $1,222 million).

In 2021, the Board recommended that no interim and final dividend would be paid.

Subsequent events since 31 December 2021

Adjusting events

On 15 February 2022 a panel of arbitrators, working under the jurisdiction of Norwegian law, delivered an award in favour of HiTec Vision (HiTec) in relation to its dispute with Tullow (Award). The panel had been asked to adjudicate as to whether discoveries made in the PL-537 Licence (Offshore Norway) between 2013 and 2016 had triggered a further payment under the SPA between Tullow and HiTec regarding the purchase of Spring Energy in 2013. With the Award, the panel has decided by way of split decision that conditions for a further payment outlined in the SPA were met. The Tribunal ruled that Tullow should pay $76 million. This amount also includes interest and costs. This has been recognised in the balance sheet as a liability as at 31 December 2021.

Non-adjusting events

FID for the Tilenga Project in Uganda and the East African Crude Oil Pipeline (EACOP) as reported by Total Energies Ltd on 1 February 2022 triggered a contingent consideration payment of $75 million (net of $7 million indemnity provision relating to tax audits) in relation to Tullow's sale of its assets in Uganda to Total in 2020 which was received on 16 February 2022. This was recognised as a current receivable as at 31 December 2021.

There have not been any other events since 31 December 2021 that have resulted in a material impact on the year end results.

Share capital

As at 7 March 2021, the Company had an allotted and fully paid up share capital of 1,434,159,242 ordinary shares each with a nominal value of £0.10.

Substantial shareholdings

As at 31 December 2021, 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)
Petrolin Group (Samuel Dossou-Aworet)	1,408,609,725	13.07%
Azvalor Asset Management S.G.I.I.C., S.A.	129,405,439	9.04%
RWC Asset Management LLP	71,022,015	5.09%
Summerhill Trust Company (Isle of Man) Limited	58,838,104	4.19%
The Goldman Sachs Group, Inc	36,204,265	2.54%

As at 7 March 2022, 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 and the Central Bank of Ireland's Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) of the following significant holdings in the Company's ordinary share capital since 31 December 2021:

Shareholder	Number of shares	% of issued capital (as at date of notification)
Azvalor Asset Management S.G.I.I.C., S.A.	143,900,820	10.04%

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. 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; and
- 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 there in, 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.

Material agreements containing ‘change of control’ provisions continued

- 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 the notes at 101% of the aggregate principle 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.
- 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 principle 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.

Directors

The biographical details of the Directors of the Company at the date of this report are given on pages 58 and 59.

Details of Directors’ service agreements and letters of appointment can be found on page 78. 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 82 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.

Conflicts of interest

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Group. The Board requires Directors to declare all appointments and other situations that could result in a possible conflict of interest and has adopted appropriate procedures to manage and, if appropriate, approve any such conflicts. The Board is satisfied that there is no compromise to the independence of those Directors who have appointments on the boards of, or relationships with, companies outside the Group.

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.
- Repurchase of shares – subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares that have been bought back may be held as treasury shares or must be cancelled immediately upon completion of the purchase. The Company received authority at the last Annual General Meeting to purchase up to a maximum of 142,664,747 ordinary shares. The authority lasts until the earlier of the conclusion of the Annual General Meeting of the Company in 2022 or 30 June 2022.
- 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; and
- 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.

Encouraging diversity in our workforce

Tullow is committed to eliminating discrimination and encouraging diversity amongst its workforce. Decisions related to recruitment selection, development or promotion are based upon merit and ability to adequately meet the requirements of the job, and are not influenced by factors such as gender, marital status, race, ethnic origin, colour, nationality, religion, sexual orientation, age or disability.

We want our workforce to be truly representative of all sections of society and for all our employees to feel respected and able to reach their potential. Our commitment to these aims and detailed approach are set out in Tullow's Code of Ethical Conduct and Equal Opportunities Policy.

We aim to provide an optimal working environment to suit the needs of all employees, including those of employees with disabilities. For employees who become disabled during their time with the Group, Tullow will provide support to help them remain safely in continuous employment.

Employee involvement and engagement

We use a range of methods to inform and consult with employees about significant business issues and our performance. These include webcasts, the Group's intranet and town hall meetings. In 2019, we established the workforce Tullow Advisory Panel (TAP) in conjunction with existing means to continue engaging with our workforce. Further details on the TAP and employee engagement are described on page 60 of this report.

We have an employee share plan for all permanent employees, which gives employees a direct interest in the business' success.

Political donations

In line with Group policy, no donations were made for political purposes.

Corporate responsibility

The Group works to achieve high standards of environmental, health and safety management. Our performance in these areas can be found on pages 28 to 35 of this report. Further information is available on the Group website: www.tullowoil.com, and our 2021 Sustainability Report.

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 Ernst & Young as the Company's auditor will be proposed at the 2022 AGM on 25 May 2022. More information can be found in the Audit Committee Report on page 64.

Annual General Meeting

The AGM is expected to be held at 12 noon on Wednesday 25 May 2022. The Notice of Annual General Meeting will set out the resolutions to be proposed at the forthcoming AGM, which will be sent to shareholders in due course and in accordance the the requirement of the Listing Rules.

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
8 March 2022

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

Rahul Dhir
Chief Executive Officer

8 March 2022

Les Wood

Les Wood
Chief Financial Officer

8 March 2022

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 2021 and of the group's profit 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 2021 which comprise:

Group	Parent company
Group balance sheet as at 31 December 2021	Company balance sheet as at 31 December 2021
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 6 to the financial statements including a summary of significant accounting policies
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 a summary of significant accounting policies	

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 amongst others:

- reviewing the integrity of management's corporate model by checking consistency of the central assumptions and formulas, with the assistance of our business modelling specialists;
- comparing the forecast incorporated in the model with the board approved budget to ensure consistency;
- assessed historical forecasting accuracy through forecast versus actual analysis over the last four years;
- comparing that a number assumptions, such as hedging, provision utilisation and decommissioning escrow payments, were consistent with other areas of our audit;
- comparing the assumptions used in the business plan with the models used in for impairment purposes;
- comparing the consistency between the commercial reserves profile used in the impairment profiles and to calculate Tullow's future Revolving Credit Facility ('RCF') availability;
- evaluating the sensitivity of the RCF availability to short-term shocks to oil price to determine the impact on liquidity under different price scenarios and including management's downside scenario;
- we recalculated and confirmed with Management that Tullow are compliant with the hedging requirements under the RCF;
- performing independent reverse stress test analysis on the cash flow forecasts to assess the impact of short-term price shocks;
- considering the decarbonisation costs were included in the going concern model; and
- reviewing management's proposed disclosures to ensure that they were appropriate and reflective of the results of our review.

Our key observations

In forming our conclusions, we have considered the 2021 refinancing of debt, which has extended maturities of borrowings to 2025 and 2026 with no capital repayment falling due within the going concern period. The increase in oil prices and the hedge position of the Group has provided significant headroom under the base case and downside case. Furthermore, the Group has access to a committed Revolving Credit Facility of up to $500m throughout 2022 and it is considered remote that this will not be available for the remainder of the going concern period. Under management's base case the breakeven point occurs at an oil price of $39/bbl for the short and long term.

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 31 March 2023.

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.

Overview of our audit approach

Audit scope	- We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 14 components. - The components where we performed full or specific audit procedures accounted for 96% of Adjusted EBITDAX, 92% of Revenue and 97% of Total assets.
Key audit matters	- Recoverability of Kenya intangible exploration and evaluation asset - Uncertain Tax Treatments - Recoverability of Property plant and equipment - Estimation of Ghana decommissioning provision - Impairment reversal of investment in subsidiaries (parent company only)
Materiality	- Overall Group materiality of $24 million which represents 2.4% of normalised Adjusted Earnings Before Interest Tax Depreciation Amortisation and Exploration ("EBITDAX").

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 changes in the business environment.

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 60 reporting components of the Group, we selected 19 components covering entities within Australia, Argentina, Cote D'Ivoire, Gabon, Guyana, Jersey, Kenya, Netherlands, Suriname, Uganda and United Kingdom which represent the principal business units within the Group.

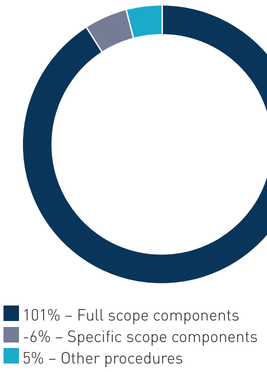
Of the 19 components selected, we performed an audit of the complete financial information of 5 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 14 components ("specific scope components"), we performed audit procedures on specific 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 audit procedures accounted for 96% (2021: 98%) of the Group's Adjusted EBITDAX, 92% (2021: 97%) of the Group's Revenue and 97% (2021: 94%) of the Group's Total assets. For the current year, the full scope components contributed 101% (2021: 99%) of the Group's Adjusted EBITDAX, 92% (2021: 90%) of the Group's Revenue and 64% (2021: 73%) of the Group's Total assets. The specific scope component contributed -6% (2021: -1%) of the Group's Adjusted EBITDAX, 0% (2021: 7%) of the Group's Revenue and 27% (2021: 21%) 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 instructed 7 locations to perform specified procedures over certain aspects of intangible exploration and evaluation assets, oil and gas assets, borrowings, non-current provisions and exploration costs written off.

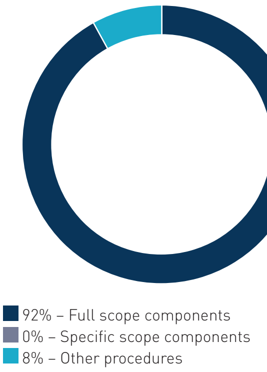
Of the remaining 41 components that together represent 4% of the Group's Adjusted EBITDAX, none are individually greater than 2% of the Group's Adjusted EBITDAX. For these components, we performed other procedures, including analytical review and testing of consolidation journals and intercompany eliminations 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 teams.

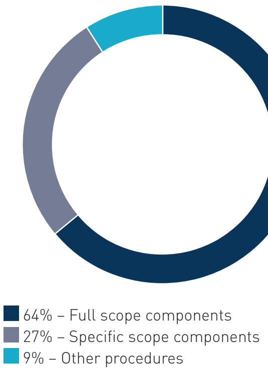
Adjusted EBITDAX



Revenue



Total assets



Changes from the prior year

There are no changes to full scope components from prior year. We have updated our scoping in the current year to take account of the impact of changes in the business and assets sales during the year. This has limited impact on coverage.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 4 full scope components, audit procedures were performed on 3 of these directly by the primary audit team. For the 7 specific scope components, the work was directly performed by the primary audit team.

During the current year's audit cycle, visits were undertaken by the Senior Statutory Auditor with members of the primary audit team to the component team in Ghana in November 2021 and February 2022. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending planning and closing meetings and reviewing relevant audit working papers on risk areas. The primary team interacted regularly with the component teams through video conferencing during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at a Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Tullow. The Group has determined that the most significant future impacts from climate change on their operations will be from potential falls in oil prices, carbon pricing mechanisms, and investments required to reduce emissions to achieve decarbonisation targets which might make production from certain assets uneconomic. These are explained on page 23 in the required Task Force for Climate related Financial Disclosures and on pages 36 to 40 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these 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.

As explained in note 26 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. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows 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. The note also includes supplementary sensitivity disclosures of the impact of reasonably possible changes in key assumptions and significant judgements and estimates relating to climate change.

Our audit effort in considering climate change was focused on ensuring that the effects of material climate risks disclosed on pages 38 to 40 have been appropriately considered in asset values, estimating the recoverable value of non-current assets and associated disclosures where values are determined through modelling future cash flows. Details of our procedures and findings on page 146 (Note 26) are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Whilst the group has stated its commitment to being Net Zero on Scope 1 and 2 emissions by 2030 and supporting the goal of limiting global temperature rise to well below 2ºC as per Article 2 of the Paris Agreement, the group has determined some, but not all, of the future economic impacts on their business model, operational plans and customers to achieve this and therefore, as set out above, the potential impacts are not fully incorporated in these financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Recoverability of Kenya intangible exploration and evaluation asset ('E&E')

This is an estimation based on uncertain outcomes. The recoverability of the Kenya E&E asset carries inherent risks that the project does not progress to development, requiring the write-off or impairment of the related capitalised costs or the reversal of previously recorded impairment charges, when the relevant IFRS requirements are met. The risk is elevated compared to 2020 because of the uncertainties that are present to progress to Final Investment Decision ('FID').

As described in Note 9 to the Consolidated Financial Statements, at 31 December 2021, Tullow have recognised $255 million of E&E assets relating to its interest in Kenya exploration licenses. Whilst no impairment has been recognised in 2021, in 2020 management recognised an impairment of $430 million.

The risk is whether it is appropriate to continue carrying capitalised Kenya E&E costs or whether an impairment is required or whether an impairment reversal is required. Auditing the impairment assessment of the Kenya E&E assets is inherently judgemental given the uncertainties surrounding the progress to FID. Furthermore, management prepared the impairment assessment under the value-in-use methodology where judgement was used to estimate future oil prices and price differentials; discount rates; inflation rates; production profiles and oil and gas resources; fiscal terms and uncontracted cost profiles. The VIU recoverable value is adjusted for the uncertainties associated with the Group's ability to recover the value including receiving an acceptable offer from a strategic partner, obtaining financing for the project and obtaining government deliverables to develop the asset.

As a result of these factors, there is a significant judgement relating to the risk that Kenya E&E costs are impaired or an impairment is reversed in the reporting period, which also represents a risk of potential management bias.

Our response to the risk

Our procedures included, amongst others:

- obtaining and reviewing the Field Development Plan (FDP) submitted to the Government of Kenya in December 2021, which was a condition to extend the Production Sharing Contract (PSC);
- reconciling the oil and gas resources used in the Kenya valuation model to the resources report produced by management's external expert and included in the FDP;
- engaging an EY partner with significant oil and gas expertise and valuation experience to review the resources reports generated by management's external expert and assess the appropriateness of inputs of a technical nature;
- evaluating the professional qualifications and objectivity of management's external experts who performed the detailed preparation of the reserve estimates and those who are primarily responsible for providing the independent reserve estimate;
- evaluating the appropriateness of the oil prices used in management's model and the price differential assumption used by benchmarking to market and peer data;
- evaluating the operating and capital expenditures forecast to be incurred over the life of the project with previous estimates and budgets included in the business plan;
- evaluating the appropriateness of management's impairment discount rates based on an independent re-calculation of the group's weighted average cost of capital with the assistance of our valuations specialists;
- sensitising the valuation based on less favourable fiscal terms being received;
- assessing the appropriateness of the probabilistic assessment used to adjust for the uncertainties in computing the valuation of the asset and additionally the range calculated to support the recoverable amount by independently evaluating each uncertainty's facts and circumstances through inspection of supporting evidence and discussion with management outside of the finance function;
- assessing the progress of the farm down process and evaluating the potential impacts on the recoverable amount;
- assessing the carbon intensity of the project and whether this may impact the chances of development; and
- assessing whether the disclosures provided in the financial statements reflect management's judgements, risks and uncertainties of the project.

The audit procedures were performed primarily by our group engagement team.

Key observations communicated to the Audit Committee

We consider acceptable the judgements used by management in calculating a VIU and then applying probabilities to reflect the remaining project uncertainties to calculate a recoverable amount and a supporting range for the recoverable amount.

We also reported the risks of this project in relation to the energy transition and Tullow's commitment to Net Zero as a portion of the emissions from the project will need to be offset through nature-based solutions and were not included in the impairment model.

Whilst the Kenya impairment assessment involves significant judgement about future actions of management and other stakeholders, we satisfied ourselves that sufficient evidence existed at the balance sheet date to support the carrying value of the Kenya E&E assets based on the submission of the FDP, the current stage of the farm down process and the outcome of the impairment assessment.

Recoverability of Property Plant and Equipment

This is a forecast-based estimate. The risk is that potential impairments are not identified on a timely basis. The risk is similar to 2020 given lower reservoir performance in TEN offset by a number of commercial reserves increases due to the improved macroeconomic outlook.

As described in Note 10 to the Consolidated Financial Statements, at 31 December 2021, PP&E amounted to $2,905 million and management recorded an impairment charge of $124.9 million and impairment reversals of $69.7 million.

Auditing the impairment of PP&E is subjective due to the significant amount of judgement involved in determining whether indicators of impairment or impairment reversal exist. Indicators should reflect significant upward or downward revisions in assumptions impacting the future potential long-term value of an asset, rather than drivers of short-term fluctuations in value.

Impairment reversals should only be recognised where there has been a clear increase in the potential value of a Cash Generating Unit and not simply due to headroom created by the passage of time; for instance, the unwind in discount rates, further DD&A charges or other similar items.

Key judgements in determining whether indicators of impairment or impairment reversal exist include changes in forecast commodity price, movements in oil and gas reserves, changes in asset performance and future development plans, etc.
In performing our audit, we are mindful of the risk of management override in the assessment of whether or not impairment indicators exist as well as in the central assumptions that are used in the impairment assessments.

As described in the accounting policies to the Group Consolidated Financial Statements, the most complex of these judgements relate to management's view on commodity price assumptions and commercial reserves and related costs profiles. Forecasting future prices is inherently difficult, as it requires forecasts that reflect developments in demand such as global economic growth, technology efficiency, policy measures and, on the supply side, consideration of investment and resource potential, cost of development of new supply and behaviour of major resource holders. These judgements are particularly difficult because of increased demand uncertainty and pace of decarbonisation due to the energy transition.

Our response to the risk

Our procedures included, amongst others:

- confirming our understanding of Tullow's impairment testing process, as well as the control environment implemented by management by performing a walkthrough of the process;
- evaluating whether impairment / impairment reversal triggers exist by challenging management's assessment on an asset by asset basis
- testing the integrity of the underlying VIU model with the assistance of EY Business Modelling specialists by testing the mechanical accuracy;
- comparing 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 IEA's Announced Pledges Scenario (APS) price assumptions as potential contradictory evidence for best estimates of future oil and gas prices. The APS assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, will be met in full and on time;
- assessing the appropriateness of management's impairment discount rates including an independent re-calculation of the group's weighted average cost of capital with the assistance of our valuations specialists;
- reconciling production profiles used in the impairment model to the reserve report produced by management's external expert;
- evaluating the professional expertise and objectivity of management's external experts who performed the detailed preparation of the reserve estimates and those who are primarily responsible for providing independent reserve estimates, through understanding their relevant professional qualifications and experience;
- performing benchmarking on cost estimate profiles, the inflation rate and FX rates based on comparison with recent actuals and our understanding obtained from other areas of the audit;
- tested whether decarbonisation activities announced by Tullow were incorporated and consistent with the budgets and impairment model as to their assessment of whether climate change risks impact the modelled recoverable value of the Group's CGUs. This was done with reference to the Group's assessment of the risks of climate change, commitments made around climate change initiatives and the analysis performed by the Group to date of the potential impact of such initiatives, including on potential future investment;
- we challenged the extent of disclosure on climate change with respect to the price sensitivity under IEA's NZE scenario; and
- Where the financial impacts of climate related risks are either yet to be determined and/or not reflected in management's estimates of recoverable value we challenged what sensitivities may be appropriate in the financial statements to demonstrate the reasonably possible impact of these.

The audit procedures were performed primarily by our group engagement team. Our audit procedures over this risk area covers 100% of the reported risk amount.

Key observations communicated to the Audit Committee

We reported to the Audit Committee in its March 2022 meeting that, based on our testing performed and the subsequent adjustments made by management, we considered the current period impairment charge is fairly stated. We also reported that based on our challenge on sensitivity disclosures, management disclosed the impact on the value of PP&E under the IEA's NZE scenario.

Uncertain Tax Treatments

This is an estimation based on uncertain outcomes. The risk is that tax provisions are not appropriate given the nature of the tax matter. The risk has increased compared to 2020 due to the increased engagement and activity of the tax authorities.

As described in note ag of the accounting policies to the Consolidated Financial Statements, at 31 December 31 2021, Tullow's contingent liabilities in respect to uncertain tax matters amounts to $1,026 million. Tullow have recognised a total provision of $128 million, which is split into an income tax payable of $34 million, deferred tax liabilities of $40 million and $53 million in provisions.

Auditing the uncertain tax treatments and the related provisions is subjective because the estimation 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 is in most instances outside Tullow's control.

Our response to the risk

Our procedures included, amongst others:

- where appropriate, obtained correspondence with tax authorities and when required used our local teams and tax specialists on specific regimes to confirm management's assumptions and judgements regarding the level of provisions made;
- inspected external legal and tax opinions (where considered necessary) to corroborate management's assessment of the risk profile in respect of tax claims;
- obtained Tullow's uncertain tax treatments assessments and audited the associated workings including ensuring any exposures and provisions were appropriately extrapolated for periods which have yet to be audited; and
- considered the relevant disclosures made within the financial statements to ensure they appropriately reflect the facts and circumstances of the tax exposures and are in accordance with the requirements of IAS 37 provisions, IAS 12 Income Tax and IFRIC 23 Uncertainty over Income Tax Treatments.

Our audit response was executed by the primary audit team, with support from local tax teams principally in Ghana and Uganda. Our audit procedures over this risk area covers 100% of the reported risk amount.

Key observations communicated to the Audit Committee

Based on the on the evidence obtained and the audit procedures performed we are satisfied that the accounting treatment in respect of potential tax exposures is appropriate. We also concluded that the disclosures made in the financial statements are appropriate.

Estimation of Ghana decommissioning provision

This is an estimation based on uncertain outcomes. The risk is the expected timing of decommissioning activity and the estimated cost of activities that are expected to occur in the future. The risk is consistent to 2020.

As described in Note 20 to the Consolidated Financial Statements, at 31 December 2021, management recorded a decommissioning provision in Ghana of $193.3 million

Auditing decommissioning provisions is complex because management's estimation of future cash outflows involves significant judgement and estimation. As explained in the accounting policies to the Consolidated Financial Statements, the estimate is based on current legal obligations, technology and price levels. However, the extent and timing of the actual outflows incurred in the future may differ due to changes in legal requirements, changes in market rates for goods and services, the emergence of new technology or experience at other assets. There is a risk of management override in the determination of both the timing of activity and estimation of the costs that will be incurred. Furthermore, Tullow is expected to commence payments to the Ghana decommissioning escrow fund and therefore there is a risk that inappropriate management bias influences the estimate.

Estimation of Ghana decommissioning provision continued

Our response to the risk

Our procedures included, amongst others:

- confirming our understanding of the decommissioning provision estimation process. We have performed an assessment of the control environment by performing a walkthrough of the process;
- reconciling the costs used in determining the decommissioning estimate to management's external expert report;
- evaluating the objectivity and expertise of management's external experts who performed the cost estimates, through understanding their relevant professional qualifications and experience;
- confirming our understanding of the decommissioning requirements in Ghana and whether there were any updates during the year;
- assessing the appropriateness of the assumptions underpinning the cost estimate with the assistance of our decommissioning experts by comparing with the methodology used by industry peers and compared actual drilling costs incurred in the year;
- testing the completeness of the cost estimate data by corroborating with work performed in other areas of the audit, including oil and gas reserves and impairment testing of PP&E, where applicable; and
- obtained an understanding by meeting with Tullow's external decommissioning experts of the methodology and differences between previous estimates.

The audit procedures were performed primarily by our group engagement team. Our audit procedures over this risk area covers 100% of the reported risk amount.

Key observations communicated to the Audit Committee

We have challenged management on the change in approach to estimate well decommissioning costs and based on our discussions with management's expert, along with our internal decommissioning specialist, we agree with management that the reduction in decommissioning estimate is reasonable and recorded in the appropriate period.

Based on our audit procedures and evidence obtained we are satisfied that the Ghana decommissioning provision is appropriate.

Impairment reversal of investment in subsidiaries (parent company only)

This is a forecast-based estimate. The risk is that potential impairments triggers at the subsidiary level are not identified on a timely basis and would impact the recoverability of the parent company's investments in subsidiaries.

As described in Note 1 to the parent company Financial Statements, at 31 December 2021, Tullow plc investment in subsidiary undertakings amounts to $4,350 million ($3,366 million in 2020) and recognised $667 million of reversal of impairment of investments in subsidiary undertakings.

Investments in subsidiaries in parent company financial statements are more sensitive to changes in recoverable value than the Group's underlying assets because certain assets have not been subjected to impairment in the past.

The principal driver of the recoverable amount of investments in subsidiaries is the estimated value of the underlying assets held by the Group's subsidiaries. Refer to recoverability of property, plant and equipment considerations in the related key audit matter above.

Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in either impairment or reversals of impairment taken in prior years (2021 aggregate impairment reversal of $667 million, 2020 aggregate impairment of $1,975 million).

We consider that the risk associated with this key audit matter has remained consistent with the prior year.

Our response to the risk

Our procedures included, amongst others:

- assessing the methodology used by management to estimate the recoverable value of each investment for which an impairment test was performed to ensure that this is consistent with accounting standards.
- testing that relevant assets and liabilities of each investment have been appropriately included in the assessment of recoverable value, including the effects of intercompany balances.
- Refer to the key audit matter on recoverability of Property Plant and Equipment above with respect to procedures performed relating to the recoverable value of individual assets tested for impairment.
- We considered the potential impact of climate related risks on the recoverability of the Company's investments, in line with the considerations in the key audit matter above.

The audit procedures were performed primarily by our group engagement team with assistance of our valuation specialists.

Key observations communicated to the Audit Committee

We confirmed that our observations with respect to the recoverable amount of underlying assets are also relevant for the recoverable amount of investments in subsidiaries. We agreed that there is no impairment of subsidiaries in the year and that the reversal of the historic impairment in Tullow Overseas Holding B.V. was appropriate. We agree that the updated final disclosures in the Parent Company financial statements are appropriate.

In the prior year, our auditor's report included a key audit matter in relation to Oil and Gas reserves. In the current year, this has not been considered as a key audit matter and has been considered as part of the recoverability of Property, plant and equipment and Kenya exploration and evaluation asset. This is following our experience gained in the prior year audit and time spent during the current year end audit.

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 $24 million (2020: $24.7 million), which is 2.4% (2020: 2%) of normalised 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 is the most appropriate measure upon which to calculate materiality as it represents a key performance indicator used by Tullow's investors.

Consistent with the prior year we have determined that the basis of planning materiality should be normalised Adjusted EBITDAX (i.e. excluding non-recurring items), calculated as the average of 2019 and 2020 actuals as well as management's 2021 budget (2020: normalised adjusted EBITDA). In the 4th quarter of 2021 and post year-end, a significant increase has been seen in the oil price which has increased the EBITDAX position of the group. The views of economists and market participants are that short term increase in oil prices is from the management of supply of oil in the market which will be addressed over time. Given this, we believed it was important that, in setting materiality, we did not overact to what is expected to be a temporary phenomenon – especially when Tullow continues to be the same company structurally.

By applying a normalised approach, large year-on-year swings in materiality are minimised. We have excluded non-recurring items such as impairments of E&E assets and producing oil & gas assets, non-cash movements in provisions and gains on sale to ensure we are using a consistent measure representative of the underlying business.

The non-recurring items excluded in 2021 were: impairment of E&E assets ($60 million) impairment reversal of oil and gas assets ($20 million), non-cash movement in provisions ($10 million) offset by a gain on asset sale ($120 million).

The non-recurring items excluded in 2020 were: impairment of E&E assets ($987 million) impairment of oil and gas assets ($251 million), non-cash movement in provisions ($nil), loss on asset sale ($3.4 million), restructuring costs ($92 million) and fair value gain on hedging ($1 million).

We determined materiality for the Parent Company to be $25.7 million (2021: $5.2 million), which is 1.4% (2020: 1%) of equity. The significant year on year change in materiality is due to Tullow have reversed an impairment of the parent company's investment in its subsidiaries.

During the course of our audit, we reassessed initial materiality in the context of the Group's actual performance and have adjusted the management 2021 budget numbers with actuals to determine final materiality. Our revised planning materiality is $24.1 million.

Impairment reversal of investment in subsidiaries (parent company only) continued

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% (2020: 50%) of our planning materiality, namely $12 million (2020: $12.5 million). 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 2020 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 $11.5 million to $2.7 million (2020: $11.2 million to $3.1 million).

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 $1.2 million (2020: $1.2 million), 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 92 and 161 to 164, including Strategic Report, 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.

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 as set out on page 92;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate as set out on page 92;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities as set out on page 92;
- Directors' statement on fair, balanced and understandable as set out on page 92;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 37;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on page 37; and;
- The section describing the work of the audit committee as set out on page 61.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out on page 92, 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 relate to the reporting framework (IFRS, Companies Act 2006, the UK Corporate Governance Code and the 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 and those laws and regulations relating to health and safety, employee matters, environmental, 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 meeting with management to understand where it considered there was susceptibility to fraud and assessing whistleblowing incidences for those with a potential financial reporting impact.

Impairment reversal of investment in subsidiaries (parent company only) continued

Auditor's responsibilities for the audit of the financial statements continued

- We engaged our Forensics specialists in performing a risk assessment to identify additional fraud risk factors which could result in material misstatement. As part of this assessment, we understood Tullow's compliance with international tax laws and regulations, procedures in place to address the risk of bribery and corruption in high-risk countries and procedures around setting key performance indicators. Our procedures included discussion on the potential for the override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings in order to influence the perceptions of analysts as to the company's performance and profitability. Our procedures did not result in identification of additional fraud risks.
- In addition, we utilised internal and external information to perform a fraud risk assessment for each of the countries of operation. We considered risk of fraud through management override and, in response, we incorporated data analytics across manual journal entries into our audit approach. These procedures included testing the cut-off and those manual journal entries on revenue recognition to provide reasonable assurance that the financial statements were free from material fraud or error. We also considered the possibility of fraudulent or corrupt payments made through the purchase to pay process by overriding the controls put in place by the Company. Where exceptions and instances of risk behaviour patterns were identified through data analytics, we performed additional audit procedures. These procedures included testing of transactions back to the source information and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- 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 our defined risk criteria based on our understanding of the business; inquiries of 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; and If any instances of non-compliance with laws and regulations were identified, how these were communicated to the relevant local EY teams who performed sufficient and appropriate audit procedures to address the risk identified, supplemented by audit procedures performed at the group level.

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 at its AGM on 16 June 2021 to audit the financial statements for the year ending 31 December 2021

  The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the years ending 2020 to 2021.
- 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.

P Wallek.

Paul Wallek (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 March 2022

Group income statement

Year ended 31 December 2021

	Notes	**2021** **$m**	2020 $m
Continuing activities			
Revenue	2	**1,273.2**	1,396.1
Cost of sales	4	**(638.9)**	(993.6)
Gross profit		**634.3**	402.5
Administrative expenses	4	**(64.1)**	(86.7)
Gain/(loss) on disposals	8	**120.3**	(3.4)
Exploration costs written off	9	**(59.9)**	(986.7)
Impairment of property, plant and equipment, net	10	**(54.3)**	(250.6)
Restructuring costs and other provisions	4,20	**(61.8)**	(92.8)
Operating profit/(loss)		**514.5**	(1,017.7)
Loss on hedging instruments	18	**–**	(0.8)
Finance income	5	**44.3**	59.4
Finance costs	5	**(356.1)**	(314.3)
Profit/(loss) from continuing activities before tax		**202.7**	(1,273.4)
Income tax (expense)/credit	6	**(283.4)**	51.9
Loss for the year from continuing activities		**(80.7)**	(1,221.5)
Attributable to:			
Owners of the Company		**(80.7)**	(1,221.5)
Loss per ordinary share from continuing activities	7	**¢**	¢
Basic		**(5.7)**	(86.6)
Diluted		**(5.7)**	(86.6)

Group statement of comprehensive income and expense

Year ended 31 December 2021

	Notes	**2021** **$m**	2020 $m
Loss for the year		**(80.7)**	(1,221.5)
Items that may be reclassified to the income statement in subsequent periods			
Cash flow hedges			
(Loss)/gain arising in the year	18	**(159.3)**	271.0
Losses arising in the year – time value	18	**(182.1)**	(37.3)
Reclassification adjustments for items included in profit on realisation	18	**112.3**	(268.1)
Reclassification adjustments for items included in loss on realisation – time value	18	**40.7**	49.4
Exchange differences on translation of foreign operations		**(1.4)**	(5.2)
Other comprehensive (expense)/income		**(189.8)**	9.8
Tax relating to components of other comprehensive (expense)/income		**2.7**	(2.7)
Net other comprehensive (expense)/income for the year		**(187.1)**	7.1
Total comprehensive expense for the year		**(267.8)**	(1,214.4)
Attributable to:			
Owners of the Company		**(267.8)**	(1,214.4)

Group balance sheet

As at 31 December 2021

	Notes	**2021 $m**	2020 $m
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	9	**354.6**	368.2
Property, plant and equipment	10	**2,914.6**	3,237.9
Other non-current assets	11	**489.1**	547.4
Derivative financial instruments	18	**–**	2.6
Deferred tax assets	21	**354.4**	494.3
		4,112.7	4,650.4
Current assets			
Inventories	12	**134.8**	96.1
Trade receivables	13	**99.8**	79.0
Other current assets	11	**704.5**	717.1
Current tax assets	6	**19.7**	36.4
Derivative financial instruments	18	**–**	17.2
Cash and cash equivalents	14	**469.1**	805.4
Assets classified as held for sale	15	**–**	155.6
		1,427.9	1,906.8
Total assets		**5,540.6**	6,557.2
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(751.1)**	(750.7)
Borrowings	17	**(100.0)**	(3,170.5)
Provisions	20	**(296.5)**	(229.8)
Current tax liabilities		**(115.1)**	(52.2)
Derivative financial instruments	18	**(80.9)**	(17.8)
Liabilities directly associated with assets classified as held for sale	15	**–**	(187.3)
		(1,343.6)	(4,408.3)
Non-current liabilities			
Trade and other payables	16	**(987.1)**	(1,064.7)
Borrowings	17	**(2,468.7)**	–
Provisions	20	**(431.0)**	(620.9)
Deferred tax liabilities	21	**(677.3)**	(673.3)
Derivative financial instruments	18	**(99.0)**	–
		(4,663.1)	(2,358.9)
Total liabilities		**(6,006.7)**	(6,767.2)
Net liabilities		**(466.1)**	(210.0)
EQUITY			
Called-up share capital	22	**214.2**	211.7
Share premium	22	**1,294.7**	1,294.7
Equity component of convertible bonds		**–**	48.4
Foreign currency translation reserve		**(248.8)**	(247.4)
Hedge reserve	18	**(39.3)**	4.8
Hedge reserve – time value	18	**(146.9)**	(5.4)
Merger reserve		**755.2**	755.2
Retained earnings		**(2,295.2)**	(2,272.0)
Equity attributable to equity holders of the Company		**(466.1)**	(210.0)
Total equity		**(466.1)**	(210.0)

Approved by the Board and authorised for issue on 8 March 2022.

Rahul Dhir	Les Wood
Rahul Dhir	**Les Wood**
Chief Executive Officer	Chief Financial Officer
8 March 2022	8 March 2022

Group statement of changes in equity

Year ended 31 December 2021

	Notes	Share capital $m	Share premium $m	Equity component of convertible bonds $m	Foreign currency translation reserve[1] $m	Hedge reserve[2] $m	Hedge reserve – time value[2] $m	Merger reserve $m	Retained earnings $m	Total equity $m
At 1 January 2020		210.9	1,294.7	48.4	(242.1)	4.6	(17.5)	755.2	(1,070.6)	983.6
Loss for the year		–	–	–	–	–	–	–	(1,221.5)	(1,221.5)
Hedges, net of tax	18	–	–	–	–	0.2	12.1	–	–	12.3
Currency translation adjustments		–	–	–	(5.3)	–	–	–	–	(5.3)
Exercising of employee share options	22	0.8	–	–	–	–	–	–	(0.8)	–
Share-based payment charges	23	–	–	–	–	–	–	–	20.9	20.9
At 1 January 2021		**211.7**	**1,294.7**	**48.4**	**(247.4)**	**4.8**	**(5.4)**	**755.2**	**(2,272.0)**	**(210.0)**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(80.7)**	**(80.7)**
Hedges, net of tax	18	**–**	**–**	**–**	**–**	**(44.1)**	**(141.5)**	**–**	**–**	**(185.6)**
Derecognition of the convertible bond[3]	17	**–**	**–**	**(48.4)**	**–**	**–**	**–**	**–**	**48.4**	**–**
Currency translation adjustments		**–**	**–**	**–**	**(1.4)**	**–**	**–**	**–**	**–**	**(1.4)**
Exercising of employee share options	22	**2.5**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.5)**	**–**
Share-based payment charges	23	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11.6**	**11.6**
At 31 December 2021		**214.2**	**1,294.7**	**–**	**(248.8)**	**(39.3)**	**(146.9)**	**755.2**	**(2,295.2)**	**(466.1)**

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.
3. On 12 July 2021 Tullow repaid the $300 million Convertible Bond due 2021 (note 17). As the conversion option was not exercised, the equity component of $48.4 million has been transferred from the separate reserve to retained earnings.

Group cash flow statement

Year ended 31 December 2021

	Notes	**2021 $m**	2020 $m
Cash flows from operating activities			
Profit/(loss) from continuing activities before tax		**202.7**	(1,273.4)
Adjustments for:			
Depreciation, depletion and amortisation	10	**378.9**	467.1
(Gain)/loss on disposals	8	**(120.3)**	3.4
Exploration costs written off	9	**59.9**	986.7
Impairment of property, plant and equipment, net	10	**54.3**	250.6
Restructuring costs and other provisions		**61.8**	92.8
Payment under restructuring costs and other provisions		**(12.6)**	(58.4)
Decommissioning expenditure		**(52.8)**	(57.7)
Share-based payment charge	23	**11.6**	20.9
Loss on hedging instruments	18	**–**	0.8
Finance income	5	**(44.3)**	(59.4)
Finance costs	5	**356.1**	314.3
Operating cash flow before working capital movements		**895.3**	687.7
(Increase)/decrease in trade and other receivables		**(17.9)**	195.2
(Increase)/decrease in inventories		**(41.9)**	85.1
Increase/(decrease) in trade payables		**7.5**	(161.9)
Cash generated from operating activities		**843.0**	806.1
Income taxes paid		**(56.1)**	(107.5)
Net cash from operating activities		**786.9**	698.6
Cash flows from investing activities			
Proceeds from disposals	8	**132.8**	513.4
Purchase of intangible exploration and evaluation assets	27	**(86.1)**	(213.6)
Purchase of property, plant and equipment	27	**(150.4)**	(217.3)
Interest received		**2.0**	1.8
Net cash (used in)/from investing activities		**(101.7)**	84.3
Cash flows from financing activities			
Debt arrangement fees	27	**(56.6)**	–
Repayment of borrowings	27	**(2,379.9)**	(185.0)
Drawdown of borrowings	27	**1,800.0**	270.0
Payment of obligations under leases		**(155.9)**	(158.2)
Finance costs paid	27	**(234.9)**	(198.5)
Net cash used in financing activities		**(1,027.3)**	(271.7)
Net (decrease)/increase in cash and cash equivalents		**(342.1)**	511.2
Cash and cash equivalents at beginning of year		**805.4**	288.8
Foreign exchange gain		**5.8**	5.4
Cash and cash equivalents at end of year	14	**469.1**	805.4

Accounting policies
Year ended 31 December 2021

(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 2021:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16.
- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16.

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.

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 2021 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 also been prepared in accordance with UK-adopted international accounting standards (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).

There were adjustments made in relation to a recognition of additional JV receivables ($23.4 million) and reclassification between accruals ($37.9 million) and provisions ($46 million) that should have been accounted in the prior period and was not done so in error. Consequently, profit before tax for the current year is higher by $15.3 million with no impact on the group cash flow statement. In the directors' judgement, these amounts were not considered material based on their nature as working capital reclassifications and in assessment against the relative impact of the financial statement line items, so the prior period amounts have not been corrected.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments and contingent consideration which have been measured at fair value which are carried 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 principal 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 2023. 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: $76/bbl for 2022, $71/bbl for 2023; and
- Low Case: $60/bbl for 2022, $60/bbl for 2023.
- The Low Case includes, in addition to lower oil price assumptions, a 5% production decrease and 12% increased opex compared to the Base Case as well as increased outflows associated with an ongoing disputes.

On 17 May 2021, the Group announced the completion of its offering of $1.8 billion 2026 Notes. The net proceeds, together with cash on balance sheet, have been used to (i) repay all amounts outstanding under, and cancel all commitments made available pursuant to, the Company's RBL Facility, (ii) redeem in full the Company's senior notes due 2022, (iii) at maturity, repay in full and cancel the Company's convertible bonds due 2021 and (iv) pay fees and expenses incurred in connection with the transactions. The Group also entered into a $600 million Super Senior Revolving Credit Facility (SSRCF) which is undrawn and will be primarily used for working capital purposes. The 2026 Senior Notes and the SSRCF do not have any maintenance covenants (disclosure of key covenants and the determination of availability under the SSRCF are provided in note 18). Following completion of these transactions the Directors have concluded that the material uncertainties noted in the 2020 Annual Report and Accounts, associated with implementing a Refinancing Proposal and obtaining amendments or waivers in respect of covenant breaches or, in the event a Refinancing Proposal is implemented, the revised covenants are subsequently breached, no longer exist.

(d) Basis of preparation continued

Liquidity risk management and going concern continued

Assessment period and assumptions continued

The Group had $0.9 billion liquidity headroom of unutilised debt capacity and non restrictive cash as at 31 December 2021. The Group's forecasts show that the Group 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. These forecasts show full availability of the $600 million SSRCF, which under the Base Case remains undrawn. Furthermore management has performed a reverse stress test and the average oil price throughout the going concern period required to reduce headroom to zero during the assessment period is $39/bbl. Based on the analysis above, the Directors have a reasonable expectation that the 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 year end results.

(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.

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) 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.

(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 performance obligations have been met, which is typically when goods are delivered, and title has passed.

Gains and losses on realisation of cash flow hedges and tariff income classified as held primarily for the purpose of being traded are reported in the Group income statement.

(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) Inventory

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.

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.

In addition, exchange gains and losses arising on long-term foreign currency borrowings which are a hedge against the Group's overseas investments are dealt with in reserves.

(k) 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.

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.

(l) 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.

(m) 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.

(n) Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset (or 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. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is VIU. The Group generally 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.

(n) Impairment of property, plant and equipment continued

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.

(o) 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.

(p) 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.

(q) 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.

(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) 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.

(t) Pensions

Contributions to the Group's defined contribution pension schemes are charged to operating profit on an accrual basis.

(u) 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 timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(u) Derivative financial instruments continued

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
- associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- 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 reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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.

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.

(v) Convertible bonds

Where bonds issued with certain conversion rights are identified as compound instruments, the liability and equity components are separately recognised. The fair value of the liability component on initial recognition is calculated by discounting the contractual stream of future cash flows using the prevailing market interest rate for similar non-convertible debt. The difference between the fair value of the liability component and the fair value of the whole instrument is recorded as equity.

Transaction costs are apportioned between the liability and the equity components of the instrument based on the amounts initially recognised. The liability component is subsequently measured at amortised cost using the effective interest rate method, in line with our other financial liabilities. The equity component is not remeasured. On conversion of the instrument, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion. In an event of a repayment of the liability component, the original equity component is transferred to retained earnings.

(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.

i) 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 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. 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.

ii) Financial asset 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 2021, 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 within 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 2021 would be immaterial; therefore, in line with IFRS 9, no impairment was recognised (2020: $nil).

In order to minimise the risk of default, credit risk is managed on a Group basis (note 18).

(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 2021 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.

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.

(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) Insurance proceeds

Insurance proceeds related to lost production under the Business Interruption insurance policy are recorded as other operating income in the income statement. Proceeds related to compensation for incremental operating costs under the Business Interruption and Hull and Machinery insurance policies are recorded within the operating costs line of cost of sales. Proceeds related to compensation for capital costs under insurance policies are recorded within profit and loss with corresponding cost for replacement asset as additions to property, plant and equipment, except in relation to Jubilee Turret Remediation Project under the Hull and Machinery insurance policy where no asset is disposed, insurance proceeds are netted off within additions to property, plant and equipment. Insurance proceeds are recognised at the point when the realisation of income is virtually certain.

(ae) 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.

Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

(i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and

(ii) the employees affected have been notified of the plan's main features.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

(af) 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 (ag), 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 and judgements using sensitivities applied to impairment models can be found in note 9.

The most material area where this judgement was applied during 2021 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. A trigger for potential impairment reversal was identified following the Group's increase in long-term oil price assumption and revised development concept resulting in an increase in 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 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. 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 there is no impairment or impairment reversal as at 31 December 2021.Should the uncertainties around the project are resolved there will be a reversal of previously recognised impairment. However, if the uncertainties are not resolved there will be an impairment of $255 million.

Lease accounting (note 19):

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. The weighted average cost of those borrowings is considered to the Group's 'all in rate', at the lease commencement date if the interest rate implicit in the lease is not readily determinable. As at 31 December 2021, the Group's incremental borrowing rate was 7.9%.

Determination of the lease term

Management has exercised judgement in respect of the assessment of the lease term of the Maersk Venturer lease contract. Whilst the Company has options to extend, it does not have Joint Venture Partner approval beyond 30 September 2022, ahead of which the Company would be required to reassess the market before seeking to obtain Joint Venture approval to extend. Management is reasonably certain that the contract will not be extended beyond the initial period of 18 months if no approval is given by the Joint Venture Partners. The current contract terms do not provide for an extension beyond 48 months. Had Management concluded differently the value of the lease liability would increase.

(ag) 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 10)

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.

(ag) Key sources of estimation uncertainty continued

Carrying value of property, plant and equipment (note 10) continued

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 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 164.

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 2021 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 10.

Decommissioning costs (note 20):

There is uncertainty around the cost of decommissioning as cost estimates can vary in response to many factors, including from changes to market rates for goods and services, to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. The estimated decommissioning costs are reviewed at lease annually by Management and is annually reviewed by independent consultants for operated fields and the results of this review are then assessed alongside estimates from operators. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

Provisions (note 20):

Due to the historical reduction in work programmes the Group identified a number of onerous service contracts in prior years and has a number of ongoing contractual disputes. Management has estimated the value of any future economic outflows associated with these contracts including, where relevant, assessment based on external legal and expert advice and prior experience of such claims.

If Management had concluded differently regarding the estimated value of any future economic outflows associated with these contracts the provision and income statement expense recorded would increase/decrease, respectively. Details on the magnitude of the potential increase can be found within the contingent liability disclosure in note 24.

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 other 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 with significant updates described in more detail below. 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.

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 $1,025.5 million (2020: $1,070.2 million) which includes $33.6 million of interest and penalties (2020: $61.2 million).

Provisions of $127.9 million (2020: $129.3 million) are included in income tax payable $34.1 million (2020: $30.4 million), deferred tax liability $41.0 million (2020: nil), provisions $52.8 million (2020: $52.4 million) and accruals $nil (2020: $46.4 million). Where these matters relate to expenditure which is capitalised within E&E and PP&E, 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.

The provisions and contingent liabilities relating to these disputes have increased following new claims being initiated and extrapolation of exposures to all open years, but have decreased following the conclusion of tax authority challenges and matters lapsing under statutes of limitation, giving rise to an overall decrease in provision of $1.4 million and decrease in contingent liability of $44.7 million.

(ag) Key sources of estimation uncertainty continued

Ghana tax assessments

In August 2018, Tullow Ghana Limited (TGL) received a direct tax assessment from the Ghana Revenue Authority (GRA) for financial years 2014 to 2016. After discussions, a final assessment was issued in December 2019 for $406 million requesting that $398 million be paid by 13 January 2020. The GRA is seeking to apply branch profits remittance tax under a law which the Group considers is not applicable to TGL, since it falls outside the tax regime set out in TGL's Petroleum Agreement and relevant double tax treaties. The GRA has additionally assessed TGL for unpaid withholding taxes and corporate income tax arising from the disallowance of loan interest. The Group considers that these assessments also breach TGL's rights under its Petroleum Agreement, applicable Ghanaian law and double taxation treaties, and, in some cases, have arisen as the result of errors in the GRA's calculations. In January 2020, TGL issued a Notice of Dispute with the Ministry of Energy (MoE), disputing the issues and suspending TGL's obligation to pay any taxes until the disputed issues have been resolved. In April 2020, the GRA issued a Demand Notice for $365 million ($337 million branch profits remittance tax and withholding tax, and $28 million corporate income tax) which was put on hold by the MoE. In September 2021 TGL received a revised final tax audit report for $471 million ($320 million branch profits remittance tax, $5 million withholding tax and $146 million corporate income tax). In October 2021 TGL filed a Request for Arbitration with the International Chamber of Commerce disputing the $320 million branch profits remittance tax assessment and an additional Notice of Dispute objecting against the disallowance of certain expenditure in the revised tax audit report. In December 2021, TGL paid $3 million on account in respect of a revised withholding tax assessment of $3 million. TGL received a revised corporate income tax computation in February 2022 assessing a tax liability of $121 mi but has yet to receive a Revised Assessment or Demand Notice based on this. If the latest position put forward by GRA is finalised in a Revised Assessment, this would result in assessments totalling $441 million including branch profits remittance tax.

The Group disputes the assessments issued to date and the tax liability arising from the February 2022 tax calculation, and is engaging with the GRA to seek settlement of the issues raised (excluding branch profits remittance tax) on a mutually acceptable basis outside of the ongoing dispute process.

Bangladesh litigation

The National Board of Revenue (NBR) is seeking to disallow $118 million of tax relief in respect of development costs incurred by Tullow Bangladesh Limited (TBL). In 2013, the High Court found in favour of Tullow such that the tax relief should be reinstated. However, in March 2017, the NBR won its appeal to the Supreme Court, which was not clear as to the position or liability of TBL. A review application against this judgment was filed in April 2018. The hearing took place in November 2019 and TBL was unsuccessful. The NBR subsequently issued a payment demand to TBL in February 2020 for Taka 3,094 million (c.$37 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. TBL secured an extension of the payment deadline to 15 June 2021 from the NBR to allow discussions with PB and the Government to take place. Such discussions have been delayed several times due to the COVID pandemic. 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 and to date, no further enforcement action has been undertaken or threatened by NBR.

Kenya tax assessments

In March 2019, Tullow Kenya BV (TKBV) received a VAT assessment for $11.7 million from the Kenya Revenue Authority (KRA) in relation to consideration charged for the Block 12A farm-down. The Group considered that VAT was not applicable since TKBV was not VAT registered at the time of the disposal and the transaction was in relation to the sale of a capital asset or part of a business. The KRA sought to apply VAT on the basis that the transaction was a disposal of trading stock and therefore the exemption to register for VAT did not apply. The matter was heard by the Tax Appeals Tribunal (TAT) and TKBV received a favourable judgment on 30 April 2021 which set aside the VAT assessment in its entirety. The KRA subsequently appealed the decision of the TAT to the High Court, but they withdrew that appeal on 19 July 2021. This matter can now be treated as closed.

Uganda Joint Venture Partner tax assessments

TOTAL E&P Uganda B.V. and CNOOC Uganda Limited have reached a settlement with the Uganda Revenue Authority on all existing and potential tax litigation and/or assessments for the period up to June 2015 for PAYE, VAT and WHT.

Other items

Other items totalling $547.5 million (2020: 745 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 of tax cash flows in relation to possible outcomes with certainty, Management anticipate that there will not be material cash taxes paid in excess of the amounts provided for uncertain tax positions in the next 12 months. While it is not possible to estimate the timing of tax cash flows in relation to possible outcomes with certainty, Management anticipate that there will not be material cash taxes paid in excess of the amounts provided for uncertain tax treatments in the next 12 months.

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 2021 and 31 December 2020.

	Ghana $m	Non-Operated $m	Kenya $m	Exploration $m	Corporate $m	Total $m
2021						
Sales revenue by origin	**910.6**	**362.6**	**–**	**–**	**–**	**1,273.2**
Segment result[1]	**360.0**	**243.4**	**–**	**(70.5)**	**(12.8)**	**520.1**
Other Provisions[2]	**6.6**	**–**	**(13.2)**	**–**	**(52.1)**	**(58.7)**
Gain on disposal						**120.3**
Unallocated corporate expenses[3]						**(67.2)**
Operating profit						**514.5**
Finance revenue						**44.3**
Finance costs						**(356.1)**
Profit before tax						**202.7**
Income tax expense						**(283.4)**
Loss after tax						**(80.7)**
Total assets	**4,318.9**	**495.8**	**270.6**	**144.3**	**311.0**	**5,540.6**
Total liabilities[4]	**(2,497.3)**	**(467.7)**	**(24.0)**	**(36.8)**	**(2,980.9)**	**(6,006.7)**
Other segment information						
Capital expenditure:						
Property, plant and equipment	**99.6**	**43.9**	**–**	**–**	**4.6**	**148.1**
Intangible exploration and evaluation assets[5]	**1.2**	**(11.8)**	**8.2**	**48.8**	**–**	**46.3**
Depletion, depreciation and amortisation	**(334.5)**	**(28.8)**	**(1.4)**	**(0.1)**	**(14.1)**	**(378.9)**
Impairment of property, plant and equipment, net	**(119.1)**	**64.8**	**–**	**–**	**–**	**(54.3)**
Exploration costs written off[5]	**(1.2)**	**11.8**	**–**	**(70.5)**	**–**	**(59.9)**

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. This is included within the Restructuring costs and other provisions in the Group Income Statement.
3. Unallocated expenditure and net liabilities include amounts of a corporate nature and not specifically attributable to a geographic area.
4. Total liabilities – Corporate comprise of the Group's external debt and other non-attributable liabilities.
5. Non-operated segment includes release of $15.3 million indirect tax provision following settlement

Reconciliation of segment result

	2021 $m	2020 $m
Segment result	**520.1**	(834.8)
Add back:		
Exploration costs written off	**59.9**	986.7
Impairment of property, plant and equipment	**54.3**	250.6
Gross profit	**634.3**	402.5

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 $329.6 million, $256.9 million, $151.1 million and $145.2 million relating to the Group's customers who each contribute more than 10% of total sales revenue (2020: $246.6 million, $229.7 million, $131.4 million and $75.5 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.

	Ghana $m	Non-Operated $m	Kenya $m	Exploration $m	Corporate $m	Total $m
2020						
Sales revenue by origin	963.5	432.6	–	–	–	1,396.1
Segment result	124.9	(410.2)	(430.0)	(104.3)	(15.2)	(834.8)
Loss on disposal						(3.4)
Unallocated corporate expenses[2]						(179.5)
Operating loss						(1,017.7)
Loss on hedging instruments						(0.8)
Finance revenue						59.4
Finance costs						(314.3)
Loss before tax						(1,273.4)
Income tax credit						51.9
Loss after tax						(1,221.5)
Total assets	4,859.3	656.3	300.5	181.8	559.3	6,557.2
Total liabilities	(2,696.7)	(688.4)	(34.1)	(44.2)	(3,303.8)	(6,767.2)
Other segment information						
Capital expenditure:						
Property, plant and equipment	94.6	127.1	0.6	0.2	7.2	229.7
Intangible exploration and evaluation assets	0.9	68.5	9.5	91.8	–	170.7
Depletion, depreciation and amortisation	(390.1)	(60.7)	(1.5)	–	(14.8)	(467.1)
Impairment of property, plant and equipment, net	(149.1)	(100.5)	–	(0.4)	(0.6)	(250.6)
Exploration costs written off	(0.8)	(452.0)	(430.0)	(103.9)	–	(986.7)

Sales revenue and non-current assets by origin	**Sales revenue 2021 $m**	Sales revenue 2020 $m	**Non-current assets 2021 $m**	Non-current assets 2020 $m
Ghana	**910.7**	963.5	**3,131.3**	3,584.6
Total Ghana	**910.7**	963.5	**3,131.3**	3,584.6
Kenya	**–**	–	**261.7**	251.8
Total Kenya	**–**	–	**261.7**	251.8
Argentina	**–**	–	**30.4**	21.2
Côte d'Ivoire	**–**	–	**–**	2.7
Guyana	**–**	–	**69.1**	61.4
Suriname	**–**	–	**–**	35.6
Peru	**–**	–	**–**	0.3
Total Exploration	**–**	–	**99.5**	121.2
Gabon	**273.0**	274.5	**148.7**	68.8
Côte d'Ivoire	**36.7**	41.3	**81.4**	81.5
Equatorial Guinea[1]	**52.8**	116.8	**–**	–
Total Non-Operated	**362.5**	432.6	**230.1**	150.3
Corporate	**–**	–	**35.6**	45.6
Total	**1,273.2**	1,396.1	**3,758.3**	4,153.5

1. $76.0 million of non-current assets was transferred to Assets Held for Sale in December 2020. The disposal of Equatorial Guinea was completed in March 2021 (refer to note 8).

Non-current assets exclude derivative financial instruments and deferred tax assets.

Note 2. Total revenue

	2021 **$m**	2020 $m
Revenue from contracts with customers		
Revenue from crude oil sales	**1,426.2**	1,177.4
Total revenue from contracts with customers	**1,426.2**	1,177.4
(Loss)/gain on realisation of cash flow hedges	**(153.0)**	218.7
Total revenue	**1,273.2**	1,396.1

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:

	2021 **Number**	2020 Number
Administration	**192**	383
Technical	**186**	347
Total	**378**	730

Staff costs in respect of those employees were as follows:

	2021 **$m**	2020 $m
Salaries	**64.3**	112.1
Social security costs	**10.4**	13.1
Pension costs	**5.2**	9.5
Redundancy costs	**3.1**	64.1
	83.0	198.8

Average staff costs decreased compared to prior year due to the organisational restructuring which took place throughout 2020 which resulted in reduced average headcount and staff cost. 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 $23.8 million (2020: $89.4 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 $5.2 million (2020: $9.5 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	2021 $m	2020 $m
Operating profit is stated after charging/(deducting):			
Operating costs		**268.7**	331.7
Depletion and amortisation of oil and gas and leased assets[1]	10	**360.9**	446.4
Underlift, overlift and oil stock movements		**(20.0)**	160.5
Share-based payment charge included in cost of sales	23	**0.5**	0.9
Other cost of sales		**28.8**	54.1
Total cost of sales		**638.9**	993.6
Share-based payment charge included in administrative expenses	23	**11.1**	20.0
Depreciation of other fixed assets[1]	10	**18.0**	20.7
Other administrative costs		**35.0**	46.0
Total administrative expenses		**64.1**	86.7
Total restructuring costs and other provisions[2]		**61.8**	92.8
Fees payable to the Company's auditor for:			
The audit of the Company's annual accounts		**1.6**	1.8
The audit of the Company's subsidiaries pursuant to legislation		**0.8**	0.5
Total audit services		**2.4**	2.3
Non-audit services:			
Audit-related assurance services – half-year review		**0.5**	0.4
Corporate finance services		**0.4**	0.5
Other services		**0.1**	–
Total non-audit services		**1.0**	0.9
Total		**3.6**	3.2

1. Depreciation expense on leased assets of $60.6 million as per note 10 includes a charge of $4.6 million on leased administrative assets, which is presented within administrative expenses in the income statement. The remaining balance of $56.0 million relates to other leased assets and is included within cost of sales.
2. This includes restructuring and redundancy costs of $3.1 million (2020: $67.8 million) as well as movements in other provisions of $58.7 million (2020: $25.0 million).

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.

Corporate finance services in relation to Class 1 Disposal. Non-audit services were 42% of audit services during the year.

Other services provided during the year related to assurance over cost allocation.

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 61 to 66. No services were provided pursuant to contingent fee arrangements.

Note 5. Net financing costs

	Notes	2021 $m	2020 $m
Interest on bank overdrafts and borrowings		**243.0**	205.8
Interest on obligations under leases		**83.4**	91.0
Total borrowing costs		**326.4**	296.8
Finance and arrangement fees		**19.1**	0.8
Other interest expense		**3.0**	3.6
Unwinding of discount on decommissioning provisions	20	**7.6**	13.1
Total finance costs		**356.1**	314.3
Interest income on amounts due from Joint Venture Partners for leases		**(38.8)**	(40.6)
Other finance income		**(5.5)**	(18.8)
Total finance income		**(44.3)**	(59.4)
Net financing costs		**311.8**	254.9

Note 6. Taxation on loss on continuing activities

Factors affecting expense/(credit) for the year

	Notes	2021 $m	2020 $m
Current tax on profits for the year			
UK corporation tax		**(19.2)**	(24.7)
Foreign tax		**162.2**	81.1
Adjustments in respect of prior periods		**(3.3)**	(25.6)
Total corporate tax		**139.7**	30.8
UK petroleum revenue tax		**(1.2)**	(3.4)
Total current tax		**138.5**	27.4
Deferred tax			
Origination and reversal of temporary differences			
UK corporation tax		**18.1**	19.8
Foreign tax		**80.3**	(85.3)
Adjustments in respect of prior periods		**43.8**	(11.7)
Total deferred corporate tax		**142.2**	(77.2)
Deferred UK petroleum revenue tax		**2.7**	(2.1)
Total deferred tax	21	**144.9**	(79.3)
Total income tax expense/(credit)		**283.4**	(51.9)

Factors affecting tax expense/(credit) for the year

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 non-upstream UK profits. The difference between the total income tax expense/(credit) shown above and the amount calculated by applying the standard rate of UK corporation tax applicable to UK profits of 19% (2020: 19%) to the profit /(loss) before tax is as follows:

	2021 $m	2020 $m
Profit/(loss) from continuing activities before tax	**202.7**	(1,273.4)
Tax on loss from continuing activities at the standard UK corporation tax rate of 19% (2020: 19%)	**38.5**	(241.9)
Effects of:		
Non-deductible exploration expenditure[a]	**8.5**	184.4
Other non-deductible expenses	**13.3**	46.5
Tax impact of change in discount rate on decommissioning provision	**–**	(2.1)
Deferred tax asset not recognised[b]	**94.4**	31.0
Derecognition of deferred tax previously recognised	**–**	0.7
Utilisation of tax losses not previously recognised	**(0.1)**	(8.4)
Adjustment relating to prior years[c]	**40.4**	(37.4)
Other tax rates applicable outside the UK	**124.2**	(43.4)
PSC (income)/expense not subject to corporation tax	**(15.8)**	18.9
Other income not subject to corporation tax	**(20.0)**	(0.2)
Total income tax expense/(credit) for the year	**283.4**	(51.9)

a. Includes recurring explorations costs written off where there is no deferred tax impact.

b. Includes hedging losses and interest expense.

c. Includes movements in provisions in respect of uncertain tax treatments.

Note 6. Taxation on loss on continuing activities continued

Factors affecting tax credit for the year continued

The Finance Act 2020 sets the Corporation Tax main rate at 19% for the financial year beginning 1 April 2021. The Finance Act 2021 sets the Corporation Tax main rate at 19% for the financial year beginning 1 April 2022 and at 25% for the financial year beginning 1 April 2023. These changes were enacted on 10 June 2021 and hence the effect of the change on the deferred tax balances has been included, depending upon when deferred tax is expected to reverse.

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%), Gabon (50%) and Equatorial Guinea (35%). Furthermore, unsuccessful exploration expenditure is often incurred in jurisdictions where the Group has no taxable profits, such that no related tax benefit arises. Accordingly, the Group's tax charge will continue to vary according to the jurisdictions in which pre-tax profits and exploration costs written off arise.

The Group has tax losses of $5,400.0 million (2020: $4,895.4 million) that are available for offset against future taxable profits in the companies in which the losses arose. Deferred tax assets have not been recognised in respect of losses of $4,749.7 million (2020: $3,919.0 million) as it is not sufficiently probable that there will be future taxable profits against which these losses can be utilised. The tax losses can be carried forward indefinitely.

The Group has recognised deferred tax assets of $222.0 million (2020: $335.7 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 2021 $2.8 million (2020: $2.8 million tax expense) of tax credit has been recognised through other comprehensive income.

Current tax assets

As at 31 December 2021, current tax assets were $19.7 million (2020: $36.4 million) which relates to the UK.

Note 7. Loss per ordinary share

Basic losss per ordinary share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per ordinary share amounts are calculated by dividing net 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 or the convertible bonds were converted into ordinary shares.

The adjustment in respect of convertible bonds and share options had an anti-dilutive impact on earnings and was thus not considered in determining diluted underlying EPS for the years ended 31 December 2021 and 2020.

	2021 $m	2020 $m
Loss for the year		
Net loss attributable to equity shareholders	**(80.7)**	(1,221.5)
Effect of dilutive potential ordinary shares	**–**	–
Diluted net loss attributable to equity shareholders	**(80.7)**	(1,221.5)

	2021 Number	2020 Number
Number of shares		
Basic weighted average number of shares	**1,418,378,706**	1,410,629,325
Dilutive potential ordinary shares	**45,708,796**	67,539,005
Diluted weighted average number of shares	**1,464,087,502**	1,478,168,330

Note 8. Asset disposals

On 31 March 2021, the Group completed the sale of its assets in Equatorial Guinea with a cash consideration received of $88.9 million. This transaction included contingent future payments of up to $16.0 million which are linked to asset performance and oil price. As per the SPA, a further $5.0 million of additional consideration was also received on completion of Dussafu Marin Permit in Gabon.

On 9 June 2021, the Group completed the asset sale of Dussafu Marin Permit in Gabon with a cash consideration received of $39.0 million. This transaction included contingent future payments of up to $24.0 million which are linked to asset performance and oil price.

Given Tullow no longer holds interest in the above assets, based on publicly available information the Company has assessed that the asset performance condition is not met. Accordingly, no contingent consideration has been recognised as of 31 December 2021.

Book value of assets disposed	Equatorial Guinea $m	Dussafu $m	2021 $m
Property, plant and equipment	**72.9**	**52.0**	**124.9**
Inventories	**6.9**	**3.2**	**10.1**
Other current assets	**68.5**	**1.7**	**70.2**
Total assets disposed	**148.3**	**56.9**	**205.2**
Trade and other payables	**(36.1)**	**(18.5)**	**(54.6)**
Provisions	**(118.2)**	**(4.7)**	**(122.9)**
Current tax liabilities	**(13.6)**	**–**	**(13.6)**
Deferred tax liabilities	**(17.8)**	**–**	**(17.8)**
Total liabilities disposed	**(185.7)**	**(23.2)**	**(208.9)**
Net (liabilities)/assets disposed	**(37.4)**	**33.7**	**(3.7)**
Cash consideration	**93.8**	**39.0**	**132.8**
Transaction costs	**(11.0)**	**(0.3)**	**(11.3)**
Gain on disposals[1]	**120.2**	**5.0**	**125.2**

1. In addition to $125.2 million gain on disposals recognised following the Equatorial Guinea and Dussafu disposals, the Group recognised a loss of $5.1 million relating to its sale of Dutch assets to Hague and London Oil plc (HALO) in 2017 in relation to contingent consideration being settled at below the amount estimated and recognised in the balance sheet, and a gain of $0.2 million relating to other transactions during the period which resulted in an overall gain of $120.3 million.

Uganda

During 2020, the Group completed the disposal of its interest in Uganda for upfront cash consideration of $500.0 million, with $75.0 million due on FID and contingent future payments linked to oil prices. On completion, $514.3 million was received in cash, representing the upfront consideration plus $14.3 million of completion adjustments. The $75.0 million (net of $7 million indemnity provision relating to tax audits) payment due on FID has been recorded as a current receivable and was received on 16 February 2022. After deducting transaction costs paid in 2020, net cash proceeds on disposal was $513.4 million.

Book value of assets disposed	$m
Intangible exploration and evaluation assets	580.4
Trade receivables	0.3
Other current assets	2.8
Total assets disposed	583.5
Trade and other payables	(0.9)
Net assets disposed	582.6

Note 9. Intangible exploration and evaluation assets

	Notes	2021 $m	2020 $m
At 1 January		**368.2**	1,764.4
Additions		**46.3**	170.7
Amounts written off		**(59.9)**	(986.7)
Net transfer to assets held for sale		**–**	(580.4)
Currency translation adjustments		**–**	0.2
At 31 December		**354.6**	368.2

Note 9. Intangible exploration and evaluation assets continued

The below table provides a summary of the exploration costs written off on a pre tax basis by country.

Country	CGU	Rationale for 2021 write-off	**2021 write-off $m**	**2021 Remaining recoverable amount $m**
Suriname	Blocks 47 and 62	b,d	**58.9**	**–**
Uganda	Exploration areas 1,1A, 2 and 3A	c	**(15.3)**	**–**
Gabon	Tchatamba	d	**2.2**	**–**
Peru	Licences Z67 and Z68	b	**1.8**	**–**
Côte d'Ivoire	Block 520	b	**6.6**	**–**
Other	Various	a	**5.7**	**–**
Total write-off			**59.9**	**–**

a. Current year expenditure on assets previously written off.
b. Licence relinquishments, expiry, planned exit or reduced activity.
c. Release of indirect tax provision following settlement.
d. Unsuccessful well costs written off.

In Kenya, the Group had received a 15 month licence extension from September 2020 to December 2021 which was contingent on certain conditions, including submission of a technically and commercially compliant Field Development Plan (FDP). On 10 December 2021 Tullow and its Joint Venture Partners submitted an FDP to the Government of Kenya and fulfilled its licence obligations. The Group expects a production licence to be granted once due Government process has been completed. In line with its accounting policy, the Group has performed a VIU assessment of Kenya asset following identification of triggers for impairment reversal. This resulted in an NPV significantly in excess of the book value of $255.2 million. However, the Group has identified the following uncertainties in respect to 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. 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 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. Based on this there is no impairment or impairment reversal as at 31 December 2021. Should the uncertainties around the project be resolved there will be a reversal of previously recorded impairment. However, if the uncertainties are not resolved there will be an impairment of $255 million. Refer to Note 26 for Net Zero Emission scenarios.

Country	CGU	Rationale for 2020 write-off	2020 write-off $m	2020 Remaining recoverable amount $m
Kenya	Blocks 10BB and 13T	e	430.0	247.0
Uganda	Exploration areas 1,1A, 2 and 3A	f	451.4	–
Comoros	Blocks 35, 36 and 37	b	12.4	–
Guyana	Kanuku	a	9.2	42.2
Peru	Licence Z38	b,d	41.2	–
Côte d'Ivoire	Blocks 301, 302, 518, 519, 521, 522 and 524	b	14.3	–
Other	Various	a,c	28.2	–
Total write-off			986.7	289.2

a. Current year expenditure on assets previously written off.
b. Licence relinquishments, expiry, planned exit or reduced activity.
c. Pre-licence exploration expenditure is written off as incurred.
d. Unsuccessful well costs written off.
e. Following VIU assessment as a result of reduction in long-term oil price assumption, using a pre-tax discount rate of 18%.
f. Written down to the value of the transaction consideration. (refer to note 8 for further detail).

Note 9. Intangible exploration and evaluation assets continued

Oil prices stated in note 10 are benchmark prices to which an individual field price differential is applied. Exploration write-offs for the Kenya development area assessments are prepared on a value-in-use basis using discounted future cash flows based on 2C resource profiles. A reduction or increase in the 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 would increase the exploration write-off charge by $72.3 million, whilst increases to oil prices specified above would result in a credit to the exploration write-offs of $65.9 million. A 1% increase in the 18% pre-tax discount rate would increase the exploration write-off by $63.7 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' discount rates.

Note 10. Property, plant and equipment

	Notes	**2021 Oil and gas assets $m**	**2021 Other fixed assets $m**	**2021 Right of use assets $m**	**2021 Total $m**	2020 Oil and gas assets $m	2020 Other fixed assets $m	2020 Right of use assets $m	2020 Total $m
Cost									
At 1 January		**10,460.2**	**69.6**	**1,018.6**	**11,548.4**	11,279.6	190.6	1,038.5	12,508.7
Additions	1	**73.0**	**1.6**	**73.5**	**148.1**	203.6	9.6	16.5	229.7
Disposals		**–**	**(1.4)**	**–**	**(1.4)**	(11.0)	(125.6)	(17.6)	(154.2)
Transfer to assets held for sale	15	**–**	**–**	**–**	**–**	(1,050.9)	–	(19.5)	(1,070.4)
Currency translation adjustments		**(11.5)**	**(0.3)**	**(0.4)**	**(12.2)**	38.9	(5.0)	0.7	34.6
At 31 December		**10,521.7**	**69.5**	**1,091.7**	**11,682.9**	10,460.2	69.6	1,018.6	11,548.4
Depreciation, depletion, amortisation and impairment									
At 1 January		**(7,915.9)**	**(42.3)**	**(352.3)**	**(8,310.5)**	(8,194.6)	(157.7)	(264.7)	(8,617.0)
Charge for the year	4	**(304.9)**	**(13.4)**	**(60.6)**	**(378.9)**	(382.3)	(12.4)	(72.4)	(467.1)
Impairment loss		**(54.3)**	**–**	**–**	**(54.3)**	(250.0)	(0.6)	–	(250.6)
Capitalised depreciation		**–**	**–**	**(38.0)**	**(38.0)**	–	–	(23.8)	(23.8)
Disposal		**–**	**1.4**	**–**	**1.4**	10.9	122.8	7.1	140.8
Transfer to assets held for sale	15	**–**	**–**	**–**	**–**	938.2	–	1.6	939.8
Currency translation adjustments		**11.4**	**0.5**	**0.1**	**12.0**	(38.1)	5.6	(0.1)	(32.6)
At 31 December		**(8,263.7)**	**(53.8)**	**(450.8)**	**(8,768.3)**	(7,915.9)	(42.3)	(352.3)	(8,310.5)
Net book value at 31 December		**2,258.0**	**15.7**	**640.9**	**2,914.6**	2,544.3	27.3	666.3	3,237.9

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.

During 2021 and 2020 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
2021	**$76/bbl**	**$71/bbl**	**$68/bbl**	**$65/bbl**	**$65/bbl**	**$65/bbl inflated at 2%**
2020	$45/bbl	$50/bbl	$55/bbl	$60/bbl	$60/bbl	$60/bbl inflated at 2%

Note 10. Property, plant and equipment continued

	Trigger for 2021 impairment/ (reversal)	**2021 Impairment/ (reversal) $m**	Pre-tax discount rate assumption	**2021 Remaining recoverable amount[e] $m**
Limande and Turnix CGU (Gabon)	a,c	**(40.8)**	13%	**50.8**
Ezanga (Gabon)	a,c	**(17.0)**	15%	**22.4**
Oba and Middle Oba CGU (Gabon)	a,c	**(3.2)**	15%	**10.5**
Espoir (Côte d'Ivoire)	a,c	**(8.7)**	10%	**81.4**
TEN (Ghana)	a,b,c	**119.1**	10%	**1,171.4**
Mauritania	b	**2.1**	n/a	**–**
UK CGU	b,d	**2.8**	n/a	**–**
Impairment		**54.3**		

a. Increase to short, medium and long-term oil price assumptions.
b. Change to decommissioning estimate.
c. Revision of value based on revisions to reserves.
d. The fields in the UK are grouped into one CGU as all fields within those countries share critical gas infrastructure.
e. The remaining recoverable amount of the asset is its value in use.

Impairments identified in the TEN fields of $119.1 million were primarily due to lower TEN 2P reserves and higher capital expenditure partially offset by price and lower decommissioning costs. This is offset by impairment reversals mainly in Gabon of $61.1 million and Espoir of $8.7 million as a result of higher oil prices and higher 2P reserves.

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 annualized 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 $157.7 million for Ghana and reduce the impairment reversal by $12.4 million for Non-Operated, whilst increases to oil prices specified above would result in a credit to the impairment charge of $157.7 million for Ghana and increase the impairment reversal by $1.3 million for Non-Operated. A 1% increase in the pre-tax discount rate would increase the impairment by $40.7 million for Ghana and reduce the impairment reversal by $3.3 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 a peer group of companies' impairment.

For Net Zero Emissions sensitivities refer to Note 26.

	Trigger for 2020 impairment/ (reversal)	2020 Impairment/ (reversal) $m	Pre tax discount rate assumption	2020 Remaining recoverable amount $m
Limande and Turnix CGU (Gabon)	a	28.0	13%	7.4
Ezanga (Gabon)	a	20.5	15%	1.8
Oba and Middle Oba CGU (Gabon)	a	3.8	15%	8.7
Ruche (Gabon)	a,b	1.2	13%	32.4
Mauritania	c	30.6	n/a	–
Espoir (Côte d'Ivoire)	a,d	(2.1)	10%	81.5
TEN (Ghana)	a,d	149.2	10%	1,510.6
UK CGU	c,e	13.2	n/a	–
Other		6.2	n/a	–
Impairment		250.6		

a. Decrease to short, medium and long-term oil price assumptions.
b. Recognition of FPSO lease.
c. Change to decommissioning estimate.
d. Revision of value based on revisions to reserves.
e. The fields in the UK are grouped into one CGU as all fields within those countries share critical gas infrastructure.

Note 10. Property, plant and equipment continued

In 1H20 impairments identified in TEN and Espoir of $305.8 million and $12.8 million respectively, were as a result of a reduction in short, mid and long-term prices. In 2H20 an impairment reversal was recorded in respect of TEN and Espoir resulting in a full-year impairment/(reversal) of $164.4 million and $(2.1) million respectively. This was as a result of increased booked 2P reserves and in the case of TEN lower future capex assumptions associated with well costs.

Oil prices stated above are benchmark prices to which an individual field price differential is applied. All impairment assessments are prepared on a value-in-use 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 $202.2 million for Ghana and $29.3 million for Non-Operated, whilst increases to oil prices specified above would result in a credit to the impairment charge of $203.9 million for Ghana and $48.5 million for Non-Operated. A 1% increase in the pre-tax discount rate would increase the impairment by $59.0 million for Ghana and reduce the net impairment charge by $7.5 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 a peer group of companies' impairment discount rates. The Directors considered that the relevant change in this assumption would have a consequential effect on other key assumptions including cessation of production and cash flows.

Note 11. Other assets

	Notes	**2021 $m**	2020 $m
Non-current			
Amounts due from Joint Venture Partners	19	**486.0**	547.4
VAT recoverable		**3.1**	–
		489.1	547.4
Current			
Amounts due from Joint Venture Partners	19	**554.7**	521.9
Underlifts		**26.7**	19.5
Prepayments		**49.6**	60.7
Other current assets		**73.5**	115.0
		704.5	717.1
		1,193.6	1,264.5

The decrease in non-current receivables from JV Partners compared to December 2020 mainly relate to reduction in time remaining on the TEN FPSO lease, net decrease in GNPC (Ghana National Petroleum Corporation) receivable partially offset increases associated with new lease liabilities. The movement in current receivables from JV Partners relates mainly to timing of partner balances and a recognition of the JV receivable associated with the recognition of the Maersk Venturer offshore drilling rig as a lease liability (see note 19).

Other current assets mainly include the deferred consideration relating to the Uganda disposal, offset by an indemnity provision relating to tax audits ($67.9 million) and VAT recoverable ($5.6 million).

Note 12. Inventories

	2021 $m	2020 $m
Warehouse stock and materials	**55.5**	59.1
Oil stock	**79.3**	37.0
	134.8	96.1

The increase in oil stock is associated with the timing of liftings of the Group's share of crude oil around period end.

Note 13. 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 2021 of $99.8 million (2020:$79.0 million) relates to December 2021 oil liftings in Ghana, Gabon and Côte d'Ivoire which were settled in January 2022. The increase in mainly due to increased oil prices.

Note 14. Cash and cash equivalents

	Notes	2021 $m	2020 $m
Cash at bank	18	**226.1**	224.2
Short-term deposits and other cash equivalents[1]		**243.0**	581.2
		469.1	805.4

1. As at 31 December 2020, short-term deposits and other cash equivalents mainly relates to receipt of cash for the disposal of Uganda of $514.3 million which were used for the repayment of borrowings in 2021. Refer to note 17.

Cash and cash equivalents includes an amount of $92.4 million (2020: $54.0 million) which the Group holds as operator in Joint Venture bank accounts. Included within cash at bank is $0.8 million (2020: $77.1 million) held in Joint Venture bank accounts as the Group's share of security for the Letters of Credit (LC) issued in relation to decommissioning activities. As at 31 December 2021, cash held as collateral was reduced as the Group issued letters of credit from the LC tranche of $100.0 million SSRCF.

Note 15. Assets and liabilities classified as held for sale

On 9 February 2021, the Group announced that it signed two separate Sale and Purchase agreements with Panoro Energy ASA of its entire interest in Equatorial Guinea and its entire interest in the Dussafu Marin Permit in Gabon, in each case with an effective date of 1 July 2020. Both transactions completed in 1H21. Refer to note 9.

On 23 April 2020, Tullow announced that it signed a Sale and Purchase Agreement with Total Uganda with an effective date of 1 January 2020, in which it agreed to transfer its entire interests in Blocks 1, 1A, 2 and 3A in Uganda and the proposed East African Crude Oil Pipeline (EACOP) System to Total. The transaction completed in 2H20.

The major classes of assets and liabilities comprising the assets classified as held for sale as at 31 December 2020 were as follows:

	Equatorial Guinea 2020 $m	Ruche 2020 $m	Total 2020 $m
Assets			
Property, plant and equipment	76.0	54.6	130.6
Inventories	5.6	1.4	7.0
Other current assets	11.3	6.7	18.0
Assets classified as held for sale	92.9	62.7	155.6
Liabilities			
Trade and other payables	(3.5)	(27.9)	(31.4)
Current tax liabilities	(10.0)	–	(10.0)
Deferred tax liabilities	(16.7)	–	(16.7)
Provisions	(124.3)	(4.9)	(129.2)
Liabilities directly associated with assets classified as held for sale	(154.5)	(32.8)	(187.3)
Net (liabilities)/assets directly associated with disposal group	(61.6)	29.9	(31.7)

Equatorial Guinea and the Dussafu asset in Gabon are included within the Non-operated segment of the Group.

Note 16. Trade and other payables

Current liabilities

	Notes	2021 $m	2020 $m
Trade payables		**60.2**	38.3
Other payables		**57.4**	49.5
Overlifts		**0.7**	3.8
Accruals[1]		**381.3**	409.4
VAT and other similar taxes		**–**	8.9
Current portion of lease liabilities	19	**251.5**	240.8
		751.1	750.7

1. Accruals mainly relate to capital expenditure, interest expense on bonds and loans and staff-related expenses.

Note 16. Trade and other payables continued

Non-current liabilities

	Notes	2021 $m	2020 $m
Other non-current liabilities[1]		**75.2**	89.0
Non-current portion of lease liabilities	19	**911.9**	975.7
		987.1	1,064.7

[1] Other non-current liabilities include balances related to JV Partners.

Trade and other payables are non-interest bearing except for leases (note 19).

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 11). The change in trade payables and in other payables predominantly represents timing differences and levels of work activity.

Note 17. Borrowings

	2021 $m	2020 $m
Current		
Borrowings – within one year		
6.625% Convertible Bonds due 2021 ($300 million)	**–**	290.9
6.25% Senior Notes due 2022 ($650 million)	**–**	646.7
Reserves Based Lending credit facility	**–**	1,441.7
7.00% Senior Notes due 2025 ($800 million)	**–**	791.2
10.25% Senior Secured Notes due 2026 ($1,800 million)	**100.0**	–
	100.0	3,170.5

	2021 $m	2020 $m
Non-current		
Borrowings – after one year but within five years		
7.00% Senior Notes due 2025 ($800 million)	**792.1**	–
10.25% Senior Secured Notes due 2026 ($1,800 million)	**1,676.6**	–
	2,468.7	–
Carrying value of total borrowings	**2,568.7**	3,170.5

On 17 May 2021, the Group completed a comprehensive refinancing of its debt with the issuance of a five-year $1.8 billion Senior Secured Notes (2026 Notes) and a new $500 million Super Senior Revolving Credit Facility (SSRCF) which will primarily be used for working capital purposes.

The 2026 Notes have been used to (i) repay all amounts outstanding under, and cancel all commitments made available pursuant to, the Company's Reserves Based Lending Facility, (ii) redeem in full the Company's Senior Notes due 2022, (iii) repay in full and cancel the Company's convertible bonds due 2021 and (iv) pay fees and expenses incurred in connection with the transactions.

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.

The Senior Notes due 2025 is payable 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 2021.

The 2026 Notes and the SSRCF will be senior secured obligations of Tullow Oil Plc and are guaranteed by certain of the Group's subsidiaries.

As at 31 December 2020, the Group assessed it did not have an unconditional right to defer payment of the facility, Senior Notes due 2022, or Senior Notes due 2025 based on a forecast breach in covenants; as such, these borrowings were classified as current. Following the refinancing in May 2021, the Senior Notes due 2025 have been classified as non-current in line with their contractual maturity.

Note 17. Borrowings continued

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. Tullow is not subject to any externally imposed capital requirements. To maintain or adjust the capital structure, the Group 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 other such restructuring activities as appropriate. No significant changes were made to the capital management objectives, policies or processes during the year ended 31 December 2021. The Group monitors capital on the basis of the gearing, being net debt divided by adjusted EBITDAX, and maintains a policy target of between 1x and 2x.

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 Notes outstanding.

Senior Notes covenants

The Senior Notes are subject to customary high yield covenants including limitations on debt incurrence, asset sales and restricted payments such as dividends. The key debt incurrence covenant is the Fixed Charge Cover Ratio (FCCR).

The FCCR is the ratio of the Consolidated Cash Flow to the Fixed Charges for the previous 12 months. The 'Consolidated Cash Flow' essentially represents an Adjusted EBITDAX calculation. The Fixed Charges represent the aggregate financial charges related to the Company's indebtedness i.e. interest on all the Group's borrowings and interests under capital leases less any finance revenues. The Company may incur additional financial indebtedness if the FCCR for the Company's most recently ended two full fiscal half-years immediately preceding the date on which such additional indebtedness is incurred would have been at least 2.25 to 1.0 on a pro-forma basis. Drawdowns under the SSRCF are not subject to the FCCR covenant and are always permitted subject to the availability calculation set out above. There has been no debt incurrence event since the Senior Notes have been issued.

We regularly review options for optimising our capital structure and may purchase outstanding notes or repay debt from time to time in the open market or otherwise.

Note 18. 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.

	2021 $m	2020 $m
Financial assets		
Financial assets at amortised cost		
Trade receivables	**99.8**	79.0
Amounts due from Joint Venture Partners	**1,040.7**	1,069.3
Cash and cash equivalents	**469.1**	805.4
Derivative financial instruments		
Used for hedging	**–**	19.8
	1,609.6	1,973.5
Financial liabilities		
Liabilities at amortised cost		
Trade payables	**135.2**	127.3
Other payables	**439.4**	471.6
Borrowings	**2,568.7**	3,170.5
Lease liabilities	**1,163.4**	1,216.5
Derivative financial instruments		
Used for hedging	**(179.9)**	(17.8)
	4,127.0	4,968.1

Note 18. Financial instruments continued

Fair values of financial assets and liabilities

With the exception of the Senior Secured Notes due 2026 and the Senior Notes due 2025, 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 Senior Secured Notes due 2026 and Senior Notes due 2025 as determined using market value at 31 December 2021, was $1,814.2 million and $661.0 million (2020: $529.2 million) respectively. These are compared to their carrying value of $1,776.7 million and $792.1 million (2020: $791.2 million). The Senior Secured Notes due 2026 and the Senior Notes due 2025 are categorised as level 1 in the fair value hierarchy.

The Senior Notes due 2022 were redeemed and Convertible bonds matured during the year ended 31 December 2021. The fair value of the Senior Notes due 2022 and Convertible bonds was $518.5 million and $263.0 million respectively as at 31 December 2020.

The Group has no material financial assets that are past due. 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:

Assets/liabilities	**2021 Less than 1 year $m**	**2021 1–3 years $m**	**2021 Total $m**	2020 Less than 1 year $m	2020 1–3 years $m	2020 Total $m
Cash flow hedges						
Oil derivatives	**(56.7)**	**(66.5)**	**(123.2)**	37.3	4.8	42.1
	(56.7)	**(66.5)**	**(123.2)**	37.3	4.8	42.1
Deferred premium						
Oil derivatives	**(24.3)**	**(32.4)**	**(56.7)**	(38.0)	(2.2)	(40.2)
	(24.3)	**(32.4)**	**(56.7)**	(38.0)	(2.2)	(40.2)
Total assets	**–**	**–**	**–**	17.2	2.6	19.8
Total liabilities	**(81.0)**	**(98.9)**	**(179.9)**	(17.8)	–	(17.8)

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 (2020: 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 18. Financial instruments continued

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount 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.

31 December 2021	**Gross amounts recognised $m**	**Gross amounts offset in Group balance sheet $m**	**Net amounts presented in Group balance sheet $m**
Derivative assets	**0.2**	**(0.2)**	**–**
Derivative liabilities	**(180.1)**	**0.2**	**(179.9)**

31 December 2020	Gross amounts recognised $m	Gross amounts offset in Group balance sheet $m	Net amounts presented in Group balance sheet $m
Derivative assets	23.7	(3.9)	19.8
Derivative liabilities	(21.7)	3.9	(17.8)

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 2021 and 31 December 2020, 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 adopted a risk component hedging strategy from 2019. 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. There is, however, the potential for a degree of ineffectiveness inherent in the Group's pre-2019 hedge designation for open hedge relationship. This is due to the differential on the Group's underlying African crudes relative to Dated Brent and the timing of oil liftings relative to the hedges. The ineffectiveness recognised in the Group income statement was $nil (2020: $0.8 million loss).

Floor protection is placed around current market levels and layered in over the course of the year, using a combination of derivatives which protects downside prices and provides some exposure to upside.

The following table demonstrates the timing, volumes and average floor price protected for the Group's commodity hedges:

Hedging position as at 31 December 2021	**2022**	**2023**
Oil volume (bopd)	**42,462**	**33,095**
Average floor price protected ($/bbl)	**51.37**	**55.00**

Hedging position as at 31 December 2020	2021	2021
Oil volume (bopd)	40,000	2,000
Average floor price protected ($/bbl)	48.17	50.63

Note 18. Financial instruments continued

The following table demonstrates the hedge position as at 31 December 2021:

2022 hedge position at 31 December 2021	Bopd	Bought put (floor)	Sold call	Bought call
Hedge structure				
Collars	32,259	$54.73	$77.30	–
Zero cost dollars	1,203	$55.00	$95.33	–
Straight Puts	9,000	$38.84	–	–
Total/weighted average	**42,462**	**$51.37**	**$77.94**	**–**

2023 hedge position at 31 December 2021	Bopd	Bought put (floor)	Sold call	Bought call
Hedge structure				
Collars	33,095	$55.00	$74.62	–
Total/weighted average	**33,095**	**$55.00**	**$74.62**	–

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 2021	**2021 $m**	2020 $m
Brent oil price	25%	**(416.2)**	(59.0)
Brent oil price	(25%)	**41.1**	155.9

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:

Cash flow hedge reserve	**2021 $m**	2020 $m
Oil derivatives – intrinsic	**(39.5)**	4.8
Oil derivatives – time value	**(146.7)**	(5.4)

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:

Deferred amounts in the hedge reserve – intrinsic	**2021 $m**	2020 $m
At 1 January	**4.8**	4.6
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	**112.3**	(268.1)
Revaluation (losses)/gains arising in the year	**(159.1)**	271.0
Movement in current and deferred tax	**2.7**	(2.7)
	(44.3)	0.2
At 31 December	**(39.3)**	4.8

Note 18. Financial instruments continued

Hedge reserve summary

Deferred amounts in the hedge reserve – time value	**2021 $m**	2020 $m
At 1 January	**(5.4)**	(17.5)
Reclassification adjustments for items included in the income statement on realisation:		
Oil derivatives – transferred to sales revenue	**40.7**	49.5
Revaluation losses arising in the year	**(182.3)**	(37.3)
Movement in current and deferred tax	**0.1**	(0.1)
At 31 December	**(146.9)**	(5.4)

Reconciliation to sales revenue	**2021 $m**	2020 $m
Oil derivatives – transferred to sales revenue	**112.3**	268.1
Deferred premium paid	**40.7**	(49.4)
Net losses/(gain) from commodity derivatives in sales revenue (note 2)	**153.0**	218.7

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 years 2021 and 2020, the Group was exposed to interest rate risk as it borrowed funds at both fixed and floating interest rates. Following the debt refinancing in May 2021, all of the Group's borrowings are fixed interest bearing. The Super Senior Revolving Credit Facility is based on floating interest rates and remains undrawn as at 31 December 2021.

Fixed rate debt comprises 2025 Senior Notes and 2026 Senior Secured 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 2021 and 2020, was as follows:

	2021 Cash and cash equivalents $m	**2021 Fixed rate debt $m**	**2021 Floating rate debt $m**	**2021 Total $m**	2020 Cash and cash equivalents $m	2020 Fixed rate debt $m	2020 Floating rate debt $m	2020 Total $m
US$	**376.2**	**(2,600.0)**	**–**	**(2,223.8)**	717.3	(1,750.0)	(1,431.0)	(2,463.7)
Euro	**1.3**	**–**	**–**	**1.3**	0.1	–	–	0.1
Sterling	**85.4**	**–**	**–**	**85.4**	72.0	–	–	72.0
Other	**6.2**	**–**	**–**	**6.2**	16.0	–	–	16.0
	469.1	**(2,600.0)**	**–**	**(2,130.9)**	805.4	(1,750.0)	(1,431.0)	(2,375.6)

Cash at bank consisted of $159.9 million (2020: $450.0 million) of deposits which earn interest at rates set in advance for periods ranging from overnight to three months by reference to market rates.

The sensitivity of the Group's financial instruments to reasonably possible movements in interest rates is considered not material.

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in interest rates:

		Effect on finance costs		Effect on equity	
	Market movement	**2021 $m**	2020 $m	**2021 $m**	2020 $m
Interest rate	100 basis points	**–**	(14.3)	**–**	(14.3)
Interest rate	(10) basis points	**–**	1.4	**–**	1.4

Note 18. 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 marketing of crude oil 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. The Group's crude sales are predominantly made to international oil market participants including the oil majors, trading houses and refineries. 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. Security is provided under the facility agreement which mitigates non-performance risk. 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 2021 was $1,609.6 million (2020: $1,973.5 million).

Foreign currency risk

The Group conducts and manages its business predominantly in US dollars, the operating currency of the industry in which it operates. The Group also purchases the operating currencies of the countries in which it operates routinely on the spot market. From time to time the Group undertakes certain transactions denominated in other currencies. These exposures are often managed by executing foreign currency financial derivatives. There were no foreign currency financial derivatives in place as at 31 December 2021 (2020: 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 2021, the only material monetary assets or liabilities of the Group that were not denominated in the functional currency of the respective subsidiaries involved were $46.9 million in non-US dollar-denominated cash and cash equivalents (2020: $20.0 million).

The following table demonstrates the sensitivity of the Group's financial instruments to reasonably possible movements in US dollar exchange rates:

		Effect on profit before tax		Effect on equity	
	Market movement	**2021 $m**	2020 $m	**2021 $m**	2020 $m
US$/foreign currency exchange rates	20%	**(7.8)**	(3.3)	**(7.8)**	(3.3)
US$/foreign currency exchange rates	(20%)	**11.7**	5.0	**11.7**	5.0

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 $0.9 billion (2020: $1.1 billion) of total facility headroom and free cash as at 31 December 2021.

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 18. Financial instruments continued

Foreign currency 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
31 December 2021							
Non-interest bearing	**n/a**	**71.9**	**18.6**	**26.0**	**71.3**	**5.7**	**193.5**
Lease liabilities	**7.1%**	**44.4**	**52.7**	**217.2**	**950.3**	**16.4**	**1,281.0**
Fixed interest rate instruments	**9.3%**						
Principal repayments		**–**	**–**	**100.0**	**2,500.0**	**–**	**2,600.0**
Interest charge		**–**	**28.0**	**207.0**	**689.0**	**–**	**924.0**
		116.3	**99.3**	**550.2**	**4,210.6**	**22.1**	**4,998.5**

	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
31 December 2020							
Non-interest bearing	n/a	18.9	14.8	55.7	66.1	34.1	189.5
Lease liabilities	7.1%	22.3	59.9	158.5	955.6	20.1	1,216.5
Fixed interest rate instruments	7.8%						
Principal repayments		–	–	300.0	1,450.0	–	1,750.0
Interest charge		9.9	28.0	78.6	216.3	–	332.9
Variable interest rate instruments	5.6%						
Principal repayments		–	–	–	1,431.0	–	1,431.0
Interest charge		4.3	9.9	44.4	217.5	–	276.1
		55.4	112.6	637.2	4,336.5	54.2	5,196.0

Note 19. 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	
Right-of-use assets (included within property, plant and equipment) and lease liabilities	**31 December 2021 $m**	31 December 2020 $m	**31 December 2021 $m**	31 December 2020 $m
Property leases	**34.8**	40.5	**41.0**	45.6
Oil and gas production and support equipment leases	**599.2**	624.3	**1,107.3**	1,167.8
Transportation equipment leases	**6.9**	1.5	**15.1**	2.3
Total	**640.9**	666.3	**1,163.4**	1,216.5
Current			**251.5**	240.8
Non-current			**911.9**	975.7
Total			**1,163.4**	1,216.5

Additions to the right-of-use assets during the 2021 financial year were $73.5 million. Refer to note 10.

For ageing of lease liabilities, refer to note 18.

The Group's leases balance includes TEN FPSO and Espoir FPSO, classified as Oil and gas production and support equipment. As at 31 December 2021, the present value of the TEN FPSO and Espoir FPSO right-of-use asset was $561.6 million (31 December 2020: $613.0 million) and $3.6 million (31 December 2020: $5.0 million), respectively. The present value of the TEN FPSO and Espoir FPSO lease liability was $1,012.8 million (31 December 2020: $1,133.1 million) and $13.2 million (31 December 2020: $17.7 million), respectively.

A receivable from Joint Venture Partners of $478.8 million (31 December 2020: $535.7 million) was recognised in other assets (note 11) 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 Joint Venture Partners unwinds over the expected life of the lease and the unwinding of the discount is reported within finance income.

Note 19. Leases continued

i) Amounts recognised in the balance sheet continued

On 2 April 2021 the Group contracted Maersk Venturer offshore drilling rig to undertake the drilling work programme for Jubilee and TEN fields in Ghana. As at 31 December 2021, Tullow carries right-of-use assets of $25.8 million (note 10), and gross lease liability of $59.9 million as Tullow entered the lease on behalf of the JV. A receivable from JV Partners of $33.0 million has been recognised in other assets to reflect the value of future payments that will be met by cash calls from JV Partners. The lease has been recognised for an 18-month term, in line with the early termination option included in the contract and approvals received by the JV Partners.

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 2020	(1,425.1)	640.4	(784.7)
Additions and changes in lease estimates	(26.5)	2.5	(24.0)
Disposals	12.2	(2.6)	9.6
Payments	298.1	(139.9)	158.2
Interest (expense)/income	(91.0)	40.6	(50.4)
Transfer to liabilities held for sale	16.9	–	16.9
Foreign exchange movements	1.1	–	1.1
At 1 January 2021	**(1,216.5)**	**541.0**	**(675.5)**
Additions and changes in lease estimates	**(161.9)**	**93.7**	**(68.2)**
Payments	**298.3**	**(142.4)**	**155.9**
Interest (expense)/income	**(83.3)**	**38.7**	**(44.6)**
At 31 December 2021	**(1,163.4)**	**531.0**	**(632.4)**

ii) Amounts recognised in the statement of profit or loss

Right-of-use assets (included within Property, plant and equipment)	**31 December 2021 $m**	31 December 2020 $m
Depreciation charge of right-of-use assets		
Property leases	**7.8**	9.9
Oil and gas production and support equipment leases	**52.8**	62.5
Total	**60.6**	72.4
Interest expense on lease liabilities (included in finance cost)	**83.4**	91.0
Interest income on amounts due from Joint Venture Partners	**(38.8)**	(40.6)
Total	**105.2**	122.8

The total cash outflow for leases in 2021 was $155.9 million (2020: $158.2 million).

The Group has elected not to recognise right-of-use assets and lease liabilities for leases for short term leases that have a lease term of 12 months or less, and leases of low-value assets. The expenses relating to those leases for the year ended 31 December 2021 were $7.8 million and $1.0 million, respectively. These costs are now being tracked and disclosed in the current year.

Note 20. Provisions

	Notes	Decommissioning 2021 $m	Other provisions 2021 $m	Total 2021 $m	Decommissioning 2020 $m	Other provisions 2020 $m	Total 2020 $m
At 1 January		**696.1**	**154.6**	**850.7**	850.1	76.2	926.3
New provisions, changes in estimates and reclassifications		**(134.8)**	**90.0**	**(44.8)**	14.9	136.6	151.5
Transfer to assets and liabilities held for sale	15	**–**	**–**	**–**	(129.2)	–	(129.2)
Payments		**(69.3)**	**(15.7)**	**(85.0)**	(57.7)	(58.4)	(116.1)
Unwinding of discount	5	**7.6**	**–**	**7.6**	13.1	–	13.1
Currency translation adjustment		**(0.9)**	**(0.1)**	**(1.0)**	4.9	0.2	5.1
At 31 December		**498.7**	**228.8**	**727.5**	696.1	154.6	850.7
Current provisions		**101.2**	**195.3**	**296.5**	104.4	125.4	229.8
Non-current provisions		**397.5**	**33.5**	**431.0**	591.7	29.2	620.9

Other provisions include non-income tax provisions of $52.8 million (2020: $52.4 million) and $176.0 million (2020: $102.2 million) of disputed cases and claims. Management estimates non-current other provisions would fall due between two and five years.

Non-Current-other provisions mainly relates to Bangladesh litigation. Refer to Uncertain Tax Treatments in Accounting Policies.

In January 2013, the Group acquired Spring Energy Norway AS (Spring) from HiTecVision V (HiTec), a Norwegian private equity company, and Spring employee minority shareholders. In addition to the initial consideration payable, under the sale and purchase agreement (Spring SPA) the Group agreed to make certain contingent bonus payments to HiTec and the Spring employee minority shareholders if certain discovery(ies) were deemed commercially viable on or before 31 December 2016. This included the Wisting prospect in licence PL537.

HiTec previously claimed that the conditions for a bonus payment under the Spring SPA had been met in respect of the Wisting prospect in PL537 as at 31 December 2016. Tullow disputed this position. In 2016, the Group sold its interest in PL537 to Equinor but remained responsible for this dispute. An arbitration took place in Norway in Q4 2021 to resolve this issue.

On 15 February 2022, the arbitration panel delivered an award in favour of HiTec. The Tribunal decided by way of split decision that conditions under the Spring SPA in respect of the bonus payment had been met. The Tribunal ruled that Tullow should pay $76 million to HiTec (an amount which includes interest and costs) and a further amount of $0.7 million in respect of Tribunal costs.

Above includes 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.

In 2021, the Group has increased the decommissioning discount rate by 0.5% from 31 December 2020 due to a movement in the risk-free rate. This resulted in a decrease of the provision by $23.7 million in Ghana, $3.7 million in Cote d'Ivoire and $4.3 million in Gabon.

	Inflation assumption	Discount rate assumption 2021	Cessation of production assumption 2021	Total 2021 $m	Discount rate assumption 2020	Cessation of production 2020	Total 2020 $m
Côte d'Ivoire	**2%**	**1.5%**	**2033**	**61.7**	1%	2031	63.9
Gabon	**2%**	**1.5-2%**	**2026-2036**	**61.9**	1–1.5%	2027–2037	61.8
Ghana	**2%**	**1.5-2%**	**2035-2036**	**193.3**	1–1.5%	2034–2036	323.5
Mauritania	**n/a**	**n/a**	**2018**	**61.6**	n/a	2018	89.0
UK	**n/a**	**n/a**	**2018**	**120.2**	n/a	2018	157.9
				498.7			696.1

The decrease in the Ghana decommissioning provision was associated with lower well cost estimates.

The Group's decommissioning activities are ongoing in the UK and Mauritania and majority of the future costs is expected to be incurred in 2022 ($101.1 million) and 2023 ($59.5 million). The remaining activities are planned to continue through to 2027, with an associated expenditure of $21.2 million.

Note 21. Deferred taxation

	Accelerated tax depreciation $m	Decommissioning $m	Tax losses $m	Other temporary differences $m	Provision for onerous service contracts $m	Deferred petroleum revenue tax $m	Total $m
At 1 January 2020	(738.1)	108.3	349.3	(26.8)	21.7	9.7	(275.9)
Credit/(charge) to income statement	78.7	(5.9)	(13.0)	17.3	–	2.2	79.3
Transfer to assets classified as held for sale	13.7	2.3	–	0.7	–	–	16.7
Exchange differences	–	0.9	(0.6)	0.4	–	0.2	0.9
At 1 January 2021	**(645.7)**	**105.6**	**335.7**	**(8.4)**	**21.7**	**12.1**	**(179.0)**
Credit/(charge) to income statement	**46.8**	**(16.5)**	**(113.8)**	**(58.7)**	**–**	**(2.7)**	**(144.9)**
Transfer to disposals	**0.6**	**(0.2)**	**–**	**0.7**	**–**	**–**	**1.1**
Exchange differences	**–**	**(0.1)**	**–**	**–**	**–**	**–**	**(0.1)**
At 31 December 2021	**(598.3)**	**88.8**	**221.9**	**(66.4)**	**21.7**	**9.4**	**(322.9)**

	2021 $m	2020 $m
Deferred tax liabilities	**(677.3)**	(673.3)
Deferred tax assets	**354.4**	494.3
	(322.9)	(179.0)

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 22. 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 2020 (as adjusted)	1,407,897,951	210.9	1,294.7
Issued during the year			
Exercise of share options	6,173,826	0.8	–
At 1 January 2021	**1,414,071,777**	**211.7**	**1,294.7**
Issued during the year			
Exercise of share options	**18,008,320**	**2.5**	**–**
At 31 December 2021	**1,432,080,097**	**214.2**	**1,294.7**

The Company does not have a maximum authorised share capital.

Note 23. Share-based payments

Analysis of share-based payment charge

	Notes	**2021 $m**	2020 $m
Tullow Incentive Plan		**8.1**	11.9
Employee Share Award Plan		**3.0**	8.6
2021 PDMR Buyout Award		**0.5**	0.4
		11.6	20.9
Expensed to operating costs	4	**0.5**	0.9
Expensed as administrative cost	4	**11.1**	20.0
Total share-based payment charge		**11.6**	20.9

Note 23. Share-based payments continued

The national insurance liability as at 31 December 2021 was $2.0 million (2020:$1.3 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 69 to 77.

The weighted average remaining contractual life for TIP awards outstanding at 31 December 2021 was 3.5 years.

Employee Share Award Plan (ESAP)

Participation in the ESAP was available to most Group employees. Eligible employees were 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, for the ESAP awards granted since 2018 it was agreed 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 would also be payable on exercise of the award. The ESAP was replaced by the Sharesave (SAYE) plan for grants from 2021.

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 2021 was 6.6 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.

Outstanding options under the SOP at 31 December 2021 had exercise prices of 900p to 1,294p (2020: 900p to 1,294p) and remaining contractual lives between 80 days and 1.6 years. The weighted average remaining contractual life is 0.8 years.

2020 PDMR Buyout 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).

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 69 to 77.

The weighted average remaining contractual life for the PDMR Buyout Awards outstanding at 31 December 2021 was 8.5 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 share 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 2021 had exercise prices of 38p and remaining contractual lives of 3.4 years. The weighted average remaining contractual life is 3.4 years.

Note 23. Share-based payments continued

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).

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
2021 TIP –	number of shares	28,116,828	2,488,749	8,191,155	673,619	21,740,803	2,054,238
2021 TIP –	average weighted share price at grant	133.0	60.5	188.8	81.8	105.3	191.2
2019 TIP –	number of shares	19,803,133	10,133,701	(2,274,564)	454,558	28,116,828	4,394,115
2019 TIP –	average weighted share price at grant	203.6	10.9	222.2	226.3	133.0	214.3
2021 ESAP –	number of shares	29,919,699	–	9,462,175	2,818,626	17,638,898	5,181,246
2021 ESAP –	average weighted share price at grant	126.1	–	198.4	67.8	96.5	213.4
2020 ESAP –	number of shares	22,256,115	21,858,732	(4,062,562)	(10,132,586)	29,919,699	11,711,333
2020 ESAP –	average weighted share price at grant	223.6	10.9	213.5	57.1	126.1	218.9
2021 SOP –	number of shares	5,943,263	–	–	3,896,508	2,046,755	2,046,755
2021 SOP –	WAEP	1,124.6	–	–	1,134.4	1,106.0	1,106.0
2020 SOP –	number of shares	6,433,141	–	–	(489,878)	5,943,263	5,943,263
2020 SOP –	WAEP	1,125.6	–	–	1,137.7	1,124.6	1,124.6
2021 Buyout Awards –	number of shares	9,000,000	–	–	–	9,000,000	–
2021 Buyout Awards –	WAEP	25.7	–	–	–	25.7	–
2020 Buyout Awards –	number of shares	–	9,000,000	–	–	9,000,000	–
2020 Buyout Awards –	WAEP	–	25.7	–	–	25.7	–
2021 SAYE –	number of phantom shares	–	1,534,241	–	–	1,534,241	–
2021 SAYE –	WAEP	–	38.0	–	–	38.0	–
2020 SAYE –	number of phantom shares	–	–	–	–	–	–
2020 SAYE –	WAEP	–	–	–	–	–	–

The options granted during the year were valued using a proprietary binomial valuation.

Note 23. Share-based payments continued

UK and Irish Share Incentive Plans (SIPs) continued

The following table details the weighted average fair value of awards granted and the assumptions used in the fair value expense calculations.

	2021 SAYE	2021 TIP	2020 TIP	2020 ESAP	2020 Buyout
Weighted average fair value of awards granted	34.8p	60.5p	10.9p	10.9p	21.5p
Weighted average share price at exercise for awards exercised	44.6p	31.4p	48.9p	25.8p	–
Principal inputs to options valuations model:					
Weighted average share price at grant	53.6p	60.5p	10.9p	10.9p	27.7p
Weighted average exercise price	38.0p	0.0p	0.0p	0.0p	25.7p
Risk-free interest rate per annum[1]	0.7%	0.1%/0.4%	0.3%	0.3%	–0.1%
Expected volatility per annum[1, 2]	92%	101%/85%	82%	82%	78%–83%
Expected award life (years)[1, 3]	3.6	3.0/5.0	3.0	3.0	4.9–6.2
Dividend yield per annum[4]	0.0%	n/a	n/a	n/a	0%
Employee turnover before vesting per annum[1]	5%	5%/0%	5%	5%	0%

1. Shows the assumption for 2021 TIP awards made to Senior Management/Executives and Directors respectively. 2020 TIP Awards were made to senior Management only.
2. 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 2021 and 2020 TIP Awards are not affected by the assumption for the Company's share price volatility.
3. 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.
4. No dividend yield assumption is needed for the fair value calculations for the 2021 TIP Awards as a dividend equivalent will be payable on the exercise of these awards.

Note 24. Commitments and contingencies

	2021 **$m**	2020 $m
Capital commitments	**169.9**	253.9
Contingent liabilities		
Performance guarantees	**100.8**	115.6
Other contingent liabilities	**14.0**	82.9
	114.8	198.5

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

This includes 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.

Note 25. 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.

	2021 **$m**	2020 $m
Short term employee benefits	**3.9**	2.7
Post-employment benefits	**0.3**	0.2
Share-based payments	**1.8**	2.3
	6.0	5.2

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 69 to 85.

26. Climate change and energy transition

In March 2021, Tullow announced its commitment to being Net Zero on our Scope 1 and Scope 2 emissions on a net equity basis by 2030 supporting the goal of limiting global temperature rise to well below 2° C as per Article 2 of the Paris Agreement.

This note describes how Tullow has considered climate related impacts in some 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 (ag) 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 in the Group Balance Sheet as at 31 December 2021. Where relevant this note contains references to other notes to the Group Financial Statements and aims to provide an overarching summary.

Financial planning assumptions

Tullow targets to being Net Zero scope 1 and 2 emissions by 2030, compared to 2020 levels on a net equity basis and 40-45% reduction in GHG by 2025 have been included in Tullow's business plans.

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 the four IEA scenarios (see page 23 for details). The biggest impact on oil and carbon prices as contained in the IEA scenarios is typically beyond 2030. The impact to Tullow's forecast capex/opex due to climate risk is currently assessed as minor in comparison to the impact of oil price changes. Our analysis demonstrates that the impact is lowest on our currently producing assets, mitigating much of this impact, however it does have implications for new developments and exploration assets more exposed to the fall in oil prices post 2030.

Similarly, while carbon prices are projected to grow there is low likelihood that carbon pricing elements will be formalised in support of Article 6 of the Paris Agreement in our core geographies, and not before Tullow's Scope 1 and 2 emissions have peaked (before 2025). Tullow's current internal shadow carbon price of $40/tCO$_2$e remains suitable but will be reviewed in line with IEA's emerging market and developing economies carbon price assumptions and further developments in relation to international carbon market instruments.

Pricing assumptions used will continue to be updated for changes in the economic environment and the pace of the energy transition.

Intangible exploration and evaluation assets

Under "Stated Policy Scenario", "Announced Pledges Scenario" and "Sustainable Development Scenario", the Group believes there would be no impact on its exploration portfolio. However the "Net Zero Emission by 2050 Scenario" represents a challenging oil price environment for these future investments, particularly post 2030 when the bulk of the cash flows would be generated from these types of projects. Therefore could result in a potential write-off of part or all of the $255 million net book value if these scenarios were to arise.

Property, plant and equipment

The Group has included the costs in its impairment assessment directly attributable to CGU's associated with its Net Zero plans. Under "Stated Policy Scenario", "Announced Pledges Scenario" and "Sustainable Development Scenario", the Group believes there would be no/positive impact on its producing assets. However the "Net Zero Emission by 2050 Scenario" would trigger reductions in cash flows of between 0–10%. Specially if the "net zero emission by 2050 scenario" were to arise the Group would recognise an additional impairment of $591 million. As stated above the Group does not expect a material impact on any other balance sheet line item as a result of the four IEA scenarios.

Decommissioning provision

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.
The discount rate used to discount decommissioning provision is between 10-15-years term in line with the average remaining life of our producing assets. Under the "Net Zero Emission by 2050 Scenario" cessation of production assumptions would accelerate by; Ghana 0-5 years, Gabon 0-8 years and Espoir 5 years.

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 27. Events since 31 December 2021

Adjusting events

On 15 February 2022 a panel of arbitrators, working under the jurisdiction of Norwegian law, delivered an award in favour of HiTec Vision (HiTec) in relation to its dispute with Tullow (Award). The panel had been asked to adjudicate as to whether discoveries made in the PL-537 Licence (Offshore Norway) between 2013 and 2016 had triggered a further payment under the SPA between Tullow and HiTec regarding the purchase of Spring Energy in 2013. With the Award, the panel has decided by way of split decision that conditions for a further payment outlined in the SPA were met. The Tribunal has ruled that Tullow should pay $76 million. This amount also includes interest and costs. This has been recognised in the balance sheet as a liability as at 31 December 2021.

Non-adjusting events

FID for the Tilenga Project in Uganda and the East African Crude Oil Pipeline (EACOP) as reported by Total Energies Ltd on 1 February 2022 triggered a contingent consideration payment of $75 million in relation to Tullow's sale of its assets in Uganda to Total in 2020 which was received on 16 February 2022. This was recognised as a current receivable as at 31 December 2021.

There have not been any other events since 31 December 2021 that have resulted in a material impact on the year end results.

Note 28. Cash flow statement reconciliations

Purchases of intangible exploration and evaluation assets	**2021 $m**	2020 $m
Additions to intangible exploration and evaluation assets	**46.3**	170.7
Associated cash flows		
Purchases of intangible exploration and evaluation assets	**(86.1)**	(213.6)
Non-cash movements/presented in other cash flow lines		
Movement in working capital	**39.8**	(42.9)

Purchases of property, plant and equipment	**2021 $m**	2020 $m
Additions to property, plant and equipment	**148.1**	229.7
Associated cash flows		
Purchases of property, plant and equipment	**(150.4)**	(217.3)
Non-cash movements/presented in other cash flow lines		
Decommissioning asset revisions	**134.8**	(14.9)
Right-of-use asset additions	**(73.5)**	(16.5)
Movement in working capital	**(59.0)**	19.0

Movement in borrowings	2021 $m	2020 $m	2019 $m	**2021 Movement**	2020 Movement
Borrowings	2,568.7	3,170.5	3,071.7	**(601.8)**	98.8
Associated cash flows					
Debt arrangement fees				**(56.6)**	–
Repayment of borrowings				**(2,379.9)**	(185.0)
Drawdown of borrowings				**1,800.0**	270.0
Non-cash movements/presented in other cash flow lines					
Amortisation of arrangement fees and accrued interest				**34.7**	13.8

Note 29. Dividends

In 2021, the Board recommended that no interim or final dividend would be paid.

Note 30. Tullow Oil plc subsidiaries

As at 31 December 2021

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 Oil and Gas Pty Ltd	Australia	Indirect	Level 9, 1 William Street, Perth WA 6000, Australia
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 Holdings 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
Tullow (EA) Holdings Limited	British Virgin Islands	Indirect	Ritter House, Wickhams Cay, Tortola, VG1110, British Virgin Islands
Planet Oil International Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
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 EG Exploration Limited[1]	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Gambia Limited[2]	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	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	England and Wales	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Oil 101 Limited	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 SNS Limited[3]	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 Senegal |Exploration Limited[4]	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Technologies Limited	England and Wales	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Uganda Midstream Limited[5]	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	Rue Louise Charon B.P. 9773, Libreville

Note 30. Tullow Oil plc subsidiaries continued
As at 31 December 2021 continued

Company name	Country of incorporation	Direct or indirect	Address of registered office
Tullow Gabon Limited	Isle of Man	Indirect	First Names House, Victoria Road, Douglas IM2 4DF, Isle of Man
Tullow Oil (Mauritania) Ltd	Guernsey	Indirect	P.O. Box 119, Martello Court, Admiral Park, St. Peter Port GY1 3HB, Guernsey
Tullow Oil Holdings (Guernsey) Ltd	Guernsey	Indirect	P.O. Box 119, Martello Court, Admiral Park, St. Peter Port GY1 3HB, Guernsey
Tullow Oil Limited	Ireland	Direct	Number 1, Central Park, Leopardstown, Dublin 18, 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 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 Côte d'Ivoire Exploration Limited	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	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Guyana BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Hardman Holdings BV	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Kenya BV	Netherlands	Indirect	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Netherlands Holding Cooperatief BA	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Overseas Holdings BV	Netherlands	Direct	9 Chiswick Park, 566 Chiswick High Road, London W4 5XT, United Kingdom
Tullow Suriname BV	Netherlands	Indirect	Prinses Margrietplantsoen 33, 2595AM 's-Gravenhage, The Netherlands
Tullow Uganda Holdings BV	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	Norway	Indirect	Tordenskioldsgate 6B, 0160 Oslo, Norway
Energy Africa Bredasdorp (Pty) Ltd	South Africa	Indirect	11th Floor, Convention Tower, Heerengracht Street, Foreshore, Cape Town 8001, South Africa
Tullow South Africa (Pty) Limited	South Africa	Indirect	11th Floor, Convention Tower, Heerengracht Street, Foreshore, Cape Town 8001, South Africa
T.U. S.A.	Uruguay	Indirect	Colonia 810, Of. 403, Montevideo, Uruguay

1. Struck off on 19 January 2021.
2. Struck off on 19 January 2021.
3. Struck off on 13 April 2021.
4. Struck off on 19 January 2021.
5. Struck off on 19 January 2021.

Note 31 Licence interests

Current exploration, development and production interests

Ghana

Licence/Unit area	Fields	Area sq km	Tullow interest	Operator	Other partners
Deepwater Tano	Jubilee, Wawa, Tweneboa, Enyenra, Ntomme	619	47.18%	Tullow	Kosmos, KEGIN[1], GNPC, Jubilee Oil Holdings, Petro SA
West Cape Three Points	Jubilee, Mahogany, Teak	150	25.66%	Tullow	Kosmos, GNPC, Jubilee Oil Holdings, Petro SA
Jubilee Field Unit Area[2]	Jubilee, Mahogany, Teak		35.48%	Tullow	Kosmos, KEGIN[1], GNPC, Jubilee Oil Holdings, Petro SA

1. Formerly Anadarko.
2. 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
Côte d'Ivoire					
CI-26 Special Area 'E'	Espoir	235	21.33%	CNR	Petroci
Gabon					
Avouma	Avouma, South Tchibala	52	7.50%	Vaalco	Addax (Sinopec), Sasol, PetroEnergy
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	
Gwedidi	Gwedidi	5	7.50%	Maurel & Prom	Gabon Oil Company
Limande	Limande	54	40.00%	Perenco	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
M'Oba	M'Oba	57	24.31%	Perenco	Gabon Oil Company
Niembi	Niembi	4	7.50%	Maurel & Prom	Gabon Oil Company
Niungo	Niungo	96	40.00%	Perenco	Gabon Oil Company
Oba	Oba	44	10.00%	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	Simba	315	57.50%	Perenco	
Tchatamba Marin	Tchatamba Marin	30	25.00%	Perenco	ONE-Dyas BV
Tchatamba South	Tchatamba South	40	25.00%	Perenco	ONE-Dyas BV
Tchatamba West	Tchatamba West	25	25.00%	Perenco	ONE-Dyas BV
Turnix	Turnix	18	27.50%	Perenco	Gabon Oil Company

Kenya

Licence	Fields	Area sq km	Tullow interest	Operator	Other partners
Kenya					
Block 10BA		11,569	50.00%	Tullow	Africa Oil, Total
Block 10BB	Amosing, Ngamia	6,172	50.00%	Tullow	Africa Oil, Total
Block 12B		6,200	100.00%	Tullow	
Block 13T	Ekales, Twiga	4,719	50.00%	Tullow	Africa Oil, Total

Exploration

Licence/Unit area	Fields	Area sq km	Tullow interest	Operator	Other partners
Argentina					
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	
Côte d’Ivoire					
CI-524		551	90.00%	Tullow	Petroci
Guyana					
Kanuku		5,165	37.50%	Repsol	Total
Orinduik		1,776	60.00%	Tullow	Total, Eco Atlantic O&G

Company balance sheet

As at 31 December 2021

	Notes	2021 $m	2020 Restated[1] $m
ASSETS			
Non-current assets			
Investments	1	**4,350.3**	3,366.1
		4,350.3	3,366.1
Current assets			
Other current assets	3	**544.8**	509.0
Cash at bank		**74.1**	5.9
		619.0	514.9
Total assets		**4,969.2**	3,881.0
LIABILITIES			
Current liabilities			
Trade and other payables	4	**(389.4)**	(437.8)
Borrowings	5	**(100.0)**	(2,879.6)
Derivative financial instruments		**(73.1)**	–
		(562.5)	(3,317.1)
Non-current liabilities			
Borrowings	5	**(2,468.7)**	–
Derivative financial instruments	5	**(99.0)**	–
		(2,567.7)	–
Total liabilities		**(3,130.2)**	(3,317.1)
Net assets		**1,839.0**	563.9
Capital and reserves			
Called-up share capital	7	**214.2**	211.7
Share premium	7	**1,294.7**	1,294.7
Foreign currency translation reserve		**671.5**	671.5
Merger reserves		**194.5**	194.5
Retained earnings		**(535.9)**	(1,808.5)
Total equity		**1,839.0**	563.9

1. Please refer to Note 1 for details on prior year restatement.

During the year the Company made a profit of $1,263.8 million (2020: $1,906.9 million loss).

Approved by the Board and authorised for issue on 8 March 2022.

Rahul Dhir

Les Wood

Rahul Dhir
Chief Executive Officer

Les Wood
Chief Financial Officer

Company statement of changes in equity (restated)

Year ended 31 December 2021

	Share capital $m	Share premium $m	Foreign Currency Translation reserve $m	Merger Reserves $m	Retained earnings $m	Total equity $m
At 1 January 2020 (as previously reported)	210.9	1,294.7	194.5	671.5	(78.0)	2,449.7
Loss for the year (restated)	–	–	–	–	(1,906.9)	(1,906.9)
Exercising of employee share options	0.8	–	–	–	(0.8)	–
Share-based payment charges	–	–	–	–	20.9	20.9
As 1 January 2021 (as adjusted)	**211.7**	**1,294.7**	**194.5**	**671.5**	**(1,808.8)**	**563.6**
Profit for the year	**–**	**–**	**–**	**–**	**1,263.8**	**1,263.8**
Exercising of employee share options	**2.5**	**–**	**–**	**–**	**(2.5)**	**–**
Share-based payment charges	**–**	**–**	**–**	**–**	**11.6**	**11.6**
At 31 December 2021	**214.2**	**1,294.7**	**194.5**	**671.5**	**(535.9)**	**1,839.0**

Please refer to Note 1 for details on prior year restatement.

Company accounting policies

As at 31 December 2021

(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); and
- 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); and
- 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 profit of $1,263.8 million (2020: $1,906.9 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.

(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 2021, 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 (ag), 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.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Amounts due from subsidiary undertakings (note 3):

The Company is required to assess the carrying values of each of the amounts due from subsidiary undertakings, considering the requirements established by IFRS 9 Financial Instruments.

The IFRS 9 impairment model requires the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39. Where conditions exist for impairment on amounts due from subsidiary undertakings expected credit losses assume that repayment of a loan is demanded at the reporting date. If the subsidiary has sufficient liquid assets to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. However, if the subsidiary cannot demonstrate the ability to repay the loan, if demanded at the reporting date, the Company calculates an expected credit loss. This calculation considers the percentage of loss of the amount due from subsidiary undertakings, which involves judgement around how amounts would likely be recovered, and over what time they would be recovered.

Note 1. Investments

	2021 $m	2020 Restated $m
Subsidiary undertakings	**4,350.3**	3,366.1
	4,350.3	3,366.1

The movement in Company's investment in subsidiaries of $984.2 million (2020: $1,175.4 million) is due to additions of $317.0 million (2020: $761.0 million) and net impairment reversal of $667.2 million (2020: $1,975.0 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 underlying value of the Group's production companies. (Refer to notes 9 and 10 in the Notes to the Group Financial Statements.)

	Trigger for 2021 impairment/ (reversal)	2021 Impairment/ (reversal) $m	2021 Remaining recoverable amount $m	2020 Impairment Restated $m	2020 Remaining recoverable amount Restated $m
Tullow Oil (Jersey) Limited	**a**	**0.1**	**–**	–	–
Tullow Oil SK Limited	**a**	**17.4**	**–**	75.8	–
Tullow Group Services Limited	**a**	**11.1**	**–**	85.2	–
Tullow Overseas Holdings B.V.	**a,b,c**	**(755.8)**	**4,273.2**	1,814.0	3,300.8
Tullow Oil SPE Limited	**n/a**	**–**	**65.3**	–	65.3
Tullow Gabon Holdings Limited	**n/a**	**–**	**11.8**	–	–
Tullow Oil Finance Limited	**a**	**60.0**	**–**	–	–
Total		**(667.2)**	**4,350.3**	1,975.0	3,366.1

a. Reduction in net asset value as a result of impairment of direct and indirect subsidiaries.
b. Impact of loss making subsidiaries.
c. Net impairment reversal due to increased headroom in Jubilee and Gabon.

Comparative information in respect of impairment charge and remaining recoverable amount has been restated in relation to the recognition of additional impairment of investments in subsidiaries due to an error from the exclusion of certain group adjustments from the net book value of investments. The investment balance as at 31 December 2020 was overstated and impairment charge for the year ended 31 December 2020 was understated by $38.7 million.

The Company's subsidiary undertakings as at 31 December 2021 are listed on pages 148 to 149. The principal activity of all companies relates to oil and gas exploration, development and production.

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 IEA scenarios on the value of assets held by subsidiaries could result in a potential write off of investments of up to $846 million. Refer to note 26 to the Group Financial Statements.

Note 2. Deferred tax

The Company has tax losses of $874.7 million (2020: $620.0 million) that are available indefinitely for offset against future non-ring-fenced taxable profits in the Company. A deferred tax asset of $nil (2020: $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

	2021 $m	2020 $m
Other debtors	**7.3**	8.4
Due from subsidiary undertakings	**537.5**	500.6
	544.8	509.0

The amounts due from subsidiary undertakings include $564.2 million (2020: $200.1 million) that incurs interest at LIBOR plus 4.5% (2020: LIBOR plus 4.5%). The remaining amounts due from subsidiaries accrue no interest. All amounts are repayable on demand. At 31 December 2021 a provision of $26.7 million (2020: $444.2 million) was held in respect of the recoverability of amounts due from subsidiary undertakings.

Note 4. Trade and other payables

Amounts falling due within one year

	2021 $m	2020 $m
Accrued interest	**42.2**	31.5
Accruals	**1.2**	–
Provisions	**1.6**	–
Due to subsidiary undertakings	**344.4**	406.3
	389.4	437.8

Note 5. Borrowings

	2021 $m	2020 $m
Current		
Borrowings – within one year		
6.25% Senior Note due 2022 ($650 million)	**–**	646.7
Reserves Based Lending credit facility	**–**	1,441.7
7.00% Senior Notes due 2025 ($800 million)	**–**	791.2
10.25% Senior Secured Notes due 2026 ($1,800 million)	**100.0**	–
	100.0	2,879.6
Non-current		
Borrowings – after one year but within five years		
7.00% Senior Notes due 2025 ($800 million)	**792.1**	–
10.25% Senior Secured Notes due 2026 ($1,800 million)	**1,676.6**	–
	2,468.7	–
Carrying value of total borrowings	**2,568.7**	2,879.6

On 17 May 2021, the Company completed a comprehensive debt refinancing with the issuance of a five-year $1.8 billion high-yield bond (2026 Notes) and a new $600 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.

The Senior Notes due 2025 is payable 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 2021.

The 2026 Notes and the SSRCF are senior secured obligations of Tullow Oil plc and are guaranteed by certain of the Group's subsidiaries.

As at 31 December 2020, the Group assessed that it did not have an unconditional right to defer payment of its Reserves Based Lending Facility, Senior Notes due 2022, or Senior Notes due 2025 based on a forecast breach in covenants; as such, these borrowings were classified as current. Following the debt refinancing in May 2021, the Senior Notes due 2025 have been reclassified as non-current in line with their contractual maturity.

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 2021 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 had an intercompany oil derivative trade with a wholly owned subsidiary which matured on 31 December 2021.

Note 6. Financial instruments continued

The Company's derivative carrying and fair values were as follows:

Assets/liabilities	2021 Less than 1 year $m	2021 1–3 years $m	2021 Total $m	2020 Less than 1 year $m	2020 1–3 years $m	2020 Total $m
Option market value						
Oil derivatives	(51.0)	(66.6)	(117.6)	–	–	–
Deferred premium				–	–	–
Oil derivatives	(22.1)	(32.4)	(54.5)			
Total assets	–	–	–	–	–	–
Total liabilities	(73.1)	(99.0)	(172.1)	–	–	–

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 (2020: 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:

Loss on derivative instruments	2021 $m	2020 $m
Oil derivatives	(172.1)	(2.1)

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 2021 and 31 December 2020 was as follows:

	2021 Cash at bank $m	2021 Fixed rate debt $m	2021 Floating rate debt $m	2021 Total $m	2020 Cash at bank $m	2020 Fixed rate debt $m	2020 Floating rate debt $m	2020 Total $m
US$	74.1	(2,600.0)	–	(2,525.9)	5.8	(1,450.0)	(1,431.0)	(2,875.2)
Euro	–	–	–	–	0.1	–	–	0.1
	74.1	(2,600.0)	–	(2,525.9)	5.9	(1,450.0)	(1,431.0)	(2,875.1)

Cash at bank consisted of $20.8 million (2020: $nil) deposits which earn interest at rates set in advance for periods ranging from overnight to three months by reference to market rates. The remaining balance is held in bank accounts which are either interest free or earns interest at floating rates based on daily bank deposit rates.

Note 6. Financial instruments continued

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.

	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
31 December 2021							
Non-interest bearing	**n/a**	**–**	**18.7**	**370.7**	**–**	**–**	**389.4**
Fixed interest rate instruments	**9.3%**						
Principal repayments		**–**	**–**	**100.0**	**2,500.0**	**–**	**2,600.0**
Interest charge		**–**	**28.0**	**207.0**	**689.0**	**–**	**924.0**
		–	**46.7**	**677.7**	**3,189.0**	**–**	**3,913.4**

	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
31 December 2020							
Non-interest bearing	n/a	31.5	–	406.0	–	–	437.5
Fixed interest rate instruments	6.9%						
Principal repayments		–	–	–	1,450.0	–	1,450.0
Interest charge		–	28.0	68.6	216.3	–	312.9
Variable interest rate instruments	5.6%						
Principal repayments		–	–	–	1,431.0	–	1,431.0
Interest charge		4.3	9.9	44.4	217.5	–	276.1
		35.8	37.9	519.0	3,314.8	–	3,907.5

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
At 1 January 2020	1,407,897,951	210.9	1,294.7
Issued during the year			
Exercise of share options	6,173,826	0.8	–
At 1 January 2021	**1,414,071,777**	**211.7**	**1,294.7**
Issued during the year			
Exercise of share options	**18,008,320**	**2.5**	**–**
At 31 December 2021	**1,432,080,097**	**214.2**	**1,294.7**

The Company does not have an 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 free 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, Norwegian tax refund and certain other adjustments. The Directors believe that capital investment is a useful indicator of the Group's organic expenditure on exploration and appraisal 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.

	2021 $m	2020 $m
Additions to property, plant and equipment	**148.1**	229.7
Additions to intangible exploration and evaluation assets	**46.3**	170.7
Less:		
Changes to Decommissioning asset estimates	**(134.8)**	14.9
Right-of-use asset additions	**73.5**	16.5
Lease payments related to capital activities	**(26.8)**	(4.0)
Additions to administrative assets	**1.6**	9.6
Other non-cash capital expenditure	**17.7**	75.3
Capital investment	**263.2**	288.1
Movement in working capital	**(28.3)**	133.2
Additions to administrative assets	**1.6**	9.6
Cash capital expenditure per the cash flow statement	**236.5**	430.9

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 2021 was $251.5 million current and $911.9 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.

	2021 $m	2020 $m
Borrowings	**2,568.7**	3,170.5
Non-cash adjustments	**31.3**	10.5
Less cash and cash equivalents	**(469.1)**	(805.4)
Net debt	**2,130.9**	2,375.6

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 profit/(loss) from continuing activities adjusted for income tax (expense)/credit, finance costs, finance revenue, gain on hedging instruments, depreciation, depletion and amortisation, share-based payment charge, restructuring costs, gain/(loss) on disposal, exploration costs written off, impairment of property, plant and equipment net, and provision for onerous service contracts.

	2021 $m	2020 $m
Loss from continuing activities	**(80.7)**	(1,221.5)
Adjusted for:		
Income tax expense/ (credit)	**283.4**	(51.9)
Finance costs	**356.1**	314.3
Finance revenue	**(44.3)**	(59.4)
Loss on hedging instruments	**–**	0.8
Depreciation, depletion and amortisation	**378.9**	467.1
Share-based payment charge	**11.6**	21.0
Restructuring costs and provisions for onerous contracts	**61.8**	92.8
Gain/ (loss) on disposal	**(120.3)**	3.4
Exploration costs written off	**59.9**	986.7
Impairment of property, plant and equipment, net	**54.3**	250.6
Adjusted EBITDAX	**960.7**	803.9
Net debt	**2,130.9**	2,375.6
Gearing (times)	**2.2**	3.0

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, and certain other cost of sales. Underlying cash operating costs are divided by production to determine underlying cash operating costs per boe. In 2020 and 2021, 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.

	2021 $m	2020 $m
Cost of sales	**638.9**	993.6
Less:		
Depletion and amortisation of oil and gas and leased assets	**360.9**	446.4
Underlift, overlift and oil stock movements	**(20.0)**	160.5
Share-based payment charge included in cost of sales	**0.5**	0.9
Other cost of sales	**28.8**	54.1
Underlying cash operating costs	**268.7**	331.7
Covid-19 & OOSYS costs	**(7.9)**	(11.2)
Total normalised operating costs	**260.8**	320.8
Production (mmboe)	**21.6**	27.4
Underlying cash operating costs per boe ($/boe)	**12.4**	12.1
Normalised cash operating costs per boe ($/boe)	**12.1**	11.8

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.

	2021 $m	2020 $m
Net cash from operating activities	**786.9**	698.6
Net cash from/(used) in investing activities	**(101.7)**	84.3
Repayment of obligations under leases	**(155.9)**	(158.2)
Finance costs paid	**(234.9)**	(198.5)
Debt arrangement fees	**(56.6)**	–
Foreign exchange gain	**6.9**	5.4
Free cash flow	**244.7**	431.6

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.

	2021	2020
Net cash from operating activities	**786.9**	698.6
Less:		
Decommissioning expenditure	**52.8**	57.7
Lease payments related to capital activities	**26.8**	–
Plus:		
Repayment of obligations under leases	**(155.9)**	(158.2)
Operating cash flow	**710.6**	598.1
Net cash from/(used) in investing activities	**(101.7)**	84.3
Decommissioning expenditure	**(52.8)**	(57.7)
Lease payments related to capital activities	**(26.8)**	–
Pre-financing free cash flow	**529.3**	624.7

Shareholder information

Financial calendar

2021 full year results announced	9 March 2022
Annual General Meeting	25 May 2022
AGM trading update	25 May 2022
Trading statement and operational update	13 July 2022
2022 half-year results announced	TBC
November trading update	TBC

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. 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 – Irish shareholders: +353 1 247 5413
Tel – overseas shareholders: +44 870 703 6242

Contact: 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

Share dealing service

A telephone share dealing service has been established for shareholders with Computershare for the sale and purchase of Tullow Oil shares. Shareholders who are interested in using this service can obtain further details by calling the appropriate telephone number below:

UK shareholders: 0370 703 0084
Irish shareholders: +353 1 447 5435

If you live outside the UK or Ireland and wish to trade you can do so through the Computershare Trading Account. To find out more or to open an account, please visit www.computershare-sharedealing.co.uk or phone Computershare on +44 870 707 1606.

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, 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.

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.

Tullow actively supports Woodland Trust, the UK's leading woodland conservation charity. Computershare, together with Woodland Trust, has established eTree, an environmental programme designed to promote electronic shareholder communications. Under this programme, the Company makes a donation to eTree for every shareholder who registers for electronic communication. To register for this service, simply visit http://www.investorcentre.co.uk/etreeuk/tullowoilplc with your shareholder number and email address to hand.

Shareholder security

Shareholders are advised to be cautious about any unsolicited financial advice, offers to buy shares at a discount or offers of free Company reports. More detailed information can be found at http://scamsmart.fca.org.uk/ and in the Shareholder Services section of the Investors area of the Tullow website: www.tullowoil.com.

Corporate brokers

Barclays
5 North Colonnade, Canary Wharf, London E14 4BB

J. P. Morgan Cazenove
25 Bank Street, Canary Wharf, London E14 5JP

Davy
Davy House, 49 Dawson Street, Dublin 2 Ireland

Commercial reserves and contingent resources summary (unaudited) working interest basis

	Ghana		Non-Operated		Kenya		Exploration		Total		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas[7] bcf	Petroleum mmboe
Commercial reserves[1]											
1 January 2021	**180.1**	**179.2**	**48.4**	**11.1**	**–**	**–**	**–**	**–**	**228.5**	**190.2**	**260.2**
Revisions[3,4]	**3.5**	**(40.3)**	**11.1**	**(2.7)**	**–**	**–**	**–**	**–**	**14.6**	**(43.0)**	**7.4**
Disposals[6]	**–**	**–**	**(14.6)**	**–**	**–**	**–**	**–**	**–**	**(14.6)**	**–**	**(14.6)**
Production	**(15.3)**	**–**	**(6.1)**	**(1.3)**	**–**	**–**	**–**	**–**	**(21.4)**	**(1.3)**	**(21.6)**
31 December 2021	**168.3**	**138.9**	**38.8**	**7.1**	**–**	**–**	**–**	**–**	**207.1**	**145.9**	**231.4**
Contingent resources[2]											
1 January 2021	**217.0**	**749.1**	**59.5**	**78.4**	**170.8**	**–**	**54.5**	**–**	**501.7**	**827.5**	**639.7**
Revisions[3,4,5]	**(4.9)**	**(163.9)**	**0.3**	**–**	**60.6**	**–**	**–**	**–**	**56.0**	**(163.9)**	**28.7**
Disposals[6]	**–**	**–**	**(30.1)**	**(77.5)**	**–**	**–**	**–**	**–**	**(30.1)**	**(77.5)**	**(43.0)**
31 December 2021	**212.1**	**585.2**	**29.7**	**0.9**	**231.4**	**–**	**54.5**	**–**	**527.6**	**586.1**	**625.4**
Total 31 December 2021	**380.4**	**724.1**	**68.5**	**8.0**	**231.4**	**–**	**54.5**	**–**	**734.7**	**732.0**	**856.8**

1. Proven and Probable Reserves above are as audited and reported by independent third-party reserve auditors. The auditor was provided with all the significant data up until 31 December 2021.
2. Proven and Probable Contingent Resources above are also as audited and reported by independent third-party auditors based on best available information as of 31 December 2021.
3. Reserves and resources revision in Ghana relates to successful infill drilling in Jubilee, improved field uptime on the two FPSOs, and the maturation of a number of projects including three new Jubilee wells, the TEN Enhancement project and the Tweneboa North Associated Gas project. This is partly offset by a downward revision on Ntomme and Enyenra existing producing wells, reflecting field performance.
4. Reserves revision in Gabon mainly relates to successful execution of a number of workover projects on Echira, Ezanga, and Tchatamba, and an infill well on Simba.
5. Resources revision in Kenya relates to independent evaluation of resources by Gaffney Cline & Associates, incorporating production data from the Early Oil Pilot Scheme (EOPS) and updated field development strategy. (See page 19 of the Operations Review).
6. Disposals consist of the sales of Equatorial Guinea (completed in March 2021) and Dussafu Asset (completed in June 2021).
7. 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 222.0 mmboe at 31 December 2021 (31 December 2020: 248.9 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.

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Our main corporate website has key information about our business, operations, investors, media, sustainability, careers and suppliers.

RESULTS, REPORTS AND PRESENTATIONS

Financial results, corporate Annual Reports, webcasts and fact books are all stored in the Investor Relations section of our website: **www.tullowoil.com/reports.**

E-COMMUNICATIONS

All documents on the website are available to view without any particular software requirement other than the software which is available on the Group's website.

For every shareholder who signs up for electronic communications, a donation is made to the eTree initiative run by Woodland Trust. You can register for email communication at: **www.etree.com/tullowoilplc.**

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