



*Reg Manhas*  
*Sr. Vice President, External Affairs*

January 14, 2016

Ms. Eli Lund  
Executive Head of Secretariat  
Council on Ethics  
P.O. Box 8008 Dep  
N-0030 Oslo Norway

**RE: Unofficial English Translation of DRAFT Recommendation to exclude Kosmos Energy Ltd. and Cairn Energy Plc. from the Government Pension Fund Global (“Draft Recommendation”) (Your ref: AS 11/22)**

Dear Ms. Lund:

I am writing on behalf of Kosmos Energy as the operator of the license offshore Western Sahara in response to the Draft Recommendation we received under your letter dated November 10, 2015. We are grateful for the opportunity to resume our productive dialogue with the Council on Ethics regarding our activities offshore Western Sahara and we understand that Cairn Energy will also submit a letter. By continuing to work together, I am confident we can reach a common understanding that matches what U.N. Secretary General Ban Ki-moon said in his most recent report to the U.N. Security Council, namely, that the “... interests of the inhabitants of these territories are paramount.”<sup>1</sup> This idea continues to guide everything we do with respect to Western Sahara and informs this response to the Council’s Draft Recommendation.

***Responsible Resource Development Can Promote Positive Change***

As you have learned in our meetings over the last two years, we aim to find and develop hydrocarbons and, in the process, have the benefits support broad economic development for the people of Western Sahara. In our view, economic development of the territory can and should proceed in parallel with the U.N. mediation process without adversely affecting its progress or outcome. Moreover, we believe that responsible resource development can promote positive social and economic change, and serve as a catalyst for breaking the political impasse that has existed for nearly 40 years.

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<sup>1</sup> Report of the Secretary-General on the situation concerning Western Sahara, ¶ 80, U.N. Doc. S/2015/246 (Apr. 10 2015), available at [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2015/246](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2015/246)

In 2015, we commissioned an independent research report from Chatham House, the Royal Institute of International Affairs, on what could be learned from resource development in other fragile or conflict-affected zones, including where it has been used to motivate the resolution of entrenched conflicts.<sup>2</sup> This impressive work has yielded a number of insights applicable to Western Sahara and other regions. For instance, large-scale resource development can “foster conditions more conducive to peace” by:

- “Encouraging dialogue. In an active or frozen conflict, the economic benefits of resource development might encourage parties to enter into negotiations.
- “Delivering peace dividends. Especially in post-conflict situations, resource development can contribute to peace through favorable impacts on economic growth, institutions and social spending, and public faith in and patience with the political settlement.
- “Establishing interdependence. Resource development can assist the integration of conflict affected countries into the global economy and international community, thus contributing to peace and stability, or create bilateral economic interdependence between opposed countries or regions.”

At our multiple meetings in Oslo, and in the various documents provided to the Council, we have reaffirmed that we would only proceed with resource exploration and development consistent with international law, our Business Principles<sup>3</sup>, and recognized good practices.<sup>4</sup> We continue to stand by this pledge. To this end, we have worked for a number of years to promote responsible resource development. Throughout 2013 and 2014, we brought leading international experts to Morocco to participate in a series of workshops with various government ministries to enhance their understanding of such topics as transparency, revenue management and distribution, stakeholder engagement and consultation, and informing the public about the operations of the oil and gas industry. We have also engaged a broad set of local stakeholders inside Western Sahara, as well as government and NGO stakeholders across Europe and the United States. The goal of this ongoing work is to demonstrate to the international community that we are a company that will pursue oil and gas exploration offshore Western Sahara in the right way, re-assure stakeholders that we are handling a complex situation with the appropriate level of rigor and transparency, and prepare for success before it comes.

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[https://www.chathamhouse.org/sites/files/chathamhouse/field/field\\_document/20150619InvestingInStabilityBaileyFordBrownBradley.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20150619InvestingInStabilityBaileyFordBrownBradley.pdf)

<sup>3</sup> <http://www.kosmosenergy.com/business-principles/index.html>

<sup>4</sup> <http://www.kosmosenergy.com/pdfs/PositionStatement-WesternSahara-English.pdf>

We have found our previous meetings with the Council and/or Secretariat to be helpful in refining our approach to doing business in Western Sahara. In our view, these informal conversations were substantive and candid. We recall Council participants commenting favorably on our work to address the political and economic aspects of Western Sahara, especially the Joint Declaration of Principles<sup>5</sup>, which offers important commitments regarding how the potential benefits of a hydrocarbon development would be managed in the event of exploration success. At the conclusion of our May 2014 meeting with both the Council and the Secretariat, we understood that the Council would not recommend that Norges Bank divest its shareholding in Kosmos Energy. Instead, the Council would continue to observe our activities and maintain an open dialogue. We welcomed the Council's ongoing scrutiny and accepted its challenge to find new ways to build upon our good work in Western Sahara. We participated in additional meetings with the Council as our exploration progressed and our social investments in the territory increased. In our most recent meeting with the Council, we heard an acknowledgement that there was nothing more Kosmos, as a private company, could be doing to support our exploration program and promote responsible resource development. Thus, we were surprised to receive the Draft Recommendation in its current form and would like to take this opportunity to share our thoughts on the document with the expectation that we can continue our dialogue to better understand the Council's position.

#### ***Kosmos' Activities Are Consistent With International Law***

From the beginning of our exploration offshore Western Sahara in 2006, we have viewed the 2002 U.N. Legal Opinion<sup>6</sup> as our touchstone. To this day, it remains relevant and specifically applicable on the matter of investment in Western Sahara. On two occasions in 2014 and 2015, the U.N. Secretary General has cited it as both authoritative and controlling,<sup>7</sup> and we maintain that it is a valid expression of international law regarding natural resources offshore Western Sahara. The U.N. Legal Opinion, *inter alia*, lays out the following:

1. Morocco is seen by the U.N. Legal Opinion as *de facto* "administering Power."<sup>8</sup> As such, Morocco has the right to enter into petroleum agreements for hydrocarbon exploration with Kosmos and others;<sup>9</sup>

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<sup>5</sup> <http://www.kosmosenergy.com/pdfs/ONHYM-Kosmos-Joint-Declaration-of-Principles-English.pdf>

<sup>6</sup> Letter dated 29 January 2002 from the Under-Secretary-General for Legal Affairs, the Legal Counsel, addressed to the President of the Security Council, U.N. Doc. S/2002/161 (Feb. 12, 2002) ("U.N. Legal Opinion"), available at [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2002/161](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2002/161)

<sup>7</sup> Report of the Secretary-General on the situation concerning Western Sahara, U.N. Doc. S/2014/258 (Apr. 10, 2014), available at [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2014/258](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2014/258) and Report of the Secretary-General on the situation concerning Western Sahara, U.N. Doc. S/2015/246 (Apr. 10 2015), available at [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2015/246](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2015/246)

<sup>8</sup> U.N. Legal Opinion, ¶ 8. After describing the request of the Security Council and the status of Western Sahara under Moroccan Administration, the U.N. Legal Opinion says that "given the status of Western Sahara as a Non-Self-Governing Territory, it would be appropriate for the purposes of the present analysis to have regard for the principles applicable to the powers and responsibilities of an administering Power in matters of mineral resource activities in such a Territory."

<sup>9</sup> U.N. Legal Opinion, ¶ 25, with certain criteria applicable.

2. Resource exploitation (i.e., production) activities conducted “for the benefit of the peoples ... on their behalf or in consultation with their representatives...” are considered compatible with an administering power’s U.N. Charter obligations and in conformity with the U.N. General Assembly resolutions;<sup>10</sup> and
3. The U.N. Legal Opinion concludes there would be a violation of the principles of international law applicable to mineral resource activities in Non-Self-Governing Territories only if such activities were to “proceed in disregard of the interests and wishes of the people of Western Sahara.”<sup>11</sup>

Our work offshore Western Sahara does not involve the removal of resources and focuses solely on exploration. There is a clear distinction between exploration and exploitation (i.e., production) and it is worth noting that exploration does not always lead to exploitation. Exploration is a combination of activities to determine if hydrocarbons exist in commercial quantities and whether capital should be invested on development, which can include consideration of many factors such as the socio-political and regulatory context, commodity prices, development costs, production costs, and others. Kosmos may have exploration success, but choose not to develop the resource due to insufficient volume of hydrocarbons, recognition that the requirements of the U.N. Legal Opinion cannot be met, or some other ethical or financial consideration. On the other hand, we may not discover hydrocarbons at all. To date, Kosmos has acquired seismic data and drilled one exploration well, which failed to find hydrocarbons in commercial quantities.<sup>12</sup> We remain comfortable proceeding with further exploration, which is undertaken at our own financial risk, knowing that our activities comply with the U.N. Legal Opinion and that there is wide support among local people in Western Sahara for our work.

Kosmos recognizes that additional effort and more specific plans will be needed before the potential development and production of hydrocarbon deposits can take place. The U.N. Legal Opinion provides guidance in this event: the production of hydrocarbons must be “for the benefit of the peoples ... on their behalf or in consultation with their representatives...”<sup>13</sup> There has been significant progress in creating a framework to satisfy the U.N. Legal Opinion’s key requirement regarding development and production if commercial hydrocarbon deposits are discovered. In December 2013, Kosmos and the Office National des Hydrocarbures et des Mines (ONHYM), on behalf of the Government of Morocco, signed a Joint Declaration of Principles<sup>14</sup> committing that the people of Western Sahara will benefit in an effective and equitable manner from any development and will be consulted in the process. This achievement has been recognized by many

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<sup>10</sup> U.N. Legal Opinion, ¶ 24.

<sup>11</sup> U.N. Legal Opinion, ¶ 25.

<sup>12</sup> The Draft Recommendation incorrectly states that Kosmos is committed to drill ten wells offshore Western Sahara. This is inaccurate. Kosmos has acquired seismic data and drilled one exploration well. Kosmos is not committed to drill any additional wells.

<sup>13</sup> U.N. Legal Opinion, ¶ 24.

<sup>14</sup> <http://www.kosmosenergy.com/pdfs/ONHYM-Kosmos-Joint-Declaration-of-Principles-English.pdf>

stakeholders as a positive and significant step forward. It is also worth noting that any potential production of hydrocarbons from a future discovery would occur many years from now, allowing more time to work with Moroccan authorities to ensure that specific policies and programs are implemented to satisfy obligations under the U.N. Legal Opinion.

***Kosmos is Engaged in Extensive Outreach with Local People in Western Sahara***

In addition to negotiating the Joint Declaration of Principles and its commitments that any production would benefit the people of the territory and that they would be consulted in the process, Kosmos has conducted extensive stakeholder outreach in Western Sahara to better understand the views of local people, as well as the socio-political complexities of doing business in the region. In 2014, we completed a voluntary Social Impact Assessment (SIA) in Western Sahara to present our offshore exploration project to local stakeholders primarily in Dakhla, as well as Layoune and Boujdour. During the field research component, we met with elected officials, business leaders, tribal leaders, and representatives from civil society organizations, the tourism industry, the fishing community, and other sectors of society to understand our direct social and environmental impacts. Separate from the SIA process, we met additional local stakeholders both before and after we completed drilling our exploration well. Our engagement with local people in Western Sahara continues with our resident expatriate community relations coordinator who has been living and working in Dakhla for more than a year, frequent visits to the territory by senior management to meet with local residents, and social investment projects that are providing a range of benefits to the people of the territory.

Over the last several years, we have met with sufficient numbers of elected representatives, tribal leaders, civil society members, returnees from the Tindouf camps, and others to know that our activities have their support – provided the local population benefits from any future production and we do not harm the fisheries or environment. We have encountered a range of political views in the Western Sahara during our consultations, but there has been a strong consensus that Western Sahara needs more economic opportunity, investment, and jobs. A collective hope exists among local people that Kosmos will be successful in bringing economic benefit to the area. Accordingly, we do not believe exploration is in disregard of the interests and wishes of the local population. Exploration activities to determine whether oil and gas resources exist offshore can be a first step toward realizing greatly increased economic opportunity for the people of the territory. We have heard quite clearly that people of Western Sahara want a chance to build a better life for themselves, their children, and their grandchildren. If exploration ceases, there is less opportunity for resource development to create that brighter future.

In conducting our engagement with stakeholders, Kosmos remains apolitical. As a private enterprise with commercial interests in Western Sahara, Kosmos supports the U.N.-led mediation process to resolve the territory's eventual political status. However, as the Draft Recommendation notes, we have not met with Polisario. Until the long term status of the territory is resolved, it is Morocco's obligation under the U.N. Legal Opinion to ensure the people of the territory will

receive the benefits from hydrocarbon production if our exploration is successful. Through the Joint Declaration of Principles, Morocco has given a firm assurance that the people of Western Sahara will benefit in an effective and equitable manner from any development and will be consulted in the process. We believe an arrangement entered into by Morocco for the benefit of the people of the territory is critical in meeting the key requirement of the U.N. Legal Opinion. Nothing in the U.N. Legal Opinion or other U.N. pronouncements suggests that Kosmos needs to consult with, or obtain the consent of, Polisario to conduct exploration offshore Western Sahara.

Our continued presence in the territory over the last two years and our many conversations with Saharawis, including local tribal leaders, business leaders, and returnees from Tindouf, have taught us that the social situation in Western Sahara is very complex. It is incorrect to assume that all or even most Saharawis live in Tindouf.<sup>15</sup> And while Polisario plays a specific role in the U.N.-led mediation effort, the organization does not enjoy an exclusive right outside this process to be regarded as the representative of the Saharawi people. In our experience, many Saharawis who live in Western Sahara do not hold allegiance to Polisario or consider Polisario to be their representatives. At this early stage of exploration, we believe speaking directly with local people, or their representatives, regarding their needs, interests, and wishes is a consultative approach aligned with international best practices and ethical norms.

#### ***Kosmos is Working to Manage Potential Human Rights Risks in Western Sahara***

We are acutely aware of potential human rights risks associated with conducting business in Western Sahara and we take our responsibilities in this context seriously. Our Business Principles and Human Rights Policy<sup>16</sup> articulate our commitment with respect to protecting and promoting human rights.<sup>17</sup> We see the U.N. Guiding Principles on Business and Human Rights as the authoritative body of principles against which to benchmark our work and we assess human rights and conflict risks on an ongoing basis. We continue to engage with stakeholders inside and outside of Western Sahara to ensure we have a holistic appreciation of the risks and challenges, and a proactive approach to managing them.

In 2013, under Principle 17 of the U.N. Guiding Principles, we commissioned an independent analysis of the human rights issues that might arise from working in Western Sahara, benchmarked

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<sup>15</sup> It is worth discussing with the Council the question of the number of Saharawis living in Tindouf. The Draft Recommendation cites 165,000 people based on an estimate provided to the U.N. High Commission for Refugees (UNHCR) by the Saharawi Arab Democratic Republic. However, pending a census, UNHCR's assistance program is based on a planning figure of 90,000 Saharawi inhabitants. The number of Saharawis living in Western Sahara and Morocco is estimated at approximately 180,000. Boukhars, Anouar. "Dynamics of Intergroup Conflicts in the Western Sahara." *Perspectives on Western Sahara: Myths, Nationalisms, and Geopolitics*. Eds. Anouar Boukhars and Jacques Roussellier. Lanham: Rowman & Littlefield: Lanham, 2014. 199.

<sup>16</sup> Kosmos Energy, Human Rights Policy, <http://www.kosmosenergy.com/responsibility/pdf/Kosmos-Human-Rights-Policy.pdf>

<sup>17</sup> In 2013, we joined the U.N. Global Compact and committed to implementing the Voluntary Principles on Security and Human Rights and the U.N. Guiding Principles on Business and Human Rights. We have also been invited to serve an extended term on the steering committee of the U.N. Global Compact Business for Peace Initiative in recognition of our thought leadership in this important area.

against the Guiding Principles, the Voluntary Principles on Security and Human Rights, the OECD Guidelines for Multinational Enterprises, and the IFC Performance Standards. A check-list of actions was developed based on this work, as well as a mechanism to review progress on a regular basis, which has been implemented. In addition, we have also worked with Conseil National des Droits de l'Homme and Government of Morocco on issues related to security and human rights, in partnership with The Fund for Peace, an independent research and educational non-profit organization based in the U.S. that works to prevent violent conflict and promote sustainable security.

***Significant Change Has Occurred Since 2005 Regarding Western Sahara***

While the U.N.-led mediation process to resolve Western Sahara's political status has certainly remained deadlocked, significant change in other aspects has occurred since 2005, when the Council elected to divest shares of the U.S. company Kerr-McGee for conducting exploration offshore Western Sahara. For example:

- In December 2013, Kosmos and ONHYM, on behalf of the Government of Morocco, signed a Joint Declaration of Principles committing to ensuring that resource development will be in accordance with Article 73 of the U.N. Charter and the U.N. Legal Opinion, and that the people of Western Sahara will benefit in an effective and equitable manner from any development and will be consulted in the process.
- Kosmos, Cairn and ONHYM are working to incorporate the Joint Declaration of Principles into the Petroleum Agreement covering the area offshore Cap Boujdour. This will expressly reaffirm each party's commitment to the Joint Declaration of Principles and serve as another indication of the progress we have made to ensure benefits from any exploration success will be received by the local population and that they will be consulted.
- Since 2011, Kosmos has been working with the Government of Morocco to develop an equitable framework for possible hydrocarbon development. Through a series of workshops involving international experts from major lending institutions and academia, we informed Moroccan thinking on best practice models on consultation, revenue management, sovereign wealth funds, management of public expectations, and transparency.
- Kosmos has maintained a constant presence on the ground in Western Sahara for more than a year with our placement of an American expatriate community relations coordinator in Dakhla. He is a former Peace Corps volunteer who speaks Hassaniya, the language of the Saharawi people. He has held more than 200 meetings with local people over the last 14 months, and has been involved in open forums held in 2014 and 2015 to discuss Kosmos'

social impact assessment and the environmental impact of drilling our single exploration well.<sup>18</sup>

- Kosmos conducted a Social Impact Assessment (SIA) prior to drilling our first well. The SIA involved extensive and structured engagement with key groups of society in Western Sahara and followed a workshop for regulators on best practices in social impact assessment. Although the Draft Recommendation suggests the SIA does not address the “local population’s wishes and interests,” we believe the process of conducting the SIA, with consultation of key individuals and groups in Western Sahara, provided valuable insight into the wishes and interests of the local population. The SIA is only one part of our ongoing engagement with local people.
- Kosmos maintains ongoing social investment programs in Dakhla and Boujdour which provide direct benefits to local people. In Dakhla, we provided vocational and language training to 18-35 years olds seeking employment. Since the program’s inception in 2014, there have been more than 100 graduates. In Boujdour, we have provided seven schools with clean drinking water, gender-segregated bathroom facilities, and education programs on personal hygiene and health. Nearly 5,000 students are benefitting from the project. The programs were the direct result of extensive consultation processes and needs assessments in both communities. In 2016, we will provide job skills training to an additional 80 college graduates seeking employment, as well as invest in a program to bring entrepreneurship training to more than 700 middle and high school students in Dakhla.
- Kosmos continues to study the potential impact of our activities on human rights in Western Sahara. In doing so, we engage regularly with civil society organizations and local people through our community relations coordinator who serves as the contact point for stakeholders to resolve any grievances related to our activities. We have increased our attention to this area at the request of the Council.

These developments demonstrate fundamental differences from the prevailing situation at the time of the Kerr-McGee divestment.

Beyond the positive change in Western Sahara that Kosmos has helped to catalyze through its operations, there have also been other significant developments regarding the territory over the last decade. For example:

- The U.N. Secretary General’s reports on Western Sahara to the Security Council in both 2014 and 2015 have noted the offshore exploration being conducted by Kosmos and other

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<sup>18</sup> We suggest that the Council consider meeting with our community relations coordinator to learn more about his experiences living and working in Western Sahara.

companies. The U.N. Secretary General did not condemn, nor seek to halt or delay, such exploration activities. Moreover, he made no suggestion that any such activity was outside the letter or spirit of the U.N. Legal Opinion because of lack of engagement with Polisario. Instead, the U.N. Secretary General referenced the U.N. Legal Opinion and Article 73 of the U.N. Charter, calling upon all relevant actors to recognize the principle that the interests of the inhabitants of these territories are paramount.

- Late in 2015, the U.N. Secretary General renewed his efforts to resolve Western Sahara's political status. The U.N. has called upon both sides to resolve the stalemate through negotiated settlement.
- A renewed EU-Morocco Fishing Treaty, which relies on the U.N. Legal Opinion, was ratified in late 2013. The Treaty requires Morocco to demonstrate to the satisfaction of the EU that the people of the territory are benefitting from the fishing and payments made by the EU for such rights. The EU Legal Service, on three separate occasions, issued legal opinions that Morocco has the right to manage the resources offshore Western Sahara and the EU could lawfully enter into a treaty with Morocco. The treaty does not require consultation with the people of the territory, but rests partly on the U.N. Legal Opinion's portrayal of Morocco as the *de facto* "administering Power" with an obligation to provide benefits for the people of Western Sahara.
- The Norwegian Contact Point under the OECD Guidelines for Multinational Enterprises mediated and resolved in July 2013 a dispute between Sjovik AS, a Norwegian fishing company, and the Norwegian Support Committee for Western Sahara. The [mediation decision](#) affirms that Sjovik was providing benefits to the people of the Western Sahara through its fishing operations and was not in violation of applicable law or norms. The parties agreed Sjovik would continue its operations in a transparent manner and would ensure that benefits were received by the people. This decision by a body convened by the Norwegian government provides helpful guidance on how private companies can and should conduct resource production activities in Western Sahara in an ethical and responsible manner.<sup>19</sup>
- The 2007 Morocco Autonomy Initiative offered in the U.N.-led mediation effort proposes, *inter alia*, autonomy for Western Sahara. Under the U.N. Charter, this is one of the means to achieve self-determination of people in a non-self-governing territory.
- Morocco's Economic, Social and Environmental Council consulted with the people of Western Sahara in its preparation of a "New Development Model" for Western Sahara.

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<sup>19</sup> [http://www.oecdwatch.org/cases/Case\\_247/1210/at\\_download/file](http://www.oecdwatch.org/cases/Case_247/1210/at_download/file)

Importantly, the New Development Model provides that most of the revenues and taxes generated in Western Sahara from natural resources will remain in the territory to be managed by local governments. This initiative clarifies that the affairs of the area will be managed by locally elected representatives.

- Elections of municipal, local, and regional levels were held in Western Sahara in September 2015. These elections saw high voter participation and were seen by independent authorities to be free and fair. This is an important change in how the territory is governed, especially since virtually all locally elected representatives are Saharawi and have expanded authority to manage their own affairs.

When these geopolitical events are viewed alongside Kosmos' activities in Western Sahara, it becomes clear that much has changed since 2005 and that the Council should reconsider its assertion that the "fundamental conditions in the area have not changed" in the last decade. They have, in fact, changed fundamentally regarding key issues – the framework that would apply to a potential hydrocarbon development and our knowledge of the interests and wishes of many Saharawis living in the territory.

***Kosmos' Activities in Western Sahara Comply with Fundamental Ethical Norms***

The Draft Recommendation considers "whether there is an unacceptable risk of Kosmos and Cairn contributing to particularly serious violations of fundamental ethical norms pursuant to section 3 letter e of the Ethical Guidelines through its exploration activity off the coast of Western Sahara." It is our understanding that the basis for an exclusion from the Government Pension Fund Global's portfolio is a recommendation from the Council to the Bank based on the alleged breach of one or more of the substantive provisions of the ethical guidelines. The Council's Guidelines state in pertinent part:

"Companies may be put under observation or be excluded if there is an unacceptable risk that the company contributes to or is responsible for:

- a) Serious or systemic human rights violations, such as murder, torture, deprivation of liberty, forced labor and the worst forms of child labor
- b) Serious violations of the rights of individuals in situations of war or conflict
- c) Severe environmental damage
- d) Gross corruption
- e) Other particularly serious violations of fundamental ethical norms"

Given the positive impact of our activities in Western Sahara and the transparent manner in which we have done business, we do not understand how the Draft Recommendation can conclude that our activities amount to a "particularly serious violation of fundamental ethical norms."

We would like, therefore, clarification on what part of our activities amount to “particularly serious violations of fundamental ethical norms.”

When one reads the ethical section of the Guidelines, we see that paragraph (e) must be read in conjunction with the other ethical violations in this same section, which include atrocities such as murder, torture, and forced labor. We would be grateful for an explanation of how Kosmos’ activities rise to the same level as these other ethical violations which are obvious atrocities. This is a crucial issue for Kosmos. We recall again that a mere violation of an ethical norm is not sufficient (not that we accept that we have committed such a breach), according to the ethical guidelines. The rule is attenuated with several qualifiers and stated in the context of atrocities and grave crimes recognized as such by the entire international community. The Council’s draft conclusion is totally at odds with everything our company seeks to do. We would like to discuss this matter in person with the Council and Secretariat before any final recommendation is submitted.

### ***Moving Forward Together***

I want to thank you for bringing to our attention your Draft Recommendation and giving us the time to prepare a response. It is not merely due to Norges Bank’s shareholding in Kosmos that we take so seriously the Council’s position and seek to continue our dialogue. Rather, we respect the Council’s sincere interest in promoting high standards for corporate responsibility.

We are committed to ensuring that our activities have and will always be in accordance with fundamental ethical norms and reiterate our pledge that we will not proceed with this or any other project if our Business Principles are not met. As a responsible company, we are doing all we can to work in a manner that is sensitive to the complex geo-political context of Western Sahara. As we move forward, we will maintain our extensive engagement with stakeholders both internationally and within the territory to ensure we have a holistic understanding of the issues and an informed approach to managing them.

We have welcomed the Council as an observer of our activities and accepted its challenge to improve upon our efforts in Western Sahara. By providing us with valuable scrutiny, the Council has made us better. This is why we call upon the Secretariat to reconsider its Draft Recommendation. It is our view that the Council should observe Kosmos as before and use its shareholding power to maintain the dialogue, watching our activities to ensure they continue to have a positive impact and adhere to our Business Principles and the U.N. Legal Opinion.

We intend to continue our transparent and collaborative dialogue with the Council, but know that the full force of the Council’s role as a guide for corporate responsibility is best brought to bear as a continuing active shareholder. This, we believe, would be the best approach for Kosmos and for the people of the territory.

Yours truly,

A handwritten signature in black ink, appearing to read 'R. Manhas', with a stylized flourish at the end.

Reg Manhas  
Senior Vice President, External Affairs