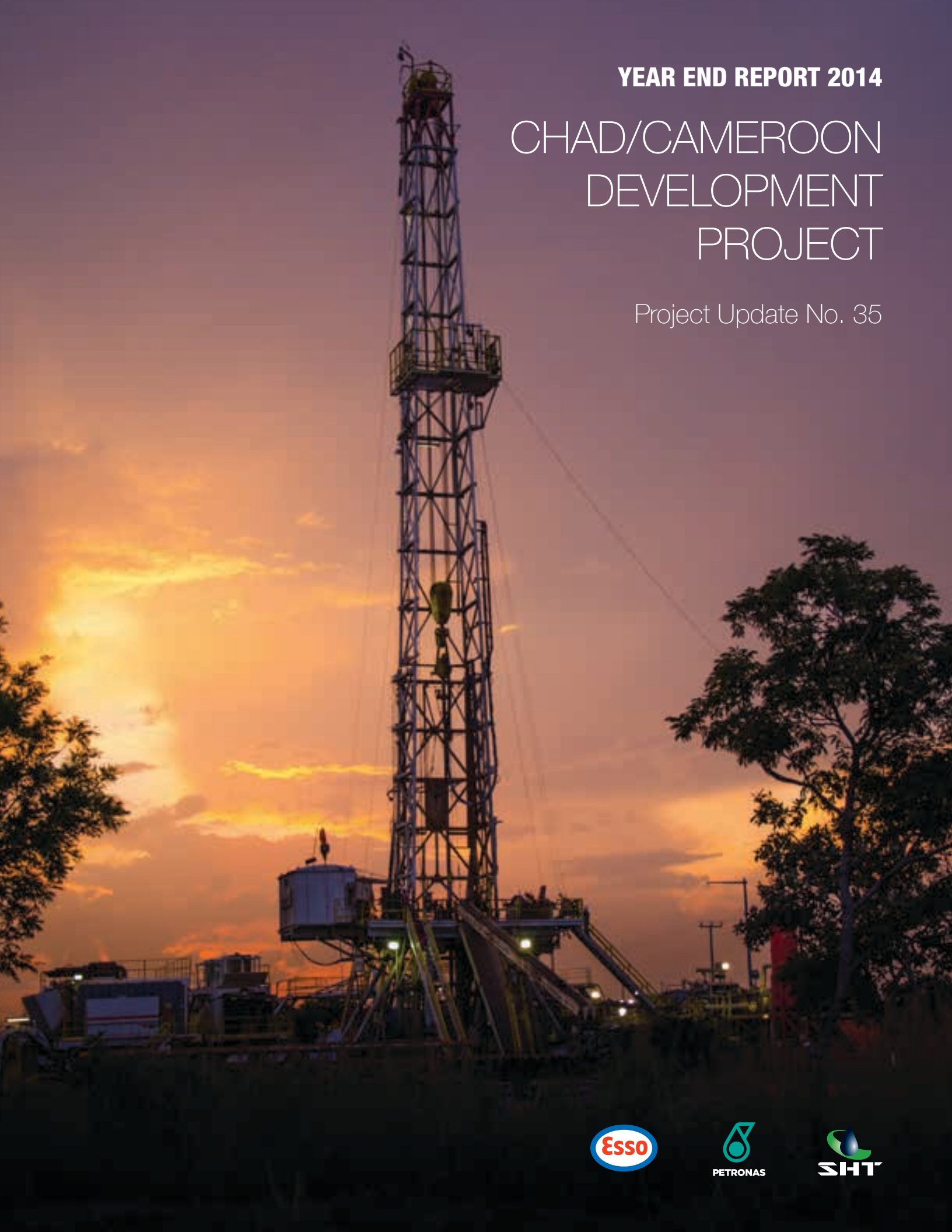


YEAR END REPORT 2014

CHAD/CAMEROON DEVELOPMENT PROJECT

Project Update No. 35





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Commitment to Transparency

Since its inception in 2000, the Chad/Cameroon Development Project has an unbroken record of publishing periodic reports on its progress in French and English.

By publishing these reports, Esso and its Consortium partners, Petronas and La Société des Hydrocarbures du Tchad (SHT), keep project stakeholders, including the citizens of the host countries, interested non-governmental organizations (NGOs), the World Bank and others well-informed about the project. These reports are posted on the project's website (www.EssoChad.com). Printed reports are also distributed in Chad and Cameroon.

The following entities share responsibility for implementing the project on behalf of the Consortium:

- Oilfield development and production in Chad: Esso Exploration and Production Chad Inc. (EEPCI).
- Pipeline activities in Chad: Tchad Oil Transportation Company S. A. (TOTCO).
- Pipeline activities in Cameroon: Cameroon Oil Transportation Company S. A. (COTCO).
- October 2000 is the start date of the project for data compilation purposes. Currency conversions are based on the rate of exchange at the time of the expenditure.



For TOTCO and COTCO, 2014 was a year marked by new shipper projects and significant operational achievements.

New sources of crude from Glencore affiliate PetroChad Mangara (PCM) and China National Petroleum Corporation in Chad (CNPCIC), coupled with increased production from EEPCL, resulted in an increase in crude having been transported by COTCO and TOTCO over the previous year. And with a multi-shipper commercial framework having been established, COTCO and TOTCO were focused this year on preparing for additional increases in oil volumes in 2015.

To assure that we provide top quality service to our new customers as well as our existing customers, we have made several important technical and operational changes. Investments in infrastructure, like modifications at our two pump stations in Cameroon, will provide increased flexibility to handle the different characteristics of crude coming from multiple producers and oilfields in Chad. Our recently established commercial department created a dedicated group to oversee the contractual obligations established under this new multi-shipper framework. Also, a new TOTCO headquarters in N'Djamena and a planned enlarged office in Komé will increase our capacity to serve all of our customers' needs, now and in the future.

We are especially proud of the successful completion of the Lom Pangar Pipeline Modification Project, which will support economic development in the country for many years to come. Thanks to an excellent collaboration with the Cameroonian government, not only did we meet all of our commitments, but we did so safely and in a manner that minimized impacts to the environment. All of this technically challenging work was done without a serious injury or interruption of the flow of oil from Chad and through Cameroon.

We also measure ourselves by the effectiveness of our corporate citizenship activities. Continuous two-way communications with communities near

where we work is a top priority for us. We are continually seeking better ways to work together. For example, we have installed over 50 water wells in Cameroonian communities near our pipeline. We have also worked to broaden support for The Foundation for Environment and Development in Cameroon (FEDEC), an organization originally focused on mitigating environmental and socioeconomic impacts related to the project. To date, the organization has received \$5 million in grants from COTCO.

In addition to hiring a number of Chadian professionals and technicians to support TOTCO's rapid growth, our nationalization program has continued to be highly successful in both countries. Currently, most COTCO functions are staffed, supervised and managed by experienced Cameroonians with just a handful of expatriates in the organization. Mentoring, training and succession planning has enabled us to increase the percentage of Cameroonians in COTCO's workforce to almost 95%.

Thanks to what was accomplished last year, our Export Transportation System is well positioned to support potential further growth in crude production in the region. With crude from our new customers now flowing through the pipeline and additional prospects currently being explored in Chad and Niger, we believe 2014 was the beginning of a promising "second era" for the pipeline companies.

Sincerely,

Christian Lenoble
General Manager
Tchad Oil Transportation Company, S. A.
Cameroon Oil Transportation Company, S. A.

2014 – the 11th year of oil production in the Doba Basin – was a notable year for the Chad/Cameroon Development Project.

One of the most significant developments was the entry of the Republic of Chad's national hydrocarbon company, La Société des Hydrocarbures du Tchad (SHT), into the Consortium which owns the project. In June, Chad purchased Chevron's 25% stake in the project, fulfilling the country's long-held goal of becoming an active participant in the Consortium. On behalf of Esso Exploration and Production Chad Inc. (EEPCL), I am pleased to welcome SHT to the Consortium as a strong, valuable and long-term business partner.

Another very positive development was that EEPCL produced 10% more oil in 2014 than was anticipated at the beginning of the year. This accomplishment was the result of the deployment of multiple new techniques that have allowed us to drill wells faster and more efficiently; development of additional natural gas resources needed to power our operations; and increased maintenance efficiency, significantly reducing downtime in the field. At the same time, we also began implementing a pilot program involving the use of non-toxic polymers that has the potential to increase oil recovery from our existing wells. This technique has proven to be particularly effective in enhancing the recovery of heavier oil like that found in the Doba fields.

All of these actions have helped make the economics of new wells more attractive, particularly in today's volatile energy market environment. As a result, in the fourth quarter the companies that make up the Consortium decided to implement an expanded drilling program that has the potential to cut drilling costs and sustain oil production in the future. We will pilot this program in 2015 and 2016 to see if we can continue to lower costs and justify continued investment in the program.

As the number of expatriate employees continues to be reduced as part of our nationalization strategy, more of our Chadian employees are stepping into supervisory

and management roles. I am very proud to report that six of EEPCL's fifteen senior managers, and all of our engineering supervisors are now Chadians. This is a significant accomplishment for a technology company that relies on highly skilled leaders and technical experts, and is attributable not only to the talent and skill in our national workforces, but to our mentoring program which fosters and supports upward mobility at all levels throughout the company.

In addition to constantly striving to be a responsible employer, we remain focused on being a good neighbor to the communities near our operations, continuing the many programs that have been successfully implemented for years, and taking a fresh look at areas where we can improve. For example, a new approach to community engagement calls for senior EEPCL managers to regularly visit villages and engage in relationship building and two-way communication with local leaders. The result has been more productive outcomes on a number of important issues.

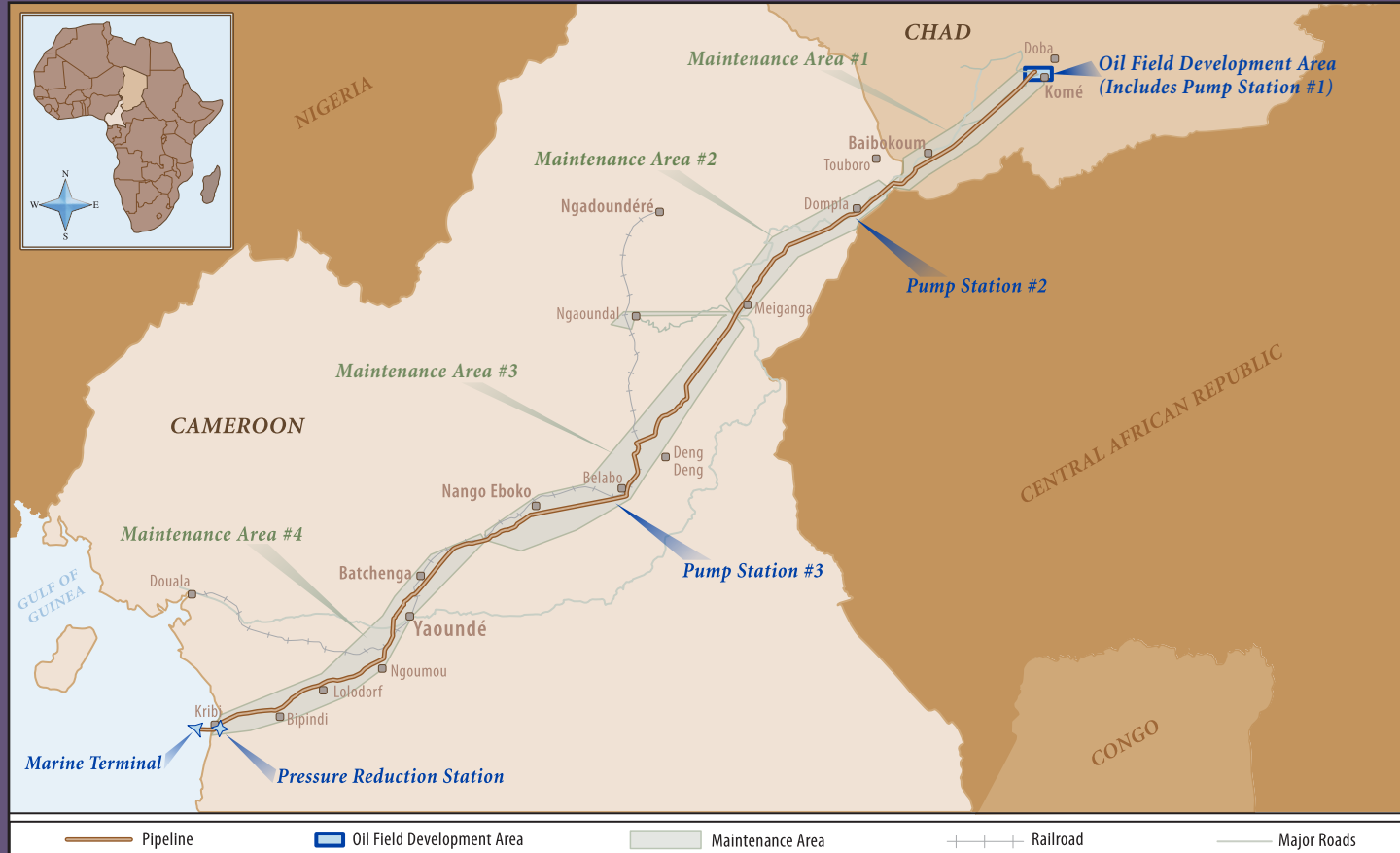
I would like to close by thanking our employees and contractors for all their hard work in 2014. Taken together, I believe EEPCL's accomplishments have created a strong framework for continued stability, progress and success in the coming year and beyond.

Sincerely,

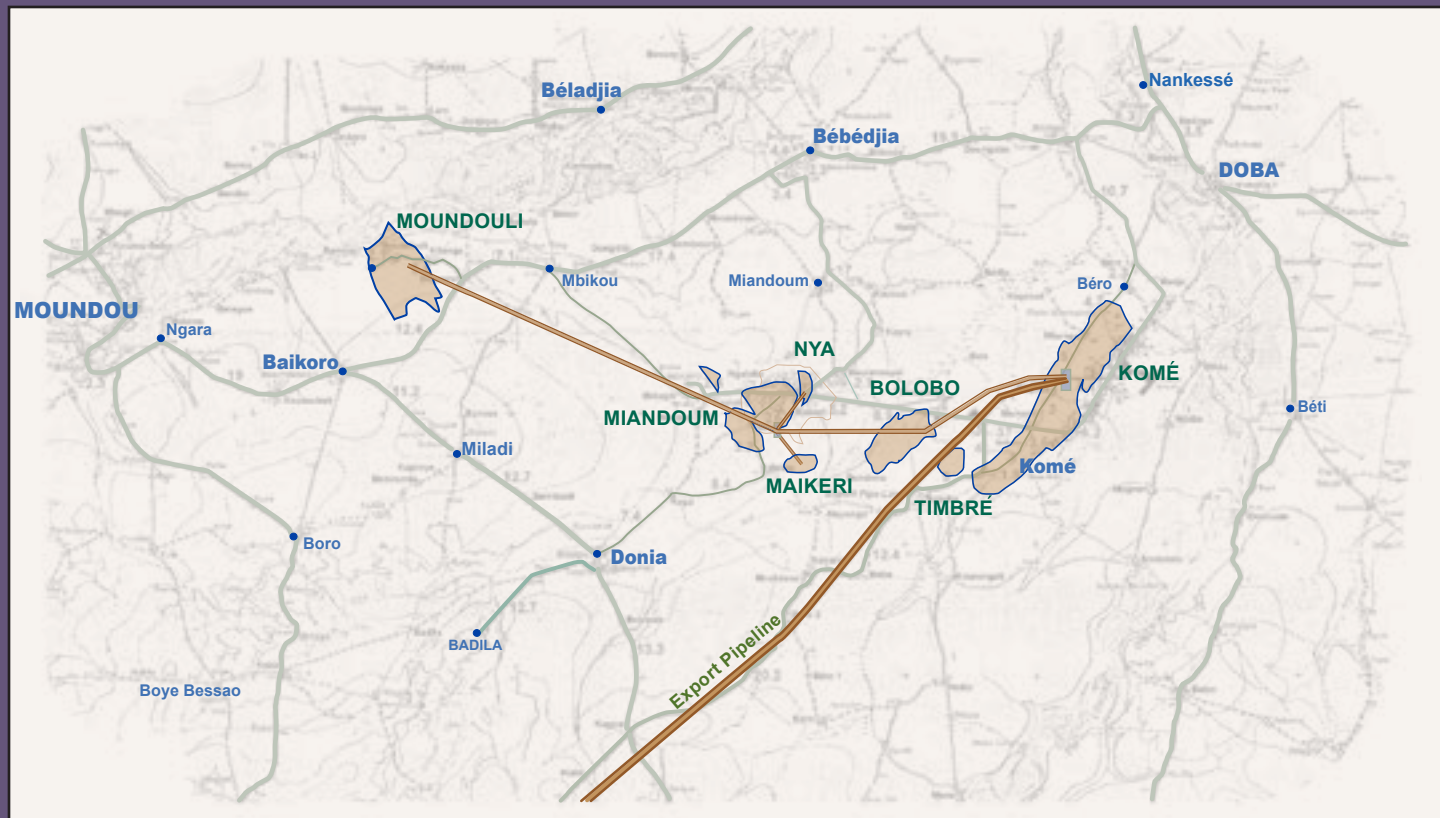
D. S. Miller
General Manager
Esso Exploration and Production Chad, Inc.

Effective 28 February 2015, Scott Miller resigned from his position as General Manager of EEPCL and retired from ExxonMobil Corporation. He is replaced by Christian Lenoble, the General Manager of COTCO/TOTCO since 2011. ExxonMobil has named Johnny Malec as General Manager of COTCO/TOTCO. Mr. Malec has been an employee of ExxonMobil Chemicals for more than 35 years and has held numerous management positions in France, Canada, Singapore and the United States.





Chad/Cameroon Development Project, Project Overview Map



Chad/Cameroon Development Project, Overview of the Oilfield Area



PRODUCTION & OPERATIONS



In 2014 the project reduced its drilling costs; increased the production potential of its existing wells; completed two major projects to mitigate the risk of interruptions in the supply of fuel needed for operations; and committed to a multi-year program to drill new wells to fully exploit the crude contained within the Doba basin. All of these accomplishments have improved its economic outlook in the short- and long-term – particularly important in light of the challenges in current global market conditions.

In addition, crude from new shippers began flowing through the pipeline, adding significantly to the total volumes of oil transported through the Export Transportation System (ETS) and delivered to world markets. At the same time, a number of changes within affiliates TOTCO and COTCO have positioned the companies to manage the needs of an increasing number of customers as Chad's crude market continues to develop.



New Wells and Drilling Techniques Unlock More of Chad's Crude

Following an extensive investigation into the assets in the Doba basin, market conditions and project economics, the Consortium decided late in 2014 to extend the project's well drilling program through 2016. Dozens of new wells will be concentrated where known reserves exist, maximizing production in 2015 and beyond. While the project's long-term confidence in the potential of Chad's Doba reserves remains intact, new production will require highly disciplined cost management, which is especially important during times of market volatility.

Working closely with drilling contractors Schlumberger and Weatherford, the project has deployed multiple new techniques that are improving the program's economics. These techniques, which enable the well work team to drill faster and more efficiently while maintaining its strong safety record, include:

- Cluster pad drilling, which involves drilling four or five wells to tap into different areas of subsurface geology from the same well pad, reducing the need for additional land use;
- High tech drilling rigs that reduce the time it takes to move a rig;
- Smaller well casings which allow faster drilling with less material; and
- A maintenance reliability framework called *Prevent, Detect, Respond, Recover* (PDRR), which has significantly reduced down time in the field.

All of these activities contributed to stabilize production rates and offset natural decline. Also implemented in 2014 was an Enhanced Oil Recovery pilot program with the potential to increase recovery from existing wells. This program uses non-toxic soluble polymers to make the water injected into older oil wells or reservoirs thicker, increasing its effectiveness in forcing the heavier crude to the surface. This technique is particularly effective in enhancing the recovery of Doba field oil.

TOTCO: A Growing Organization

More than ten Chadians have been hired by TOTCO to help the company fulfill its critical role helping new shippers put their oil in the pipeline. Many of these employees are working out of the company's new headquarters in N'Djamena. An enlarged office in Komé, at the beginning of the pipeline, is being planned as well.



The COTP modification project is just one of a number of changes that COTCO and TOTCO are making to adapt their operations and business practices to service multiple shippers effectively. The equipment fabrication and installation were planned to minimize disruptions to normal operations.

Modifying the Pipeline to Accommodate New Sources of Crude

A team of dozens of employees and contractors recently completed a year-long effort modifying the project's two pump stations in Cameroon to accommodate the new, lighter blend of oil to be shipped through the ETS by Chad's new producers. This \$35 million investment enhances the capabilities of the stations' existing Crude Oil Topping Plants (COTP) and is a key step in enabling the system to accept crude from new shippers.

The plants produce the fuel required to push Chad's crude through the 1,070 kilometer export pipeline. This occurs by processing a small portion of the stream of oil into distillate, which can be burned by the plants' generators and turbines. The modification work was conducted with a heightened focus on safety, as it was carried out within an active process area. The work was completed on schedule and within budget, and did not cause any lost time, injuries or interruption to operations. As a result, there were no impacts on upstream production operations.

Ensuring a Long-Term, Uninterrupted Fuel Supply for Operations

The recent completion of two major infrastructure investments – the LK Liquids and Crude Firing projects – guarantees a consistent fuel supply to power Oilfield Development Area (OFDA) operations in Chad for years to come.

The LK Liquids project (also referred to as gas debottlenecking) maximizes natural gas production, the least expensive and cleanest fuel available to run the over 100 megawatt plant at Komé 5 that powers hundreds of production wells in the OFDA. This project will allow the wells to produce gas for a longer period by lowering the wellhead pressure and separating out the liquid byproduct (condensate) from the gas, which is then transported to the power plant through pressurized lines.

However, despite the immediate boost to fuel supply created by the LK liquids project, the output of the gas producing wells – like all wells – declines over time, and eventually the wells will become depleted. As a long-term solution, the project has recently completed modification of its power generating turbines to run on crude in case of a reduction in the gas supply. The turbines can now be switched over in a phased process, to ensure uninterrupted production as the supply of natural gas gradually decreases. Currently, three turbines are running on natural gas and the fourth is running on a mixture of gas and crude, which has been treated to burn cleanly. This multi-fuel capability mitigates the risk of interruption to operations related to potential future fuel supply issues.



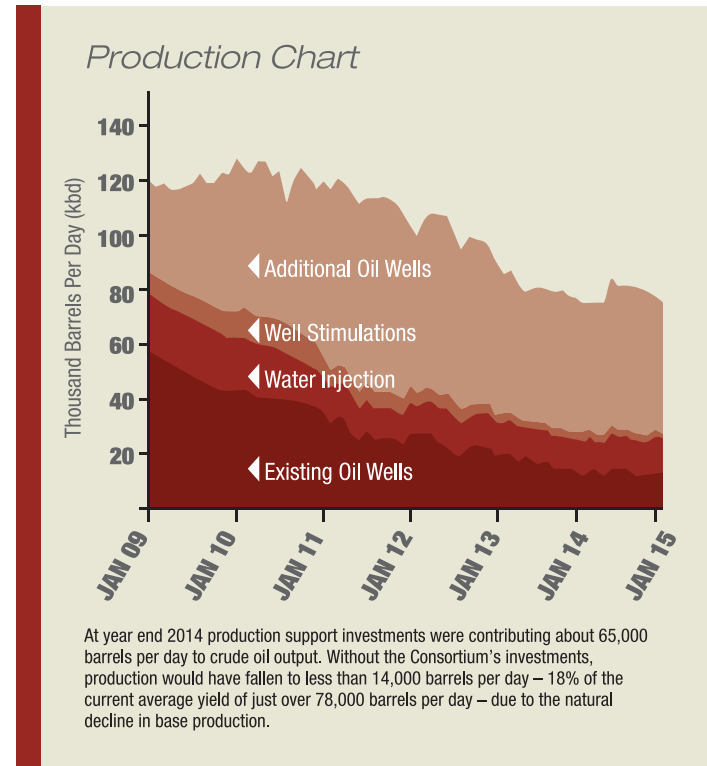
"The completion of the COTP modification is one of many activities that allow us to provide the best standards of service to all of our customers." – Jean de Dieu Fosso, COTP Modification Project Manager, COTCO

Operational and Structural Changes at COTCO and TOTCO

With Chad's crude production expected to increase over the next few years, COTCO and TOTCO have created a new commercial department to service all of the production companies that will be shipping crude through the Export Transportation System (ETS). The commercial department manages all issues related to inserting oil into the pipeline, including the measurement and reporting of volumes shipped, invoicing, forecasting future shipments capacity, reservation communications to ensure customers remain fully informed on all relevant matters, and new business development.

These functions were previously handled by other departments, but with increasing production and additional shippers coming on line, a dedicated commercial department is needed to deal with the many complex factors that must be considered when transporting oil originating from multiple sources. In addition, the department tracks, projects and communicates production forecasts to ensure sufficient capacity is available to reliably transport its customers' product from Chad to markets around the globe.

COTP Project Safety
 Man Hours: 278,260
 Lost Time Injury Rate: 0
 Recordable Incidents: 0



"With the addition of the new shippers, we expect to be very busy for the foreseeable future. The pipeline is strategically placed, and we can serve as an outlet to multiple landlocked countries with oil to produce. Our operational record makes clear to potential customers that the Export Transportation System represents a highly

safe and reliable route to export their crude."

- Elizabeth Tchwenko, Nominations and Lifting Supervisor, Commercial Department, COTCO

Shipments From Marine Terminals	2014	PROJECT TO DATE
Millions of Barrels	30	514
Export Tanker Shipments	33	567

- #### 2014 Production Results
- 28.7** million barrels produced from the Doba fields
 - 76** new oil wells added
 - 697** production wells on line at year end
 - 53** water injection wells on line at year end
 - 536** well renovation and enhancement procedures conducted



ENVIRONMENTAL MANAGEMENT PLAN



Project activities are guided by one of the most rigorous Environmental Management Plans (EMP) in the history of sub-Saharan Africa. The EMP was developed in consultation with environmental and cultural experts, economists, the governments of Chad and Cameroon, NGOs, the World Bank and local communities. It contains precise and detailed specifications on a wide range of environmental and socioeconomic protections and mitigation measures the project must undertake in the operations areas.



Voluntary External Monitoring to Ensure EMP Compliance

For the past 13 years, an independent external monitor, the Italian consulting firm D'Appolonia S.p.A., has evaluated the project's performance in implementing its environmental and socioeconomic commitments as defined by the EMP. Loan covenants between the project and the World Bank and other lenders required this monitoring while the loans were outstanding. Although the loans have been repaid, the project voluntarily conducts an annual environmental and socioeconomic review by the same independent third party to help ensure its continuing compliance with the EMP.

The D'Appolonia team spends several weeks at a time in Chad and Cameroon to analyze environmental and socioeconomic factors and to confer with company staff, affected populations, NGOs and other stakeholders. The work identifies any gaps in performance and opportunities for the project to make improvements.



"Although our involvement in this project is no longer mandatory, our scope of work for this mission is the same – to perform a comprehensive review of the company's environmental and socioeconomic practices. The project has invested heavily in this EMP system, having

recognized this framework benefits their business by providing an extra layer of risk management and protection from complaints or issues. An independent evaluation is a plus for the whole system, as it adds more weight, credibility and transparency to their operations." – **Eugenio Napoli, Consultant, D'Appolonia**

EMP Requirements

The EMP contains guidelines on a number of comprehensive topics, such as:

- Providing fair and transparent compensation to land users and communities for land used by the project
- Making preferential purchases of goods and services from local and national businesses whenever possible
- Providing employment opportunities to local residents and citizens of host countries, with preference being given to communities directly affected by the project
- Delivering job training opportunities to qualified employees
- Establishing safety procedures which meet or exceed U.S. and international safety standards
- Developing and implementing appropriate emergency response plans
- Identifying and safeguarding cultural artifacts and properties when appropriate
- Protecting biodiversity by restricting access to sensitive areas along the pipeline right of way
- Providing medical care to employees and educating communities about relevant health issues
- Conducting regular consultation sessions with stakeholders
- Utilizing a well-defined mediation process to resolve ongoing stakeholder disputes
- Conducting regular monitoring and audits to ensure compliance with the EMP
- Collaborating with independent international monitoring and oversight agencies

The EMP adopted by EEPIC, COTCO and TOTCO requires new operators wishing to connect to the Chad/Cameroon pipeline to develop individual EMPs, which adhere to the core principles (e.g., consultation, compensation and environmental protection) of the project's EMP.

FEDEC: A Broadened Mission and Improved Sustainability

The Foundation for Environment and Development in Cameroon, also known as FEDEC, was created to help the project meet its EMP commitments to protect the people and environment near its operations in Cameroon. Since 2000, COTCO has contributed \$5 million to help FEDEC's biodiversity protection and conservation efforts in two of Cameroon's national parks, and to support the Bakola/Bagyeli, an indigenous people living in the forest area between the towns of Kribi and Lolodorf.

Recently, FEDEC made significant changes to broaden its mission and strengthen its sustainability to attract additional private sector partners. Some of the changes included:

- A new executive director and headquarters in Yaoundé
- A strategic plan for the future which outlines an expanded, more sustainable mission and funding plan
- A new board president and additional member to the board of directors, bringing the total to seven
- Increased capacity for collecting and communicating the impact of the organization's work through well-defined metrics
- Development of a website and other communications materials



"With the vision of our foundation and our credibility and expertise, we can help companies in Cameroon

efficiently manage their environmental and socioeconomic commitments and create measurable positive impacts over the long-term."

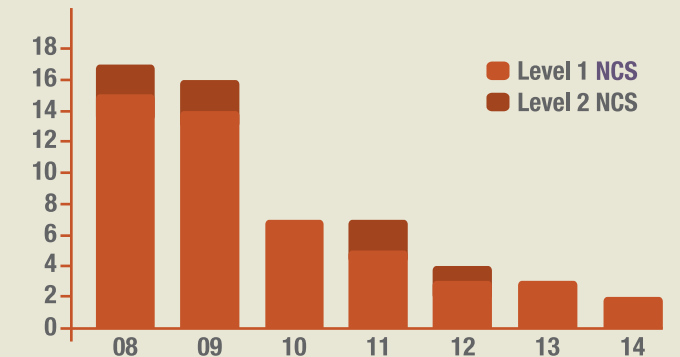
– **Anne Virginie Edoa, Executive Director, FEDEC**

EMP Reportables

The EMP includes reporting standards for non-compliance situations. The three-level ranking system is designed to provide an early warning mechanism to detect issues and help correct non-compliant behaviors and practices well before they become serious enough to cause damage. The project had zero Level II or Level III NCS' in 2014.



Non-Compliance Situations



Spills

The EMP requires the reporting of all spills equal to or greater than one barrel of oil, 10 barrels of produced water or 100 kilograms of a chemical.

The project had a spill this year of one barrel, and used it as a teachable moment to test its oil spill response (OSR) capability and equipment and make sure the response teams stay alert and fresh. As a part of the project's commitment to continuously improve its ability to protect the environment, the incident was also used to investigate solutions that could be effective with potential future incidents, such as the use of drones to rapidly observe potentially impacted areas and better inform response activities.

Successful Resolutions Through Mediation

The EMP outlines a mediation process to settle outstanding disputes with local communities and other stakeholders. Under this arrangement, the World Bank’s Compliance Advisor/Ombudsman (CAO) can initiate mediation upon receiving notification of a dispute that has not been resolved through the project’s formal grievance resolution program. The CAO uses a mutually agreeable and flexible mediation process to help improve social and environmental outcomes on the ground. The project is methodically working through the handful of CAO cases that were activated in Chad and Cameroon in 2011.

In Cameroon, three of the four cases that were brought by individuals have been successfully resolved, and one is ongoing. Regarding communities involved with the CAO process, COTCO is focused on finding long-term, collaborative solutions to often complex issues that work for both parties.

Spotlight: Berthe’s Sewing Shop

The story of Berthe’s Sewing Shop in Nanga Eboko, Cameroon, is illustrative of the collaborative spirit with which the project approaches the CAO cases.

Berthe Ongono became ill while working as a cook for a project subcontractor during construction of the pipeline. Berthe registered a grievance claiming that her condition was the result of project activities and triggered the CAO dispute resolution process.

A comprehensive investigation and mediation process found no linkage between Berthe’s health issues and project activities, but as her health degraded over the years, COTCO’s staff looked for ways to support her through the company’s social programs. The Association des Femmes de COTCO (ASFEC) is a volunteer organization formed and funded by female COTCO employees to help underprivileged women and children in Cameroon. ASFEC stepped in to help Berthe, donating the

necessary equipment and materials to get her sewing shop dream started.

Sadly, Berthe passed away in 2014 before she was able to open her business. However, nuns from the local Catholic Diocese and other friends of Berthe are committed to running the shop to teach and support orphans in their care. Among the orphans are Berthe’s two children, aged 12 and 16 years old.



“We were very close with Berthe – when she was sick, we were the ones to care for her. We hope to use the shop to develop the young girls here, support our orphans and provide for Berthe’s family. We are very happy with the COTCO women’s association

because even after Berthe passed away, they came back and showed us that this is an honorable company.”

– Sister Marie France, Obala Catholic Diocese



ENVIRONMENTAL PROTECTION



The project’s environmental monitoring and management program utilizes numerous tools, practices and activities to safeguard the land, water and air that could potentially be impacted by operations. Many of these practices are focused on regular maintenance and monitoring of equipment and minimizing the amount of land required for operations. The environmental protection effort also includes activities like updating COTCO and TOTCO’s regulatory systems to take into account the companies’ new role as transportation services companies for multiple shippers; engaging with NGOs and the communities they serve to help protect project assets in Chad and Cameroon; and working with host country governments and businesses to track and manage issues that affect the pipeline right of way.



New and improved roads, agricultural activities and other planned infrastructure can all present issues for the pipeline right of way. Careful monitoring of these projects and communication with the government and third parties is key for managing these risks.

Monitoring Third Party Interactions to Protect the Pipeline

As Cameroon's economy grows, and new development increases across the country, an important way to assure the integrity of the 1,070 km pipeline is to monitor interactions between planned and existing third party infrastructure. Key activities include bi-monthly coordination meetings with the Pipeline Steering and Monitoring Committee (CPSP), regular right of way inspections, visits with local administration officials, hiring observers to report potentially hazardous activities and methodically tracking projects near the right of way.

While access to the right of way is allowed along most portions of the pipeline, certain restrictions are enforced to keep the pipeline secure. If an activity may negatively impact the pipeline, COTCO can order the work to stop. However, in most cases the third party and the company can reach a mutually viable solution.

For example, planned upgrades to a road through Nguinda village called for topography alterations. COTCO worked with the government and the third party construction company to alter the topography without disturbing the pipeline. COTCO hired a resident of Nguinda, a nearby village, to observe the work and alert the company of any potential issues.



"When this road is paved, it will be easier for us to reach larger markets to sell our crops. But if the pipeline is impacted, the environment could be damaged. Because of that, as chief of this area, it is my responsibility to make sure the pipeline remains secure for our community and for the development of the country."

– Nanga Nanga Pierre, Spotter, COTCO, Nguinda



Building a highway from Yaoundé to Douala involves several activities that could threaten the pipeline. For this reason, the project installed an observer during work activity to alert COTCO should a potentially hazardous activity occur. *"It is important to keep the pipeline protected in order to keep communities safe. If there is a problem, communities would be the first affected."*

– Enouga Onguene Gregoire, Spotter, COTCO

Implementing Environmental Protections at Lom Pangar

The Lom Pangar Pipeline Modification Project, a major construction effort to accommodate a multi-billion dollar hydroelectric project to support economic development in Cameroon, was completed in 2014. This work was conducted adjacent to Deng Deng National Park, a protected wildlife area, a region with historically significant archeological artifacts and home to precious and rare plants and animals, including some endangered species. As a result, the project took multiple actions to minimize its environmental impact.



Once the pipeline modification was complete, an extensive restoration effort was conducted to minimize any traces of the construction activity.



In order to minimize its environmental impact and the risk of future impacts, the project installed and will maintain a rapid-response facility (left) which will have the capability of responding immediately in the unlikely event of an oil spill in the Lom Pangar area. In addition, a continuously maintained access road provides restricted emergency access to much of the area including to three block valves on the pipeline, which can be automatically or manually closed in an emergency. For more information on the Lom Pangar Modification Project, please see the chapter on Economic Development.

Protecting Against Poaching and Other Illegal Activities

A number of illegal activities threaten Deng Deng National Park's biodiversity, including poaching of monkeys and other rare animals; the cutting and harvesting of protected trees; and uncontrolled cattle grazing by nomadic herders. To protect against these activities, the project has contributed guard houses, motorcycles, an all-terrain pickup truck and significant quantities of fuel and equipment to the Cameroonian government and its EcoGuard program. The EcoGuards, militarily trained conservationists stationed at Deng Deng, patrol the area and attempt to curtail poaching by observation, education, engagement and working with law enforcement. They also watch for unauthorized activities near the right of way which could threaten the pipeline.



"We do this job because we love the wildlife and it makes us happy to be able to help protect it, but this work can be very dangerous as we run the constant risk of being attacked by poachers for interfering in their livelihood. However, since we started in mid-2014 we can already see a big difference – people know they are being watched, and as a result many of them are returning to farming." - Medjo Nang Eugene, Water & Forest Technical Agent (above/below in white shirt), Iya Pau



SAFETY & HEALTH



A rigorous program of safety procedures and protocols have helped the project nearly match last year's safety record, which was one of the safest on record as measured by the Recordable Incident Rate (TRIR), which captures the project's overall safety performance by including even minor injury accidents. These results continued the steady trend of reductions in the average TRIR since the beginning of the project, largely due to the philosophy that the best response to accidents is to prevent them in the first place. An important element of this philosophy is the expectation that all project workers are continuously identifying hazards and helping to remove and/or mitigate them from their work areas.

The Chad/Cameroon Development Project follows United States Occupational Safety and Health Administration (OSHA) guidelines for recording accidents and injuries, even though the project's activities take place outside the United States. The OSHA guidelines provide a comprehensive, consistent, internationally recognized standard by which the project's safety performance can be evaluated.

Safety Drills

EEPCI's Emergency Response Team (ERT) is the first responder for an emergency at the project's operations facility, Komé 5, or the nearby headquarters for drilling operations, Komé Base. The team is led by an Emergency Response Coordinator and Lead Safety Manager and is comprised of a multidisciplinary group of employees, each of whom has responsibilities in addition to emergency response. The team conducts scheduled and unscheduled safety drills nearly every week, often including members of other departments.

When a high-risk activity is about to be carried out, the ERT members are placed on standby. In an active emergency, their job is to retrieve injured personnel and secure the site. To accomplish this, each member has a predefined role and specialized equipment ready to handle any scenario.

The drill pictured here involves a hypothetical worker who has become unconscious while working at height on a scaffold. No other information is made available to the response team in order to replicate real life conditions, which often have multiple unknown and dynamic factors. During the drill, the rescuers who are working at height must secure themselves using three-point contacts and maintain continuous communication with their leads on the ground. At the conclusion of every drill, in an effort to improve response times and effectiveness, the team meets to discuss their observations and share any findings they may have.



"We hope we never have to respond, but we continue to practice so if we are called upon, we can respond effectively."
- Faustin Lartoloum, ERT and Projects Safety Advisor/Safety Coordinator



"I am so proud of this team. In addition to helping protect our workers on site, the ERT members take their knowledge and experience and act as first responders in their own communities, which can save lives. This is particularly important because many communities in Chad don't have first response capabilities."
- Arlene Lee, OIMS/Safety Superintendent



Komé Integrated Leadership Team

A key contributor to the project's strong safety record in 2014 is the Komé Integrated Leadership Team, or KILT. The KILT, which was created following an external Operations Integrity Management System (OIMS) assessment conducted on the project in 2012, is a cross-functional working group focused on ensuring that the work is safely and effectively carried out. The OIMS assessment is a cornerstone of ExxonMobil's commitment to responsible, effective and safe operations. The members of the KILT are the highest level managers at EEPCI and its contractors for each focus area, underscoring the importance the project places on safety throughout the organization.

The team consists of five subgroups with rotating members who bring a diverse set of experiences and backgrounds to bear on a number of activities, including planned and unplanned site visits across all areas of the project. For example, a site visit at a drilling rig could be conducted by an EMP superintendent and a warehouse supervisor, each utilizing their unique experience and perspective to uncover previously unseen gaps and to offer new insights on safe work practices.

The KILT team regularly meets at Loss Prevention Observations (LPO) meetings. Often, the meetings result in new policy to address a gap that the group has uncovered. Findings are recorded and then fed back into biweekly safety meetings, which occur across the project's functional groups. In that way the entire organization can receive feedback promptly to continuously improve safety and work management practices.



Maintaining a Safe Drilling Operation

As the project transitioned into its extended drilling program, a mandatory stand down of all drilling and well work operations was imposed for a period of 12 days in October. This was in response to several minor injuries and near misses that had occurred over the prior three months. While the overall number of recordable injuries during the year was still low compared to U.S. petroleum industry rates and other relevant indicators, those minor incidents occurred in close succession, triggering the project's decision to halt drilling and well work operations to identify and correct any causal factors.

During the stand down, the entire well work organization refocused its attention on safety, with all field operations workers undergoing a comprehensive training and a refresher course on their job requirements, duties and procedures. A safety forum for 700 drilling employees was held with remarks from the EEPCI General Manager, Scott Miller, and other managers. A specialized team traveled from ExxonMobil's Houston, Texas, offices for a week-long review of safety culture, protocols and work habits. This team observed how the crews operate, conducted Job Safety Analyses and met with various functional groups to gather additional information. Findings were discussed daily between functional groups at the operations facilities in Komé, the N'Djamena headquarters and ExxonMobil's corporate offices in Houston. While this work unearthed several contributory factors that led to some of the issues, it also revealed many positive findings.

"From a safety perspective, the Chad/Cameroon Development Project's Total Recordable Incident Rate (TRIR) is one of the best performing business units within ExxonMobil, a company that is the safest in the world in its industry. What we've proactively done with the stand down is make some improvements in our process to make sure we stay that way."
- Joe Pace, Well Work Operations Superintendent



EEPCI'S Construction Department Reaches a 10 Year Safety Milestone

The project's construction department in Chad has operated for over 10 years without a single Lost Time Injury. The department's activities, which are considered to involve higher risk than many others, include all crane, scaffolding and construction work in the oilfield area. The department, which logged over one million man-hours in 2014, is leading the LK Liquids, Crude Firing and Polymer Pilot projects, all critical for extending and maximizing production.



Recordable Incident Rate

The project continued its strong safety performance from 2013, as determined by a measure of all recordable safety incidents per 200,000 working hours. The project's Recordable Incident Rate has for years been well below the average rate of the U. S. petroleum industry as a whole, and outperformed this benchmark by nearly 40% in 2014. The industry benchmark for the U.S. petroleum industry is derived from reports to the American Petroleum Institute by participating companies. The project achieves these results through setting long-term goals, strict adherence to operational integrity protocol and maintaining an employee culture that is highly focused on safety at work and at home.



Spotlight: Uniting for Safer Roads

On November 21, COTCO participated in Cameroon's Road Safety Day. The event was developed in partnership with a Cameroon-based working collective, called the Road Safety Work Team, which is made up of some of Cameroon's largest companies, all of whom travel extensively on Cameroon's roads to conduct their business activities. The group meets regularly to share best practices to not only reduce the risk of traffic accidents within their respective fleets, but to help make Cameroon's roads safer for all drivers.

The Road Safety Day brought together a number of various representatives of transportation companies, automotive maintenance service providers, vehicle dealers, companies with large fleets of vehicles and transportation trade unions, many of whom hosted or participated in a range of activities such as workshops on safe driving practices in a variety of road, driver and vehicle conditions.

Retrofitting Grain Milling Equipment in the Oilfield Development Area

A visit to several villages in the OFDA by a senior manager from ExxonMobil resulted in safety improvements to grain milling equipment throughout the area. The equipment, commonly installed through the community compensation program, significantly reduces the burden placed upon female villagers by drastically reducing the time and effort required to prepare food for their families each day. During the visit, it was observed that the exposed belts and rotating machinery, which are commonplace on these kinds of grain mills, presented a potential safety hazard to the machine operators and bystanders.

Although no injuries had occurred, the executive identified the potential hazard, the result of a fresh perspective and extensive risk management training that runs throughout the organization. The company subsequently designed and installed safety devices on 10 mills in the OFDA, and they will be incorporated into new community milling devices the project installs.



"We were trained on the use and maintenance of these machines, but there are some risks to using them. As a result, we wear safety equipment supplied by the project and are the only ones who may enter the building or operate this equipment. But these new safety guards make us feel even safer when working with this equipment." - Mbaiseguem Michelin, flour mill operator, Moundouli (pictured at left with his colleague Dingamnadji Esaie)

Lom Pangar Modification Completed Safely

The Lom Pangar Pipeline Modification project was successfully completed without a single Lost Time Injury over 1.2 million man-hours invested. For more information on the effort, please see page 38.

"This effort required almost 350 new people with 14 different nationalities working on various jobs over 45 kilometers of pipeline. Many weren't familiar with our safety culture, procedures and management system, so we had to work hard to get them up to speed on our practices and keep everyone focused on safety. When you're in the field, safety is no longer about theory. Extensive planning, clear goals, regular training, safety meetings and buy-in by project leadership were all important to our success on this front. Even though this was a highly challenging effort, it was worth it because at the end of the day, we achieved a good result."

- Albert Ateba, EMP Manager, (formerly Lom Pangar Project Safety Manager)



Ebola Preparedness

The emergence of Ebola in West Africa has prompted the project's Medicine and Occupational Health Departments (MOH) in Chad and Cameroon to take action to protect project employees and the general population.

For months, the department has been preparing for the possibility of Ebola in one or both of the host countries. It has worked directly with the Cameroonian and Chadian governments to develop both preventative and responsive measures for infectious diseases, with particular attention on Ebola. Project staff drew upon the experience gained by their colleagues at the ExxonMobil affiliate in Nigeria, who participated in that country's successful response to the outbreak there. The project's recommendations have impacted national policy. For example, Chad now mandates hand washing stations and temperature screening using no-touch thermometers for travelers entering the country through the N'Djamena airport. Cameroon's Ministry of Health congratulated COTCO for its rapid response and strategic engagement with the country's Ebola preparedness effort.

In addition, the project's affiliates in Chad and Cameroon each have an Infectious Disease Outbreak Management group (IDOM), comprised of top management from the major departments within each company. The groups meet regularly to create strategies for managing potential infectious diseases.

The following are some of the company-wide actions COTCO and EEPCI have taken based on recommendations by the IDOM groups:

- Conducting mandatory screenings of every traveler entering company facilities and requiring employees who show symptoms of illness to undergo in-depth assessment and travel restrictions
- Educating all employees about the disease
- Restricting employees from reporting for work within one month of travelling from an Ebola impacted country, which exceeds the 2 to 21 day incubation period of Ebola
- Pre-ordering necessary supplies, including medicine and personal protective equipment (PPE), to avoid triggering regional shortages
- Conducting Ebola preparedness drills at project facilities to ensure proper execution of procedures and effective use of the necessary PPE

"In order to effectively protect our workers, we must also participate in the broader effort to protect the public, and by working hand-in-hand with the government, we can broaden the impact of our expertise across the country. Our internal efforts provide an extra layer of protection against disruption of operations due to an outbreak."

- Dr. Tog-Yeum Nagorngar, Manager, EEPCI Medicine and Occupational Health Department

"Our goal is to help do our part to protect the communal environment. Our collaboration with the Ministry of Health will help to minimize the risk of Ebola both in this country and within our operations."

- Marie-Madeleine Ekani, Manager, COTCO Medicine and Occupational Health Department

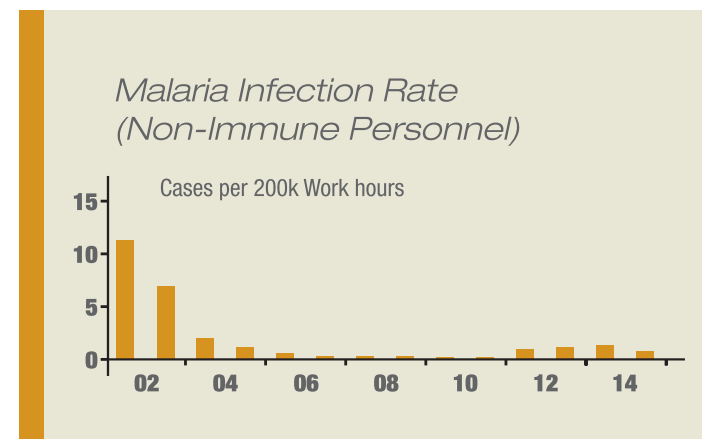
2014 Health Care Consultations

18,396

Malaria Prevention

The malaria infection rate for non-immune project workers has been dramatically reduced over the years as a result of the project's intensive malaria prevention initiative. As the graph shows, the annual rate has been cut sharply from 11.44 in 2002, the last full year of export pipeline construction.

Free health care consultations for workers at project facility clinics are a valued job benefit in Chad and Cameroon, where health care can be difficult to obtain, especially in rural areas. The majority of this care involved illnesses or other health conditions unrelated to the workplace.



EEPCI Sports Association: Keeping Fit with Co-workers

Below, EEPCI employees play football against a team organized by another N'Djamena business, in a game organized by the company's Sports Association. The association is organized by and is open to all of the company's employees as a way to encourage a healthy lifestyle and foster productive relationships and a collegial atmosphere within the company. In addition to the football team, the association holds regular gym sessions and is planning on creating a basketball team as well to accommodate the various interests of its members.



"Many of our employees work long hours so it is difficult for them to play on outside teams or have enough time to go to the gym, but we can integrate our schedules with the EEPCI Sports Association. This helps us manage our health

and provides a great bonding opportunity by bringing together people at all levels of this company, from management to operations to security to cleaners and contractors." – **Stephane Daboulaye, Operations Integrity Management Systems Coordinator, EEPCI**



COMMUNITY ENGAGEMENT



A multifaceted approach to engaging communities has helped create and sustain healthy and productive relationships with the people who live near project operations in Chad and Cameroon. Transparency, consistency and respect are key to keeping affected communities informed about current or planned project operations, as well as gathering input related to proposed activities or potential issues. In addition, a sustained program of targeted investments in communities is part of the project's plan to ensure that towns and villages not only benefit from the compensation programs outlined by the EMP, but also from voluntary company-and-employee social responsibility activities that take place throughout project areas in both Chad and Cameroon.



A New Approach to Engaging Communities in Chad

In 2014 the project adjusted its approach to community engagement within the OFDA, intensifying its focus on two-way communication and relationship building between senior EEPCI managers and community leaders. This approach, which involves creating social events attended by senior project leadership, has proven to be especially effective because it takes into account local traditions and customs and provides a mechanism for project and community leaders to communicate directly with each other. This has resulted in more productive outcomes on important safety, security and health-related issues that affect both the project and surrounding communities.

"With this new approach we feel included. EEPCI is now engaging all of the leadership of the communities from the Canton down to the village level. The fact that the leaders of EEPCI are here simplifies our communications and the response time to our concerns." – **Daingar Ndingambaye, Chef de Canton de Béro, pictured above in blue, with project employees and members of the community**



"We left the last meeting that we had with EEPCI with the perception that we have been listened to by the project leaders. It was really important that EEPCI leadership was present. This is a very important gesture for us which shows that the communities are a priority for the project." – **Mbaidoba Justin, Mayor of Komé Atan**

2014 Consultation Meetings

CHAD	
Sessions	402
Attendees	22,401
CAMEROON	
Sessions	592
Attendees	5,882



Social Donation Committee

For two days in November, hundreds of children at five schools in Danmadja, Madana-Napeur, Komé Base, Djeûne and Béro villages received school supplies provided by the project's Social Donation Committee. This is the second year of Committee donations, which is made up of Chadian and expatriate staff residing at Komé 5.

The Committee also collects toys for Christmas and conducts a Back-to-School donation, with the project matching employee contributions. Members of the EMP department's socioeconomic team help organize the activities to ensure the materials are delivered to the neediest areas.



"We are very thankful because we have never gotten donations like these before, and this helps resolve one of our big challenges. I want my kids to have a chance to go even further than I have and school is the way." – **Nomi Kalimbaye Modeste, Principal, Komé Base Village Christian Assembly of God Primary School**



Expanding Vision-related Medical Services for Low Income Families

An EEPCI donation funded a new eye examination and surgical room at the Centre de Santé Ordre de Malte d' Amtoukouï clinic in N'Djamena, at which hundreds of examinations, procedures and minor surgeries were performed in the second half of 2014. The clinic, run by the Sovereign Order of Malta, whose members volunteer to serve the poor and the sick, treats approximately 20 patients each day for vision-related medical care. The structure, completed on May 26 at a cost of 19 million FCFA (\$30,000), included solar panels and batteries to provide auxiliary power if needed.



"We want to thank EEPCI because now we have a clean center where patients are happy to come for treatment." – **Sister Helene Habib, Centre de Santé Ordre de Malte d' Amtoukouï**



School Refectory Donation

The Collège Notre Dame de l'Assomption d'Atrone, a girls' secondary school in N'Djamena, completed a new refectory in 2014 thanks to funds provided by the project. The school made the funding request after realizing the girls did not have enough time to complete their homework every day after doing their housework and chores. School officials recognized that the best way to help the girls complete their homework would be to allow them to stay beyond normal school hours, which would require providing an afternoon meal every day. With the refectory now completed the girls can stay at school longer, giving them more time to focus on academics.

Spotlight: The Women's Association Of Ezzo Chad

The Association des Femmes d' Ezzo Tchad (ASFET) is a volunteer organization formed by EEPCI's female employees to support women and children. While the group was initially funded by contributions from Chadian and expatriate employees, EEPCI has for several years provided matching donations.

Some of the group's 2014 Highlights:

- Continuing their long-term commitment of financial support for the top performing girls from each of the top ten high schools in N'Djamena
- Delivering two weeks of food to displaced child refugees from the Central African Republic
- Drilling water wells in N'Djamena's poor rural communities

- Supporting a local orphanage with food donations

ASFET, which includes most of the women who work in EEPCI's N'Djamena headquarters, recently appointed Ramatou Mahamat to a two-year term as president. Ramatou was also invited to serve as vice treasurer of the First Lady's National Council of Chad Women Leaders, a group of high-profile women from around the country that conducts national forums to address women's issues in Chad.

"Through our work with ASFET, we hope that we can increase the number of women in Chad's leadership. The history of women in Chad is the same as in so many other countries. Although we still must deal with some of the traditional stigmas, women are increasingly achieving higher positions. The future here is bright." – **Ramatou Mahamat, President, ASFET**



Supporting Water Well Maintenance Activities

Several project vehicles were donated to support the French NGO, IDO, which helps communities in southern Chad improve their water well systems. The organization's mission is to make potable water available to rural and remote communities in Africa, reducing exposure to harmful waterborne bacteria and disease such as cholera, typhoid fever, hepatitis A and dysentery.

Essential to this work is educating communities about the importance of clean water. While solutions can be as simple as keeping the surrounding area clean and covering the well, the organization also trains communities to raise funds for the purchase of tools and the maintenance of their wells, which can fail after years of daily use, often from simple mechanical issues that are easily repaired with minimal training.

IDO's volunteer staff, who work for drilling services support company

Schlumberger, use the project-provided vehicles to travel extensively in and around the OFDA. They have identified over 1,200 water wells, diagnosed 500 issues and helped communities repair over 300 wells in the area. The project has also begun sharing with IDO the locations of new and planned wells to support their inventory and mapping efforts.

"When I am at work, I have access to plenty of clean water. This is my way of giving back to the community, to help them have clean water as well. The first big challenge is to help villagers understand that all water is not the same or they will just drink from the river when their wells break down. In fact, many of these children have siblings that have died from unknown causes, and the community does not understand that often it is the water that has caused these deaths."

– Mahamat Ahmed Kadjangaba, Volunteer, IDO



LAND USE & COMPENSATION



EEPCI implemented the Land Use Management Action Plan (LUMAP) in 2007 to ensure that farmers in the oilfield area could sustain their long-term livelihoods while at the same time making it possible for the project to meet land needs as new wells are drilled. The plan outlines a number of action areas to minimize the amount and impact of its land use, provide fair compensation to communities and individuals and restore livelihoods that have been affected by the project's land use. With additional drilling expected to continue for several years, successful continuation of this program is a priority for the EMP team. For the full text of the Action Plan and associated documents, see the project website at www.EssoChad.com.



Spotlight: COTCO Receives Award For Corporate Citizenship

COTCO was chosen by Cameroonian NGO Groupe Africain de l' Excellence as winners of two Palmes d'Or de l' Excellence Africaine 2013 awards for being a responsible corporate citizen and for the strength of the company's management practices. The awards were presented at a gala in April 2014 in Yaoundé.

Individual Compensation

The project's EMP delineates how all compensation should be conducted. The plan describes how rates should be set and outlines payment procedures, which were carefully designed, with the input of NGOs and the World Bank, to be fair and transparent. The project compensates individual farmers for land use in several ways, including cash, in-kind goods and training.

Additional compensation is provided to the most significantly impacted land users, as measured by a set of socioeconomic indicators, such as the ratio of arable land to the number of dependents in the family. In most cases, this compensation consists of equipment, livestock and agricultural training. Recipients of this type of compensation are tracked over time to make sure the program is effective. These compensation programs are usually sufficient to maintain or enhance the livelihood of most individual farmers impacted by the project, but in rare cases additional reinforcement, through more equipment or training, may be necessary. In these instances, the project's socioeconomic team works with the individual to develop a satisfactory solution. Recipients must participate in the process – as this has been shown to be a significant factor in an individual's success. For example, in order to receive additional equipment, livestock or goods, a farmer may be required to

build a shelter to ensure the materials or animals remain in good shape to provide value over the long run.

Nasson Nodjitouloum was significantly impacted when two-thirds of his farmland was needed for oil production operations. He used his financial compensation to support his family, build a home and buy equipment and cows, among other goods. He was also eligible for supplemental compensation, through which he received additional equipment, such as a cart to transport goods to the market, two additional cows and a wheelbarrow. However, it became clear over time that he was in need of additional reinforcement to maintain his livelihood and as a result, he received compensation, additional livestock and equipment. Nasson was required to help build a shelter to keep his new livestock healthy. With the help of reinforcement, Nasson has been able to support his growing family.

"I did not expect to get reinforcement, so when I received it I was very happy. The bicycle allows my children to travel to school, the grinder helps my wife earn some money and I can rent some of my equipment to my fellow villagers to bring their goods to the market. In the future I want to use my funds to help my children continue to go to school. This will allow them to have a good education." – **Nasson Nodjitouloum, Farmer, Poutouguem Village**



Community Compensation

In addition to the various types of individual compensation, the project's community compensation program offsets land use impacts on towns and villages from production activities that can be harder to quantify than impacts on individuals. The program strengthens these communities and improves quality of life by installing needed infrastructure such as water wells, granaries and schools.

The project uses a formal multi-step participatory process to assess the level of impact and the needs of the community:

1. Socioeconomic and land use data is continuously collected on all villages near project areas.
2. Eligible villages are assessed and assigned a level of impact and a site-specific plan is developed.
3. The community is offered a catalog of choices from which the villagers can discuss and select their options. Depending on its level of eligibility and needs, the community can choose multiple smaller options or select one single larger option. This work is conducted through a local NGO. A company representative attends only the final session to ensure that there is no perception of outside pressure being placed upon the community. Local government representatives are also present during this process to help facilitate the community's choice.
4. Once the community has decided, an agreement is signed, and the project engages a contractor to construct the infrastructure.
5. A formal handover (in the photo below, keys to a new school building) occurs when the project is complete.



Using this process, EEPIC has completed 169 community compensation projects in the oilfield area and along the pipeline, representing an investment of over 2.5 billion FCFA (over \$5 million) into communities in Chad.



Community compensation projects like this one in Bemira, a village in the OFDA, can have a huge impact on the quality of life by providing clean water. Once the community opted for a water well as their compensation, the project assessed the needs and ultimately allocated two wells to the community.



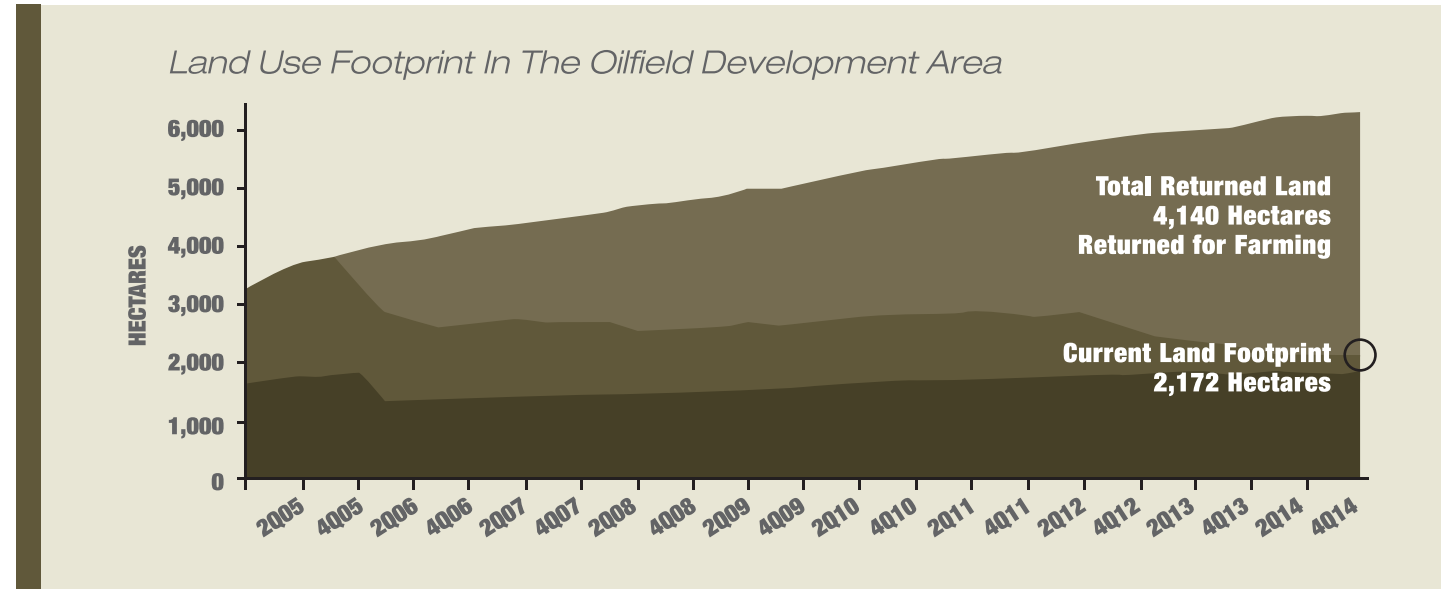
"When we were drinking water from the Logone River, we had a continuous problem of people getting sick. We previously received a classroom as compensation from the project. It was very helpful, but the great gift for us was clean water." – **Djimadji Francois, Chief, Bemira I**



"This water is better because it is clean and close. You can see and taste the difference. I am happy that my baby will have this water when he grows up." – **Mendelar Emiliene, Bemira I**

Compensation

Compensation paid to individuals for land use in 2014 totaled over 840 million FCFA (over \$1.7 million) in cash and/or in-kind payments. Almost 17 billion FCFA (\$34 million) in individual compensation for land use has been disbursed since the project began. Compensation commitments in general have been stable for years at levels well below those from 2000 to 2003, when construction was underway for the central oilfield facilities, the initial oilfield development and the export pipeline system.



EMP Compensation Programs

All land users and villages are compensated according to the EMP.

Since construction began in 2000, the project has compensated over 17,350 individual land users for more than 7,662 hectares of land in 480 villages along the entire length of the project from the oilfields in Komé, Chad, to Kribi, Cameroon.

The project has utilized at one time or another about 4.6% of the 100,000 hectares of land in the OFDA. When all temporary construction use land has been returned, the percentage of use will be just 1.9% of the 100,000 hectares.

Compliance with the EMP compensation requirements has been documented in these Project Update Reports and by the World Bank's External Compliance Monitoring Group and International Advisory Group. A set of principles set out in the EMP have guided the compensation effort, including:

- A transparent compensation procedure so that all village residents can see that no one resident is gaining an advantage over others.
- Sensitivity to cultural practices and local legal requirements. In Chad and Cameroon, nearly all land is legally owned by the state. Most land upon which people have settled is controlled by each village and allocated by its local chief. Rather than owning land as is common in Europe and North America, people here are entitled only to land usage rights. The project therefore does not buy land but compensates farmers and others for project impacts such as lost crop opportunities.
- The recording of all compensation transactions. Each payment is archived with a photo of the transaction and the recipient's thumb print.
- Avoiding or minimizing resettlement of households through redesign of the project's land needs and by offering two resettlement alternatives: improved agriculture training and off-farm employment training.

ECONOMIC DEVELOPMENT



The Chad/Cameroon Development Project has generated over \$12 billion in revenues for Chad since oil began to flow in 2003, with the country investing much of this income in Chad's economic, social and cultural development sectors. In addition to completing dozens of infrastructure development projects across the country, Chad has achieved two major development milestones that are due in large part to its expanding resources extraction sector:

- The entry of Chad's national hydrocarbon company, La Société des Hydrocarbures du Tchad (SHT), into the Consortium which owns the EEPCI/TOTCO/COTCO project.
- Acceptance as a full member by the global transparency organization, Extractive Industries Transparency Initiative (EITI), which promotes accountable management of natural resources by requiring members to "disclose information on tax payments, licenses, contracts, production and other key elements around resource extraction."

In Cameroon, the project has injected hundreds of millions of dollars into the economy through local employment and purchases, and it has invested many millions of additional dollars in community development projects and large scale enterprises like the recently-completed Lom Pangar Pipeline Modification Project. The latter is enabling the Cameroon government to build a hydroelectric dam that will increase drastically the amount of electric power available for growth by industry in Cameroon for many years to come.



Local Employment: Developing a Pipeline of Talent

Careful selection, long-term planning, daily training and mentoring have been keys to building a competent and professional Chadian and Cameroonian workforce over the last decade.

These activities are part of the project's talent development strategy, which was developed and is overseen by a committee of senior managers from across the company. The committee analyzes organizational structures, functional needs and employee performance to make informed decisions on strategic placement and employee development. The project uses a sophisticated rating process and merit-based system designed to recognize and reward the best performers with career growth opportunities and competitive compensation.

This process has resulted in increased nationalization and high employee retention rates. Over 88% of both EEPCI and COTCO's employees are Cameroonian or Chadian and almost half of EEPCI's senior managers are Chadian. COTCO's land-based operations are now completely managed by Cameroonians, and 80% of the company's management positions are held by Cameroonians.

As the number of expat employees continues to decrease, the project has instituted a new mentoring program that involves most of its senior expatriates and national employees. The goal is to encourage even more upward mobility of Chadian and Cameroonian nationals into senior management and supervisory roles. These executives formally pair up with the employees with the highest leadership potential to provide education and perspective on what it takes to be a successful manager within the organization and field of expertise.



"Our philosophy is to develop employees to their maximum potential by helping them achieve the high expectations they set for themselves. Having started with a number of well-educated and motivated candidates, we now have a workforce that is able to adapt to changing environments, manage themselves and others, and ultimately take over all the

positions which were previously held by expats. It speaks to the capability of the workforce and is a major source of pride for us."
 – Christian Sollo, Human Resources Manager, COTCO



"EEPCI is also focused on cross-functional development and long-term succession planning. Our people here have learned and grown so fast. It becomes clear how effective our nationalization program has been when one remembers that in the past we were sending Chadian nationals

abroad to learn. But now we are sending Chadian nationals around the world to contribute, to teach and compete as expert expatriate workers around the world."

– Borkam Ban-Orngue, Human Resources Manager, EEPCI

Spotlight: Borkam Ban-Orngue

In 2014 EEPCI named Borkam Ban-Orngue, a Chadian first hired in 2002 as an analyst in the human resources department, to be the company's HR Manager. As is often the case at EEPCI, Borkam's career was characterized by a variety of roles within the company, providing him with a broad set of experiences and mentoring, all of which has prepared him for his new role.

"EEPCI provides employees with many opportunities to grow – through participation in meetings, training and conferences and, of course, mentorship. For most of my responsibilities, there was almost always an ex-pat supporting and mentoring me. I am certainly lucky to be where I am in my career, but this company makes good decisions in putting the right people in place as managers and mentors, and this is what created the conditions for my development here."

Spotlight: Emmanuel Ndjiki

Emmanuel Ndjiki was recently promoted to Superintendent of the Export Transportation System (ETS) at COTCO. In this role, Emmanuel is responsible for managing all onshore and offshore operations in Cameroon. Emmanuel started at the company in 2000 as a Right of Way Assistant. His promotion is indicative of the company's steady progress in meeting its national content objectives.

"I wasn't expecting this position would be nationalized when it was, but I was glad for the opportunity, and similarly for the support that my ex-pat predecessor provided during the transition. This is the ExxonMobil way – a unique company when it comes to nationalization as it recognizes that not only does it save costs, but is also the right thing philosophically."



"I have a very strong team supporting me. To be an effective manager, you have to understand that your people are your first asset, and you have to let them know that you trust them and will help them develop."

– Emmanuel Ndjiki, Export Transportation System Superintendent



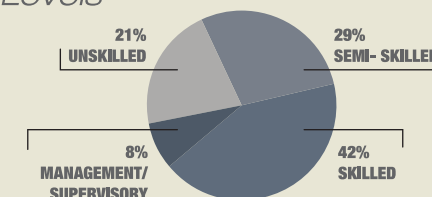
Context: Reporting Local Employment

The Project Update Report provides statistics on local employment on the basis of Full Time Equivalents or FTEs. Reporting by FTEs makes it possible to account for the wide diversity of work shifts and rotations of the project's workforce, as well as the seasonal variations in the types of jobs available with the project.

- Many of the project's workers are on rotator schedules, which often include working in tandem with another "back to back" worker. Rotators typically work 28 days on and 28 days off, or a similar pattern, but when on duty they work seven days a week, 12 hours per day.
- Other workers have daily jobs where they work Monday through Friday for shorter days but are on duty for most of the year with no rotation breaks.
- Another category of workers, often hired from villages near project facilities, have temporary contracts and work only a few weeks at a time in order to complete special projects such as maintenance of the pipeline right of way.

Converting all these employee work patterns into standard Full Time Equivalents based on actual hours worked yields a consistent and more accurate picture of the project's local employment.

National Workers Employment Skill Levels



Skilled jobs include positions such as control room operators, oilfield technicians, construction workers, machinery, electrical and instrumentation operators, EMP monitors and welders. Examples of semi-skilled jobs include food service assistants, security guards and welder helpers.

Project Workforce by YE 2014

- Chadian and Cameroonian nationals employed by EEPCI, COTCO, TOTCO and their contractors: **6,492**
- Percentage of total workforce that are Cameroonian and Chadian: **88%**
- Percentage of Chadians and Cameroonians with management/supervisory, skilled and semi-skilled jobs: **79%**
- Wage Payments to Chadian Workers: **60 billion FCFA** (\$126 million)
- Wage Payments to Cameroonian Workers: **6.0 billion FCFA** (\$12 million)

Lom Pangar: Supporting Economic Development in Cameroon

In July 2014, COTCO completed the Lom Pangar Pipeline Modification Project, an \$86 million, multi-year construction effort undertaken at the request of the Cameroon government, on time, safely and under budget. Starting work in 2012, hundreds of project workers modified two 13 kilometer pipeline sections in Cameroon's protected Deng Deng forest. This work was necessary for the Lom Pangar Hydroelectric Project, one of Cameroon's largest economic development efforts, to be built by the government. COTCO's project modified the pipeline to be submerged through part of a 590-square kilometer reservoir, once a massive hydroelectric dam is constructed at the confluence of the Lom and Pangar Rivers in eastern Cameroon. When the dam is completed and the reservoir filled in, only minimal traces of the pipeline's presence will remain.



"It was important to us to be able to complete this modification on time because the larger hydropower project depended on us to move forward, and we had made a commitment to the government. This was a highly visible project with a fixed budget due to the World Bank financing and cost sharing arrangement between COTCO and the

government, but it was managed very efficiently thanks to good collaboration by all parties." – **Jean-Michel Tolen, formerly Lom Pangar Project Manager (currently Commercial Manager), COTCO**

Spending with Local Businesses	
CHAD	CAMEROON
2014 34 billion FCFA (\$72 million)	2014 48 billion FCFA (\$100 million)
Total Spending 1.1 trillion FCFA (\$ 2.2 billion)	Total Spending 614 billion FCFA (\$1.3 billion)

Celebrating the Completion of Lom Pangar Pipeline Modification

Hundreds of senior Cameroonian government officials and business leaders gathered in the Cameroonian capital of Yaoundé on 13 November to celebrate the successful on-time completion of the Lom Pangar Pipeline Modification Project, which was jointly funded by the government of Cameroon and COTCO. During the ceremony, COTCO's General Manager, Christian Lenoble, presented Cameroon's Minister of Finance with a check for the 22 Billion FCFA (\$35 million) to be returned to the government due to the work having been completed under budget and as COTCO's contribution to the project.



"The collaboration between the project and government was superb. To me, it was a key factor in our success in completing our work on time and within budget." – **Christian Lenoble, General Manager, COTCO/TOTCO**

"We are proud to say this has been possible because of the professionalism and quality of COTCO, the company in charge of the work. Today we can celebrate the public-private partnership. And as a result, we can soon be proud to say that in the very near future our energy supply will meet the level which the President of our Republic, his Excellency, Paul Biya, has set to make sure the continued development of our economy is a reality." – **Alamine Ousmane Mey, Finance Minister, Republic of Cameroon**

COTCO contracted with more than 50 Cameroonian companies in 2014.

The Emergence of Local Markets: Komé Atan

In addition to direct project spending with local suppliers of goods and services, new village markets have been created and existing ones expanded in areas where project employees live as they spend their salaries on needed goods and services. One example is Komé Atan, a village that has grown into a thriving marketplace where local residents and other Chadians come together to service project employees.



"I have been in business here in Atan since 2003 – the beginning of the project. This town used to be a small village, but now with this project we have grown significantly. Even though I moved here from N'Djamena, I have my fields here; I married here; I worship here; and I had my children here; I am home here. As long as oil is here, then people will come and business will continue to grow."

– **Djamel Mahamat, owner, Alimentation Wadi – Fira, a store in Komé Atan**



"This project has been good for my business, and I am glad that I brought my family here." – **Abdallah Abdelaziz, owner, Horizon Boutique, Komé Atan (above, right)**

Supporting Local Businesses to Serve a Growing Industry

EEPCI, COTCO and TOTCO work with dozens of international and national vendors that support project operations. All vendors must meet a high standard of operational integrity before they are eligible to become a supplier. The project has invested significantly in supporting its Chadian and Cameroonian vendors to fortify their business practices over the years. This effort has contributed to strengthening Chad's services and supply industry, and with the emergence of Chad's petroleum industry, these national vendors are now well positioned to support additional oil producers.

"Chadian vendors found it difficult to meet the rigorous safety and management criteria that we required throughout our supply chain, but we provided all eligible local vendors with training and support. Now they are familiar with and understand the importance of our protocols, which is helpful not only so they can do business with us, but because it helps their businesses operate more effectively." – **Miyal Ngarianouba, Buyer, EEPCI**

Lom Pangar: Indirect Economic Impacts on Kepere-Deng Deng

The pipeline crosses several kilometers of the Kepere-Deng Deng canton with 13 villages and approximately 4,000 inhabitants near the Lom Pangar area. During the pipeline modification, COTCO workers and contractors, equipment and vehicles all passed through the area to access the worksite, creating direct and indirect economic impacts. Some benefits included an improved road, local hiring, injection of cash into the local economy and new local markets to provide goods and services to the hundreds of workers employed on both the pipeline modification and the dam construction project.



"The effects of this pipeline modification have been a big bonus, like the upgraded road, which increases access to bigger towns. Also, our area supplied much of the workforce for the modification, which provided good paying jobs. Thankfully, now some other companies are taking cues from COTCO in their hiring practices."

– **Kassala Dang Roger Innocent, Canton Chief, Kepere-Deng Deng**

Host Country Revenue

Chad's oil revenues come from royalties on oil sales, corporate taxes, income related to pipeline ownership and other permits, duties and taxes. By the end of 2014, the project had generated more than \$12.5 billion in revenues for Chad, far exceeding initial expectations.

Chad Achieves EITI Compliance

The Republic of Chad accomplished an important and long held objective in October 2014, becoming a full member of the Extractive Industries Transparency Initiative (EITI). EITI is a global coalition of private, public and civil society organizations that seeks to increase transparency and accountability for the management of revenues derived from natural resources. The new status certifies that Chad is now compliant with the organization's standards for transparency, meaning that interested stakeholders have access to important information about how the country's resources are managed.

"Esso welcomes this milestone decision by the EITI Board. This accomplishment would not have been possible without the ownership and full support of the national government. We believe transparency is essential to support economic growth, increased opportunity and a better standard of living for all citizens." – **Scott Miller, General Manager, EEPCI**

Oversight of Chad's Oil Revenue

Recent changes to Chadian law now give additional oversight responsibilities to the Collège de Contrôle et de Surveillance des Ressources Pétrolières (Petroleum Revenue Oversight and Control Committee), a Chadian government watchdog committee in charge of overseeing oil revenue appropriation. The organization, which was originally established to monitor revenue generated by EEPCI and whose president sits on the board of EITI, is now empowered to oversee revenues generated from all oil producers.

"This new law is a very important one for our organization. While Chad's production is dynamic, our oversight is now constant, and we have even more of a mandate for responsible oversight." – **Mahamat Ramadane Dagache, Public Procurement Specialist, Petroleum Revenue Oversight and Control Committee**

Chad's Oil Revenue (Millions of Dollars¹)

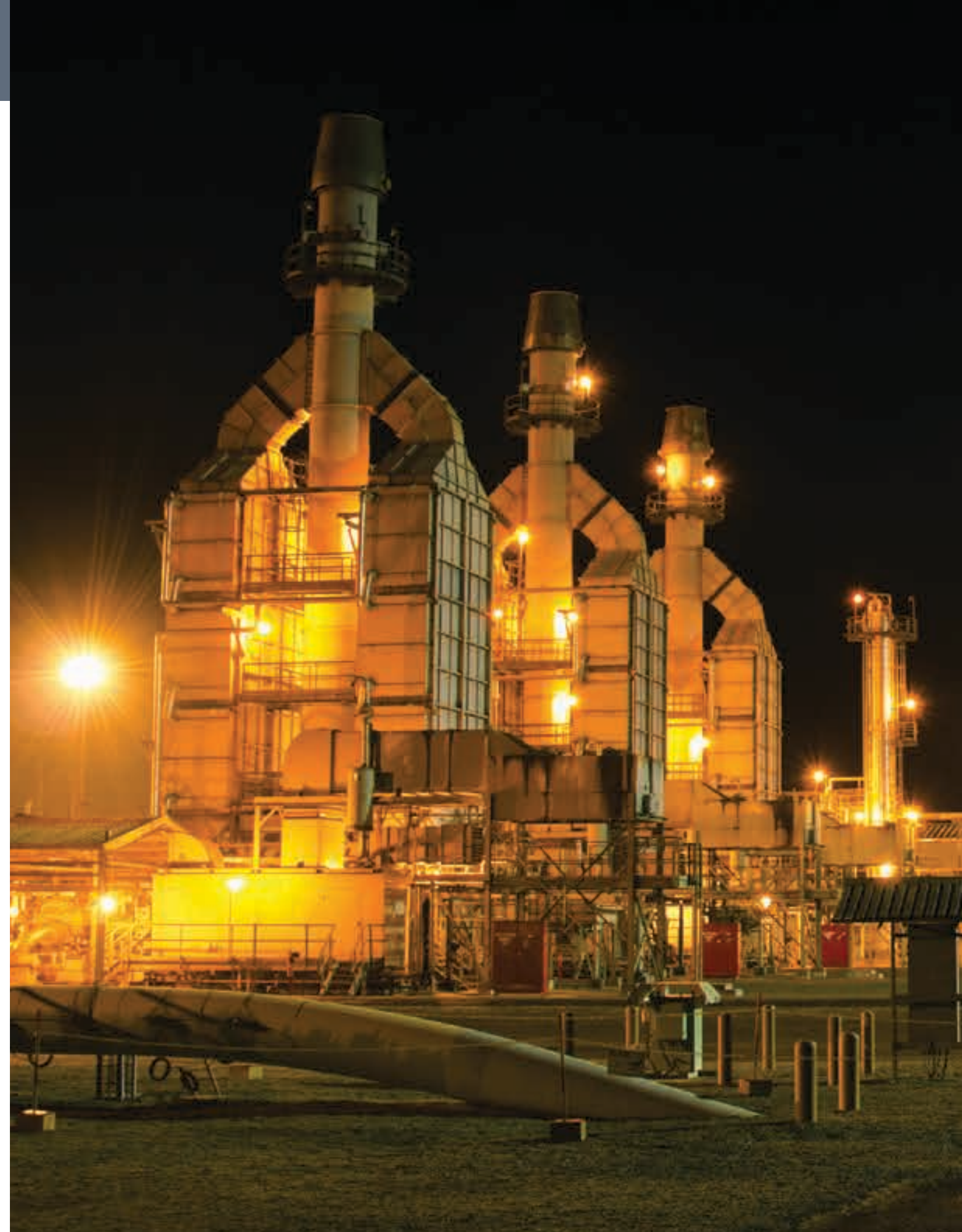
	2014	PROJECT TO DATE
Royalties on Crude Oil Sales ²	0	2,720
Royalty in Kind (Millions of \$) ²	395	1,032
Income Related to Pipeline Ownership	0	84
Corporate Income Tax ³	632	8,266
Fees, Permits, Duties, Etc. ⁴	53	602
PROJECT TOTAL	1,080	12,743⁵

1. Rounded to nearest whole number. 2. Historically, this reflects cash payment royalties paid by all Consortium members. However, the government of Chad informed Esso of their willingness to take royalty in kind on December 22, 2009. Royalty in cash ceased as of May 1, 2012 and the government of Chad's first lifting took place on July 11, 2012. As a result, effective May 1, 2012 government of Chad revenue is no longer reflected in 'Royalties on Crude Oil Sales'. 3. Corporate income tax amount includes payments made by Consortium members and TOTCO. Includes only Q1 2014 income tax from Consortium member SHT. 4. Project to date has been restated to exclude amounts previously reported for services provided by government-run entities, such as utilities, hospitals, and telecommunication services. 5. Includes a one-time Advanced Royalty of \$39 million paid in 2011.

Cameroon's Oil Revenue (Millions of Dollars¹)

	2014	PROJECT TO DATE
Transit Fees	45	247
Income Tax	6	56
Customs Duties & Other Taxes	17	59
Income Related to Pipeline Ownership	49	164
PROJECT TOTAL	117	525

1. Rounded to nearest whole number. Cameroon's income from transit fees increased significantly in 2014, due to a transit fee on each barrel of crude passing through the pipeline rising from FCFA 195 to FCFA 618 (effective October 29, 2013). With the addition of crude from new shippers Glencore and CNPCIC, Cameroon's revenue projections are expected to further increase in the future.



	2014	PROJECT TO DATE
PRODUCTION & OPERATIONS		
Production Support Spending (Billions of FCFA)	374	2,774
Production Support Spending (Millions of \$)	782	5,400
Net Volume of Shipments from Marine Terminal (Millions of Barrels)	30.1	514
Number of Export Tankers	33	567
Average Total Barrels of Oil Produced per Day (bpd)	78,633	N/A
Barrels of Oil per Day Resulting from Production Support (bpd)	65,086	N/A
Barrels of Oil per Day Without Production Support (bpd)	13,547	N/A
Number of New Oil Wells Added in Current Year	76	N/A
Number of Total Oil Wells Currently Online	697	N/A
Number of Renovation & Enhancement Procedures	536	N/A
SAFETY¹		
Total Recordable Incident Rate ² (TRIR)	0.13	0.32
Lost Time Incident Rate ² (LTIR)	0.01	0.02
Fatalities (Number of)	0	6
Lost Time Incidents (Number of)	1	32
Restricted Work Incidents (Number of)	6	153
Medical Treatment Cases (Number of)	4	327
First Aid Cases (Number of)	37	2,958
Worker Hours (Thousands)	16,675	324,286
Traffic Accidents ³	15	974
COMPENSATION		
Individual Compensation - Chad (Millions of FCFA)	820	11,091
Individual Compensation - Chad (Millions of \$)	2	23
Individual Compensation - Cameroon (Millions of FCFA)	24	5,775
Individual Compensation - Cameroon (Millions of \$)	0.05	12
LOCAL BUSINESS DEVELOPMENT¹		
Spending on Goods and Services from Local Suppliers - Chad (Billions of FCFA)	34	1,082
Spending on Goods and Services from Local Suppliers - Chad (Millions of \$)	72	2,204
Spending on Goods and Services from Local Suppliers - Cameroon (Billions of FCFA)	48	614
Spending on Goods and Services from Local Suppliers - Cameroon (Millions of \$)	100	1,251
HOST COUNTRY REVENUE¹		
Royalties on Crude Oil Sales - Chad (Millions of \$) ²	0	2,720
Royalty in Kind - Chad (Millions of \$) ²	395	1,032
Income Related to Pipeline Ownership - Chad (Millions of \$)	0	84
Corporate Income Tax - Chad (Millions of \$) ³	632	8,266
Fees, Permits, Duties, etc. - Chad (Millions of \$)	53	602
Chad Total Revenue (Millions of \$) ⁴	1,080	12,743
Transit Fees - Cameroon (Incl. New Shippers Payment) (Millions of \$)	45	247
Income Tax - Cameroon (Millions of \$)	6	56
Customs, Duties and Other Taxes - Cameroon (Millions of \$)	17	59
Income Related to Pipeline Ownership - Cameroon (Millions of \$)	49	164
Cameroon Total Revenue (Millions of \$)	117	525

¹ Rounded to nearest whole number. ² Historically, this reflects cash payment royalties paid by all Consortium members. However, the government of Chad informed ESSO of their willingness to take royalties in kind on December 22, 2009. Royalties in cash ceased as of May 1, 2012 and the government of Chad's first lifting took place on July 11, 2012. As a result, effective May 1, 2012 government of Chad revenue is no longer reflected in 'Royalties on Crude Oil Sales'. Royalties in kind are estimated on an annual basis. Government revenue from royalties in kind is estimated based on the prevailing oil price at the date of sale. ³ Corporate income tax amount includes payments made by Consortium members and TOTCO. Project to date has been restated to exclude amounts previously reported for services provided by government-run entities, such as utilities, hospitals, and telecommunication services. Includes only Q1 2014 income tax from Consortium member SHT. ⁴ Includes a one-time Advanced Royalty of \$39 million paid in 2011.

	2014
LAND USE	
Current Project Land Footprint (Hectares)	2,172
Total Returned Land - Project to Date (Hectares)	4,140
Current Temporary Use Land (Hectares)	309
Permanent Facility Land (Hectares)	1,863
Total Individual Land Users Compensated by Project - Project to Date	17,350
Total Amount of Land Taken by Project (Hectares)	7,622
Number of Villages (Containing Land Users Compensated by Project)	480
Total Individual Land Users Compensated by Project in OFDA - Project to Date	7,968
Total Amount of Land Taken by Project in OFDA (Hectares)	4,574
LOCAL EMPLOYMENT¹	
Wage Payments to Chadian Workers (Billions of FCFA)	60
Wage Payments to Chadian Workers (Millions of \$)	126
Wage Payments to Cameroonian Workers (Billions of FCFA)	6
Wage Payments to Cameroonian Workers (Millions of \$)	11.90
Project Workforce - Chad (Nationals) ²	4,900
Project Workforce - Chad (Expatriates) ²	895
Project Workforce - Cameroon (Nationals) ²	1,592
Project Workforce - Cameroon (Expatriates) ²	38
National Worker Employment Skill Levels in Both Countries - Unskilled (%)	21
National Worker Employment Skill Levels in Both Countries - Semi-skilled (%)	29
National Worker Employment Skill Levels in Both Countries - Skilled (%)	42
National Worker Employment Skill Levels in Both Countries - Management/Supervisory (%)	8
ENVIRONMENTAL MONITORING & MANAGEMENT	
Number of Non-Compliance Situations	2
Number of Spills	1
Domestic Garbage Incinerated on Site (Tonnes)	1,766
Innocuous Solid Waste Buried (Landfill) (Tonnes)	518
Non-Hazardous Waste Recycled to Local Communities (Tonnes)	778
Non-Hazardous Waste Sent to Approved Third Party Facilities for Recycling or Disposal (Tonnes)	1,390
Accumulated Hazardous Waste (Tonnes)	3,744
HEALTH	
Malaria Infection Rate - Chad and Cameroon (Per 200k Work Hours)	.98
Number of Consultations at Project Clinics - Chad	15,636
Number of Consultations at Project Clinics - Cameroon	2,760
STDs - Chad ¹	170
STDs - Cameroon ¹	17
SSS Events (excluding Malaria & STDs) - Chad ²	336
SSS Events (excluding Malaria & STDs) - Cameroon ²	2
Hospitalizations/Observations - Chad ³	69
Hospitalizations/Observations - Cameroon	11
Medevacs - Chad	12
Medevacs - Cameroon	1
CONSULTATION & COMMUNICATION	
Consultation Sessions in Chad	402
Consultation Attendees in Chad	22,401
Consultation Sessions in Cameroon	592
Consultation Attendees in Cameroon	5,882

¹ STDs: Sexually Transmitted Diseases. ² SSS: Sentinel Surveillance System, an epidemiological early warning system. Some examples of diseases tracked by the SSS include tuberculosis, dust exposure, meningitis, skin rashes and flu. The SSS focuses on additional diseases outside the two that have been priority targeted — malaria and sexually transmitted diseases. Trends in disease rates can help alert project health experts to a health problem before it reaches epidemic level. ³ Chad hospitalization data is from Komé 5 and Komé Base clinics only. N'Djamena clinic data not included.



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