

EMBRACING INNOVATION

**KOSMOS ENERGY**  
2017 CORPORATE  
RESPONSIBILITY REPORT

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#### ABOUT KOSMOS ENERGY

Kosmos is a well-capitalized, pure play deepwater oil and gas company with growing production, a pipeline of development opportunities and a balanced exploration portfolio along the Atlantic Margins. Our assets include growing production offshore Ghana and Equatorial Guinea, a competitively positioned Tortue gas project in Mauritania and Senegal and a sustainable exploration program balanced between proven basins (Equatorial Guinea), emerging basins (Mauritania, Senegal and Suriname) and frontier basins (Côte d'Ivoire and São Tomé and Príncipe).

As an ethical and transparent company, Kosmos is committed to doing things the right way. Our Business Principles articulate the company's commitment to transparency, ethics, human rights, safety, and the environment. Kosmos Energy is listed on the New York Stock Exchange and London Stock Exchange, traded under the ticker symbol KOS. For additional information, visit our website [www.kosmosenergy.com](http://www.kosmosenergy.com).

Whether it's through incremental improvement or fundamentally challenging conventional wisdom, Kosmos Energy embraces creativity and maintains an open, responsive, and entrepreneurial spirit.

For host countries, our relentless pursuit of innovation focuses on being a long-term partner that aims to help them build a brighter future. We seek to work with our host nations to create healthy and diverse economies.



## FELLOW STAKEHOLDERS,

### At Kosmos Energy, we are restless to improve.

In order to continue to grow and reach our potential as a company, we continuously seek new ideas and innovative solutions that will improve our business and how we engage with our host countries. Whether it's through incremental improvement or fundamentally challenging conventional wisdom, Kosmos embraces creativity and maintains an open, responsive and entrepreneurial spirit.

The success of this approach can be seen quite clearly in our “below ground” technical work. Our geologists and geophysicists have opened basins in Ghana, Mauritania and Senegal – places where it took new ideas to find commercial hydrocarbons when others had failed. It can also be seen in the way our engineers devised the innovative nearshore concept we are using to develop the Tortue gas resource and accelerate the delivery of economic benefits to Mauritania and Senegal.

In our “above ground” engagement, our pursuit of better ways of working centers on being a long-term partner that is aiming to help host countries build a brighter future. We know our future success is fully connected to theirs. As a result, we seek to work with our host nations to create healthy and diverse economies. This differentiated approach is demonstrated through the success of the Kosmos Innovation Center (KIC) in Ghana, which is our way of investing in the country's future beyond oil and gas.

#### KOSMOS INNOVATION CENTER

The KIC invests in young entrepreneurs and small businesses who have big ideas and want to see their country grow. By marrying entrepreneurship, innovation, and technology, we are empowering people to turn their ideas into viable, self-sustaining businesses. The KIC offers a customized mix of business training, mentorship, and seed funding. A sector focus is chosen based on a country's needs, and challenges are looked at through a business lens. The goal of the KIC is to drive innovation where it is needed most — whether in agriculture or healthcare, education or

tourism. We work from a shared agenda with our partners in government and the wider community.

In Ghana, the KIC targets innovation in agriculture, the country's most important sector and largest employer. Kosmos runs the KIC program itself using local employees and experts. The result is a distinctive focus on commercial solutions informed by local knowledge.

Since its inception in 2016, the Kosmos Innovation Center in Ghana has:

- Trained and mentored **270** young entrepreneurs
- Helped form and fund **8** start-up businesses who have gone on to access **\$850,000** in additional capital
- Accelerated the growth of **9** existing small businesses
- Stimulated the national dialogue on the importance of agriculture, and
- Enhanced the sector's appeal to young people.



The KIC has proved so successful in Ghana that we have plans to adapt the model and expand its footprint into some of our other host countries.

#### LEADING ON TRANSPARENCY

Our embrace of innovation has also helped to shape our approach to transparency. Over the years, we have set a standard for transparent behavior by publishing our host government contracts, along with our payments to governments.

Although this practice separates us from some oil and gas companies, we continue to see demand from stakeholders who want to better understand how the oil and gas industry works. The transparency challenge includes not just providing access to data, but also improving understanding of it, and ensuring stakeholders have the knowledge needed to use it constructively, and hold governments and industry to account. In response, we have stepped up our efforts to engage civil society and the media, hosting workshops across our portfolio of countries – in Ghana, Mauritania, Morocco, Senegal, and Suriname. This has proved effective in promoting transparency, building relationships, and deepening trust.

#### EMBRACING INNOVATION

With new production assets in our portfolio, several new countries of operation, and an active exploration program underway, we will need to channel our innovative and entrepreneurial spirit to meet both new and familiar challenges:

##### Continuous Improvement in Safety

In 2017, we met our safety target with a total recordable injury rate of 0.64 and marked our fifth straight year without a lost time incident. We are proud of this record and will continue to stay focused on protecting our people and contractors while driving toward an incident and injury free workplace.

##### Protecting the Environment

We have been successful at working with local and international stakeholders to conduct our seismic operations in a manner that protects marine life, most recently whales and sea turtles offshore São Tomé and Príncipe. As we acquire more seismic data in new areas, and mature prospects for potential drilling, we will need to ensure that we continue working collaboratively to safeguard marine biodiversity.

##### Delivering Economic Benefit

We believe that hydrocarbon development can be an engine of economic opportunity. With the Tortue LNG gas project moving toward a final investment decision, the partnership faces the



**ANDREW (ANDY) G. INGLIS**  
Chairman and  
Chief Executive Officer

challenge of making sure development proceeds in a sustainable manner that benefits local people. In Mauritania and Senegal, Kosmos and its partner are working hard to maximize the use of local companies and suppliers in the construction of the project's nearshore infrastructure.

#### Staying True to Our Business Principles

As we enter more countries and work with new partners, we will need to manage our above ground activities with the same level of diligence. Our Business Principles remain an important touchstone.

#### FOCUSED ON THE FUTURE

We achieved a great deal in 2017, but there is much more for us to do. Every member of the Kosmos team recognizes that we can never be satisfied. We must always strive to find new and better ways of working that deliver benefits to our host communities.

**Andrew G. Inglis**  
Chairman and Chief Executive Officer

## COMPANY OVERVIEW

### FINANCIAL HIGHLIGHTS

Year Ended (in thousands, except volume data)	2017	2016	2015
Revenues and other income	\$636,836	\$385,355	\$471,556
Net income (loss)	(222,792)	(283,780)	(69,836)
Net cash provided by operating activities	236,617	52,077	440,779
EBITDAX	540,117	405,300	500,064
Capital expenditures	57,432	644,510	777,204
Total Assets	3,192,603	3,341,465	3,203,050
Total long-term debt	1,282,797	1,321,874	860,878
Total shareholders' equity	897,112	1,081,199	1,325,513
Production (thousand barrels of oil per day)	29.6	19.2 <sup>1</sup>	23.4
Sales volumes (million barrels) <sup>2</sup>	11.2	6.8	8.5
Total proved reserves (million barrels of oil equivalent) <sup>3</sup>	110	77	76
Crude oil (million barrels) <sup>3</sup>	100	74	74
Natural gas (billion cubic feet) <sup>3</sup>	61	15	14

<sup>1</sup> 1.3 million barrels of lost production due to mechanical issues with the Jubilee FPSO turret bearing were paid to the company under its Loss of Production Insurance policy in 2016.

<sup>2</sup> Includes our share of sales volumes from our Equatorial Guinea equity method investment.

<sup>3</sup> Includes our share of reserves from our Equatorial Guinea equity method investment.

## THE KOSMOS ENERGY BUSINESS PRINCIPLES

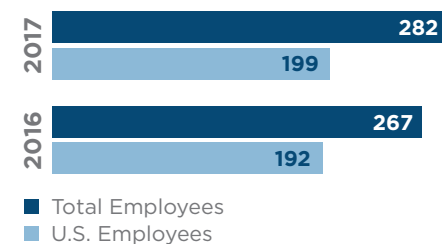
Kosmos Energy was founded with the goal of creating value for all of our stakeholders: investors, employees, and the governments and citizens of our host countries. We recognize that creating steady, long-term returns can only be achieved by advancing the societies in which we work.

In 2013, we adopted the Kosmos Energy Business Principles to formalize this commitment by articulating the values that have always guided our actions. The Business Principles are also informed by what our stakeholders have told us about their expectations of a responsible company.

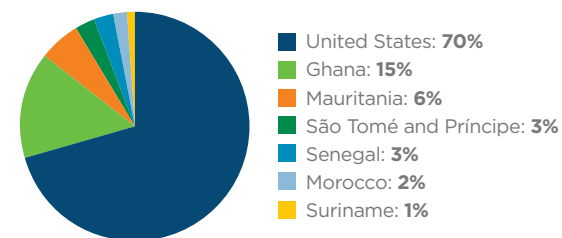
We define how we conduct our business and the standards to which we hold ourselves accountable through the Business Principles. The Business Principles are supported by more detailed policies, procedures, and management systems which are referenced in this report and on our website.

The Business Principles reflect our values across six areas: Responsibilities to Stakeholders, Ethical Conduct, Our Workplaces, the Environment, Society, and Commercial Relationships. Although the Business Principles are our standard, the actions we take to adhere to them change as we evolve as a company. For each Principle, we have included a case study to demonstrate how we translated the words into action in 2017.

### TOTAL EMPLOYEES



### EMPLOYEE DISTRIBUTION



# BUSINESS PRINCIPLE

# 1

## Responsibilities to Stakeholders

Strong and supportive partnerships underpin our business and create value. Our stakeholders are interested or potentially affected parties, including shareholders, employees, governments, communities, business partners and suppliers, and civil society. We believe we have unique corporate responsibilities with respect to each of these groups:

**Shareholders** We aim to create attractive returns and manage our business risks. Kosmos Energy's board of directors focuses on building a successful, long-term future for the company and ensures we maintain good corporate governance. In 2017, the board was comprised of 10 members, including eight independent directors. The board of directors had six standing committees: audit; nominating and corporate governance; compensation; exploration assurance; external affairs and political risk; and health, safety and environment.

**Employees** We aim to provide a stimulating and rewarding work environment through a culture that promotes entrepreneurial thinking, facilitates teamwork, and embraces ethical behavior. Directors, officers, and employees are required to comply with all aspects of the Business Principles and our Code of Conduct in their work activities and in representing the company.

**Host Governments** We seek to collaborate with host governments and contribute to national development. Our goal with host governments is to develop a shared agenda based on mutual trust and respect. We begin engaging with host governments at the time of licensing to ensure alignment with national priorities and industry needs. Kosmos aims to become a partner of choice. We are open about our business dealings with host governments because transparency builds trust and accountability. The "Performance Data" on page 59 of

this report lists the payments we made to governments in 2017.

**Communities** We believe in engaging local communities in a manner that creates economic and social opportunity and respects human rights. Investing in community relationships ahead of drilling operations is a key part of our approach. Our Stakeholder Engagement and Community Development Policy explains the standards to which we hold ourselves accountable when interacting with communities. We have published this policy on our website at: [www.kosmosenergy.com/responsibility](http://www.kosmosenergy.com/responsibility). Two years ago, we reviewed our global social investment programs to better understand their impacts and align their focus areas with our business. As a result of the review, we enhanced program design and project selection criteria to ensure our efforts are sustainable and complementary with local and national development priorities. Our new approach targets the following areas:

**Entrepreneurship and Innovation** Linking to the entrepreneurial spirit and can-do attitude that is at the heart of Kosmos' culture, the same spirit that led to the company's founding.

**Oceans and Coasts** Linking to where Kosmos conducts its operations and where relations with fishing communities are vital to protection of our license to operate.

**Science, Technology, Engineering and Math (STEM) Education** Linking to the deep expertise of our geologists, geophysicists, and engineers who give Kosmos its technical and operational edge. By investing in STEM education, we will help to create the next generation of technical experts.

**Business Partners and Suppliers** We allocate contracts through a fair and transparent process, and adhere to our Business Principles in our operations. We aim to work with suppliers, both local and multi-national,

who share our values and standards. We are committed to maintaining effective systems and procedures to prevent inhumane treatment and forced labor from taking place within our operations or our supply chain. Our employees and contractors are prohibited from engaging in improper payments, misusing confidential information to indulge in, or assist others to participate in, insider trading. We expect our employees and contractors to respect confidential

and proprietary information and we similarly work to protect the intellectual property of others.

**Civil Society** We will engage with and listen to civil society, recognizing the role civil society plays in holding governments and companies accountable. We are always open to having meaningful dialogue with civil society about the challenges inherent in exploring for oil and gas. Sometimes we will disagree, but we believe listening

and engaging in debate deepens our understanding of the issues. We seek non-governmental organizations (NGOs) as valued partners in our social investment programs. Our relationships with civil society in the countries and communities where we work create mutual value and are central to our success.

Kosmos also engages in public policy discussions occurring globally on energy and corporate responsibility.

## BUSINESS PRINCIPLE 1 IN ACTION:

### CAPACITY BUILDING IN STEM EDUCATION AND SCIENTIFIC INNOVATION

Each day at Kosmos, we use the fundamentals of science, technology, engineering, and math (STEM) to do our jobs. We interpret seismic data to identify potential oil and gas deposits. We plan deepwater drilling operations targeting prospects located more than three miles below the ocean floor. We study the rocks we bring to the surface to better understand where oil and gas might be found. Being at the forefront of science and technology is how we play our part in helping to meet the world's energy needs and how we create value for our shareholders.

The shortage of people with training in the STEM disciplines poses a potential long-term threat to many businesses, including our own. In 2015, Kosmos announced a partnership with the Perot Museum of Nature and Science to face this challenge head-on by helping Dallas

school teachers develop their ability to train and inspire young people in the STEM disciplines.

The Kosmos Energy STEM Teacher Institute is an innovative program offered through the Perot Museum to improve the quality of formal science instruction for participating kindergarten through 12th grade teachers, and increase interest and engagement among their students in STEM subjects. Through this program, teachers enjoy professional development opportunities and access to the Perot Museum's network of educators and vast resources.

The program, which is now in its third year, involves a formal application process for teachers to ensure they are invested and committed. Chosen teachers from across the Dallas-Fort Worth area attend a week-long Summer Academy, where they are grouped according to their level of comfort and expertise in sciences – pre-service teachers, novice teachers, advanced teachers, and mentor teachers – rather than by grade level.

Instruction continues through the academic year with five professional development sessions held on weekends twice a month, for which they receive continuing education credits required for teachers by the Texas Education Agency. The teachers are also mentored throughout the academic year.

Kosmos employees – engineers, geologists, and geophysicists – have served as guest speakers on science-related topics, including the practical application of scientific principles in business. This has been a successful way to simultaneously build capacity of local educators while providing a way for our employees to engage in their community.

The program reached about 4,800 students during the 2016-2017 school year, with participating teachers reporting increased confidence and creativity in teaching the STEM disciplines.



A start-up team discusses strategy as part of the business incubator program of the Kosmos Innovation Center in Ghana.

# BUSINESS PRINCIPLE

## 2

### Ethical Conduct

The Business Principles are supported by robust compliance policies and methodology, including our Anti-Corruption Compliance Policy and Procedures, which align with the U.S. Foreign Corrupt Practices Act (FCPA) of 1977, the U.K. Bribery Act of 2010, as well as best practices in anti-corruption compliance. Kosmos regularly evaluates its anti-corruption measures and performance.

All Kosmos employees and key contractors are required to attend yearly anti-corruption training, and certify that they have read, understood, and will comply with our Anti-Corruption Compliance Policy. To further ensure comprehension, all employees are required to pass a test on the substance of the policy.

We exercise care in the selection of vendors, suppliers, and contractors, and we impose the same high standards of conduct that we observe in our own company. We use a risk-based process to evaluate third parties who will work on our behalf. We conduct background due diligence when appropriate to make sure we have obtained full disclosure. In addition to providing third parties with copies of our Business Principles and Anti-Corruption Compliance Policy, we routinely conduct in-country training for key contractors and suppliers on compliance and supplement in-person training with online training modules.

Kosmos conducts an annual internal audit of the company's compliance with its business ethics policies and periodically conducts audits on third parties. We maintain and respond

to a Whistleblower Hotline as a vehicle for employees, third parties and others to report, without risk of retaliation, potential violations of any Kosmos policy.

#### Leading in Transparency and Engagement

As part of its commitment to transparency, Kosmos aspires to go beyond a box-checking exercise by making information publicly available and increasing our engagement with stakeholders at every level to ensure they have the depth of knowledge needed to hold governments and

industry accountable for managing oil and gas revenues appropriately.

In 2014, we made a policy decision to disclose payments to governments at the project level, as laid out in the European Union Accounting Directive, which is designed to improve corporate accounting practices and transparency. We believe this type of disclosure is beneficial to investors, civil society, and local communities, and reflects evolving international expectations. Kosmos was the first U.S. oil and gas company to disclose project-level payments to governments despite not being legally obligated to do so.

We believe our approach to transparency helps us better manage social and political issues, establishing Kosmos as a partner of choice and mitigating barriers to growth.



Two workers on the Ensco DS-12 drillship offshore Mauritania carefully review the day's drilling plans.

### BUSINESS PRINCIPLE 2 IN ACTION: TRANSPARENCY AND DISCLOSURES IN AN EVOLVING REGULATORY ENVIRONMENT

Kosmos aspires to be a leader in transparency and anti-corruption. We have set a high standard for transparent behavior by disclosing the terms of our petroleum agreements and reporting payments made to our host governments - including specific entities - at the project level and in aggregate. We are open about our business dealings with host governments because transparency builds trust and accountability. All our petroleum agreements with host governments are available on our website at [www.kosmosenergy.com](http://www.kosmosenergy.com). The "Performance Data" on page 59 of this report lists the payments we made to governments in 2017.

Kosmos has met with stakeholders around the world who want to better understand how the oil and gas industry works. To that end, we have organized and facilitated workshops in nearly every country where we operate to deepen the knowledge of various government agencies, parliamentarians, civil society organizations, and media outlets working to promote good governance and transparency in the oil and gas sector.

We strongly support the work of the Extractive Industries Transparency Initiative (EITI), a leading global standard that strengthens governance by promoting transparency and accountability in the oil, gas, and mining sectors.

The EITI requires participating governments to establish a multi-stakeholder steering group comprised of representatives of governments, business, and civil society to oversee a process in which companies declare material payments to government, and the government declares all material receipts from extractive companies. These figures are reconciled, and any discrepancies are identified and investigated by an independent expert.

We have been a Supporting Company of the EITI since 2012. Kosmos has operations in six countries that have implemented or are in the process of implementing the EITI: Côte d'Ivoire, Ghana, Mauritania, São Tomé and Príncipe, Senegal, and Suriname. In these countries, we engage with the EITI through feedback and dialogue in the multi-stakeholder groups. Kosmos is a member of the EITI steering committee in Ghana, Suriname, and as of 2018, in São Tomé and Príncipe as well. We play an active role in the EITI process in Mauritania and Senegal.

We advocate for the adoption of EITI by our host governments. When we operate in countries that are not yet members of the EITI, we actively promote the EITI and the transparent management of any revenues from natural resources. For example, Kosmos encouraged and assisted the Government of Suriname in the process of joining EITI, and we were pleased when Suriname formally applied to become an EITI candidate country in May 2017.



# BUSINESS PRINCIPLE

# 3

## Our Workplaces

Kosmos aims to be a world-class pure play, deepwater oil and gas company known for delivering excellent results and being a workplace of choice for some of the best people in the industry. We want our employees to have careers that are professionally challenging, personally rewarding, and focused on delivering value to our stakeholders. In 2017, we hired 33 new employees to bring our total number of employees at year end to 282 worldwide. We incorporate the ideas and experiences new employees bring while retaining our distinctive culture and upholding our Business Principles.

Kosmos focuses on recruiting, retaining, and developing a diverse and capable workforce that embraces our Business Principles and entrepreneurial culture. We are an equal opportunity employer and do not tolerate discrimination,

harassment, or intimidation of any kind. Employees are respected and encouraged to contribute their ideas. We base all work-related decisions, including recruitment and advancement, on qualifications, merit and performance.

We seek to hire and develop local employees for our international operations. We are proud that in Ghana and Mauritania, 100 percent of our employees are citizens of those countries. This level of local employment is a long-term target for Kosmos in all the countries where we have operations.

We are also committed to investing in the development of our employees. For example, employees hired in Ghana, Mauritania, Morocco, São Tomé and Príncipe, Senegal, and Suriname have rotated through our U.S. headquarters on special assignments or for training. These

development opportunities have enabled them to assume greater responsibility and handle the increasingly complex work that we are moving to local offices. We augment our internal programs with external development opportunities through our Education Reimbursement Policy.

We recognize fundamental labor rights and require contractors to adhere to international labor standards and local laws. We do not permit child, forced, or bonded labor at our operations or among our suppliers. For more information, please see Kosmos' statement in compliance with the UK Modern Slavery Act 2015 located on the homepage of our website.

Kosmos is a relatively small company with a fast-paced, collaborative work environment and a high level of employee engagement. We have instituted programs to ensure employees remain engaged as the company evolves. These programs include town hall meetings, during which senior management provides an operational update and holds an open forum, as well as employee-led committees on Wellness and Community Philanthropy.



As our portfolio grows, Kosmos continues to build a team comprised of capable and diverse individuals, each with entrepreneurial spirit and a commitment to open, honest communications. Here, employees meet in our office in Dallas, Texas.



### BUSINESS PRINCIPLE 3 IN ACTION: DRIVING DISTRACTION AWAY

At Kosmos, keeping our employees and contractors safe, both at work and at home, remains our highest priority.

As part of our annual behavioral safety training initiative, every employee and key contractor must complete a mandatory behavioral safety course. Participants learn to recognize the state-to-error patterns that cause the majority of injuries in the workplace, on the road, and at home.

In mid-2017, Texas passed a new law prohibiting texting while driving. This was important legislation: in 2016 alone, the state of Texas had 109,658 traffic crashes that involved distracted driving, leading to over 3,000 serious injuries and at least 455 fatalities. Driving a car is one of the riskiest activities anyone can undertake.

To raise awareness of the issue among our employees, and to emphasize the importance of driving with caution, Kosmos implemented additional safety training in our Dallas office around the theme of safety while driving. This decision was made by our HSE Management Committee, which is our Senior Management-level oversight body.

Dallas-based employees and direct-hire contractors were required to attend a course on distracted driving, defined by the National Highway Traffic and Safety Administration (NHTSA) as "any activity that diverts attention from driving, including talking or texting on your phone, eating and drinking, talking to people in your vehicle, fiddling with the stereo, entertainment or navigation system—anything that takes your attention away from the task of safe driving." This interactive course educated our employees and contractors on their personal risks associated with driving and gave them tools to avoid behavior that could lead to collisions in the future.

To provide practical driving skills for our employees, and to complement the classroom training, we installed an interactive driving simulator called Virtual Hazard Detection (Virtual HD®) for our U.S.-based employees, their families, and our direct-hire contractors. We provided incentives for those who completed the full simulation. Virtual HD® is an advanced training program that covers the safest driving techniques that are lacking in many of today's drivers. The training program covered topics such as hazard recognition, scanning, following distance, distracted driving and space management.

In 2018, we will continue to provide the Distracted Driving course as a refresher through our Learning Management System, as well as the Virtual HD® simulator. We also plan to assess the need for driving safety courses as a supplement to the regular safety training in our international offices.

# BUSINESS PRINCIPLE

# 4

## Kosmos and the Environment

Kosmos values the natural areas where it does business, both land and sea, and strives to prevent or minimize potential adverse impacts on the environment. Our Health, Safety, and Environmental (HSE) management system, known as The Standard, is reviewed and, if needed, updated annually. The Standard sets clear expectations and performance measures that we use to plan and monitor our corporate, country, and project-level activities. The Standard is available on our website.

After signing a contract for a new license area, the first stage of the upstream oil and gas project lifecycle is the acquisition of seismic data. In 2017, Kosmos completed or began seismic surveys offshore Suriname, São Tomé and Príncipe, Morocco, and Western Sahara. Our geologists and geophysicists use the geophysical data acquired in these surveys to create detailed images of the earth's physical subsurface characteristics which then enable us to make more informed decisions about the potential location and size of oil and gas deposits.

Prior to seismic acquisition or drilling operations, Kosmos completes environmental and social impact assessments (ESIA) as standard practice. The process used satisfies International Finance Corporation (IFC) guidelines, as well as those reflected in the Equator Principles. The key process elements of an ESIA generally consist of the following:

- Initial screening of the project and scoping of the assessment process
- Examination of alternatives
- Stakeholder identification (focusing on those directly affected) and gathering of environmental and social baseline data

- Impact identification, prediction, and analysis
- Generation of mitigation or management measures and actions
- Significance of impacts and evaluation of residual impacts
- Documentation of the assessment process

Kosmos' ESIA's may also include records of public consultation and supporting technical documentation.

Conducted offshore, our seismic acquisition activities also provide unique insight into the presence of marine life, including marine mammals, sea turtles, and sea birds. Where possible, we share this data with scientists and local marine research institutes. In recent years, we have contributed data for papers on Clymene dolphins in the Eastern Tropical Atlantic, whale and dolphin occurrence offshore Ireland, and sea turtle populations offshore Morocco.

Kosmos also supports a marine biodiversity initiative in Mauritania,

the Biodiversity Oil and Gas Program, to improve understanding and protection of the ecosystems offshore Mauritania. This research project is being carried out by the Mauritanian Institute for Oceanographic and Fisheries Research in collaboration with the Royal Netherlands Institute for Sea Research based in the Netherlands. More information about this program is available on page 34.

We plan for an effective and timely response to emergencies that could impact personnel, the environment, local communities, or our assets. In 2017, we continued our regular program of conducting crisis simulation drills with internal and external stakeholders to help us improve our ability to respond in the unlikely event of an emergency. These simulations are created and adapted to reflect the evolving nature of our business activities. Our local leadership teams and HSE advisors are mentored through these exercises to develop their ability to lead on the ground during an incident.

In addition to training personnel, Kosmos carefully considers the technology and drilling equipment that it uses. Our Well Integrity Management System governs well design and how wells are drilled, completed, and tested. We believe

in safe and efficient operations that are consistent with strong well governance procedures and internationally recommended best practices.

Kosmos believes climate change is real and influenced by human activity. At this time, Kosmos does not operate any of its producing assets. Kosmos has oil and gas production offshore Ghana and Equatorial Guinea, which we entered in late 2017. In Ghana, our co-venture partner, Tullow Oil, operates the Jubilee and TEN fields. While we do not participate in the Climate

Disclosure Project (CDP), Tullow Oil participates in the CDP, reporting emissions and management processes on behalf of the Jubilee co-venturers, including Kosmos. Our management plans to revisit this decision if Kosmos operates any hydrocarbon production in the future.

We finished 2017 with a Total Recordable Incident Rate (TRIR) of 0.64 and a Lost Time Incident Rate (LTIR) of 0.0, against our global targets of less than 1.25 and 0.5, respectively. We had zero fines and zero spills. Our 2018 performance

targets are a TRIR and LTIR of less than 1.1 and 0.5, respectively, zero spills, and zero fines/penalties. We aim to be an injury-free workplace no matter where in the world we operate and recognize that each individual needs to play a role in this effort - through safety vigilance, awareness of surroundings, and focusing on the task at hand. In 2017, we continued to require personal and occupational safety training for all employees to reinforce our safety culture.

### BUSINESS PRINCIPLE 4 IN ACTION: TAKING A CLOSER LOOK AT CLIMATE CHANGE

Kosmos recognizes that the world is facing a serious challenge from climate change influenced by human activity.

In 2017, we conducted a review of our approach to climate change and the external policy and stakeholder environment. In the review, we:

- Benchmarked Kosmos' approach against that of a set of industry peers;

- Analyzed stakeholder attitudes, including emerging investor expectations around climate change reporting and initiatives such as the Task Force for Climate-Related Financial Disclosures;
- Examined the wider policy environment, projections of global energy needs, and climate-change risks and opportunities for our business.

We are now considering how to integrate the review's findings into our future business strategy. In the meantime, climate change will remain on our agenda, and we will continue to review and adapt our approach as the external environment evolves.



As part of our Environmental and Social Impact Assessment process, we evaluate potential effects on sea birds such as those pictured here in Mauritania's Dawling National Park.





# BUSINESS PRINCIPLE

# 5

## Kosmos in Society

Kosmos aims to be a trusted partner, good corporate citizen, and catalyst for positive change. While governments have the principal responsibility for ensuring citizens benefit from oil and gas development, we recognize that Kosmos also has a role to play. We are more likely to have a sustainable business if we work with a range of stakeholders, promote good governance, and maximize the opportunities we create for those around us.

Prior to seismic operations or exploration drilling, we conduct environmental and social impact assessments to consult with potentially impacted communities and create well-informed operating plans. These assessments help us develop a baseline of socioeconomic conditions before activities begin, understand and mitigate any potential adverse impacts from the activities, and collect information that enables future operations to benefit workers, communities, and local businesses.

Upon establishing a country office to oversee our operations, we complete an assessment to identify social investment opportunities and potential partners from the community. In 2015, we reviewed our social investment programs worldwide to better understand their impact. The result of the review led to a new approach, implemented in 2016, that better aligns with community, government, and company priorities.

Kosmos has a deep commitment to respecting and promoting human rights. Our Human Rights Policy, available on our website, ensures that our behavior toward employees, contractors, and external

stakeholders is both responsible and respectful. We have conducted human rights training sessions for employees and incorporated human rights into our social impact assessments to understand our potential risk exposure.

Since it is important for community members to achieve redress if they suffer harm as a result of our operations, we maintain and publicize mechanisms in every country for addressing grievances. In addition, we have trained employees and contractors to handle and resolve grievances appropriately.

We seek to apply the U.N. Guiding Principles on Business and Human Rights in all our operations. A key element of the Guiding Principles is for companies to evaluate within their risk assessments the extent to which the company's activities may pose risks to those around them. In 2015, we hired a third party expert to conduct

a labor rights risk assessment of our operations in certain countries to better understand our risks during exploration, as well as risks that could arise with oil or gas discoveries. We believe adopting a proactive approach to human rights is good risk management and the right thing to do.

Kosmos seeks to implement the Voluntary Principles on Security and Human Rights in our operations. Although port facilities are often secured by state security providers, we use private security providers for our office operations. We have conducted security assessments and training sessions for these private contractors that incorporate the Voluntary Principles as guidance. Our goal is not only to prevent potential human rights abuses, but also to encourage security providers to serve as advocates for protecting and promoting human rights. We are participating in the Voluntary Principles process with the Government of Ghana, which is the first country in Africa to join the Voluntary Principles Initiative. Since BP is the operator of our gas project offshore Mauritania and Senegal, we plan to engage with BP in implementation of the Voluntary Principles as the field is developed.



Three participants in the Kosmos Innovation Center's Start-up Challenge gather data during a market research tour in Ghana.



### BUSINESS PRINCIPLE 5 IN ACTION:

#### BUILDING CULTURAL UNDERSTANDING AND CONNECTIONS THROUGH ART IN DALLAS

In 2015, the Dallas Museum of Art (DMA) announced Kosmos as the presenting sponsor of the Keir Collection of Islamic Art for its inaugural years of exhibitions and installations. Assembled over the course of five decades by noted art collector Edmund de Unger (1918-2011), the Keir Collection is recognized by scholars as one of the world's most geographically and historically comprehensive, encompassing almost 2,000 works in a range of media that span 13 centuries of Islamic art.

Kosmos' partnership with DMA is an extension of our desire to engage with the communities where we live and work, and foster appreciation for the art and culture of these communities. The partnership between the museum and the company provides \$800,000 of support over five years for a series of special exhibitions, installations in the museum's collection galleries, and a prospective touring exhibition. The sponsorship also includes resources to facilitate loans of items from the Keir Collection to other U.S. and international institutions.

In 2017, the DMA opened *The Keir Collection of Islamic Art Gallery* in a newly redesigned gallery space that increased the number of works on view from

the collection, as well as retained several important masterworks that were on view in the first exhibition. The 2015-2016 exhibition, *Spirit and Matter: Masterpieces from the Keir Collection of Islamic Art*, showcased more than 50 masterworks from the collection marking the first time many of the featured works had been on display in North America. More than 115,000 people visited the exhibition.

Although the process of bridging cultures begins with the preservation of historic artifacts, it develops most fully through the study of art and what it reveals, not just about the artists and the works themselves – their form, their style, and their content – but also the social, political, and cultural circumstances that shaped them. When this knowledge is shared, it becomes a catalyst for deeper understanding and greater trust among societies.

The people of Dallas will enjoy the fruits of the scholarship now taking place at the DMA on the Keir Collection and will be able to view and learn from the collection for free. By supporting the display of the Keir Collection – and the scholarship and knowledge it has and will continue to generate – we are proud to play a role in our United States home, Dallas, for the benefit of increasing the understanding of people everywhere.



# BUSINESS PRINCIPLE

# 6

## Commercial Responsibilities

At Kosmos, we see our interactions with local business partners as another way to contribute to the countries in which we operate. In fact, in the event of exploration success, oil and gas development can be an important engine of economic development.

We maintain high standards for our suppliers and commercial partners in terms of safety, the environment, and anti-corruption. Suppliers are required to adhere to our Business Principles. Their

willingness to observe the standards articulated in our Business Principles and supporting policies is a key consideration in the selection process.

When a potential local supplier is found to be outside our HSE standards, we often work to provide the necessary training or certification to elevate them to the standard. This is frequently the case, as we operate in several countries with nascent oil and gas industries. We periodically organize contractor forums to

provide training and reinforce our HSE-related expectations. Local and multinational contractors attend these sessions in order to further commit themselves to working within our standards.

Ensuring that our suppliers and contractors fully understand their contractual obligations regarding anti-corruption provisions is vitally important. Our local procurement professionals offer one-on-one sessions with our suppliers to explain our requirements under our policies, the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010, and other relevant local legislation. During this process, we often identify areas for additional training within our local supply chain.

In 2015, we conducted a formal review of our approach to local content, both at the corporate level

as well as in Mauritania where we had active drilling operations. The assessment was completed by an international firm who helped us identify opportunities to update certain policies and contract

language as well as improve cross-functional cooperation to optimize local content.

We seek to maximize the amount of goods, services, and employment

that we source locally. Our local content approach aims to enable people to access jobs, and to enable businesses to access supply chain opportunities through Kosmos.

### BUSINESS PRINCIPLE 6 IN ACTION:

#### COLLABORATING WITH BP TO PROTECT HUMAN RIGHTS

Since establishing our partnership with BP in Mauritania and Senegal, we have collaborated on all facets of the exploration program and the Tortue LNG project: technical, environmental, economic, and social. BP and Kosmos share similar high standards, but Mauritania and Senegal were new countries of operation for BP. As a result, Kosmos has worked hard to share its knowledge of working in these countries with BP and smoothly transition our social and environmental projects.

In 2017, we worked closely with BP on our joint approach to human rights in Mauritania and Senegal, first by comparing our corporate standards and policies, then evaluating the individual contexts of each country. We shared our due diligence processes and outcomes, human rights training conducted for employees, contractors and top suppliers, and current activities related to human rights. We discussed and planned next steps together.

We believe it is important to transition as seamlessly as possible, while building on – rather than duplicating – our previous work. In 2018, now that we have finished the transition to non-operator in Mauritania and Senegal, we will continue to focus on human rights by supporting BP's policies and related activities.



FOLLOWING A THOROUGH FARM-OUT PROCESS, BP EMERGED AS THE RIGHT PARTNER TO HELP US ADVANCE THE TORTUE GAS PROJECT AT PACE AND TAKE FORWARD A MULTI-WELL EXPLORATION PROGRAM. WE ARE PLEASED TO HAVE SECURED A SUPER-MAJOR PARTNER THAT BRINGS FINANCIAL CAPABILITY, DEEPWATER DEVELOPMENT AND LNG EXPERTISE, AND A VISION THAT IS FULLY ALIGNED WITH THE INTERESTS OF BOTH COUNTRIES.

– **Andrew G. Inglis**  
Kosmos Energy's Chairman and CEO

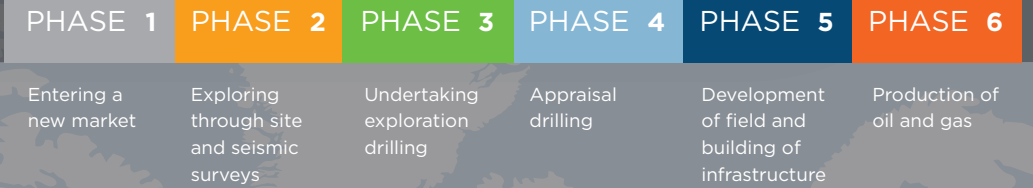


Kosmos personnel at the shore base in Nouakchott, Mauritania exemplify our entrepreneurial spirit and team-based approach.



### PROJECT LIFECYCLE AND OPERATIONS MAP

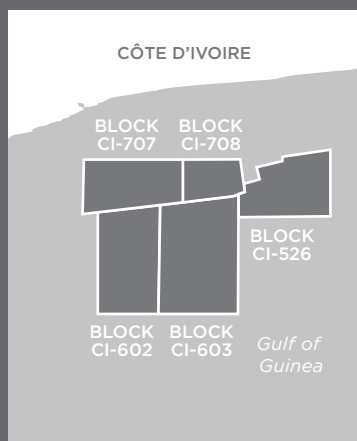
The diagram below outlines the oil and gas project lifecycle, from entering a new geography, to exploration and, if successful, development and production. Our corporate responsibility activities – such as social investment and capacity building – in each country are increased as we move along the project lifecycle, although the standards to which we hold ourselves remain the same. The colors on the diagram correspond to the countries and areas of operation listed on the map to show where we were in the project lifecycle during the 2017 year under review.





# CÔTE D'IVOIRE

In late 2017, Kosmos acquired five blocks offshore Côte d'Ivoire as part of a second cycle exploration initiative in the Gulf of Guinea. As an extension of the Tano Basin in Ghana, which the Kosmos exploration team opened with the Jubilee discovery in 2007, offshore Côte d'Ivoire provides an opportunity for Kosmos and our partner BP to execute a frontier/emerging basin exploration strategy and pursue new technical themes.

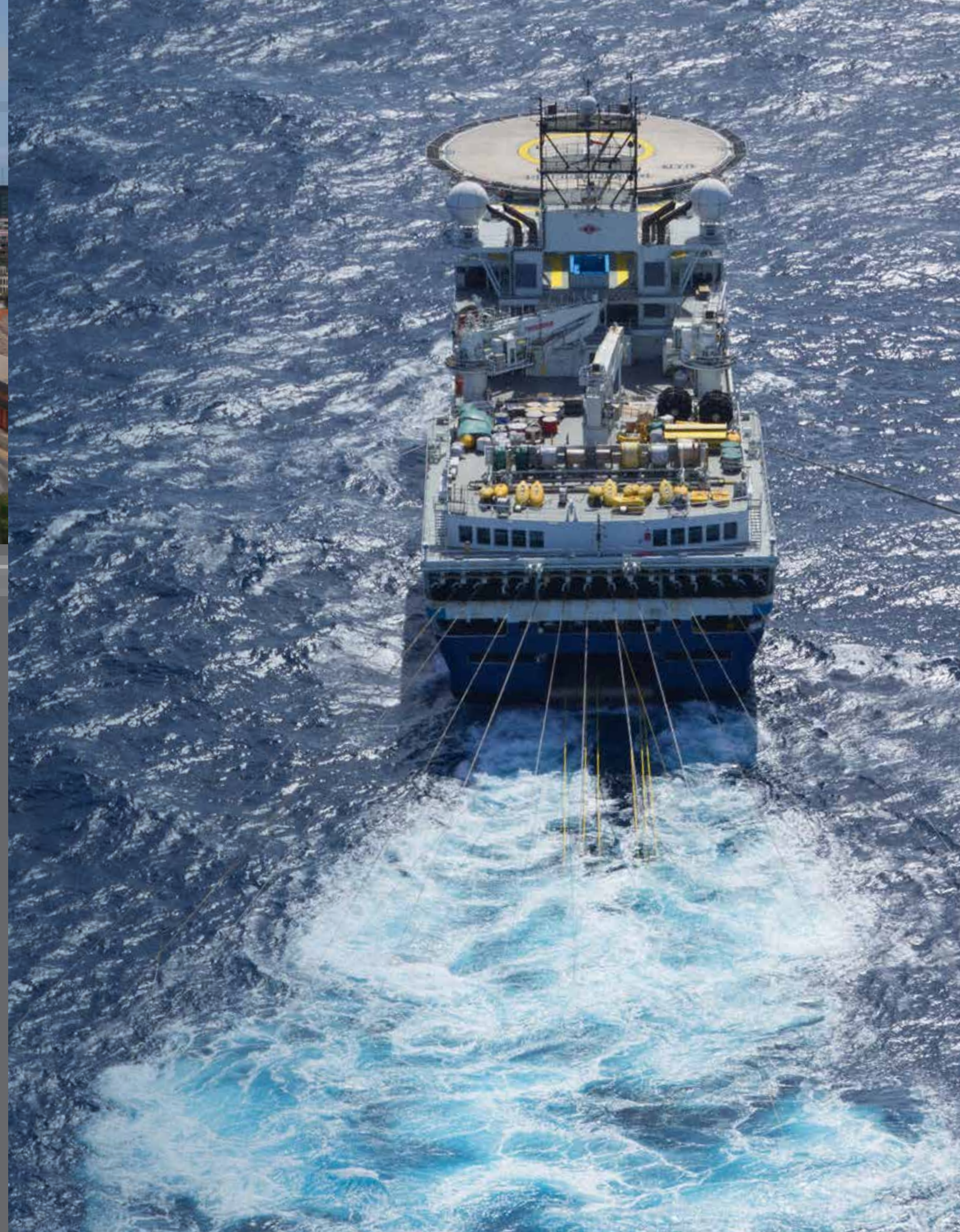


Kosmos and BP each acquired an equal 45%-45% working interest in five contiguous blocks covering approximately 17,000 square kilometers, as shown in the map at left. PETROCI, the national oil company of Côte d'Ivoire, has a 10% carried working interest in the blocks as well. Kosmos is the exploration operator and BP will be the development operator in the event of a commercial discovery.

A multi-client 3D seismic acquisition program is being conducted by Petroleum Geo-Services (PGS) in 2018, including over 12,000 square kilometers in Kosmos' blocks during the first half of the year. The seismic survey uses sound waves to map rock formations on and below the ocean floor to establish the potential presence of hydrocarbons. If the seismic surveys show that formations potentially

containing adequate oil and gas may exist, then Kosmos and BP will determine where to drill an exploration well.

In 2018, Kosmos plans to open an office in Côte d'Ivoire and begin putting together a small team of employees based in the capital city of Abidjan. We are currently analyzing opportunities for early social investment programs as well.





# EQUATORIAL GUINEA

Kosmos' entry into Equatorial Guinea in October 2017 was an important milestone for the company. We and our partner Trident Energy acquired Hess Corporation's interests in the Ceiba and Okume fields and signed three new exploration production sharing contracts over offshore Blocks W, S and EG-21. Kosmos will be the exploration operator for Blocks W, S and EG-21, and a new joint venture company, Kosmos Trident Equatorial Guinea Incorporated (KTEGI), is the operator of the Ceiba and Okume production assets.



This is the first time Kosmos has acquired producing assets and entered a new country with an existing workforce, facilities, ongoing operations and social investments. Kosmos will operate in Equatorial Guinea as we do in every country. We are in the early stages of implementing our standard policy framework which supports our Business Principles, particularly in the areas of human rights, community engagement, and social investment.

### ADDING PRODUCTION AND EXPLORATION THROUGH JOINT VENTURE

Founding members of the Kosmos Energy exploration team opened the Rio Muni basin in 1999 when they discovered the Ceiba and Okume fields while working for Triton Energy.




**TRIDENT ENERGY**

Kosmos' commercial partner in Equatorial Guinea is Trident Energy, a privately-held international exploration and production company.

In addition, several other Kosmos team members were involved in the development and operation of those fields after their initial discovery.

We entered into the new agreements in Equatorial Guinea on a 50/50 basis with Trident Energy and formed a joint venture company, KTEGI, to operate the fields. KTEGI leverages the distinct expertise of each company, combining Kosmos' exploration expertise and subsurface knowledge with Trident's operational capabilities.

### HUMAN RIGHTS DUE DILIGENCE AND TRAINING

As is our practice, Kosmos engaged a third-party expert to conduct human rights due diligence for our anticipated in-country activities. The report stressed the importance of community engagement as well as policy implementation and monitoring.

KTEGI has adopted Kosmos' Business Principles, Anti-Corruption Policy, and Code of Conduct and conducted training for employees on implementation of these policies. We expect to conduct human rights training for KTEGI staff and contractors, with an emphasis on supply chain. We have conducted similar training in other countries where we operate. For more information on our supply chain policies, please see page 16.

### EARLY COMMUNITY ENGAGEMENT

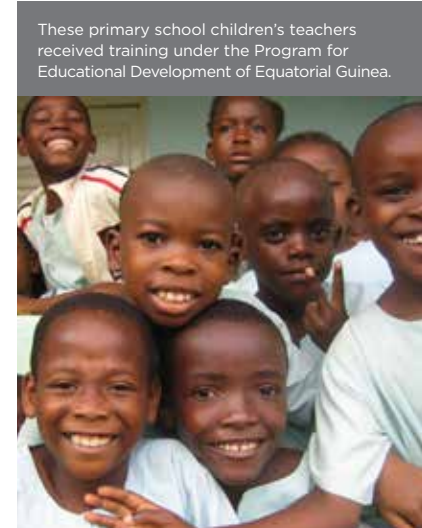
In 2018, Kosmos, as operator, commenced seismic acquisition over Blocks W, S and EG-21. In preparation for the seismic survey, we completed an Environmental Impact Assessment, engaged coastal and fishing communities, and established a grievance mechanism.

Kosmos has already begun engaging with fishing communities onshore as part of our initial activities to introduce Kosmos as a new company in Equatorial Guinea.

### NEW AND ONGOING SOCIAL INVESTMENT

We intend to implement an impactful social investment program with the local population. While we are growing in familiarity and understanding of the local context in Equatorial Guinea, we are continuing Hess Corporation's social investment programs in education and health.

The flagship social project, the Program for Educational Development of Equatorial Guinea (PRODEGE), is now a public-private partnership among Kosmos, Trident and the government of Equatorial Guinea. During PRODEGE's first five years, the program trained two thirds



These primary school children's teachers received training under the Program for Educational Development of Equatorial Guinea.

of the country's primary teachers in instructional skills, established model primary schools, modernized the education information system, and strengthened the institutional capacity of the Ministry of Education and Science. Over \$12 million will have been invested in education through the PRODEGE program from its inception through 2018.

Kosmos will also initiate an annual social investment program for the three exploration blocks, which we aim to focus on the coastal communities.

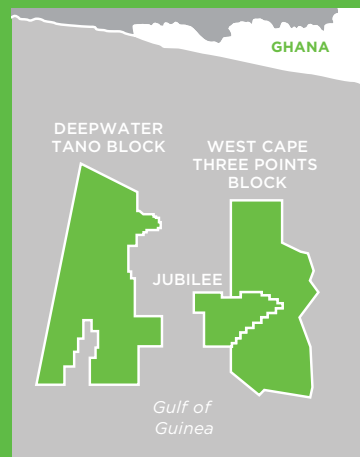


The implementing partner for the PRODEGE program is FHI 360, a development NGO dedicated to improving lives through integrated, locally driven solutions.



# GHANA

2017 marked the tenth anniversary of our discovery of the Jubilee field in the Tano Basin offshore Ghana - one of the largest discoveries offshore West Africa in the previous two decades. Our successful fast-track development produced first oil within 42 months of the discovery.



Kosmos is a non-operating co-venturer of the Jubilee Unit and the Tweneboa, Enyenra, and Ntomme (TEN) fields in Ghana, comprised of Tullow Oil, Anadarko Petroleum, PetroSA, and Ghana National Petroleum Company (GNPC). Tullow Oil is the operator of the Jubilee Unit and TEN fields, meaning it oversees operations related to oil and gas production. Although Kosmos does not oversee day-to-day operations of the Jubilee Unit and TEN fields, we take an active role in stakeholder engagement, secondment of top national talent, social investment programs, and other activities to help ensure Ghanaians receive benefits from hydrocarbon production.

## MANAGING OUR FOOTPRINT

Total oil production from the Jubilee field in 2017 was 32,749,975 barrels, equivalent to an average of 89,726 barrels (bbls) of oil per day (bopd). Total gas production from the Jubilee field in 2017 was 44,231 million standard cubic feet (mmscf) of gas, of which 70%, equaling 30,980 mmscf, was exported to the Ghana National Gas Company's onshore processing facility at Atuabo and onward flow to the Aboadze power plant for fuel to generate electricity.

In addition to oil exports, Kosmos promotes the use of natural gas to generate power. Gas exports from the Jubilee Field increased 15% in 2017. Kosmos continues to advocate

for a national plan to expand Ghana's gas infrastructure to meet the country's domestic power needs in a cost efficient and sustainable way.

Oil production from the TEN fields began in 2016 and increased in 2017 due to prudent and sustainable management of existing wells resulting in a gradual ramp up in production. Total oil produced from TEN in 2017 was 20,452,577 bbls averaging 56,034 bopd. Total gas produced by the TEN field in 2017 was 26,818 mmscf, or 73 mmscf of gas per day in 2017.

The Greater Jubilee Full Field Development Plan was approved by the Ghana Ministry of Energy in late 2017. The plan sets out the integrated development of the Jubilee field and the Mahogany and Teak discoveries located in the West Cape Three Points block. As a result, we commenced new drilling in the field in the first half of 2018, together with drilling in the TEN fields due to the resolution of the border dispute between Ghana and Côte d'Ivoire.

## Prioritizing Safety and the Environment

Our active monitoring of safety and environmental compliance in Ghana contributed to strong HSE performance in 2017. There were no environmental incidents or Lost Time Incidents (LTIs) for any of Kosmos' operations in Ghana in 2017, continuing our record of zero LTIs since 2012. We continued to invest in safety training throughout the year, which helped sustain performance gains achieved in prior years. Tullow Oil, as operator, reports on the safety and environmental performance for Jubilee and TEN operations.

Our staff in Ghana receives behavioral safety training each year in addition to annual training on Kosmos' Health, Safety, and Environment policies and standards. These trainings are mandatory. We believe they contribute to our strong safety record in Ghana.



The FPSO John Evans Atta Mills produces oil at the Tweneboa, Enyenra, and Ntomme (TEN) fields.

## Grievance Mechanism

Although we did not operate any drilling activities in Ghana in 2017, we continued to maintain our community-level grievance mechanism in the Western Region. Our formal grievance mechanism provides a communication channel for members of the community to raise concerns about our operations or submit complaints.

We visit the Western Region to remind communities of the grievance mechanism, how it works, and how it can be accessed. Through continuous engagement, we empower community leaders to assist those people with grievances navigate the system. Although we did not receive any new grievances in 2017, three grievances registered through the formal channel were outstanding at the end of 2016 and resolved in 2017. These grievances concerned our social investment projects in the Western Region.

To supplement our formal grievance mechanism, we have stationed Community Liaison Officers (CLOs) in Kosmos-branded offices in local villages. We distribute contact numbers and e-mail addresses for the CLOs as well as directions to their local community offices. The CLOs are an important part of our approach to managing grievances, in that they solicit and respond to feedback from community members.

The Kosmos CLOs also work in close collaboration with the CLOs from our co-venturer Tullow, so that they are fully up to date with Tullow-led operations in the Jubilee and TEN fields.

## ENGAGEMENT AND LISTENING

As a long-term partner in Ghana, Kosmos regularly engages with a wide range of stakeholders, including local communities, suppliers, civil society, media, and academia. We communicate regularly with these stakeholders to understand their concerns about our industry and its impact on the country. We share information that improves mutual understanding of the role of the oil and gas industry.

## Outreach to Local Communities

The area directly onshore from the Jubilee and TEN fields includes the six coastal districts of the Western Region, where we have centered much of our local community engagement. In the Western Region, our key stakeholders are the fourteen traditional councils within the six coastal districts, the Fish Processors' Associations of Ankobra and Ekpu Communities, as well as communities where we have ongoing social investment projects.

We join community meetings held by the Jubilee and TEN field operator. We use these sessions to provide



Employees in our office in Accra, Ghana regularly take part in professional development trainings.

updates on Jubilee and TEN field operations, environmental monitoring and compliance, canoe incursions and fishermen interactions, the Voluntary Principles on Business and Human Rights, social investments, effects of the Ghana-Côte d'Ivoire maritime boundary dispute decision by ITLOS, and our environmental and social impact management plans. These engagements result in the support of local leaders and traditional authorities in keeping fishermen safe around our offshore installations and approval of our social investment plans.

#### **Voluntary Principles on Security and Human Rights**

The Government of Ghana is currently finalizing its National Action Plan for implementation of the Voluntary Principles on Security and Human Rights. Kosmos has supported this process by participating as an industry representative in national dialogues to discuss key issues that can help with implementation. The dialogues have covered issues such as onshore and offshore risks associated with increased activities in the oil and

gas sector, the status of the Ghana government's anti-small scale illegal mining initiative, and goals related to public security training and private security licensing reform.

Kosmos uses private security personnel to provide security for our employees and office operations in Ghana. Security for the Jubilee and TEN fields' operations is the responsibility of the operator. We have trained all Kosmos Energy Ghana security personnel on the Voluntary Principles on Security and Human Rights per our corporate policies and in support of Ghana's work on the Voluntary Principles.

For more information on the Voluntary Principles on Security and Human Rights in Ghana, please see the country's website dedicated to their implementation: [www.ghanavps.org](http://www.ghanavps.org).

#### **Working in Partnership with Civil Society**

Kosmos maintains regular contact with civil society organizations in Ghana such as the African Centre for Energy Policy (ACEP), the National Resource Governance Institute

(NRGI), and the Ghana Extractive Industries Transparency Initiative (GHEITI). GHEITI is an important forum that Kosmos uses to engage on issues of revenue transparency and anti-corruption. We are a private sector member of the GHEITI multi-stakeholder group, which oversees the public reconciling of payments and receipts between government and extractive companies. In 2017, Ghana completed its sixth oil and gas reporting cycle. Kosmos has been a part of the process in Ghana since its inception.

In 2017, we were pleased to co-sponsor the first Enterprise Africa Summit, hosted in Accra. The summit provided a forum for key stakeholders - development partners, government, civil society, academia, businesses community, and entrepreneurs - to explore the nexus between entrepreneurship and economic development in Sub-Saharan Africa. The 2016 Kosmos Innovation Center Agritech Challenge winner, TroTro Tractor, also participated in the summit, where the company gained international visibility and built new business connections.

#### **Government Engagement**

Kosmos regularly engages with the government of Ghana to keep them informed of our activities and with the goal of ensuring that our activities contribute to national development. As part of our government engagement efforts in 2017, we provided all 250 members of the Ghanaian parliament with copies of our Business Principles and annual reports. We presented our approach to transparency including publishing our contracts and payments to governments, anti-corruption policy, and ongoing support of the Extractive Industries Transparency Initiative. We also explained the work of the Kosmos Innovation Center in supporting young Ghanaian entrepreneurs and small and medium sized enterprises.

To further our commitment to supporting investment and economic development in Ghana, Kosmos sponsored the Ghana Investment Summit in August 2017. The summit was attended by investors from Africa, Europe, Asia and the Americas. Kosmos participated in panels with the Ghana Investment Promotion Centre to discuss opportunities in oil and gas as a veteran of the industry in Ghana, as well as share our learnings from working with young Ghanaian entrepreneurs as part of the Kosmos Innovation Center.

#### **Independent Advisory Council**

Kosmos created an independent advisory council comprised of respected Ghanaian business leaders in 2014 to demonstrate our long-term commitment to the development of Ghana. The advisory council guides the company and serves as a sounding board as we work to support Ghana's socio-

economic needs and management of oil and gas resources. The six advisory council members provide key insights that influence our business and above-ground approach.

Members of the council were selected based on their business knowledge, diverse points of view, and history of success leading companies in Ghana. The advisory council has even taken an active role in the Kosmos Innovation Center by volunteering as guest lecturers and business mentors. There is natural alignment between Kosmos and Ghana when it comes to creating a well-managed and increasingly productive petroleum sector.

#### **POSITIVE IMPACTS**

Kosmos is committed to playing its part in creating positive development outcomes for host countries from our oil and gas discoveries. Our largest office



Fishing boats are anchored along the coast of Ankobra, a community in the Western Region.

outside the U.S. is in Ghana, where sourcing goods and services locally and hiring Ghanaian employees is an important way that we contribute to national development. Kosmos has worked hard to build a network of local suppliers, and provided training and capacity building ourselves to bring them to international industry standards.

We are committed to supporting personal and professional development for all our employees through tailored training programs, rotations through our other global offices, and attendance at workshops and conferences. In 2015, Kosmos achieved a major milestone by employing a 100 percent Ghanaian staff - a number that we have now maintained for the third consecutive year. We currently have 45 employees in Ghana, 95% of whom participated in personal and/or professional development programs. We also conducted a total of 38 internal training programs for our staff in Ghana, including a refresher course on the International Finance Corporation's Environmental and Social Performance Standards.

In 2017, we also contracted six national service personnel to work in finance, supply chain, human resources, office administration, corporate affairs and commercial departments. It is our hope that the training and experience they receive while working at Kosmos helps prepare them for their future careers.



Young entrepreneurs with the Kosmos Innovation Center learn about founding and growing businesses that use technology to solve problems in the agricultural sector.

**Social Investment Projects**

We continue to support social investment in Ghana through Kosmos-initiated programs, as well as those led by the operator of the Jubilee and TEN fields. In 2017, we focused our social investment on youth entrepreneurship through the Kosmos Innovation Center, clean drinking water, and small community-level projects. Page 29 of this report describes the Kosmos Innovation Center in detail.

Editors and journalists are important stakeholders in Ghana as they regularly write about domestic oil and gas activities and their work often shapes public understanding. In 2017, we again sponsored the annual Ghana Journalist Awards, a forum that encourages professionalism and innovation in news reporting across Ghana.

Each year, we contribute to the Jubilee Unit and TEN Development social investment programs. These initiatives are overseen by a team of representatives from the Jubilee Unit co-venturers, including Kosmos. In 2017, the Jubilee and TEN social

investment projects focused on three themes: local agribusiness and enterprise development, environmental stewardship, and road safety and traffic management. These projects were carefully designed in collaboration with community stakeholders to ensure their long-term sustainability.

**Clean Drinking Water for Ghanaians**

Kosmos has supported clean drinking water projects in Ghana for the last six years. We first worked with the Safe Water Network to build water filtration systems for over 28,000 people from twenty villages in the Western Region. The project received such a positive community response that Kosmos decided to expand our support of water projects to other parts of the country.

We are now involved in a multi-year project with Water Health Ghana, a subsidiary of Water Health International, to provide clean drinking water for villages in five regions. In 2017, we expanded the program to ten new communities, providing clean drinking water for nearly 130,000 Ghanaians.

The overall program includes construction of water purification facilities, training of operators from local communities, and implementation of a monitoring program to ensure sustainability. Each new water facility is governed by a board of community members who oversee the project. Water Health Ghana works in partnership with these boards to determine the appropriate usage fees and management of the water purification service. In addition, the organization provides sanitation and hygiene education to further improve health outcomes for the villagers using the new clean water systems.

We are continuing our support of the Water Health Ghana program in 2018, when the program will install water purification facilities and conduct management training for an additional ten communities. By the end of 2018, our multi-year partnership with Water Health will have brought clean drinking water to over 280,000 people across Ghana.



Traditional chiefs sample clean drinking water from a Kosmos-sponsored Water Health Ghana facility.



WE ARE ON TO SOMETHING BIG. THIS PROGRAM ENCOURAGES SMART YOUNG ENTREPRENEURS TO LOOK AT AGRICULTURE DIFFERENTLY. WITH THE TYPE OF INNOVATION FOSTERED BY THE KIC, OUR YOUNG PEOPLE CAN MAKE AGRICULTURE A MORE DYNAMIC SECTOR AND ATTRACTIVE CAREER PATH WITH PLENTY OF OPPORTUNITY. I AM THRILLED WITH THE TREMENDOUS RESPONSE THAT WE HAVE RECEIVED FROM YOUNG PEOPLE WHO WANT TO BE A PART OF THIS EFFORT TO TRANSFORM GHANA.

**Joe Mensah, Kosmos Energy**  
Ghana Vice President and Country Manager



**EMBRACING INNOVATION IN GHANA: THE KOSMOS INNOVATION CENTER**

We launched the Kosmos Innovation Center (KIC) in 2016 to help Ghana build a brighter future by applying innovation and technology to some of the country's key challenges. After more than a decade of helping to develop the national oil and gas industry, we challenged ourselves to think big and develop a program that would support potentially transformative economic development. The Kosmos Innovation Center was the result of a year-long process of research, analysis, and evaluation.

Now in its third year, the KIC continues to evolve through valuable partnerships, committed local staff, and feedback from stakeholders at all levels. We are excited by the futures of the businesses we have supported and are inspired by the dedication of the young entrepreneurs we have met.

In its initial phase, the KIC has turned its attention to agriculture - the

largest sector in Ghana's economy. The KIC has focused on inspiring young entrepreneurs to transform Ghana's agricultural sector through innovation in the nexus between agriculture and information and communications technology (ICT).

To achieve results that drive change, the KIC uses a three-pronged approach: Collaboration, Incubation, and Acceleration.

**COLLABORATION**

The Collaboration pillar of KIC is designed to build connections and foster innovative partnerships among Ghanaian entrepreneurs, investors, and other experts. The KIC hosts workshops, conferences, market research tours, and other events to promote collaboration.

KIC Collaboration events bring together the best and brightest minds from a range of fields, such as business, technology, finance, and academia, to work together

to develop solutions to challenges faced in the agriculture sector.

In 2017, Kosmos participated in the annual National Food and Agricultural Show in Accra. The KIC team led an interactive session discussing how to encourage young people to enter the agricultural sector. The program was well





I'M GREATLY ENCOURAGED BY THE COMMITMENT KOSMOS CONTINUES TO SHOW TO THE KOSMOS INNOVATION CENTER BUSINESS BOOSTER PROGRAM. IT HAS BEEN A GREAT PLEASURE TO WORK WITH THE VENTURES AS A BUSINESS MENTOR. I HAVE SEEN IMPROVEMENT IN THE BUSINESSES AS THEY EMBRACE THE LESSONS LEARNT FROM THE PROGRAM AND THE GUIDANCE PROVIDED BY MENTORS AND INVESTORS. BEING INVOLVED IN THE KOSMOS INNOVATION CENTER HAS PROVIDED ME AN OPPORTUNITY TO GIVE BACK TO MY COUNTRY IN A WAY THAT WILL CREATE IMPACT IN MANY LIVES.

**Mr. Ishmael Yamson Jr.**  
Mentor for the KIC Business Booster

attended by key stakeholders in agriculture, including representatives from the Ministry of Food and Agriculture and farming District Assemblies such as East Gonja, Savelugu and Sagnarigu.

**INCUBATION**

The Incubation pillar of KIC provides capacity building, mentorship, and seed funding through innovation challenges to promote the development of promising Ghanaian

startup enterprises. During our annual business incubator program, young entrepreneurs spend five months in residence to develop business plans around commercially viable technological solutions to development challenges within the agricultural sector.

One of the highlights of the incubator for the young entrepreneurs - known in the program as "AgriTechies" - is the market research tour. The two-

week tour brings the participants to five regions in Ghana - Greater Accra, Volta, Eastern, Ashanti, and Brong-Ahafo - to interact directly with farmers and agribusinesses to test their assumptions and collect valuable input. The young entrepreneurs also attend a series of lunch-and-learn programs aimed at deepening their understanding of the agricultural sector, studying challenges in agriculture, and analyzing their experiences and learnings from the research tour.

The Meltwater Entrepreneurial School of Technology (MEST) is KIC's key partner in the Incubation programming. MEST partners with KIC to provide training to the young entrepreneurs in the incubator program. The training emphasizes confidence, teamwork, presentation abilities, critical thinking skills, and business acumen.

At the end of the KIC incubator program cycle, the startups pitch their final business plans during the Agritech challenge. The winning entrepreneurs receive seed funding, technical assistance, and mentorship to help them turn their business ideas into reality.

The KIC started its second year in 2017 by reaching an exciting milestone: 100 young entrepreneurs accepted into the annual KIC Agritech Challenge program. Two start-up companies from this group won the 2017 Agritech Challenge and were funded by Kosmos: AgrolInnova and QualiTrace.



Three local entrepreneurs learn firsthand about challenges and opportunities in the agricultural industry during a market research trip to farms in Ghana.

AgrolInnova, with its product AKOKOTAKRA, is an enterprise mobile and web-based management system that allows poultry farmers to record, monitor, and track their operations in real time. With this innovative and comprehensive tool, poultry farm managers have their farms "at their fingertips" for more effective and efficient operations. AKOKOTAKRA will help poultry farmers in Ghana monitor and grow their output.

QualiTrace developed a product to authenticate, track, and trace crop protection products used by farmers to increase their yields. Using a mobile validation system, the product aims to ensure that farmers and consumers in Ghana can identify genuine farm inputs and quality food produce. This tool will also help to thwart counterfeiting agricultural inputs in Ghana, a problem that accounts for the loss of about \$1.5 trillion globally on annual basis.

In addition to the winners of the KIC AgriTech Challenge, four other promising business teams who competed were funded and supported by KIC partners MEST and Premium Bank of Ghana.

The KIC continues to support winners from previous years as needed. The first start-up company to win the Agritech Challenge was TroTro Tractor Limited in 2016. TroTro Tractor Limited has developed a platform that uses mobile phones and GPS units to connect farmers to



A KIC participant poses in front of a tractor. The first winner of the KIC Agritech Challenge was TroTro Tractor, a company that connects farmers with tractor operators.

tractor operators within their vicinity, enabling them to request, schedule, and pre-pay for tractor services. The platform gives farmers greater access to mechanized farming equipment.

Since winning the AgriTech Challenge, TroTro Tractor has grown to seven employees and signed up over 30,000 farmers in Ghana for its tractor sharing services, based on a similar model as the ride-share company Uber, but used for tractors. The company has also secured additional investments in order to continue scaling their successful business.

**ACCELERATION**

The Acceleration pillar of the KIC supports the development of promising small and medium sized enterprises through technical assistance and capital investment. After a stringent screening process, selected companies receive a range of support aimed at helping them grow.

In 2017, KIC launched its first Business Booster program. We selected nine Ghanaian-owned businesses which have operated within the agriculture sector of Ghana for at least three years. The five-month program entailed two, week-long business development boot camps in Accra, a mentorship support program and engagement with investors and wealth advisors. During the program, the participating ventures validated and refined their business models, prepared for growth, and gained access capital to build their companies.

The KIC collaborates with Uncharted, a U.S.-based nonprofit, to lead the Business Booster execution and curriculum delivery, and Impact Hub Accra, a collaborative co-working space, to provide local expertise in logistics, operations, and recruitment for the Business Booster program.

For more information about the Kosmos Innovation Center, visit [www.kosmosinnovationcenter.com](http://www.kosmosinnovationcenter.com).

**INCUBATION PROGRAM AT A GLANCE**



270  
ASPIRING  
YOUNG  
ENTREPRENEURS  
PARTICIPATED  
IN KIC

\$950k  
INVESTED  
IN KIC STARTUPS  
BY KOSMOS  
AND EXTERNAL  
INVESTORS

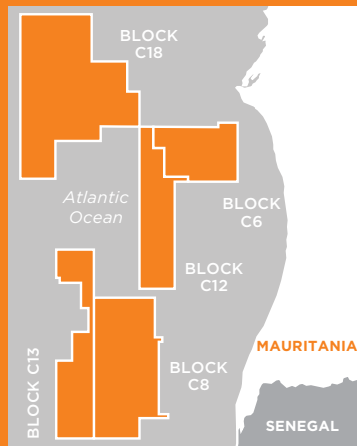
8  
STARTUPS  
LAUNCHED

79  
JOBS  
CREATED



# MAURITANIA

Since first acquiring licenses in Mauritania, Kosmos has drilled three successful offshore exploration wells. We drilled the Tortue-1 well and the Ahmeyim-2 well in the southern part of block C8 and made important discoveries in the Greater Tortue area. Kosmos also made another major gas discovery in the northern part of block C8 when our Marsouin-1 exploration well encountered at least 70 meters of net natural gas pay, representing a significant, play-extending find.



The Greater Tortue natural gas resource is a single large gas accumulation that stretches across the maritime boundary between Mauritania and Senegal. The scale and quality of the gas field, and the exploration potential of the rest of the basin, attracted the attention of several major international oil companies who expressed their interest in partnering with us. Following a thorough farm-out process, BP was chosen as the right partner to help Kosmos advance the Greater Tortue gas project at

pace and take forward a multi-well exploration program in both Mauritania and Senegal.

Kosmos currently holds licenses for blocks 6, 8, 12, 13 and 18 offshore Mauritania, as shown in the map at left. Since late 2016, our partners in blocks 6, 8, 12, and 13 are BP and Société Mauritanienne Des Hydrocarbures et de Patrimoine Minier (SMHPM), with 65% and 10% working interests, respectively. In 2017, we transitioned operatorship of the Greater Tortue gas development project to BP.

Kosmos farmed in to ultra-deepwater block C18 with a 15% working interest in 2017, alongside partners Total S.A. (45%), Tullow Oil (15%), BP (15%), and SMHPM (10%). Total is the operator of block C18 and completed a 9,000-sq km 3D seismic survey in the block in early 2018.

## MANAGING OUR FOOTPRINT

In 2017, Kosmos performed a drill stem test on the Tortue-1 well, drilled two exploration wells, and conducted a 3D seismic survey offshore Mauritania. All activities were safely executed as planned without incident.

The drill stem test (DST), a procedure that determines the productive capacity, pressure, permeability and/or extent of the gas reservoir, was conducted in a water depth of 2725 meters, one of the deepest drill stem tests ever conducted. Close collaboration between all commercial partners and stakeholders throughout the planning process, installation and test execution was key to the success of the project.

Kosmos' shorebase in Mauritania, located in Nouakchott, marked three years without a lost time incident in 2017. We worked hard to achieve this record, through dedicated trainings, regular meetings, and close cooperation among our employees, contractors, business partners, and the government of Mauritania.

We have continued to organize contractor forums related to Greater Tortue activities to provide training and reinforce our HSE-related expectations. Local and multinational contractors – representing drilling, shorebase, and aviation – attended these sessions in anticipation of increased activity and re-committed themselves to working within our standards.

Our office in Nouakchott is staffed with 100% Mauritanian citizens, and we prioritize the professional development of these employees. In 2017, Kosmos employees in Mauritania attended international trainings in finance, industry-specific subjects, and English lessons.



All Kosmos personnel and contractors, such as the employee pictured here at our shorebase in Nouakchott, have the right and responsibility to stop any unsafe work or remove themselves from any unsafe working conditions.

We have also introduced training programs for local suppliers and their staff focused on workplace health and safety, as well as labor rights.

Since we transitioned our Mauritanian employees to work for our partner BP at the end of 2017, we have hired a new Mauritanian country manager and support staff to maintain our employment of 100% Mauritanian nationals in our Nouakchott office.

## ENGAGEMENT AND LISTENING

We believe that being a great explorer is not enough to be successful – we must also engage with local people and listen to their concerns. Our gas discoveries offshore Mauritania mean that we expect to have a presence in the country for many years to come. We want to be a welcome investor, both to our host governments and local communities. To achieve this goal, we build relationships with stakeholders through engagement and listening on all topics: the environment, transparency, our operations, capacity building and social investment projects, health and safety, and socioeconomic impacts.

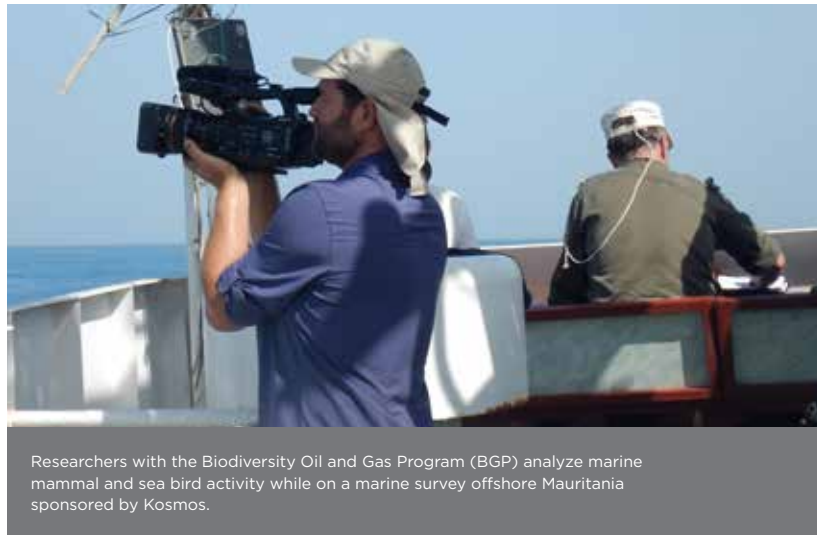
We are pleased to support the government of Mauritania's commitments to transparency. Mineral resources currently represent nearly a quarter of Mauritania's

total revenue – once Tortue LNG is on stream in several years, this number will likely increase – and the Mauritanian Hydrocarbon Code of 2011 requires companies to publicly disclose the payments they make to government. In 2017, Kosmos served as a private sector member of Mauritania's EITI National Committee.

In addition to our stakeholder engagements in Nouakchott, we continue to engage with fishing communities near our offshore exploration acreage through Environmental and Social Impact Assessments, social investment, and regular community visits.

In 2017, we held four public consultations, covering areas in Nouakchott, Ndiago, and Nouamjhara. We met with local representatives as part of the ESIA processes to present upcoming drilling activities and get input on the proposed Greater Tortue plan of development, as well as answer questions.

Since we have been present in Mauritania for over five years, the local community in the Ndiago region is now familiar with Kosmos and informed about the oil and gas exploration taking place offshore. We met with, among others, the local Diawling Park Authority, fisherman's associations, and local religious, economic and government



Researchers with the Biodiversity Oil and Gas Program (BGP) analyze marine mammal and sea bird activity while on a marine survey offshore Mauritania sponsored by Kosmos.

leaders. Each meeting represented an open invitation to continue dialogue on our activities, as well as a commitment to keep stakeholders informed of our progress and plans.

#### POSITIVE IMPACTS

Mauritania's Biodiversity Oil and Gas Program (BGP) is a multi-stakeholder initiative supported by the Ministry of Environment and Ministry of Energy. Kosmos is pleased to have a multi-year partnership with the BGP team and to provide support for marine research and policy development. The BGP aims to bring researchers and policymakers together to improve marine biodiversity protection, regulatory capacity, and engagement among the various groups that use the ocean.

In 2017, we again sponsored BGP researchers on a multi-week marine survey to increase knowledge and data about biodiversity in the waters offshore Mauritania. This is the third such survey that we have sponsored. In the coming year, BGP, along with its partner IMROP, intends to use this data to author a Marine Biodiversity Atlas of Mauritania.

While we pursue development of the Mauritania's natural gas resource, we aim to also enhance national capacity in the oil and gas industry and related fields. One such initiative is our multi-year partnership with the Gérer les Impacts des Activités

Extractives (GAED) international master's program, a joint master's degree program on managing impacts from the extractive sector, held at the University of Nouakchott and the University Gaston Berger of Saint Louis, Senegal.

The master's degree program was developed by the International Union for Conservation of Nature (IUCN), United Nations Development Programme (UNDP), the German Development Institute (GIZ), MAVA Foundation, Global Environment Facility (GEF), the World Wildlife Fund (WWF), and the two universities for students from Mauritania, Senegal, and other African countries. Kosmos is supporting the GAED master's program by providing our employees as guest lecturers, hosting field trips and internships, and contributing financial support. GAED students have also joined our teams in the field for seismic and drilling ESIA's in both Mauritania and Senegal.

For four consecutive years, Kosmos has funded English language training for students at Centre de Formation et de Perfectionnement Professionnels (CFPP), the largest vocational training center in Nouakchott. We had learned from a needs assessment that the students were often being excluded from job applicant pools for which they were qualified because they did not have sufficient English language skills. In response to student and

staff suggestions, Kosmos has also provided lessons in basic management and entrepreneurship skills. We partner with the International Labor Organization (ILO) office in Mauritania on an employability skills training program for students enrolled in the English classes.

Each year that Kosmos has been present in Mauritania, our office has participated in annual volunteering and charity during the month of Ramadan. The Ramadan holiday often leads to increases in food prices that can put basic items out of reach for many families. Kosmos' involvement in 2017 provided 3,000 meals for families in need during Ramadan. Our local employees in Nouakchott volunteered to assist in food distribution.

While many of our social programs are based in Nouakchott and support national development, we believe it is also important to benefit coastal communities in the Ndiago region, which is directly onshore from our license areas near the border with Senegal. Because there was little demographic and economic information available on the Ndiago region when we entered Mauritania, we began our work in the area by conducting a community needs assessment.

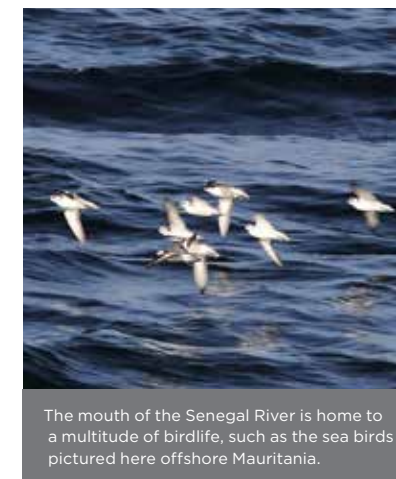
The assessment identified energy access as a local need in Ndiago. During stakeholder meetings, community and local authorities had suggested that the local economy could benefit from electrification projects. Kosmos responded by developing a rural electrification project in Ndiago in partnership with the local community and the Ministry of Energy.

Kosmos built solar installations in three remote areas of Ndiago that were not previously connected to the power grid. The project now provides electricity to more than 2,100 people in Ndiago. It is our hope that the new electricity will result in increases to quality of life in the local villages. Electrification has been shown to improve health and indoor air quality, increase connectivity

through mobile device charging and better access to radio and television, and lead to greater productivity in economic activities.

The Diawling National Park (PND) borders the Senegal River and municipality of Ndiago in southwest Mauritania. The 16000-hectare national park is characterized by a range of different habitats (pond, river, islands, estuary, and lakes) and is home to a wide diversity of flora and fauna. Diawling is part of a Trans-Border Biosphere Reserve that is a valuable avian breeding site due to the combination of saltwater and freshwater at the Senegal River delta.

Kosmos supports the national park through skills training for park staff on park surveillance, monitoring of invasive species, and tourism management. We also provided new monitoring equipment, such as watchtowers, binoculars, GPS, and a drone, to improve capacity on park surveillance and research. Due to our cross-border offshore LNG project, we encouraged the Diawling National Park to work together with the Djoudj National Bird Park on the Senegal side of the river delta since the two national parks share similar geography, flora, and fauna, and thus have similar challenges and opportunities.



The mouth of the Senegal River is home to a multitude of birdlife, such as the sea birds pictured here offshore Mauritania.

Fisheries are a key income provider in the Ndiago region. Understandably, the local community strongly cares about the safety of its fishermen and their vessels, as well as the safety of those engaged in ancillary activities such as fish processing. Kosmos has previously provided safety gear and fish processing equipment to the Ndiago community to reduce health risks and improve working conditions, and in 2017 we decided to expand our program in Ndiago.

The population of Ndiago has a majority of women due to the travel required by the men who fish offshore. The women of Ndiago are responsible for processing after the

fish are brought ashore. Many of these women are part of co-ops to increase efficiency, share the costs of equipment and improve access to market for the fish products. Kosmos partnered with EcoDev, a local development NGO, to build the capacity of the Ndiago women's fish processing co-ops.

We provided a series of workshops for members of the cooperative on organization and management of small and medium enterprises (SMEs), entrepreneurship skills, and hygiene and safety. Through this training, the co-ops aim to increase their profits and develop more sustainable business practices. The hygiene and safety training was augmented by construction of a new fish drying and processing area to lessen environmental impacts and improve working conditions for the women.

In addition to improvements to the physical work space, we provided the women with new equipment for fish processing and safe food handling. The project also established a fund owned by the women's cooperatives to provide working capital for the purchase of fresh fish, processing costs, and access to markets for sales.

#### EMBRACING INNOVATION IN MAURITANIA

In 2017, Kosmos began planning the establishment of a Kosmos Innovation Center (KIC) in Mauritania to promote entrepreneurship among the country's youth. We identified Mauritania as an excellent location for the KIC because young people comprise 20% of the population and are experiencing a 19% unemployment rate. Youth are key drivers of economic growth and social change in Mauritania, but currently face a lack of economic opportunities and jobs. Entrepreneurship is a key pathway to employment and economic empowerment for youth and can boost the overall Mauritanian economy as well. The ethos of the Kosmos Innovation Center is to offer sustainable opportunities for young people to create their own futures – not to give short-term handouts.

We are excited to partner with Start-Up Mauritania on this first phase of the Kosmos Innovation Center in Mauritania. This partnership includes capacity building for their business incubator and start-up competition as well as direct support to the winning start-up companies.

Through Start-Up Mauritania, we will offer a program for 50 Mauritanian youths to create start-up concepts in 2018. The start-up teams will participate in a business training curriculum and capacity-building program, learning from senior mentors and market research tours. They will ultimately compete in successive rounds of pitch competitions, with the winners receiving support to launch their businesses.

KIC Mauritania will encourage collaboration and innovation among young entrepreneurs, investors, and business leaders in Mauritania.



# MOROCCO

As one of the first oil and gas companies to explore offshore Morocco in recent years, Kosmos helped set the standard for how the industry does business in the country. Over four years, Kosmos built capacity at the shore base in Agadir, implemented social investment programs, engaged with a wide range of stakeholders and community members, and conducted several 3D seismic surveys.



We drilled our first exploration well in the Fom Assaka block in 2014, which failed to encounter hydrocarbons in commercial quantities. Based on these drilling results and further analysis of the basin, we made the decision in 2016 to relinquish a portion of our acreage offshore Morocco. We maintained our position in the Essaouira Block to continue acquiring and analyzing data in the area.

In the spring of 2017, we completed a three-month seismic acquisition survey in the Essaouira Block. The interpretation of this seismic data is ongoing. In the first half of

2018, we conducted a geochemical survey in the Essaouira block to obtain sediment samples for further analysis.

## MANAGING OUR FOOTPRINT

Many artisanal small-scale fishermen work along Morocco's coast, including in the Essaouira block area. One common style of fishing in this area is for fishers to pause in one location and hang either a net or hundreds of small hooks at varying depths. When employing this technique, it can take hours for fishermen to move from the chosen fishing spot.

We learned in our Environmental and Social Impact Assessment that the seismic survey would take place in a densely fished area. Kosmos conducted extensive mitigation measures in order to safely share the area with artisanal fishermen.

Our local team presented the survey to fishing cooperatives and government officials along the coast. The team then handed out flyers presenting the survey in three languages to fishing communities and placed the flyers in central locations. We also sent a daily email with the vessel location to the fishing cooperatives and relevant officials.

To maintain the exclusion zone around the seismic vessel, Kosmos deployed four guard vessels with fishing liaison officers (FLOs) onboard to communicate to fishermen the location of the seismic vessel and how to stay away. We also employed a land-based fishing liaison officer to each fishing village on a weekly basis during the duration of the survey.

Despite these extensive mitigation measures, there were some cases in which fishing boats got too close to the seismic vessel. In order to ensure the safety of the fishermen, the

guard vessels had to cut the nets of the fishing boats in the path of the seismic vessels.

We asked fishermen whose equipment was lost or damaged during the survey to provide their information to the fishing liaison officer. After a full engagement to ensure we were providing the proper reparations, Kosmos replaced all of their equipment, including new nets and hooks where relevant.

## ENGAGEMENT AND LISTENING

Through workshops on a range of topics – such as transparency, resource governance models, and stakeholder engagement – we have helped to promote sustainable development in the oil and gas sector in Morocco. For several years, ONHYM has been developing a corporate responsibility strategy and program.

In early 2017, Kosmos' staff led a workshop with ONHYM senior leadership on social investment strategy. Kosmos also provided written reports, materials and advice to help ONHYM implement a social investment strategy.

## POSITIVE IMPACTS

Corps Africa matches Moroccan youth with local communities to implement poverty-reduction projects. This program helps prepare the next generation of Moroccan development practitioners by giving them practical experiences that they can apply to their career, as they develop skills in program management, leadership and adapting to difficult circumstances.

Kosmos has supported Corps Africa volunteer fellows each year since the program started in 2013. For the 2016-17 cohort, Kosmos sponsored two volunteers in the Essaouira region. One volunteer refurbished a multi-functional room that is now being used as a nursery school, classroom for women's literacy programs, meeting place for women to sew carpets and a meeting space for the community. He also led environmental projects focused on cleaning up the plastic bags that are common in Morocco, as well as workshops on leadership, self-confidence and teamwork. The other volunteer helped village women form an association and sell traditional handicrafts which provide income for the women's families.

## EMBRACING INNOVATION IN MOROCCO

Enactus is an international nonprofit organization, active in 36 countries, dedicated to inspiring students to improve the world through entrepreneurship. Kosmos partnered with ENACTUS Morocco to expand programming in Agadir and Essaouira, two cities on the Moroccan coast near our Essaouira license area.

Through our partnership with Enactus, over 1,200 university students learned about social entrepreneurship and the basics of running their own businesses. Students who wished to pursue additional learning in entrepreneurship formed Enactus teams and launched 22 new projects. The teams then participated in the Moroccan national competition to

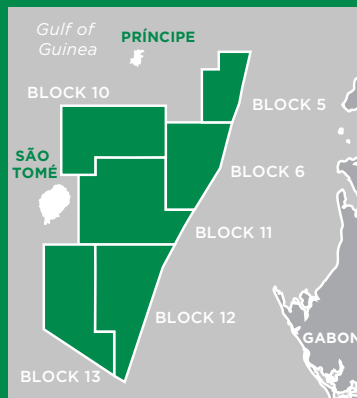
see which teams had the best business ideas, plans and pitches. Some of the teams ultimately launched their businesses, creating jobs and generating revenue.





# SÃO TOMÉ AND PRÍNCIPE

Kosmos first entered São Tomé and Príncipe by acquiring acreage in four offshore blocks – 5, 6, 11 and 12 – in 2015 and 2016. In early 2018, Kosmos acquired two additional offshore blocks – 10 and 13. In total, these six blocks cover an area of approximately 38,600 square kilometers and are adjacent to a proven petroleum system in Equatorial Guinea and Gabon.



Upon entering São Tomé and Príncipe in 2016, Kosmos established a local office on São Tomé island and appointed a country manager. We currently employ seven local staff, working in areas such as accounting, finance, external affairs, HSE, and procurement.

Galp Energia, a Portuguese oil and gas company, holds a non-operated stake as a partner in blocks 5, 11, and 12, and an operated position in Block 6. Equity in these four blocks is also shared with Equator and the Agencia Nacional do Petroleo de São Tomé e Príncipe (ANP-STP), on behalf of the

government. Kosmos, Galp, Equator, and ANP-STP intend to make a decision regarding exploration drilling in 2019.

Our partner in blocks 10 and 13 is BP. The work program in these blocks will be phased, which will enable Kosmos and BP to develop a deeper understanding of the basin and create the best chance of exploration success. In the first four-year phase, Kosmos and BP will acquire additional seismic data and will analyze the data to decide on next steps with regard to drilling.

Kosmos will be the technical operator during the exploration phase of the license, with BP taking over to manage any development in the event of exploration success.

## MANAGING OUR FOOTPRINT

In 2017, we conducted a 3D seismic campaign in Blocks 5, 6, 11, and 12 covering over 16,000 square kilometers, the largest data acquisition in our company's history. The seismic survey was planned and executed to minimize potential exposure to the environment, particularly marine mammals and sea turtles. Two marine fauna observers (MFOs) and one passive acoustic monitoring (PAM) operator were present.

Kosmos and its partners spent over a year developing an understanding of the potential impacts of our seismic survey on the waters offshore São Tomé and Príncipe through the preparation of an environmental, health and social impact assessment (ESHIA). For each block, the ESHIA was developed by independent consultants and approved by the São Tomé and Príncipe Ministry of Infrastructure, Natural Resources and Environment.

A project-specific marine fauna protection plan was developed to include approved marine fauna

mitigations and appropriate experts were engaged to assist in compliance with the plan. Through research and engagement, we are proud that we could design a seismic survey that exceeded international environmental standards.

We are committed to working closely and transparently with local and international stakeholders to safeguard São Tomé and Príncipe's unique biodiversity. By following international standards and engaging in dialogue with international and local organizations, we believe oil and gas exploration can proceed in a responsible and environmentally-sensitive manner.

## ENGAGEMENT AND LISTENING

Kosmos is committed to transparency and active promotion of the Extractive Industries Transparency Initiative (EITI) in each of our host countries, including São Tomé and Príncipe, which has been a member country since 2012.

Kosmos has established regular engagement with the Director of EITI and the multi-stakeholder group in São Tomé and Príncipe. In 2017, we deepened our relationship with EITI and plan to work together in 2018 to hold knowledge-building workshops on the oil and gas industry for local stakeholders and the media.

During the ESHIA process for our seismic survey in 2017, we participated in public consultation forums, met with a variety of government and civil society stakeholders, engaged with fishing communities, and established a formal grievance mechanism for individuals potentially impacted by our activities. The assessment included extensive consultation on both islands, which presented several opportunities for interested parties to provide feedback. This feedback was incorporated into the Environmental Management Plan and survey design.

To keep stakeholders informed, a community engagement program was also conducted ahead of the seismic acquisition. The program included members from Kosmos, Galp, Agencia Nacional do Petroleo de São Tomé e Príncipe (ANP-STP), the national oil company, the local NGO MARAPA, and the Ministry of Fisheries. After the seismic campaign had concluded, we re-visited key local and international stakeholders to update them on the completion of the survey and the success of our environmental mitigation plans.

Kosmos has had an ongoing dialogue with Fauna & Flora International (FFI) regarding our seismic campaign offshore São Tomé and Príncipe. FFI provided valuable feedback on our survey design and mitigation measures, and we agreed to continue conversations around seismic acquisition and any future exploration drilling. We also shared cetacean and marine mammal data acquired by our marine fauna observers and other scientists on the seismic vessel during the acquisition program.

## POSITIVE IMPACTS

Kosmos and our partners are contractually obligated to spend approximately \$3.3 million on social investment projects over four years (2016-2019) under the terms of our production sharing contracts with the government for blocks 5, 11 and 12. To ensure this social investment obligation results in real benefit to the people of São Tomé and Príncipe, Kosmos has engaged with



An artisanal fisherman checks his equipment on the shores of São Tomé. Kosmos held public consultations with the fishing community and other local stakeholders in São Tomé and Príncipe prior to beginning seismic operations.

the government to understand its national development priorities and formulate a strategic plan for the education sector.

São Tomé and Príncipe has high levels of literacy compared to many other developing countries. However, the country's young demographic – over 60% of the population is under the age of 24 – presents significant challenges in the education sector which the government is eager to address.

According to recent government data, the key challenges are:

- Class size: an average of 80 students per classroom
- Pace of development: Inadequate use of technology due to lack of infrastructure and training
- Instruction: Insufficient number of teachers, many of whom lack necessary training

Thus, the goals of the education initiative include improving access to quality education, reducing the



In partnership with the government of São Tomé and Príncipe, Kosmos is building schools and classrooms in four locations on São Tomé for children such as the two boys pictured playing here.

Kosmos has agreed to build two new secondary schools and associated facilities (in Santana and Monte Café) and add classrooms to two existing schools in Neves and São Marçal. Once these projects are completed, the Ministry of Education, Culture, and Science will take responsibility

of the classrooms and facilities. Kosmos has also procured two mini-buses that are now used to transport teachers to remote schools in Porto Alegre and Santa Catarina.

This initiative is being overseen and monitored by a steering committee comprised of Kosmos, the Ministry of Education, Culture and Science, and ANP-STP. Groundbreaking for the school construction is expected in the first half of 2018. Kosmos is currently working with the Ministry of Education, Culture, and Science and ANP-STP to move the project forward and ensure high standards for construction.

In addition to the education projects on São Tomé island, Kosmos intends to implement social investment projects on Príncipe island in the coming year. In 2017, we conducted an assessment and partner analysis on Príncipe. Based on the results of this assessment, we plan to focus our social investment efforts on Príncipe around biodiversity and conservation, access to water supply, and innovation in local enterprises.



The island of Príncipe is home to approximately 7,000 people and has a rich biodiversity, including many endemic species. In 2018, Kosmos plans to initiate several social and environmental projects on Príncipe to ensure benefits reach both islands in the country.



## ENGAGING ON ENVIRONMENTAL ISSUES WITH FAUNA & FLORA INTERNATIONAL



At Kosmos, we are committed to actively consulting with stakeholders on the actions we take to mitigate impacts when exploring for hydrocarbons. We believe that partnering and engaging in dialogue with stakeholders deepens our understanding of public concerns that should be addressed. These dialogues can ultimately lead to better-informed decision making and reduced risks to environment.

Following the public consultations for our seismic acquisition program offshore São Tomé and Príncipe, we were contacted by Fauna & Flora International (FFI), an international wildlife conservation organization, with an ongoing environmental program on Príncipe Island. In response, the project management team from Kosmos met with conservation specialists from FFI to discuss in greater detail our survey plans and the proposed seismic mitigation options.

**OUR ENGAGEMENT WITH KOSMOS WAS A VALUABLE KNOWLEDGE SHARING EXERCISE. THEY SHOWED GREAT WILLINGNESS TO ENGAGE WITH FFI AND EXPLAIN IN DETAIL THE EFFORTS THEY WERE PLANNING TO MITIGATE IMPACT TO MARINE MAMMALS AND TURTLES. IN ADDITION, KOSMOS WAS RESPONSIVE TO OUR CONCERNS WHICH RESULTED IN ENHANCED MITIGATION ACTIONS DURING THEIR SURVEY.**

**Sophie Benbow**  
Marine Programme Manager, FFI

During our initial meeting, FFI provided valuable input on the design of our seismic survey and mitigation measures in relation to potential impacts on biodiversity. Kosmos presented the detailed Environmental and Social Impact Assessment completed during the planning phase of operations, along with other key studies and the logistics plan that minimized the overall duration of the survey and ensured that maximum distance was kept from each area of sensitivity.

We discussed and clarified items about which FFI had concerns. Subjects under discussion included:

- source level used for the seismic campaign;
- the timing of operations to avoid the migratory period of whales;
- the noise propagation model used to establish the size of the mitigation exclusion zone;
- the proposed monitoring and mitigation actions;
- the necessity for adaptive management; and
- possibilities for data sharing and in-country support for conservation actions.

Communication is critical, and no more so than during field operations. FFI reviewed Kosmos' Sensitive Marine Fauna Protection Plan, the primary document that professional Marine Fauna Observers and Passive Acoustic Monitoring operators use to implement the practical field tools to minimize the risks to marine fauna. During the seven-month-long seismic survey, 306 observations of 12 cetacean species were made. Compliance with the mitigation plan was exemplary, with no issues

arising. Eight mitigation actions were implemented during the seismic program: four involving Pilot whales and four for Humpback whales, including one full shut-down for the extended mitigation zone for mother-calf pairs.



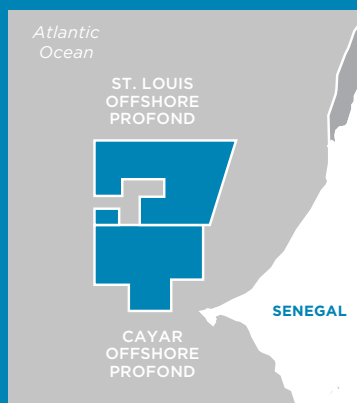
We continued to work with FFI after the initial engagement by facilitating a meeting between our Marine Fauna Observers and FFI staff in São Tomé and Príncipe, and by holding a follow up meeting at FFI's headquarters after the seismic acquisition was complete. With the permission of the government of São Tomé and Príncipe, Kosmos shared with FFI the cetacean and marine mammal data acquired by our Marine Fauna Observers and other scientists during the acquisition program. The data is particularly important because there is a lack of current research and data on cetaceans and turtles in the waters far offshore São Tomé and Príncipe.

Through research, engagement, and a collaborative approach, we are proud to have completed a seismic survey offshore São Tomé and Príncipe that meets high international environmental standards. We greatly appreciate the willingness of FFI to meet with us and work together to ensure that we are each doing our part to protect marine fauna and respect the unique environment of São Tomé and Príncipe.



# SENEGAL

Kosmos has a participating interest in two exploration blocks offshore Senegal – Cayar Offshore Profond and Saint Louis Offshore Profond. The license areas are adjacent to, and on trend with, our blocks offshore neighboring Mauritania.



We first drilled two successful exploration wells offshore Senegal in 2016, which both discovered significant deposits of natural gas. The Guembeul-1 well, which was located approximately five kilometers south of our basin-opening Tortue-1 well gas discovery offshore Mauritania, demonstrated reservoir continuity, as well as static pressure communication with the Tortue-1 well, suggesting that a single large gas accumulation stretches across the maritime boundary between Mauritania and Senegal.

The Teranga-1 well, drilled in the Cayar Offshore Profond block approximately 91 kilometers southwest of the Guembeul-1 well, also discovered a very large, material

gas deposit and confirmed that a prolific inboard gas fairway extends approximately 200 kilometers from the Marsouin-1 well in Mauritania through the Tortue area on the maritime boundary all the way to the Teranga-1 well in Senegal.

Announced in late 2016, Kosmos has a partnership with BP in Senegal (and Mauritania) that combines Kosmos' exploration expertise with BP's deepwater development, LNG production and marketing experience. Kosmos holds an effective 30% participating interest in both licenses. BP holds a 60% participating interest. The national oil company Société des Pétroles du Sénégal (Petrosen) holds 10%.

In early 2017, Kosmos announced another major discovery of gas offshore Senegal with the results of the Yakaar-1 exploration well. Located in the Cayar Offshore Profond block approximately 95 kilometers northwest of Dakar in nearly 2,550 meters of water, the well discovered a gross Pmean gas resource of about 15 trillion cubic feet, in-line with pre-drill expectations.

## MANAGING OUR FOOTPRINT

Kosmos opened its office in Dakar in September 2014 to support our drilling program and to establish a visible presence in the country. Kosmos spent more than a year working in fishing communities onshore from our license areas to introduce the company, begin building productive relationships, and prepare for both seismic surveys and drilling activities.

Since those early days, we have built a team in Dakar which was comprised predominantly of Senegalese nationals. We have provided development opportunities to our Senegalese staff through training workshops and special assignments to enhance their capabilities.

In mid-2017, when BP took over operatorship of Cayar Offshore Profond and Saint Louis Offshore Profond blocks, many of our staff transitioned to work for BP. We currently have a team of three employees in our office in Dakar to continue above-ground activities, such as social investment, and to support the operations that BP leads as the operator.

In the first half of 2017, we conducted a geotechnical and geophysical survey in the Saint Louis Offshore Profond license in Senegal and the C8 license in Mauritania. Part of the survey took place in the nearshore area where the Tortue project breakwater will be located – up to 10km from the coast and the town of Saint Louis. It is a densely fished area, with approximately 5,000 artisanal fishing boats operating from Saint Louis.

At the beginning of the survey, we held in-person meetings in Saint Louis with the local artisanal fishing council (CLPA), the local fisheries

department, and representatives of fishing communities directly. We met with over 200 fishermen to describe the location and duration of the survey, the names and contact information of the survey vessels, the nature and reason for the exclusion zone around the boats, and the phone number and email address for the Kosmos Grievance Mechanism. We also handed out flyers on the survey, broadcast a radio announcement, and deployed a fishing liaison officer (FLO) on board each vessel.

Our survey vessels encountered many artisanal boats in the nearshore zone. The density of fishing activities often required our vessels to pause work until artisanal fishers moved on, and the geophysical work often had to stop completely during the hours of darkness. Despite this, there were no significant incidents with artisanal boats. Interactions with fishermen were cordial and cooperative.

Our External Affairs staff returned to Saint Louis at least twice a month for the duration of the survey to re-deliver messages about the importance of the exclusion zone around our vessels, gather feedback from fishermen on our operations and how we were handling interactions offshore, and ensure ongoing awareness of the Grievance Mechanism.

Kosmos maintains a program to strengthen HSE management with the local and multi-national contractors that support our drilling operations. The program involves bringing together management representatives from each of the contractors supporting Kosmos operations to collaborate on organizational challenges, crew resource management, and showing leadership in safety, health, and the environment.

## ENGAGEMENT AND LISTENING

As part of our commitment to supporting environmental initiatives in the countries where we operate, Kosmos sponsored a workshop on ocean acidification in Senegal through the Future Earth Coasts initiative. The week-long event was held at the Ecole Supérieure Polytechnique of the Université Cheikh-Anta-Diop in Dakar.

BY IDENTIFYING FUTURE NEEDS, COLLABORATION OPPORTUNITIES, AND POTENTIAL FUNDING AVENUES TO MAINTAIN AND EXPAND OCEAN ACIDIFICATION RESEARCH THROUGHOUT AFRICA, THIS INITIATIVE IN SENEGAL OFFERED A UNIQUE OPPORTUNITY TO MOVE FROM A PROBLEM DEFINING ERA INTO A MUCH-NEEDED SOLUTION SPACE.

**Shona Paterson**  
Science Officer,  
Future Earth Coasts

This was the first face-to-face meeting of the Ocean Acidification Africa Network to discuss mechanisms for knowledge sharing among scientists across Africa and to build momentum for scientific action.

Scientists from eighteen coastal African nations – working in chemistry, biology, economics and/or social science – came together to discuss the best way forward for research across the continent. The workshop also included institutions such as the Abidjan UNEP Regional Seas Convention in order to create linkages to future policy development.

In addition to the workshop events, fifteen early-career scientists, graduate students, and technicians underwent practical training in the implementation of ocean acidification research. Participants hailed from Benin, Cameroon, Ivory Coast, Nigeria, Senegal, Ghana, and Togo. The training was specifically designed to emphasize eastern Atlantic waters to build capacity for the practitioners from West Africa.

Kosmos also worked with the government in Senegal to build capacity in environmental management as part of our ESIA processes. As a first step, in 2016 Kosmos organized a training on the conduct of environmental monitoring of drilling activities. This training included the Bosiet-Huet certification of Department of Environment and

Classified Establishments (DEEC) agents and their visit to the drillship.

In 2017, we built upon this training by bringing members of the DEEC Côte d'Ivoire and Ghana to engage with their counterparts in those countries. We facilitated meetings between DEEC and environmental agency officials in Ghana (Ghana Environmental Protection Agency) and in Côte d'Ivoire (Agence Nationale De l'Environnement) to help DEEC develop a global support network, identify comparable mechanisms, and share lessons learned about how to regulate and monitor offshore oil and gas activities.

Kosmos also led or participated in workshops in Senegal in the past year on transparency, local content, good governance of natural resources, and fundamentals of the oil and gas industry. We continued our regular engagement with the EITI, supporting dissemination of the 2015 and 2016 EITI reports by presenting at a workshop in Saint Louis. We also hosted a group of students from the CESTI School of Journalism in Dakar at our offices, presenting on the Tortue project to help improve understanding of our work and the oil and gas industry. This was part of an Oxfam-sponsored training program for student journalists.

In addition to capacity building within Senegal, Kosmos also sponsored members of Senegalese civil society to attend a Natural Resource Governance Institute (NRGI) workshop in Cameroon, where we were a presenter. The topics covered included oil and gas project lifecycles, revenue flows during different stages of the project, the causes and impacts of changes in oil price, contract transparency, corruption risks, and managing the environmental impacts of exploration and production.

We are now working in partnership with BP to continue these types of capacity building engagements with government, civil society, journalists and local communities in Senegal.

#### **POSITIVE IMPACTS** **Fishing Livelihoods in Saint Louis**

Kosmos is working with Le Partenariat, an international NGO, as our implementing partner for social investment on the Langue de Barbarie in Saint Louis, Senegal. Le Partenariat is a partnership between the Saint Louis region of Senegal and the local authorities of the Nord Pas-de-Calais region in France. The organization has been working in Saint Louis for over 30 years.

Our projects with Le Partenariat are focused on improving the quality of life for fishing communities in

four neighborhoods in Saint Louis: Goxu Mbacc, Ndar Toute, Guet Ndar and Hydrobase. The project aims to address several environmental issues affecting fishing communities on the Langue de Barbarie including artificial reefs, reforestation, and waste management.

Artificial reefs create new breeding habitats and ecological niches for fish, which is important in the heavily-fished waters offshore the Langue de Barbarie. Le Partenariat commissioned a local company to construct over 400 artificial reefs, then worked with fishing representatives, the national maritime agency, professional scuba divers, Saint Louis firefighters and the Marine Protected Area to sink them over a period of four days. We also commissioned a local environmental consultancy to do a health and safety assessment, oversee the immersion, and ensure a safe and incident-free immersion process.

The artificial reefs have all been 'geo-localized' so that representatives from the Marine Protected Area can monitor them and confirm they stay in place despite the underwater currents. In 2018, Kosmos and BP plan to work with Le Partenariat and the Marine Protected Area to design a multi-year monitoring and evaluation program to fully measure the environmental impacts of the artificial reefs.

For reforestation, we worked with Le Partenariat to plant eight hectares of pine trees and two hectares of mangrove trees. Approximately 9,000 pine trees and 10,000 mangroves were planted in total. The pine trees help combat localized erosion by securing the dunes with their roots, and mangroves promote sediment buildup in coastal waters and provide habitats for fish reproduction. Over 680 community members participated in the reforestation efforts. The project was also supported by local government agencies, Marine Protected Area representatives, and the local artisanal fishing council.

Waste management and pollution reduction proved to be the most challenging. The aim was to clean trash from the local river banks and reduce unauthorized waste dumps on the Langue de Barbarie by 80%. In addition to high-profile public



A Kosmos employee leads a capacity building workshop for Senegalese stakeholders on the oil and gas value chain in partnership with the Natural Resource Governance Institute (NRGI).

"clean up" days, the project included capacity building work with local authorities to strengthen the waste management system so that once trash was removed, the waterways would stay clear of new pollution.

We held four successful clean up days, mobilizing nearly 100 local people to help clean up trash and plastic waste that normally line this section of the Senegal river, gathering over 46 tons of waste in total. The local artisanal fishing council, the mayor's office, local government departments, the Saint Louis Development Agency and the municipal cleaning service all participated, along with representatives from the fishing communities. We also donated equipment such as forks, shovels and personal protective equipment (PPE) to community waste management organizations.

Unfortunately, trash quickly returned to the river banks in some of the neighborhoods. After a review of the project, we concluded that waste management on the Langue de Barbarie is complex and the solutions are not straightforward. Le Partenariat held several workshops with local leaders to try to work towards a more sustainable solution.

#### **Djoudj National Bird Park**

The Djoudj National Bird Park in Senegal, located along the border with Mauritania, was created in 1971 as a natural bird sanctuary in the adjoining backwaters, lakes and rivers of the Senegal River delta. The 16,000 hectare national park is home to approximately 365 different species of birds, 80 species of fish, 10 species of mammals, and 132 species of plants. The area is also a resting place for nearly 1.5 million migratory birds crossing the Sahara Desert to the north. The park is located onshore from the area where Kosmos made the Tortue-1 well natural gas discovery and is bordered by eight villages with nearly 25,000 inhabitants.

Kosmos worked with the Djoudj Park authorities to design a project that aims to conserve the habitats of the park through a participatory approach to land-management activities involving the neighboring



A pelican hunts for fish in the Djoudj National Bird Park along the coast of Senegal.

villagers. The project, which began in 2017, reinforces the ecological monitoring and surveillance of the Park and supports the socioeconomic development activities of the Djoudj Inter-Village Committee. This committee is made up of national park officials and community leaders.

Our support goes toward:

1. Habitat restoration and the management of invasive plant species. In total around 16 hectares of degraded natural habitats will be restored and rehabilitated.
2. Biological monitoring and tracking the health of the park's ecosystem - including equipment for 50 'eco guards' that volunteer from the park's surrounding villages.
3. Providing risk huskers as an income-generating activity for community volunteers that work with the park.
4. Bird spotting guides, binoculars and other equipment to support the villagers that work as guides in the park.

#### **Responding to Natural Disasters**

As a responsible corporate citizen in Senegal, Kosmos understands the need to partner with communities when disaster strikes. In August 2017, seventy-three families living along the coast in Saint Louis had their homes destroyed during a severe storm. As a result, they were forced to shelter in local schools while rebuilding their homes. Kosmos donated food and mosquito nets to these families and to local mosques to help support them while displaced.

#### **Capacity Building**

Universities and academia are important stakeholders for the oil

and gas industry in countries that are relatively new to oil and gas like Senegal. These institutions are home to our future workforce and often help inform the national policy conversations and legislation. Kosmos sponsored professors from the University Cheikh Antar Diop in Dakar (as well as representatives from the University of Nouakchott in Mauritania) to attend the GetEnergy conference on local content in oil and gas in London in 2017.

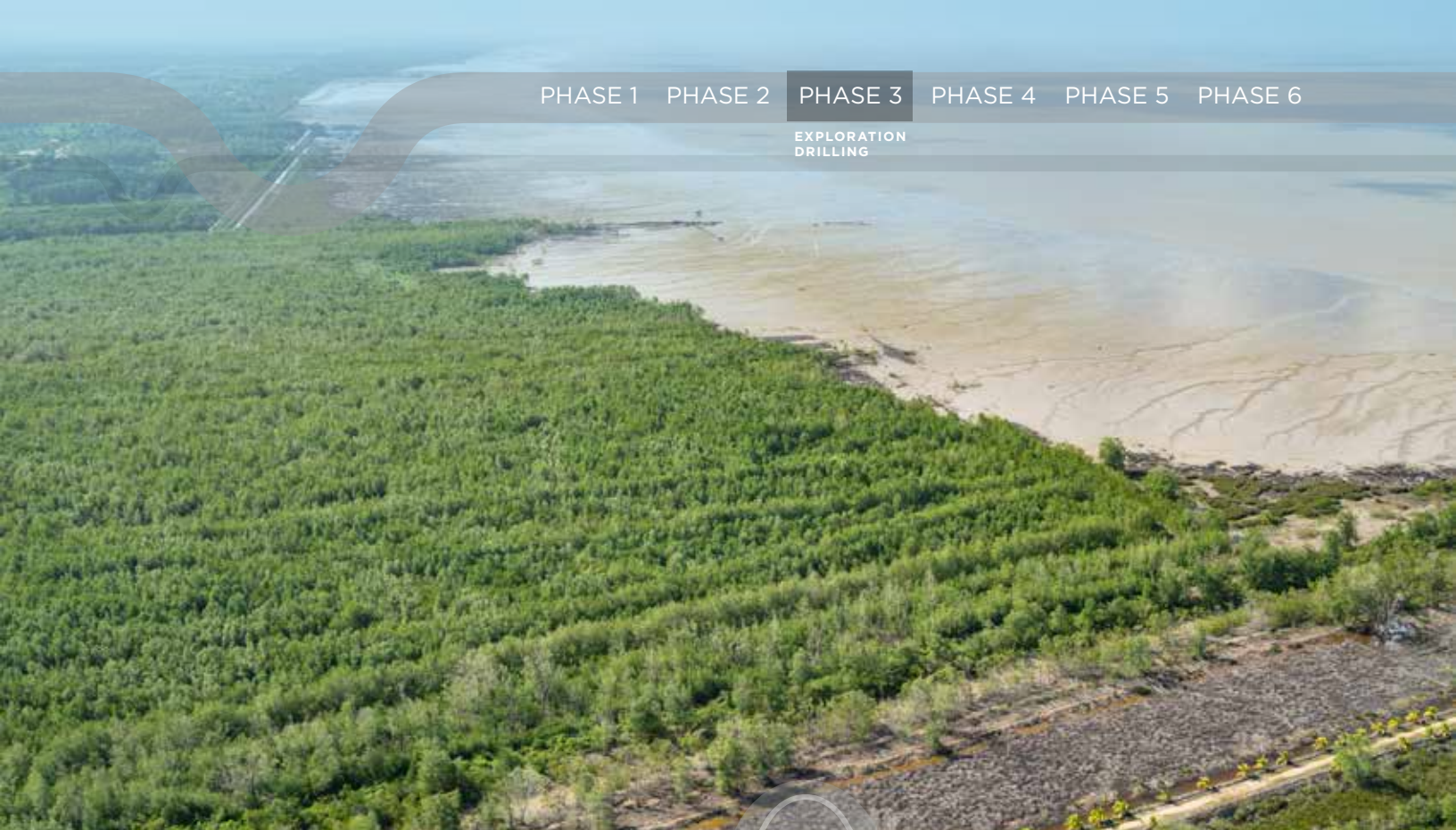
The GetEnergy event was designed specifically for providers of education and training to learn from companies, governments and service providers, with the goal increasing the number of local people working in the oil and gas industry. Kosmos aims to contribute to the development of linkages between educational offerings and the needs of the oil and gas industry in Senegal as well as all the countries where we are in the development and production stage of the project lifecycle.

In 2017, Kosmos and BP began working together to support the Senegalese government in the creation of a National Institute for Petroleum and Gas to provide higher education and training to develop the leaders, managers, and operators of Senegal's new petroleum industry.

The initial scoping for the Institute included a jobs and opportunity assessment to inform curricula and goals for the proposed institute's future growth, including technical English language training for a range of stakeholders in the academic system, government, suppliers and our workforce; leadership, management and technical training for the first cohort of a national workforce; and partnerships with international universities and training providers. We are also coordinating with other oil and gas investors in Senegal on this initiative to leverage partnerships and ensure a streamlined industry approach.

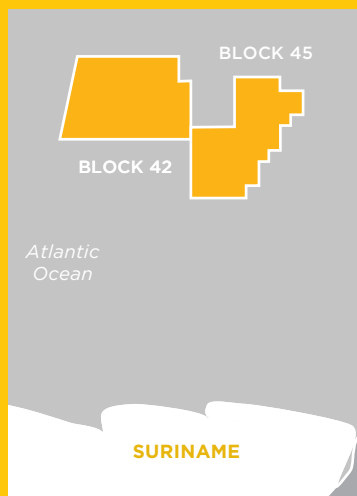
Through our partner BP, we also engaged the British Council to launch a multi-year English-language training program for university students, professors, and staff in key government departments relevant to the oil and gas industry.





# SURINAME

Kosmos holds exploration licenses offshore Suriname for Blocks 42 and 45. Five years ago, we established an office in Paramaribo, the capital of Suriname. Since then, we have developed a capable team of local employees, listened to community members, and implemented various social and environmental projects.



Since beginning operations offshore Suriname in 2012, Kosmos has conducted three seismic surveys. The processing and interpretation of this data has confirmed that the exploration potential offshore Suriname represents a top-ranked opportunity in Kosmos' exploration portfolio.

In addition to this technical work, Kosmos has focused on conducting above-ground activities, such as stakeholder engagement and execution of social investment projects. Kosmos aims to be a welcome investor in Suriname and use our expertise and knowledge

to support local communities and capacity building even before we have drilled any wells.

In preparation for drilling, we moved into a larger office in Paramaribo and added three local employees to our team. This expansion will better position Kosmos to manage the increased activity associated with our drilling operations.

### MANAGING OUR FOOTPRINT

During exploration drilling, Kosmos will manage operations from our local office in Paramaribo. We established a local helicopter base for personnel transfer to and from the offshore

drilling rig. The primary marine supply base for the operation will be in Trinidad because Suriname does not currently have a deep-water port capable of accommodating the drillship and large supply vessels which are required to support our drilling operation.

Kosmos has had an ongoing dialogue with Surinamese government authorities over the last few years regarding the port and local supplier participation in offshore petroleum operations. Specifically, that although we endeavor to work from a local shore base whenever possible, our primary shore base operations for the exploration wells in Suriname must be run out of Trinidad, where there is pre-existing oil and gas infrastructure and a deep-water port. The government has indicated that they will revisit the decision to dredge a deep-water port in Suriname if a commercial discovery is made offshore.

The government of Suriname is keen to optimize local content at each stage of the project lifecycle, and Kosmos is pleased to work with them and other local stakeholders on this goal. In 2018, Staatsolie, the national oil company, plans to initiate a major oil and gas industry local content Industrial Baseline Study through an independent third party. This study will take a proactive approach to identify opportunities where local companies in Suriname can participate or build capacity in order to participate in current and future oil and gas activities.

Throughout the study, the third-party expert firm will work with local companies and small and medium sized-enterprises (SMEs) to assess their readiness to participate in the petroleum supply chain. The study will also estimate the range of local content expenditure which would be contributed over the life of an oil or gas project – through exploration, development, production and decommissioning – with and without dredging of the port. The study will also identify

viable areas of capacity building and investment which could maximize local content for each scenario.

Kosmos is supporting the local content study by providing input and guidance as well as sharing in the cost of the project. We will continue to seek ways to increase local participation in our supply chain during exploration while supporting government efforts to ensure any future oil and gas operations are a driver of economic growth and sustainable development in Suriname.

### ENGAGEMENT AND LISTENING

An Environmental and Social Impact Assessment (ESIA) was conducted prior to beginning drilling operations. As part of this assessment, we held public consultations to describe the drilling program, logistics plans, vessel locations and movements, rig description, socioeconomic baseline survey, well control, waste management, potential impacts and mitigations, the environmental management plan, and grievance mechanism. We also used the meeting to answer questions and address stakeholder concerns.

The consultation attendees included government representatives, public agencies, the fishing community, NGOs, private sector companies, community members and the media. Attendees asked questions on the topics of health and safety for employees and contractors, the ESIA review process, oil spill modeling and response, potential for noise, chronology of drilling wells, training for local stakeholders, and emergency response procedures.

In May 2017, Suriname took an important step and formally submitted an application to become an Extractive Industries Transparency Initiative (EITI) candidate country. Kosmos encouraged and assisted the government in the process of joining EITI. As a member country, Suriname will be required



A seismic vessel collects data offshore Suriname.

to publicly disclose revenues received from the extractive industry (petroleum and mining) and encourage public dialogue regarding government management of the country's natural resources. The government plans to publish their first EITI report in 2018 and has already set up a Multi-Stakeholder Group (MSG). Kosmos represents the oil and gas private sector on the Suriname MSG. We are pleased to support Suriname's EITI implementation.

Kosmos also supports good governance of natural resources in Suriname by engaging with international stakeholders. Kosmos sponsored and participated in Chatham House's annual "New Producers Discussion Group" held in Paramaribo and hosted by Suriname's Ministry of Natural Resources and Staatsolie. During the event, Kosmos was part of a panel discussion on responsible stewardship of resources and commercial due diligence. The weeklong meeting brought together representatives from various Surinamese government agencies, businesses, civil society leaders, and oil industry representatives and included participants from



KOSMOS HAS SHOWN SINCE THE START OF ITS OPERATIONS IN SURINAME TO BE VERY COMMITTED TO HIGH INTERNATIONAL STANDARDS AND A VALUABLE PARTNER IN CAPACITY BUILDING IN TECHNICAL AND GEOLOGICAL EDUCATION IN SURINAME. PERSONALLY, HAVING WORKED IN THE EDUCATION SECTOR FOR OVER 20 YEARS,

I WAS PARTICULARLY PLEASED WITH KOSMOS' SAFETY CULTURE AWARENESS CAMPAIGN. THIS PROGRAM BENEFITED AROUND 2300 STUDENTS AND 300 TEACHERS AT NATIN, WHERE I WAS MANAGING DIRECTOR UNTIL NOVEMBER 2010.

ALSO - AS THE MINISTRY OF NATURAL RESOURCES IS UPDATING THE GEOLOGICAL MAP OF SURINAME - WE WERE HAPPY TO SEE KOSMOS HELP REVITALIZE THE GEOLOGY DEPARTMENT OF THE UNIVERSITY OF SURINAME THROUGH NEW LABORATORY EQUIPMENT AND TRAINING. THE IMPROVED TECHNICAL EDUCATION IS MOTIVATING STUDENTS TO STUDY GEOLOGY AND NATURAL RESOURCE DEVELOPMENT.

**Dave Abeleven, Msc.**

Permanent Secretary of the  
Suriname Ministry of Natural Resources

Colombia, Ghana, Guyana, Liberia, and Trinidad and Tobago.

In 2018, Kosmos plans to organize a series of media workshops in Suriname to deepen the knowledge of journalists regarding petroleum operations. We have held similar workshops in other countries and have found that this approach can help manage expectations around exploration drilling in addition to educating stakeholders and promoting transparency in the oil and gas sector.

#### POSITIVE IMPACTS

Although our drilling operations take place far offshore, Kosmos is committed to preserving the coastal environment and supporting coastal communities in Suriname. Mangroves grow abundantly along Suriname's coastline and prevent coastal erosion. The area of Weg naar Zee, north

of Paramaribo, has in recent years experienced frequent flooding and erosion due to the loss of mangrove forests. The flooding and rising sea levels have affected nearly 3,000 local community members, including artisanal fishermen, local farmers, and bee keepers. In addition, erosion has threatened to destroy two important cultural and religious sites.

Kosmos has partnered with Conservation International and Anton de Kom University of Suriname on a multi-year project to mitigate the coastal erosion at Weg naar Zee by building Sediment Trapping Units (STUs). These structures promote sediment deposition and create conditions for halting and reversing erosion. Mangrove juveniles will be able to grow in the newly formed mud banks, both naturally and when planted by local researchers.

The mangrove restoration project team now has over a year of data from which to evaluate the effectiveness of the STUs. Since the first phase of the project was successful in increasing sediment accretion rates and thus slowing erosion, the team has decided to expand the project by upgrading the existing STUs and engaging local community members to plant mangrove juveniles along the coast of Weg naar Zee.

In addition to partnering with the University on mangrove conservation and research, Kosmos is also supporting STEM education by working closely with the local university's Geology Department to evaluate their needs in terms of hands-on laboratory and field work. In 2017, we provided specialized geology lab equipment to the university, our second academic collaboration with the geology department since entering Suriname in 2012. Students will now be able to conduct more advanced laboratory experiments and research during their undergraduate and graduate studies on campus. Our hope is that the new field work and lab equipment will lead students to be more interested in, and better prepared for, future careers in the extractive sectors in Suriname.

With rain forest covering approximately 94% of the national territory and a rich terrestrial biodiversity, Suriname is known as one of the greenest countries in the world. The Green Heritage Fund is a local NGO in Suriname dedicated to protecting biodiversity and raising awareness regarding national environmental issues. One of the Green Heritage Fund's largest projects is the Xenarthra Program, which provides shelter, care, rehabilitation and release of sloths into the forests of Suriname. Kosmos is supporting the construction of an education and research center for the Xenarthra Program, where Green Heritage Fund staff will protect and rehabilitate sloths while simultaneously using the space to educate and raise awareness of the need for conservation of the species and others in Suriname.



Engineering students at NATIN were among those who participated in the Kosmos-sponsored safety training in Paramaribo.

#### Promoting Safety in Technical Education

Kosmos' top priority is ensuring the safety of our workers and the integrity of our operations, and this commitment to safety often extends into our capacity building and social investment programs.

In 2016, Kosmos launched a multi-year safety culture program at the Natuurtechnisch Instituut (NATIN) campus with the goal of establishing a safe learning and working environment for all technical students and staff members. The program was developed through consultation with the staff at NATIN, the Ministry of Education, Staatsolie, and teachers from two other technical schools on the NATIN campus, Surinaamse Technische

School 2 (STS2) and Avond Middelbare Technisch Opleiding (AMTO).

SafeStart is a global "train the trainer" program that teaches behavioral based safety techniques. Participants learn to recognize the state-to-error patterns that cause most injuries in the classroom, workplace, on the road, and at home. The SafeStart program included instruction to certify teachers at the NATIN campus to become SafeStart trainers. The teachers administered the second half of the SafeStart program in 2017, thus ensuring ongoing reinforcement of safety concepts.

The *Health and Safety Foundations at Work* course from the National Examination Board in Occupational

Safety and Health, or NEBOSH, is an accredited program that teaches practical skills in risk identification and risk reduction. In 2017, we offered the NEBOSH course for teachers at the three technical schools on the NATIN campus. This intensive training helps teachers identify and control potential hazards on campus to reduce accidents and injuries. As Suriname's extractive industries continue to grow, it is our goal that safety be fully integrated into the country's vocational technical education, which will help build the safety culture of the Suriname workforce for years to come.

The Academic Hospital Paramaribo is the largest hospital in Suriname and serves as a major medical research hub for the country. The government of Suriname has prioritized developing the hospital. In support of the national development agenda, Kosmos has committed multi-year support to the academic hospital and the training of its staff.

Kosmos began by working with hospital personnel in 2016 to identify needs and create a plan for how Kosmos and other oil and gas operators in Suriname can work together to build the hospital's research and patient care capabilities. Since the beginning of the hospital partnership, Kosmos has donated surgical tools, machines for monitoring patient vital metrics, defibrillators (AEDs), and intensive care unit beds.

#### EMBRACING INNOVATION IN SURINAME

Our multi-year support of technical education and STEM disciplines naturally encourages innovation in Suriname. In 2017, we partnered with existing programs to help them expand their offerings in the intersection between technology and social entrepreneurship. We worked with a local organization, IT Core, as a sponsor of their hackathon which applies elements of gaming to

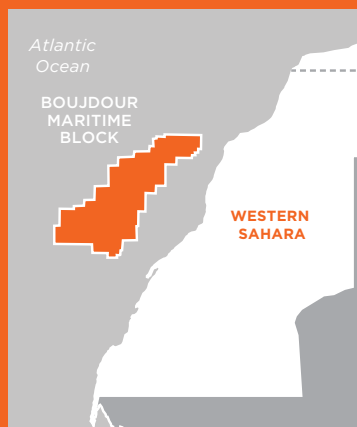
other areas to motivate young people to solve real world problems. Due to the success of this event, we also sponsored a multi-month hackomation program through IT Core focused on fostering renewable energy and sustainability solutions in Suriname.

As we look to 2018, we plan to develop more long-term partnerships in Suriname that will help equip young people to pursue their innovative ideas for addressing local economic and social issues.



# WESTERN SAHARA

Following a review of our global operations, Kosmos made the difficult decision to withdraw from Western Sahara after more than a decade of investment in the region. The decision to withdraw from the Boujdour Maritime block was made as part of an industry-standard portfolio review, and is based on a combination of exploration results and our capital allocation strategy.



Kosmos has held rights to explore an area offshore Western Sahara since 2006. Kosmos completed its first exploration well offshore Western Sahara in early 2015. The well encountered hydrocarbons, but not in commercial quantities.

With our withdrawal effective 31 December 2017, Kosmos has transitioned its exploration work on the Boujdour Maritime Block to ONHYM. Kosmos has assigned the relevant service contracts to ONHYM so ONHYM can complete the acquisition of additional 3D seismic

data. For a period of time, including after its withdrawal, Kosmos is providing ONYHM with oversight and quality assurance services to ensure this work is completed.

### MANAGING OUR FOOTPRINT

While deciding to leave was a difficult decision given our decade-long presence in Western Sahara, we are doing everything we can to make the process of leaving as smooth as possible for everyone involved.

In addition, we met with a wide range of stakeholders in Western Sahara, Morocco and Europe to explain the reasoning behind our decision to exit the block, answer questions and thank them for their collaboration and open discussions about our approach to investing in Western Sahara.

As with other countries and regions where we have chosen to cease exploration activity, we will strive to leave a legacy of social investment in support of local communities.

### ENGAGEMENT AND LISTENING

Kosmos maintained a constant presence on the ground in Western Sahara for more than two years with our placement of an American expatriate Community Relations Coordinator in Dakhla. The Community Relations Coordinator – a former Peace Corps volunteer – speaks Hassaniya, the language of the Saharawi people.

During the last two years, Kosmos held more than 200 meetings with local people and was involved in many open forums during that time. We listened to opinions and concerns about oil and gas exploration, and the future of the region, from a wide range of local stakeholders – from elected officials to unemployed youth, in both public and private settings.

### POSITIVE IMPACTS

Throughout our time in Western Sahara, we invested in bringing benefits to local communities primarily through educational programs. In 2017, Kosmos partnered with AMIDEAST to teach English to 80 young people in Dakhla. A previous partnership had provided English lessons to a different group of 80 young people as part of a broader skills initiative.

Feedback from the initial course showed that students were most interested in English courses, and that the people who could most benefit from English language training were those working in tourism, fishermen, traditional artisans and traders. Based on that

conclusion, Kosmos worked with AMIDEAST to design and implement an “English for specific purposes” course to educate young people in the specific English vocabulary they needed to improve their incomes. Similar English classes were designed for the nearby town of Boujdour and began in spring 2018.

As a complement to the courses, Kosmos partnered with the Dakhla Association of Teachers of English, Bookland, the Fulbright Commission and the Region of Dakhla-Oued Ed-Dahab to organize a conference on Teaching English to Speakers of Other Languages (TESOL). International experts and local teachers gave presentations on innovative techniques for teaching English to teachers working in Dakhla and nearby cities. The conference was well-attended by motivated teachers who then implemented some of these new techniques in the classroom.

Through our engagement in Western Sahara, we have learned that events celebrating local Saharawi culture are popular in Dakhla as many Saharawis are proud of their distinct culture. Kosmos has promoted Saharawi culture and built positive relationships in Dakhla by sponsoring cultural festivals.

In 2017, Kosmos sponsored two cultural events during the month of Ramadan. The main event was



Young children participate in a cultural festival in Dakhla sponsored by Kosmos.

four-night, traditional music, poetry and games festival that Kosmos has sponsored for three consecutive years. As in previous years, thousands of people attended and enjoyed hearing traditional songs and exposing their children to a culture that is being diluted as the population shifts from a primarily nomadic lifestyle to an urban one.

In the spirit of preserving Saharawi culture, Kosmos also sponsored a cultural educational event. During the event 80 middle school students attended a presentation on traditional nomadic tools, played traditional games, rode camels, and heard a lecture on traditional literature and culture.



School children in Dakhla play a traditional checkers game at a Kosmos-sponsored event to promote Saharawi culture in a rapidly urbanizing society.



Kosmos Energy Chairman and Chief Executive Officer Andy Inglis listens intently to a Sahrawi leader during a visit to Western Sahara.

### AN INNOVATIVE APPROACH TO INVESTING IN WESTERN SAHARA

While many investors have been intimidated by the political complexities of investing in Western Sahara, Kosmos took an innovative approach to understanding the legal and practical intricacies of the Western Sahara issue. In 2015, we drilled the first ever deepwater well offshore Western Sahara.

From the very beginning of our involvement in the region, we dedicated time and resources to developing a deep knowledge of the complex and nuanced situation in the Western Sahara. We have been welcomed by the local communities who have recognized the enormous potential and benefits that an oil discovery could bring to the region.

Our innovative approach to investing in Western Sahara included:

- Regular engagement, starting in 2011, with the Government of Morocco to develop an equitable framework for a possible hydrocarbon development. Through a series of workshops involving international experts from major lending institutions

and academia, we informed Moroccan thinking on best practice models for consultation, revenue management, sovereign wealth funds, management of public expectations, and transparency.

- The signing, in December 2013, of a Joint Declaration of Principles between Kosmos and ONHYM, on behalf of the Government of Morocco, committing to ensuring that resource development will be in accordance with Article 73 of the U.N. Charter and the U.N. Legal Opinion, and that the local population will benefit in an effective and equitable manner from any development and will be consulted in the process.
- The completion of the first social impact assessment (SIA) by an international company in Western Sahara. The SIA involved extensive and structured engagement with key groups of society in Western Sahara and followed a workshop for regulators on best practices in social impact assessment.
- The continuous presence in Western Sahara of a Hassaniya-speaking, American expatriate Community Relations Coordinator who held over 200 meetings with

Saharawis and other stakeholders in the territory.

- Ongoing social investment in several locations within Western Sahara, which provided direct benefits to young Saharawis, as well as emphasized the local Saharawi Culture.
- Regular engagements with local and international human rights and civil society organizations.

While our decision to exit Western Sahara was based solely on exploration results and our capital allocation strategy, we hope that our proactive approach to investing in Western Sahara can serve as a model for future investors.

Potential future investors will have the opportunity to build on our approach to develop natural resources in parallel with the UN-led mediation process. It is our belief that the local population must be involved in and benefit from natural resource development.



## IPIECA/API/IOGP CONTENT INDEX

Kosmos Energy's corporate responsibility reporting is informed by the IPIECA/API/IOGP Oil & Gas Industry Guidance on Voluntary Sustainability Reporting. The guidance provides direction on the content of a typical industry corporate responsibility report by covering 12 sustainability issues and 34 indicator categories. The table below is an index of the indicator categories. The locations of information demonstrating our support for the Ten Principles of the United Nations Global Compact are also shown in the index, both in this report and in other sources, such as our publicly available policies and on our website, [www.kosmosenergy.com](http://www.kosmosenergy.com).

Indicator Number	Indicator	Global Compact Principle	Where Reported	Page Number in 2017 CR Report
<b>ENVIRONMENTAL INDICATORS</b>				
<b>CLIMATE CHANGE AND ENERGY</b>				
E1	Greenhouse gas emissions	7, 8	CR Report: <i>Business Principles</i> CR Report: <i>Performance Data</i>	13 58
E2	Energy use		Not reported	
E3	Alternative energy sources		Not reported	
E4	Flared gas		Not reported	
<b>ECOSYSTEM SERVICES</b>				
E5	Biodiversity and ecosystem services	7, 8, 9	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> CR Report: <i>Case Study</i>	12 34, 40, 48 41
E6	Fresh water		CR Report: <i>Performance Data</i>	58
<b>LOCAL ENVIRONMENTAL IMPACT</b>				
E7	Other air emissions	7, 8	CR Report: <i>Performance Data</i>	58
E8	Spills to the environment	8	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> CR Report: <i>Performance Data</i>	13 47 58
E9	Discharges to water	8	CR Report: <i>Performance Data</i> Kosmos did not have any hydrocarbon discharges to water in 2017. Indicators E8 and E9 are combined in our Performance Data as "Hydrocarbon or Non-Aqueous Drilling Fluid Spills."	58
E10	Waste	8, 9	CR Report: <i>Performance Data</i> THE STANDARD*	58
E11	Decommissioning		Not reported	
<b>HEALTH AND SAFETY INDICATORS</b>				
<b>WORKFORCE PROTECTION</b>				
HS1	Workforce participation	1	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Health, Safety, Environment and Security</i> THE STANDARD*	10, 11, 14 27, 33
HS2	Workforce health	1	<a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Health and Safety</i>	
HS3	Occupational injury and illness incidents	1	CR Report: <i>Business Principles</i> CR Report: <i>Performance Data</i>	13 61
<b>PRODUCT HEALTH, SAFETY AND ENVIRONMENTAL RISK</b>				
HS4	Product stewardship		Not applicable Kosmos Energy's activities are limited to the exploration for and the production of oil and gas. We produce oil in Ghana and Equatorial Guinea only as a non-operator.	
<b>PROCESS SAFETY AND ASSET INTEGRITY</b>				
HS5	Process safety	7, 8, 9	<a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Environment</i> THE STANDARD*	

\*PDFs are available at [www.KosmosEnergy.com/responsibility/](http://www.KosmosEnergy.com/responsibility/)

Indicator Number	Indicator	Global Compact Principle	Where Reported	Page Number in 2017 CR Report
<b>SOCIAL AND ECONOMIC INDICATORS</b>				
<b>COMMUNITY AND SOCIETY</b>				
SE1	Local community impacts and engagement		CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i>  <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Society and Communities</i> Kosmos Energy Stakeholder Engagement and Community Development Policy*	6, 7, 14 23, 25, 26, 33, 37, 39, 43, 44, 47, 51, 52
SE2	Indigenous peoples		Kosmos Energy Stakeholder Engagement and Community Development Policy*	
SE3	Involuntary resettlement		Not applicable	
SE4	Social investment		CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i>  CR Report: <i>Case Study</i> CR Report: <i>Performance Data</i> Kosmos Energy Stakeholder Engagement and Community Development Policy* <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Society and Communities</i>	7, 14, 15 23, 25, 27, 28, 34, 35, 37, 40, 44, 45, 48, 49, 51 29-31 60
<b>LOCAL CONTENT</b>				
SE5	Local content practices	6	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> Kosmos Energy Stakeholder Engagement and Community Development Policy* <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Our People</i>	11, 15 24, 30, 38
SE6	Local hiring practices	6	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> CR Report: <i>Performance Data</i> Kosmos Energy Stakeholder Engagement and Community Development Policy* <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Our People</i>	17 45, 47 57
SE7	Local procurement and supplier development		CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> Kosmos Energy Stakeholder Engagement and Community Development Policy*	6, 16, 17 27, 33

CONTINUED ON NEXT PAGE >

\*PDFs are available at [www.KosmosEnergy.com/responsibility/](http://www.KosmosEnergy.com/responsibility/)

## IPIECA/API/IOGP CONTENT INDEX (CONTINUED)

Indicator Number	Indicator	Global Compact Principle	Where Reported	Page Number in 2017 CR Report
<b>SOCIAL AND ECONOMIC INDICATORS (CONTINUED)</b>				
<b>HUMAN RIGHTS</b>				
SE8	Human rights due diligence	1, 2, 4, 5	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> www.kosmosenergy.com: <i>Human Rights</i> Kosmos Energy Human Rights Policy*	6, 14, 17 23, 31, 33
SE9	Human rights and suppliers	1, 2	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> Kosmos Energy Human Rights Policy* UK Modern Slavery Act Statement*	7, 10, 14 26
SE10	Security and human rights	1, 2	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> www.kosmosenergy.com: <i>Security</i> Kosmos Energy Human Rights Policy*	14 26
<b>BUSINESS ETHICS AND TRANSPARENCY</b>				
SE11	Preventing corruption	10	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> www.kosmosenergy.com: <i>Business Ethics</i> Kosmos Energy Anti-Corruption Compliance Policy*	8, 9 26, 44
SE12	Preventing corruption involving business partners	10	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> www.kosmosenergy.com: <i>Business Ethics</i> Kosmos Energy Anti-Corruption Compliance Policy*	8, 16 23
SE13	Transparency of payments to host governments	10	CR Report: <i>Business Principles</i> CR Report: <i>Performance Data</i> Kosmos Energy Stakeholder Engagement and Community Development Policy* www.kosmosenergy.com: <i>Transparency</i>	9 59
SE14	Public advocacy and lobbying	10	CR Report: <i>Business Principles</i>	9
<b>LABOR PROTECTION</b>				
SE15	Workforce diversity and inclusion	1, 6	CR Report: <i>Business Principles</i> CR Report: <i>Performance Data</i> www.kosmosenergy.com: <i>Our People</i> www.kosmosenergy.com: <i>Careers</i>	10 60
SE16	Workforce engagement		CR Report: <i>Business Principles</i> www.kosmosenergy.com: <i>Careers</i>	10
SE17	Workforce training and development		CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> www.kosmosenergy.com: <i>Our People</i>	10, 11, 12 25, 27, 33, 43
SE18	Non-retaliation and grievance systems	1, 2, 3, 6	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> CR Report: <i>Performance Data</i> www.kosmosenergy.com: <i>Business Ethics</i> Kosmos Energy Stakeholder Engagement and Community Development Policy*	14 23, 25, 39, 43, 47 60

## 2017 PERFORMANCE DATA

## HUMAN RESOURCES

The data on our workforce is point-in-time as of December 31, 2017. We prioritize hiring and training local staff from the countries in which we work. The 'Local Employment' metric does not include employees in our U.S. office, and we define Expatriates as employees in our local country offices who are living and working on a long-term assignment in a country not of their origin. Turnover includes voluntary turnover in our U.S. office in Dallas, TX as well as in our global operations.

	2015	2016	2017			
<b>EMPLOYEES AND HIRING</b>						
Total Employees	256	267	282			
New Hires	54	27	33			
Turnover	7%	6%	7%			
<b>TOTAL EMPLOYEES BY COUNTRY</b>						
United States	187	192	199			
Ghana	43	45	43			
Mauritania	5	10	16			
Morocco	16	5	5			
São Tomé and Príncipe	0	1	8			
Senegal	1	10	8			
Suriname	4	4	3			
<b>Contractors</b>						
United States	28	14	33			
Ghana	0	0	0			
Mauritania	16	11	15			
Morocco	3	1	0			
São Tomé and Príncipe	0	1	0			
Senegal	6	3	16			
Suriname	0	0	0			
<b>LOCAL EMPLOYMENT (%)</b>						
Local	94%	92%	94%			
Expatriate	6%	8%	6%			
<b>WORKFORCE GENDER DISTRIBUTION (%)</b>						
	Female	Male	Female	Male	Female	Male
United States	32%	68%	33%	67%	34%	66%
Ghana	28%	72%	27%	73%	26%	74%
Mauritania	60%	40%	30%	70%	25%	75%
Morocco	50%	50%	40%	60%	80%	20%
São Tomé and Príncipe	0%	0%	0%	100%	25%	75%
Senegal	0%	0%	50%	50%	25%	75%
Suriname	25%	75%	25%	75%	25%	75%
<b>EQUATORIAL GUINEA (KTEGI)</b>						
Employees		N/A	N/A	62		
Contractors		N/A	N/A	43		
Gender Distribution		N/A	N/A	Female: 21% Male: 79%		
Local Employment		N/A	N/A	74%		

## 2017 PERFORMANCE DATA (CONTINUED)

### ENVIRONMENT

The Environment data presented in this report is for Kosmos operated assets only. Waste and air emissions are measured in tons, with greenhouse gas emissions measured in metric tons of CO<sub>2</sub> equivalent. The data represents drilling rigs as well as seismic and support vessels.

Kosmos drilled exploration wells offshore Mauritania and Senegal and conducted seismic surveys offshore Mauritania, Morocco, Western Sahara, São Tomé and Príncipe, and Suriname. The Enso DS-12 drillship sat offshore Mauritania during a pause period from January 1 through March 21, 2017. Kosmos did not operate any drilling in Ghana in 2017.

	2017					
	Mauritania	Senegal	Suriname	Morocco	Western Sahara	São Tomé & Príncipe
<b>WASTE (TONS)</b>						
Hazardous	830.25	319.06	2.37	N/A	N/A	144.13
Non-Hazardous	412.65	135.96	6.56	N/A	N/A	862.31
<b>TOTAL</b>	<b>1,242.90</b>	<b>455.02</b>	<b>8.93</b>	<b>N/A</b>	<b>N/A</b>	<b>1,006.44</b>
<b>Recycled/Reused/Treated</b>	<b>45%</b>	<b>62%</b>	<b>85%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>AIR EMISSIONS (TONS)</b>						
Carbon Dioxide (CO <sub>2</sub> )	118,930.15	54,458.17	8,113.02	20,881.64	15,498.28	111,361.28
Mono-Nitrogen Oxides (NO <sub>x</sub> )	2,207.86	1,010.78	150.60	387.62	287.68	2,067.15
Sulfur Dioxide (SO <sub>x</sub> )	148.67	68.11	10.15	26.10	19.38	139.20
Methane (CH <sub>4</sub> )	6.63	2.99	0.46	1.18	0.87	6.27
Volatile Organic Compounds (VOCs)	74.23	33.67	5.06	13.06	9.69	69.60
Greenhouse Gases (GHGs)	119,069.33	54,521.26	8,122.64	20,906.44	15,516.50	111,492.87
<b>OTHER</b>						
Fines and Penalties	0	0	0	0	0	0
Freshwater Use (m <sup>3</sup> )	26,799.25	6,159.20	N/A	N/A	N/A	7,012.00
Hydrocarbon or Non-Aqueous Drilling Fluid Spills	0	0	0	0	0	0

	2015			2016		
	Mauritania	Morocco	Senegal	Mauritania	Senegal	Suriname
<b>WASTE (TONS)</b>						
Hazardous	184.00	92.00	10.00	298.67	112.44	10.54
Non-Hazardous	115.00	542.00	14.16	296.80	114.11	82.90
<b>TOTAL</b>	<b>299.00</b>	<b>634.00</b>	<b>24.16</b>	<b>595.47</b>	<b>226.55</b>	<b>93.44</b>
<b>Recycled/Reused/Treated</b>	<b>27%</b>	<b>56%</b>	<b>34%</b>	<b>54%</b>	<b>43%</b>	<b>10%</b>
<b>AIR EMISSIONS (TONS)</b>						
Carbon Dioxide (CO <sub>2</sub> )	35,225.94	12,591.45	17,914.02	51,893.95	20,815.17	20,530.75
Mono-Nitrogen Oxides (NO <sub>x</sub> )	654.20	233.28	332.52	964.32	387.47	381.10
Sulfur Dioxide (SO <sub>x</sub> )	44.18	15.39	13.97	64.80	25.96	25.66
Methane (CH <sub>4</sub> )	2.22	1.05	1.01	2.88	1.13	11.55
Volatile Organic Compounds (VOCs)	12.54	8.10	11.19	32.50	13.00	12.83
Greenhouse Gases (GHGs)	35,272.56	12,613.50	17,935.23	51,954.43	20,838.84	20,773.30
<b>OTHER</b>						
Fines and Penalties	0	0	0	0	0	0
Freshwater Use (m <sup>3</sup> )	12,855.00	5,108.00	2,915.20	1,728.00	3,082.00	3,744.00
Hydrocarbon or Non-Aqueous Drilling Fluid Spills	0	0	0	0	0	0

### PAYMENTS TO GOVERNMENTS (USD)<sup>1</sup>

The Payments to Government data are reflective of direct payments made to government entities by Kosmos Energy on operated projects, with the exception of payments reported for KBSL and KTEGI as explained in the separate joint venture table below, and our working interest share of production entitlement to the Government of Ghana. Please see the footnotes for further detail on the payments we made to our host country governments in 2017.

	Ghana	Mauritania	Morocco	São Tomé & Príncipe	Senegal	Suriname
Surface Rentals	18,000	69,000	—	—	—	—
Training <sup>2</sup>	175,000	1,200,000	56,000	66,000	—	—
Environmental & Capacity Building Obligation <sup>2</sup>	—	900,000	—	—	—	—
Permitting Fees	74,000	—	—	11,000	—	—
Taxes <sup>3</sup>	1,951,000	891,000	89,000	—	53,000	358,000
Income Taxes <sup>4</sup>	36,958,000	—	192,000	—	—	—
Other <sup>5</sup>	45,000	—	10,000	—	—	—
<b>TOTAL</b>	<b>39,221,000</b>	<b>3,060,000</b>	<b>347,000</b>	<b>77,000</b>	<b>53,000</b>	<b>358,000</b>
<b>Royalties/Production Entitlements (in barrels of oil)<sup>6</sup></b>	<b>613,295 bbl</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Royalties/Production Entitlements (estimated value)<sup>6</sup></b>	<b>33,200,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

### PAYMENTS TO GOVERNMENTS KTEGI (USD)<sup>1</sup>

Kosmos BP Senegal Limited (KBSL) represents a joint venture company which Kosmos Energy held a 50.01% interest in for the period March - October 2017 and 100% interest thereafter. Costs in this table represents Kosmos' participating interest in the joint venture.

In late 2017, through a joint venture with an affiliate of Trident Energy, Kosmos Energy acquired all of the equity interest of an entity subsequently renamed Kosmos-Trident Equatorial Guinea, Inc. (KTEGI), which holds an 85% paying interest in the Ceiba Field and Okume Complex assets in Equatorial Guinea (Block G). Figures in the table represent Kosmos Energy's indirect 50% participating interest in KTEGI's payments to the government during December 2017.

	Senegal (KBSL)	Equatorial Guinea (KTEGI)
Surface Rentals	49,000	25,000
Training <sup>2</sup>	300,000	—
Taxes <sup>3</sup>	208,000	139,000
<b>TOTAL</b>	<b>557,000</b>	<b>164,000</b>
<b>Royalties/Production Entitlements (in barrels of oil)<sup>7</sup></b>		<b>66,259 bbl</b>
<b>Royalties/Production Entitlements (estimated value)<sup>7</sup></b>		<b>\$3,590,000</b>

- Our project-level and receiving-entity level disclosures are available on our website at [www.kosmosenergy.com/responsibility/transparency.php](http://www.kosmosenergy.com/responsibility/transparency.php).
- Represents payments made directly to government for satisfaction of obligations per the Petroleum Agreements and/or Petroleum Sharing Contracts (PSCs), as applicable including payments made in Mauritania to support the management of environmental risks in a precautionary manner and to assist with capacity building. In addition to the numbers above, Kosmos made payments to third party training providers and/or national oil company employees in accordance with training obligations per the PSCs totaling \$83,000 for Morocco and \$235,000 in São Tomé and Príncipe.
- Primarily local payroll-related taxes and withholding taxes on interest payments in Ghana. These values are exclusive of withholding taxes remitted on behalf of service providers.
- Includes interest payments made to the Ghana Revenue Authority of \$4.7 million. In addition to this, Kosmos Energy paid the U.S. government \$11.4 million in income tax payments during 2017.
- Primarily relates to donations made to the Ministry of Energy and Ministry of Trade in Ghana and payments to the port authority in Morocco for leased use of port facilities.
- Royalties represent the production entitlement to the Government of Ghana paid in barrels of oil out of Kosmos' working interest share of production. Estimate of approximately \$33.2 million based on the annual average of daily Brent prices in 2017 of \$54.19 per bbl.
- Production entitlement to the Republic of Equatorial Guinea paid in barrels of oil out of Kosmos' working interest share of production. Based on the annual average of daily Brent prices in 2017 of \$54.19 per bbl, this is worth approximately \$3.59 million.

## 2017 PERFORMANCE DATA (CONTINUED)

### SOCIAL

We define Social Investment Spending as payments that will directly impact the constituents of social investment projects. Not reflected in the numbers below are indirect costs related to social investment, such as needs assessments and reimbursable expenses incurred by our in-country social investment personnel. All of the Social Investment Spend is for Kosmos-initiated projects, with the exception of the Jubilee Unit and TEN Development Project in Ghana and our non-operated share of the contractually obligated social investment for Block 6 in São Tomé and Príncipe. Those values represent our participating interest in the social projects of our non-operated assets.

	2015	2016	2017
<b>SOCIAL INVESTMENT SPENDING (USD)</b>			
Ghana	\$ 461,000	\$ 833,000	\$ 1,339,000
Jubilee Unit and TEN development project <sup>1</sup>	1,040,000	185,000	188,000
Mauritania <sup>2</sup>	396,000	305,000	55,000
Morocco	216,000	88,000	80,000
São Tomé and Príncipe <sup>3</sup>	—	69,000	200,000
Senegal <sup>2</sup>	106,000	422,000	24,000
Suriname	143,000	104,000	88,000
United States	510,000	462,000	611,000
Western Sahara	90,000	42,000	86,000
Other <sup>4</sup>	205,000	—	—
<b>TOTAL</b>	<b>\$ 3,167,000</b>	<b>\$ 2,510,000</b>	<b>\$ 2,671,000</b>

### JOINT VENTURE SOCIAL INVESTMENT SPENDING (USD)<sup>5</sup>

Senegal (KBSL)	\$ 113,000
Equatorial Guinea (KTEGI)	—

1. Kosmos Energy's participating interest in social investments of the non-Kosmos operated Jubilee and TEN Partnership, which may not necessarily represent actual payments made by the operator during the reporting period.
2. Amounts may differ from Kosmos Energy financial statements due to funding arrangements with commercial partners.
3. Kosmos Energy's participating interest in contractually-obligated social investments of the non-Kosmos operated Block 6 project, which may not necessarily represent actual payments made by the operator during the reporting period.
4. Represents social investment in countries where Kosmos no longer has operations.
5. The table above represents social investment payments made in Senegal and Equatorial Guinea by joint venture companies of which Kosmos is a co-venturer.

We have grievance mechanisms in place in every region where we have drilling and seismic operations. In Ghana, we received three grievances into our grievance mechanism in 2017. All three grievances were related to our potable water social investment projects in the Western Region, and were resolved through coordination with the Safe Water Network and traditional councils.

In Morocco, we received 28 grievances during our seismic acquisition survey in the Essaouira block, where there is a very high volume of artisanal fishermen. Twenty-seven of these were related to damaged or missing fishing nets, which were resolved through the mutually agreeable solution of replacing the lost or damaged equipment with new equipment. The one unresolved grievance was a letter of general concern regarding impacts of the seismic survey on fish stocks. We worked with ONHYM to respond to the concerned party by providing scientific data and baseline information.

### GRIEVANCES LOGGED / GRIEVANCES RESOLVED

Ghana	8/2	5/2	3/3
Mauritania	0/0	1/1	0/0
Morocco	0/0	0/0	28/27
Mauritania	0/0	1/1	0/0
São Tomé & Príncipe	N/A	N/A	1/1
Senegal	1/1	0/0	0/0
Suriname	0/0	0/0	0/0
Western Sahara	0/0	0/0	0/0

### SAFETY

Kosmos reports safety data for our global operations, including both employees and contractors. The definitions of the safety data reported are consistent with those used by the International Association of Oil and Gas Producers (IOGP).

Lost Time Injury Frequency represents the number of lost time injuries (fatalities and lost work day cases) per million work hours. Total Recordable Injury Rate refers to recordable injuries (fatalities, lost work day cases, restricted work day cases, and medical treatment cases) per million hours worked. There were two Recordable Injuries in 2017: a sliced fingertip on a seismic support vessel and an injured hip from a fall in our Dallas office.

	2015	2016	2017
Total Man Hours	2,103,056	2,314,907	3,110,164
Fatalities	0	0	0
Lost Time Injury Frequency	0	0	0
Total Recordable Injury Rate	.95	1.3	.64



Workers on the ENSCO DS-12 conduct a safety check. The responsibility to ensure healthy employees, safe operations, and environmental protection is integral to the way Kosmos conducts our business.





#### ABOUT THIS REPORT

Our 2017 report, “Embracing Innovation,” explains how corporate responsibility is a fundamental part of Kosmos Energy’s day-to-day business, and how we are promoting innovation and making a positive difference in our host countries. The report reviews the application of our Business Principles and supporting policies across each stage of the upstream project lifecycle. We include information in this report based on internal discussions, external stakeholder feedback, and consultations with third-party experts.

The report is designed to communicate our progress on the Ten Principles of the United Nations Global Compact, which we support and endorse. In addition, this report is guided by the International Petroleum Industry Environmental Conservation Association (IPIECA) standards for voluntary reporting in the oil and gas sector and by the Global Reporting Initiative (GRI). For an index of where information related to the Ten Principles and IPIECA reporting standards is located, please see page 54. This report has not received external assurance from an independent reviewer.

We appreciate your interest in our company and welcome your feedback on how we can improve our reporting. Please contact us at [CorporateResponsibility@kosmosenergy.com](mailto:CorporateResponsibility@kosmosenergy.com).

