



POSITIVE IMPACT

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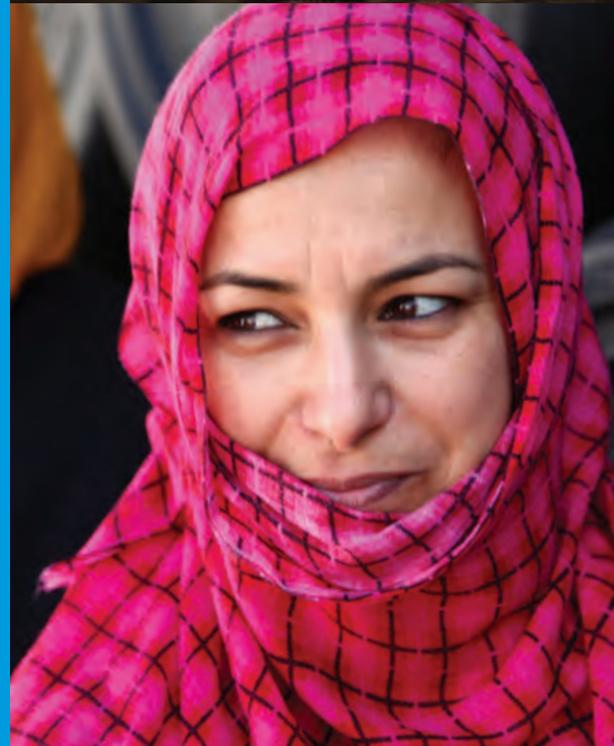
ABOUT THIS REPORT

We believe open examination of our performance builds trust and credibility, and will ultimately better equip us to have a positive and lasting impact everywhere we work. Our 2014 report, "Positive Impact," explains how corporate responsibility is a fundamental part of how Kosmos conducts its business across the globe. The report reviews the application of our Business Principles and supporting policies across each stage of the upstream project lifecycle. We continue to strengthen governance over our corporate responsibility performance, including a focus on embedding corporate responsibility into our daily business activities.

Selection of information for inclusion in the report was based on internal materiality discussions, external stakeholder feedback, and consultations with third-party experts. Among other things, the report is designed to communicate our progress on the Ten Principles of the United Nations Global Compact, which we support and endorse. Additionally, this report is guided by the International Petroleum Industry Environmental Conservation Association (IPIECA) standards for voluntary reporting in the oil and gas sector and by the Global Reporting Initiative (GRI), although it is not in accordance with GRI guidelines. This report has not received external assurance from an independent third party.

We appreciate your interest in our company and welcome your feedback on how we can improve our reporting or on broader corporate responsibility issues. Please contact us at CorporateResponsibility@kosmosenergy.com.

 **ABOUT THE COVER:** A group of girls from Nzulezo, a village located in the Jomorro District of Ghana's Western Region, travel home from school. Through Kosmos Energy's social investment partnership with the Safe Water Network, the girls' village of Nzulezo now has access to clean drinking water.



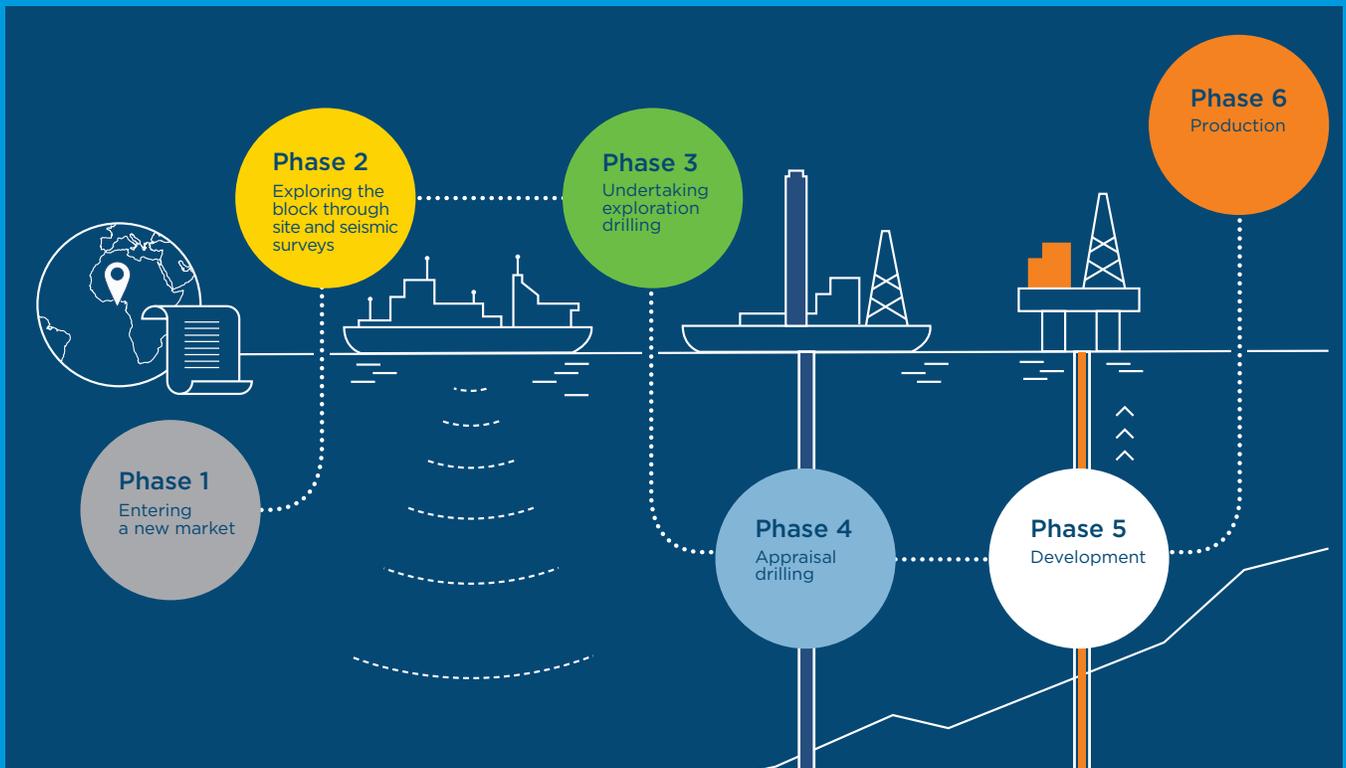


Kosmos Energy openly addresses the challenges and responsibilities that come with being a successful oil and gas exploration and production company. We understand that our operations can have significant social and environmental impacts, and we are committed to making those impacts positive. To that end, we have implemented company-wide principles and policies that guide us in being a partner of choice for governments, non-governmental organizations and people in the countries and communities in which we operate.



THE PROJECT LIFECYCLE

The diagram below outlines the oil and gas project lifecycle, from entering a new market, to exploration and, if successful, production. Our corporate responsibility activities in each area are increased as we move along the project lifecycle. The colors on the diagram coordinate to the countries and areas of operation listed on the map above to show where we are in the project lifecycle.



FINANCIAL HIGHLIGHTS

| Year Ended (in thousands, except volume data) | 2014 | 2013 | 2012 |
|--|------------|------------|------------|
| Revenues and other income | \$ 882,738 | \$ 852,153 | \$ 671,101 |
| Income tax expense | 298,898 | 166,998 | 101,184 |
| Net income (loss) attributable to common shareholders | 279,370 | (91,044) | (67,028) |
| Net cash provided by operating activities | 443,586 | 522,404 | 371,530 |
| Capital investments | 548,991 | 437,750 | 426,894 |
| Total Assets | 2,972,766 | 2,345,826 | 2,366,123 |
| Total long-term debt | 794,269 | 900,000 | 1,000,000 |
| Total shareholders' equity | 1,338,959 | 992,335 | 1,028,906 |
| Production (thousand barrels of oil per day) | 23.4 | 22.5 | 16.6 |
| Sales volumes (million barrels) | 8.7 | 7.8 | 5.9 |
| Total proved reserves (million barrels of oil equivalent) | 75 | 47 | 43 |
| Crude oil (million barrels) | 73 | 45 | 42 |
| Natural gas (billion cubic feet) | 14 | 11 | 9 |

TOTAL EMPLOYEES

2014



2013



■ Total Employees
■ U.S. Employees

EMPLOYEE DISTRIBUTION



ABOUT KOSMOS

Kosmos Energy is a leading independent oil and gas exploration and production company focused on frontier and emerging areas along the Atlantic Margins. Our assets include production and major development projects offshore Ghana, as well as exploration licenses with significant hydrocarbon potential offshore Ireland, Mauritania, Morocco, Portugal, Senegal, Suriname and Western Sahara. As an ethical and transparent company, Kosmos is committed to doing business the right way. Our Business Principles articulate our commitment to transparency, ethics, human rights, safety and the environment. Kosmos is listed on the New York Stock Exchange and is traded under the ticker symbol KOS. For additional information, visit www.kosmosenergy.com.



Some people believe oil and gas companies focus their efforts solely on what happens below the earth's surface. At Kosmos, we've made a choice to operate differently.

We recognize that delivering lasting benefits to local communities and developing mutual trust with host governments is just as important as operating competently below the ground. In this regard, we have two objectives that we pursue in tandem:

1. Find and develop sustainable oil and gas resources
2. Be a force for good in our host countries and create a positive legacy

We bring to these below- and above-ground objectives the same commitment to excellence and a differentiated approach. In our technical work, we use contrarian thinking and the latest technology to find oil and gas in places where others have failed or chosen not to look.

Similarly, in our above-ground work, we go beyond formulaic social projects to help host countries plan for future success in managing hydrocarbon resources for the long term. We invest in building the capacity and skills needed to support a vibrant petroleum sector capable of creating economic opportunity that is widely shared.

This approach is based on the values articulated in our Business Principles, as well as an unwavering commitment to corporate responsibility that doesn't change with the price of oil, shifting political winds, or other trends. It's simply the right thing to do – and, as a result, it's good business practice. The more successful our host countries become, the more valuable our assets will be. Being

a responsible operator and a good neighbor in one country opens new opportunities in another.

BEING A FORCE FOR GOOD

Since joining Kosmos last year, I have challenged the organization to continuously raise its level of performance. I want Kosmos to find new and better ways to be a partner of choice in the countries where we operate so we can have a positive and lasting impact. In 2014, we continued to make progress:

- **In Ghana**, where we have our largest presence outside the U.S., we took an important step forward when we formed an independent advisory council comprised of respected Ghanaian business leaders who help us better understand national and local dynamics so that we can support the country's needs as a developing economy.
- **In Western Sahara**, where geo-political sensitivities have stifled foreign investment for more than 40 years, Kosmos was the first international oil company to complete a Social Impact Assessment, as well as engage more widely with local people on the potential impacts and benefits of hydrocarbon exploration. Consistent with our Business Principles, we have also made infrastructure investments and brought skills training to local people ahead of drilling our first exploration well offshore Cap Boujdour.

- **In Mauritania**, where other oil and gas companies have left several thousand tons of drilling waste in storage at the Port of Nouakchott, we worked with the Ministry of Environment and Sustainable Development to create a novel solution to this pressing waste management issue that has baffled others in the industry. A pilot program will be launched in 2015 and includes an approach that trains local companies and shares technology to ensure a sustainable solution for the long-term.
- **In Morocco**, which has yet to experience a commercially viable hydrocarbon discovery, we continued to support the government's efforts to prepare for the future. We brought international experts to Morocco to lead workshops on best practices in natural resource management, transparency, and stakeholder consultation. These initiatives are aimed at making sure a potential discovery benefits the local people.

KEY CHALLENGES

Although we are proud of our accomplishments, we approach the future knowing that we will continue to wrestle with a number of challenges, including:

- **Safety** – Nothing is more important than the safety of our people and contractors, and it remains a key area of focus with the goal of continuous improvement. Whilst we did not have any lost time injuries in 2014, our total recordable injury rate for the year was 2.03 which did not replicate last year's strong performance. We are actively working with our contractors to improve and I am deeply committed to the goal of creating an injury-free workplace.
- **Western Sahara** – There will always be some who have a different point of view about companies investing in Western Sahara while its political status is unresolved – perfect consensus in a society with so many competing interests is not possible. It's important to balance these opinions with a universal truth: people want the opportunity to improve their lives. We believe hydrocarbon development can be an engine for greater economic opportunity. Our activities have been, and will always be, conducted in a manner that is inclusive and for the benefit of local populations.
- **Human Rights** – We work in some regions where there are documented concerns regarding the conduct of public security as well as labor practices, including forced labor. Our Business Principles are clear: we will not tolerate human rights abuses. Equally, we

will use our influence with host governments to raise issues relating to human rights in our activities. In this regard, we have introduced authorities in Morocco and Western Sahara to an independent organization that works to prevent violent conflict and promote sustainable security, just as we did successfully during our time in Cameroon. We have also carried out human rights and labor rights training in Mauritania, and are vigilant in the selection of local contractors across every country where we operate.

These challenges are not insurmountable; indeed we are making strong progress in many areas. However, they require our continued attention involving frank dialogue with local communities, host governments, business partners, and other stakeholders. We welcome these conversations and will learn from them.



POSITIVE IMPACT

Many years from now, I want the people in our host countries to remember Kosmos not just as the company that discovered oil. I want them to remember Kosmos differently, as the company that discovered oil *and* worked in the right way – engaging early, listening carefully, creating a shared agenda, and investing in people and their capabilities to deliver real social benefit.

Sincerely,



Andrew (Andy) G. Inglis
Chairman and Chief Executive Officer

Corporate responsibility is core to who we are and what we do. It is integral to our strategy of advancing the societies where we work and in so doing, enhancing shareholder value by positioning Kosmos as a favored partner for governments and citizens alike.

In delivering this strategy, we are prepared to be ambitious in embracing recognized international best practices, as well as trying new progressive approaches, both below and above the ground.

Corporate-level policies and practices provide a strong framework for the work we do around the world. They enable us to maintain consistently high standards no matter where we do business. They are also critical to our success regardless of each project's stage in its lifecycle.

KOSMOS ENERGY'S BUSINESS PRINCIPLES

Kosmos Energy was founded in 2003 with the goal of creating value for all of our stakeholders, including shareholders, employees, and the governments and citizens of our host countries. We recognize that providing reliable returns to investors can only be achieved over the longer term through advancing the societies in which we work.

In 2013, we adopted the Kosmos Energy Business Principles to formalize this commitment. These Principles reflect the values that have guided us through our first decade. They are also informed by what we have learned over those early years and by what our stakeholders have told us about their expectations of a responsible oil and gas company.

The Business Principles are supported by more detailed policies, procedures and management systems, many of which are referenced in this report and on our website. The Principles reflect our values and practices across six key areas:

- [Responsibilities to Stakeholders](#)
- [Ethical Conduct](#)
- [Our Workplaces](#)
- [Kosmos and the Environment](#)
- [Kosmos in Society](#)
- [Commercial Relationships](#)



Traditional leaders from Ghana's Western Region visit the water treatment facility built by Kosmos in partnership with Safe Water Network.

The Business Principles define how we conduct our business and the standards to which we hold ourselves accountable. Directors, officers and employees are required to comply with all aspects of the Business Principles in their work activities and in representing the company. Kosmos Energy's Board of Directors is focused on building a successful, long-term future for the company and ensures we maintain good corporate governance.

The Board is made up of eleven members, including five Independent

Directors. The Board of Directors has six standing committees: Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee, External Affairs and Political Risk Committee, Health, Safety, Environmental and Security Committee, and the Exploration Assurance Committee. The External Affairs and Political Risk Committee evaluates company performance against our Business Principles and advises management on issues of potential political or societal risk. The Health, Safety, Environmental

Kosmos supports the Extractive Industries Transparency Initiative, commonly referred to as EITI. The EITI is a multi-stakeholder initiative designed to promote good governance and improved development outcomes from the exploitation of oil, gas and mining. It aims to increase transparency and accountability and to reduce the risk of misuse of resource revenues. The EITI requires that participating governments establish a steering group made up of representatives of government, business and civil society to oversee a process whereby companies declare all material payments to government, and the government declares all material receipts from extractive companies. These are then reconciled, and discrepancies identified and investigated by an independent expert. As a supporting company of the EITI at an international level and in the EITI implementing countries where we operate (currently Ghana, Mauritania and Senegal), Kosmos actively promotes the EITI and its mission. We also advocate for adoption of the EITI in our other countries of operation, such as Morocco and Suriname.



and Security Committee periodically holds joint meetings with the External Affairs and Political Risk Committee to review shared objectives and ensure alignment.

RESPONSIBILITIES TO STAKEHOLDERS

Strong and supportive relationships with our stakeholders underpin our business and create value. Our stakeholders are shareholders, employees, governments, communities, business partners and suppliers, and civil society groups. We believe we have unique corporate responsibilities to each of these groups:

- **Shareholders:** We aim to create attractive returns and manage our business risks.
- **Employees:** We aim to provide a stimulating and rewarding work environment, and will not tolerate unfair discrimination.
- **Host governments:** We seek to establish a collaborative approach and contribute to national development.

- **Communities:** We are committed to engaging and creating opportunities, as well as respecting human rights.
- **Business partners and suppliers:** We will allocate contracts through a fair and transparent process, and adhere to our Business Principles in our operations.
- **Civil society organizations:** We will engage and listen – recognizing the important role that they can play in holding governments and companies to account. We will seek out NGOs as valued partners in our social investment programs.

Investing in community and stakeholder relationships early, prior to beginning exploration drilling, is a key part of Kosmos' approach in every country where we operate. Our relationships with stakeholders in the countries and communities where we operate create mutual value and 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. Our Stakeholder Engagement and Community Development Policy details the standards to which we hold ourselves accountable when interacting with communities. We have published this policy on our website, www.kosmosenergy.com/responsibility.

Kosmos also engages in public policy discussions occurring globally around energy and corporate responsibility. We have been in dialogues with global institutions regarding policy development and human rights, such as the UN Global Compact's Business for Peace forum, in which various stakeholders come together to discuss how the private sector can create positive impacts in challenging operating environments.



Kosmos Energy staff review plans during a meeting at the shorebase in Agadir, Morocco. The Kosmos team is comprised of capable and diverse individuals, each with entrepreneurial spirit and a commitment to open and honest communications.

ETHICAL CONDUCT

We are committed to compliance with applicable laws and aim to align our conduct with international standards of good practice.

Corruption in some resource-rich countries has prevented their citizens from benefiting fully from the fruits of their country's natural resources. 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 or party political entities.

Transparency

Kosmos aims to be a leader in transparency. We report publicly on the material aspects of our performance and advocate for transparency in our dealings with host governments. Through such disclosures, we aim to strengthen investor confidence, as well as stakeholder's access to information about our company.

Many people question the contributions our industry makes to oil and gas producing countries around the world. It is in our best interest to increase knowledge and understanding about these contributions and to support greater accountability for how the revenues are spent. As such, we publish material payments to governments wherever we operate and support implementation of the Extractive Industries Transparency Initiative (EITI) internationally and in our countries of operation.



We also share publicly the key terms of our agreements with governments. To this end, all of our existing Petroleum Agreements (PAs) and Production Sharing Contracts (PSCs) are filed with the U.S. Securities and Exchange Commission. We have also published these contracts on our website to make them easily accessible to interested parties.

In 2014, we made a policy decision to disclose payments to governments at a project level, as laid out in the new European Union Accounting Directive, an initiative that aims to improve corporate accounting practices and transparency. Our project level disclosures are available on our website: <http://www.kosmosenergy.com/responsibility/transparency.php>.

We believe that this type of disclosure is beneficial to investors, civil society, and local communities, and reflects evolving international expectations.

Compliance Training

All Kosmos employees, board members and contractors are required to attend anti-corruption training yearly and certify that they have read, understood, and will comply with our robust Anti-Corruption Compliance Policy, which we have published on our website. To ensure comprehension and compliance, all employees are required to pass a test on the Anti-Corruption Compliance

Policy. Our Compliance Committee reviews requests for payments on behalf of, as well as gifts and travel provided to, government officials to ensure that these requests conform to our policies. Our Internal Audit team conducts an annual audit of the company's compliance with its business ethics policies.

Kosmos maintains an anonymous Whistleblower Hotline as a means for employees, third parties and others to report, without risk of retaliation, violations of any Kosmos policy. There are several channels through which to make a report. All reports go directly to the Chief Compliance Officer, the Director of Internal Audit, and the Chairman of the Audit Committee. We annually disclose the number of alerts lodged via the hotline, and in 2014 decided to take the additional step of disclosing the result of any investigations, while still remaining careful to protect the identity of any involved parties. Please see Performance Data on page 38 for more information.

OUR WORKPLACES

We aim to recruit the most appropriately skilled individuals and to provide stimulating and rewarding careers. We will not tolerate unfair discrimination and are committed to recruiting and promoting people on the basis of their potential and performance.



Located in Paramaribo, Suriname, The Kennedy School is a well-regarded institute for hearing impaired and deaf children. Kosmos has provided educational resources for the primary school classes as well as items for vocational classes, such as sewing machines.

We aim to create a culture that combines an entrepreneurial and team-based approach with ethical behavior.

As of year-end 2014, we had 236 employees around the globe. We are determined to incorporate the ideas and experiences new employees bring to our organization while retaining our unique culture and upholding our Business Principles. In 2014, we undertook a renewed focus on our international human resources and increased training for local (non-U.S.) employees. Approximately 88% of our employees in our countries of operation were local, working for Kosmos in their home country.

We are committed to developing our workforce and growing capability – organizationally and individually. We do this through secondments, our new intern program, personal development, and opportunities for training. We provide development opportunities to qualified employees hired into our local offices through assignments in our

Dallas office, enabling them to assume greater responsibility and handle the increasingly complex work that we are transitioning to the local country offices.

In May 2014, Kosmos undertook a reorganization to ensure the company's structure and processes were efficient and effective, and that the company was prepared for future challenges. This reorganization was ahead of the recent significant drop in oil price and resulted in 35 jobs lost in our Dallas office. Kosmos provided generous severance packages and job counseling to the affected employees. Please see the Performance Data on page 37 for employment metrics.

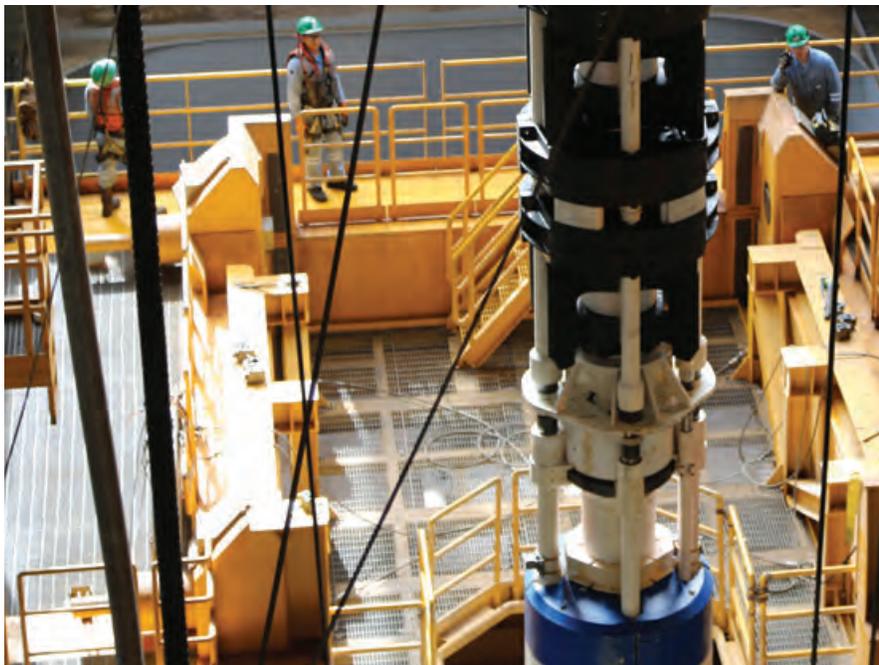
KOSMOS AND THE ENVIRONMENT

Kosmos works hard to identify and then prevent or minimize any environmental impact from our operations. Our environmental policies and procedures are clearly defined in The Standard, our internal HSE management system. The Standard sets out the performance measures

that we use to design and monitor our corporate, country, and project-level activities. A copy of The Standard is available on our website at <http://www.kosmosenergy.com/responsibility/health-safety-environment-security.php>.

This management system establishes and communicates expectations in broad management categories including safety and health, risk management, emergency preparedness, and environmental protection. Specific goals and targets for each element are benchmarked and measured to track the company's performance. Our Board of Directors, through the HSES Board Committee, oversees our environmental performance as well as management system implementation.

We conduct an Environmental Impact Assessment (EIA) for drilling and seismic acquisition projects, the results of which are then incorporated into an Environmental Management Plan.



This assessment considers both routine operations and potential incidents. Resource areas generally evaluated include air quality; water quality; sediment quality; plankton, fish, and fishery resources; benthic communities; marine mammals; sea turtles; marine and coastal birds; protected marine species and habitats of concern; fishing, shipping, and maritime industry; recreation and aesthetics/tourism; and archaeological resources.

In 2014, Kosmos conducted EIAs for seismic or drilling operations in Mauritania, Morocco, Western Sahara, and Senegal.

Drilling Safety

Drilling safety and emergency preparedness are key to Kosmos' continued success in preventing environmental incidents. Kosmos carefully considers the technology and drilling equipment we use together with the training of personnel who will be involved. We have a Well Integrity Management System (WIMS), which dictates the design and execution of drilling, completions and testing of wells in a safe and efficient manner. It is consistent with strong well governance procedures, international standards and best practices. In addition, well design and procedures are thoroughly vetted in a Three Tier Review Process to assure that well barrier elements are established, tested, and verified during well operations and the well lifecycle.

Just as important is our emergency response preparedness and ability to minimize environmental impacts in the unlikely event of an incident. Kosmos maintains access to a supply of special equipment to be used in the event of a well control issue. Our Source Control Emergency Response Plan and crisis drills prepare us to respond to a well control incident.

Climate Change

We believe climate change is real and understand that the topic is important to stakeholders around the globe. We report greenhouse gas emissions for Kosmos-operated assets on page 36 of this report.

In 2014, Kosmos received an invitation from the Climate Disclosure Project (CDP) to complete their questionnaire. After considering the request, Kosmos declined to participate. At this time, Kosmos does not operate any of its producing assets. Kosmos' only oil and gas production is offshore Ghana, where our co-venturer, Tullow Oil, operates the Jubilee field. Tullow Oil participates in the CDP, reporting emissions and management processes on behalf of the Jubilee co-venturers, including Kosmos. We will revisit this decision when Kosmos has material, operated oil and gas production.

KOSMOS IN SOCIETY

We undertake a variety of Corporate Social Investment (CSI) activities, as well as seek to support capacity building programs. We frame our CSI programs around the theme of "Building Human Capacity and Economic Opportunity." We believe this consistent theme, while underscoring the tangible benefits our investments provide to people living in the countries where we operate, will also provide practical benefits to the company by creating greater clarity about the way we view these activities. We want to highlight to our employees, contractors and to external stakeholders that our CSI activities are an integral part of our larger business plans and objectives rather than discrete, unrelated programs. Where it has the potential to increase the impact or sustainability of our programs, we often work collaboratively with public authorities, NGOs or community groups.

Human Rights

Kosmos has a deep commitment to respecting and protecting human rights. Our Human Rights Policy, available on our website, is a framework for ensuring that our behavior toward employees, contractors and external stakeholders is both responsible and respectful. In implementing our Human Rights Policy, Kosmos seeks to apply the UN Guiding Principles on Business and Human Rights. A key element of the Guiding Principles is for companies to encompass within their risk assessments the extent to which the company's activities may pose risks to those around them.

Many of the countries that we enter are new to oil and gas exploration or production and are sometimes unprepared for this activity, as evidenced by the lack of administrative capacity, governance structures and institutional strength that are necessary for sustainable energy development.

In some instances, development of natural resources occurs against a background of pre-existing tensions, or as history has shown in some cases, it may trigger conflicts related to the distribution of benefits. In addition, the social and environmental footprint of our

Kosmos commends the Government of Ghana for becoming the first African government participant in the Voluntary Principles on Security and Human Rights, joining in early 2014.

activities has the potential for significant direct and indirect impacts upon coastal communities. A failure to manage these issues may negatively impact individuals and the societies where we work, damage Kosmos' reputation and relationships with stakeholders, create complex legal liabilities and cause disruption to our business.

Kosmos is implementing the Voluntary Principles on Security and Human Rights in our operations. We have worked with The Fund for Peace, a U.S. non-profit organization that works to prevent violent conflict and to promote sustainable security in both our past operations in Cameroon and in our current operations in Morocco and Western Sahara. 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 Impact Assessment

Social Impact Assessment is a key part of how we capture and manage any societal or community risk stemming from our operations. The results of our Social Impact Assessments help develop the baseline of socioeconomic conditions before activity begins, understand and mitigate any potential adverse

impacts from the activities, and collect information that enables our future activity to benefit workers, communities, and local businesses – assuming that exploration is successful and development proceeds. While the Social Impact Assessment conclusions often help to further validate the Environmental Impact Assessment, in 2015 we aim to improve the connectedness of the two assessment processes.

We exercise due diligence so as to understand and manage the impact of our operations. Due diligence identifies our actual and potential human rights impacts and is a continuing process. Rather than conducting a stand-alone company-wide human rights risk assessment, we have incorporated human rights into all of our Social Impact Assessments, and have based our efforts on potential risk exposure. Adopting a proactive approach to human rights is good risk management.

COMMERCIAL RELATIONSHIPS

Kosmos expects our business partners, agents, suppliers and contractors to behave ethically. Their willingness to observe standards comparable to those set out in our Business Principles and our supporting policies will be a key consideration in any decision

on whether to work with them. One company that we are pleased to work with is Atwood Oceanics. To read more about the business relationship between Kosmos and Atwood Oceanics, and about the Atwood Achiever drillship, please see the case study on page 20.

In addition to our social investment activities, another way we strive to build human capacity and economic opportunity is through our supply chain. We aim to maximize the amount of goods, services and employment that we source locally. Our business approach aims to enable people to find jobs, and local businesses to access supply chain opportunities, through Kosmos. This is often difficult at the exploration stage in our project lifecycle, where there are few non-technical jobs created, and highly specialized equipment is often sourced globally.

In 2014, we began using third parties to conduct early-stage supply chain assessments in areas where we plan to drill in the coming year. We are refining this approach in 2015, and plan to continue to increase our local content levels, without compromising on quality, safety, or the timely delivery of critical goods and services.



A woman fills her buckets with clean drinking water for her family in the Western Region of Ghana. The tap pictured above is fed by one of the water filtration stations built through Kosmos Energy's multi-year partnership with Safe Water Network. Prior to the Safe Water project, the water sources in this coastal area were contaminated by high levels of salinity.



Ghana is the only country where Kosmos produces oil and gas. Kosmos and its partners, including the operator, Tullow Oil, discovered the Jubilee field in 2007 and spent 42 months drilling appraisal and development wells, and leading an integrated project team to install the Kwame Nkrumah Floating Production, Storage, and Offloading (FPSO) vessel and build the necessary subsea infrastructure before production began in late 2010. Although Kosmos does not oversee day-to-day operations of the Jubilee field – that is the responsibility of the field operator – we take an active role in technical decisions, stakeholder engagement, social investments, and other activities to ensure that Jubilee oil and gas production benefits the country.



102,000
average bpd

In 2014, the Jubilee field produced approximately 102,000 barrels of oil per day. The operational focus in Ghana remains centered on gradually increasing production to the maximum

capacity of the FPSO, while also protecting the reservoir for the long-term and maintaining the highest possible safety and environmental performance.

We believe prospects for the petroleum sector in Ghana remain strong. The Tweneboa, Enyenra and Ntomme (TEN) project, the second major oil development in Ghana, is on track to deliver first oil in the second half of 2016. The project is now more than 50 percent complete with all 10 of the wells expected to be online at first oil already drilled.

The appraisal of the Mahogany, Teak and Akasa (MTA) discoveries within the Greater Jubilee area was completed at year-end 2014 as scheduled. A Declaration of Commerciality was made at the end of March 2015 and we expect to submit a development plan for the Greater Jubilee area, incorporating both Jubilee and MTA, to the Government of Ghana later this year.

MANAGING OUR FOOTPRINT

Tullow Oil remains the operator of the Jubilee field and thus oversees daily operations related to oil and gas production. It is responsible for much

of the data reporting associated with how the field is managed and produced.

As a non-operator, Kosmos provides technical expertise to ensure the field is operated in accordance with international standards. We are focused on ensuring activities are carried out in a safe and environmentally sound manner, while increasing the below-ground value of the asset.

Our active monitoring of safety and environmental performance contributed to the Jubilee partnership achieving an important safety milestone in 2014: there were no Lost Time Injuries (LTI) on the FPSO Kwame Nkrumah, or any other Jubilee operations base, throughout 2014. This achievement represents an improvement from 2013 and can be attributed, in part, to an increased focus on safety awareness and training.

Gas from the Jubilee Field

Kosmos continues to play a critical role in ensuring that Ghana benefits from the natural gas produced alongside oil at the Jubilee field.

In November 2014, the Jubilee Unit connected the FPSO Kwame Nkrumah to the offshore pipeline to initiate gas flow to Ghana National

Job creation and broad economic development are the best legacies that a company can give its host country. After 10 years of investment in Ghana, Kosmos continues to increase its level of engagement and wants to be a part of creating our country's future.

Seth Kwasi Dei
Member of the Kosmos Energy
Ghana Advisory Council



Gas Company's (GNGC) onshore gas processing facility at Atuabo. This new infrastructure has allowed the Jubilee Partners to ship approximately 60 to 80 million cubic feet of natural gas per day to the Atuabo facility. Once processed, gas is then shipped to a Volta River Authority (VRA) facility at Aboadze where it is used to generate electricity for public and industrial use.

Using Jubilee field gas to generate reliable power is expected to improve living conditions, strengthen economic development, and save money for Ghana by displacing the imported diesel fuel historically used to generate electricity.

Full commissioning of the gas processing plant in Atuabo is expected to be completed in 2015.

Kosmos has worked with GNGC throughout the process to:

- Enable a successful start-up of gas exports from Jubilee Field
- Design a critical by-pass of the Atuabo facility which will enable reliable power generation by providing a second channel through which gas can be shipped to VRA's facility in Aboadze, and
- Plan an expansion of the Atuabo facility to accommodate TEN and Jubilee production growth.

ENGAGEMENT AND LISTENING

Ten years after entering the country, Kosmos continues to be a proud, long-term partner for Ghana. We are entering a new and deeper phase in our relationship with the government and the people in communities where we live and work.

For Kosmos, this means working with the government and other stakeholders to address the broader needs of the society, not just developing oil and gas. We are looking to create a shared agenda based on mutuality, respect, and trust.

Advisory Council

In September 2014, Kosmos took another step to demonstrate our long term commitment to Ghana by announcing the creation of an independent advisory council comprised of respected Ghanaian business leaders who will advise the



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company and serve as a sounding board as we work to support Ghana's needs as a developing economy.

Members of the council were selected for their business knowledge, independent and diverse points of view, and history of working successfully in Ghana.

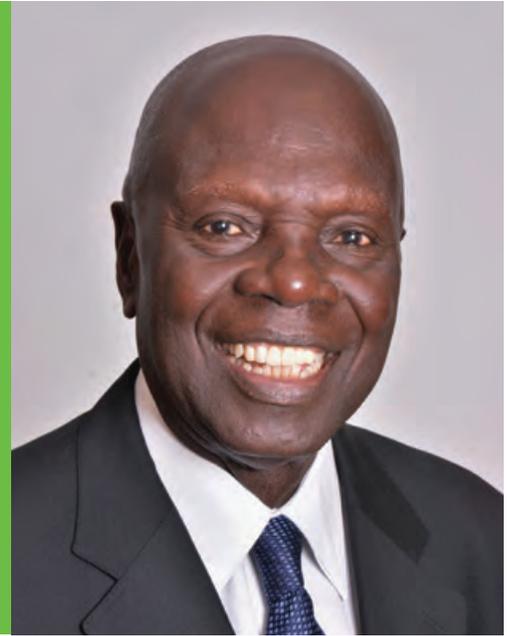
By listening to the advice and insights of these business leaders, Kosmos will play a more active role in helping Ghana develop the full potential of its oil and gas resources. There is natural alignment between Kosmos and Ghana when it comes to creating a well-managed and increasingly productive petroleum sector.

Members of the advisory council include:

- **Philippe Ayivor**, a retired executive of The Coca-Cola Company;
- **Felix Addo**, Country Senior Partner of PricewaterhouseCoopers Ghana;
- **Seth Kwasi Dei**, Founder of Leasafric and Blue Skies Ghana Limited; and
- **Ishmael E. Yamson**, non-executive Chairman of Unilever Ghana Limited and Standard Chartered Bank Ghana Limited, and former Chairman of Ghana Investment Promotion Centre (GIPC).

Kosmos has a healthy and realistic understanding that its continued success is linked to the promise of Ghana's future. The creation of an independent advisory council is a strong signal that Kosmos takes this matter seriously and wants to better understand local perspectives, challenges, and opportunities.

Ishmael E. Yamson
Member of the Kosmos Energy
Ghana Advisory Council



Transparency

Kosmos believes resource 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 these revenues. Ideally, this process is underpinned by a national dialogue in which industry plays its part with government and civil society.

In 2014, Ghana completed its third EITI oil and gas reporting cycle

and has been an EITI Compliant Country since 2010. The multi-year collaboration between industry, government and civil society has created a smooth process, and we are proud to have been part of this important step taken by the Ghanaian government. We continue to serve on the national multi-stakeholder steering committee, in addition to reporting data to Ghana EITI.

In another demonstration of our commitment to transparency and industry accountability, Kosmos supported the Ghana Journalists Awards in the Anti-Corruption and Business reporting categories.

Engaging with the Ghanaian public on the oil and gas industry

Managing public expectations following an oil and gas discovery is one of the main challenges facing international oil companies and host governments. It is common for people to expect a country's fortunes to change overnight, and media coverage in the wake of a discovery can sometimes fuel this type of speculation in the absence of a more informed public dialogue. Similarly, lack of credible information about how the oil and gas industry works can result in misconceptions about the industry.

Knowing that stakeholders in Ghana have been eager for more information – about the industry, our activities, and the current status of Jubilee field and



The Western Regional Coordinating Council, at the First Western Regional Business and Financial Services Excellence Awards, presented Kosmos Energy with the only award in the oil and gas sector, recognizing our immense contribution to the economic development of the Western Region.



Working with the Environmental Protection Agency (EPA) of Ghana, Kosmos held a consultation meeting to get local stakeholder feedback on the initial findings of a marine and fisheries impact study of the waters offshore Ghana. To read more about the study, please see the case study on page 32.

other developments – Kosmos increased its public outreach in 2014 to:

- Government agencies not directly involved in oil and gas operations
- Local media
- Non-governmental/civil society organizations
- Fishing groups
- Local community associations
- Academia

This proactive engagement included one-on-one meetings, forums, workshops, and project commissions aimed at educating stakeholders, managing expectations, and promoting good governance of industry activities. During these meetings, we encouraged stakeholders to continue the dialogue with our company by visiting our local office, email, phone calls, our grievance mechanism, or the Whistleblower Hotline.

Grievance Management

Kosmos has two main approaches to managing grievances. The first is a formal grievance mechanism – established in 2012 – that enables

members of the community to raise concerns and submit complaints. Eight grievances were logged through this formal channel in 2014.

To supplement our formal grievance mechanism, we have also stationed Community Liaison Officers (CLOs) in local villages to solicit and respond to feedback from people in the community. In 2014, we heard a general concern shared by local fisherman that oil and gas activities

offshore might be having adverse effects on marine life in Ghana's Western Region.

In response, Kosmos facilitated an independent study to understand the situation, establish the potential underlying causes, and propose actions to address stakeholders' marine environmental concerns. The study was conducted by Acorn International, a leading global consultancy with expertise in





environmental and social matters, with support from the Environmental Protection Agency (EPA) of Ghana. The study included more than 100 stakeholder interviews, evaluation of more than 200 scientific studies, and a series of local workshops held in Takoradi, Accra and the Nzema East Municipal and Ahanta West Districts to test the findings and invite feedback.

A draft report was released by Acorn International in October 2014. The final report was published and provided to the public in February 2015. The study found that issues such as declining fish stocks, whale mortality, algal blooms, and tar balls were not directly attributable to offshore oil and gas activities. To read more about this study, and

interactions between the offshore oil and gas industry and fisheries, please see page 32.

POSITIVE IMPACT

In 2014, we continued to support social programs in Ghana through Kosmos-initiated programs, as well as those led by the Jubilee Partners. Our programs and activities focus on building capacity, providing alternative livelihoods, improving health and hygiene, and enhancing socio-economic conditions in the Western Region.

Social Investments

Most of our social investment spending in Ghana for 2014, over 2.2 million dollars, is our contribution to the Jubilee Unit's social investment projects, which focus largely on vocational training. These initiatives are overseen by a team of representatives from Jubilee companies, including Kosmos. In addition, we invested \$711,000 in social programs independent of the Jubilee Unit.



Kosmos provided improved fish smoking ovens to two communities in the Western Region, which enable local women fishmongers to improve the quality of their product and limit spoilage. This initiative has helped the women sustain their income year-round, preventing post-harvest losses during the peak fishing season.

In 2014, Kosmos and Safe Water Network, with support from the Community Water and Sanitation Agency, completed the third and final phase of a water project in line with a commitment made in November 2012 when we began construction of water stations to bring clean water to 19 communities in the Western region.

The third phase, which was completed in December 2014, benefits 12,300 people in eight communities. The newly built facilities – four water stations and three substations – produce approximately 25,000 liters per day, or 750,000 liters per month, for each community. The project also includes health and hygiene programs, as well as behavioral change strategies which are being implemented in communities and schools. Community volunteers, school children, and other groups form the basis of the outreach program and training is provided so these teams can visit homes and educate people regarding safe water handling.

Since it began in 2012, the water project has benefited more than 27,000 people in 19 communities in four districts. There are now seven working water purification facilities, eight trained local operators, and more than 64 vendors engaged. Local technical and financial capacity building initiatives and a sustainability monitoring system have been launched to ensure successful management of the water facilities.

Ebola Preparedness

The 2014 Ebola epidemic is the largest in history, affecting several countries in West Africa. Although Ghana has not had a confirmed case of the disease, the country recognizes that it needs to be prepared to handle a potential outbreak.

Following extensive discussions with Ghana's Ministry of Health to understand the country's needs and level of preparedness, Kosmos donated critical equipment for three infectious disease containment and treatment centers in Kumasi, Tema and Tamale. The equipment included generators, incinerators, and other critical supplies worth approximately \$325,000. The initial equipment and supplies for the first facility in Tema



were delivered in November 2014. The remaining materials are in storage pending completion of the facilities at Kumasi and Tamale.

Local Hiring and Development

Kosmos strongly supports local content initiatives in Ghana and other countries. Where openings exist, we seek to employ suitably qualified people from the places where we work. We believe in providing opportunities for highly motivated people to demonstrate their skills to contribute to the growth of the organization. We practice a culture that promotes employee and organizational capability.

Kosmos has been working with and training students from the National Service Program for the past three years. In 2014, we welcomed graduates from Sponsors for Educational

Opportunity (SEO) Africa, a program that provides educational and career programs to young people from underserved and underrepresented communities. The graduates were given paid internships and provided the opportunity to complete their national service at the Kosmos office in Accra. The interns have been assigned to work in different departments where they are challenged to apply their skills and encouraged to explore other interests. While working with Kosmos, the interns also visit other companies, such as Zeal Environmental Technologies Limited, and participate in our proactive outreach engagements to broaden their understanding of various facets of the oil and gas industry and its impact on Ghana and its people.



Kosmos acquired its acreage position offshore Mauritania in 2012 when it signed three contracts with the Société Mauritanienne Des Hydrocarbures et de Patrimoine Minier (SMHPM) covering the C8, C12, and C13 offshore blocks. The three blocks have a combined area of approximately 27,000 square kilometers.

Since acquiring extensive 2D and 3D seismic data offshore Mauritania in 2013, Kosmos has focused on preparing to drill by doing the below ground technical work necessary to maximize the chance of exploration success, as well as conducting above-ground activities, such as stakeholder engagement, so as to begin in the right way.

MANAGING OUR FOOTPRINT

Kosmos started drilling operations offshore Mauritania in November 2014, and plans to complete up to two wells in 2015.

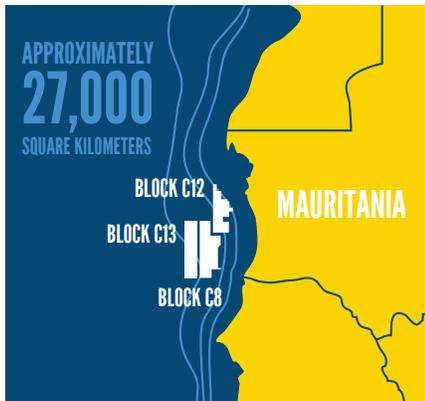
Prior to increasing our drilling-related activities, Kosmos conducted a risk assessment that surveyed waste management, emergency medical response for workplace safety, oil spill

response, aviation safety, and security. We also completed an Environmental Impact Assessment.

During our assessments, we learned that there are no disposal options available in Mauritania for certain waste streams expected to be generated during operations, such as non-aqueous drilling fluid, a synthetic-based mud that might contain cuttings, mineral oils, biodegradable esters, or olefins. With no disposal services available in Mauritania, we learned that there are several thousand tons of drilling waste – created by other companies during previous drilling campaigns – currently being stored in the Port of Nouakchott, awaiting treatment or export to other countries for disposal.

We worked with Kosmos on their environmental and social impact assessments to facilitate a genuine dialogue with local people. Our involvement reassured local people that their voices were heard and helped Kosmos better understand their questions and concerns.

Abdallahi Sene
President of Biomacène
Keur Macène, Mauritania



After many discussions with relevant authorities in Mauritania and waste disposal companies in both Morocco and Mauritania, the Ministry of Environment and Sustainable Development agreed to allow Kosmos to develop a pilot program for the treatment and disposal of some of the drilling waste in Mauritania. The program will use a centrifuge to separate a waste stream into its constituent parts – water, oils and solids – for further treatment with microorganisms prior to disposal.

The pilot program will include a local content and capacity building component to train local companies to handle such waste streams in the future. In addition, Kosmos will propose regulatory discharge limits based on international and regional laws for disposal. The pilot program is expected to be operational in time to receive waste streams from our drilling operations. Three local waste companies will work on the project to promote technology transfer into Mauritania, as well as create a service industry capable of meeting the needs of oil and gas companies operating in the country.

ENGAGEMENT AND LISTENING

Since entering Mauritania in 2012, Kosmos has engaged with a wide range of stakeholders, including government, communities, fishermen, media and civil society.

Social Impact Assessment

Although a Social Impact Assessment (SIA) is not required by Mauritanian regulations, Kosmos voluntarily conducted an SIA covering the potential impact area for the offshore C8 block, where initial drilling is taking place. The decision to conduct an



SIA without being required to do was made in accordance with the Kosmos Energy Business Principles.

To complete the SIA, we commissioned RPS Group along with Biomacène (a local NGO) to complete the study. Social impacts of routine activities and offshore drilling operations were found to be minor to negligible. The primary concerns expressed by the local population related to protecting the environment, sourcing local goods and services, creating jobs, and transparency.

Kosmos designed a locally-appropriate grievance mechanism for drilling to allow for intake of grievances through locally adapted channels, such as from community liaisons and local authorities, as well as via phone, email, letter, and in-person at our office in Nouakchott.

Transparency

We are pleased to support Mauritania's robust commitments to revenue and contract transparency. Mineral resources represent over a quarter of Mauritania's total revenue, and the Mauritanian Hydrocarbon Code of 2011 requires companies to disclose the payments they make to government. Further, Mauritania

has been an Extractive Industries Transparency Initiative (EITI) 'Compliant Country' since February 2012. Kosmos' Country Manager is a member of the country's EITI National Committee, one of eight private sector representatives.

POSITIVE IMPACT

As we continue our exploration drilling program in Mauritania in 2015, Kosmos is working hard to engage with and support the communities where we operate through programs that enhance skills and quality of life.

Social Investments

We have invested in several social projects and we are currently evaluating opportunities to expand our social investment programs in 2015.

■ English language training program in Nouakchott

Kosmos is supporting PC-Vision, a local non-governmental organization, as it implements an English training program at the vocational training school Centre de Formation et de Perfectionnement Professionnels (CFPP). The English program is a complement to the CFPP's existing vocational training curriculum.

CASE STUDY | The Atwood Achiever

In 2013, Kosmos signed a long-term contract for the newly built Atwood Achiever drillship. We are pleased to have secured this state-of-the-art vessel to support our exploration drilling over the next several years. Construction and commissioning of the drillship was completed on time, on budget, and with an exceptional safety record, largely due to the close collaboration between Kosmos and Atwood Oceanics.

The rig began operations for Kosmos in Mauritania in November 2014.

The Atwood Achiever is an ultra-deepwater, dynamically positioned drillship capable of operating in 3,658 meters of water and drilling to depths of up to 12,200 meters. The ship is 238 meters long, 42 meters wide, and has accommodations for 200 personnel. The Achiever is designed with the most advanced technologies for protecting and preserving the environment. The drillship has four mud pumps and two blow out preventers, which are state-of-the-art and have upgraded capabilities for shearing and subsea intervention. For more information on the Atwood Achiever, please see <http://www.atwd.com>.

Like Kosmos, Atwood Oceanics is committed to protecting the safety and health of the people who work on their rigs and onshore locations, and to preserving the environments where they work. Atwood's Health, Safety and Environment (HSE) Management System has been developed and implemented to ensure the safety of individuals (personal safety) and entire installations (process safety) through compliance with operating standards and the effective use of safety tools. Atwood's HSE Policy defines its commitment to its employees and other stakeholders. Atwood believes that careful planning and precise execution are the key ingredients to a safe offshore working environment. Atwood employees are expected to practice "Stop Work Obligation" whenever they have concerns that a task might be unsafe or inadequately controlled - this ensures that it is done safely, the first time.

When it comes to safety and environmental incidents, Atwood and Kosmos believe that "Zero is Achievable."



We are very pleased to have the opportunity to support Kosmos on this important exploration campaign with our most modern and capable drilling vessel. Our two companies share a common commitment to safety, environmental stewardship and operational excellence, and this has been evident in the start-up and operation of the Atwood Achiever.

Rob Saltiel
President and CEO
Atwood Oceanics

- **Providing meals for low income families**

For the past two years, Kosmos has supported the Mauritanian Red Crescent's initiative to provide the needy with food during Ramadan, a period often marked by price increases that can put basic items out of reach for many families. Kosmos' involvement has ensured more than 3,000 people had food to feed their families. Our local employees in Nouakchott have volunteered to assist in food distribution.

- **Participatory needs assessment of Ndiago**

Kosmos commissioned a socio-economic baseline and needs assessment of the municipality of Ndiago, an area in southern Mauritania directly onshore from our operations. The project took place over a period of months. The assessment was carried out by local professionals in partnership with Counterpart International, a global development non-profit organization that helps communities with food security and nutrition, economic development,

and building effective governance and institutions. The results of the assessment will influence our social investment program in Ndiago.

Local Content and Supply Chain

We believe in doing our part to ensure the benefits of our exploration activities are shared as widely as possible. Kosmos wants local people and businesses to participate in the economic opportunities created by its operations.

Mauritania has been producing oil since 2006 and has seen increased offshore exploration over the last decade. This history of oil and gas activity enabled Kosmos to hire experienced local people to staff our office and our supply base at the port of Nouakchott.

We have also commissioned Acorn International to complete a supply chain assessment and assist in developing our local hiring and contracting strategy. We aim to maximize the goods, services and employment we source from Mauritania without compromising safety and quality standards.

Human Rights

Kosmos seeks to apply the United Nations Guiding Principles on Business and Human Rights in every country where we work. The nature of our operational footprint during exploration drilling offshore Mauritania means that our exposure to potential human rights risks is currently limited.

Nonetheless, we have undertaken a stage-appropriate human rights risk assessment and we are currently incorporating appropriate mitigation measures into our activities based on the findings.

Mauritania outlawed forced labor in 1981. In order to demonstrate our support for this position, Kosmos has tightened contract language and audit rights. We have also conducted fit-for-purpose human rights training for our employees and select contractors in Mauritania.



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



Kosmos continues to mature prospects for exploration drilling offshore Morocco. We drilled our first well there, known as FA-1, in April 2014. The well reached a total depth of 3,830 meters and was plugged and abandoned after failing to encounter commercial hydrocarbons.

The well was the first in a series of play-opening wells designed to unlock the Agadir Basin.

Importantly, FA-1 encountered oil and gas shows, suggesting the presence of a working petroleum system. The well also provided key seismic calibration information and the well results are now being integrated into Kosmos' ongoing petroleum system analysis of the basin. The potential timing and location of our next exploration well is still being determined.

We continue to maintain activities at our shore base in Agadir in between drilling operations. As one of the first companies to explore offshore the country in recent years, Kosmos continues to help set the standard for how the industry does business in Morocco.

MANAGING OUR FOOTPRINT

Kosmos has offices in Rabat, the capital of Morocco, as well as our shore base at the port of Agadir. We have invested significantly in safety equipment and training for employees and contractors working at the port of Agadir. In 2014, we had a Lost Time Injury Rate (LTIR) of zero, and many of the man hours contributing to this excellent result were from workers at the port. We aim for an injury-free workplace no matter where in the world we operate and recognize that each individual needs to play a role in this effort – through safety vigilance, awareness of surroundings, and focusing on the task at hand.

We also increased investment in building the infrastructure at the port of Agadir necessary to support our drilling campaign offshore Morocco. Kosmos and its contractors upgraded



certain facilities at the port, such as installing drilling mud plants and other equipment. Throughout the process, we sourced as much equipment and labor as reasonably possible from local suppliers and contractors, ensuring that they adhered to international standards of safety and service.

ENGAGEMENT AND LISTENING

In Morocco, we work closely with the Office National des Hydrocarbures et des Mines (ONHYM), the government entity overseeing hydrocarbon exploration. The government is a key partner in managing industry risks and addressing challenges in a responsible manner.

For countries like Morocco that are relatively new to offshore deepwater oil and gas exploration, managing the potential social, environmental and economic impacts of success can be

challenging. We are eager to build capacity early, so that in the event of an oil discovery, the industry can contribute to the sustainable development of the country. As such, we have spent considerable time working with ONHYM and other government stakeholders to increase awareness of international best practices regarding resource development and the experiences of other countries.

In 2014, we organized two workshops for ONHYM and other government stakeholders in which international experts came to Morocco to lead full-day sessions on best practices in Social Impact Assessment and managing public expectations around oil and gas. We have also been working with the Moroccan government on issues related to security and human rights, in partnership with U.S.-based The Fund for Peace, an independent research and

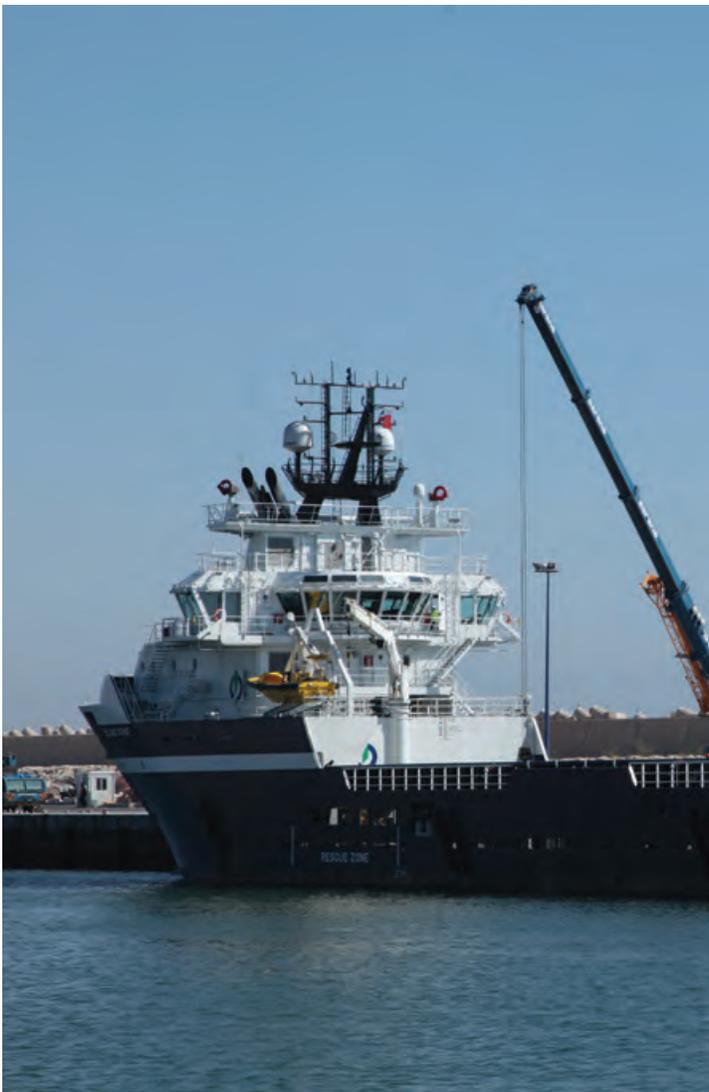
educational non-profit organization that works to prevent violent conflict and promote sustainable security.



POSITIVE IMPACTS

Our social investment program in Morocco is focused on enhancing local capacity and creating economic opportunity. Kosmos has invested in social projects across the country: in Rabat where our main office is located, and in the coastal areas nearest our offshore operations in the Essaouira and Agadir regions.

In collaboration with the Ministry of Agriculture and Marine Fisheries, Kosmos provided funding for two women's fishing cooperatives near Agadir in the towns of Sidi Abed





and Sidi Ifni. Benefitting over 200 women, our support is continuing work started under a U.S. Millennium Challenge Corporation grant to promote cooperative development and management, product quality, hygiene and safety, entrepreneurship, and leadership development.

The cooperative in Sidi Abed received training during the summer of 2014, and has been packaging algae since their training. The Sidi Ifni cooperative will be focused on producing fish products. Kosmos plans to continue supporting these cooperatives, with next steps being training in marketing and business skills.

Kosmos continues to support Corps Africa, an organization that matches Moroccan youth with communities throughout Morocco to design projects that address poverty at local levels. Kosmos sponsored a Corps Africa fellow working in a rural village near Agadir in 2014. In addition to addressing local poverty, the program enhances the skills of young development practitioners so they can continue to contribute positively long after they leave Corps Africa.

INJAZ Al-Maghrib is a non-profit focused on delivering a broad base of entrepreneurship training opportunities to Moroccan youth by partnering with the private sector. Kosmos has supported INJAZ Al-Maghrib's work in linking secondary and tertiary education with the business world and entrepreneurship for three consecutive years, and we are looking forward to partnering with INJAZ on the program's expansion into more schools in 2015.



CASE STUDY | Morocco Capacity Advancement Partnership



Kosmos has partnered with Chevron Morocco to develop and fund a new program designed to advance capacity in Morocco across three main focus areas: the oil and gas industry, economic development, and healthcare.

In the oil and gas focus area, Kosmos is assisting in the development of a petroleum engineering 'minor' at local

academic institutions, as well as providing support to enhance the technical capacity and skill level of ONHYM engineers and technical staff to meet the needs of the emerging hydrocarbon sector.

In the economic development focus area, Kosmos and Chevron, along with the implementing organization Mercy Corps, are assisting in the establishment of a Moroccan Center of Excellence in Corporate Social Responsibility and Economic Development that will serve as a resource for ONHYM, private companies and social development organizations.

The healthcare focus area has engaged U.S. medical universities and the organization HEARTT to develop train-the-trainer programs for Moroccan doctors and specialist doctors, particularly in the field of maternal and child health.





Kosmos has held rights to explore the Cap Boujdour block, an area of approximately 22,000 square kilometers located 70 kilometers offshore Western Sahara, since 2006 under a petroleum agreement with the Kingdom of Morocco, which includes our partner, the Office National des Hydrocarbures et des Mines (ONHYM).

Western Sahara is a UN-designated Non-Self-Governing Territory, one of 17 such territories in the world. We are extremely attentive to the sensitivity of the area and to the requirements of international law. We have been guided by the 2002 UN Legal Opinion on resource exploration and development in non-self-governing territories, including its explicit application to exploration for hydrocarbons offshore Western Sahara.

Kosmos' current activities are focused on exploration and do not involve the production of resources. Our activities have yet to prove conclusively whether sufficient hydrocarbon resources are present to justify commercial development. Kosmos Energy and the Kingdom of Morocco have signed a Joint Declaration of Principles, which made it clear that development of any commercially-viable hydrocarbon resources would

only proceed in accordance with the 2002 UN Legal Opinion.

Kosmos operates the Cap Boujdour license with a 55 percent equity interest along with ONHYM (25 percent) and Capricorn Exploration and Development Company Limited, a wholly-owned subsidiary of Cairn Energy PLC (20 percent).

MANAGING OUR FOOTPRINT

In late 2014, Kosmos began drilling its first exploration well offshore Western Sahara, known as CB-1, to test the Al Khayr prospect, a large structure containing several stacked Cretaceous-age reservoirs.

On March 2, 2015, Kosmos announced that the CB-1 exploration well had encountered hydrocarbons. The well penetrated approximately 14 meters of net gas and condensate pay in clastic reservoirs over a gross hydrocarbon bearing interval



of approximately 500 meters. The discovery was non-commercial, and the well was plugged and abandoned.

The CB-1 well was designed to open the frontier Laayoune Basin. While not a commercial find, this first well in the basin de-risked further exploration by demonstrating a working petroleum system, including the presence of a hydrocarbon charge, as well as effective trap and seal. The well results confirmed the substantial exploration potential of the Cap



Boujdour block, which includes a diverse range of independent plays and fairways with multiple prospects. Going forward, the key exploration challenge is finding reservoirs of commercial size and quality.

We are analyzing the information gathered from CB-1 and integrating it with additional 3D seismic data we recently acquired to refine our exploration plan, including deciding on the location and timing of a potential second well.

Bringing Benefits to the Region

Prior to drilling the CB-1 exploration well, Kosmos commissioned a leading global consulting company to complete an early-stage oil and gas supply chain analysis, which included a field mission to Western Sahara and locations within Morocco. This study has contributed to our understanding of the region so that in the event of exploration success, we can maximize local employment and supply chain opportunities.

Rather than using existing facilities in Agadir, Morocco, or Las Palmas, Spain, to support CB-1 drilling operations, Kosmos chose to support its offshore crew change operations from Dakhla. Kosmos invested capital into improving the Dakhla airport by expanding its heliport. The heliport project resulted in the construction of temporary hangers, enabling Kosmos' helicopters to use the facility. Local companies were hired to do the construction and the project demonstrated our commitment to investing in Western Sahara.

A Kosmos community relations coordinator has been living and working in Dakhla since November

2014 to meet with local people regarding our exploration plans and ongoing social investment programs.

ENGAGEMENT AND LISTENING

Prior to drilling the CB-1 exploration well, Kosmos conducted a Social Impact Assessment (SIA) in Western Sahara to present the project to local stakeholders and identify and address potential concerns. This assessment was conducted to complement the EIA that Kosmos had conducted earlier in the year. The SIA strengthened our understanding of potential socioeconomic impacts and created a strong foundation for our ongoing local dialogue. While an SIA is a standard practice of the oil and gas industry worldwide, we believe this is the first time an international company operating in Western Sahara has initiated such a process.

The SIA study area was defined according to potential impacts of the drilling project, and also took into account the bigger picture of a possible oil discovery offshore Western Sahara.

Consultations targeted individuals that may have been potentially impacted, or concerned that they would be impacted, by our operations. We held meetings with elected officials, business leaders, tribal leaders, as well as representatives from civil society

organizations, the tourism industry, and the fishing community. Because Kosmos' exploration well was to be drilled far offshore, with a limited onshore presence, many of our meetings specifically targeted coastal businesses and organizations related to tourism and fishing.

The SIA helped to validate and confirm the findings of the Environmental Impact Assessment, as well as the social baseline study. The assessment did not reveal any significant adverse impacts from the drilling project. However, the process did draw our attention to several important local concerns that we immediately worked to address, particularly in the areas of access to benefits, the environment, and transparency. Stakeholder feedback also highlighted key local issues that will require ongoing commitment and attention, even as the broader sociopolitical issues regarding a potential discovery are addressed.

In our Position Statement and the Joint Declaration of Principles – both of which are available on our corporate website, www.kosmosenergy.com, and our Western Sahara-specific website, www.kosmosinwesternsahara.com – we have publicly committed to ensuring that local populations are involved, consulted, and benefit equitably and in a transparent manner from any potential future development.



Kosmos has engaged intensively with relevant institutions of the Government of Morocco to encourage progress on the development of a clear framework for the eventual development of hydrocarbon resources offshore Western Sahara in accordance with the 2002 UN Legal Opinion. To this end, Kosmos has co-hosted a number of roundtables on resource governance and management of the benefits from hydrocarbon development and benefit distribution frameworks.

As we continue to prepare offshore prospects for further exploration drilling, we will continue to engage with local people, as well as consult with the Government of Morocco on the wider issues facing oil and gas development.

In addition to the feedback we have received on the ground in Dakhla, we have also received letters and emails regarding our presence in Western Sahara. We have made efforts to respond to all such feedback, whether through face-to-face discussions or other correspondence.

POSITIVE IMPACTS

Kosmos continues to work with the Kingdom of Morocco to ensure that if commercial resources are discovered offshore Western Sahara, they are developed in a manner that complies with international law and reflects best practices in resource management. If our exploration efforts are successful, resource development has the potential to create tangible social and economic

While most of the interactions that we have had with local stakeholders were broadly positive toward oil and gas exploration, the following are excerpts from a concerned stakeholder letter we received in 2014, and how we responded. We have published the full text of the letter and our response on our website.

“Precisely by siding with the Moroccan government, driven by your own economic interests, you are destroying our future. We have a right to self-determination, as stated by the International Court of Justice, repeated over and over by the United Nations and recognised by the entire international community. We have the right to choose the political future of our country. It is our decision – not yours, not the Moroccan government’s. Only after we have made our decision known, will it be clear to you with whom you should do business. Not before.

“We do not want Kosmos Energy or Cairn Energy or any other company to drill for oil in our country before we have had the chance to exercise our right to self-determination. We ask for your support for that right. You have a unique chance to create peace; by refraining from drilling until the voice of the Saharawi people has been heard.”

EXCERPT FROM OUR RESPONSE:

“If our exploration well is successful, it will take several years and much more work to determine whether sufficient hydrocarbon resources exist to justify development. Part of that work will be further engagement with local populations, as well as consultation by the Government of Morocco on the wider issues facing successful hydrocarbon development.

“We understand and appreciate your desire for self-determination. Kosmos supports the UN-led effort to resolve Western Sahara’s political status. As a private enterprise, however, we do not have a role to play in the political process. We remain hopeful that a solution can be reached to end the nearly 40 year stalemate and we will certainly support the outcome of the negotiation.

“No one benefits from maintaining a status quo that has resulted in virtually no private sector economic development for the people of the territory. We believe responsible resource development can and should proceed in parallel with the UN-led discussions on the region’s future. We also firmly believe that the 2002 UN Legal Opinion lays out a clear path for resource development to co-exist with the political process, as long as any such resource development is conducted for the benefit of the people of the territory.”

benefits for the people of the territory. Together with our partners, we are making a significant financial investment to generate information about the resources that may exist. Understanding whether oil and gas resources exist offshore can be a first step toward realizing greatly increased economic opportunity for

local people. A commercial discovery would potentially lead to significant foreign investment and job creation. Responsible exploration now, in tandem with continued work to ensure that the people of Western Sahara will benefit from any oil revenues, is an ethical and appropriate course of action.

Our phased approach to above-ground activities in Western Sahara has been based on our project lifecycle

Early-stage exploration and seismic acquisition

- Stakeholder Engagement
- Risk Assessment
- Publish contract
- Government workshops
- Supply Chain and Local Content Assessment
- Early Social Investments

Preparing to drill

- Expand Social Investments
- Conduct EIA
- Conduct SIA
- Hire community relations coordinator, based in the territory
- Executive visits
- Local content
- Security and human rights

Drill ready

- Hold local Environmental Workshop
- Implement Environmental and Social Impact Management Plan
- Ensure cultural awareness and respect among travelling employees and contractors

Before Kosmos began exploration offshore Western Sahara, we invested in bringing early benefits to local communities through infrastructure investments and other programs. Much of this on-the-ground work has focused on stakeholder engagement and social investment, consistent with how we do business everywhere we operate.

To best determine where social investment could have a positive impact, Kosmos undertook needs assessments in Dakhla and Boujdour, working respectively with AMIDEAST, a leading non-profit organization engaged in international education, training and development activities, and the High Atlas Foundation, a non-profit organization specializing in grassroots development. The studies provided valuable insights and were the basis for designing our social investment projects, which are listed below.

Workforce Development, Training and Education in Dakhla

At the vocational training center in Dakhla, AMIDEAST provides soft-skills and language classes to 18-35 year-olds who are seeking employment. The project has components specifically targeting the fishing community, co-operatives, and entrepreneurs. Upon completing the training classes, AMIDEAST assists students with their career plan, including the search for internships and jobs. A local program coordinator has been hired by AMIDEAST in



Dakhla, and local people have been recruited as teachers for the classes.

Schools Infrastructure and Hygiene Project in Boujdour

One of the findings of the study conducted by High Atlas Foundation was that seven local schools lacked hygienic and private gender-segregated bathroom facilities. This was contributing to an above-average incidence of skin and eye disease among students, as well as lower attendance rates among female students.

With the help of High Atlas Foundation, Kosmos is providing the seven schools in Boujdour with clean drinking water facilities and new, gender-segregated bathrooms. More than 4,750 students are directly benefiting from the project. Kosmos

is working with the Ministry of Health to provide health education at the schools to increase student awareness of sanitation practices, disease prevention, and personal hygiene.

Responsible Resource Development

Kosmos remains confident that responsible resource development in Western Sahara has the potential to create significant long-term social and economic benefits for the people of the territory. Kosmos, working with its partners including the Government of Morocco, will only proceed with development in accordance with international law and good practices. We believe that economic development of the territory can and should proceed in parallel with the UN-led mediation process, without adversely affecting its progress or outcome.



A helicopter waits at the temporary hangar Kosmos' built at the Dakhla airport. We selected Dakhla as the base of our drillship crew changes in order to maximize the local economic benefits of our presence. The airport was not previously set up to manage this type of helicopter operation, and we ensured that contracts for the civil works were awarded locally.



SURINAME

Kosmos' position offshore Suriname represents the expansion of our portfolio into South America. Kosmos holds a 50 percent working interest in Block 42 and Block 45. This position provides an exciting opportunity to explore the Upper Cretaceous stratigraphic play type along the northeast margin of South America.

To better understand the local context and engage early with stakeholders, Kosmos established an office in Paramaribo in 2012. Investing in a community and stakeholder relationships prior to any exploration drilling is a key part of Kosmos' strategy in every country where we operate.

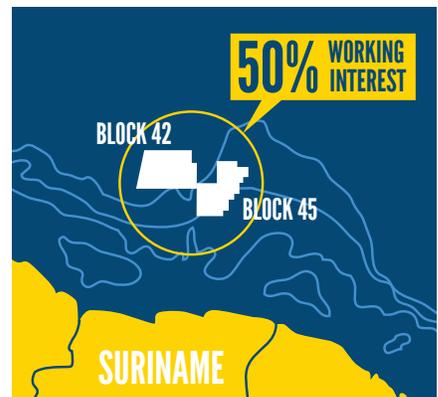


MANAGING OUR FOOTPRINT

Suriname is a country with a pristine environment, with 386 kilometers of coastline, much of which is mangroves. These mangroves protect coastal areas from erosion and flooding. Kosmos will be supporting efforts to preserve mangrove forests in the Coronie district and raise awareness of the role that mangroves play in protecting the coastline through education efforts in local schools.

ENGAGEMENT AND LISTENING

As part of our corporate commitment to build local expertise and protect the environment, we have engaged with government stakeholders on the need to develop and implement a National Oil Spill Contingency Plan in Suriname prior to an expected increase in industry activities offshore during 2015 and beyond. Kosmos is the industry representative on a multi-stakeholder committee tasked



with developing the Contingency Plan. We will continue to fully support Staatsolie, Suriname's national oil company, and other organizations on this initiative in the coming year.

Further, in 2015 we plan to conduct local consultations as part of the Environmental and Social Impact Assessment for our future drilling plans offshore Suriname. The results of this assessment will be captured in our



Suriname is still in the early stages of exploration. What we are witnessing in our offshore is positive and there is clear forward momentum.

We are pleased that we could attract a company like Kosmos because they can play an important role in helping to unlock the geological puzzle that seems to mirror the Tano basin offshore Ghana, where Kosmos and others have had success.

Like Staatsolie, Kosmos is planning for exploration success. Our ultimate aim is to ensure that the true potential of oil and gas resources will be realized for the benefit of Suriname. Kosmos is strongly supporting efforts to increase the technical skills of the future (oilfield) workforce."

Mrs. Marny Daal-Vogelland

Manager, Petroleum Contracts
Staatsolie Maatschappij Suriname N.V. /
State Oil Company Suriname N.V.

operational management plans and will influence our social investment program.

POSITIVE IMPACTS

In addition to investing in communities, Kosmos hires locally whenever possible. Although we do not yet have drilling operations in Suriname, our office in Paramaribo currently has four employees, three of whom are Surinamese.

We regularly provide training and skills development opportunities for our local employees. For example, Harvey Binjaar, our Health, Environment, Safety and Security Officer in Suriname, has rotated through our office in Ghana to gain exposure to oil and gas production at the Jubilee field, as well as through our offices in Mauritania and Morocco to observe and assist with exploration drilling operations.

Kosmos is committed to transparency and active promotion of the Extractive Industries Transparency Initiative (EITI) wherever we work - even when the nation has not yet become an EITI candidate country. In Suriname, we are continuing discussions with government stakeholders regarding the benefits of EITI implementation. For example, as part of our engagement we presented the Surinamese government with a white paper commissioned from the Ghana EITI coordinator on Ghana's experience with EITI process, including benefits of implementation and lessons learned. We will continue to advocate for increased transparency in the extractive industries, and to offer support based on our experiences with the EITI in the implementing countries in which we operate.



Students at the Saramacca Technical School conduct a laboratory experiment on electrical currents. Kosmos has supported the school by providing electrical science tools and other classroom equipment, thus enabling the students to have increased hands-on experience prior to seeking employment.

As we analyze seismic data and refine our exploration plans, we continue to implement social investment projects that impact a wide range of beneficiaries. Guided by a Kosmos-initiated needs assessment, we have designed our social programs in close collaboration with Staatsolie, the national oil company. In Suriname, we primarily focus on improving science and technical education for youth, as well as job skills training and national workforce development.

When we learned that the Geology department at Anton de Kom University, the only university in Suriname and the school from which many people in the extractives industry have graduated, needed laboratory improvements to enhance classroom-based education and provide additional courses, Kosmos stepped forward to help. Throughout 2014, we worked with university faculty to develop a Geology lab that meets students' needs and enables hands-on learning and

research. The laboratory is scheduled to be completed in 2015. Kosmos also sponsored students from the Geology department to attend the inaugural Suriname International Mining, Energy & Petroleum Conference and Exhibition (SURIMEP) in June 2014.

Since joining Kosmos in 2012 as the HSES officer in Suriname, I have had several professional development opportunities inside and outside the company. These opportunities have helped build my skills, knowledge, and expertise. I have completed training rotations in the U.S., Ghana, Mauritania, and Morocco to learn the best practices of my colleagues. I have also worked with external stakeholders in Suriname through monthly HSES meetings with offshore operators, participated in the Suriname National Oil Spill Response Plan working group (NOSCP), and served as a member of the Steering Committee for the Regional Activity Center in Oil Spill Combatting for the Wider Caribbean (RAC/REIMPEICT). The global culture and perspective at Kosmos Energy has been critical to my success.

Harvey Binjaar

Health, Environment, Safety and
Security Officer,
Kosmos Energy Suriname



As an exploration company focused on frontier areas, our search for oil and gas often takes us to countries unfamiliar with our industry and where fishing plays a critical role in the local economy and society. We recognize that to be successful, we must share the ocean with the fishing industry.

ENGAGING WITH LOCAL FISHERIES

Most fishermen that we engage with believe our industries can coexist, but they often have concerns about:

- Access to fishing grounds
- Potential damage to fishing equipment from oil and gas activity that might result in lost fishing time, smaller catches, or reduced income
- Pollution
- Impacts on the movement of fish stocks
- Increased vessel traffic

At the same time, they recognize the potential benefits of the oil and gas industry, including improved maritime and port services, and greater economic opportunity beyond fishing.

In every country where we operate, we consult with local fishing communities. Good communication, trust building, and a sense of goodwill can go a long way toward creating an atmosphere of successful coexistence.

SEISMIC SURVEYS - SENEGAL AND IRELAND

To work successfully alongside the fishing industry, Kosmos engages with coastal communities early in the project lifecycle, ahead of conducting seismic surveys. This process typically involves:

- Identifying fishing communities potentially affected by seismic activities
- Holding workshops to educate people about what a seismic survey involves, how it is carried out, and any restrictions it entails in the areas open to fishing
- Delineating the seismic zone clearly
- Explaining the risks and hazards associated with the simultaneous presence of various types of activities in the area, and communicating the “do’s” and “don’ts” for the survey period
- Using various channels to broadly disseminate this information, such as distributing printed leaflets at ports or working with local radio stations

In addition, Kosmos hires fisheries liaison officers (FLOs) from among the local population who sail on the seismic vessel and its support vessels to serve as familiar and primary points of contact for artisanal fisherman and commercial fleets. On land and at sea, field representatives and FLOs

keep these important stakeholders informed about the nature and duration of our seismic activities.

In 2014, Kosmos conducted a 7,000 square kilometer 3D seismic survey offshore Senegal without incident largely due to these proactive measures.

Where possible, Kosmos supports fisheries in other ways during and after seismic operations by gathering and sharing marine mammal data acquired during surveys. For example, in Ireland, we are supporting the Marine Renewable Energy Ireland initiative by contributing marine ecological data sets developed during 2013 seismic surveys to help researchers better understand the marine ecology of the Porcupine Basin. Kosmos also supports a similar marine biodiversity initiative in Mauritania – led by GIZ, a German sustainable development organization – to promote understanding and protection of the offshore ecosystem.



DRILLING OPERATIONS - MOROCCO, WESTERN SAHARA, AND MAURITANIA

Successful engagement with the fishing industry ahead of seismic acquisition creates a foundation of goodwill that can be built upon once Kosmos decides to proceed with exploration drilling.

In 2014, Kosmos conducted drilling operations offshore Morocco, Western Sahara, and Mauritania. In each case, we used our successful pre-seismic outreach as a template for follow-up engagement ahead of drilling. As part of our Environmental Impact Assessments and Social

Impact Assessments, we met with local stakeholders to educate them about the projects and address their concerns. These meetings were typically held in small group settings.

During outreach prior to drilling the FA-1 exploration well in the Agadir Basin offshore Morocco, Kosmos learned the following:

- Proactive communication to artisanal fisherman, commercial fleets, and regulators is strongly valued. In addition to project details, they welcome general information about oil and gas activities.
- Grievance mechanisms should be adjusted to meet the preferences of key stakeholder groups.
- Improvements in safety practices and culture at the port brought by Kosmos were viewed positively. Fishermen, workers, and authorities appreciated investments in training and infrastructure ahead of drilling. The safety culture is expected to have a lasting legacy at the port, preparing local workers for future employment.
- Access to benefits and opportunities in the oil and gas industry supply chain is important for local people.

PRODUCTION - GHANA

Because production might last 25 years or more, Kosmos takes a practical and long-term view of its relationship with the fishing community, focusing on collaboration that addresses issues and solves problems.

In 2014, we heard a general concern shared by local fisherman that oil and gas activities offshore might be having adverse effects on marine life in Ghana's Western Region. Fishermen complained of dwindling catches and residents feared that marine and coastal conditions might deteriorate. Media reports and special interest groups often contributed to confusion regarding the effects of oil and gas activities, and government agencies did not have the scientific data to separate fact from fiction regarding local energy development and environmental impact.

With the input of local fishing and government stakeholders, Kosmos commissioned an independent study



Our concerns as both businessmen and operators in the fishing sector are mainly environmental ones. You [Kosmos] explained well that all appropriate measures have been taken and that you follow international standards recognized and approved by the environmental organizations all over the world.

Khatat Yenja
Fishing Agent
Dakhla, Western Sahara

to understand the situation, establish the potential underlying causes, and propose actions to address stakeholders' concerns. The study was conducted by Acorn International, a leading global consultancy, with support from the Environmental Protection Agency (EPA) of Ghana.

The study included more than 100 stakeholder interviews, evaluation of nearly 200 scientific studies, and a series of local workshops held in Takoradi, Accra and the Nzema East Municipal and Ahanta West Districts.

The study focused on six concerns related to the potential or perceived effects of offshore oil and gas activities.

- Fishery and fishing
- Whale mortality
- Algal blooms
- Tar balls
- Marine environmental conditions
- Coastal socio-economic conditions

The study found that issues raised regarding declining fish stocks, whale mortality, algal blooms and tar balls were not directly attributable to offshore oil and gas activities.

The final report was presented at a public meeting hosted by Ghana EPA, with the Minister of Fisheries attending to emphasize the study's importance and encourage cooperation among all parties to implement its recommendations. In attendance were traditional chiefs, a member of parliament from Ghana's Western Region, NGOs, oil industry representatives, government officials, marine experts, and the media.

This project epitomizes Kosmos' science-based and problem-solving approach to engaging with fishing communities. We continue to engage with the local fishing community in Ghana and are aware that meaningful engagement is not the product of a one-time study but is rather an ongoing process.



34 IPIECA/OGP/API CONTENT INDEX

Kosmos Energy’s corporate responsibility reporting is informed by the IPIECA/API/OGP *Oil & Gas Industry Guidance on Voluntary Sustainability Reporting*. Also shown in the index below are the locations of information demonstrating our support for the Ten Principles of the United Nations Global Compact, both in this report and in other sources, such as our publicly available policies and on our website, www.kosmosenergy.com.

| Indicator Number | Indicator | Global Compact Principle | Where Reported | Page Number in 2014 CR Report |
|--|---|--------------------------|---|--|
| ENVIRONMENTAL INDICATORS | | | | |
| CLIMATE CHANGE AND ENERGY | | | | |
| E1 | Greenhouse gas emissions | 7, 8 | CR Report: Framework CR Report: Performance Data | 10 36 |
| E2 | Energy use | | Not reported | |
| E3 | Alternative energy sources | | Not reported | |
| E4 | Flared gas | | Not reported | |
| ECOSYSTEM SERVICES | | | | |
| E5 | Biodiversity and ecosystem services | 7, 8, 9 | CR Report: Framework CR Report: Spotlights CR Report: Case Study | 9-10 30 32-33 |
| E6 | Fresh water | | CR Report: Performance Data | 36 |
| LOCAL ENVIRONMENTAL IMPACT | | | | |
| E7 | Other air emissions | 7, 8 | CR Report: Performance Data | 36 |
| E8 | Spills to the environment | 8 | CR Report: Framework CR Report: Performance Data | 10 36 |
| E9 | Discharges to water | 8 | CR Report: Performance Data Kosmos did not have any hydrocarbon discharges to water in 2014. Indicators E8 and E9 are combined in our Performance Data as "Hydrocarbon or Non-Aqueous Drilling Fluid Spills." | 36 |
| E10 | Waste | 8, 9 | CR Report: Spotlights CR Report: Performance Data THE STANDARD* | 18-19 36 |
| HEALTH AND SAFETY INDICATORS | | | | |
| WORKFORCE PROTECTION | | | | |
| HS1 | Workforce participation | 1 | CR Report: Framework CR Report: Spotlights www.kosmosenergy.com : Health, Safety, Environment and Security THE STANDARD* | 9-10 22 |
| HS2 | Workforce health | 1 | CR Report: Spotlights www.kosmosenergy.com : Health and Safety THE STANDARD* | 17 |
| HS3 | Occupational injury and illness incidents | 1 | CR Report: Spotlights CR Report: Performance Data | 13 37 |
| PRODUCT HEALTH, SAFETY AND ENVIRONMENTAL RISK | | | | |
| HS4 | Product stewardship | | Not applicable Kosmos Energy's activities are limited to the exploration for and the production of oil and gas. We produce oil in Ghana only as a non-operator | |
| PROCESS SAFETY AND ASSET INTEGRITY | | | | |
| HS5 | Process safety | 7, 8, 9 | CR Report: Framework CR Report: Performance Data THE STANDARD* | 9-10 36-37 |
| SOCIAL AND ECONOMIC INDICATORS | | | | |
| COMMUNITY AND SOCIETY | | | | |
| SE1 | Local community impacts and engagement | | CR Report: Framework CR Report: Spotlights CR Report: Case Study CR Report: Performance Data www.kosmosenergy.com : Society and Communities Kosmos Energy Stakeholder Engagement and Community Development Policy* | 7, 11 13-16, 19, 23, 27-28 32-33 38 |
| SE2 | Indigenous peoples | | Kosmos Energy Stakeholder Engagement and Community Development Policy* | |
| SE3 | Involuntary resettlement | | Not applicable | |

| Indicator Number | Indicator | Global Compact Principle | Where Reported | Page Number in 2014 CR Report | |
|--------------------------------|---|--|---|--|-----------------------------|
| SOCIAL AND ECONOMIC INDICATORS | SE4 | Social investment | CR Report: Framework CR Report: Spotlights CR Report: Performance Data www.kosmosenergy.com: Society and Communities Kosmos Energy Stakeholder Engagement and Community Development Policy* | 10 16-17,19, 21,23-24, 28-29,31,32 38 | |
| | LOCAL CONTENT | | | | |
| | SE5 | Local content practices | 6 | CR Report: Framework CR Report: Spotlights www.kosmosenergy.com: Our People Kosmos Energy Stakeholder Engagement and Community Development Policy* | 11 19, 21, 23, 27 |
| | SE6 | Local hiring practices | 6 | CR Report: Framework CR Report: Spotlights CR Report: Performance Data www.kosmosenergy.com: Our People Kosmos Energy Stakeholder Engagement and Community Development Policy* | 8-9, 11 17, 21, 31 37 |
| | SE7 | Local procurement and supplier development | | CR Report: Framework CR Report: Spotlights Kosmos Energy Stakeholder Engagement and Community Development Policy* | 11 21-23 |
| | HUMAN RIGHTS | | | | |
| | SE8 | Human rights due diligence | 1, 2, 4, 5 | CR Report: Framework CR Report: Spotlights www.kosmosenergy.com: Human Rights Kosmos Energy Human Rights Policy* | 10-11 21, 28 |
| | SE9 | Human rights and suppliers | 1, 2 | CR Report: Spotlights Kosmos Energy Human Rights Policy* | 21 |
| | SE10 | Security and human rights | 1, 2 | CR Report: Framework CR Report: Spotlights www.kosmosenergy.com: Security Kosmos Energy Human Rights Policy* | 11 23 |
| | BUSINESS ETHICS AND TRANSPARENCY | | | | |
| SE11 | Preventing corruption | 10 | CR Report: Framework CR Report: Performance Data www.kosmosenergy.com: Business Ethics Kosmos Energy Anti-Corruption Compliance Policy* | 8 38 | |
| SE12 | Preventing corruption involving business partners | 10 | CR Report: Framework www.kosmosenergy.com: Business Ethics Kosmos Energy Anti-Corruption Compliance Policy* | 8 | |
| SE13 | Transparency of payments to host governments | 10 | CR Report: Framework CR Report: Spotlights CR Report: Performance Data www.kosmosenergy.com: Transparency Kosmos Energy Stakeholder Engagement and Community Development Policy* | 6-7 14, 19, 31 36 | |
| SE14 | Public advocacy and lobbying | 10 | CR Report: Framework CR Report: Spotlights | 7 28 | |
| LABOR PROTECTION | | | | | |
| SE15 | Workforce diversity and inclusion | 1, 6 | CR Report: Performance Data www.kosmosenergy.com: Our People www.kosmosenergy.com: Careers | 37 | |
| SE16 | Workforce engagement | | www.kosmosenergy.com: Our People www.kosmosenergy.com: Careers | | |
| SE17 | Workforce training and development | | CR Report: Framework CR Report: Spotlights www.kosmosenergy.com: Our People | 8-9 17, 31 | |
| SE18 | Non-retaliation and grievance system | 1, 2, 3, 6 | CR Report: Framework CR Report: Spotlights CR Report: Performance Data www.kosmosenergy.com: Business Ethics Kosmos Energy Stakeholder Engagement and Community Development Policy* | 8 15 38 | |

*PDFs are available at www.KosmosEnergy.com/responsibility/

ENVIRONMENT

The Environment data presented in this report is for Kosmos operated assets only. The data represents drilling rigs as well as support vessels. In 2014, Kosmos conducted two workovers in Ghana, Akasa-1 and Mahogany-3, in the West Cape Three Points block. We also drilled our first exploration well in Morocco, and began exploration drilling in Western Sahara and Mauritania. Waste and air emissions are measured in tons, with greenhouse gas emissions measured in metric tons of CO₂ equivalent.

| | 2012 Ghana | 2013 Ghana | 2014 Ghana | 2014 Morocco | 2014 Mauritania |
|--|------------------|---------------|---------------|-----------------|--------------------|
| Waste (tons) | | | | | |
| Hazardous | 125.3 | 65.02 | 7.93 | 338.53 | 318.03 |
| Non-Hazardous | 156 | 34.78 | 15.54 | 1617.25 | 1343.78 |
| TOTAL | 281.82 | 99.80 | 23.47 | 1955.78 | 1661.81 |
| Recycled/reused/treated | 55% | 21% | 36% | 22% | 15% |
| Air Emissions (tons) | | | | | |
| Carbon Dioxide (CO ₂) | 40607.9 | 2384.04 | 1572.27 | 31525.16 | 19019.73 |
| Mono-Nitrogen Oxides (NO _x) | 1088.4 | 2.28 | 29.18 | 702.89 | 432.25 |
| Sulfur Oxides (SO _x) | 172.8 | .18 | 3.79 | 18.88 | 16.96 |
| Methane (CH ₄) | 2.86 | 15.02 | 0.09 | 292.10 | 158.91 |
| Volatile Organic Compounds (VOCs) | 30.7 | 1.71 | 0.98 | 47.14 | 27.13 |
| Greenhouse Gases (GHGs) | N/R ¹ | 2699.46 | 1574.16 | 37659.18 | 22356.84 |
| Other | | | | | |
| Fines and penalties | 0 | 0 | 0 | 0 | 0 |
| Freshwater consumption | N/R | 0 | 0 | 0 | 0 |
| Hydrocarbon or Non-Aqueous Drilling Fluid Spills | 0 | 0 | 0 | 0 | 0 |

PAYMENTS TO GOVERNMENTS (USD)²

The 'Payments to Governments' data are reflective of direct payments made to government entities by Kosmos Energy. Not reflected in the numbers below are payments to the port authority in Morocco primarily for leased use of port facilities in the amount of \$1.6 million. Please see the footnotes below for further detail on the payments we made to our host country governments in 2014.

| | Ghana | Ireland | Mauritania | Morocco | Suriname |
|-------------------------------|------------------------|----------------|------------------|----------------|----------------|
| Surface Rentals | 18,000 | 113,000 | 54,000 | — | — |
| Training ³ | 175,000 | — | 900,000 | — | — |
| Taxes ⁴ | 1,263,000 | — | 228,000 | 574,000 | 250,000 |
| Income Taxes ⁵ | 85,187,000 | — | — | — | — |
| Other ⁶ | 104,000 | 24,000 | 300,000 | — | — |
| TOTAL | 86,747,000 | 137,000 | 1,482,000 | 574,000 | 250,000 |
| Royalties (in barrels of oil) | 449,090 ⁽⁷⁾ | N/A | N/A | N/A | N/A |

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

2. Our project-level disclosures are available on our website at www.kosmosenergy.com/responsibility/transparency.php

3. Represents payments made directly to government for satisfaction of training obligations per the Petroleum Sharing Contracts (PSCs). In addition to the numbers above, Kosmos made payments to third party training providers and/or national oil company employees in satisfaction of training obligations per the PSCs totaling \$105,000 for Morocco.

4. Primarily local payroll-related taxes and exclusive of withholding taxes remitted on behalf of vendors.

5. In addition to this, Kosmos Energy paid the US government \$22.8 million in income tax payments during 2014.

6. Primarily relates to permit renewals and fees for seismic data acquisition outside of licensed blocks.

7. Royalties represent the production entitlement to the Government of Ghana paid in barrels of oil out of Kosmos' working interest share of production. Based on the annual average of daily Brent prices in 2014, this is worth approximately \$44.5 million.

HUMAN RESOURCES

The data on our workforce is point-in-time as of December 31, 2014. While we continue to report voluntary turnover, this year we expanded the definition to include our global operations rather than only voluntary turnover at our U.S. office. As described on page 9, Kosmos announced the difficult decision to reorganize the company in May 2014, resulting in 35 jobs lost in our U.S. office in Dallas, Texas. This led to a 22% combined turnover rate (voluntary and involuntary) in 2014. We continue to focus on hiring and training local staff from the countries in which we work. The 'Local Employment' metric, below, does not include employees in our U.S. office, and we define expatriates as employees in our local country offices who are living and working on a long term assignment in a country not of their origin.

| | 2012 | 2013 | 2014 | | | |
|--|--------|------|--------|------|--------|------|
| Employees and Hiring | | | | | | |
| Total Employees | 249 | 248 | 234 | | | |
| New Hires | 76 | 43 | 31 | | | |
| Turnover | 4% | 8% | 5% | | | |
| Total Employees by Country | | | | | | |
| United States | 158 | 180 | 155 | | | |
| Ghana | 74 | 50 | 46 | | | |
| Morocco | 8 | 13 | 24 | | | |
| Suriname | 2 | 4 | 4 | | | |
| Mauritania | N/A | 1 | 5 | | | |
| Contractors | | | | | | |
| United States | N/R | N/R | 54 | | | |
| Ghana | N/R | N/R | 2 | | | |
| Morocco | N/R | N/R | 76 | | | |
| Suriname | N/R | N/R | 0 | | | |
| Mauritania | N/R | N/R | 4 | | | |
| Local Employment (%) | | | | | | |
| Local | 91% | 91% | 88% | | | |
| Expatriate | 9% | 9% | 12% | | | |
| Workforce Gender Distribution (%) | | | | | | |
| | Female | Male | Female | Male | Female | Male |
| United States | 38% | 62% | 39% | 61% | 34% | 66% |
| Ghana | 52% | 48% | 31% | 69% | 27% | 73% |
| Morocco | N/R | N/R | 47% | 53% | 38% | 63% |
| Suriname | N/R | N/R | N/R | N/R | 25% | 75% |
| Mauritania | N/R | N/R | N/R | N/R | 60% | 40% |

SAFETY

Kosmos reports safety data for our global operations, including both employees and contractors. The definitions of the safety data reported are consistent with those used by the International Association of Oil and Gas Producers (now IOGP and formerly known as OGP). Lost Time Injury Frequency represents the number of lost time injuries (fatalities and lost work day cases) per million work hours. Total Recordable Injury Rate refers to recordable injuries (fatalities, lost work day cases, restricted work day cases, and medical treatment cases) per million hours worked.

| | 2012 | 2013 | 2014 |
|------------------------------|-----------|-----------|-----------|
| Total Man Hours | 1,621,526 | 1,741,005 | 1,972,242 |
| Fatalities | 0 | 0 | 0 |
| Lost Time Injury Frequency | 1.23 | 0 | 0 |
| Total Recordable Injury Rate | 2.47 | 1.15 | 2.03 |

SOCIAL

We define Social Investment Spending as payments that will directly impact the constituents of social investment projects. Not reflected in the numbers below are indirect costs related to social investment, such as needs assessments and reimbursable expenses incurred by our in-country social investment personnel. All of the Social Investment Spend is for Kosmos-initiated social investment, with the exception of the Jubilee Unit and TEN development project in Ghana, which represents our participating interest in social investments of these non-Kosmos operated projects.

We have grievance mechanisms in place in every region where we have drilling operations. The grievance we received in Morocco concerned damage of fishing nets by a drilling support vessel. In Ghana, we received eight grievances regarding the implementation of some of our social investment projects in the Western Region. The unresolved grievances include: the timing of extensions of the SafeWater project, use of the fish smoking ovens, and requests for additional social investment projects. We continue engagement with the concerned parties to resolve these grievances with a mutually-agreeable solution.

In 2014, one report was made to the Whistleblower Hotline by an external party. Upon investigation, it was revealed that there had been an incidence of email phishing using a Kosmos Energy email account. Kosmos responded by educating employees on email phishing and prevention, as well as contacting the appropriate regulatory bodies who track such incidents.

| | 2012 | 2013 | 2014 |
|--|---------------------|---------------------|---------------------|
| Social Investment Spending (USD) | | | |
| Ghana | \$ 373,000 | \$ 404,000 | \$ 711,000 |
| Jubilee Unit and TEN development project | 2,699,000 | 4,739,000 | 1,509,000 |
| Cameroon | 34,000 | 185,000 | 168,000 |
| Morocco | 80,000 | 144,000 | 185,000 |
| Western Sahara | N/A | N/A | 95,000 |
| Suriname | 46,000 | 95,000 | 141,000 |
| Mauritania | N/A | 20,000 | 38,000 |
| Ireland | N/A | N/A | 89,000 |
| TOTAL | \$ 3,232,000 | \$ 5,442,798 | \$ 2,936,000 |

| Grievances Logged / Grievances Resolved | | | |
|--|-----|-----|-----|
| Ghana | N/A | 0/0 | 8/5 |
| Morocco | N/A | N/A | 1/1 |
| Western Sahara | N/A | N/A | 0/0 |
| Mauritania | N/A | N/A | 0/0 |
| Suriname | N/A | N/A | 0/0 |

| Whistleblower Program Reports | | | |
|--------------------------------------|-----|---|---|
| | N/R | 4 | 1 |





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