

**EVERY PROJECT.
EVERY PAYMENT.
EVERY DAY.**



Our Commitment to **Transparency**



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 MAJOR DEVELOPMENT PROJECTS OFFSHORE GHANA, LARGE DISCOVERIES OFFSHORE MAURITANIA AND SENEGAL, AND EXPLORATION LICENSES OFFSHORE PORTUGAL, SAO TOME AND PRINCIPE, SURINAME, MOROCCO AND WESTERN SAHARA.

WE SEARCH FOR OIL AND GAS RESOURCES THAT LIE BENEATH DEEP WATERS. AND WHEN WE FIND THEM, WE WANT TO BRING ALL THEIR BENEFITS INTO THE SUNLIGHT. A COMMITMENT TO TRANSPARENCY IS A CORNERSTONE OF OUR BUSINESS PRINCIPLES. WE BELIEVE THE POSITIVE RESULTS OF A NATURAL RESOURCE DISCOVERY ARE MOST LIKELY TO BE MANAGED IN THE BEST INTEREST OF ALL STAKEHOLDERS – INCLUDING GOVERNMENTS, NON-GOVERNMENTAL ORGANIZATIONS, CITIZENS AND OUR INVESTORS – WHEN TRANSPARENCY IS PARAMOUNT.

In our host countries, natural resources, such as oil and gas, belong to a country's citizens. Extraction of these resources can lead to economic growth and social advancement. However, corruption in many resource-rich countries has prevented citizens from fully realizing the benefits of oil and gas development.

At Kosmos, we believe resource revenues are more likely to be managed in the best interests of a country's citizens if payments and receipts are documented in a transparent manner. In 2012, we declared our support for the Extractive Industries Transparency Initiative (EITI), a leading global standard that strengthens governance by promoting transparency and accountability in the oil, gas, and mining sectors. The EITI requires participating governments to establish a multi-stakeholder steering group comprised of representatives of governments, business, and civil society to oversee a process in which companies declare material payments to government, and the government declares all material receipts from extractive companies. These figures are reconciled, and discrepancies identified and investigated by an independent expert.

Since joining EITI, we have taken a number of steps to demonstrate our commitment to being a leader in transparency.

PETROLEUM AGREEMENTS AND PRODUCTION SHARING CONTRACTS

In our view, transparency begins with openly sharing the terms of our business dealings with host governments so that a more informed national dialogue can take place in the countries where we work. To this end, we have voluntarily published all of our contracts with host governments on our website and file these documents with the U.S. Securities and Exchange Commission (U.S. SEC) as part of our routine disclosures. Citizens and civil society organizations can read these contracts for themselves to better understand each party's obligations and to promote accountability.



Sophie Durham, Kosmos' Senior Advisor for External Affairs and Social Performance, teaches a capacity building class in Senegal.



When a 24-person delegation from Senegal – comprised of EITI committee members, parliamentarians, and civil society groups – visited Accra to learn about Ghana's experience embracing transparency, Kosmos hosted the group at its office.

PAYMENTS TO GOVERNMENTS

Since 2012, we have been voluntarily publishing our payments to governments on our website and in this report. We originally reported our payments in aggregate, as well as by payment type, such as taxes, training, and surface rentals. In 2014, we made a policy decision to disclose payments to governments at the project level, as described in the European Union Accounting Directive, an initiative that aims to improve corporate accounting practices and transparency. We believe this method of disclosure is beneficial to investors, civil society, and local communities, and reflects evolving international standards. At the time of this report's publication, Kosmos remained the only U.S.-based oil and gas company to disclose project-level payments to governments.

PUBLIC ADVOCACY

In addition to reporting annually on our payments to governments, we play an active role in promoting transparency in the countries where we work.

- In **Ghana**, we are an active member of the EITI multi-stakeholder group, which oversees the public reconciling of payments and receipts between government and extractive companies. In 2015, Ghana completed its fourth EITI oil and gas reporting cycle and Kosmos has been a part of the process since the beginning.
- In **Mauritania**, our country manager is a member of the EITI National Committee and has worked to ensure the nation continues to embrace transparency as its oil and gas sector develops. Mauritania has been EITI compliant since 2012, with reports for nine total fiscal years published to-date.
- In **Senegal**, an EITI candidate country since 2013, we have collaborated with the local chapter of EITI to facilitate workshops for civil society on the role they can play in helping improve transparency and

accountability when it comes to managing resource revenues. When a 24-person delegation from Senegal – comprised of EITI committee members, parliamentarians, and civil society groups – visited their counterparts in Accra to learn about Ghana's experience embracing transparency, Kosmos hosted the group at its office and participated in the productive discussion.

- In **Suriname**, we have continued discussions with government stakeholders regarding the benefits of EITI implementation, and are pleased that during the 2016 EITI Global Conference the government of Suriname announced that the country intends to apply for EITI candidature in the coming year.
- In the **United States**, in October 2015, Kosmos submitted a comment letter to the U.S. SEC as part of its rulemaking process for Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which proposes requiring U.S.-listed companies to disclose payments to U.S. and foreign governments as a standard part of their reporting to the U.S. SEC. In our comment letter to the U.S. SEC, we highlighted our commitment to transparency, including our project level disclosure in accordance with the EU Accounting Directive. We stated that we believe that this type of disclosure is beneficial to investors, civil society, and local communities, and reflects evolving international expectations. The letter is available on our website, at www.kosmosenergy.com.

GOOD BUSINESS PRACTICE

Kosmos' multi-faceted commitment to transparency is based on the values articulated in our Business Principles and sound commercial practice. We believe publicly available information improves the discussion about the management and use of a country's resources and increases accountability. The more successful our host countries become, the more valuable our assets will be. Being a responsible operator and a good corporate citizen in one country opens new opportunities in another.

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