



2016 CORPORATE  
RESPONSIBILITY REPORT



**FOCUSED ON  
THE FUTURE**



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**On the Cover:**

(L) A Kosmos Energy employee in Mauritania discusses upcoming operations with a fisherman on the beach in Ndiago, Mauritania.

(R) Two local entrepreneurs learn firsthand about challenges in the agricultural industry during a Kosmos Innovation Center market research tour of farms in Ghana.

**ABOUT KOSMOS ENERGY**

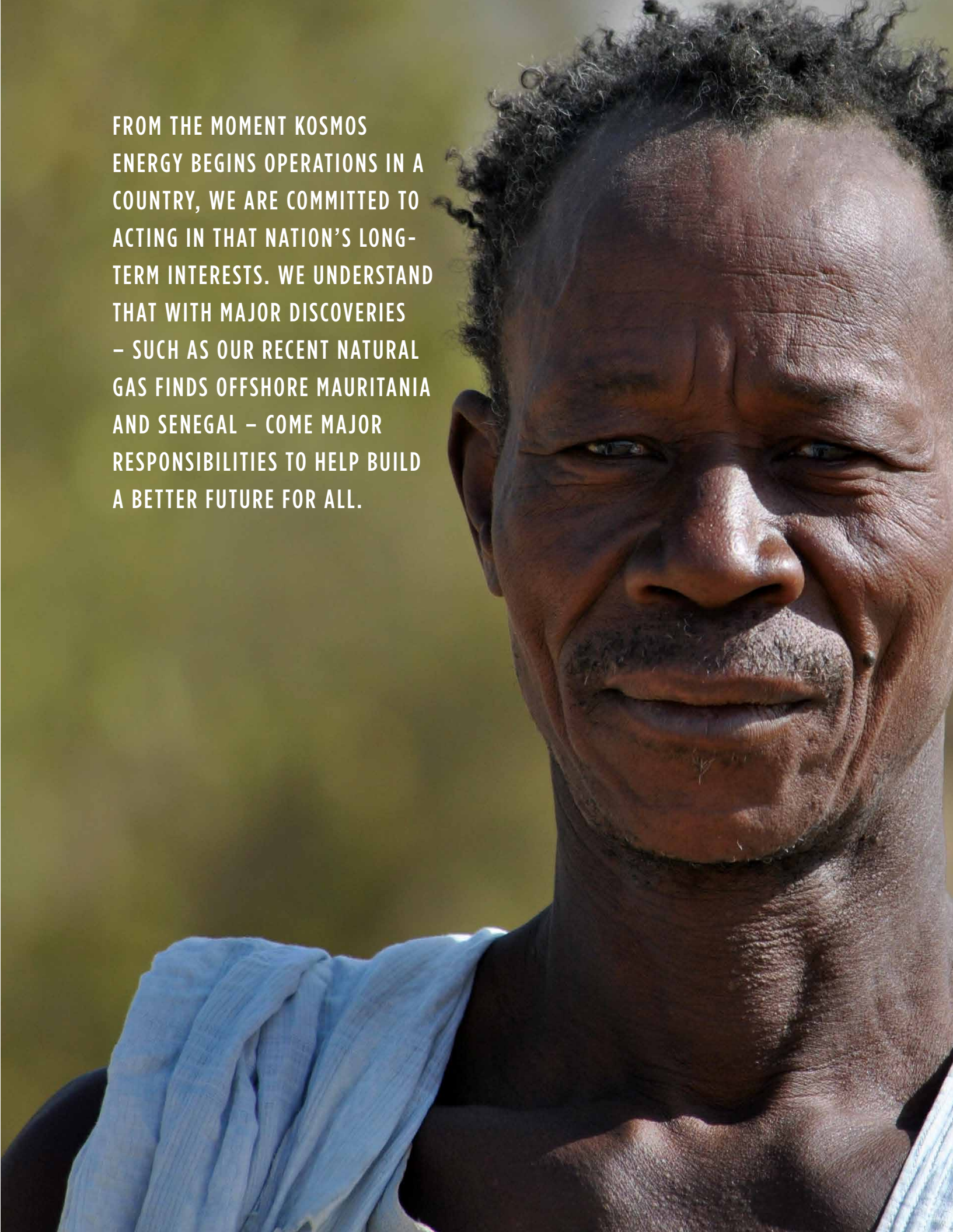
Kosmos Energy is a pathfinding oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margin. Our assets include existing production and development projects offshore Ghana, large discoveries offshore Mauritania and Senegal, as well as exploration licenses with significant hydrocarbon potential offshore São Tomé and Príncipe, Suriname, Morocco, and Western Sahara. 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 is listed on the New York Stock Exchange and is traded under the ticker symbol KOS. For additional information, visit [www.kosmosenergy.com](http://www.kosmosenergy.com).

**ABOUT THIS REPORT**

Our 2016 report, “Focused on the Future,” explains how corporate responsibility is a fundamental part of Kosmos Energy’s day-to-day business, and how we are 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 the 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).

FROM THE MOMENT KOSMOS ENERGY BEGINS OPERATIONS IN A COUNTRY, WE ARE COMMITTED TO ACTING IN THAT NATION’S LONG-TERM INTERESTS. WE UNDERSTAND THAT WITH MAJOR DISCOVERIES – SUCH AS OUR RECENT NATURAL GAS FINDS OFFSHORE MAURITANIA AND SENEGAL – COME MAJOR RESPONSIBILITIES TO HELP BUILD A BETTER FUTURE FOR ALL.





## ✓ FELLOW STAKEHOLDERS

When Kosmos enters a country, we expect that we will be operating there for many years. That is why we work so hard to ensure we start off in the right way.

For Kosmos, this means building relationships based on trust and supporting the country's economic development through investing in people and their capabilities. We aim to be a long-term partner, deeply engaged in helping our host nations create a brighter future, because we know our future success is fully connected to theirs.

This approach is underpinned by our Business Principles, which guide our behavior and ensure we make decisions that are mutually

beneficial to both country and company. This notion of "country and company" is always our touchstone.

### INVESTING IN GHANA'S FUTURE

Not surprisingly, our efforts have blossomed most fully in Ghana, where we have been doing business for more than a decade, and where we launched last year the Kosmos Innovation Center (KIC), an exciting new initiative that demonstrates the seriousness with which we take our engagement with the country



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

and embodies our differentiated approach.

The KIC is our way of investing in Ghana's future beyond oil and gas. Working across the country's key industries, we are marrying the art of entrepreneurship with the science of innovation to benefit the Ghanaian economy for the long term. We are doing it by partnering with talented young entrepreneurs who have good ideas and big aspirations for helping their country. By bringing together the best minds in Ghana, we are acting as a catalyst

for these young people to start and scale their businesses, focusing first on the agricultural sector.

We have a vested interest in seeing Ghana succeed and so we are doing all we can to help create a healthy, diverse, and thriving economy. It's in our company culture to take on tough challenges, so we are trying to grapple with the difficult problems facing agriculture – the country's most important sector and largest employer. Just as we first unlocked the potential of a moribund oil and gas industry when we entered Ghana more than 10 years ago, we want to help breathe new life into Ghana's agricultural sector. It's our view that success in one area can contribute to success in others.

In its inaugural year, the KIC mentored 44 young entrepreneurs interested in starting businesses to address under-served needs in agriculture, with two promising enterprises ultimately receiving the seed funding and technical assistance required to turn their ideas into viable businesses that can modernize the agricultural sector.

In 2017, the KIC will build on its early success and expand its activities. We will put a second cohort of promising young entrepreneurs through a cycle of mentorship with the aim of investing in two additional ag-tech start-ups at the end of the process. In addition, we will provide a tailored acceleration program to help scale up existing small-to-medium sized agribusinesses that have a demonstrated proof of concept. Offered to selected companies, the program will target their key barriers to growth and help get them ready for additional investment.

### BUILDING SKILLS AND EXPERTISE IN MAURITANIA AND SENEGAL

In 2016, our investments in people and capability also impacted Mauritania and Senegal, where we have made a series of major discoveries of natural gas and now face the challenge of developing the resources in a manner that creates broad-based economic opportunity for the two countries.



A graduate of Kosmos-sponsored English classes at a vocational training center in Nouakchott, Mauritania is awarded her graduation certificate by Kosmos Energy Vice President and Mauritania Country Manager Mohamed Limam.

In Mauritania, for example, where youth unemployment is a pressing issue, we partnered with Start-Up Mauritania and the International Labor Organization (ILO) to create a center for promoting entrepreneurship where young people can learn the skills required to start new businesses. In addition, we increased and expanded our investments in English language and business administration training through the Centre de Formation et de Perfectionnement Professionnels, the largest vocational training center in Nouakchott. As the oil and gas industry grows in Mauritania, and creates an ecosystem of businesses within its supply chain, it will require people with the right skills and expertise.

In Senegal, we have committed to supporting the government in the creation of an oil and gas institute intended to develop the leaders and operators of the country's petroleum industry. In addition, Kosmos has focused its early social investments on enhancing the capability of the national oil company, Société des Pétroles du Sénégal (Petrosen), through training and supplying powerful new workstations that can analyze the complex seismic and drilling data from offshore exploration. We have also organized and facilitated workshops 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. Our goal is to help Senegal prepare for the day when major hydrocarbon production begins.

### RIISING TO NEW CHALLENGES

With our natural gas development taking shape offshore Mauritania and Senegal, and an active exploration program underway, we will have to raise our level of performance to meet ever higher expectations. The future holds several challenges:

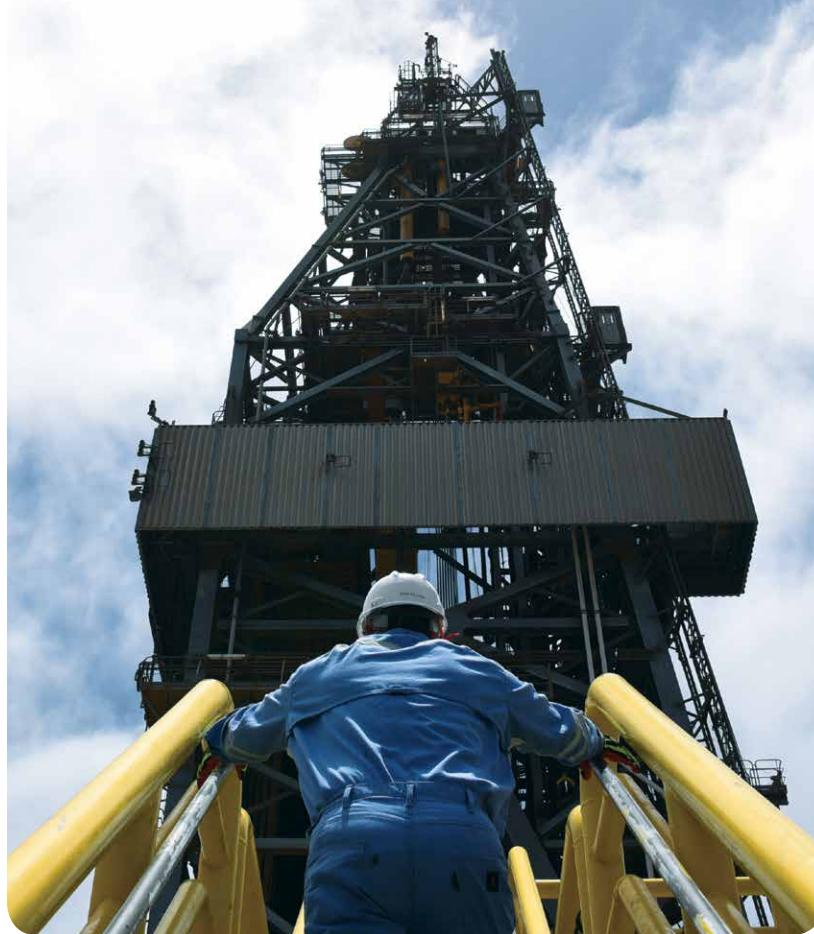
- **Continuous Improvement in Safety** – In 2016, we met our safety target with a total recordable injury rate of 1.3 and marked our fourth straight year without a lost time incident. We cannot allow ourselves to become complacent. We must stay focused on protecting our people and contractors while continuing to drive toward an injury and incident-free workplace.
- **Accelerating the Delivery of Sustainable Economic Benefits** – Our proposed floating liquefied natural gas (FLNG) project offshore Mauritania and Senegal has the potential to be an engine of growth. LNG exports could make both nations important energy suppliers for many years

The Kosmos Innovation Center encourages young entrepreneurs to unlock the potential of Ghana's agriculture sector.





In 2016, Kosmos drilled exploration wells offshore Mauritania and Senegal.



to come, connecting them to important world markets and generating billions of dollars in revenues that could be invested in the development of other sectors – such as health, education, and infrastructure. Our FLNG project is also expected to make available a plentiful and competitively priced source of fuel to power the growth of electricity in Mauritania and Senegal, which over time could enable the creation and expansion of local industry, leading to significant direct and indirect job growth. And finally, the successful execution of such a large capital project will enhance the attractiveness of both countries for further international investment. Our aim is to help Mauritania and Senegal

become destinations of choice for business.

With our FLNG project moving forward, there is a growing expectation that more local people and businesses will be hired. Kosmos intends to staff its international offices predominantly, or exclusively, with local nationals. In addition, we expect to work with our host governments to continue investing in people and their skills so there is a talented pool of qualified individuals ready to step into jobs as they are created. Our intention to do business in our host countries for the long term is reflected in our desire to build capacity so local people can play a major role in the development of the industry.

- **Taking Leadership in Transparency to the Next Level** – Being transparent in everything we do requires courage; it takes true commitment, but is the right thing to do. We have set a standard for transparent behavior by publishing our host government contracts, along with payments to governments at the project level and in aggregate. We are seeing constant demand from stakeholders around the world who want to better understand how the oil and gas industry works. Kosmos wants to go beyond the box-checking exercise of making information publicly available and increase its 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.

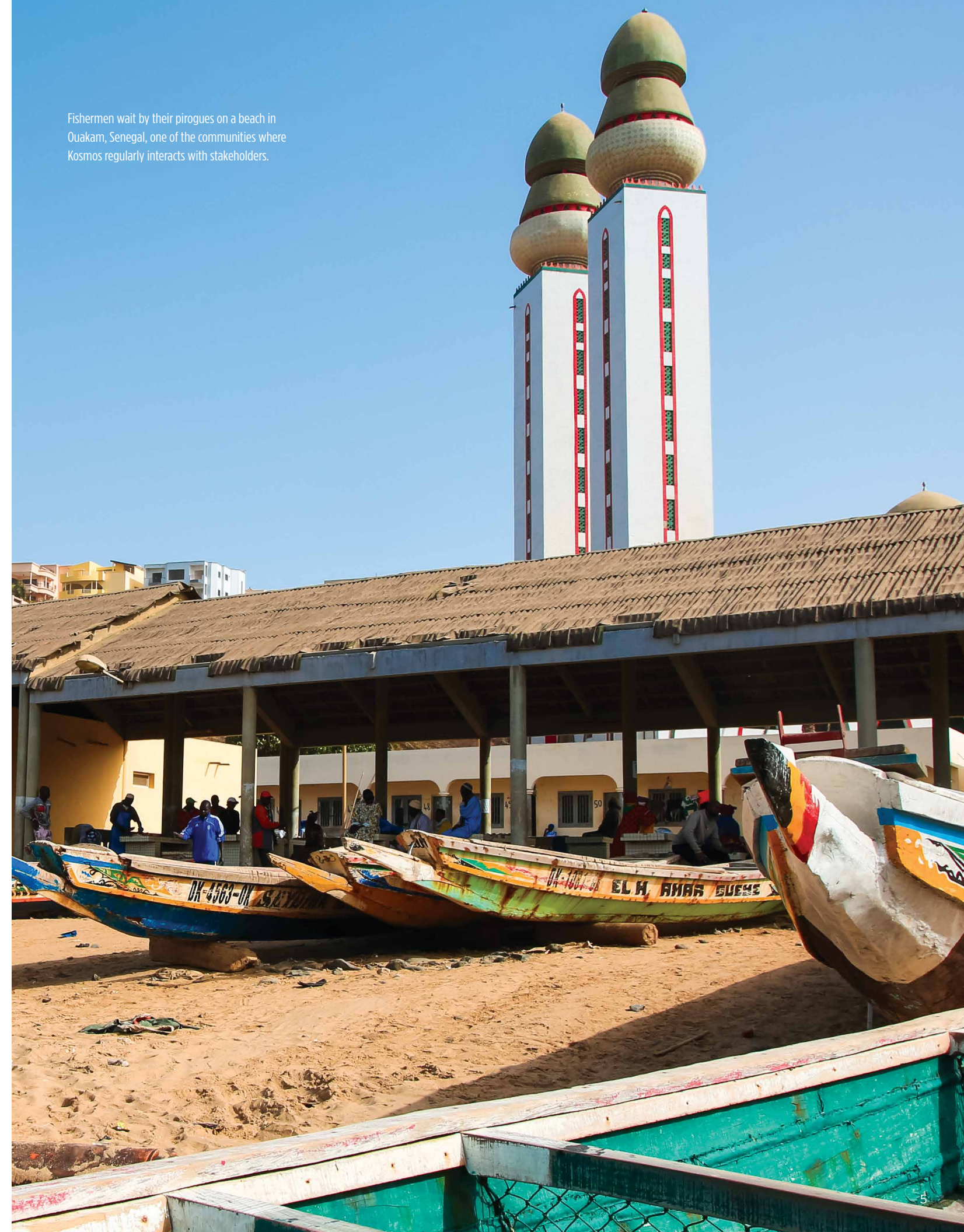
I am confident that we can address these challenges and do so in an open and collaborative manner, working with host governments, local communities, and business partners to find mutually beneficial solutions.

#### CONTINUING OUR JOURNEY TOGETHER

Although this report is filled with many positive stories, we know our journey is far from complete. There is much more we can learn about our host nations. And there is much more we can – and will – do to continue being a force for good in the countries where we work. In the end, Kosmos is striving to be known as the company that took partnership seriously – listening carefully, looking after the country's best interests, practicing humility, and investing in people to create a sustainable legacy.

**Andrew G. Inglis**  
Chairman of the Board  
and Chief Executive Officer

Fishermen wait by their pirogues on a beach in Ouakam, Senegal, one of the communities where Kosmos regularly interacts with stakeholders.





OIL AND GAS PROJECT LIFECYCLE

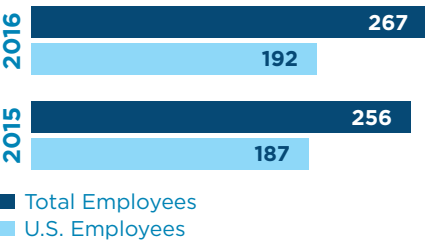


FINANCIAL HIGHLIGHTS

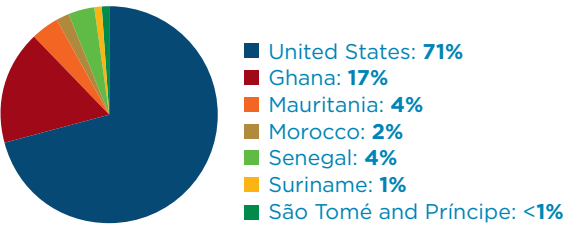
Year Ended (in thousands, except volume data)	2016	2015	2014
Revenues and other income	\$385,355	\$471,556	\$882,738
Net income (loss)	(283,780)	(69,836)	279,370
Net cash provided by operating activities	52,077	440,779	443,586
Capital expenditures	644,510	777,204	528,414
Total Assets	3,341,465	3,203,050	2,926,859
Total long-term debt	1,321,874	860,878	748,362
Total shareholders' equity	1,081,199	1,325,513	1,338,959
Production (thousand barrels of oil per day)	19.2 <sup>1</sup>	23.4	23.4
Sales volumes (million barrels)	6.8	8.5	8.7
Total proved reserves (million barrels of oil equivalent)	77	76	75
Crude oil (million barrels)	74	74	73
Natural gas (billion cubic feet)	15	14	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.

TOTAL EMPLOYEES



EMPLOYEE DISTRIBUTION



BUSINESS PRINCIPLES IN ACTION

Kosmos Energy was founded in 2003 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.

The Business Principles define how we conduct our business and the standards to which we hold ourselves accountable. 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.



## BUSINESS PRINCIPLE

## RESPONSIBILITIES TO STAKEHOLDERS

Strong and supportive relationships underpin our business and create value. Our stakeholders are any interested or potentially affected party, including shareholders, employees, governments, communities, business partners and suppliers, and civil society. We believe we have unique corporate responsibilities 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. The board is comprised of 10 members, including eight independent directors. The board of directors has five standing committees: audit; nominating and corporate governance; compensation; external affairs and political risk; and health, safety and environment. The external affairs

and political risk committee evaluates company performance against our Business Principles and advises management on issues of potential political, societal, or security risk.

- **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. We do not tolerate discrimination.
- **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 57 of this report lists the payments we made to governments in 2016.

- **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 in every country. 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). In 2015, 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 was implemented in 2016 and targets the following areas:

- **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.

- **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.

- **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 will 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. Our employees and contractors are prohibited from 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.



Community leaders in the Western Region participate in a consultation meeting regarding operations offshore Ghana.

Kosmos also engages in public policy discussions occurring globally on energy and corporate responsibility. Kosmos has been a formal supporter of the United Nations Global Compact since 2013. The UN Global Compact is a voluntary initiative for businesses that are committed to aligning their operations and strategies with universal principles in the areas of human rights, labor, environment, and anti-corruption, and take actions that advance societal goals.



In September 2013, UN Secretary General Ban Ki-moon launched the business leadership platform, Business for Peace, to mobilize greater engagement of business in support of peace as a complement to government action. Led by the UN Global Compact with a multi-stakeholder steering committee, this platform seeks to elevate and strengthen support for business contributions and for public-

private dialogue to advance peace, in support of the recently launched Sustainable Development Goals. To date, more than 130 companies from nearly 40 countries have joined Business for Peace. Kosmos has been an active participant in this initiative and serves on its steering committee.

“One of the ways Kosmos engages its employees is through volunteer activities with long-term local partners. In Dallas, we volunteer with Habitat for Humanity, the Salvation Army, and the North Texas Food Bank. Each of these organizations has a proven track record and is committed to serving and adding value to the lives of those who live in the Dallas-Fort Worth community.”



MARY ANDREWS  
Treasury Manager



MOHAMED LIMAM  
Vice President and Country Manager, Kosmos Energy Mauritania





## 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.

### ANTI-CORRUPTION

All Kosmos employees, board members, 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 all 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.

### TRANSPARENCY

Kosmos continues to be an industry leader in promoting transparency by disclosing the terms of our petroleum agreements and reporting payments made to our host governments around the world. We are a Supporting Company of the Extractives Industries Transparency Initiative (EITI). Kosmos is a member of the EITI steering committees in Ghana and Mauritania, and plays an active role in the EITI process in

São Tomé and Príncipe, Senegal, and Suriname. We advocate for the adoption of EITI by our host governments.



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 is proud to be 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.



## OUR WORKPLACES

Kosmos aims to be a world-class exploration and production 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 2016, we hired 27 new employees to bring our total number of employees at year end to 267 worldwide. We incorporate the ideas and experiences new employees bring while retaining our unique 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 employee recruitment and advancement on merit.

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 of 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.

**"My role in Human Resources in Ghana is progressive and employee-friendly. I joined Kosmos in 2011 as the Administration Supervisor and soon realized that I wanted to build my skills in Human Resources. I was promoted from within to my current role. At Kosmos Energy Ghana, we endeavor to provide opportunities for personal and professional growth. We transition employees into more challenging leadership roles by investing in training and development of our staff."**



**EVA SCHANDORF**  
Human Resources and  
Administration Manager,  
Kosmos Energy Ghana

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.

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 monthly cross-departmental lunches with members of the Kosmos senior leadership team.



Employees at Kosmos are encouraged to contribute ideas that improve operations and deepen relationships with stakeholders in our host countries.

**"At Kosmos, we work every day to ensure that our business partners, whether vendors, service companies, or other energy companies, are aligned with our culture of ethical business practices. Nothing is more important than knowing that our business partners share our commitment to corruption-free, fair, safe, and legal transactions."**



**ALISSA EASON**  
Vice-President, Legal  
and Contracts



# 4 BUSINESS PRINCIPLE

## 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, The Standard, was reviewed and refreshed in 2016, a process we now conduct on an annual basis. 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 license acquisition, the first stage of the upstream oil and gas project lifecycle is the acquisition of seismic data. In 2016, Kosmos completed or began seismic surveys offshore Mauritania, Senegal, and Suriname. Our geologists and geophysicists use the geophysical data acquired in these surveys to create detailed images of the earth's physical characteristics which then enable us to make more informed

decisions about the location and size of potential 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. Since 2013, 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 ambitious 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 33.

We plan for an effective and timely response to emergencies that could impact personnel, the environment, local communities, or our assets. In 2016, we continued our regular program of conducting several crisis simulation drills with internal and external stakeholders to help us improve our ability to respond in the unlikely event of an

As part of our ESIA process, we assess potential effects on sea birds such as those pictured here in Mauritania's Diawling National Park.



emergency. These simulations are adapted and created new to reflect the evolving nature of our business activities. Our local leadership teams and HSES 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. We base our decisions on our Well Integrity Management System which 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' only oil and gas production is offshore Ghana, where 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 will revisit this decision when Kosmos has operated hydrocarbon production.

### SAFETY PERFORMANCE

We finished 2016 with a Total Recordable Incident Rate (TRIR) of 1.3 and a Lost Time Incident Rate (LTIR) of 0.0, against our global targets of 1.5 and 0.5, respectively. We had zero fines and zero spills. As we strive for continuous improvement in safety performance, our 2017 performance targets are <1.25 TRIR, <0.5 LTIR, 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

2016, we continued requiring personal and occupational safety training for all employees to reinforce our safety culture.

"We firmly believe that geophysical exploration can be conducted in a responsible manner, minimizing impacts to the environment and to communities. We conduct robust scientific studies and analysis for each seismic survey to assess the impact to the environment. Similarly, we engage with local communities to understand their concerns, working to design a survey that will allow those communities to conduct their operations in harmony with ours. Prior to each geophysical survey, an Environmental and Social Impact Assessment and Management Plan is produced in line with regulatory guidelines and adopting international best mitigation practices."



DAVID WILSON  
Manager, Operations  
Acquisition Geophysics



A seismic vessel collects data offshore Suriname.





“Kosmos’ behavior in the communities in Senegal is underpinned by a deep respect and a real willingness to ensure communities can make the most of the benefits of our activities. This is reflected in an inclusive and participatory approach based on continuous communication and dialogue that allows the different stakeholders to influence Kosmos’ social investment and community engagement activities, and which helps to build collaboration of the majority of the communities for the success of our operations.”



**MAMADOU MAR FAYE**  
External Affairs Manager,  
Kosmos Energy Senegal

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 must behave responsibly. 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.

#### HUMAN RIGHTS

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.

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, and we plan to implement the Voluntary Principles in developing our gas project offshore Mauritania and Senegal.



At Kosmos, we see our interactions with local business partners as a way to contribute to the countries in which we operate, in addition to paying taxes, fees, and other payments to host governments. In fact, in the event of exploration success, we see oil and gas development as an 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 a number of countries with nascent oil and gas industries. In 2015, we organized contractor forums in both Mauritania and Senegal to provide training and reinforce our HSE-related expectations. Local and multinational contractors attended these sessions in anticipation of increased activity and re-committed 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.

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. This is more challenging at the exploration stage when there are few non-technical jobs created and highly specialized equipment is often sourced globally.

In 2015, we assessed 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 with relevant expertise and found that we needed to update certain policies and contract language as well as improve cross-functional cooperation to optimize local content.

An example of greater cross-functional collaboration is a recent infrastructure survey covering both Mauritania and Senegal in which a multi-disciplinary team visited public and private ports, quarries, cement companies, transportation providers, and other businesses to assess their ability to support a large-scale construction project. One of the key aims of the survey was gathering sufficient information to maximize the use of local vendors and materials. For example, we are now assessing the feasibility of using local quarries to supply stone for the construction of a breakwater.

In 2016, Kosmos launched a program to continue strengthening relationships with the key contractors that support drilling

operations. Kosmos hosted several forums during the year which gathered management representatives from each of the contractors providing support in Mauritania and Senegal in a collaborative effort to share perspectives on organizational challenges and goals, crew resource management, and showing clear leadership in HSES. Kosmos considered this initiative to be especially important during another year in which the industry business climate, combined with a planned pause in drilling activity, affected morale among our contractors and could have led to a lowering of standards.

Forum participants identified real-world challenges, such as maintaining institutional knowledge in an aging workforce, cross-cultural understanding in multi-national companies, and maintaining morale and focus in uncertain business conditions. Workshops were coupled with visits to field sites to further assess operations safety.

“I have managed procurement for Kosmos in Senegal since 2015. Since day one at Kosmos Energy Senegal, I have been impressed by how we use local procurement to contribute to the long term success of our business and also the development of local communities. I think increasing the input of local labour, goods and services in our different projects is making a major contribution to the growth of the local economy. Indeed, sustaining and impacting communities in a positive manner is one of our main motives in developing our supply chain.”



**ANNE-MARIE GAYE**  
Procurement Coordinator,  
Kosmos Energy Senegal



# CONNECTING DALLAS TO THE WORLD THROUGH ART

We believe that through our search for oil and gas – and the way we do business – we can have a positive impact on the places where we work by connecting people, bridging cultures, and deepening understanding. Art has the same power.



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. 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.

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. The first exhibition, *Spirit and Matter: Masterpieces from the Keir Collection of Islamic Art*, ran from September 18, 2015 to June 30, 2016, and 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.

In April 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.

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. 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.

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. Those beyond Dallas will be able to access the art online through high resolution photographs thanks to the museum's ongoing digitization project. Works of art that are essentially being discovered for the first time will soon be available to all.

By supporting the display of the Keir Collection – and the scholarship and knowledge it will generate – we are doing our part in Dallas for the benefit of increasing the understanding of people everywhere.



Sabiha Al Khemir, the Dallas Museum of Art's senior advisor of Islamic Art, explains the historical significance of a rock crystal ewer from the Keir Collection of Islamic Art.



DEVELOPING STEM EDUCATION IN DALLAS

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.

“Participating as a guest speaker in the Kosmos Energy STEM Teacher Institute has given me an opportunity to “pay it forward” to all the teachers that made science and engineering interesting to me as I was growing up. During our STEM institute talks, we demonstrate actual industry examples of very simple equations, such as how we compute depth of drilling using the travel time and speed of sound, and how we differentiate oil from water in our deep reservoirs using an electrical circuit. For many teachers, this represents a unique opportunity to interact with actual STEM professionals who entered the industry because of that one teacher that made the subjects engaging.”



GUIDO PAPARONI  
Ghana Subsurface Manager

BUILDING CAPACITY  
IN SCIENCE

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

The Kosmos Energy STEM Teacher Institute is an innovative program designed 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 second 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.

In addition to providing funding for the program, Kosmos engineers, geologists, and geophysicists have served as guest speakers on science-related topics, including the practical application of scientific principles in business.

The program positively impacted about 4,800 students during the 2015-2016 school year, with participating teachers reporting increased confidence and creativity in teaching the STEM disciplines.



Teachers conduct science experiments as part of a workshop with the Kosmos STEM Teacher Institute.





# GHANA

2017 marks 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. The successful fast-track development produced first oil within 42 months of discovery.



Ghana is the only country where Kosmos produces oil and gas. We are a non-operating co-venturer of the Jubilee Unit, comprised of Tullow Oil, Anadarko Petroleum, PetroSA, and Ghana National Petroleum Company (GNPC). Tullow Oil is the operator of the Jubilee field and thus oversees daily operations related to oil and gas production. It is responsible for much of the data reporting associated with how the field is managed and produced. Although Kosmos does not oversee day-to-day operations of the Jubilee field – that responsibility is left to the field operator – we take an active

role in stakeholder engagement, secondment of top talent to the operations, social investments, and other activities to increase assurance that Ghanaians receive benefits from hydrocarbon production.

### MANAGING OUR FOOTPRINT

In 2016, our Ghana asset reached a turning point with the start-up of oil production from the Tweneboa, Enyenra, and Ntomme (TEN) fields. With oil and gas flowing from both Jubilee and TEN, Ghana is now delivering increasing production and cash flow as capital

expenditures decline. The company expects to generate significant free cash flow in the current oil price environment, providing greater balance sheet strength that will support growth.

Production from the TEN fields started on time and was delivered on budget. The 11 wells in the initial phase of development – five producers, five water injectors, and one gas injector – have been completed. At year-end 2016, production from the TEN fields was approximately 50,000 barrels of oil per day gross. Initial production testing and results from the 11 wells at TEN suggest reserves estimates for both Ntomme and Enyenra are consistent with expectations.

Kosmos and its partners made good progress in 2016 toward converting the Jubilee FPSO to a permanently spread-moored facility, following mechanical issues with the turret bearing. The revised operating procedures implemented at Jubilee field have worked effectively and remediation activities are progressing as planned, with the FPSO spread-moored at its current heading in late February 2017. The next phase of the remediation work involves modifications to the turret for long-term spread-moored operations and planning for this work is ongoing among the partnership and the Government of Ghana.

With the value of Jubilee field intact and the delivery of TEN, our Ghana

asset has successfully reached an important inflection point and is expected to generate free cash flow from operations in the years ahead to enable Kosmos to grow.

### Safety and Environmental Performance

Our active monitoring of safety and environmental compliance in Ghana contributed to strong HSE performance in 2016. There were no Lost Time Incidents (LTIs) for any of our operations in Ghana in 2016. Tullow Oil is the operator of the Jubilee Field and reports on the safety and environmental performance for Jubilee operations. We continued to invest in safety training throughout the year, which helped sustain performance gains achieved in prior years.

### Gas to Power

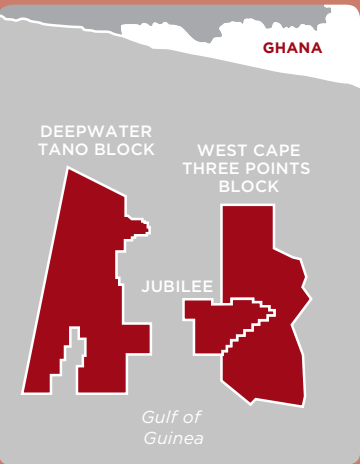
Kosmos continues to promote the use of natural gas to generate power. The Jubilee Partnership supplied on average approximately 60 million cubic feet of gas each day in 2016 to the Ghana National Gas Company's onshore processing facility at Atuabo and onward flow to the Aboadze power plant for fuel to generate electricity. Kosmos continues to advocate for a national plan to expand Ghana's gas infrastructure to meet the country's domestic power needs in a more cost efficient and sustainable way.

### ENGAGEMENT AND LISTENING

As a long-term partner in Ghana, Kosmos regularly engages with a wide range of stakeholders, including local communities, contractors and 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.



The FPSO John Evans Atta Mills began oil production at the TEN fields in August 2016.





Linguists representing traditional chiefs attend a commissioning ceremony for a new water treatment facility in the Western Region.



### Local Communities

While our legal license to operate is granted by the national government, we seek to obtain the broad support of, and bring

benefits to, the communities directly associated with our operations. 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. During meetings, we encourage community members to have an open dialogue with our company by visiting our offices, contacting us by phone or email, or using our grievance mechanism.

In the Western Region, we regularly meet with the fourteen traditional councils within the six coastal districts, the Fish Processors' Associations of Ankobra and Ekpu Communities, as well as communities that benefit from our social investment projects. The main topics of conversation include social investment projects, our ongoing

commitment to doing business in Ghana, and the manner in which we monitor and respond to our grievance mechanism.

Kosmos has two primary approaches to managing grievances. The first is a formal grievance mechanism that enables members of the community to raise concerns and submit complaints. Five grievances were logged through this formal channel in 2016. All of the grievances concerned our social investment projects in the Western Region. Our grievance management has matured over the years, and has not only helped narrow the communication gap with communities, but has also allowed members of the community to become part of the decision making process with regard to our local activities.

To supplement our formal grievance mechanism, we have stationed Community Liaison Officers (CLOs) in Kosmos-branded offices in local villages. The CLOs solicit and respond to feedback from people in the community. This provides a fixed spot for communities to reach Kosmos in person without having to travel to our primary office in Accra. Our CLOs and other staff also participate in local festivals, such as the Kundum Festival, as part of our commitment to respect local traditions and customs, and support the well-being of the communities in which we operate.

Kosmos takes a practical and long-term view of its relationship with the fishing community in Ghana, focusing on collaboration that addresses issues and solves problems. Working closely with the Jubilee/TEN Partners and the Ghana National Canoe Fishermen Council, in 2016 our Community Liaison Officers engaged fishermen and communities on exclusive and advisory zones related to the Jubilee field, Jubilee operational issues, TEN field installations, and on the arrival of FPSO John Evans Atta Mills. We also consulted with communities regarding planned seismic operations. We discussed the location of the seismic survey, the duration of the survey, the specifications of the seismic vessel and support vessel, and seismic equipment configuration.

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 in multi-stakeholder roundtables to discuss key issues that can help with implementation. In addition, we trained all Kosmos Energy Ghana security personnel on the Voluntary Principles on Security and Human Rights in 2016. These personnel provide security for our employees and office operations in Ghana.

### Civil Society

Kosmos maintains regular contact with a range of civil society organizations in Ghana, such as the African Centre for Energy Policy, the National Resource Governance Institute, 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. In 2016, Ghana completed its fifth oil and gas reporting cycle. Kosmos has been a part of the process since the beginning. 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.

### Media

Editors and journalists are important stakeholders as they regularly write about domestic oil and gas activities and their work often shapes public understanding. To deepen understanding of the industry and ensure reporting is more informed, we hosted an educational workshop for media fellows in collaboration with the Africa Center for Energy Policy. Journalists from 20 different publications came together to develop their knowledge of the industry. The subjects explored in the workshops were based on feedback from earlier engagements with media and also from local journalists who had already participated in oil and gas training programs.

### Business and Academia

In 2016, Kosmos co-sponsored the Society of Petroleum Engineers' annual African Health, Safety, Security, Environment and Social Responsibility Conference and Exhibition in Accra, which brought together government, the private sector, academia, and non-governmental organizations from across Africa. Several employees from our Ghana office presented

papers on social responsibility, as well as health and safety.

### Independent Advisory Council

Kosmos took an important step in 2014 to demonstrate our long term commitment to Ghana by creating an independent advisory council comprised of respected Ghanaian business leaders who advise the company and serve as a sounding board as we work to support Ghana's socio-economic needs and management of oil and gas resources.

In 2016, we added three new business leaders to the advisory council, bringing the total to six members:

- Abena Amoah, founder and chief executive officer, Baobab Advisors;
- Mansa Amoa Awuah, founder and managing director, Saki Publicity Limited;
- Joe Winful, retired senior partner, KPMG;
- Philippe Ayivor, retired executive, The Coca-Cola Company;

"It is critical to learn the knowledge and culture of our local communities. With this background we are better placed to listen patiently, understand their views and collaborate with them. For us it is a continuous process, exploring opportunities for mutual benefit and approach for maintaining our relationship with communities in Ghana."



**RICHARD QUAICOE**  
Community Relations  
Supervisor, Kosmos Energy  
Ghana



**JOE WINFUL**  
Kosmos Energy Ghana  
Advisory Council Member

"The normal expectation of every company is to operate efficiently and effectively to ensure that they meet the expectations of their stakeholders especially shareholders. Their official obligation to the host country is only to pay appropriate taxes and obey the laws of the country. Kosmos has gone beyond that and have gotten involved with the growth and development of Ghana. Their support for youth and focus on a vital sector like agriculture is looking forward to the next generation and positioning the country for an impressive economic take off. I will just say that Kosmos has redefined their business to include the human element."



“As an impact investor, being on the Advisory Council is a great fit. It is not always that you find a company that is so passionate about the kind of legacy it builds and preserves for its host country. Though in a non-operator role, Kosmos Energy, through many of its initiatives continuously improves the fortunes of the people of Ghana. I am happy to partner with a company which looks out for the good of the country.”



**ABENA AMOAH**  
Founder and CEO,  
Baobab Advisors

- Seth Kwasi Dei, founder, Leasafric and Blue Skies Ghana Limited;
- Ishmael E. Yamson, non-executive chairman, Standard Chartered Bank Ghana Limited, and former Chairman of Unilever Ghana Limited and Ghana Investment Promotion Centre.

Members of the council were selected based on their business knowledge, diverse points of view, and history of success leading companies in Ghana. By listening to the advice and insights of these business leaders, Kosmos is playing a more active role in helping Ghana develop the full potential of its oil and gas resources to support Ghana’s development. 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. In Ghana, sourcing goods and services locally and hiring Ghanaian nationals is an important way that we achieve this goal. In 2015, Kosmos achieved a major milestone by employing a 100 percent Ghanaian staff. In

addition, 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 continue to support social investment in Ghana through Kosmos-initiated programs, as well as those led by the Jubilee Unit. In 2016, we took a new approach to social investment in Ghana by consolidating our efforts into the creation of the Kosmos Innovation Center. Page 26 describes the Kosmos Innovation Center in detail.

Each year we contribute to the Jubilee Unit and TEN Development social investment programs, which focus largely on vocational training. These initiatives are overseen by a team of representatives from the Jubilee Unit companies, including Kosmos. These projects are carefully designed in collaboration with community-level stakeholders to ensure their long-term sustainability. For more information on the Jubilee Unit and TEN Development social projects, visit our website at [www.kosmosenergy.com/ghana](http://www.kosmosenergy.com/ghana).

In the community, Kosmos’ capacity building initiatives

focused on offering opportunities for young people to develop technology skills. After listening to the interests and needs of communities, Kosmos built a new information technology (IT) center and provided equipment for a second IT center in the Western Region in collaboration with the Ghana Education Service, district assemblies, and traditional councils. The two technology centers are in the Jomoro District and Nzema East Municipality, respectively, to serve local schools. The objective is to help community members, particularly young people, develop their IT skills and then use the acquired skills for their studies, including passing the Basic Education Certificate Examination.

As part of our plan for the sustainability and day-to-day management of the centers, Kosmos setup a printing house at the New Nzulezo Center as a strategy to internally generate funds and to ensure continuity and easy access to IT for the schools’ pupils and rural communities.

In a similar collaboration with local communities, Kosmos developed the Teacher’s Resource Center as a multi-use space for local teachers to receive training, hold



Children attend school in Takoradi, the capital of Ghana’s Western Region.

Water quality is inspected at a Kosmos-sponsored Water Health Ghana facility in Kwabenya.



workshops, and work together to develop teaching aids for schools in the Beyin and Atuabo areas. An existing building near a school in Beyin was renovated to house the center. The Teacher’s Resource Center focuses on training teachers in instructional methods to improve literacy among the local population. A steering committee of education and community leaders oversees the center’s daily operation. Kosmos has supported clean drinking water projects in Ghana for the last five years. We first

worked with the Safe Water Network to build water filtration systems for over 28,000 people from 20 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 currently partner with Water Health Ghana, a subsidiary of Water Health International, to provide clean drinking water for the villages of Kwabenya (Greater Accra), Amanase (Eastern Region), and Nyanyano (Central Region).

Upon completion of this project in 2016, the total development included construction of three water purification facilities, training of three operators from local communities, and implementation of a monitoring program to gauge sustainability. In addition, health and hygiene education and monitoring activities are being implemented to ensure improved health outcomes. The community water stations completed in 2016 now supply approximately 39,000 people with clean drinking water.



# KOSMOS INNOVATION CENTER

After more than a decade of helping to develop the oil and gas industry, 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.

In its first phase, the KIC has turned its attention to agriculture – the largest sector in Ghana’s economy. The KIC has focused on the nexus between information and communications technology (ICT) and agriculture, with the goal of inspiring young entrepreneurs to transform Ghana’s agricultural sector.

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

## COLLABORATION

Through workshops, conferences, and other events, the KIC brings together the best and brightest minds from a range of fields, such as business, technology, finance, academia, and others, to talk through the challenges in improving Ghana’s agricultural sector. These carefully selected individuals share their knowledge, inspire each other, and work together to develop practical solutions.

## INCUBATION

Through a formal competition focused on innovation, the KIC challenges young entrepreneurs to use technology to develop commercially viable solutions to address challenges within agriculture. At the end of the competition, selected entrepreneurs receive seed funding, technical assistance, and mentorship to help them turn their ideas into reality. The Meltwater Entrepreneurial School of Technology (MEST) is the KIC’s key partner in inspiring budding entrepreneurs to use technology to transform agriculture in Ghana.

## ACCELERATION

Through technical assistance and capital investment, the KIC is accelerating the development of promising small businesses. After a stringent screening process, selected companies will receive a range of support aimed at helping them grow.



Young entrepreneurs with the Kosmos Innovation Center work on business plans during a Collaboration Session.



“The agricultural sector was not foreign to us but the Kosmos Innovation Center AgriTech Challenge made us take a second look at what we knew. We were overwhelmed by the opportunities in the agriculture value chain. Now we have created a business solution to improve productivity in the sector. We look forward to building a solid business even before we step out of incubation.”

GHALANI TEAM

## TROTRO TRACTOR AND GHALANI WIN INAUGURAL AGRITECH CHALLENGE

In September 2016, Kosmos announced the winners of the Kosmos Innovation Center AgriTech Challenge, the formal competition that invited young entrepreneurs to use innovation to develop commercial solutions to challenges within agriculture. After nurturing their ideas through research and collaboration, and pitching them to a panel of expert judges, winners of the competition received US\$50,000 in seed funding. In addition, they received one year of technical assistance and mentorship from the KIC and MEST to help turn their ideas into viable businesses.

TroTro Tractor Limited is developing a platform that uses mobile phones and GPS units to connect farmers to 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.

Ghalani is creating farm management software that helps

agricultural aggregators, who often have to manage relationships with thousands of small-holder farmers, to efficiently organize, manage, and monitor these farmers to improve productivity and reduce risk.

TroTro Tractor and Ghalani were selected from an original field of more than 100 young entrepreneurs from all over Ghana who entered the competition, which began in April 2016 with

the inaugural AgriTech Exchange, an interactive and informative brainstorming session in which experts in agriculture, business, and technology gathered to define the most pressing challenges facing Ghana’s agricultural sector. In a highly competitive selection process that followed the event, the young entrepreneurs pitched preliminary ideas to a panel of judges drawn from the Ministry



Kamal Deen of TroTro Tractor learns about growing corn from a local farmer during a KIC market research trip.



“We joined the Kosmos Innovation Center as individuals with different objectives. We came to the end of the programme as a team with a product, a business, and the goal of making agriculture an attractive sector for other youth entrepreneurs to participate.”

TROTRO TRACTOR TEAM



of Agriculture, academia, and private sector enterprises. Just 44 entrepreneurs were selected to move forward to the second stage of the competition.

In May 2016, the 44 young entrepreneurs – known in the program as “AgriTechies” – attended a series of lunch-and-learn programs aimed at deepening their understanding of the agricultural sector, studying the challenges identified in the AgriTech Exchange,

and preparing for a 13-day field research tour. The KIC-sponsored research tour took 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 44 young entrepreneurs, who formed into 11 teams, continued to refine their ideas and formulate business proposals

which were pitched to the panel of expert judges in late June 2016. Entrepreneurs who progressed through this first-round pitch continued working on their business plans in advance of the final pitch in August 2016 that ultimately selected the winners.

Commenting on the successful program, Kosmos Energy vice president and country manager Joe Mensah said: “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 gotten from young people who want to be a part of this effort to transform Ghana. As we move on to the second competition in 2017, I would like to encourage other companies to join us as we invest in these promising young people and the businesses they are creating to improve agriculture in Ghana.”



The AgriTechies pose before the lunch and learn on the challenges in agribusiness in Ghana.

KIC Agribusiness Specialist Benjamin Gyan-Kesse works with a young entrepreneur on a market research tour to farms across Ghana.



Katie Sarro, Managing Director, MEST said, “We’re thrilled to be working with Kosmos Energy on the Kosmos Innovation Center and AgriTech incubator. This is a mutually beneficial partnership whereby each party brings their respective strengths to the table. We especially appreciate Kosmos’ dedication in bringing the necessary expertise within the agriculture sector. That, combined with our expertise in building world-class tech companies, is

an unstoppable combo that has already demonstrated a lot of promise. We’re proud of what we’ve accomplished thus far and we look forward to continuing to mentor and nurture these promising AgriTech startups through funding, incubation, and technical support.”

In 2017, the KIC will build on its early success and expand its activities. We will put a second cohort of promising young entrepreneurs through a cycle of mentorship with the aim of investing in two

additional ag-tech start-ups at the end of the process. In addition, we will provide a tailored acceleration program to help scale up existing small-to-medium sized agribusinesses that have a demonstrated proof of concept. Offered to selected companies, the program will target their key barriers to growth and get them ready for future investment.

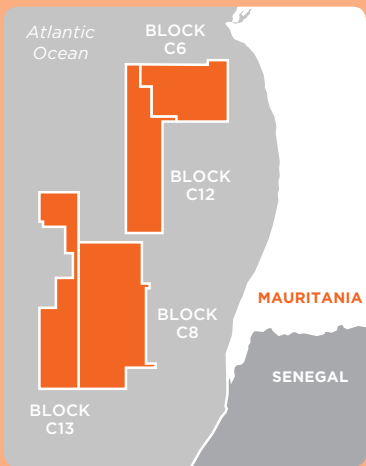
For more information about the Kosmos Innovation Center, visit [www.kosmosinnovationcenter.com](http://www.kosmosinnovationcenter.com).



# MAURITANIA



Kosmos currently holds petroleum contracts for four blocks offshore Mauritania – C6, C8, C12 and C13 – covering over 31,000 square kilometers. Kosmos has built on the exploration success we had offshore Mauritania in 2015, when we made two major discoveries of natural gas. In 2016, we acquired more than 6,000 square kilometers of seismic data as part of a larger survey that will eventually cover a total of 11,000 square kilometers.



The second phase of our exploration program offshore Mauritania, in the third quarter of 2017, is focused on finding liquids. We are currently maturing and ranking our prospect inventory with the expectation that we will test two independent multi-billion barrel prospects on the basin floor fan fairways offshore Mauritania. These two wells will test approximately - 4 to 5 billion barrels of oil equivalent of unrisks, gross potential. We believe they are some of the largest prospects the industry will drill anywhere in the world during the next 18 months.

## MANAGING OUR FOOTPRINT

In 2016, we focused on scaling up our office staff and reviewing supply chain opportunities for investing in local content. Our office in Nouakchott is staffed with 100% Mauritanian citizens, and we prioritize the personal and professional development of these employees. We have also introduced training programs for local suppliers and their staff focused on workplace health and safety, as well as labor rights.

In 2016, Kosmos sent a multi-disciplinary team to Mauritania to conduct an infrastructure assessment, which included tours of ports and quarries, as well as visits

to cement factories, railroads, and trucking companies, to assess their ability to support the construction associated with our natural gas project by providing raw materials and logistics. The team also visited with many local and national government stakeholders in the mining, port, and transportation sectors to solicit their input and support. The result of the trip was a thorough assessment of goods, services, and infrastructure available locally, which we plan to use as much as possible as we develop the Tortue gas field. A more detailed description of this infrastructure assessment can be found on page 41.

Our exploration activities are supported out of the Port of Nouakchott. In 2016, we relocated our operations to a new area of the port in order to allow for future expansion. The relocation was completed safely and without incident. Prior to the move, we held a Health and Safety workshop to reinforce our expectations of our employees and contractors, both multi-nationals and those based locally.

As part of our seismic program, Kosmos has supplemented national requirements by developing its own guidelines for seismic surveys based on international best practices and specific recommendations from the Joint Nature Conservation Committee, an advisor to the United Kingdom on national and international conservation. This productive collaboration resulted in heightened measures to protect sea turtles and marine mammals offshore Mauritania.

During our seismic operations, we work closely with the Institut Mauritanien de Recherches Océanographiques et de Pêches (IMROP) to ensure that we are also contributing to scientific knowledge about the Mauritanian offshore environment. We rely on local experts to help develop the best marine research possible.

Kosmos' operations in Mauritania are based out of the Port of Nouakchott.



Kosmos works hard to apply the United Nations Guiding Principles on Business and Human Rights in every country where we work. Our ongoing presence in Mauritania includes a small office staff and related office services. During operations, we also employ highly skilled labor and services for drilling and seismic surveys, as well as the management of the shore base at the Port of Nouakchott.

In late 2015 we conducted a labor rights risk assessment of our operations in Mauritania using a third party expert. The purpose of the study was to deepen our understanding of potential labor risks in our workforce and our supply chain and to identify areas for further analysis and improvement.

The assessment's recommendations included:

- Conduct a more detailed assessment of working conditions at the port, with a particular emphasis on safety and work hours
- Conduct human resource management capacity reviews for our local office and all vendors
- Trace and map key vendor supply chains
- Deploy training and capacity building programs that promote diversity
- Internal harmonization and coordination of standard setting, performance monitoring and data analysis.

"The BGP Programme was founded in order to provide information about the vulnerability of the Mauritanian waters to human activities, reduce the environmental risk off offshore development, and strengthen the protection of marine biodiversity. While Mauritania's coast is quite famous for wildlife, experts had very little information about marine biodiversity in deeper waters where oil and gas activities were beginning to take place. Thanks to the BGP research, we now know that the waters offshore Mauritania are globally significant for large numbers of seabirds and marine mammals. For example, up to one million seabirds can be encountered along Mauritania's narrow shelf break, coming from the North and South hemispheres to forage in these waters outside their breeding season. We also discovered that these seabirds concentrate in well-defined and predictable areas around the shelf break together with marine mammals such as humpback, sperm and blue whales. Understanding and being able to predict such biodiversity hotspots will help the oil and gas and fishing industries mitigate potential impacts to biodiversity. Therefore, investing in biodiversity research in Mauritania's deeper water is a way for Kosmos to not only reduce its own risks, but more importantly to contribute to sustainable development in the region."



**DR. KHAIRDINE MOHAMED ABDALLAHI**  
Coordinator of Resource Research and Environment Program, Institut Mauritanien de Recherches Océanographiques et des Pêches (IMROP)



“I support the activities and operations of all finance and accounting matters for Kosmos Energy Mauritania such as Treasury, Accounting and Budgets, and Tax Compliance. Since joining Kosmos in 2015, I have had the opportunity to develop my skills and fully integrate into a unique team with an innovative spirit.”



**SIDATY DOUMBIYA**  
Accounting Assistant,  
Kosmos Energy Mauritania

In 2016 we reviewed all of our vendors' contracts and payroll. Over the course of the year, we took corrective actions related to late payment of wages in two instances and terminated one contract due to non-compliance with our Business Principles and related policies. We ultimately had little operational activity in Mauritania in 2016. As our workforce and vendors prepare for drilling and development activities in 2017, we will be actively prioritizing and pursuing the recommendations stemming from the labor rights risk assessment.

#### 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 will 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 endeavor to build relationships with stakeholders through engagement and listening.

In 2016, we led community consultations as part of our environmental and social impact assessment process for seismic surveys and drilling. We met with local representatives as part of an Environmental Impact Assessment to introduce the company,

highlight our commitment to doing things the right way, and explain our planned seismic activities. These consultations were attended by NGOs, fishermen, and local religious, economic, and government leaders. We heard a general concern from civil society over offshore oil and gas projects, but also excitement for the economic possibilities as long as operations are conducted transparently. We used the community consultations as an opportunity to remind stakeholders of our grievance mechanism in Mauritania and how it works.

The stakeholders had a number of questions which are addressed by the seismic environmental and social impact assessment. These questions covered impacts on fish and marine biodiversity, waste disposal, and job creation. The consultations concluded with an open invitation to continue dialogue on our activities, as well as a commitment to keep stakeholders informed of our progress and plans.

Kosmos serves as a member of the Mauritanian Extractive Industry Transparency Initiative (EITI) Steering Committee. We believe that the best way to promote economic growth and fight corruption is through cooperation and transparent engagement with a range of stakeholder groups. The EITI in Mauritania has been a

valuable forum for us to engage on transparency and anti-corruption initiatives.

#### POSITIVE IMPACTS

One of the first social investment projects that Kosmos developed was providing 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. Thus, 2016 was the third consecutive year that we have provided English classes for students at the CFPP. 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 the students enrolled in the English classes.

While we pursue development of the country's natural gas resource, we aim to enhance national capacity in the oil and gas industry and related fields. An early initiative is a multi-year partnership with the *Gérer les impacts des activités extractives* (GAED) international



Young people learn entrepreneurship skills during “Start-up Week,” hosted by Start-Up Mauritania. Kosmos began supporting Start-Up Mauritania in 2016, both through event sponsorship and participating in their professional mentor program.

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



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 providing financial support.

Mauritania's Biodiversity Oil and Gas Program (BGP) is a public-private partnership supported by the Ministry of Environment and Ministry of Energy. Kosmos is pleased to be engaged with the BGP team and provide support for marine research and policy development. The BGP Program aims to bring stakeholders together to improve marine biodiversity protection, regulatory capacity, and engagement among the various groups that use the ocean. Kosmos has participated in BGP stakeholder dialogues, as well as served as an industry resource for the program.

We aim to reassure the fishing and scientific communities interested in this area that Kosmos understands their concerns, takes environmental and social risks seriously and will not only work to mitigate risks but also endeavor to have a positive impact in the area. In 2016, we sponsored BGP researchers on a multi-week marine survey to increase knowledge and data about biodiversity in the waters offshore Mauritania. The results of their research are available at <http://www.kosmosenergy.com/responsibility/environment.php>.

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 in 2013, 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 greatly benefit from electrification projects. The needs assessment had also highlighted several solar panel installation

projects that had been successful in the region. Thus, in 2016 Kosmos developed a rural electrification project in Ndiago in partnership with the local community and the Ministry of Energy.

Kosmos is building solar installations in remote areas of Ndiago that are not connected to the power grid. The project is designed to deliver electricity for more than 2,000 local people. It is our hope that reliable power will lead to increases in quality of life. Additional electrification is expected to improve health and indoor air quality; increase connectivity through mobile device charging and better access to radio and television; and result in greater productivity in economic activities.

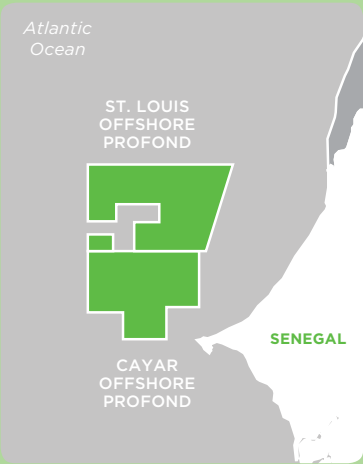
Fisheries are a key income provider in the Ndiago region. Understandably, the local community strongly prioritizes the safety of its fishermen and their vessels, as well as the safety of those engaged in ancillary activities such as fish processing. After consulting with representatives of the community and monitoring usage of previously donated items, in 2016 we provided additional safety gear and fish processing equipment to the Ndiago community to reduce health risks and improve working conditions.



# SENEGAL



Kosmos has an operating 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 announced the results of 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 the basin-opening Tortue-1 gas discovery offshore Mauritania, demonstrated reservoir continuity, as well as static pressure communication with Tortue-1, suggesting that a single large gas accumulation stretches across the maritime boundary between the two countries.

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 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.

In early 2017, Kosmos announced another major discovery of natural gas offshore Senegal with the results of the Yakaar-1 exploration well. Kosmos has now drilled six consecutive successful exploration and appraisal wells

offshore Mauritania and Senegal with a 100 percent success rate. We are currently maturing and ranking our prospect inventory with the expectation that we will test a further multi-billion barrel oil equivalent prospect on the basin floor fan fairways offshore Senegal during the next 18 months.

## MANAGING OUR FOOTPRINT

Kosmos opened its office in Dakar in September 2014 to support the upcoming drilling program and establish a visible presence in the country. Previously, Kosmos had spent more than a year working almost exclusively 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 continued to build our small but capable team in Dakar which is 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 2016, Kosmos launched a program to continue strengthening relationships with the local and multi-national contractors that supported our drilling operations. An important aspect of the program involved an HSE forum conducted in Dakar which brought together management representatives from each of the contractors supporting Kosmos operations in a collaborative effort to share perspectives regarding organizational challenges, crew resource management, and ways to show leadership in areas such as safety, health, and the environment. Kosmos considered the focus on safety to be especially important during a year which saw weakness in oil markets and a pause in drilling activities which could affect morale and focus among certain

contractors. The workshops were coupled with field visits to further assess operational safety.

## ENGAGEMENT AND LISTENING

Our Dakar-based external affairs and communications staff have continued to maintain and broaden relationships with local communities, municipal authorities, public technical services, civil society, and journalists in Dakar, as well as the coastal communities stretching from Dakar to Saint Louis. The coastal communities are familiar with Kosmos from communications related to our seismic campaigns and drilling activities as well as our social investment activities. We regularly visit coastal communities and public technical services to share updates on our operations offshore.

## Environmental and Social Impact Assessment

Ahead of drilling activities conducted in 2016, Kosmos partnered with international experts and local Senegalese companies to prepare a thorough environmental and social impact assessment (ESIA) for our proposed drilling activity. The process and final

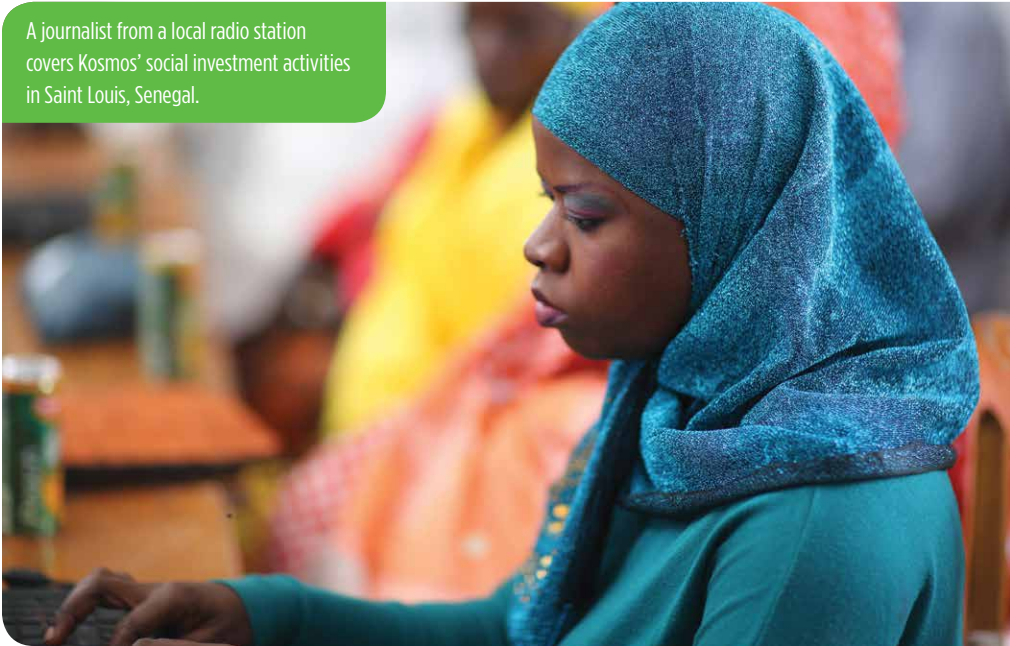
assessment report helped us better understand potential social and environmental impacts of the project, as well as public concerns, which led to more informed impact management plans and project planning.

The ESIA process included extensive public consultations. Kosmos and the ESIA team initiated public consultations early in the process to identify stakeholders' questions and concerns. In total, approximately 1,000 people were informed and consulted directly in two waves of public meetings organized by Kosmos and the Ministry of the Environment.

Stakeholders asked questions and shared concerns during the consultations. We received feedback about fishing, environmental protection, and potential interference of the drillship with other maritime vessels. The assessment found that no impacts on artisanal fisheries were expected from the routine operations of the exploration program, but there was a potential for interaction between support vessels and small fishing boats.

To mitigate this, both the rig and support vessels were equipped with

A journalist from a local radio station covers Kosmos' social investment activities in Saint Louis, Senegal.





radar scanner systems that would pick up another marine vessel in the area even if the vessel did not have signal/communication systems on board. Further, the support vessels established a navigation routing plan from the shore base to the rig that minimized risks of interference with populated fishing areas. We recruited Fisheries Liaison Officers from the area to engage with local artisanal fishermen to ensure their vessels were in compliance with safety measures.

While it was true that negative impacts to marine fauna could have occurred from routine operations, the magnitude and extent of these impacts were almost uniformly negligible or low, and very localized. Implementation of proposed mitigation measures further reduced the potential for environmental impacts. In the end, drilling operations proceeded without incident.

During the ESIA consultations, community members regularly inquired about benefits to the local population and job creation. Exploration drilling creates

little immediate benefit, and this was explained during the consultation meetings. In the event of exploration success, Kosmos works with the government to determine ways that benefits can flow to local people. However, even during the exploration phase, Kosmos is committed to creating economic opportunity both through its core business and its social investment programs. We are committed to optimizing the participation of capable local suppliers so as to increase the linkages between Kosmos' business and the Senegalese economy. Further, Kosmos has developed a social investment plan that takes into consideration local needs and development priorities.

Throughout the ESIA process, we engaged a range of stakeholders in order to gain support for the drilling project. The ESIA team spent considerable time building relationships with key regulators, agencies, ministries, and coastal fishing communities. Each of these constituencies participated in the ESIA process (through consultations, reviews of materials, or facilitating meetings) and ultimately supported the outcome and Kosmos' plan of activities.

The results of the ESIA have been incorporated into a comprehensive Environmental and Social Management Plan for Kosmos' drilling operations in Senegal. Comprehensive impact assessment prior to exploration drilling is a crucial step for Kosmos everywhere we operate, and we continue to learn and improve our processes with each ESIA we conduct.

**Transparency**

As part of our commitment to transparency and good governance wherever we operate, Kosmos continues to engage with a range of stakeholders in Senegal on issues of transparency in the oil and gas sector. Kosmos developed and sponsored a workshop on the oil and gas industry and

transparency in partnership with the Senegal EITI Committee. We brought independent international experts to Dakar to present at the workshop, and attendees included civil society, parliamentarians, and industry representatives.

In addition to meeting regularly with civil society, a Kosmos representative was invited to be the keynote speaker at the Regional Parliamentary Network for Good Governance of Resources, an event held in Dakar which included members of parliament and civil society from Senegal, Mauritania, Burkina Faso, and Guinea Bissau. Kosmos also hosted a workshop in Dakar for editors and journalists from TV, radio, newspapers, and websites to deepen their knowledge and understanding of the oil and gas sector.

At various times during 2016, Kosmos corresponded with stakeholders in Senegal who had questions about how we acquired our licenses to explore offshore Senegal, the nature of the transaction involved, and our future plans. In keeping with our commitment to transparency, we published the exchange of letters on our website: [www.kosmosenergy.com/responsibility/correspondence-with-stakeholders.php](http://www.kosmosenergy.com/responsibility/correspondence-with-stakeholders.php).

**POSITIVE IMPACTS**

Supporting capacity building initiatives in Senegal is one way that Kosmos aims to make a contribution to the country. We have committed to support the government in the creation of the National Institute for Petroleum and Gas to provide higher education and training to develop the leaders, managers and operators of the country's new petroleum industry.

We have also focused our early social investments on enhancing the capability of the national oil company through training and the donation of powerful new workstations that can analyze complex seismic and drilling data.

We have also invested in workshops to deepen the sector knowledge of other government agencies, such as the Ministry of Economy and Finance. Our goal is to help Senegal prepare for the day when offshore hydrocarbon production begins.

Our support for capacity building extends beyond government to include civil society. When a 24-person delegation from Senegal – comprised of EITI committee members, parliamentarians, and civil society groups – visited their counterparts in Accra to learn more about Ghana's experience embracing transparency and good governance, Kosmos hosted the group at its office and participated in the productive discussion. Similarly, Kosmos invested in sending two civil society representatives to attend a Natural Resources Governance Institute (NRGI) summer school in Cameroon on responsible management of the extractive industry. One of the sponsored participants was from Senegal's Human Rights Committee (Comité Sénégalais des Droits de l'Homme), and the other from the Senegal EITI.

**Fishing Communities and the Environment**

In 2015, we conducted a detailed review of social investment opportunities and potential partners in Senegal to inform our approach. This included extensive engagement with NGOs, civil society, and government bodies to understand concerns and identify development priorities. In 2016, we began to expand our social investments accordingly, with a focus on coastal and fishing communities.

Based on information gathered from fishermen and their families during the consultation process for our pre-drilling ESIA, Kosmos worked with seven artisanal fishing associations known as the Conseils Locaux de Pêche Artisanale to develop a novel and sustainable program that improves safety and protects livelihoods.



Kosmos provided global positioning systems, solar lamps that illuminate night fishing and serve as distress beacons, and life vests to the fishing associations. The associations are now selling the equipment to their members at a subsidized price. The revenue generated can then be used by the associations to:

- Invest in more equipment thereby creating a virtuous cycle of safety consciousness
- Invest in the fishing associations' social funds, which provide a safety net for fishermen and their families who have suffered work-related accidents resulting in disability or loss of their equipment, and
- Invest in capacity building programs for association members who seek to improve their livelihoods.

Decisions regarding the use and disbursement of funds are made locally by the multi-stakeholder group that manages the associations.

Kosmos' focus on social investments in coastal communities extends to activities aimed at protecting the environment. In 2016, we conducted a 12-month, transparent and competitive request for proposals process to identify a preferred social investment partner to work with us in the fishing communities of Saint Louis, northern Senegal. Following this, Kosmos joined with Le Partenariat, a leading NGO that

has been working in the Saint Louis area for more than 30 years, to implement a project addressing several environmental risks that are impacting the quality of life of fishing communities along the Langue de Barbarie. The key components of the project include:

- A mangrove reforestation effort to combat coastal erosion, which includes tree planting and the introduction of a community environmental observatory
- Interventions to improve fishing livelihoods, including providing biogas as an alternative source of energy to women working in fish processing and the introduction of 500 artificial reefs on the Senegal River
- A waste management effort to combat pollution in the area, including the revival of local groups to collect and process household waste.

Up to 30,000 people will benefit from the project's activities, including 3,000 women working in fish processing.

Le Partenariat's approach is highly transparent and participative. Local communities were heavily involved in the development of the project, which helps to increase community ownership and support. A technical monitoring committee will be created to oversee the project's execution and will be comprised of relevant local government departments and agencies, as well as community groups.

“In its approach to transparency in Senegal, Kosmos has established a program of capacity building for civil society, to allow civil society organisations to play more fully their role of observers and advocates around the oil and gas sector. It is within this framework that I was able to attend a summer school on extractive industries governance at the Centre of Excellence for the Governance of the Extractive Industry in Francophone Africa in Cameroon in August 2016, taught by the Natural Resource Governance Institute. The training allowed me to learn about all aspects of the extractives industries and to improve the quality of my analysis and interventions around the oil and gas sector.”



**PAPA SALIOU SAMBOU**  
Comité Sénégalais des Droits de l'Homme



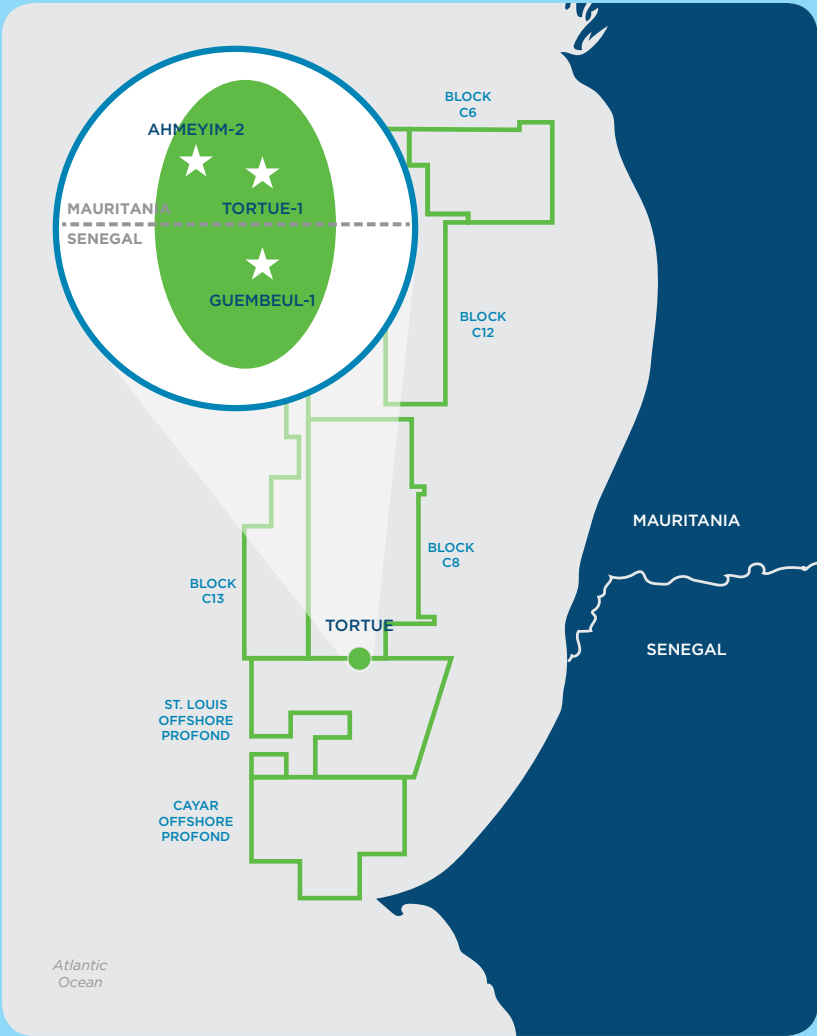
# TORTUE NATURAL GAS DEVELOPMENT OFFSHORE MAURITANIA AND SENEGAL

Kosmos opened a significant new hydrocarbon province when it discovered a large accumulation of natural gas under the deep waters offshore Mauritania and Senegal. Success was the result of applying the company’s proprietary knowledge of the overlooked Upper Cretaceous structural-stratigraphic play concept to the unique conditions of this region in which the sands bypassed the continental shelf and deposited in deeper water.

With successful wells in 2015 and 2016 at Tortue-1, Guembeul-1, and Ahmeyim-2, Kosmos completed its appraisal of the cross-border Tortue natural gas resource. 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 Tortue gas project at pace and take forward a multi-well exploration program that will benefit both Mauritania and Senegal.

## ECONOMIC AND SOCIAL BENEFITS

Kosmos and BP are already working with the governments of Mauritania and Senegal on the first phase of the project to produce gas from the field. Both governments recognize the many benefits the gas discovery and project will bring over the long term. For example, LNG exports could make both countries valuable energy suppliers for many years to come, connecting them to important world markets and generating billions of dollars in revenues that could be invested in the development of other sectors – such as health, education, and infrastructure. The project could also make available a plentiful and competitively priced source of fuel



to power the growth of electricity in Mauritania and Senegal, which over time would enable the creation and expansion of local industry, leading to direct and indirect job growth. In addition, the successful execution of such a large project would enhance the attractiveness of both countries for further international investment.

The current development concept – which involves anchoring a floating liquefied natural gas facility on the maritime border between Mauritania and Senegal – will produce approximately eight trillion cubic feet, or about 225 billion cubic meters, of gas over 30

years. Once gas production begins, the benefits could be significant. A preliminary analysis by Wood Mackenzie, an internationally respected consultancy, suggests that over 30 years, this first phase of development could contribute nearly \$29 billion in value added GDP to Mauritania and Senegal. Assuming government budget distributions remain in line with historical trends, that incremental GDP could build about 16,000 kilometers of roads, 60 hospitals, and 2,300 schools. These economic and social benefits would multiply with subsequent phases of

development that bring additional gas resources into production.

Both President Aziz of Mauritania and President Sall of Senegal fully support the project. They have asked the ministries of energy and the national oil companies to work with Kosmos to develop an intergovernmental cooperation agreement which will establish the terms and plan for how to commercialize the Tortue gas resource, which will be shared equitably between the two countries. A Working Group comprised of the national oil companies, representatives of the Ministries of Energy, and Kosmos

has been meeting monthly since November 2015 to move the project forward. Since then, the Working Group has made significant progress on the plan for developing the gas resource.

## ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

In June 2016, we reached an important project milestone. A near-shore site was agreed by both governments as the location of the gas processing and liquefaction facilities. Since then, we have been preparing for an environmental and social impact assessment (ESIA) to

ensure the site and development concept are environmentally sound, and that any potential social impacts are properly addressed. The assessments will include extensive public consultations with local communities, comply with all applicable laws and regulations in Mauritania and Senegal, and meet international standards.

In anticipation of the ESIA, Kosmos organized and facilitated a joint meeting of regulators from Mauritania and Senegal during which the governments discussed similarities and differences in their ESIA requirements and ultimately agreed to accept a single,



Local stakeholders in Cayar, Senegal participate in the public consultation for the validation of the drilling Environmental and Social Impact Assessment.



comprehensive ESIA submitted through their respective processes for review and approval. This collaborative approach reflects the cross-border nature of the project, as well as the recognition that both countries are invested in the project's success.

Once the ESIA's terms of reference were agreed by both countries, a public inquiry process was requested in Senegal and took

place in Saint Louis with nearly 150 stakeholders commenting on various aspects of the project. Community members inquired about benefits to the local population in the form of training and jobs, and expressed concerns about the need to protect the environment and fishing grounds. These concerns and our responses will be included in the final report to the Regional Development Committee.

Later in 2016, Kosmos completed a thorough environmental baseline sampling program – including collecting sediment samples and water columns – for the near-shore, subsea pipeline, and deepwater maritime areas where facilities or equipment will potentially be located. These samples will provide the data needed to understand environmental conditions before, during, and after development and production activities.

Planning for the ESIA's first round of public consultations in both countries continues with these meetings expected to begin in mid-2017.

**MULTI-COUNTRY  
INFRASTRUCTURE SURVEY**

Kosmos completed a pre-front end engineering study in October 2016 evaluating several options for developing the Tortue gas field. The options evaluated included the use of FLNG processing vessels to liquefy and store gas so it can be offloaded to an LNG carrier and shipped to market. It was discovered that long frequency wave swells which predominately affect the Senegal and Mauritania coastline from the deepwater development area to the coastline limit the ability to offload the liquefied gas from the FLNG processing vessel to the LNG carrier. A sizeable breakwater wall closer to shore is therefore needed to shield the FLNG vessels and safely offload to the LNG carrier.

Building such a breakwater will require a large amount of raw materials (up to 3 million tons of rock and 200,000 cubic meters of concrete material depending on the final design selected) and considerable logistics support. Since the feasibility of economically sourcing raw materials and establishing construction support in-country was a source of uncertainty at this stage of the project development, Kosmos sent a multi-disciplinary team to Mauritania and Senegal to conduct an infrastructure assessment, which included tours of ports and quarries, as well as visits to cement factories, railroads, and trucking companies, to assess their ability to support the Tortue construction project by providing raw materials and logistics. The team also visited with many local and national government stakeholders in the mining, port, and transportation sectors to solicit their input and support.

In addition to identifying technically feasible options, the team also carefully considered potential local impacts to communities – both positive and negative. Once the technically viable options were identified by the team, each were evaluated against HSES, social, and market influences to help differentiate those that would best benefit local communities.

**CROSS-BORDER CAPACITY  
BUILDING AND SOCIAL  
INVESTMENTS**

As part of its commitment to investing in people to create a vibrant, productive, and well-managed petroleum industry, Kosmos has provided financial and practical support for a master's degree program at the Université des Sciences, de Technologie et de Médecine (USTM) in Nouakchott, Mauritania and the Université Gaston Berger (UGB) in Saint Louis, Senegal.

Each year, approximately 30 students from Mauritania, Senegal, and other African nations are trained in subjects related to managing the impacts of the extractives sector. The master's degree program encourages cross-border cooperation between Mauritania and Senegal, and supports the development of a cadre of graduates who could work for government agencies, national oil companies, oil and gas operators, environmental or social consultancies, or non-governmental organizations.

Kosmos and BP have also offered to support the Senegalese government in the creation of the 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. In 2017, Kosmos and BP expect to undertake activities such as:

- A long-term jobs and opportunity assessment to inform curricula and goals for the proposed institute's future growth

- 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
- Partnerships with international universities and training providers
- A dedicated project manager to ensure high-quality collaboration and progress.

In addition to the government, we are closely coordinating with other oil and gas investors in Senegal on this initiative to leverage partnerships and ensure strong industry collaboration.

Kosmos and BP are also committed to supporting capacity building in Mauritania. At this stage, we are working with the government to assess Mauritania's specific needs as a country with a history of oil and gas production, and develop a plan for addressing them.

**NEXT STEPS**

While we have made considerable progress since the gas discoveries were first announced, a lot of work remains to be done. The Working Group continues to meet regularly to discuss the commercial, legal, and technical framework for the joint project, with the goal of signing a formal intergovernmental cooperation agreement later this year.

With BP as development operator, we have committed to a full set of activities in 2017, including engineering and a drill stem test, which should enable a final investment decision by 2018, with first gas expected in 2021. Success will require continued cooperation and a significant investment from Kosmos, BP, and the two national oil companies.

Kosmos uses a state-of-the-art drillship, the Atwood Achiever, to support our exploration program.

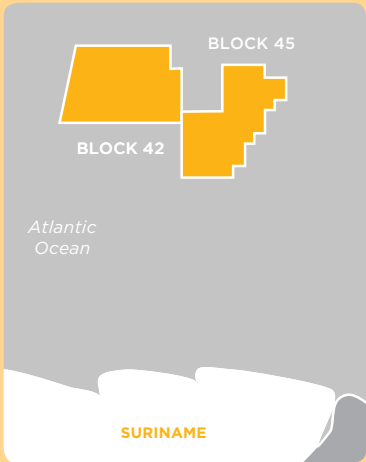




# SURINAME



Kosmos holds exploration licenses offshore Suriname for Blocks 42 and 45. Suriname represents a top-ranked opportunity in Kosmos' exploration portfolio and we continue to mature significant prospects offshore for drilling. Additionally, over the past four years, we have built relationships with stakeholders, listened to community members, developed local employees, and implemented various social and environmental projects.



### MANAGING OUR FOOTPRINT

In 2016, Hess Corporation joined Kosmos and Chevron as a partner in Block 42. The agreement with Hess is consistent with Kosmos' business strategy of retaining operatorship through exploration and collaborating with industry-leading partners who bring technical and regional expertise, as well as strong financial capabilities. Hess joins our existing partner, Chevron, in Suriname.

Kosmos conducted our third seismic campaign offshore Suriname in late 2016, acquiring

over 6,500 square kilometers of additional seismic data over Blocks 42 and 45. Because the area offshore Suriname has very strong sea currents, we spent additional time and resources developing an understanding of the region's physical characteristics and their potential impact on operational safety before conducting the seismic survey. If not properly monitored and incorporated into survey plans, ocean currents can disrupt seismic operations in a number of negative ways, such as equipment damage due to extreme force on streamer cables and winches,

which in turn could lead to an increased risk of injury to the crew. Prior to beginning the survey, Kosmos worked to model the force of the currents on our equipment and carefully delineate the seismic zone to ensure safe operations. We also conducted a large-scale emergency preparedness exercise with the seismic contractor and local government response agencies. The survey was completed without incident.

During the seismic operation, Kosmos hired fisheries liaison officers (FLO) from among the local population who sailed on the two seismic vessels to serve as familiar primary points of contact for artisanal fishermen and commercial fleets. We also deployed a Passive Acoustic Monitoring system and used Marine Mammal Observers on the seismic vessels to record sightings and behavior of marine species to ensure that operations did not harm marine mammals or turtles. Our standard operating procedures require operations to be shut-down if mammals are sighted within 500 meters of the seismic energy source.

### ENGAGEMENT AND LISTENING

Kosmos' stakeholder engagement in Suriname has largely centered on promoting transparency, supporting local communities, and preparing for operations through Environmental and Social Impact Assessments (ESIA). The ESIA process includes public consultation meetings where Kosmos informs stakeholders of planned operations including potential environmental and social impacts and the mitigation measures planned to minimize or eliminate such impacts.

Suriname is in the process of becoming an Extractive Industries Transparency Initiative (EITI) candidate country and has set up a Multi-Stakeholder Group (MSG). Kosmos was nominated to represent the oil and gas sector

by serving as an Alternate on the MSG. In 2016, Kosmos sponsored a delegation from the Ministry of Natural Resources and Ministry of Finance to attend the EITI Global Conference in Lima, Peru. Kosmos continues to be a vocal supporter of the EITI in Suriname and is encouraged that the Surinamese government has announced its intention to move towards EITI candidacy.

Regarding Environmental and Social Impact Assessments, Kosmos has held multiple community and stakeholder meetings as part of our ESIA process in advance of seismic and exploration drilling activities. During these meetings, community members, non-governmental organizations, and other interested parties have the chance to learn about our planned operations, ask questions, and raise any concerns. We also take the opportunity to provide information on our local grievance mechanism, so that external stakeholders are able to contact the company and know how to register any complaints should an issue arise.

### POSITIVE IMPACTS

Our social investment projects in Suriname have been designed in close collaboration with Maatschappij Suriname N.V. (Staatsolie), the national oil company, to ensure alignment with government priorities and community needs. In 2016, we continued supporting projects in our focus areas of STEM education and the coastal environment. For more on our safety culture project with technical schools in Suriname, see the case study on page 45.

#### Preserving coastal life

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 employee Sharan Tjon Kwie Sem visits with a student at the MyITyL School, where Kosmos donated specialized IT equipment and software for children with disabilities.



Kosmos supported a project with Conservation International to build Sediment Trapping Units to reverse erosion in a coastal area of Suriname.



Kosmos has partnered with Conservation International and Anton de Kom University of Suriname 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 planted by local researchers. The next step in this project is to quantify and document the effectiveness of the STUs and potentially extend the STU project to other coastal areas of Suriname experiencing similar problems with erosion.

*Enhancing oil spill response capabilities*

The government of Suriname approved a National Oil Spill Contingency Plan in May 2016. Subsequent to this approval, Kosmos has taken steps to build local capacity in emergency preparedness through various workshops and training exercises.

In July 2016, we organized and led an interactive workshop for government ministries, NGOs, and other stakeholders on the role and use of dispersants during oil spill response. Kosmos personnel provided an overview of its corporate plans, emergency response organization, materials and equipment stockpiles for containing and eliminating surface spills and subsea discharge of hydrocarbons to the environment which could result from drilling operations.

Global subject matter experts presented information on the role of dispersants, the subsea dispersant

approval process, dispersant use, and monitoring plans. Kosmos also shared a desktop geographic information system (or GIS) study we conducted to identify and map environmentally sensitive areas along the shores of Suriname and Guyana. We designed a web based geoportal that could be used to access data in the unlikely event of an oil spill. The workshop concluded with an interactive exercise that tested the notification processes identified in the Suriname Oil Spill Contingency Plan.

*Building capacity in medical care*

The Academic Hospital Paramaribo is the largest hospital in Suriname and serves as a major medical research hub for the country. Since the government of Suriname has prioritized developing the hospital, Kosmos has committed to supporting the hospital over at least three years. Throughout 2016, Kosmos worked with hospital personnel 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. Kosmos will support the provision of surgical tools, process improvement studies, and skills training for the hospital.

“In the endeavor to protect and save the vulnerable coastal area near our capital Paramaribo, Conservation International Suriname and the Anton de Kom University are jointly applying nature based solutions that could combat coastal degradation in a sustainable way. By building wooden, permeable dams along the coastline, we try to trap as much sediment as possible in order to create ideal living conditions for mangroves to grow back. With the much needed measurement equipment that we obtained with Kosmos’ support, we can keep better track of our interventions. I believe that the deployment of these instruments is helping to form new ideas on mangrove rehabilitation in Suriname.”



PROFESSOR DR. SIEUWNATH NAIPAL  
Chair of Climate Change and Water at the Anton de Kom University of Suriname

BUILDING A SAFETY CULTURE AT TECHNICAL SCHOOLS IN SURINAME

Kosmos’ top priority is ensuring the safety of our workers and the integrity of our operations. Nothing is more important to us, and we strive to eliminate incidents and injuries. When Staatsolie let us know that there had been a fatality at Natuurtechnisch Instituut (NATIN), a lower technical school in Paramaribo, we started thinking about how we could use our expertise to help build a safety culture at the technical school.

In 2016, Kosmos launched a multi-year safety culture program at the NATIN campus with the goal of establishing a safe learning and working environment for all students and staff members. The NATIN campus also houses two other schools, Surinaamse Technische School 2 (STS2) and Avond Middelbare Technisch Opleiding (AMTO). The program was developed through consultation with the staff at NATIN, STS2 and AMTO, as well as the Ministry of Education and Staatsolie. The project steering team evaluated several options for safety course providers against the criteria of applicability, scalability, and level of time and resources required for

sustainability. The team selected a combination of training providers to teach both practical and theoretical safety concepts:

- 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 “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.

The SafeStart program includes instruction to certify teachers at the NATIN campus to become SafeStart trainers. Safety experts worked with the teachers to administer the SafeStart program, thus ensuring ongoing reinforcement of safety concepts. The NEBOSH program is an intensive program offered to staff at the technical schools to help them identify and control potential hazards on campus in order to reduce accidents and injuries.

Kosmos Energy Suriname Country Manager and Vice President Tom Fauria presents on the importance of a strong safety culture.



“Approximately 2500 students and 300 teachers from NATIN, LTS2 and AMTO are visiting the NATIN campus at J. Lachmonstraat every day. The high number of people using heavy machinery in the practical facilities increases the risk of accidents. NATIN aims to implement internationally known and accepted safety standards. Kosmos Energy has international experience in implementing and maintaining safety standards, and NATIN is benefitting from this experience through our current Safety Culture Project in partnership with Kosmos. This project will make our trained students more employable because they will be more capable of creating safe workplaces.”



C. Y. GRÜNBERG - WIJNGAARDE  
Director NATIN-MBO  
(Suriname Institute for Natural Resource and Engineering Studies)

The program launch in late 2016 was met with enthusiasm from students and teachers alike. The kick-off event was held at the National Indoor Stadium to accommodate all 2325 student participants at once. Participants shared stories of how they were able to take what they had learned and apply the safety concepts not only at school, but also with their families at home. Although Kosmos will continue to play a supportive role, teachers at the NATIN campus have now developed their own Health and Safety Committee to oversee and ensure the sustainability of the safety programs.

It is critical for students at NATIN, STS2 and AMTO to internalize and practice skills and attitudinal shifts around safety before graduating and entering the workforce. 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.



# SÃO TOMÉ AND PRÍNCIPE

In 2015 and 2016, Kosmos acquired acreage in four blocks offshore São Tomé and Príncipe. These blocks cover an area of approximately 25,000 square kilometers and are adjacent to a proven petroleum system in Equatorial Guinea and Gabon.



Kosmos reached an agreement in 2016 with Galp Energia to farm out a 20 percent non-operated stake in blocks 5, 11, and 12 offshore São Tomé and Príncipe, bringing the company in across all of our acreage and enabling us to jointly explore the basin with full technical alignment. As a Portuguese company, Galp brings to the partnership strong above-ground capabilities which should prove valuable as we progress toward drilling.

### MANAGING OUR FOOTPRINT

In 2016, Kosmos appointed a country manager in Sao Tome and opened an office. We have since focused on hiring local staff to help

prepare for a planned 3D seismic campaign in 2017 that will be the largest data acquisition in our company history, covering nearly 16,000 square kilometers.

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.

Kosmos and its partners spent more than a year developing a deep understanding of the potential

impacts of a seismic survey on both São Tomé island and Príncipe island through the preparation of an environmental and social impact assessment (ESIA). During this process, 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 assessment. 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 Sao Tome e Principe (ANP-STP), the national oil company, the local NGO MARAPA, and the Ministry of Fisheries.

Based on this work, we are confident that the seismic survey's design meets or exceeds international standards.

### 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 established and maintained an ongoing dialogue with the Director of EITI in São Tomé and Príncipe and the multi-stakeholder group. As in other countries, Kosmos has been invited to become a member of the multi-stakeholder group.

### POSITIVE IMPACTS

Under the terms of our production sharing contracts with the government, Kosmos is obligated to spend approximately \$3 million on social investment projects over four years (2016-2019). To ensure this funding is managed properly

and results in real benefit to the people of São Tomé and Príncipe, Kosmos has engaged with the government to understand its national development priorities and formulate a strategic plan.

São Tomé and Príncipe enjoys high levels of literacy compared to many other developing and under-developed countries. However, the country's demographic, with a majority of the population under the age of 20, presents significant challenges in the education sector which need to be addressed. According to recent government data, the key challenges are:

- An average of 80 students per classroom significantly affecting the quality of education
- Inadequate use of technology due to lack of infrastructure and training affecting the pace of development
- Inadequately trained teachers affecting the quality of instruction.

Kosmos has agreed to build and refurbish classrooms, school campuses, and associated facilities. Once these classrooms and other facilities are completed, the Ministry of Education, Culture, and Science will take responsibility for staffing the schools with qualified teachers or teachers-in-training, as well as the maintenance and repair of the classrooms and facilities. The goals of the initiative include improving access to quality education, including a reduction in the average number of students per classroom, and preparing students for the future labor market.

"Kosmos started a large seismic campaign in early February 2017 in the Sao Tome and Principe Exclusive Economic Zone. Before starting the survey, we engaged with the key stakeholders and fishing communities across the two islands to inform them about our operations and to introduce our grievance mechanism. We are also actively engaged in social investment activities in support of local education. We donated vehicles for transportation of teachers to rural schools and plan to build new classrooms and schools to significantly decrease the average number of students per classroom."



NELSON ASSUNÇÃO  
External Affairs Manager,  
Kosmos Energy São Tomé  
and Príncipe

This initiative is being overseen and monitored by a steering committee comprised of Kosmos, several government agencies, and the national oil company.

As a first step, Kosmos has procured two mini-buses that will be used to transport teachers to remote schools in Porto Alegre and Santa Catarina.

The longer term strategy includes adding new classrooms to existing schools in Neves and São Marçal and building new secondary schools in Santana and Mont Café. Kosmos is currently working with the Ministry of Education, in conjunction with ANP-STP, to move the project forward.



Prior to beginning our seismic survey offshore São Tomé and Príncipe, Kosmos conducted community consultations with local fishermen.



MOROCCO

Since entering Morocco, Kosmos has conducted several 3D seismic surveys and drilled one exploration well in the Fom Assaka block, which failed to encounter commercial hydrocarbons. Based on these drilling results and our other work in the area, we made the decision in 2016 to relinquish some of our acreage offshore Morocco. Kosmos currently holds the Essaouira Block and plans to acquire seismic data there in 2017.



MANAGING OUR FOOTPRINT

In 2016, since we did not have any operations in Morocco, Kosmos focused on decommissioning our operations and equipping the port of Agadir to support industries other than oil and gas exploration. The decision to relinquish two of our licenses in Morocco also led us to rethink our presence in the country, and ultimately make the difficult decision to reduce staff in our Agadir and Rabat offices. Because it is never easy to take steps that impact the lives of employees and their families, we provided full severance benefits to help our colleagues move to the next phase of their careers. Although the closing of our operations base

means we now have a smaller footprint in Morocco, we continue to have an office in Rabat.

ENGAGEMENT AND LISTENING

We have worked closely with the Office National des Hydrocarbures et des Mines (ONHYM) – Morocco’s national oil company – and other government stakeholders to increase awareness of international best practices regarding the management of hydrocarbon resources. By supporting capacity building activities early, we believe governments can be better prepared to manage the potential benefits of resource development more effectively.

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, with a special focus on Kosmos’ activities in northwest Africa.



POSITIVE IMPACTS

Kosmos’ social investments in Morocco focus on entrepreneurship and skill-building, with the goal of supporting economic development. This theme reflects Kosmos’ entrepreneurial spirit and company culture, and is in line with Morocco’s national priority of decreasing youth unemployment.

In 2016, Kosmos partnered with Enactus on a program expansion to Agadir. Enactus is a Moroccan organization that connects university students, academics, and business leaders through entrepreneurship-based projects, with the aim of starting new businesses following the program. In Agadir, students formed groups to develop and market innovative projects such as cosmetics lines using traditional plants, new composting products, and a solar powered water heater. Over 900 students in Agadir participated in competitions by giving business pitches and receiving feedback on their approach and product ideas.

INJAZ Al-Maghrib is a non-profit that partners with the private sector to train students in Arab countries in entrepreneurship skills. Kosmos has supported the program in Morocco since 2013. In 2016, we partnered with INJAZ Al-Maghrib to expand in both Agadir and Dakhla, benefiting over 1,500 students. In Agadir and Dakhla, business leaders mentored students who developed business

Through the Enactus program, university students are connected to business leaders who advise them on entrepreneurship projects.



plans for small and medium sized enterprises.

Corps Africa matches Moroccan youth with local communities to implement poverty-reduction projects. Kosmos has supported Corps Africa volunteer fellows each year since the program started in 2013. In 2016, Kosmos sponsored two volunteers in villages near Essaouira. In the village of Iriq, a volunteer created an association for women focused on skills development and financial education. This association was the first in this region to encourage local women to learn new skills and to provide exposure to new technologies and educational programs. Kosmos also supported a Corps Africa volunteer who refurbished part of a community building to create a safe space for women to work on literacy and artisan products, while also providing a nursery school for their children. The volunteer taught courses in literacy, environment, and health to local villagers.

Maroc en Action Program

Kosmos Energy has partnered with Mercy Corps, a leading international NGO, in Morocco since 2014, in collaboration with a Chevron Corporation subsidiary. Working with Mercy Corps was based on the idea that we were uniquely positioned to encourage partnerships across private, civil society, and government sectors in Morocco. This included establishment of the Mercy Corps Center of Excellence to be the

convener and training partner for Moroccan companies and non-governmental organizations to enhance delivery of social investments.

One initiative of this partnership was a conference on “Private-Public Partnerships for Sustainable Development and Corporate Social Responsibility.” We gathered Moroccan and American business leaders and government representatives to discuss developing responsible business practices through public-private partnerships. The 80 attendees included multinational and Moroccan companies optimizing their corporate responsibility strategies, as well as non-governmental organizations interested in learning how to effectively partner with the private sector.

In addition, Kosmos worked with Mercy Corps and the Department of Fisheries in an effort to build capacity for women’s fishing cooperatives in the Agadir region.

“Being the CEO of my INJAZ Al-Maghrib team, Future Light Junior Enterprise, taught me how to turn challenges into opportunities. Thanks to this experience, I can already see myself as a young leader of the future.”

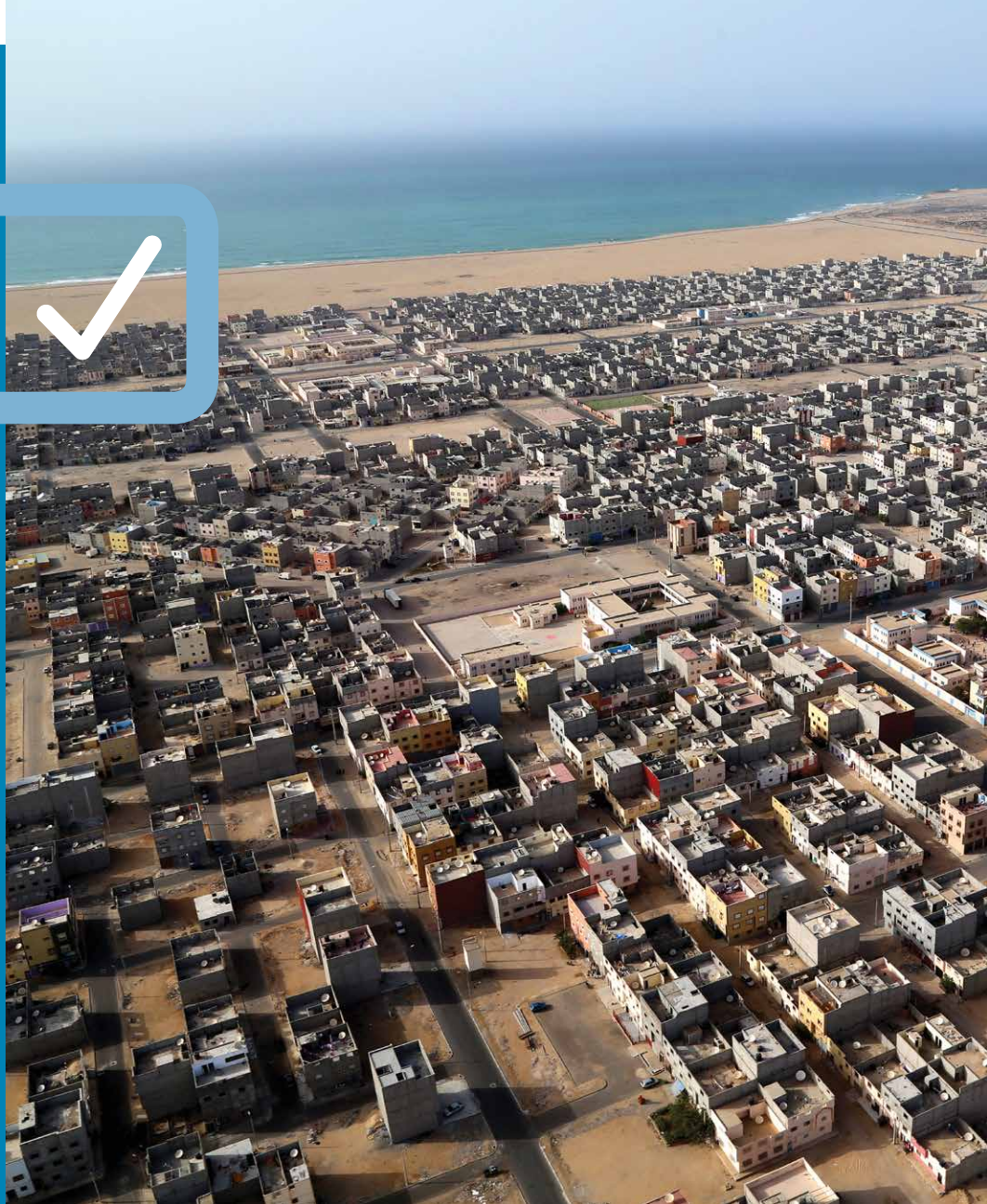


MOUNA AZEROUAL  
INJAZ Al-Maghrib participant and CEO of Future Light Junior Enterprise



# WESTERN SAHARA

Kosmos completed its first exploration well offshore Western Sahara in early 2015. The well encountered hydrocarbons, but not in commercial quantities. In 2016, Kosmos concluded a new petroleum agreement with the Kingdom of Morocco to continue exploring offshore Western Sahara. We plan to acquire additional seismic data in the Boujdour Maritime block in 2017.



## DOING BUSINESS IN WESTERN SAHARA

Kosmos and the Office National des Hydrocarbures et des Mines (ONHYM), on behalf of the Government of Morocco signed a Joint Declaration of Principles committing that the people of Western Sahara will benefit in an effective and equitable manner from any potential hydrocarbon development and will be consulted in the process. This achievement has been recognized by many stakeholders as a significant step forward.

We view the 2002 U.N. Legal Opinion as our touchstone as it

remains relevant and specifically applicable on the matter of investment in Western Sahara. In our view, economic development of the territory can and should proceed in parallel with the U.N. mediation process without adversely affecting the latter's progress or outcome. For more information, please visit [www.westernsaharaoil.com](http://www.westernsaharaoil.com).

## 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 has been involved in open forums over 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.

We are aware that many companies, investors, NGO's and other stakeholders may have limited exposure to the complexities surrounding the status of, and investing in, the Western Sahara. For this reason, we have actively engaged with a wide range of international

stakeholders to discuss our experience in the region. In 2016, Kosmos participated in an investor event in Stockholm hosted by a socially responsible investment firm, or SRI. Several Scandinavian-based firms engaged with us in a fruitful dialogue about our experiences on the ground in Western Sahara and about ethical considerations in this unique political environment.

Despite our active engagement with international stakeholders, we know that some groups continue to disagree with our approach to doing business in Western Sahara. In 2016, for example, the Norwegian Council on Ethics published an assessment of our activities in Western Sahara and recommended divestment. Kosmos fundamentally disagrees with the Norwegian Council on Ethics' view of our activities in Western

"Kosmos Energy has supported our traditional music and poetry festivals. These festivals have encouraged the younger generation to give more importance to their Hassaniya culture."



**HABIBOULLAH DLIMI**  
President of the Albadiya Association for the Promotion of Hassaniya Culture and Camel Racing

Sahara and was disappointed with this outcome coming as it did after several years of engagement between Kosmos and the Council. Our response can be found at <https://www.westernsaharaoil.com/additional-resources/kosmos-engages-with-the-norwegian-council>.



Kosmos chairman and chief executive officer Andy Inglis meets with workers on the Atwood Achiever drillship.



POSITIVE IMPACTS

In 2015, Kosmos partnered with AMIDEAST on a vocational training initiative in Dakhla. The program was designed to bridge the gap between a university education and the needs of the job market for unemployed youth. While the students participated in computer lessons, accounting and other courses, English lessons were undeniably the most popular parts of the course. Proficiency in English helps young people find jobs in tourism, the fishing industry, and local government.

Based on feedback from participants, we have decided to partner again with AMIDEAST to launch English courses in Dakhla and Boujdour starting early in 2017. The courses will target populations that can most benefit from English such as those in the hospitality, fishing and artisanal sectors.

INJAZ Al-Maghrib is a non-profit who partners with the

private sector to train students in entrepreneurship, based on the Junior Achievement program that has been successful in promoting entrepreneurship in the United States for nearly a century. INJAZ Al-Maghrib organized a series of educational workshops for middle and high school students in Dakhla to learn about entrepreneurship from local business leaders. These workshops culminated in an event in which high school students formed companies and presented their ideas to a jury of local business leaders. The winning team in Western Sahara was led by an all-female trio from Dakhla who created a monopoly-style board game which showcased local tourist attractions. The team was awarded with a trip to Casablanca for the national competition.

Promoting local culture

Kosmos has promoted Saharawi culture and built a positive reputation in Dakhla by sponsoring

cultural festivals. For example, Kosmos was one of the sponsors of the Dakhla Ramadan Festival in 2016, which featured traditional singing and games and was attended by thousands of local people for five consecutive nights.

These events were especially popular due to lifestyle changes among the Sahrawi people. Over the last few decades the Saharawis have transitioned from a primarily nomadic lifestyle to an urban one. This has naturally led to cultural changes. Many Sahrawi elders worry that the younger generation is not learning the history of their culture. Our experience has been that the Saharawi people are proud of their rich culture and are eager for organized opportunities to enjoy it. In 2017, we plan to sponsor new educational components to these festivals.



Graduates of Kosmos' English language classes pose with their certificates and the local director of AMIDEAST in Dakhla.

PRESERVING THE ENVIRONMENT IN OUR OWN BACKYARD



Sawtooth Mountain is an iconic peak located in the Davis Mountains of West Texas.

KOSMOS ENERGY HELPS THE NATURE CONSERVANCY PRESERVE A WEST TEXAS LANDMARK

With our main office located in Dallas, Texas, Kosmos recognizes the importance of preserving unique parts of Texas for future generations. Consistent with our sustainability efforts around the world, we decided in 2016 to support The Nature Conservancy's work to establish a pair of conservation easements on Sawtooth Mountain, located in the Davis Mountains of West Texas.

The two easements protect more than 2,500 acres in this important region. The landowner donated a large portion of these easements so the Conservancy was able to purchase them for \$1.5 million, nearly a million dollars under the appraised value. Kosmos joined

with global private equity firm Warburg Pincus and several of its other portfolio companies to provide \$1.2 million in funding.

Sawtooth Mountain is a landmark on the Scenic Loop, the famous 75-mile stretch of road between Highways 166 and 118, where the Chihuahuan Desert meets the sky islands of the Davis Mountains.

"Sawtooth is an iconic part of the Texas landscape," said Laura Huffman, Texas state director of The Nature Conservancy. "As Texas continues to grow at record speed, we're in a race to conserve the characteristics of our State that make it so special. The owner of the property, together with Warburg Pincus and its portfolio companies, have done an amazing thing by enabling us to safeguard this ecologically important and revered site. The beauty of this

deal is that we have kept private land in private ownership, while safeguarding significant habitat and a vista that is enjoyed by millions."

Rising to an elevation of 7,686 feet, Sawtooth Mountain is located twenty-two miles northwest of Fort Davis. While the region is widely considered one of the most scenic areas of Texas, it is also one of the most biologically diverse. There are several rare plants and animals found in the Davis Mountains that are found nowhere else in Texas. Mountain animals and birds like black bear, mountain lion, and golden eagle also find a home in these mountains.

In states such as Texas, where 95 percent of the land is privately owned, conservation easements serve as a critical tool to protect important lands and waters.



IPIECA/API/IOGP CONTENT INDEX

Kosmos Energy's corporate responsibility reporting is informed by the IPIECA/API/OGP *Oil & Gas Industry Guidance on Voluntary Sustainability Reporting*. Also shown in the index below are the locations of information demonstrating our support for the Ten Principles of the United Nations Global Compact, 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 2016 CR Report
ENVIRONMENTAL INDICATORS				
CLIMATE CHANGE AND ENERGY				
E1	Greenhouse gas emissions	7, 8	CR Report: <i>Business Principles</i> CR Report: <i>Performance Data</i>	13 57
E2	Energy use		Not reported	
E3	Alternative energy sources		Not reported	
E4	Flared gas		Not reported	
ECOSYSTEM SERVICES				
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 31, 46 53
E6	Fresh water		CR Report: <i>Performance Data</i>	57
LOCAL ENVIRONMENTAL IMPACT				
E7	Other air emissions	7, 8	CR Report: <i>Performance Data</i>	57
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 44 57
E9	Discharges to water	8	CR Report: <i>Performance Data</i> Kosmos did not have any hydrocarbon discharges to water in 2016. Indicators E8 and E9 are combined in our Performance Data as "Hydrocarbon or Non-Aqueous Drilling Fluid Spills."	57
E10	Waste	8, 9	CR Report: <i>Performance Data</i> THE STANDARD*	57
E11	Decommissioning		Not reported	
HEALTH AND SAFETY INDICATORS				
WORKFORCE PROTECTION				
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*	12, 13, 15 21, 29, 31, 35, 45
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>Operations Spotlights</i> CR Report: <i>Performance Data</i>	13 21 58
PRODUCT HEALTH, SAFETY AND ENVIRONMENTAL RISK				
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 only as a non-operator.	
PROCESS SAFETY AND ASSET INTEGRITY				
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 2016 CR Report
SOCIAL AND ECONOMIC INDICATORS				
COMMUNITY AND SOCIETY				
SE1	Local community impacts and engagement		CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> CR Report: <i>Case Study</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Society and Communities</i> Kosmos Energy Stakeholder Engagement and Community Development Policy*	8, 12, 14 22, 23, 31, 32, 35, 36, 43, 47, 51 39, 40
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>	9, 14 24, 32, 36, 41, 43, 47, 49, 52 16, 18, 26-29, 53 59
LOCAL CONTENT				
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>	11, 15 24, 30, 38, 46 58
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*	9, 11, 15 24, 30, 31, 38, 41

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\*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 2016 CR Report
SOCIAL AND ECONOMIC INDICATORS (CONTINUED)				
HUMAN RIGHTS				
SE8	Human rights due diligence	1, 2, 4, 5	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Human Rights</i> Kosmos Energy Human Rights Policy*	8, 14 23, 31
SE9	Human rights and suppliers	1, 2	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> Kosmos Energy Human Rights Policy*	14 31
SE10	Security and human rights	1, 2	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Security</i> Kosmos Energy Human Rights Policy*	14 23
BUSINESS ETHICS AND TRANSPARENCY				
SE11	Preventing corruption	10	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Business Ethics</i> Kosmos Energy Anti-Corruption Compliance Policy*	10 23, 32, 36, 43
SE12	Preventing corruption involving business partners	10	CR Report: <i>Business Principles</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Business Ethics</i> Kosmos Energy Anti-Corruption Compliance Policy*	10, 15
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* <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Transparency</i>	8, 10 57
SE14	Public advocacy and lobbying	10	CR Report: <i>Business Principles</i>	9
LABOR PROTECTION				
SE15	Workforce diversity and inclusion	1, 6	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> CR Report: <i>Performance Data</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Our People</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Careers</i>	8, 11 31 58
SE16	Workforce engagement		CR Report: <i>Business Principles</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Careers</i>	11
SE17	Workforce training and development		CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Our People</i>	11, 15 24, 30, 35, 41
SE18	Non-retaliation and grievance system	1, 2, 3, 6	CR Report: <i>Business Principles</i> CR Report: <i>Operations Spotlights</i> CR Report: <i>Performance Data</i> <a href="http://www.kosmosenergy.com">www.kosmosenergy.com</a> : <i>Business Ethics</i> Kosmos Energy Stakeholder Engagement and Community Development Policy*	10, 14 22-23, 43, 47 59

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

2016 PERFORMANCE DATA

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.

In 2016, Kosmos did not operate any drilling in Ghana. We drilled exploration wells offshore Mauritania and Senegal and conducted seismic surveys offshore Mauritania, Senegal and Suriname. The Atwood Achiever drillship sat offshore Mauritania during a pause period from June through December 2016.

	2014			2015			2016		
	Ghana	Mauritania	Morocco	Mauritania	Morocco	Senegal	Mauritania	Senegal	Suriname
WASTE (TONS)									
Hazardous	7.93	318.03	338.53	184.00	92.00	10	298.67	112.44	10.54
Non-Hazardous	15.54	1,343.78	1,617.25	115.00	542.00	14.16	296.8	114.11	82.9
TOTAL	23.47	1,661.81	1,955.78	299.00	634.00	24.16	595.47	226.55	93.44
Recycled/reused/treated	36%	15%	22%	27%	56%	34%	54%	43%	10%
AIR EMISSIONS (TONS)									
Carbon Dioxide (CO <sub>2</sub> )	1,572.27	19,019.73	31,525.16	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> )	29.18	432.25	702.89	654.20	233.28	332.52	964.32	387.47	381.10
Sulfur Oxides (SO <sub>x</sub> )	3.79	16.96	18.88	44.18	15.39	13.97	64.80	25.96	25.66
Methane (CH <sub>4</sub> )	0.09	158.91	292.10	2.22	1.05	1.01	2.88	1.13	11.55
Volatile Organic Compounds (VOCs)	0.98	27.13	47.14	12.54	8.10	11.19	32.50	13.00	12.83
Greenhouse Gases (GHGs)	1,574.16	22,356.84	37,659.18	35,272.56	12,613.50	17,935.23	51,954.43	20,838.84	20,773.30
OTHER									
Fines and penalties	0	0	0	0	0	0	0	0	0
Freshwater use (m <sup>3</sup> )	N/R <sup>1</sup>	N/R	N/R	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	0	0	0

1. N/R indicates metrics not reported in previous years. We reported on new metrics as a result of materiality discussions, benchmarking, and improved reporting processes.

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. Please see the footnotes below for further detail on the payments we made to our host country governments in 2016.

	Ghana	Mauritania	Morocco <sup>7</sup>	Senegal	Suriname
Signature Bonus	—	4,000,000	—	—	—
Surface Rentals	18,000	58,000	—	97,000	—
Training <sup>2</sup>	175,000	953,000	—	600,000	—
Permitting Fees	61,000	—	—	—	—
Taxes <sup>3</sup>	5,675,000	579,000	861,000	151,000	257,000
Income Taxes <sup>4</sup>	2,232,550	—	—	—	—
Other <sup>5</sup>	—	53,000	4,000,000	—	—
TOTAL	8,161,550	5,643,000	4,861,000	848,000	257,000
Royalties (in barrels of oil) <sup>6</sup>	370,007	—	—	—	—

1. Our project-level disclosures are available on our website at [www.kosmosenergy.com/responsibility/transparency.php](http://www.kosmosenergy.com/responsibility/transparency.php).  
2. Represents payments made directly to government for satisfaction of training obligations per the Petroleum Agreements and/or Petroleum Sharing Contracts (PSCs), as applicable. 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 \$1.0 million for Morocco.  
3. 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.  
4. In addition to this, Kosmos Energy paid the U.S. government \$11.7 million in income tax payments during 2016.  
5. Primarily relates to costs associated with withdrawing from the Tarhazoute Offshore Area of Interest in Morocco.  
6. Royalties represent the production entitlement to the Government of Ghana paid in barrels of oil out of Kosmos' working interest share of production. Based on the annual average of daily Brent prices in 2016, this is worth approximately \$16.2 million.  
7. Not reflected in the numbers above are payments to the port authority in Morocco primarily for leased use of port facilities in the amount of \$75,000.



2016 PERFORMANCE DATA (CONTINUED)

HUMAN RESOURCES

The data on our workforce is point-in-time as of December 31, 2016. 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.

	2014	2015	2016			
EMPLOYEES AND HIRING						
Total Employees	234	256	267			
New Hires	31	54	27			
Turnover	5%	7%	6%			
TOTAL EMPLOYEES BY COUNTRY						
United States	155	187	192			
Ghana	46	43	45			
Mauritania	5	5	10			
Morocco	24	16	5			
São Tomé and Príncipe	0	0	1			
Senegal	0	1	10			
Suriname	4	4	4			
Contractors						
United States	54	28	14			
Ghana	2	0	0			
Mauritania	4	16	11			
Morocco	76	3	1			
São Tomé and Príncipe	0	0	1			
Senegal	0	6	3			
Suriname	0	0	0			
LOCAL EMPLOYMENT (%)						
Local	88%	94%	92%			
Expatriate	12%	6%	8%			
WORKFORCE GENDER DISTRIBUTION (%)						
	Female	Male	Female	Male	Female	Male
United States	34%	66%	32%	68%	33%	67%
Ghana	27%	73%	28%	72%	27%	73%
Mauritania	60%	40%	60%	40%	30%	70%
Morocco	38%	62%	50%	50%	40%	60%
São Tomé and Príncipe	0%	0%	0%	0%	0%	100%
Senegal	0%	0%	0%	0%	50%	50%
Suriname	25%	75%	25%	75%	25%	75%

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. The Recordable Injuries in 2016 were two instances of crushed fingers on the Atwood Achiever, and one hand injury on a supply vessel.

	2014	2015	2016
Total Man Hours	1,972,242	2,103,056	2,314,907
Fatalities	0	0	0
Lost Time Injury Frequency	0	0	0
Total Recordable Injury Rate	2.03	.95	1.3

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. That value represents our participating interest in the social projects of our non-operated assets.

We have grievance mechanisms in place in every region where we have drilling and seismic operations. In Mauritania, we received one grievance into our mechanism in 2016 regarding a vendor who was not paying workers on time. We initially worked with the vendor to understand underlying reasons, but it became clear that unpaid wages were a persistent issue with the vendor and the contract was ultimately terminated.

In Ghana, we received five grievances into our grievance mechanism in 2016. The two grievances resolved in 2016 concerned issues with our potable water social investment projects in the Western Region. The remaining three unresolved grievances were also related to issues with the potable water project. We continue engagement with the concerned parties, in partnership with the SafeWater Network and traditional councils, in efforts to resolve these grievances with a mutually-agreeable solution.

	2014	2015	2016
SOCIAL INVESTMENT SPENDING (USD)			
United States	214,000	510,000	\$ 462,000
Ghana	711,000	461,000	833,000
Jubilee Unit and TEN development project¹	1,509,000	1,040,000	185,000
Mauritania	38,000	396,000	305,000
Morocco	185,000	216,000	88,000
São Tomé and Príncipe	N/A	—	69,000
Senegal	N/A	106,000	422,000
Suriname	141,000	143,000	104,000
Western Sahara	95,000	90,000	42,000
Other²	257,000	205,000	—
TOTAL	\$ 3,150,000	\$ 3,167,000	\$ 2,510,000
GRIEVANCES LOGGED / GRIEVANCES RESOLVED			
Ghana	8/5	8/2	5/2
Morocco	1/1	0/0	0/0
Western Sahara	0/0	0/0	0/0
Mauritania	0/0	0/0	1/1
Suriname	0/0	0/0	0/0
Senegal	N/A	1/1	0/0

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 to the operator during the reporting period.  
2. Represents social investment in countries where Kosmos no longer has operations.





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