

# Sustainability Report

2019-2020

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KOSMOS ENERGY WAS FOUNDED  
UPON THE CONVICTION THAT  
CREATING VALUE FOR ALL - FROM  
OUR INVESTORS TO THE CITIZENS  
OF OUR HOST COUNTRIES - IS  
THE BEST FOUNDATION FOR A  
SUSTAINABLE BUSINESS.

AS A RESPONSIBLE COMPANY, WE  
ARE WORKING HARD TO SUPPLY  
THE ENERGY THE WORLD NEEDS  
TODAY, FIND AND DEVELOP  
CLEANER ENERGY TO ADVANCE  
THE ENERGY TRANSITION, AND  
BE A FORCE FOR GOOD IN OUR  
HOST COUNTRIES BY CREATING  
ECONOMIC OPPORTUNITY AND  
DRIVING SOCIAL DEVELOPMENT.

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# About Kosmos Energy

Kosmos Energy is a full-cycle, deepwater exploration and production company with a diversified production base, a world-class gas development, and value creation opportunities from exploration in the proven basins where we operate.

As an ethical and transparent company, we are committed to doing business the right way. Our long-standing Business Principles guide our behavior and the UN Sustainable Development Goals inform our activities and how we contribute to the communities and societies in which we operate.

Kosmos Energy is listed on the New York Stock Exchange and London Stock Exchange, traded under the ticker symbol KOS. For additional information, visit our website <https://www.kosmosenergy.com/>.



# Fellow Stakeholders,

A MESSAGE FROM  
CEO ANDY INGLIS

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We live in turbulent times – for the oil and gas industry, for our communities and for our employees. I want to use this introduction to our Sustainability Report to reflect on how Kosmos has responded to these times and the challenges they bring.

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A company like Kosmos has a range of goals from providing oil and gas to power the global economy, to ensuring returns to our shareholders; from maximizing the impact of our social investment in the countries where we operate, to creating a safe, inclusive and empowering work environment for our employees.

The principle that a company should go beyond its core business to serve a wider social purpose is one in which I firmly believe. If the coronavirus pandemic has revealed anything to the business

community, it is that companies with a clear sense of purpose are best positioned to withstand the turbulence and emerge stronger. This sense of purpose – when combined with a commitment to excellence in environmental, social and governance (ESG) performance – is a key differentiator and can serve as a hallmark of a well-managed business that creates long-term value.

The global pandemic has brought even greater scrutiny of companies and their approach to what has

become a growing ESG agenda for investors and the public alike. Corporate ESG performance is evaluated through a seemingly disparate set of parameters, where each element is treated as a separate area. I believe that ESG is more than the sum of its parts. As you read this Sustainability Report, you will see our company values reflected in our corporate culture that is the connective tissue that binds together each element of our ESG approach. It guides how we behave in all areas and how we strive to bring benefits to those whose lives we touch.

Despite the pandemic and the other challenges we face today, Kosmos has several advantages. We have a healthy company culture, highly motivated employees, aligned relationships in our host countries that enable us to withstand the challenge of remote working, and a diverse and engaged Board of Directors.

We have also articulated our purpose and commitment to sustainability in a clear and pragmatic manner:



As a responsible company, we're working to:

- Supply the energy the world needs today,
- Find and develop cleaner energy to advance the energy transition, and
- Be a force for good in our host countries by creating economic opportunity and driving social progress.

It is this purpose that drove us to work even harder to support our host countries during the pandemic. As the world shut down, we mobilized. We provided critical medical equipment, including test kits and lab equipment in Ghana, Senegal, and Equatorial Guinea, as well as funding for the local design and manufacture of ventilators in partnership with Mauritania's leading engineering school. While these contributions are a valuable part of our response, we knew it would not be enough as the pandemic spread and its impacts worsened.

So, in parallel, we devised an employee-led global Hunger Relief Program designed to tackle the immediate needs of some of the most vulnerable in our communities, but also aimed at offering innovative, longer-term solutions to the impacts of poor nutrition and food insecurity. As I write, we are in the early stages of this program but are most advanced in our home community of Dallas where "food deserts" – areas with limited access to affordable or good-quality fresh food – have become an endemic problem.

In keeping with our culture, we are working on an innovative project connecting small city farmers to a reliable market for their produce, with the twin goals of improving the supply of nutritious food in disadvantaged neighborhoods and providing a steady income for urban growers. I am proud of how our employees have risen to

this challenge, getting involved, volunteering and supplying their own funds to help subsidize the program. It is the embodiment of what we stand for at a time of great disruption and threat to lives and livelihoods.

### Our ESG Approach

Of course, our commitment to ESG goes far beyond our response to the pandemic. While we have long reported against ESG criteria, this year we are taking a new reporting approach, presenting information by theme instead of by country.

Why are we doing it this way? Transparency and accountability. We want you to have better access to the information you value most. That way, you can evaluate how we deliver sustainable, long-term value – whether to shareholders, local communities, or other stakeholders.

I will let this approach speak for itself as you read, but on each part of the agenda there are examples we have highlighted to show how Kosmos incorporates ESG into our wider purpose:

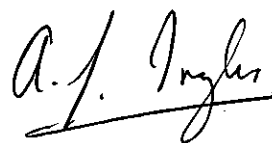
- On Environmental issues, we cross-reference our Climate Risk and Resilience Report which we published in September. This is a comprehensive and transparent report on how an independent oil and gas company like Kosmos can and should tackle the risks and opportunities posed by climate change and the energy transition. Our targets are clear and our actions concrete.
- On social issues, the Kosmos Innovation Center leverages our entrepreneurial culture to nurture young entrepreneurs and small businesses, who in turn are generating sustainable jobs and making lasting economic impacts in our host countries. In 2020, we also achieved our goal of employing 100% local employees in all of our host country offices,

We care about  
our countries, our  
communities and  
our employees, both  
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a business.

furthering our commitment to sustainable development.

- On Governance, our leading approach on transparency matters more now than ever. Our publication of all our contracts with host governments still differentiates us in the global oil and gas industry.

I believe that creating long-term shareholder returns can only be achieved by advancing the societies in which we work. In other words, behaving properly and being a force for good enables us to get on with the work of finding, developing, and producing oil and gas. We care about our countries, our communities and our employees, both because it is the right thing to do and because it improves our performance as a business.



ANDREW G. INGLIS  
Chairman and Chief Executive Officer

# Our Sustainability Approach

Kosmos Energy was founded with the goal of creating value for all of our stakeholders: investors, employees, partners, and the governments and nationals of our host countries. Operating in a safe, responsible, and environmentally sound manner is critical for achieving this goal.

Our long-standing Business Principles guide our behavior, and the UN Sustainable Development Goals inform our activities and how we contribute to the communities and societies in which we operate.

This approach is not simply a list of formulaic words, but rather a core value and a driving force for how we operate.



# Business Principles

Adopted in 2013, our Business Principles reflect our shared values as a company. These Principles define how we conduct our business, and the standards to which we hold ourselves accountable. They are supported by robust policies, procedures, and management systems, which are referenced and described throughout this report.

The Business Principles guide the actions of every Kosmos director, officer and employee across six key areas: Responsibilities to Stakeholders, Ethical Conduct, Our Workplaces, the Environment, Kosmos in Society, and Commercial Relationships.

## Responsibilities to Stakeholders

**Shareholders:** We aim to create attractive returns and manage potential risks to the business while capitalizing on opportunities. Kosmos Energy's Board of Directors focuses on building a successful, long-term future for the company and maintaining good corporate governance.

**Employees:** We aim to provide a stimulating and rewarding work environment through an inclusive culture that promotes entrepreneurial thinking, facilitates teamwork, and embraces ethical behavior.

**Host Governments:** We seek to collaborate with host governments and contribute to national development, creating a shared agenda with host countries based on mutual trust and respect. We

accomplish this by engaging with host governments at the time of licensing and continually thereafter at all levels to ensure alignment with national priorities and industry needs. Kosmos aims to become a partner of choice in our countries of operation.

**Communities:** We believe in engaging local communities in a manner that creates economic opportunity and social progress and respects human rights. Investing in community relationships ahead of drilling operations, during development projects, and during production operations is a key part of our approach. [Our Stakeholder Engagement and Community Development Policy](#) explains the standards to which we hold ourselves accountable when interacting with communities.



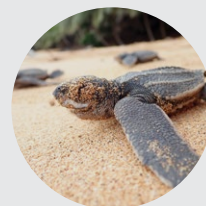
RESPONSIBILITIES TO STAKEHOLDERS



ETHICAL CONDUCT



OUR WORKPLACES



KOSMOS AND THE ENVIRONMENT



KOSMOS IN SOCIETY



COMMERCIAL RELATIONSHIPS

### **Business Partners and Suppliers:**

We allocate contracts through a fair and transparent process and adhere to our Business Principles in our operations. We aim to work with suppliers that share our high standards of business ethics, compliance and human rights. Additionally, we aim to foster sustainable economic development by sourcing goods and services from vendors in our host countries whenever and wherever possible.

**Civil Society:** We engage with and consult civil society, recognizing the role civil society plays in holding governments and companies accountable. We welcome meaningful dialogue with civil society about the challenges inherent in exploring for and producing oil and gas. We seek nongovernmental organizations (NGOs) as valued partners in our social investment programs. Our relationships with civil society in the countries where we work create mutual value and are central to our success. Listening to the views of others is essential to how we operate, even if those views are critical of our business.

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

### **Ethical Conduct**

We aim to foster a culture based on integrity, professionalism, respect, fairness and legal and ethical compliance. We will take responsibility and be accountable for our actions.

We have zero tolerance of corruption and have, and will maintain, a robust compliance program. We are politically neutral and will not provide funding for candidates, political parties, or partisan entities.

We are a known industry leader in transparency and a strong advocate for this in our dealings with host governments, including through our support for the Extractive Industries Transparency Initiative (EITI), and by publishing our contracts and payments to governments where possible.

It is the responsibility of every employee to uphold the company's stated values and standards through their conduct and to report any concerns they may have if the conduct of others has fallen short of these standards. No one will be penalized for making such reports in good faith, either through their line manager or the Kosmos whistleblower system.

### **Our Workplaces**

Kosmos aims to be a world-class company known for delivering results and being a workplace of choice. We seek to provide employees with careers that are professionally challenging and personally rewarding.

We expect managers to show leadership and provide clear direction to their teams, including in ensuring adherence to the Business Principles and Code of Conduct.

We have a fundamental commitment to the health and safety of our employees and those who work with us. We aim to eliminate accidents. No one will be

required or expected to work in unsafe conditions.

Recruitment and advancement in Kosmos are based on merit. We will not tolerate unfair discrimination, including on grounds of age, gender, race, religion or sexual orientation. We seek to promote diversity in our workforce both because it is the right thing to do and because it gives us access to the widest range of talents.

We are committed to investing in the development of our employees. We seek to employ qualified individuals from the countries in which we operate and are proud to employ 100% local employees in our offices in our current countries of operation, including all of our country managers.

Our offices are places in which people are expected to work co-operatively in an entrepreneurial environment and where everyone should feel respected and free to contribute their ideas. We will not tolerate harassment or intimidation. We recognize fundamental labor rights, including the right to freedom of association. We will not permit child, forced, or bonded labor at our operations or amongst our suppliers. We require our contractors to adhere to international labor standards and local laws, and to pay their employees enough to meet their basic needs in the context of their local labor market.







## Kosmos and the Environment

We respect the environment and will seek to prevent adverse impacts by adhering to best practices in environmental stewardship and reporting. The work of our industry can and should go hand in hand with environmental protection and transparent operations.

We plan for an effective and timely response to potential emergencies that could impact personnel, the environment, local communities, or our assets. Training, exercises, and drills are conducted with both internal and external stakeholders to continuously improve our response readiness.

We endeavor to use resources efficiently and responsibly, including through the application of appropriate technical solutions and regular monitoring. We are committed to reducing emissions and waste. We recognize the importance of protecting and conserving biodiversity.

We are committed to managing our response to climate change. Published in September 2020, our [Climate Risk and Resilience Report](#) lays out in full our assessment of how we believe climate change affects our business and our aim for Kosmos to achieve neutrality in our Scope 1 and Scope 2 emissions by 2030 or sooner.

## Kosmos in Society

We seek to prevent or minimize adverse risks to community health, safety and security. We respect human rights and exercise due diligence in identifying and, where matters are within our control, mitigating any infringements of human rights.

We only proceed with material activities once we have assessed and, where necessary and practicable, sought to put in place measures to avoid or mitigate adverse environmental or social impacts.

We implement the Voluntary Principles on Security and Human Rights and seek to apply relevant aspects of the United Nations Guiding Principles on Business and Human Rights.

We understand the fundamental importance of respecting human dignity and the cultures of our host countries, communities and relevant indigenous peoples. We engage regularly with the communities associated with our operations in order to understand their priorities and concerns. We create relationships based on respect and equality and seek to earn the broad support of local communities. We develop and maintain mechanisms for addressing grievances related to our activities.

We recognize the opportunities and challenges that resource development can create for host

countries and are committed to working with governments and civil society groups to contribute to sustainable development. We aim to build human capacity and create economic opportunities including through our commitment to employing nationals of our host countries, skills development and social investment. Our social investment programs include a number of groundbreaking initiatives, such as the Kosmos Innovation Center in Ghana, our support for the Blue Carbon organization Tierra Resources on the U.S. Gulf Coast, and our employee-led Hunger Relief Program.

## Commercial Relationships

We expect our business partners, agents, suppliers and contractors to behave ethically. Willingness to observe standards in line with our Business Principles is a key factor when evaluating whether or not to establish a business relationship.

We exercise due diligence in the selection of partners and suppliers and aim to allocate contracts through transparent and fair processes. We commonly work with co-venturers, who may have day-to-day control of operations, and seek to influence such joint ventures so that they operate in a manner consistent with our Business Principles.

We expect our employees to deal honestly and fairly with governments, regulators, investors, customers, suppliers, the public and each other.

Employees are expected to avoid conflicts of interest or the appearance of any such conflicts. We expect our employees and contractors to respect confidential and proprietary information and we similarly aim to protect the intellectual property of others.

We recognize the role which the taxes, royalties and fees we pay should play in the economic development of our host countries. We will not allow any form of abusive transfer pricing.

# UN Sustainable Development Goals

In addition to our Business Principles, our activities and policies are underpinned by the UN Sustainable Development Goals (SDGs). The UN Sustainable Development Goals inform our activities and how we contribute to the communities and societies in which we operate.



Our business is guided by the 17 SDGs in all of the countries in which we operate, as shown by the following examples.



Ensure access to affordable, reliable, sustainable and modern energy for all

**See pages 27-31**



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

**See pages 41-53**



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

**See pages 41-53**



# Governance

Our Board of Directors is responsible for oversight of the company's strategy. Further, the Board oversees the development of policies and procedures in line with the company's strategy and Code of Business Conduct to ensure that our operations remain ethical, compliant, and in line with sustainable development best practices.

## Board Oversight

The Board guides the company's long-term strategy and represents the highest level of oversight at the company. The Board helps to ensure our policies and processes support the company's business objectives and contribute to sustainable development.

The Board maintains four separate committees: Audit, Compensation, Nominating and Corporate Governance, and Health, Safety and Environment. Each committee is chaired by an independent director and governed by its own [charter](#). At the end of 2019, the board was comprised of six members, including five independent directors.

## Board Committees

**Audit Committee:** The Audit Committee is responsible for upholding the integrity of the company's financial statements, monitoring the qualifications, independence and performance of our independent and internal audit functions, and overseeing the company's compliance with applicable legal and regulatory requirements. Additionally, this Committee is responsible for reviewing the Company's risk management policies and practices.

**Compensation Committee:** The Compensation Committee reviews and approves the compensation of each of the company's executive officers. Additionally, the Committee approves corporate goals and objectives tied to compensation, evaluates performance, reviews management succession planning and evaluates company compensation and benefits policies.

**Health, Safety and Environment Committee:** The Health, Safety and Environment (HSE) Committee monitors and oversees risks, policies, and procedures related to health, safety, and environment, including but not limited to emergency response plans, the

establishment of HSE performance metrics and targets, and our actions and targets related to the monitoring and mitigation of climate change and emissions. While the HSE Committee reports regularly to the full Board on climate change, other Committees oversee various other elements of our climate change commitments. For a full description of how the HSE Committee oversees our climate change strategy, see the [Kosmos Climate Risk and Resilience Report](#).

**Nominating and Corporate Governance Committee:** The Nominating and Corporate Governance Committee reviews the size, responsibilities and composition of the Board and evaluates new Board candidates as needed. Additionally, the committee is responsible for the development and implementation of the corporate governance guidelines and the Code of Business Conduct and Ethics.

## Business Ethics

Kosmos is built upon a foundation of ethical behavior, and we have set high standards of business ethics for our global operations. As such, all Kosmos board members,

employees, and individual contractors are expected to act with integrity, professionalism and fairness at all times. Employees are required to comply with all aspects of the Business Principles and Code of Business Conduct, as well as the Kosmos Anti-Corruption Compliance Policy, which requires compliance with all applicable laws, including the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act of 2010, and the highest standards of anti-corruption compliance. To further promote adherence to our ethics and compliance policies and procedures, the performance-based compensation of our employees, including Senior Leadership Team members, is partially tied to the achievement of zero ethics and compliance violations.

We regularly evaluate our standards of conduct and anti-corruption practices to ensure we adhere to the highest possible standards. Part of this evaluation includes an annual internal audit of compliance with our anti-corruption compliance policy and practices. Additionally, we exercise care in the selection of vendors, suppliers, and contractors, and seek to impose the same

## USING ESG TARGETS TO DRIVE PERFORMANCE

**The Kosmos Energy Board of Directors approves the development of Kosmos' Corporate Scorecard, which sets out goals, milestones and metrics used to determine the performance-based pay of all employees. This scorecard incorporates several ESG criteria and serves as a tool for the continued implementation of our Business Principles. In 2019, our Corporate Scorecard included ESG targets related to environmental and safety performance, employee development, and anti-corruption and compliance.**

**At the beginning of 2020, we also included climate-related goals at every level of the organization through the Corporate Scorecard. Additionally, climate-related targets were integrated into the performance contracts of key individual senior executives and employees.**



high standards of conduct and compliance that we observe within Kosmos. We also periodically audit third parties and partners to ensure the same high standards of ethics and compliance.

### Whistleblower Hotline

Kosmos uses an anonymous Whistleblower Hotline as a vehicle for employees and third parties to report violations of any Kosmos policy, including the Anti-Corruption Compliance Policy. All reports go directly to our Chief Compliance Officer and the Vice President of Internal Audit for evaluation. Retaliation for such reporting is strictly prohibited.

### Anti-Corruption and Compliance Training

In order to ensure that high standards of ethical behavior and compliance are exercised at every level of the company, Kosmos conducts annual training for employees and contractors to ensure they understand and comply with our Anti-Corruption Compliance policy. This training includes a mandatory annual all-employee session followed by an exam to verify comprehension of anti-corruption and compliance expectations and requirements. Following the exam, employees are further required to complete a compliance certification to confirm they will continue to adhere to the policy in their business activities.

In addition to this annual all-employee training session, new hires receive additional compliance training in the form of an introductory one-on-one session with a member of our Compliance team. This introductory session addresses expectations concerning compliance matters and provides information concerning where to find anti-corruption and compliance information and how to easily access the Whistleblower Hotline should they need to report a policy violation.

New employees who participate in in-person trainings also receive Whistleblower Hotline reminder materials to place in their workstations. These materials underscore the importance of the Whistleblower Hotline for enforcing our Anti-Corruption Compliance Policy.

### Code of Conduct

Adopted by the Board of Directors, the [Kosmos Code of Business Conduct and Ethics](#) sets out key guiding principles for the company. The Code reinforces our approach to acting ethically and with integrity in all that we do.

The code lays out our commitment to, among other matters:

- Foster a culture of honesty and accountability;
- Avoid conflicts of interest; and
- Build a strong compliance culture

We recognize that one of our most valuable assets is our reputation for integrity, professionalism and fairness. In turn, Kosmos employees are expected to adhere to the standards and spirit of the Code at all times.

**We believe Kosmos is the only U.S. oil and gas company to voluntarily publish all its contracts with host governments.**

### Transparency

We recognize the importance of resource revenues in contributing to sustainable development in our host countries. Kosmos believes these revenues are more likely to be managed in the best interests of a country if payments and receipts are made transparently, and if accountability measures are in place for the use of revenues. As such, Kosmos advocates for transparency in our dealings with host governments, and we make our contracts and payments publicly available.

We have set the highest standards for transparent behavior by disclosing the terms of our petroleum agreements and by reporting payments made to host

## PROMOTING TRANSPARENCY IN SURINAME

**In Suriname, Kosmos played a key role in facilitating dialogue between the EITI and the Surinamese government, and later in supporting the country's EITI application.**

**Our support began when we helped the country initiate conversations with the EITI and learn more about its requirements and benefits. We introduced members of the Surinamese government to leaders of the EITI in other countries where Kosmos operates, to share learnings about what EITI implementation involves. Following this, we acted as a member of the multi-stakeholder group responsible for overseeing EITI implementation, helping Suriname to apply the EITI standards across the oil and gas sector.**

**This active engagement established a precedent for transparency in the country, helped the country gain approval for its EITI application, and formed the basis for continued dialogue.**

governments at the project level and in aggregate. We believe Kosmos is the only U.S. oil and gas company to voluntarily publish all of its contracts with host governments. Additionally, Kosmos was the first U.S. oil and gas company to disclose project-level payments to governments. Our payments to governments and contracts can be found on our [website](#) and in the Performance Data section.

Through our transparency advocacy, we also aim to facilitate increased understanding of how the oil and gas industry works. To accomplish this, we facilitate workshops with key stakeholders in our host countries, including government agencies, civil society organizations, media outlets and others. These workshops help to deepen understanding of the oil and gas industry and promote good governance, transparency, and ethical operations within the sector.

The open nature of our business dealings fosters mutual accountability and helps build trust and accountability with our stakeholders.



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



## EITI IN OUR HOST COUNTRIES

Kosmos has long supported the work of the Extractive Industries Transparency Initiative (EITI), a global standard that strengthens public and corporate governance of natural resources, promotes understanding of sound resource management, and provides data to promote transparency and accountability in the extractives sector.

The EITI requires the disclosure of information along the extractive industry value chain from the point of extraction to how revenues make their way through the government and ultimately benefit the public.

Additionally, the EITI requires participating governments to establish multi-stakeholder groups that include government representatives, business leaders and civil society members to oversee a process in which companies declare material payments made to governments and the government declares all material payments received from extractive companies. These figures are then reconciled, and discrepancies are identified and investigated by independent experts. This process promotes mutual transparency and accountability by companies and governments.

Kosmos has been a Supporting Company of the EITI since 2012. We have operations in five countries that have implemented or are in the process of implementing EITI standards: Ghana, Mauritania, São Tomé and Príncipe, Senegal and Suriname. In each of these countries, we engage with the EITI through feedback and dialogue in the multi-stakeholder groups. Kosmos is additionally a member of the EITI steering committee in São Tomé and Príncipe and was previously a steering committee member in Ghana, Mauritania and Suriname.

Kosmos regularly attends and observes EITI Board Meetings, in order to engage with other transparency leaders and ensure we apply best practices within the company. We also collaborate with the EITI on information-sharing and capacity building projects in our host countries to promote greater transparency across the industry.

In host countries that have not fully implemented EITI standards, we advocate for the adoption of these standards and maintain our own transparent disclosure of payments to governments and Production Sharing Contracts (PSCs).

# Our Workplaces

Kosmos aims to be a workplace of choice for the best people in the industry. We pride ourselves on our ability to provide employees with careers that are professionally challenging, personally rewarding, and focused on delivering value.



## KOSMOS NAMED A "BEST PLACE TO WORK" IN DALLAS AND HOUSTON

### TOP 100 PLACES TO WORK

The Dallas Morning News



HOUSTON★CHRONICLE

The *Dallas Morning News*, the Dallas-Fort Worth (DFW) area's largest news publication, has consistently recognized Kosmos as one of the region's premier employers. The awards are given based on direct employee feedback, obtained through an anonymous all-employee survey conducted annually. In DFW, Kosmos has been named to the "Top 100 Places to Work" list in eight out of the last nine years.

In 2019, we won an additional award, "Best Benefits," recognizing our efforts to provide a best-in-class benefits package to our employees.

The *Houston Chronicle*, Houston's largest news publication, also named our Gulf of Mexico office to its "Top Workplaces" list in its first year of eligibility in 2019.

### Culture and Employee Engagement

Kosmos embraces creativity and promotes inclusivity by empowering every employee to make a difference. Our company culture is values-oriented and centered on our commitment to acting as a force for good in our host countries.

We strive to create a work environment that promotes employee engagement, allows for continued learning and fosters open dialogue.

To encourage employee engagement, Kosmos has several employee committees which allow for cross-team relationship development and aim to increase talent retention:

**Activity Committee:** This committee plans and develops social and recreational opportunities to promote teamwork and mental well-being among employees. They plan quarterly events for employees, as well as annual all-company gatherings.

**Philanthropy Committee:** Separate from our social investment

program, this committee creates opportunities for employees to give back to local communities. This helps to instill a sense of pride and community ownership – both through donations and in-person volunteer events at local nonprofits.

**Wellness Committee:** This committee was established to promote the mental and physical wellness of our employees. The committee organizes an annual health fair, plans health and wellness checks with local health professionals and provides regular newsletters with health and wellness information. While



### ANNUAL KEEN ON KOSMOS WEEK

In our Houston and Dallas offices, we hold an annual 'Keen on Kosmos' week, a week filled with activities, information sessions, and opportunities for employees to engage with one another and with the community. In 2019, Keen on Kosmos week featured a health fair, complete with health assessments and nutritional guidance from local professionals, as well as personal finance seminars, team-building events and an all-employee offsite. Keen on Kosmos is one of many ways we actively promote employee health and wellbeing and advocate for work/life balance.

Kosmos employees in our Dallas office spent an afternoon volunteering at the North Texas Food Bank



our activities in 2020 have been constrained by the COVID-19 pandemic, the Kosmos Wellness Committee took action to address potential mental and physical health challenges facing our employees. The Committee sent out a weekly 'Wellness Newsletter' on various topics, including ergonomic remote work stations, tips for physical activity in socially distanced settings, and mental health issues.

In response to the newly remote work environment during COVID-19, Kosmos also established a bi-weekly all-employee newsletter to keep employees informed about company activities. The newsletter sources employee content and drives a sense of connectivity and engagement across our offices.

**Diversity and Inclusion:** Kosmos promotes and celebrates the array of diverse perspectives and experiences of Kosmos employees, whether in terms of race, ethnicity, sex, gender, sexual orientation, gender expression, religion, national origin, disability, or experiences. Through social and educational events that address the different backgrounds and identities of employees, Kosmos helps to foster a spirit of inclusion across the company while helping to continue to attract and retain the widest breadth of talent.

We conduct town halls on a quarterly basis, providing an opportunity for employees to hear directly from the CEO and ask questions and provide feedback in an open forum format.

When employees began to work remotely during the COVID-19 pandemic, town halls shifted to small group video discussions with the CEO every three weeks. These discussions helped employees to stay connected to the highest level of leadership, report on their

health and wellness, and maintain strategic alignment even in a virtual setting. One of the hallmarks of our COVID-19 response is the deployment of video conferencing technology to maintain and enhance employee engagement at all levels.

## Open Door Policy

We believe that consistent communication and clear understanding between employees and leadership fosters a healthy, inclusive workplace. Kosmos maintains an open-door policy that encourages employees to discuss job-related issues, including safety procedures, policy violations, ethical concerns and other situations with their supervisor. If matters go unresolved, the issue may be escalated to senior management, including Human Resources. If the employee wishes to remain anonymous or is otherwise not comfortable discussing the issue with management, a report can be made through our Whistleblower Hotline.

This open door policy, in addition to our town halls and performance review process, further promotes an open feedback culture and underscores our commitment to an inclusive workplace and the highest standards of business ethics.



## Employee Health and Wellbeing

Kosmos offers employees a robust range of benefits, including health plans, equity opportunities, savings plans, short- and long-term incentives.

Our benefits package prioritizes emotional, physical and financial health and wellness, and, in addition to supporting our values, serves as a tool for talent recruitment. While our packages vary by international location, we offer:

- Competitive base salaries
- Bonus programs
- Stock incentive programs
- Retirement Contribution Matching
- Paid parental leave for new and adoptive parents
- Life insurance coverage
- Worldwide emergency coverage
- Professional development and mentoring opportunities
- Time off policies for vacation, illness, etc.

- Employee discounts
- Volunteer opportunities
- An Employee Assistance Program (EAP), which offers free and confidential assessments, counseling, and follow-up services to employees with personal and/or work-related mental health problems

These benefits promote the long-term health and well-being of our employees and help to increase employee retention. Additionally, these benefits help to facilitate a strong work-life balance and a culture that prioritizes overall employee wellness.

Kosmos focuses on recruiting, retaining, and developing a diverse and inclusive workforce that embraces our values and culture.

## Diversity and Equal Opportunity

Kosmos focuses on recruiting, retaining, and developing a diverse and inclusive workforce that embraces our values and culture. We are an equal opportunity employer and do not tolerate discrimination, harassment, or intimidation of any kind. We ensure that we provide employment opportunities to all individuals, regardless of sex, gender, race, ethnicity, religion, national origin, age, disability, veteran status, sexual orientation, gender expression, or experiences. We pride ourselves on promoting and celebrating diversity within the company and will continue to work towards creating a more diverse workforce.

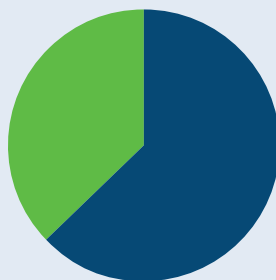
## OUR GLOBAL WORKFORCE

### NUMBER OF EMPLOYEES



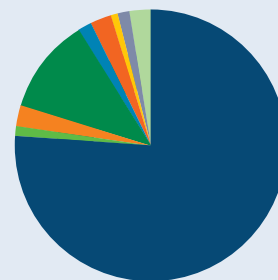
Data as of Dec. 31, 2019

### EMPLOYEES BY GENDER



- Male: 63%
- Female: 37%

### EMPLOYEE DISTRIBUTION



- United States: 75.8%
- Côte D'Ivoire: 1.1%
- Equatorial Guinea: 2.5%
- Ghana: 11.4%
- Mauritania: 1.7%
- São Tomé and Príncipe: 2.5%
- Senegal: 0.8%
- Suriname: 1.4%
- United Kingdom: 2.2%



We are proud of our record of recruitment and retention of local staff across our countries of operation. As of September 2020, we achieved 100% local employees across all of our host country offices.

In line with the Human Rights Foundation Corporate Equality Index, sexual orientation and gender identity are included in our U.S. Non-Discrimination policies.

## Talent Management and Career Development

Given we are a small, nimble organization, Kosmos employees work with a strong accountability mindset. Our employees are given the freedom and space to get the job done and are empowered to pursue areas of interest to further their skill development. Employees receive feedback on areas for development through regular check-ins with their supervisors and through the formal performance review process.

## Performance Review Process

Kosmos maintains a formal performance review process for all employees. This process drives a high-performance culture and

aligns employee goals with the company's strategy and objectives. Additionally, the performance management process provides employees with regular feedback and coaching, and facilitates the creation of plans to achieve personal objectives.

The process begins with a goal-setting exercise at the senior leadership level, which results in the creation of a "Corporate Scorecard." The Corporate Scorecard then serves as a

quantitative tool for measuring progress on key performance categories, including organizational capability and human capital development, business ethics and social performance, environmental and safety goals, climate targets, costs management and operational milestones. These goals are then passed down to each group within the company and broken into more detail at the team level and down to individual employees. Individual employees, in conjunction with their supervisors, then create their own performance plans, which align their responsibilities and career goals with the overall company strategy.

At the end of the year, the company's overall performance against the Corporate Scorecard sets the basis for individual performance assessments.

To further support the development of our employees, we have an educational reimbursement program, which enables employees to be reimbursed partially or fully for additional degrees and professional certifications. This program encourages employees to continue to build skills and obtain degrees or certifications that can further their career – both in the present and in the future.

## SUPPORTING CONTINUED LEARNING THROUGH THE EDUCATIONAL REIMBURSEMENT PROGRAM

**Our Educational Reimbursement Program allows employees to pursue educational opportunities whether by attending conferences and seminars or pursuing degrees and certifications.**

**For example, in 2019, a Kosmos employee in our London office expressed an interest in pursuing continuing education in finance. After discussing the opportunity with her supervisor, the employee attended a "Finance for Non-Financial Executives" course at the London School of Economics, paid for by Kosmos. The coursework not only helped her to enhance her current skillset, but will enable future opportunities in line with her personal career development plan.**





## LEADERSHIP DEVELOPMENT PROGRAM

Recognizing the importance of quality leadership in recruiting, retaining, and developing a talented workforce, a number of our employees participated in a formal Leadership Development Program.

The Leadership Development Program consists of three learning blocks focused on enhancing skills in personal leadership, team leadership, and leadership effectiveness. Approximately 50 managers and individual contributors participated in the program in 2019.

During the sessions, which feature a combination of lectures, interactive exercises, and situational role playing, leaders and aspiring leaders explore how the company's values are manifested in its culture. Course attendees then learn how to reinforce the best attributes of Kosmos' culture while working for positive change in areas requiring personal improvement. The program offers specific training and follow-up support across a range of areas, including communication with impact, conflict management, time management for greater effectiveness, delegating, coaching for performance, motivating others, building high performance teams, and goal setting.

Completion of the training is one of a number of deliverables that underpin organizational capability measures included on the Corporate Scorecard.

# Health and Safety

At Kosmos we are committed to the health and safety of our employees, local communities, and those that work with us.

Employees and contractors are expected to take all necessary and reasonable actions to ensure safe operations by following safe work practices, complying with relevant policies and regulations, and completing all applicable training.



To support our dedication to health, safety and the environment, the company has a comprehensive Health, Safety, Environment and Security (HSES) management system that applies to all Kosmos employees and contractors known as “The Standard.” In addition to adoption of The Standard, Kosmos fosters a strong safety culture through online and in-person training, regular emergency response drills, and engaging safety sessions.

## HSE Governance

The Kosmos Energy Board of Directors established the HSE Board Committee to provide oversight of the company’s HSE policies and programs. The HSE Board Committee meets at least four times annually, and additionally on an as-needed basis, to independently oversee HSE effectiveness and facilitate the continuous improvement of our safety programs. The Committee has oversight of the following:

- Management’s HSE standards, policies, and procedures
- Management’s establishment of HSE goals and targets
- Management’s medium- and long-term performance against HSE targets and objectives
- Management’s emergency and incident response plans

## The performance-based compensation of all employees is directly linked to HSE performance as overseen by the Board Committee.

- Monitoring management’s identification, management and mitigation of HSE risks
- Review of management’s strategy, plans and targets on climate change and emissions
- Participating in on-site visits to observe and oversee the implementation of HSE practices, culture, and skills in action

In addition, the performance-based compensation of all employees is directly linked to HSE performance as overseen by the Board Committee.

## Health, Safety, Environment and Security (HSES) Management System – “The Standard”

Endorsed at the Senior Leadership level, the Kosmos HSES Management System is known internally as “The Standard.” The Standard outlines expectations of employee behavior and work practices.

Our HSES Management System was designed to complement our culture and business model, incorporating the full team of contractors, employees, service providers and co-venturers required to carry out our work. Translated into four languages, The Standard is made available to every employee and coupled with annual training to support understanding and compliance.

The Standard adheres to the Bureau of Safety and Environmental Enforcement (BSEE) Safety and Environmental Management Systems (SEMS) standards, which require our HSES Management System and associated processes to be externally audited every three years. Our HSES Management System is also in line with International Association of Oil and Gas Producers (IOGP) guidelines. While our HSES Management System is informed by ISO 140001 standards, these standards cannot be universally applied across all of our operations due to the largely non-operated nature of our business.

## ONE TEAM, ONE GOAL

In 2020, we introduced “One Team, One Goal,” a program that unifies our HSE policies, standards, systems and procedures. By working together as one team – all Kosmos employees and contractors – we can achieve our one goal of delivering HSE excellence. The program aims to further drive towards an injury- and incident-free workplace and protect people, the environment and our assets.

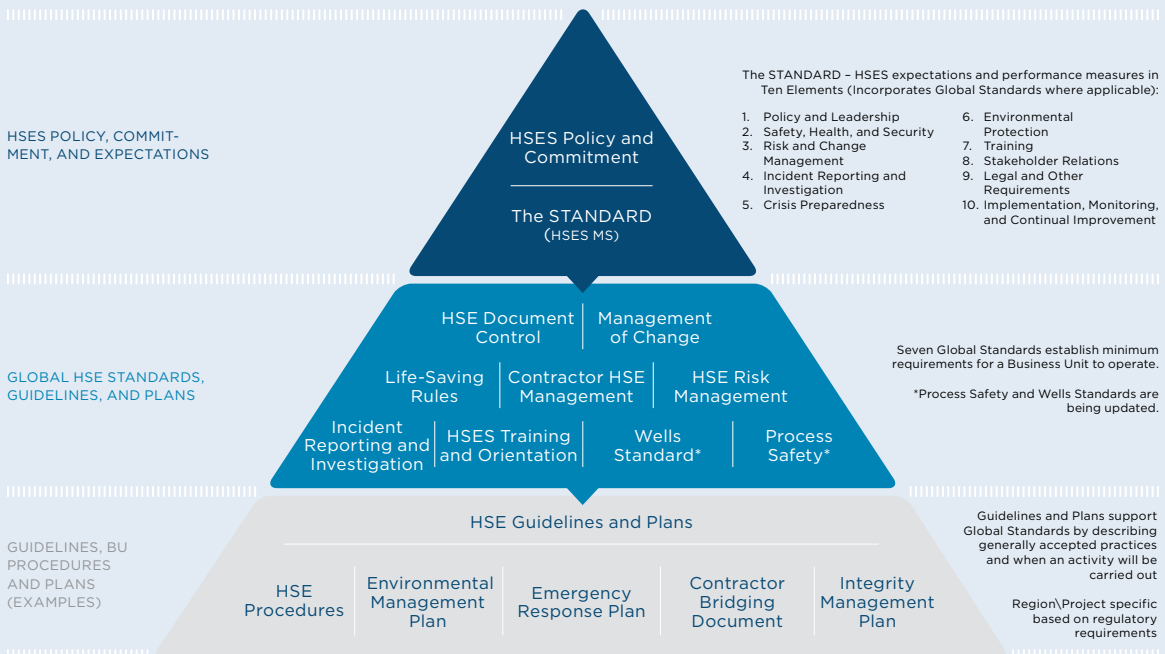


**ONE TEAM  
ONE GOAL**  
HSE EXCELLENCE

## ELEMENTS OF THE STANDARD



## HSES MANAGEMENT SYSTEM



The figure above illustrates the hierarchy of our HSES management system and how “The Standard” is applied at each level of the organization.



SafeStart participants in Suriname.

## USING ENGAGEMENT TO DRIVE HSE PERFORMANCE

Kosmos introduced the “SafeStart” program to increase awareness of personal safety and provide employees with practical techniques to be safer both at home and at work. As part of the program, all Kosmos employees and contractors worldwide are required to attend an annual all-employee workshop that promotes safety culture through engaging speakers and hands-on training.

In 2019, our “SafeStart” workshop featured a social scientist and MIT Sloan School of Management professor focused on the psychological factors that contribute to the successful implementation, execution, and improvement of business processes. The workshop focused specifically on complacency in the workplace and provided employees with a background of how our brains process repetitive tasks, as well as practical ways we can protect ourselves from falling victim to complacency. Using participation and audience-generated examples, our global employees stepped away from the desk or the rig to focus on safety with a new perspective.

## HSE Training

Safe and environmentally sound operations rely on well-trained people. To prepare employees and contractors and enable them to be both aware of and able to fulfill their HSE responsibilities, every Kosmos employee completes safety training. This training is conducted annually by completing online training modules to refresh knowledge of our safety programs and attending a seminar with a guest speaker. Employees and contractors are additionally expected to read and comply with The Standard, which is

translated into our employees’ native languages to help ensure full comprehension and adoption.

In addition to mandatory training, Kosmos employees complete training tailored to their specific scope of work. For instance, any employee that visits one of our Gulf of Mexico rigs is required to complete an orientation as well as more rigorous safety training once they arrive onsite.

In the last five years, Kosmos has also implemented a series of field-based initiatives for our global team

of contractors and subcontractors in order to improve overall safety performance. These initiatives include:

- Detailed project risk assessments starting with office teams and followed by a thorough review and assessment from technical and field specialists
- HSE assurance audits that follow a “show me” approach
- Provision of a dedicated HSE coach rotating across support and guard vessels



## Emergency Preparedness and Response

As outlined in The Standard, preparedness and planning for emergencies are essential for helping Kosmos ensure we are well-equipped to control situations should an issue arise.

We maintain updated emergency response plans, ensure personnel are trained and readily available in the event of an emergency, and conduct regular training exercises with internal and external stakeholders to test our response capabilities and confirm our abilities to prevent and quickly respond to emergencies.

During emergency response drills, we include individuals from across the organization, as well as third-parties, contractors, co-venturers and representatives from regulatory agencies. Kosmos includes the full team that would respond in a true emergency in order to test our unified response, promote a shared commitment to safety and receive and implement feedback from external safety experts.



### ALWAYS PREPARED, FROM THE GULF OF MEXICO TO THE GULF OF GUINEA

In 2019, we conducted five emergency response drills across our business. One of these drills focused on a scenario in Equatorial Guinea. The drill incorporated a cross-functional team that included our partners and individuals from across the Kosmos business, as well as third-party experts to oversee our actions and mitigate potential bias. By setting up a livestream to ensure constant communication between Dallas and Equatorial Guinea, the teams were able to bridge cultural and language gaps in order to successfully identify and mitigate hazards which arose from the drill scenario.

# Climate and Environment

Kosmos is committed to protecting the environment in which we operate. We believe that reducing our environmental impact and managing and mitigating environmental risks is integral to responsible operations.

Our Climate Change Policy, contained in our full [Climate Risk and Resilience Report](#), outlines our commitments to:

- Integrate climate change into our business strategy
- Measure, reduce, and mitigate our own emissions
- Establish strong internal governance of climate change, and
- Report on our progress

Our broader environmental policies are housed within The Standard and outline expectations and performance measures for employees, contractors and partners as we assess, plan, and conduct work. In addition to these policies, we have measures and processes in place to protect and enhance biodiversity and the natural environment in and around our operations.





## Kosmos recognizes that the world faces a serious challenge from climate change and the role played by humanity.

### Our Climate Change Policy

In working to achieve our business objectives, we follow our long-established Business Principles which define the ESG (Environmental, Social and Governance) criteria for how we do business and in parallel use the UN Sustainable Development Goals as a framework to guide how our activities contribute to the greater good.

Kosmos recognizes that the world faces a serious challenge from climate change and the role played by humanity.

We welcome the Paris Agreement reached within the United Nations Framework Convention on Climate Change in 2015 and see it as a key step in global efforts to address climate change. We understand that achieving the internationally accepted target of limiting mean global temperature rises to below 2°C above pre-industrial levels will require significant and sustained reductions in greenhouse gas emissions.

In addition, around 1 billion people still lack access to electricity, and global energy needs are expected to increase by 25% by 2040<sup>1</sup>. This will be driven, in particular, by emerging economies such as those in which Kosmos focuses much of its investment. The International Energy Agency (IEA) estimates that \$2.7 trillion of investment in new energy supply per year will be required to meet these needs<sup>1</sup>.

This presents a dual challenge: reducing greenhouse gas emissions while promoting prosperity which brings growing energy demand. It will require action from all parts of society: governments, civil society and the private sector.

It will also have major implications for the industry in which Kosmos operates. We must integrate the challenges and opportunities that climate change and the global energy transition present to our business into our core strategy if we are to continue to contribute to global sustainable development over the long term.

### WE BELIEVE THAT COMPANIES SUCH AS KOSMOS MUST:

- Consider the risks and opportunities that climate change and the global energy transition may present to our business in the short, medium and long term, and integrate them into our business strategy
- Measure and reduce greenhouse gas emissions from our own operations as far as reasonably practicable, and mitigate emissions that we cannot avoid
- Establish appropriate governance structures to guide strategy and monitor and manage climate change-related risks and opportunities
- Transparently communicate our understanding and management of these challenges to external stakeholders, and engage those stakeholders in the continuing development of our climate change policy

1. International Energy Agency, World Energy Outlook, 2019



## WE THEREFORE COMMIT TO:

### Integrate climate change into our business strategy

- Undertake scenario planning to assess the resilience of our business against different paths that the global energy transition may take, including those that achieve the internationally recognized goal of limiting warming to below 2°C
- Integrate conclusions into our business strategy and ensure they help drive short, medium and long-term capital allocation decisions
- Repeat this scenario planning periodically to ensure our strategy remains relevant as the global energy transition unfolds

### Measure, reduce and mitigate our Scope 1 and Scope 2 emissions

- Aim to become carbon neutral across Kosmos' operations for Scope 1 and Scope 2 emissions by 2030 or sooner
- Measure our direct and indirect greenhouse gas emissions according to recognized international GHG accounting standards

- Set clear, time-bound targets to reduce emissions from our operations
- Mitigate remaining emissions through innovative nature-based solutions that deliver verified carbon credits as well as community and biodiversity co-benefits, in line with the UN Sustainable Development Goals
- Engage and influence our business partners and suppliers on efforts to reduce emissions in their operations too

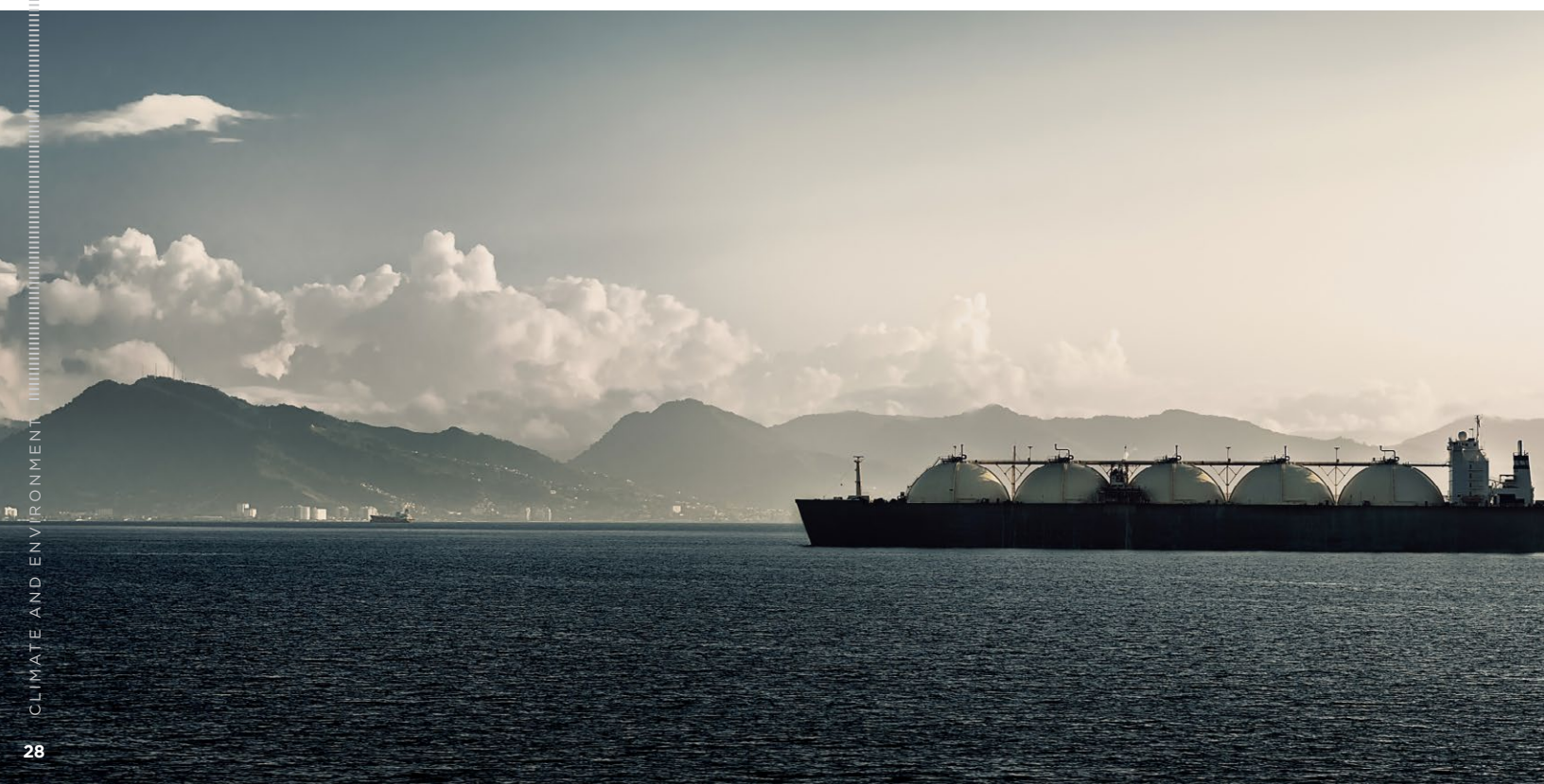
### Establish strong internal governance

- Establish an internal Climate Change Task Force to drive strategy on this topic, chaired by the CEO, reporting to the Board, and informing and engaging the rest of Kosmos
- Report at least annually to the full Board of Directors and at least quarterly to the HSE Board Committee on progress against this policy
- Link compensation to the delivery of clear climate change goals

### Report on our progress in mitigating climate change risks and engage with stakeholders

- Publish a comprehensive report in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Regularly monitor scientific, regulatory and other external developments related to climate change and our industry to aid understanding of risks and opportunities
- Engage external stakeholders in the continuing development of our climate change policy – including investors, suppliers, business partners, host governments, local communities, industry organizations, and international scientific and environmental organizations
- Report quantitative and qualitative information on the above by publishing an annual sustainability report

We will put in place arrangements for monitoring the implementation of this policy, report periodically on progress and review the terms of the policy from time to time.



## Addressing Climate-related Risks and Opportunities

Our governance structure ensures that oversight of climate change starts at the Board level and is carried down through the organization, from the CEO to individual employees. To provide further accountability for climate change throughout the company, we established the CEO-led Climate Change Task Force, an interdisciplinary group responsible for implementing our climate change policy at the operational level. The Task Force reports to the HSE Board Committee quarterly and the HSE Board Committee in turn reports key issues and recommendations on climate change risks and opportunities to the full Board.

This structure is supported by a robust risk management process, which further ensures accountability across the organization. Kosmos uses an Enterprise Risk Management (ERM) process at the corporate and business unit level to identify, manage, and mitigate risks to our

business, including climate-related risks. The process effectively embeds climate-related risk analysis into the decision-making processes of each business unit and aligns business unit risks with those of the company overall.

In line with the commitments outlined in our Climate Change Policy, Kosmos completed asset-level climate change scenario analysis twice in 2020, conducted in order to assess the resilience of our portfolio against future climate change scenarios. This included the International Energy Agency (IEA) Sustainable Development Scenario, in which the world succeeds in the internationally recognized goal of meeting the Paris agreement goal to limit global warming to below 2°C.

The scenario analysis exercise resulted in the following key findings and strategic decisions:

**We are making our business decisions based on price forecasts which are as challenging as those posed by the IEA's Sustainable Development Scenario.**

The scenario analysis modelling fully tested the economics of our business against the projected outcomes under various scenarios. Our planning and price assumptions, which help determine capital allocations, are more conservative than those under the IEA's New Policies Scenario and deliver the same economic outcome as that produced by the Sustainable Development Scenario.

**We have a portfolio that is resilient under all the climate scenarios.**

Our current portfolio is resilient under each scenario. All of our current projects and assets have a positive economic value, including under the Sustainable Development Scenario. This demonstrates a resilient portfolio that we expect will continue to meet energy demand through at least 2040. Reducing our exposure to frontier oil exploration assets will further strengthen our portfolio.

**We plan to meet demand through exploration in proven basins that yields higher returns and faster paybacks.**

We made the decision to reduce our exposure to frontier exploration because the economic returns are not competitive with other opportunities in our portfolio. The scenario analysis results helped to inform our decision to prioritize capital investment in optimizing production, development and exploration – both infrastructure-led and through material play extensions in the proven basins where we operate – which offer higher returns and faster paybacks.

Our Climate Risk and Resilience report includes a full description of how Kosmos identifies and manages climate-related risks and opportunities in line with Task Force for Climate-related Financial Disclosures (TCFD) recommendations. The full report is available on our [website](#).



Okume complex in Equatorial Guinea.

## Kosmos' Emissions Management Approach

Our goal is to achieve carbon neutrality for our Scope 1 and Scope 2 emissions by 2030 or sooner.

To achieve this, we are taking action across three areas: measuring, reducing, and mitigating our emissions. As a result, we plan to continue to pursue energy efficiency and operational emissions reduction initiatives, and invest in nature-based solutions for emissions mitigation, including in a leading-edge Louisiana company focused on the development of Blue Carbon.

As we evaluate opportunities for reducing emissions, we acknowledge that Kosmos is not the operator for most of our operations. Thus, our ability to reduce emissions relies upon establishing relationships with our partners and working with them to implement efficiency improvements and emissions reduction projects. We also utilize influence and contractually binding language to drive our suppliers towards more efficient operations and work with host governments to find low-cost, lower-carbon, mutually beneficial solutions.

Given these characteristics of our business model, there remain some Scope 1 and Scope 2 emissions that we cannot eliminate from our operations. We mitigate the impact of these emissions through investment in nature-based solutions.

### USING PROCUREMENT TO DRIVE EMISSIONS REDUCTIONS

Below is an excerpt from our Request for Proposals, which obligates suppliers to reduce emissions in their own operations.

**1.1 Carbon Emissions Reduction Company [Kosmos] is committed to reduce its carbon footprint and become carbon neutral. Contractor shall submit a carbon emissions reduction plan as part of its Proposal. The plan shall address (1) Contractor's overall commitment to reducing carbon and other greenhouse gas (GHG) emissions at a corporate level such as its mission statement, governance, objectives, targets, organization and results; and (2) how Contractor will reduce GHG emissions related to the work set forth in this Request for Proposals. Contractor will be required to report its fuel consumption and emissions statistics under the resultant contract. The methods and assumptions used to develop, calculate and verify emission reductions shall be transparent and auditable.**

### Reducing emissions through our supply chain

In 2019, Kosmos engaged key suppliers and business partners in the U.S. Gulf of Mexico on how we might work together to reduce operational emissions. To date, we have integrated emissions performance into our supply decisions and implemented real-time emissions tracking to monitor our activity and emissions fluctuations. We plan to continue to engage our business partners and identify and invest in

emissions-saving opportunities in 2020 and beyond.

To incorporate efficiency into our supply chain, Kosmos also added specific parameters into our decision criteria for selecting vendors and suppliers. These parameters are then included in new or revised contracts with suppliers and business partners and obligate them to track emissions in line with our standards and work towards greenhouse gas emissions reductions in operations performed for Kosmos.



Our goal is to achieve carbon neutrality for our Scope 1 and Scope 2 emissions by 2030 or sooner.



## REAL-TIME EMISSIONS TRACKING, REAL-TIME ACTION

In 2019, Kosmos worked with a leading data analytics company to produce a real-time [Environmental Reporting Application](#). The application digitizes environmental reporting on carbon emissions and waste generated in our operations and contains six modules that capture fuel data and associated emissions, mud recordings, solid waste, wastewater, drill cuttings, and E&P waste.

The interactive app is accessible by desktop and mobile device, and allows users to view historical data, track real-time information, and predict future emissions trends based on activity level. By implementing the application, we increased data accuracy, eliminated manual data entry, and can now discern patterns that will inform ongoing emissions reduction initiatives.

**DAILY FUEL REPORT**

Back

Schedule View Create

**FILTERS**

Rig: SAMPLE RIG

Date: 12/31/2001

4/30/2020 SAMPLE RIG

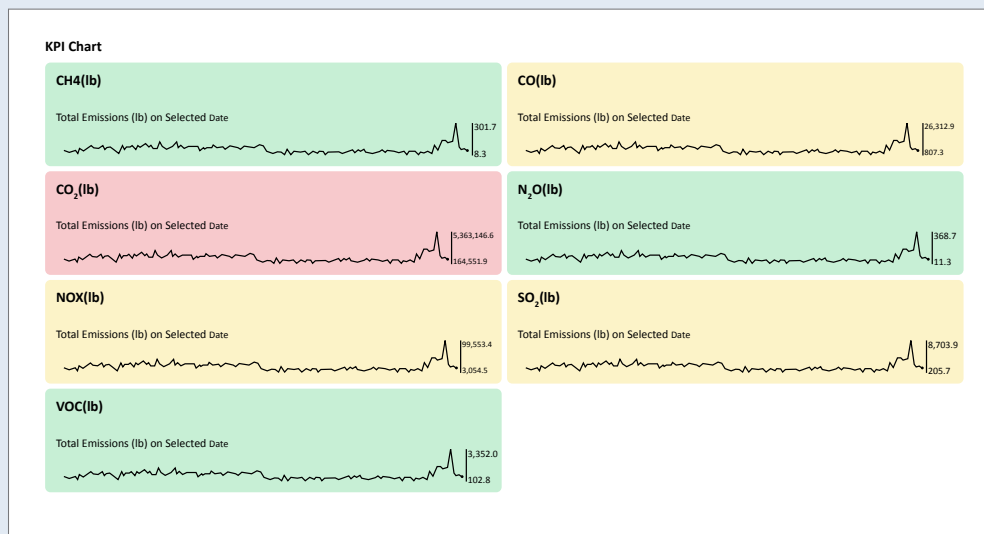
Fuel (m³): 1 Lube (m³): 1

Sample data for illustration.

NO <sub>x</sub> (lb)	108.95
N <sub>2</sub> O (lb)	.40
CH <sub>4</sub> (lb)	.33
CO (lb)	28.80
CO <sub>2</sub> (lb)	5,869.60
SO <sub>x</sub> (lb)	7.34
VOC (lb)	3.67

+ Add Carrier

This figure is a sample of data entry modules for fuel usage in the Environmental Reporting App.



This figure is an example of trendlines within the Environmental Reporting App, which allow users to analyze consumption data to identify, investigate, and prevent emissions spikes.

## Investing in Nature-based Solutions

Reducing emissions in absolute terms is necessary for achieving our carbon neutrality target. We believe natural carbon sinks, or “nature-based solutions,” offer short-term, scalable pathways to mitigating emissions that cannot be eliminated in our operations.

Our aim is to invest in nature-based solutions in regions where Kosmos has significant

operations. In addition to carbon and environmental benefits, these projects bring economic and social co-benefits, contributing to a broad range of the UN Sustainable Development Goals.

In 2019, we entered into an agreement with Shell Energy North America (US), L.P. (Shell Energy) covering two leading, established third-party reforestation projects in key Kosmos geographies – the Form Ghana Reforestation Project

in the Ashanti Region of Ghana and the GreenTrees Reforestation Project in the Mississippi Alluvial Valley of the U.S. Gulf Coast. Under our agreement with Shell Energy, carbon credits from these projects will be retired on Kosmos’ behalf. In keeping with our role as an offshore operator, Kosmos will also support the work of Tierra Foundation, a pioneering Louisiana-based organization working on the development of Blue Carbon projects.



### GreenTrees Reforestation Project

The GreenTrees project covers 120,000 acres of marginal farmland across seven states in the U.S. Mississippi Alluvial Valley. As the first forestry project to be approved by the American Carbon Registry, GreenTrees has planted millions of trees and created millions of tonnes of CO<sub>2</sub>e reductions. From an environmental perspective, the project provides natural species habitat restoration, natural flood control buffers, cleaner water and improved air quality. In addition to these environmental benefits, the project supports local economies by bringing incremental revenue to farming communities and providing capacity building.

**Standard:** American Carbon Registry (ACR)

**Registry ID:** [ACR114](#)

**Methodology:** Methodology for Afforestation and Reforestation of Degraded Land, Version 1.0, March 2011



### Form Ghana Reforestation Project

The Form Ghana Reforestation Project is located in the Asubima and Afrensu Forest Reserves in the Ashanti region of Ghana. The project aims to reforest 18,000 hectares (ha) of land during its lifetime, with 7,500 ha replanted to date. On average, an additional 1,000-2,000 ha are scheduled to be replanted per year, and by 2025, the project is expected to sequester over 850,000 tonnes of CO<sub>2</sub>e. The project also involves harvesting of high-quality timber as well as intercropping between trees, providing an additional sustainable revenue source for the government and local communities beyond carbon revenue.

**Standard:** Verified Carbon Standard

**Registry ID:** [Verified Carbon Standard number 987](#)

**Methodology:** AR-ACM0001: Afforestation and reforestation of lands except wetlands - Version 2.0





## Tierra Foundation Wetland Restoration

Louisiana-based Tierra Resources is a leader in wetlands restoration and has been pioneering methods to bring Blue Carbon projects to market.

Tierra's mission is to conserve, protect, and restore coastal wetland ecosystems by creating innovative solutions that support investment into wetlands, including blue carbon finance.

Tierra pioneered development of the Wetland Carbon Offset Methodology with the American Carbon Registry (ACR) – the first wetland offset methodology in the world and the first carbon offset methodology specifically

focused on US wetlands.

Tierra has since applied this methodology to groundbreaking pilot projects in the Mississippi River Delta, involving, for example, the redirection of treated municipal wastewater into areas impacted by coastal wetland degradation, to accelerate tree growth and soil carbon sequestration.

Tierra has worked to use such pilot projects as a proof of concept for how carbon finance can be used to facilitate coastal restoration. This pioneering work is critical to bringing wetland projects to carbon markets.

Tierra Foundation is a non-profit that aims to further the achievements of Tierra Resources, and improve quality of life and the environment by combining scientific and technical expertise with entrepreneurial innovation to develop market-based blue carbon solutions.

Kosmos is supporting Tierra Foundation to disseminate lessons learned from this vital work, advance the science and research around wetlands and blue carbon, and scale solutions to bring this valuable method of carbon sequestration to market.

### BLUE CARBON: A VAST NATURAL CARBON STORAGE OPPORTUNITY

Blue Carbon is the carbon stored in coastal and marine ecosystems, including mangroves, salt marshes, tidal wetlands and sea grass habitats. These ecosystems sequester and store large quantities of carbon in both the plants and the sediment below, where it can be stored in soil up to 6 meters deep for centuries. This makes them among the most carbon-rich ecosystems on Earth, storing up to 10 times the carbon of a terrestrial tropical forest. Importantly, when degraded or destroyed, these ecosystems can emit stored carbon and become sources of emissions themselves.

Coastal ecosystems also provide significant benefits for climate change adaptation and local livelihoods, including protection from storms and sea level rise, shoreline erosion prevention, improvement of coastal water quality, habitats for commercially important fish species and endangered marine species, and food security for many coastal communities.

Scientists are developing robust methods to measure and quantify the Blue Carbon stored in the biomass and soils of mangroves, tidal marshes, and seagrasses. Similarly, scientists are developing methods to estimate the loss of carbon from these systems if they are degraded or converted.





## ESHIAs

Kosmos conducts Environmental, Social and Health Impact Assessments (ESHIAs) prior to the start of material operational activities. We only proceed with such an activity once we have assessed and, where necessary and practicable, put into place measures to avoid or mitigate material adverse impacts. These ESHIAs generally consist of the following key process areas:

- Initial screening of the project and scoping of the assessment process across Environmental, Social, and Governance criteria
- Examination of alternatives
- Stakeholder identification, with a specific focus on those who might be directly affected by our operations
- Gathering of baseline environmental and social data
- Impact identification, prediction, and analysis
- Generation of mitigation and/or management measures and actions, based on predicted or possible material impacts
- Documentation of the assessment process

Our assessments are designed to meet international best practices and/or equivalent government requirements, including International Finance Corporation (IFC) and Equator Principles guidelines.

Following the ESHIAs, we develop an Environmental Management Plan (EMP) based on the assessment. In turn, emissions, releases, and wastes are measured annually to manage potential risks to health and the environment.

## OUR ESHIAS AT WORK IN SÃO TOMÉ AND PRÍNCIPE

Kosmos is committed to actively engaging with stakeholders to protect and enhance biodiversity in our areas of operation. This engagement deepens our understanding of areas of potential concern before we begin operational activity, and helps us to make informed decisions to protect the environment.

In São Tomé and Príncipe, we consulted with Fauna & Flora International (FFI), an international wildlife conservation organization with deep knowledge of the local environment. The Kosmos team met with FFI conservation specialists prior to beginning our proposed seismic campaign to discuss our plans and options to protect marine biodiversity.

During our initial meeting, Kosmos presented the detailed ESHIA completed during the planning phase of operations, along with other key studies and our proposed marine mammal mitigation plan. FFI, in turn, provided valuable input on biodiversity in the region, and helped Kosmos to refine our plan and keep maximum distance from particularly sensitive areas.

Kosmos and FFI also discussed:

- Seismic wave output levels used for the campaign;
- The timing of operations to avoid whale migration;
- The noise propagation model, which estimates acoustic impact of seismic waves and is used to establish the size of the mitigation exclusion zone;
- Proposed monitoring and mitigation actions;
- The necessity for adaptive management, an iterative, learning-based decision-making approach that facilitates continuous improvement as new information is captured about the operating environment; and
- Data sharing and in-country support for conservation efforts

During the seismic survey, FFI reviewed Kosmos' Sensitive Marine Fauna Protection Plan, the document used by Marine Fauna Observers and Passive Acoustic Monitoring Operators to minimize biodiversity risks in the area. With FFI's support, we implemented a number of mitigation actions during the seismic program to protect the environment in and around our operations.

We continued to work with FFI after the seismic campaign was complete, sharing the data acquired by our Marine Fauna Observers and other scientists during the program. The data is particularly useful, as there is a lack of current and leading research and data on cetaceans and turtles in the waters offshore São Tomé and Príncipe.

Through research, engagement, and a collaborative approach, our partnership with FFI demonstrates our willingness to work with partners, NGOs, and regulatory bodies to protect the environment in and around our operations.



## Spill Prevention

Kosmos has control measures in place to mitigate the risk of spills, leaks, or unpermitted discharges. These measures include:

- The establishment of discharge and release limits which are then communicated to employees, contractors, and partners. These standards are based on applicable Waste Management Plans (WMPs), Environmental Management Plans (EMPs), regulatory requirements, and/or recognized industry standards.
- Provision of secondary containment for liquid hydrocarbons held in vessels, tanks, drums, and other equipment, where the risk of spills or leaks exists.
- The completion of preventive maintenance and inspections for equipment.

In addition to these measures, our emergency response training and drill exercises further help us to be well-equipped to spot potential spills before they occur and able to act quickly in case of an emergency.

## Well Integrity

Kosmos works to advance well integrity across the project lifecycle from planning to final well abandonment.

Our rigorous Well Integrity Management System (WIMS) is required on all Kosmos operated wells.

The system accounts for the design and execution of drilling, completions, and testing in a safe and efficient manner consistent with strong well governance procedures and internationally-recognized best practices. By monitoring and measuring key indicators including well barriers and pressure containment, the WIMS helps to spot and remedy potential issues quickly.

We participate in multiple industry initiatives to inform our well integrity efforts, including the Helix Well Containment Group (HWCG), International Association of Oil & Gas Producers (IOGP), and the Reliability and Performance Information Database for Well Control Equipment (RAPID 53).

## Site Closure and Rehabilitation

Kosmos is committed to the safe and environmentally responsible closure and abandonment of wells. In line with this commitment, our financial planning process is designed to incorporate sufficient funding for site closure and rehabilitation efforts.

Our WIMS includes provisions for well abandonments in line with industry best practices. Additionally,

we maintain an Asset Retirement Obligation (ARO) plan for each of our assets, which is updated annually and further outlines closure procedures.

In addition to the WIMS and ARO plans, we conduct site assessments before and after operations to evaluate and address potential environmental impacts.

## Waste

Kosmos is committed to reducing and safely disposing of waste, including effluents, generated in our operations. The Environmental Protection element of The Standard sets out guidance and expectations for the minimization and proper disposal of waste.

As part of the ESHIA process, we outline an action plan to facilitate appropriate waste management processes and procedures prior to beginning any material activities.

We also require the creation of a Waste Management Plan (WMP) for all operational activities based on government regulatory requirements and industry best practices, with clear accountability for all phases of waste management clearly stated in contracts and WMPs. Kosmos also audits and/or inspects waste shipping and disposal companies prior to shipping any wastes, including effluents.

## Water

Kosmos recognizes that the efficient and responsible use of water is critical for sustainable development. We are committed to managing and, where reasonably possible, reducing water use across our operations.

Given our current activity set is entirely offshore and we are not the operator for most of our operations, we do not generally encounter risks of water scarcity as it relates to our operations. Still, we are committed to integrating potential risks posed by water scarcity into our business planning and working with partners to reduce water use where reasonably possible.





## Biodiversity Initiatives

When it comes to protecting the environment, we work to meet the same high standards regardless of where we operate. Kosmos maintains managerial oversight of biodiversity issues through ESHIAs, which facilitate the systematic consideration of local threats to biodiversity in the areas in which we operate. Our goal is to have no net biodiversity loss – but, where possible, we strive to have a net positive impact even beyond our business activities.

Where relevant, we work with partners and environmental experts to put into place comprehensive management plans, especially if the ESHIA process identifies risks near our operations.

Over the years, Kosmos has worked to protect biodiversity in locales as diverse as Suriname, São Tomé and Príncipe, Texas, and Mauritania by restoring habitats, participating in conservation projects, and supporting academic research.

### **Mangrove restoration protects biodiversity in Suriname and helps mitigate climate change**

Since 2016, Kosmos has partnered with Conservation International and Anton de Kom University of Suriname on a multi-year project



Social distancing was observed during the training of local community members to lead tours of the mangrove restoration project north of Paramaribo.

to restore mangrove habitats and mitigate coastal erosion at the Weg naar Zee site, where flooding and rising sea levels have affected nearly 3,000 community members and threatened to destroy important cultural and religious sites.

The project involves building Sediment Trapping Units (STUs) to restore mangrove swamps. Composed of walaba wood and bamboo, STUs capture sediment during the low tide, when seawater draws back into the ocean. Instead of erosion, sediment deposition and mud bank formation take place, creating suitable conditions for young mangrove trees to grow. With the help of Kosmos, about 5,000 young

mangrove trees have been planted and roughly 10,000 more are being nursed to plant later in the STUs.

Rich in biodiversity, mangrove swamps are among the most effective nature-based carbon capture solutions, sequestering up to an estimated 10 times the amount of carbon as rainforests.

Kosmos' mangrove restoration work further contributes to sustainable development in local communities by training workers to serve as "Rangers" that provide mangrove tours to interested stakeholders. The tours are expected to generate income and make the project self-sustaining.



Kosmos partnered with Conservation International and Anton de Kom University to restore mangrove habitats and mitigate coastal erosion in Suriname.





“The partnership between Kosmos Energy and Fundação Príncipe is more than a relationship between donor and grantee. Kosmos has become a member of our family with whom we share our passion and love of this work, the islands, and the turtles. It was important that Fundação Príncipe remain independent and be able to speak honestly about Kosmos’ work in the country regardless of the grant we received. We could not be more happy with the way Kosmos has encouraged us to do exactly that – to push everyone to do their best for the natural resources of the country, for the communities and for our biodiversity. We are pleased to continue this partnership and the work we’re doing on turtle conservation and monitoring on Príncipe.”

**ESTRELA MATILDE** *Executive Director, Fundação Príncipe*

### **Sea turtle conservation protects biodiversity on Príncipe**

In São Tomé and Príncipe, Kosmos partnered with Fundação Príncipe (FP), a Príncipe-based organization devoted to environmental conservation. FP aims to protect biodiversity by improving the conservation status of the three species of sea turtles that nest on Príncipe and making the island safe for the additional two species of sea turtles that inhabit the island’s

waters. The partnership has made progress in several areas:

- Monitoring and protecting sea turtle populations through patrols of nesting beaches and surrounding waters, as well as engaging coastal communities;
- Raising awareness in local communities to increase support for turtle conservation through an education campaign focusing on secondary school children and free divers, as well as a program to recruit students to be part of the wildlife observation team;
- Filling critical research and knowledge gaps on the ecology, habitat and status of the sea turtles to better inform and guide targeted conservation actions;
- Strengthening the capacity of local staff through managerial and technical training sessions



Kosmos supported efforts to establish a pair of conservation easements on Sawtooth Mountain, located in the Davis Mountains of West Texas.

### Conservation easements protect ecologically important site

Consistent with our sustainability efforts around the world, Kosmos supported The Nature Conservancy's efforts to establish a pair of conservation easements on Sawtooth Mountain, located in the Davis Mountains of West Texas.

Sawtooth Mountain is a West Texas landmark where the Chihuahuan Desert meets the sky islands of the Davis Mountains. While the region is widely considered one of the most scenic areas of Texas, it is also one of the most biologically diverse, home to several rare plants and animals that are found nowhere else in Texas.

The two easements protect more than 2,500 acres in this important region a few hours' drive from our U.S. headquarters. 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 several companies to provide \$1.2 million in funding to secure the easements and preserve the area's unique lands.

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

### Sharing data deepens our understanding of how species interact within their environment

Conducted offshore, our seismic acquisition activities often provide unique insight into the presence of

marine mammals, sea turtles, and sea birds. Where possible, we share this data with scientists and local research institutes. Over the years, we have contributed data for papers on Clymene dolphins in the Eastern Tropical Atlantic, whale and dolphin occurrence offshore Ireland, and sea turtle populations offshore Morocco.

Kosmos also supports the Biodiversity Oil and Gas Program (BGP), a marine biodiversity initiative in Mauritania that aims to improve understanding and protection of offshore ecosystems. 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.

BGP is a public-private partnership supported by both the Ministry of Environment and Ministry of Energy and 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 and served as an industry resource for the program.



Kosmos sponsored researchers with the Biodiversity Oil and Gas Program (BGP) to analyze marine mammal and sea bird activity offshore Mauritania.

# Society and Communities

Kosmos aims to be a trusted partner, good corporate citizen, and catalyst for positive change in our host countries. We believe that we should work with a range of stakeholders and maximize opportunities for local communities in order to contribute to global sustainable development.

Strong relationships are central to our success. By taking a collaborative approach, acting in an open and accountable manner, contributing to development, and respecting human rights, we work to be a welcome investor. While our legal license to operate is granted by national governments, we seek to obtain the broad support of communities directly associated with our operations, and bring sustainable benefits to them.



## Stakeholder Engagement

As noted at the beginning of this Report, Kosmos was founded with the goal of creating value for all stakeholders in order to advance the societies in which we work. Our [Stakeholder Engagement and Community Development Policy](#) outlines our commitments in detail and holds us accountable for contributing to the development of our host nations.

In order to achieve this mutual value creation, we work to understand the direct and indirect effects of our activities on people and communities. This is accomplished by conducting ESHIAs prior to the start of operational activity, as well as by regularly consulting and engaging on our plans with local communities, NGOs, business partners, and host governments through accessible and culturally appropriate methods of communication.

Our employees and contractors are required to behave in a manner that respects people and their cultures. When engaging with our host communities, we seek to adopt an inclusive approach to enable the views of any traditionally marginalized groups, including indigenous people groups, women, and young people.

## Human Rights

As a responsible company, Kosmos is committed to acting as a force for good in our host countries. This necessitates a deep commitment to respecting and protecting human and indigenous rights—a commitment that we expect our employees, contractors, partners, suppliers, and co-venturers to share. Approved at the Board level, our [Human Rights Policy](#) serves as the framework for requiring that our behavior toward employees, contractors, and external stakeholders is always responsible and respectful.

Our Human Rights Policy applies to all Kosmos employees and contractors and guides our engagement with suppliers and partners. We use the policy as a training tool to further underscore our commitment to respecting and protecting human and indigenous rights across our supply chain.

We seek to apply the U.N. Guiding Principles on Business and Human Rights in all our operations. A key element of the principles is evaluating the extent to which our activities might pose risks to the environment and local communities. As such, Kosmos conducts due diligence and engages with stakeholders on a regular basis to better understand the nature of our potential impacts on indigenous and human rights. We also use third-party experts to conduct independent risk assessments across different phases of our operations.

Kosmos aims to implement the Voluntary Principles on Security and Human Rights in our operations. While port facilities are often secured by state security providers, we sometimes use private security providers for office operations. We conduct 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.

## Social Supplier Standards

We exercise care in the selection of vendors, suppliers and contractors, and we impose the same high standards of conduct on these entities that we observe in our own company. Our contractor vetting process includes background checks and thorough onboarding to evaluate alignment with Kosmos' values and policies. Kosmos' Master Services Agreements expressly require contractors to respect internationally recognized human rights, including not employing forced labor, trafficked labor or exploitative child labor, among other requirements that protect workers from inhumane treatment and discrimination.

We also require our suppliers to adhere to the standards set out in our Business Principles and supporting policies in their dealings with their employees, relevant public authorities and communities. In line with the Business Principles, we expect our contractors to set responsible expectations for maximum working hours, living wages, work conditions, human rights, labor rights, and disciplinary action in their own operations.

## Social Impact Management

Kosmos aims to contribute to the development of our host countries and local communities, and as such we seek to maximize the benefits of our corporate presence and avoid or mitigate potential negative impacts.

To help foster sustainable development and mitigate community risk, we use suitably qualified individuals and third-party organizations to help us better understand and manage the unique social, economic and environmental risks in the areas in which we work. We then take steps to rigorously manage the potential impacts that our business might have in these areas.

Kosmos also recruits nationals of our host countries as Country Managers and employees. This helps us to

understand and respect the unique cultural and societal expectations of the places in which we work, and in turn manage our potential social impact.

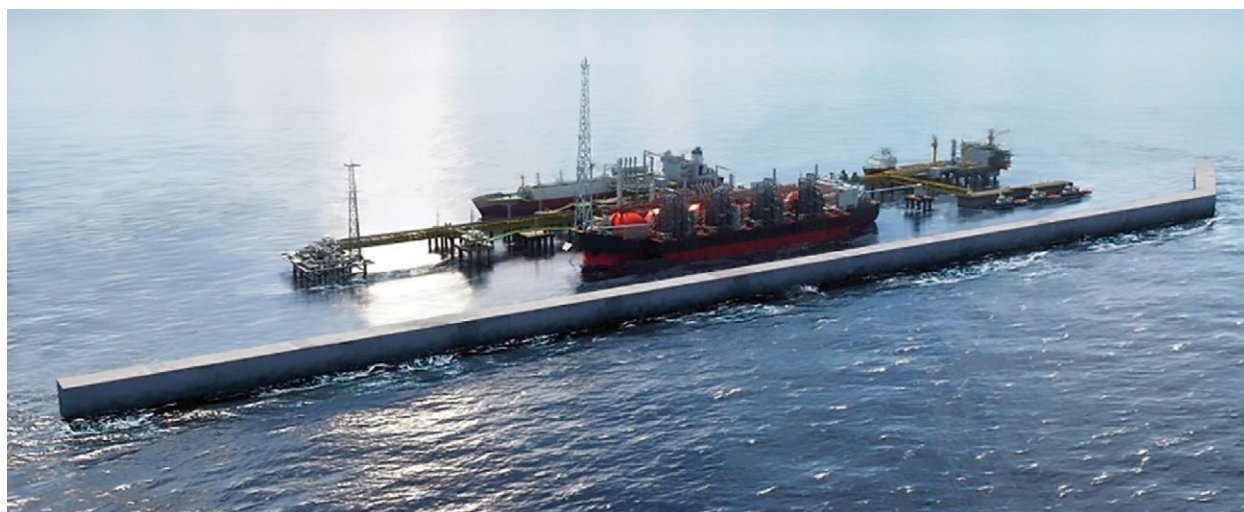
## Capacity Building and Local Content

One of our key objectives is to build human capacity and create economic opportunity – both through our core business and our social investment programs.

Kosmos seeks to source local goods, services, and employees as much as possible to accomplish this objective. This not only provides access to jobs for nationals of our host countries, but also enables businesses to access supply chain opportunities through Kosmos.

As of September 2020, we achieved our goal of 100% local staff across all of our host country offices.

We work hard to build a network of local suppliers and provide training and capacity building opportunities to local communities. This capacity building includes training on the oil and gas industry for NGOs, civil society, governments, and journalists to enhance mutual understanding of the oil and gas project life-cycle and foster shared accountability.



## WORKING WITH PARTNERS TO MONITOR HUMAN RIGHTS AND SOCIAL IMPACTS

As a non-operator in the Greater Tortue Ahmeyim liquefied natural gas (LNG) project offshore Mauritania and Senegal, we have continued to support the operator's management systems with our own engagements and independent, on-the-ground assessment of human rights risks and social impacts. In 2019 this work included:

- Visits to project sites, including the ports in both countries and a quarry in Mauritania that was under consideration as a source for raw materials
- Ongoing direct engagement with the project's host communities, especially coastal and fishing communities in southern Mauritania and northern Senegal
- Regular engagement with the operator's Head office and local offices to maintain alignment on expectations, including contractor behavior and human rights

## TRAINING AND CAPACITY BUILDING IN MAURITANIA & SENEGAL

Across our host countries, we aim to encourage increased capacity through an array of educational workshops.

In Senegal, Kosmos partnered with the EITI to hold capacity building workshops for stakeholders in the oil and gas value chain. We also facilitated meetings between Senegal's Department of Environment and Classified Establishments, Ghana's Environmental Protection Agency, and Côte D'Ivoire's Agence Nationale De l'Environnement to share lessons about how to regulate and monitor offshore oil and gas activities in order to protect the environment.

In Mauritania, we partnered with the EITI to conduct workshops on the oil and gas project lifecycle, revenue flows during different project stages, the causes and impacts of oil price fluctuations, contract transparency, and corruption risks. Additionally, Kosmos and its partner facilitated the construction of a Distance Learning Center in Nouakchott to improve educational capabilities in Mauritania's energy industry, providing the local community the opportunity to develop specialized skills without travelling abroad or bringing in specialized instructors.

### Approach to Social Investment

Where appropriate, we seek to align our social investment programs with wider regional development strategies.

Particularly in nations that are new to hydrocarbon development, Kosmos strives to maximize the benefits that local residents and businesses derive from exploration, development, and production activities. We recognize that the principal beneficial impacts flow from our core operations. However, we undertake a variety of social

investment activities and support capacity-building programs to provide further benefits to local communities.

Our decisions when identifying, designing and implementing social investment projects are guided by the following principles:

- We take a participatory approach to understand needs and seek to create broad-based benefits
- We invest in projects that are sustainable and that aim to build local capacity or drive economic opportunity

- We require accountability and evaluate investments based on outcomes
- We integrate social investments with our core business and other activities

These principles were used as the foundation for our flagship social investment program, the Kosmos Innovation Center, and remain fundamental for evaluating additional social investment initiatives in our host countries.





# Kosmos Innovation Center

**KOSMOS  
INNOVATION  
CENTER**  
POWERED BY **KOSMOS**  
ENERGY

The Kosmos Innovation Center (KIC) invests in young entrepreneurs and small businesses. We empower entrepreneurs to turn their ideas into viable, self-sustaining businesses and we work alongside promising small businesses to help them scale and reach their full potential. The KIC exemplifies our social investment approach and furthers our commitment to fostering sustainable development in our host countries.

## Entrepreneurship is in our DNA.

Founded in 2003 by a small team of explorers, Kosmos Energy was once a start-up too. Now a successful, publicly traded company, we know what it's like to see an opportunity, pursue a dream, and grow a business. By nurturing the next generation of entrepreneurs and facilitating innovation in sectors beyond oil and gas, we are contributing to the creation of healthier and more diverse economies.

## How We Work

The Kosmos Innovation Center works in three ways:



We light a fire in young people by training them to see opportunities that others miss, giving them the confidence to view themselves as entrepreneurs instead of employees and job creators instead of job seekers. We do it by delivering a best-in-class leadership and entrepreneurship program.



We provide a full life-cycle of support to the most promising entrepreneurs, start-ups, and small businesses. We do it through tailored coaching, skills building, expert mentorship, seed funding, and facilitating connections within and across industries.



We position young entrepreneurs to tackle tough problems in key sectors and channel their talent into innovative, private sector-led solutions. We do this through the KIC's distinctive focus on commercial solutions and local knowledge.

**Each Kosmos Innovation Center program is driven by local staff and private sector experts, resulting in a distinctive focus on commercial solutions and local knowledge. Our customized, best-in-class business support programs feature a mix of skills training, mentorship and seed funding.**

# KIC - Ghana

The first of the KIC programs, KIC Ghana started in 2016. The program focuses on empowering young men and women to drive innovation in agriculture, the country's largest employer. With three different components, the program aims to build sustainable, successful businesses.

## AgriTech Challenge

The AgriTech Challenge is an annual competition that identifies young individuals interested in

entrepreneurship and provides them with business and leadership training, mentorship, and a network of support. These individuals also participate in coaching and market research tours across Ghana to identify areas of business opportunity within the agriculture value chain.

Following these market research tours, individual competitors join together to establish teams that participate in a series of pitch and elimination events, during which

they present their ideas to a panel of judges.

Roughly half of the teams are eliminated after each pitch event, until the final six to eight teams compete in the final pitch to win seed funding and one year of incubation. Through this process, the AgriTech Challenge has identified, nurtured, and funded some of the most promising youth-driven agritech startups in Ghana today.

The 2019 AgriTech challenge inspired a broader array of ideas than previous cohorts. Many businesses moved away from standard development ideas, with finalists presenting a range of innovative technological solutions from solar-powered drip irrigation systems to hydroponic vegetable gardening.

## Increasing Female Participation in the KIC

One challenge that arose in 2019 was a drop in the participation rate of women. Globally, women are underrepresented in the agriculture and technology sectors, and are negatively impacted by gender bias when seeking access to finance. To better understand and address the issue, we conducted surveys and focus groups across the KIC community. Our findings led to the following interventions:

- The creation of a targeted advertising campaign featuring successful women founders from KIC businesses.
- Increasing the number of women mentors, as well as the visibility of female KIC staff members to help women to feel supported and comfortable in the program. Additionally, we created an informal women's group to further support the unique experiences and issues facing female entrepreneurs.



The ProSect Feed team presents their product and business idea during the 2019 KIC Final Pitch.

## KIC 2019 AGRITECH CHALLENGE WINNERS

The 2019 winners of \$50,000 in seed funding and entry into the KIC Incubator were ProSect Feed and AiScarecrow.

- **ProSect Feed** uses an insect-based protein substitute in feed production for the local poultry industry. The company used scientific innovation to produce feed that is 23% cheaper than leading competitors, has 58% more crude protein, and is 100% organic.
- **AiScarecrow** provides cereal farmers with an effective, low-cost and fully automated pest control solution that scares pests from farmlands using sound sensors, lasers and a drone bird.

- To accommodate women who had to balance caregiving roles at home, we adjusted the curriculum to provide for more flexibility and less travel.
- Critically, we organized KIC Ghana's inaugural women's entrepreneurship bootcamp in December 2019. This successful event demonstrated a clear path for more actively engaging Ghanaian women in the AgriTech Challenge recruitment.

Our targeted outreach resulted in significant gains in female awareness and program interest. The 2020 cohort is 39% women, compared to 20% in 2018. Kosmos will continue to monitor retention and actively promote diversity within the KIC program.

### KIC Start-Up Incubator

When our young entrepreneurs take the next step to form promising businesses, the KIC helps them refine their ideas, establish their companies, and overcome barriers to growth. This multi-year process involves more focused business training, specialized coaching, and potential access to seed funding from KIC or other entities willing to invest startup or growth capital.

After several years of relying on other incubators in Ghana, in late 2019 the KIC achieved a major milestone with the opening of its standalone incubator space. The KIC Incubator is a co-working space from which our start-ups run their businesses, host their clients and receive coaching and support from KIC experts and mentors.

### Business Booster

In 2017, KIC Ghana launched the Business Booster program to accelerate the growth of established small and medium enterprises (SMEs) in the agriculture sector. After a rigorous screening process, nine agribusinesses were selected for two week-long 'Boot Camps,' which offered mentorship and coaching to help participants



### KIC INCUBATOR COMPANY FOCUS: TECHSHELTA

**TechShelta created a web and mobile application for automating greenhouse conditions and remotely managing operations.**

**Now in its second year of incubation, TechShelta continues to grow its operations and enhance its brand reputation. The team has successfully marketed greenhouse spaces to interested clients, met production targets and fulfilled customer demand for produce. Recent highlights include:**

- **Developed new Farmer Field Training product that provides hands-on training to farmers through the entire growing cycle**
- **Launched their Hilltop Greenhouse Village where they now manage 14 greenhouses for clients**
- **Won the Green Tech Award (~\$5,000) at the Pitch AgriHack Competition, held as part of the African Green Revolution Forum (AGRF)**
- **One of the winners of the Ghana Oracle Digital Enterprise Program (ODEP)**
- **As part of the new cohort of the Ghana Climate Innovation Challenge, TechShelta secured a proof of concept grant for \$35,000, as well as a \$3,000 technical grant**
- **Co-founder Cynthia "Gifty" Mintaa Quarshie was highlighted in Woman Rising's "10 Women Entrepreneurs to Watch in 2020"**

refine their business plans, mitigate financial and operational constraints, rapidly prototype new products and services, and prepare to meet potential investors.

The Business Booster program has continued to support participating

companies by facilitating links with local and international investors and by fostering relationships between businesses, like-minded entrepreneurs, and across industries.

We are planning for a second Business Booster in early 2021.



# Mauritania Innovation Challenge

In 2018, we expanded the activities of the KIC into Mauritania with the first annual Mauritania Innovation Challenge.

The Mauritania Innovation Challenge provides young people the opportunity to develop the confidence and skills they need to become entrepreneurs. Through a series of classroom modules and competitive pitch competitions, the Mauritania Innovation Challenge enables entrepreneurs to develop market-ready products or services.

The program begins with field research, and participants are then guided through the early stages of business growth, learning how to define a business problem, create a value proposition and understand and identify a target market.

Similar to the AgriTech Challenge, participants engage in a series of pitch competitions. Following each subsequent pitch, entrepreneurs receive more intensive support and business development assistance from trained mentors, coaches, and business experts.

At the end of the program, participants pitch to a panel of judges and stakeholders in Nouakchott. Here, they present their new business ideas and proposals. The most promising ideas receive further technical assistance and potential seed funding to continue their growth journey.

In 2018, we received more than 170 applications for the program and selected the most promising 25 businesses to participate. Ultimately, six companies were awarded seed funding and ongoing support.



Instructors and participants from the 2019 Mauritania Innovation Challenge.

In 2019, we received over 500 applications and accepted 36 companies into the program. Of the 13 teams that made it to the final pitch event, seven winning entrepreneurs convinced the judges that their business ideas can contribute to Mauritania's economic development, tackle unemployment and evolve the local start-up ecosystem:

- **Green House** won \$25,000 funded by Kosmos Energy for their business idea of a hydroponic gardening system to grow plants in an economical and eco-friendly way.
- **Ferme Piscicole** won \$20,000 funded by Kosmos Energy for their business idea of fish farms that improve the quality of fish production.
- **Solar Ecobat** won \$15,000 funded by Kosmos Energy for their business idea of creating solar lamps to solve the problem of frequent blackouts in rural areas.
- **Unite de Valorisation Pneumatique** won \$10,000 funded by Kosmos Energy for their business idea of recycling tires into new materials for industrial use.
- **Baradougou** won \$10,000 funded by Kosmos Energy for their business idea of a web platform for companies and households to connect with service providers.
- **Société Mauritanienne de Nettoyage** won 300,000 MRU (~\$8000 USD) funded by logistics firm SOGECO for their business idea of a cleaning and sanitization company focused on large fishing factories.
- **L'Apiculture Moderne** won 300,000 MRU (~\$8000 USD) funded by BNM, The National Bank of Mauritania, for their business idea of improving honey production by placing bee colonies in protected areas.



Participants in the Mauritania Women's Bootcamp gained business and leadership skills, and winning teams were invited to participate in the full Mauritania Innovation Challenge.

## PROMOTING FEMALE ENTREPRENEURSHIP THROUGH THE WOMEN'S BOOTCAMP

Gender-mixed settings can create barriers to entry for women and girls in Mauritania. To address this challenge and improve the rate of female participation, KIC organized a seven-day Women's Bootcamp event prior to the start of the second MIC.

The 2019 Women's Bootcamp Program aimed to provide women with training covering the entrepreneurship cycle, communication and finance, as well as interpersonal skills, client negotiation and business analysis. The participants were selected with project ideas already in mind. Mentors and experts then helped participants develop their ideas and equipped them with business skills to turn their ideas to real potential projects. In addition to gaining leadership skills as a result of course participation, the projects were assessed as part of the selection criteria for entering the Mauritania Innovation Challenge. Prior to the bootcamp, only 15% of Challenge applicants were female – and following its completion, female participation in the program rose to 40%.



# Senegal Start-Up Accelerator



Launched in 2018, the Senegal Start-Up Accelerator (SSA) provides entrepreneurs in the agriculture sector with the skills they need to turn their ideas into reality. In partnership with [Reach for Change](#), an international nonprofit focused on social entrepreneurship, the KIC helps fledgling businesses in the country test and iterate their solutions to develop sustainable business models.

The inaugural SSA program began with a week-long selection process, where potential candidates were introduced to the program, and program leaders received extensive

information about candidates' business ideas. With this depth of understanding, ten entrepreneurs were selected to move forward in the process. These ten finalists then underwent an intensive boot camp with business experts and then pitched for their place in the accelerator.

Five entrepreneurs received an invitation to participate in the six-month accelerator program. Participants were guided through the early stages of business growth, learning everything from how to develop customer profiles and carry out competitor analysis to

how to make a product roadmap and develop a sustainable revenue model.

The five businesses in the accelerator are:

- **Fraisen**, which created a support and training network for strawberry growers
- **Jappandil**, which created a platform to help farmers access and compare service providers
- **Tolbi**, which created a soil composition testing device to help farmers make effective irrigation decisions
- **Senphytomed**, which produces teas and beauty products from medicinal plants
- **Senbioagro**, which produces food products from the Moringa plant

All the businesses will continue to grow their customer base and receive KIC support to find and access additional growth funding.

“Through the KIC programme, we have demonstrated what Senegalese start-ups can achieve when they get appropriate support.”

**MAYACINE DIOP** *Programme Director at Reach for Change*



# Stimulating the Spirit of Entrepreneurship in Côte d'Ivoire

Kosmos supported '[Stimuler l'Esprit d'Entrepreneuriat en Côte d'Ivoire](#)' (SEEC), a program developed in partnership by Kosmos Energy and the Direction Générale des Hydrocarbures and delivered by [TechnoServe](#). The program aimed to help young entrepreneurs and small enterprises develop their businesses sustainably and, in doing so, unlock economic prosperity in the country's coastal regions.

Through a targeted and comprehensive accelerator program – with a particular emphasis on recruiting female business owners – young entrepreneurs learned how to overcome barriers to growth

and how to build competitive businesses that generate wealth for fellow Ivoirians through improved sales and new job creation. Three hundred entrepreneurs along southern coastal communities were selected to take part in the program, with 43% of these being women.

Over the course of four months they received intensive business and managerial support training, financial consultancy and one-to-one mentorship. After the four-month period, all 300 entrepreneurs presented their work to a jury, and 180 were selected to receive five months of 'aftercare' to help implement their business growth

plan. Further training and mentoring were provided in the aftercare phase, as well as support to access financial institutions and funding.

Businesses that participated in SEEC aftercare saw a significant positive increase in business performance. For example, on average, entrepreneurs had a 35% increase in sales during the aftercare period – increasing to 45% sales growth for women-led businesses. Additionally, there was an average 26% increase in full time employees at the companies, creating a source of employment for their communities.





Due to the COVID-19 pandemic, FraiSen, an organic strawberry company participating in our KIC Senegal program, pivoted from selling fresh strawberries to producing value-added strawberry products.

## Building Resiliency: The KIC During COVID-19

While certain elements of the KIC program necessarily shifted due to the COVID-19 pandemic, Kosmos used the KIC to continue to contribute to sustainable development in our host countries at a difficult time for all. The KIC community responded to the global pandemic with creativity, grit, and an unflagging commitment to teamwork.

In each of our countries, we immediately moved all programming online to help ensure the health and safety of our staff and entrepreneurs. This meant temporarily shutting down our incubator spaces in Mauritania and in Ghana and pivoting to virtual platforms and classrooms.

Across the program we changed timelines and curricula and worked to adjust to the circumstances. In Senegal, for instance, we shifted our efforts from running a second competition, instead focusing our time and resources on the five businesses already in our accelerator.

In Ghana, the KIC staff launched their new Fellowship program online. What was meant to be a regular in-person networking event series is now a popular “virtual café,” drawing together KIC entrepreneurs as well as Ghanaian business and thought leaders to drive continued progress across the entrepreneurial ecosystem.

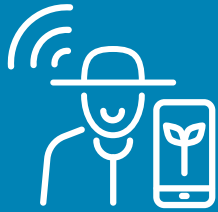
KIC companies have been significantly impacted by the pandemic. Travel restrictions, unreliable internet coverage, and supply chain delays have become

daily realities. Despite these challenges, many KIC businesses have been able to pivot and benefit from the increased demand for local products, food delivery services and remote farm maintenance.

For example, FraiSen, the organic strawberry company participating in our Senegal program, experienced a 70% loss in revenue at the start of the pandemic. The company quickly pivoted from selling fresh strawberries to producing value-added products like jam, syrup, juice and frozen strawberries. They have now increased their customer base and have expanded into 40 supermarkets across Senegal. In Mauritania, SMND shifted its business model, which was focused solely on the disinfection of fish factories, to an expanded cleaning business that targeted private properties and academic institutions.



## KIC Impact



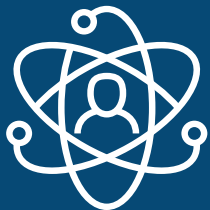
# 19,800

smallholder farmers  
benefitted by incubator  
and booster companies



# 360

jobs created to date  
by KIC incubator and  
Booster companies



# 600+

young leaders trained  
in business skills and  
entrepreneurship





## COVID-19 Global Response

Kosmos demonstrated our continued commitment to act as a force for good and contribute to sustainable development in our host countries through the COVID-19 pandemic. During the pandemic, we worked with our host governments to understand and respond to urgent needs in local communities.

### Ghana

Kosmos donated equipment and supplies worth up to US \$50,000 to the Ghana Health Service (GHS), including an automated DNA/RNA extraction machine, along with 700 RNA extraction test kits and 1,500 swabs and transporters.

Together with swab kits, the extraction machine complements the government's aggressive testing initiative by enhancing the ability of GHS to deliver more rapid test results to support timely isolation and treatment.

Ghana has been recognized internationally as one of the leading countries in its handling of the pandemic and in its testing and quarantining programs.

### Suriname

Kosmos made a \$25,000 donation to S'Lands Hospital in Paramaribo to support the procurement of urgent



Kosmos external affairs manager Mamadou Mar Faye (left) oversees the delivery of medical supplies to a representative of the Ministry of Health (center) alongside a representative from the supplier (right).

medical equipment to support the treatment of COVID-19 patients. Since entering Suriname in 2011, Kosmos has built strong relationships with all four main hospitals in the capital, donating much-needed medical equipment and arranging for the training of healthcare professionals.

Kosmos also supported the Su4Su (Surinamese for Suriname) initiative, which raised funds for medical equipment, supplies and treatment for COVID-19 patients. Kosmos helped to purchase ultrasound

machines, video endoscopes, ventilators, and patient monitoring equipment for the program, as well as mannequins to train medical students in treatment techniques.

### Mauritania

Research professors and engineering students at Ecole Supérieure Polytechnique, Mauritania's leading engineering school, were mobilized to design and locally manufacture ventilators as part of the country's response to COVID-19. Kosmos provided \$20,000 to secure critical components so the team could assemble the first three machines.

While the project aims to help minimize pandemic-related risks, it also presents a larger strategic objective: strengthening the skills of engineers to promote Mauritania's continued industrial development.

### Equatorial Guinea

Kosmos and seven other companies active in Equatorial Guinea joined together to procure needed test kits, lab equipment, and other supplies to support the country's response to COVID-19.

### Senegal

Kosmos procured and donated personal protective equipment and other supplies for medical personnel to support Senegal's response to COVID-19.



Country manager Ismail Sid Ahmed (center) meets with faculty and staff in the engineering lab at Ecole Supérieure Polytechnique where the work on ventilators is being done.



## Hunger Relief Program

As the pandemic developed, Kosmos recognized that we needed to do more than just meet medical needs—we needed to find a way to alleviate and mitigate the immediate and longer-term effects on the communities and economies of our host countries. We therefore launched the Kosmos Hunger Relief Program to help address the growing food insecurity facing our communities as a result of the pandemic's impact on the global economy and food supply chains.

The UN World Food Programme estimates that more than 250 million people around the world will face acute hunger by the end of the year due to coronavirus impacts on food supply chains--roughly double the pre-pandemic estimate. The number of people worldwide facing more general food insecurity is far higher. In Dallas and Houston, where our two largest offices are located, about 25% of children under age 18 live in households that have experienced food insecurity in the last year.

We launched the program by sending out an all-employee call-to-action, requesting that employees send ideas to help design hunger relief initiatives in their communities.

In our Dallas headquarters, employees were passionate about addressing the issue of food deserts – urban areas where it is difficult to buy affordable, high-quality, fresh food. Employees selected Restorative Farms to act as our lead partner to coordinate a project platform that aims to benefit multiple urban farms.

Restorative Farms was founded in 2016 with the goal of bringing together two distinct populations and markets (South and North Dallas) through a scalable, sustainable solution that provides a local supply of fresh organic produce. By doing so, the organization encourages the development of a local agriculture system in South Dallas that provides jobs, job training, economic investment, as well as a source of fresh, healthy, and affordable food for the community.

Restorative Farm's primary activity is producing seedlings and distributing "GroBoxes" – backyard vegetable gardens in a box, similar in spirit to the "Victory Gardens" popular during World War I and World War II.

Kosmos aims to invest in an innovative experiment with Restorative Farms in which we

leverage resources to create a market for local urban farms and incentivize production. In this regard, we intend to:

1. Launch a Kosmos CSA Program (Community Supported Agriculture), in which Kosmos employees subscribe to receive a weekly package of fresh, local produce from partners
2. Expand Restorative Farms' Hatcher Nursery to grow seedlings and help scale urban farms' production
3. Purchase and donate GroBoxes to provide immediate hunger relief and contribute to community resiliency
4. Support an urban farming entrepreneurship program to welcome new growers into the system and work with existing growers to increase their profitability

While the program is in its initial stages, it aims to harness innovation and employee engagement to drive sustainable hunger relief solutions in local communities. We expect to report more details on the full range of Hunger Relief Programs we intend to set up in our countries of operations in next year's Sustainability Report.

**Kosmos aims to harness innovation and employee engagement to drive sustainable hunger relief solutions in local communities.**

# Performance Data

The following data reflects our progress and performance against key ESG criteria through Dec. 31, 2019.

We report data from previous years to promote transparency and allow for year on year comparison.

While Kosmos officially withdrew from Morocco and Western Sahara in 2017, we fulfilled the remainder of our contractual obligations in 2018-2019. For an up-to-date list of our countries of operation, please visit our website.



## Employee Data as of year-end 2019

We prioritize the hiring and training of local staff from the countries in which we work. The 'Local Employment' data does not include U.S. employees, and we define Expatriates as employees in local country offices who are living and working on a long-term assignment in a country not of their origin.

	2019	2018	2017	2016
<b>EMPLOYEES AND HIRING</b>				
Total employees	360	330	282	267
New Hires	66	54	33	27
Turnover	6%	8%	7%	6%
<b>TOTAL EMPLOYEES BY COUNTRY</b>				
United States	273	260	199	192
Côte D'Ivoire	4	0	N/A	N/A
Equatorial Guinea	6 (incl. 3 expats)	N/A	N/A	N/A
Ghana	41	43	43	45
Mauritania	6	6	16	10
São Tomé and Príncipe	8 (incl. 1 expat)	8	8	1
Senegal	3	5	8	10
Suriname	4 (incl. 1 expat)	3	3	4
United Kingdom	8	5	N/A	N/A
<b>CONTRACTORS</b>				
United States	90	27	33	14
Côte D'Ivoire	0	0	N/A	N/A
Equatorial Guinea	0	N/A	N/A	N/A
Ghana	0	1	0	0
Mauritania	2	2	15	11
São Tomé and Príncipe	0	0	0	1
Senegal	2	2	16	3
Suriname	3	3	0	0
United Kingdom	0	0	N/A	N/A
<b>LOCAL EMPLOYMENT (%)</b>				
Local	94%	98%	94%	92%
Expatriate	6%	2%	6%	8%
<b>AGE DISTRIBUTION (%)</b>				
25 and under	2%			
26-30	11%			
31-35	14%			
36-40	16%			
41-45	13%			
46-50	10%			
51-55	13%			
56-60	9%			
61 and over	12%			

## Employee Data as of year-end 2019

	2019		2018		2017		2016	
WORKFORCE GENDER DISTRIBUTION (%)								
	Female	Male	Female	Male	Female	Male	Female	Male
United States	37%	63%	33%	67%	34%	66%	33%	67%
Côte D'Ivoire	50%	50%	N/A	N/A	N/A	N/A	N/A	N/A
Equatorial Guinea	67%	33%	N/A	N/A				
Ghana	27%	73%	28%	72%	26%	74%	27%	73%
Mauritania	50%	50%	50%	50%	25%	75%	30%	70%
São Tomé and Príncipe	29%	71%	0%	100%	25%	75%	25%	75%
Senegal	33%	67%	20%	80%	75%	25%	50%	50%
Suriname	67%	33%	25%	75%	25%	75%	33%	67%
United Kingdom	25%	75%	40%	60%	N/A	N/A	N/A	N/A
WORKFORCE GENDER DISTRIBUTION (%)								
	Female	Male						
All Employees	37%	63%						
New Hires	44%	56%						
Managers	30%	70%						
Senior Leadership Team	18%	82%						
Board of Directors	33%	67%						
MINORITIES (%) U.S. AND UK OFFICES								
All Employees		35%						
New Hires		36%						
Managers		21%						
Senior Leadership Team		14%						
Board of Directors		17%						

## Safety

	2019	2018	2017	2016
Total Man Hours	1,741,971	2,014,348	3,110,164	2,314,907
Fatalities	0	0	0	0
Lost Time Injury Frequency	0	0	0	0
Total Recordable Injury Rate	0	1.99	0.64	1.3

## Environment

	2019	2018	2017	2016
<b>HAZARDOUS WASTE (TONS)</b>				
Côte D'Ivoire	N/A	N/A	N/A	N/A
Equatorial Guinea	210.44	60.25	N/A	N/A
Ghana	N/A	N/A	N/A	N/A
Mauritania	N/A	N/A	830.25	298.67
Morocco	N/A	111.34	N/A	N/A
Namibia	N/A	N/A	N/A	N/A
São Tomé and Príncipe	13.23	N/A	N/A	N/A
Senegal	N/A	164.65	319.06	112.44
South Africa	N/A	N/A	N/A	N/A
Suriname	N/A	1,182.15	2.37	10.54
USA (Gulf of Mexico)	N/A	N/A	N/A	N/A
Western Sahara	N/A	116.64	N/A	N/A
<b>NON-HAZARDOUS WASTE (TONS)</b>				
Côte D'Ivoire	N/A	N/A	N/A	N/A
Equatorial Guinea	49.89	356.68	N/A	N/A
Ghana	N/A	N/A	N/A	N/A
Mauritania	N/A	N/A	412.65	296.80
Morocco	N/A	61.94	N/A	N/A
Namibia	N/A	N/A	N/A	N/A
São Tomé and Príncipe	30.73	N/A	N/A	N/A
Senegal	N/A	75.44	135.96	114.11
South Africa	N/A	N/A	N/A	N/A
Suriname	N/A	622.26	6.56	82.90
USA (Gulf of Mexico)	N/A	N/A	N/A	N/A
Western Sahara	N/A	407.22	N/A	N/A
<b>WASTE RECYCLED/REUSED/TREATED (%)</b>				
Côte D'Ivoire	N/A	N/A	N/A	N/A
Equatorial Guinea	24%	37%	N/A	N/A
Ghana	N/A	N/A	N/A	N/A
Mauritania	N/A	N/A	45%	54%
Morocco	N/A	20%	N/A	N/A
Namibia	N/A	N/A	N/A	N/A
São Tomé and Príncipe	0%*	N/A	N/A	N/A
Senegal	N/A	42%	62%	43%
South Africa	N/A	N/A	N/A	N/A
Suriname	N/A	50%	85%	10%
USA (Gulf of Mexico)	N/A	N/A	N/A	N/A
Western Sahara	N/A	24%	N/A	N/A



## Air Emissions<sup>1</sup>

Our Scope 1 and Scope 2 emissions are verified by Trinity Consultants, a third-party emissions calculation and verification consultancy, using the Corporate GHG Verification Guideline from the Environmental Resources Trust (ERT), a CDP-approved standard. [Trinity's full Verification Statement](#) is available on our website.

	2019	2018
Gross Global Scope 1 emissions (tonnes CO <sub>2</sub> e)	39,058	109,309
Gross Global Scope 2 emissions (tonnes CO <sub>2</sub> e)	1,330	1,026
Scope 3 Category 6 Emissions: Business Travel (tonnes CO <sub>2</sub> e)	1,075	2,009

SCOPE 1-2 EMISSIONS INTENSITIES		
Total Revenue	\$1,509,909,000	\$902,369,000

1. Kosmos uses the Operational Control approach to reporting Scope 1 and Scope 2 GHG emissions as defined by the GHG Protocol. This means we report 100% of the emissions that arise from sources owned, controlled or operated by Kosmos in our Scope 1 and Scope 2 emissions. It is on this basis that we have set our aim of achieving carbon neutrality in Scope 1 and 2 emissions by 2030 or sooner. CO<sub>2</sub> equivalencies are calculated using the 100-year time horizon Global Warming Potential (GWP) factors in the IPCC's Fifth Assessment Report (AR5). Kosmos uses a location-based methodology for calculating Scope 2 emissions. As we have no offices or Scope 2 emissions where we are able to access electricity supplier emission factors or residual emissions factors, we are unable to report a Scope 2 market-based figure. Kosmos had no Scope 2 emissions besides office electricity use in 2019. Offices with fewer than 10 employees are excluded from our Scope 2 calculations as these are not material in the context of our total emissions.

	2019	2018
Tonnes Scope 1 and Scope 2 CO <sub>2</sub> e emissions per \$ revenue	0.000027	0.000122

SCOPE 1 EMISSIONS BY GREENHOUSE GAS		
CO <sub>2</sub> emissions (tonnes)	38,249	107,196
CH <sub>4</sub> emissions (tonnes)	2.29	6
N <sub>2</sub> O emissions (tonnes)	2.81	7
CO <sub>2</sub> emissions (tonnes CO <sub>2</sub> e)	38,249	107,196
CH <sub>4</sub> emissions (tonnes CO <sub>2</sub> e)	64	171
N <sub>2</sub> O emissions (tonnes CO <sub>2</sub> e)	745	1,942

SCOPE 1 EMISSIONS BY COUNTRY (TONNES CO <sub>2</sub> E)		
Côte D'Ivoire	0	0
Equatorial Guinea	9,006	27,878
Ghana	0	0
Mauritania	0	0
Morocco	0	653
Namibia	0	0
São Tomé and Príncipe	1,849	0
Senegal	0	15,368
South Africa	0	0
Suriname	0	43,865
USA (Gulf of Mexico)	28,203	0
Western Sahara	0	21,547

SCOPE 1 EMISSIONS BY ACTIVITY (TONNES CO <sub>2</sub> E)		
Combustion	39,058	109,309
Flaring	0	0
Venting	0	0
Fugitives	0	0
Process	0	0

## Air Emissions

	2019	2018
<b>SCOPE 1 EMISSIONS BY DIVISION (TONNES CO<sub>2</sub>E)</b>		
Exploration	10,855	109,309
Gulf of Mexico Business Unit	28,203	0
Mauritania and Senegal Business Unit	0	0
Ghana Business Unit	0	0
Equatorial Guinea Business Unit	0	0
<b>SCOPE 2 EMISSIONS BY COUNTRY/CITY (TONNES CO<sub>2</sub>E)</b>		
Ghana	202	217
USA Total	1,129	2,123
Dallas	615	-
Houston	514	-
<b>SCOPE 2 EMISSIONS BY ACTIVITY (TONNES CO<sub>2</sub>E)</b>		
Office-based activities	1,330	2,340
Exploration and appraisal	0	0
Production	0	0
<b>CARBON DIOXIDE (CO<sub>2</sub>)</b>		
Côte D'Ivoire	0	
Equatorial Guinea	8,818.77	
Ghana	N/A	
Mauritania	N/A	
Morocco	N/A	
Namibia	N/A	
São Tomé and Príncipe	1,811.34	
Senegal	N/A	
South Africa	N/A	
Suriname	N/A	
USA (Gulf of Mexico)	27,619.09	
Western Sahara	N/A	
<b>MONO-NITROGEN OXIDES (NO<sub>x</sub>)</b>		
Côte D'Ivoire	N/A	
Equatorial Guinea	175.41	
Ghana	N/A	
Mauritania	N/A	
Morocco	N/A	
Namibia	N/A	
São Tomé and Príncipe	35.70	
Senegal	N/A	
South Africa	N/A	
Suriname	N/A	
USA (Gulf of Mexico)	546.99	
Western Sahara	N/A	

## Air Emissions

	2019	2018
<b>SULFUR DIOXIDE (SO<sub>2</sub>)</b>		
Côte D'Ivoire	N/A	
Equatorial Guinea	11.81	
Ghana	N/A	
Mauritania	N/A	
Morocco	N/A	
Namibia	N/A	
São Tomé and Príncipe	2.4	
Senegal	N/A	
South Africa	N/A	
Suriname	N/A	
USA (Gulf of Mexico)	36.84	
Western Sahara	N/A	
<b>METHANE (CH<sub>4</sub>)</b>		
Côte D'Ivoire	N/A	
Equatorial Guinea	0.53	
Ghana	N/A	
Mauritania	N/A	
Morocco	N/A	
Namibia	N/A	
São Tomé and Príncipe	0.11	
Senegal	N/A	
South Africa	N/A	
Suriname	N/A	
USA (Gulf of Mexico)	1.65	
Western Sahara	N/A	
<b>VOLATILE ORGANIC COMPOUNDS (VOCs)</b>		
Côte D'Ivoire	N/A	
Equatorial Guinea	5.91	
Ghana	N/A	
Mauritania	N/A	
Morocco	N/A	
Namibia	N/A	
São Tomé and Príncipe	1.2	
Senegal	N/A	
South Africa	N/A	
Suriname	N/A	
USA (Gulf of Mexico)	18.42	
Western Sahara	N/A	



## Other

	2019	2018	2017	2016
<b>FRESHWATER USE (m3)</b>				
Côte D'Ivoire	N/A	N/A	N/A	N/A
Equatorial Guinea	3,434	1,260.00	N/A	N/A
Ghana	N/A	N/A	N/A	N/A
Mauritania	N/A	N/A	26,799.25	1,728.00
Morocco	N/A	225.00	N/A	N/A
Namibia	N/A	N/A	N/A	N/A
São Tomé and Príncipe	368	N/A	7,012.00	N/A
Senegal	N/A	5,987.00	6,159.20	3,082.00
South Africa	N/A	N/A	N/A	N/A
Suriname	N/A	16,300.00	N/A	3,744.00
USA (Gulf of Mexico)	N/A	N/A	N/A	N/A
Western Sahara	N/A	352.00	N/A	N/A
<b>FINES AND PENALTIES</b>				
Côte D'Ivoire	0	0	0	N/A
Equatorial Guinea	0	0	0	N/A
Ghana	0	0	0	N/A
Mauritania	0	0	0	0
Morocco	0	0	0	N/A
Namibia	0	0	0	N/A
São Tomé and Príncipe	0	0	0	N/A
Senegal	0	0	0	0
South Africa	0	0	0	N/A
Suriname	0	0	0	0
USA (Gulf of Mexico)	0	0	0	N/A
Western Sahara	0	0	0	0
<b>HYDROCARBON OR NON-AQUEOUS DRILLING FLUID SPILLS</b>				
Côte D'Ivoire	0	0	0	N/A
Equatorial Guinea	0	0	0	N/A
Ghana	0	0	0	N/A
Mauritania	0	0	0	0
Morocco	0	0	0	N/A
Namibia	0	0	0	N/A
São Tomé and Príncipe	0	0	0	N/A
Senegal	0	0	0	0
South Africa	0	0	0	N/A
Suriname	0	0	0	0
USA (Gulf of Mexico)	0	0	0	N/A
Western Sahara	0	0	0	N/A

## Payments to Governments as of year end 2019<sup>1</sup> (USD)

Kosmos Energy Ltd. has prepared the following consolidated report in respect of payments made to governments for the year ended 31 December 2019 in accordance with the reports on Payments to Governments Regulations 2014 (2014/3209) as amended by the Reports on Payments to Governments (Amendment) Regulations 2015 (2015/1928) and DTR 4.3A of the Financial Conduct Authority's Disclosure and Transparency Rules. Our more detailed project-level and receiving-entity level payments to governments data can be found on our [website](#).

	Congo	Côte D'Ivoire	Equatorial Guinea	Ghana	Mauritania	Morocco	Namibia	São Tomé & Príncipe	Senegal	South Africa	Suriname	United States
Production Entitlements (bbls) <sup>2</sup>	-	-	853,000	-	-	-	-	-	-	-	-	-
Estimated Production Entitlements (\$s) <sup>2</sup>	-	-	54,771,000	-	-	-	-	-	-	-	-	-
Income Taxes <sup>3</sup>	-	-	100,527,000	41,500,000	-	-	-	-	-	-	-	248,000
Royalties (bbls) <sup>2</sup>	-	-	653,000	574,000	-	-	-	-	-	-	-	1,371,000
Estimated Royalties (\$s) <sup>2</sup>	-	-	41,929,000	36,857,000	-	-	-	-	-	-	-	76,967,000
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Bonuses	-	-	-	-	-	-	-	-	-	-	-	16,899,000
License Fees (Surface Rentals, Permitting Fees, etc.)	-	8,000	830,000	70,000	-	-	-	156,000	-	-	-	3,371,000
Infrastructure Improvement	-	-	-	-	-	-	-	-	-	-	-	-
Env't, Capacity Building & Social Projects <sup>4</sup>	-	1,250,000	-	-	-	-	-	-	-	-	25,000	-
Training <sup>4</sup>	-	750,000	1,160,000	-	-	-	-	100,000	-	-	-	-
Taxes (Non-Income) <sup>5</sup>	-	230,000	100,000	4,936,000	489,000	19,000	-	70,000	215,000	-	468,000	4,906,000
Other <sup>6</sup>	46,000	15,000	19,000	-	-	-	13,000	200,000	-	-	-	-
Total	46,000	2,253,000	199,336,000	83,363,000	489,000	19,000	13,000	526,000	215,000	-	493,000	102,391,000

The Payments to Government data are reflective of direct payments made to government entities by Kosmos Energy. These payments are categorized consistent with the Report on Payments to Governments Regulations 2014 (as amended in December 2015). These regulations enact domestic rules in line with Directive 2013/34/EU (the EU Accounting Directive (2013)). Please see the footnotes below for further detail on the payments we made to our host country governments in 2019.

1. Our summary, project-level and receiving-entity level payments to government disclosures are also available on our website at [www.kosmosenergy.com/responsibility/transparency.php](http://www.kosmosenergy.com/responsibility/transparency.php).

2. Royalties are paid to the Government of Ghana and the Republic of Equatorial Guinea in barrels of oil out of Kosmos Energy's working interest share of production. Production entitlements are paid to the Republic of Equatorial Guinea in barrels of oil based on their participating interest. The production entitlement amounts presented represent Kosmos Energy's participating share received by the Republic of Equatorial Guinea. The value of the royalties and production entitlements disclosed above are based on the annual average of daily Brent prices of \$64.21 during 2019. United States amounts above are determined based on actual sales prices.

3. Includes approximately \$98.4 million of income taxes paid by Trident Equatorial Guinea Inc. on behalf of Kosmos Equatorial Guinea Inc.'s indirect 50% participating interest in Kosmos-Trident Equatorial Guinea, Inc.

4. Represents payments made directly to government for satisfaction of 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 \$12,000 in São Tomé and Príncipe and \$300,000 in Equatorial Guinea.

5. Primarily withholding taxes on interest payments, employer paid payroll-related taxes, and property taxes paid on pipe and tangible goods inventory stored at various onshore locations in the United States. These values are exclusive of withholding taxes remitted on behalf of service providers. In addition to this, Kosmos Energy paid the City of Westminster \$347,000 in local taxes during 2019.

6. Primarily relates to transactional transfer fees and seismic data purchases.

## Social Investment Spending

	2019	2018	2017	2016
Côte D'Ivoire	498,000	253,000	-	-
Equatorial Guinea	669,000	3,153,000	-	-
Ceiba/Okume Partnership <sup>1</sup>	2,061,000			
Ghana	1,858,000	1,445,000	1,339,000	883,000
Jubilee/TEN Partnership <sup>1</sup>	359,000			
Mauritania <sup>2</sup>	829,000	409,000	55,000	305,000
Morocco	-	37,000	80,000	88,000
Namibia <sup>3</sup>	35,000	-	-	-
São Tomé and Príncipe <sup>4</sup>	1,871,000	666,000	200,000	69,000
Senegal <sup>5</sup>	407,000	125,000	24,000	422,000
South Africa	N/A	-	-	-
Suriname	107,000	427,000	88,000	104,000
USA (Gulf of Mexico)	449,000	471,000	611,000	462,000
Western Sahara	200,000	54,000	86,000	42,000

1. Kosmos Energy's participating interest in social investments of the non-Kosmos operated assets, which may not necessarily represent actual social investments made by the operator during the reporting period.

2. Amounts may differ from Kosmos Energy financial statements due to funding arrangements with commercial partners. Additionally, includes \$428,000 of Kosmos Energy's participating interest in social investments of the non-Kosmos operated assets, which may not necessarily represent actual social investments made by the operator during the reporting period.

3. Kosmos Energy's participating interest in social investments of the non-Kosmos operated assets, which may not necessarily represent actual social investments made by the operator during the reporting period.

4. Includes \$1,003,000 of Kosmos Energy's participating interest in social investments of the non-Kosmos operated assets, which may not necessarily represent actual social investments made by the operator during the reporting period.

5. Amounts may differ from Kosmos Energy financial statements due to funding arrangements with commercial partners. Additionally, includes \$360,000 of Kosmos Energy's participating interest in social investments of the non-Kosmos operated assets, which may not necessarily represent actual social investments made by the operator during the reporting period.

## Grievances Logged and Grievances Resolved

	2019	2018	2017	2016
Ghana	0/0	4/4	3/3	5/2
Mauritania	0/0	0/0	0/0	1/1
Morocco	0/0	N/A	28/27	0/0
São Tomé and Príncipe	0/0	0/0	1/1	N/A
Senegal	0/0	0/0	0/0	0/0
Suriname	0/0	0/0	0/0	0/0
USA (Gulf of Mexico)	0/0	N/A	N/A	N/A
Western Sahara	0/0	N/A	0/0	0/0



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<b>GREENHOUSE GAS EMISSIONS</b>		
Gross global Scope 1 emissions, percentage methane	Climate Risk and Resilience Report	50, 54
	Sustainability Report	58
Amount of gross global Scope 1 emissions from:		
• Flared hydrocarbons		
• Other combustion		
• Process emissions	Climate Risk and Resilience Report	51, 55
• Other vented emissions		
• Fugitive emissions		
Discussion of long and short term strategy/plan to manage Scope 1 emissions targets, and an analysis of performance against those targets	Climate Risk and Resilience Report	40-46
<b>AIR QUALITY</b>		
Air Emissions of:		
• NO <sub>x</sub> (excluding N <sub>2</sub> O)	Climate Risk and Resilience Report	50, 54
• SO <sub>x</sub>		
• VOCs		
• PM	Sustainability Report	58
<b>WATER MANAGEMENT</b>		
• Total freshwater consumed	Sustainability Report	61
% of fracked wells for which there is public disclosure of all fluid chemicals used	Not applicable; Kosmos does not engage in hydraulic fracturing.	-
% fracking sites where ground/surface water quality deteriorated compared to baseline	Not applicable; Kosmos does not engage in hydraulic fracturing.	-
<b>BIODIVERSITY IMPACTS</b>		
Description of environmental management policies and practices for active sites	Sustainability Report	34-38
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• Number/aggregated volume of hydrocarbon spills		
• Volume in Arctic	Sustainability Report; Kosmos does not have Arctic operations.	61
<b>SECURITY, HUMAN RIGHTS &amp; RIGHTS OF INDIGENOUS PEOPLES</b>		
% proved and % probable reserves in/near indigenous land	Not applicable; Kosmos does not have terrestrial sites and therefore our operations are not in or near indigenous land.	-
Discussion of engagement practices and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Sustainability Report	34; 40-41
<b>COMMUNITY RELATIONS</b>		
Discussion of process to manage risks and opportunities associated with community rights and interests	Sustainability Report	9; 40-41

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ACCOUNTING METRIC	WHERE REPORTED	PAGE NUMBER
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<ul style="list-style-type: none"> <li>• TRIR</li> <li>• Fatality Rate</li> </ul>	Sustainability Report	56
Discussion of management systems used to integrate a culture of safety throughout the E&P lifecycle	Sustainability Report	22-25
<b>RESERVES VALUATION &amp; CAPITAL EXPENDITURES</b>		
Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Climate Risk and Resilience Report	26-31
Amount invested in renewable energy, revenue generated by renewable energy sales	Not applicable; Kosmos does not currently invest in renewable energy.	-
Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	Climate Risk and Resilience Report	14-31
<b>BUSINESS ETHICS &amp; TRANSPARENCY</b>		
Description of the management system for prevention of corruption and bribery throughout the value chain	Sustainability Report	12-14
<b>MANAGEMENT OF THE LEGAL &amp; REGULATORY ENVIRONMENT</b>		
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Climate Risk and Resilience Report	38-39
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<b>CRITICAL INCIDENT RISK MANAGEMENT</b>		
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Description of management systems used to identify and mitigate catastrophic and tail-end risks	Climate Risk and Resilience Report	32-35
	The Standard	6-12
<b>ACTIVITY METRICS</b>		
Production of: <ul style="list-style-type: none"> <li>• Oil</li> <li>• Natural Gas</li> <li>• Synthetic Oil</li> <li>• Synthetic Gas</li> </ul>	Annual Report	4
Number of Offshore Sites	Annual Report	18
Number of terrestrial sites	Not applicable; Kosmos only engages in offshore exploration and thus has no terrestrial sites.	-



# About this Report

Our 2019 Sustainability Report highlights the policies, processes, and procedures by which Kosmos meets Environmental, Social, and Governance (ESG) criteria, as well as how we aim to act as a force for good and promote sustainable development in our host countries.

The report reviews the application of our Business Principles and supporting policies across our business. We include information in this report based on internal discussions, external stakeholder feedback, and consultations with third-party experts.

The report is designed to communicate our progress on the Ten Principles of the United Nations Global Compact, which we support and endorse. In addition, this report is guided by the International Petroleum Industry Environmental Conservation Association (IPIECA) standards for voluntary reporting in the oil and gas sector, the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB). This report has not received external assurance from an independent reviewer.

Kosmos intends to regularly report on our Environmental, Social, and Governance policies, procedures, and performance, both on our website and through our annual Sustainability Report. We appreciate your interest in Kosmos Energy and welcome your feedback on how we can improve our reporting. Please contact us at [CorporateResponsibility@kosmosenergy.com](mailto:CorporateResponsibility@kosmosenergy.com).

## Forward-Looking Statements

This report, which speaks only as of its date, is not comprehensive, and for that reason, this report should be read in conjunction with our 2019 Annual Report on Form 10-K and Form 10Q for the quarters ended March 31, 2020 and June 30, 2020 (particularly the “Forward-Looking Statements” and “Risk Factors” sections) and our 2020 Proxy Statement, all of which can be found at [www.kosmosenergy.com](http://www.kosmosenergy.com).

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this report that address activities, events or developments that Kosmos Energy Ltd. (“Kosmos” or the “Company”) expects, believes or anticipates will or may occur in the future are forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this report specifically include the expectations of management regarding plans, strategies, objectives, anticipated financial and operating results of the Company. The Company’s estimates and forward-looking statements are mainly based on its current expectations and estimates of future events and trends, which affect or may affect its businesses and operations. Although the Company believes that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to the Company. When used in this report, the words “anticipate,” “believe,” “intend,” “expect,” “plan,” “will” or other similar words are intended to identify forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These assumptions, risks and uncertainties including without limitation: changes in demand for oil and natural gas; expenditure reductions; changes in economic, political and business conditions; changes in laws, regulations or other requirements or the enforcement or interpretation of them including those related to oil and gas exploration and production, natural resources and fossil fuels management and climate-related initiatives; technological developments of, and investments in, alternative energy; inability to reduce environmental impact; involvement in litigation; the financial and operation conditions of our supply chain; defects in risk management; losses from, or the inability to identify and mitigate, risks inherent in operating in the global energy industry; high cost or unavailability of infrastructure, materials, equipment, supplies and/or personnel; potential disruption due to war, accidents, weather and seasonal factors, political events, civil unrest, cybersecurity, geopolitical or terrorism threats, pandemics, economic downturns or other causes beyond our control.

Further information on the assumptions, risks and uncertainties to which this report is subject is available in the Company’s Securities and Exchange Commission (“SEC”) filings. The Company’s SEC filings are available on the Company’s website at [www.kosmosenergy.com](http://www.kosmosenergy.com).

Kosmos undertakes no obligation and does not intend to update or correct these forward-looking statements to reflect events or circumstances occurring after the date of this report, whether as a result of new information, future events or otherwise, except as required by applicable law. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. All forward-looking statements are qualified in their entirety by this cautionary statement. Management does not provide a reconciliation for forward-looking non-GAAP financial measures where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the occurrence and the financial impact of various items that have not yet occurred, are out of our control or cannot be reasonably predicted. For the same reasons, management is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

