

TAYBURN

TOP 10 IN THE UK FOR CREATIVITY

Design Week Creative League Table 2012
(7th)

TOP 10 IN THE UK FOR EFFECTIVENESS

DBA Design Effectiveness League Table 2012
(6th)

CORPORATE REPORTING CONSULTATIONS

FUTURE OF NARRATIVE REPORTING

A new reporting framework commissioned by the Department of Business Innovation and Skills and led by Vince Cable, the UK Business Secretary

Aim: to improve the transparency and corporate governance of companies – a response to the need for responsible capitalism

Implications: Strategic Report (to replace the business review) and possibly an Annual Directors Statement and more disclosure required re directors remuneration

Timing – October 2013 - Draft regulation currently underway and then FRC to revise and update its existing guidance to take account of the new reporting structure

FUTURE OF NARRATIVE REPORTING

Strategic Report content includes:

- **Strategy**
- **Business model**
- **Results, performance and KPIs**
- **Market trend analysis**
- **Environmental, social, employee, community and human rights**
- **Board members and number of women in senior executive team**
- **Principal risks**
- **Remuneration**

Designed approach, printed and online, replaces the SFS

Annual Directors Statement content includes:

- **Directors Report**
- **Accounts**
- **Remuneration detail**

Template approach and online - content still being debated

TOWARDS INTEGRATED REPORTING

A global approach to reporting commissioned by the IIRC

Aim: to forge a global consensus on the direction reporting needs to take and to harmonise reporting requirements within and across jurisdictions and to encourage the principal of 'good business'

Implications: what an integrated report actually looks like is still unclear but truly integrated reporting will entail a mind-set change throughout the organisation and not just the reporting team

In principle, integrated reports must explain:

- **the connections between functions, operations, resources and relationships that contribute to value and show how value is created over the short, medium and long-term**
- **explain strategy, governance and performance on commercial, social and environmental issues**

Timing – end of 2013, consultation draft released in October 2012, pilot programme underway and best practice emerging

EFFECTIVE COMPANY STEWARDSHIP

Enhancing corporate reporting and audit commissioned by the Financial Reporting Council

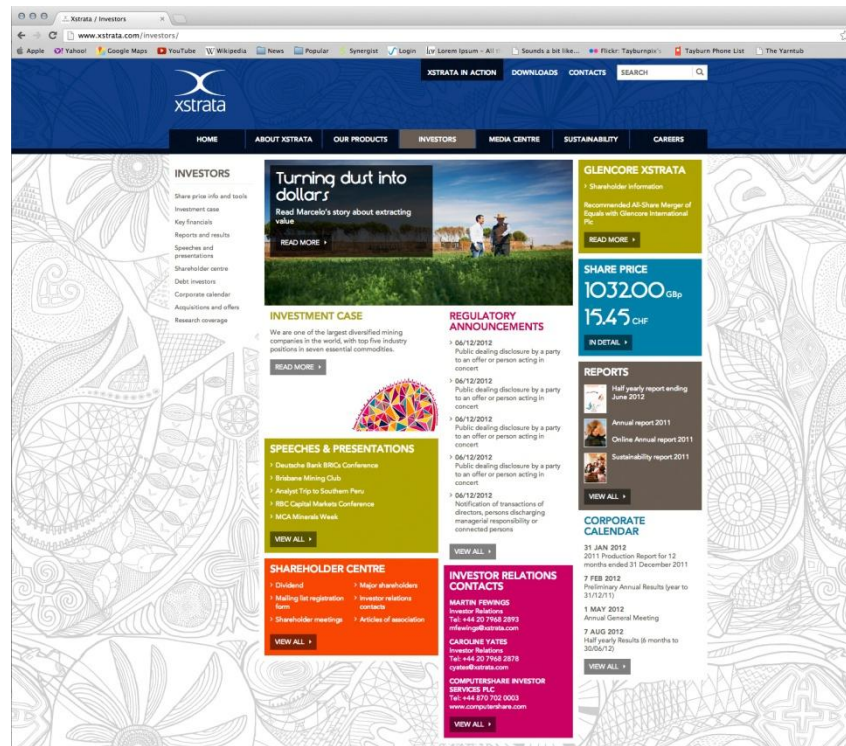
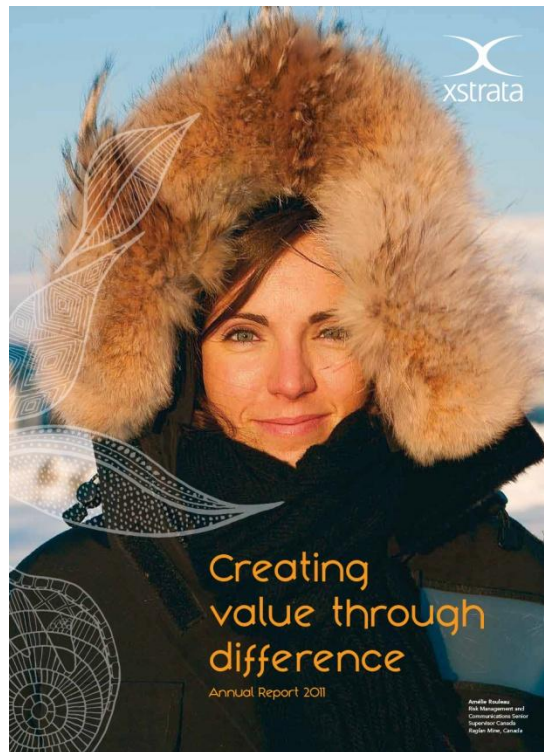
Aim: to support the Department of Business Innovation and Skills work and encourage focus on strategic risk rather than operational risks and extend the role of the audit committee

Implications: the Financial Reporting Lab is asking people involved in reporting to contribute their ideas and they are commissioning projects

Timing – 2013

AWARD WINNING REPORTS

XSTRATA



Investor Relations Society – Best Practice Awards November 2012
★ Winner – most effective overall Annual Report for FTSE 100 (print and online)

TULLOW OIL



EXPLORATION-LED GROWTH STRATEGY

Our exploration-led growth strategy is based on building a balanced resource portfolio that includes a diversified mix of high-impact exploration, near-term development projects and material production growth, underpinned by a strong balance sheet that includes a broad range of funding from cash flow, portfolio management and the capital markets.

Our strategy is focused on building sustainable long-term value growth and our objective is to deliver substantial returns to shareholders as well as fulfil our commitments to make a positive and lasting contribution where we operate.

OUR BUSINESS MODEL

We create value in two ways. We find oil through successful exploration and strategic acquisitions. We sell oil, by developing to produce or farming down to enhance our portfolio of assets and skills, both of which generate cash flow for reinvestment in the business and support a well-funded balance sheet. How we run our business is equally important in enabling us to successfully deliver our business plans and continue our growth strategy. Protecting our business, sustaining our good reputation, maintaining our entrepreneurial culture and contributing to social and economic development are the cornerstones of what we are building our business on. In the following pages we set out how our business model creates long-term value and delivers our strategic priorities in each area of activity.

HOW WE CREATE VALUE

- 1 Exploration & appraisal
- 2 Development & operations
- 3 Finance & portfolio management
- 4 Risk management
- 5 Governance & values
- 6 Organisation & culture
- 7 Shared prosperity

SUSTAINABLE LONG-TERM VALUE GROWTH

HOW WE RUN OUR BUSINESS

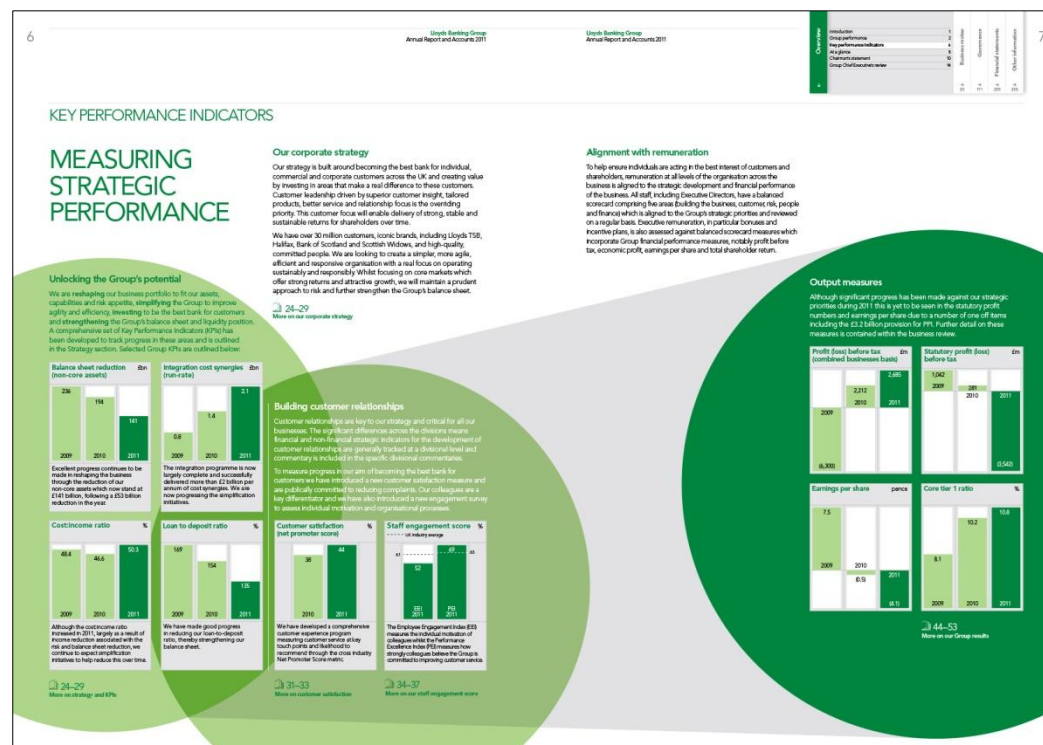
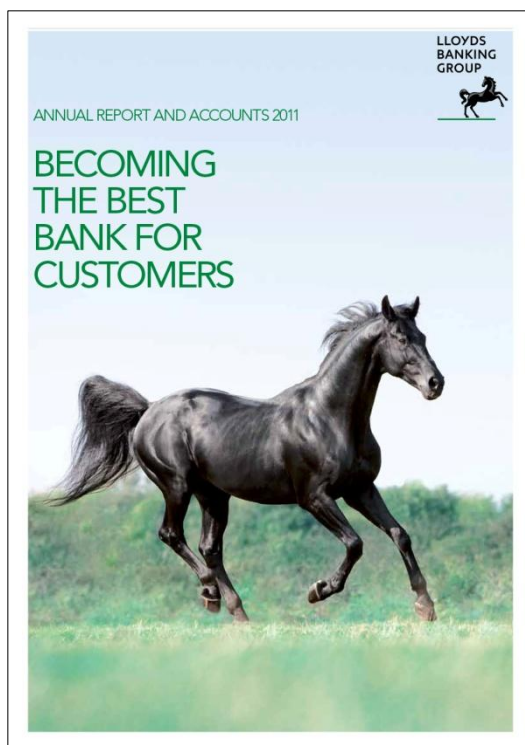
OUR STRATEGIC PRIORITIES

- 1 Execute selective high-impact exploration and appraisal programmes
- 2 Safely manage and deliver all major projects and production operations increasing cash flow and commercial reserves
- 3 Manage financial and business assets to enhance our portfolio, replenish upside potential and support funding needs
- 4 Ensure safe people, procedures and operations and minimise environmental impacts
- 5 Achieve strong governance across all Tullow activities and continue to build trust and reputation with all stakeholders
- 6 Build a strong unified team with excellent commercial, technical and financial skills and entrepreneurial flair
- 7 Nurture long-term relationships with local governments, communities and key stakeholders

ICSA – Excellence in Governance Awards November 2012

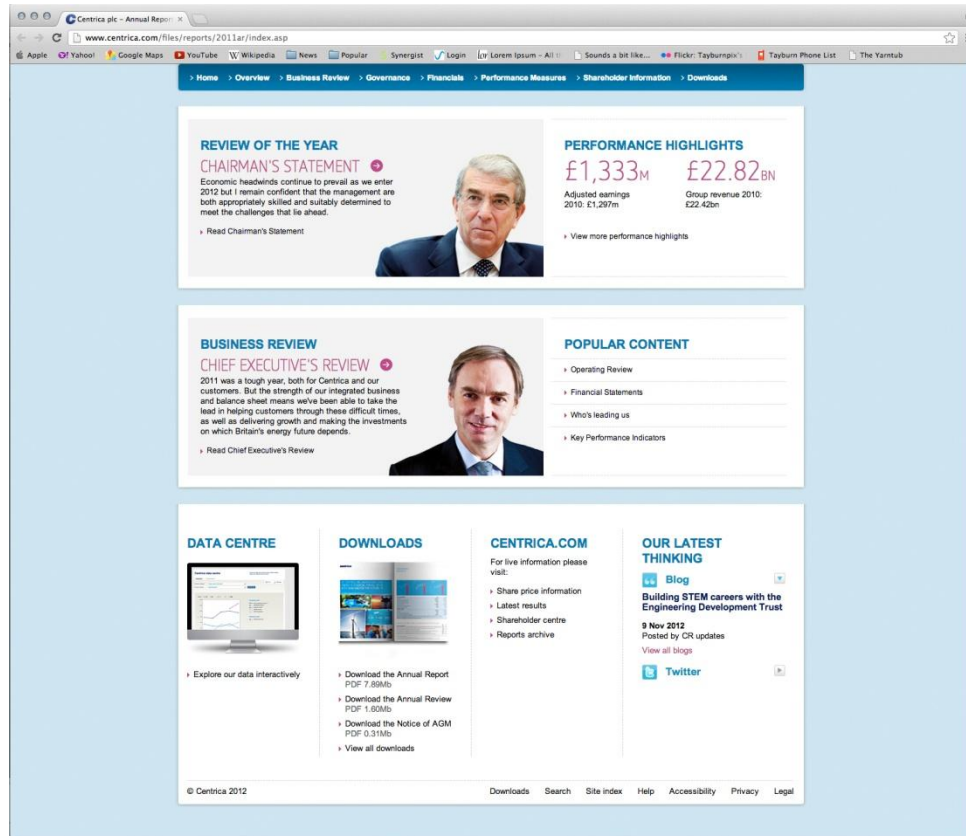
★ **Winner – best strategy and risk disclosure**

THE LLOYDS BANKING GROUP



Investor Relations Society – Best Practice Awards November 2012
 ★ Winner – best communication of strategy, performance and KPIs

CENTRICA



Investor Relations Society – Best Practice Awards November 2012
★ Winner – most effective use of innovative technology