

CORPORATE GOVERNANCE STATEMENT 2015

INTRODUCTION

The Company's corporate governance policies are available in the Corporate Governance section of the Company's website, at <https://www.santos.com/who-we-are/corporate-governance/>. These policies and the Company's corporate governance practices meet the requirements of both the Corporations Act 2001 (Cth) ("Corporations Act") and the Listing Rules of the Australian Securities Exchange ("ASX"), together with the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations ("ASX Principles"), except where explained below.

PART I: COMPOSITION OF THE BOARD

Relevant policies and charters

See www.santos.com

- Board Charter
- Company Constitution

1.1 Board composition and Director independence

Total Directors: 9

- Eight independent non-executive Directors
- One Executive Director (Chief Executive Officer)

Following the retirement of Ken Borda as Chairman on 30 April 2015, the Board comprised eight non-executive Directors (including the Chairman), all of whom are considered independent with the exception of Mr Peter Coates during the period while he was Executive Chairman, and one executive Director (the CEO). Following completion of the Company's Strategic Review and the appointment of a new CEO, Mr Coates recommenced his role as non-executive Chairman and the Board has determined that Mr Coates is again appropriately categorised as an independent non-executive Director.

Prior to Ken Borda's retirement, the Board comprised nine independent non-executive Directors and the CEO.

The Board assesses the independence of each Director having regard to the definition of independence set out in the ASX Principles.

Each Director's independence is assessed by the Board on an individual basis, focusing on an assessment of each Director's capacity to bring independence of judgement to Board decisions. In this context, Directors are required to make prompt disclosure to the Board of any changes in interests in contracts, family ties and cross-directorships that may be relevant in considering their independence.

Directors must declare any conflict of interest that they may have at the start of all Board meetings. Where a material personal interest arises with respect to a matter that is to be considered by the Board, the Director is required to declare that interest and must not take part in any Board discussion or vote in relation to that matter, unless permitted in accordance with the Corporations Act.

To ensure regular Board renewal, the Board Charter contains a guideline that the expected tenure of a non-executive Director will be between six and nine years. This guideline applies flexibly and it is expected that some non-executive Directors may remain in office for longer periods where appropriate, for instance to maintain the desired mix of skills and experience on the Board.

On 21 August 2015, the Company announced a Strategic Review to be led by Peter Coates AO as Executive Chairman. The Strategic Review was completed on 9 November 2015. Mr Coates' appointment as Executive Chairman was temporary and for the purpose of addressing specific circumstances. For good governance reasons, the Board appointed Ken Dean as Senior Independent Director to assist Mr Coates and the Board while Mr Coates performed his additional responsibilities as Executive Chairman.

The Company announced the appointment of Kevin Gallagher as CEO on 9 November 2015. Mr Gallagher commenced on 1 February 2016, at which time Mr Coates continued as an independent non-executive Director of the Company.

Notwithstanding that Mr Coates took on the role of "Executive Chairman" for a short period of time (i.e. between 24 August 2015 and 31 January 2016), the Board is of the view that during that period, he exercised independent judgment and acted in the best interests of the Company and its shareholders at all times. The Board also notes that the fees earned by Mr Coates during this time were for his extra services and a "special exertion" fee paid under the Company's Constitution and he did not receive a salary.

Nevertheless, for the purposes of this Corporate Governance Statement, as Mr Coates served in an executive role for a temporary period, the Board has determined that Mr Coates was not independent while he performed the Executive Chairman role. Following his recommencement as non-executive Chairman on 1 February 2016, the Board is of the view that, in all the circumstances, Mr Coates is again appropriately considered to be independent.

Accordingly, during the period from 24 August 2015 until 31 January 2016, the Company did not comply with the requirement in Recommendation 2.5 of the ASX Principles for the Chairman to be independent and separate to the CEO due to Mr Coates' role as Executive Chairman. For the reasons set out above, the Board considered this arrangement to be appropriate and in the Company's best interests in the Company's circumstances and from 1 February 2016 Mr Coates resumed his role as non-executive Chairman of the Company.

1.2 Board capabilities

In determining the composition of the Board, consideration is given to the optimal mix of background, skills and experience that will position the Board to guide the Company. As the needs of the Board are dynamic, these skills and experiences may change over time.

The following diagram shows how the Company's programs and systems (described in further detail in Sections 1.3-1.5) support Santos in building an effective Board, with the breadth and depth of background, skills and experience necessary to guide the Company's strategic growth plans.



The framework for the Nomination Committee's ongoing consideration of Board composition, as specified in the Board Charter, is that Directors should be appointed primarily based on their capacity to contribute to the Company's development, and the Board should include at least some members with experience in the upstream oil and gas and/or resources industries.

In 2015, the Board comprised Directors from diverse backgrounds with a range of business experience, skills and attributes.

The table below demonstrates the skills, experience and diversity of the Directors in office at the end of 2015 across several dimensions that are relevant to Santos as a leading energy Company.

SKILLS AND EXPERIENCE OF DIRECTORS

Composition of skills and experience of the Board (out of 8)

Management and leadership		Financial/business qualifications	
Senior management positions held outside Santos (past and present)	8	Tertiary business qualification including post-graduate business studies and CA or CPA	3
Directorships held outside Santos (past and present)	8	Position held on financial bodies and councils (past and present)	2
International experience		Health, safety and environment	
Global	8	Experience managing health, safety and environment issues in a large organisation	5
Asia Pacific	8	Resources experience and education	
Governance and regulatory		Mining or minerals experience	5
Membership of governance or regulatory bodies (past or present)	4	Oil and gas experience	6
Experience in governance of a complex organisation	8	Infrastructure experience	6
Strategy		Tertiary engineering or science background	5
Mergers and acquisitions experience	7	Positions held on industry-related bodies (past and present) or membership of professional industry-related bodies	6
Experience in growing a business	8	Risk management	
Experience in implementing capital projects	6	Background in risk-focused positions e.g. CFO or auditor (past and present)	3

The names and details of the experience, qualifications, special responsibilities (including Committee memberships), and term of office of each Director of the Company can be found on pages 6-7 of the *2015 Annual Report*.

1.3 Director selection and succession planning

The Board renewal process is overseen by the Nomination Committee and involves regularly reviewing the composition of the Board to ensure that the Directors bring to the table an appropriate mix of experience, skills and backgrounds relevant to the management of a leading energy company.

With the exception of the CEO, no Director may hold office without re-election beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected.

In making recommendations relating to Board composition, the Nomination Committee takes into account both the current and future needs of the Company. The Nomination Committee specifically considers each of the Directors coming up for re-election and makes an assessment as to whether to recommend their re-appointment to shareholders. This assessment considers matters including their contribution to the Board, the results of Board and Committee reviews, and the ongoing needs of the Company. The Committee also takes into account the succession plans of the Directors more broadly.

The Nomination Committee is responsible for defining the desired attributes and skill-sets for a new Director. The services of an independent consultant are then used where appropriate to assist in the identification and assessment of a range of potential candidates based on a brief from the Nomination Committee. The Nomination Committee reviews prospective candidates and arranges for appropriate background checks to be undertaken, then makes recommendations to the Board regarding possible appointments of Directors, including recommendations for appointments to Committees.

When candidates are submitted to shareholders for election or re-election, the Company includes in the notice of meeting all information in its possession that is material to the decision whether to elect or re-elect the candidate.

1.4 Director induction and continuing education

Prior to appointment, each non-executive Director is provided with a letter of appointment which sets out the terms of their appointment and includes copies of the Company's Constitution, Board Charter, Committee Charters, relevant policies and functional overviews of the Company's strategic objectives and operations. The expectations of the Board in respect of a proposed appointee to the Board and the workings of the Board and its Committees are also conveyed in interviews with the Chairman. Induction procedures include site visits and access to appropriate executives in relation to details of the business of the Company.

The CEO and other Senior Executives are employed under separate employment agreements, which set out their rights, duties and responsibilities.

Directors are encouraged by the Board to continue their education by attending both internal and external training and education relevant to their role.

During 2015, Directors attended site visits to Gladstone and Roma, and the EHSS Committee attended a site visit to the Cooper Basin. In addition, Board meetings were held at various Santos offices and sites including in Adelaide, Sydney and Brisbane, giving the opportunity for familiarisation with each location's operations and personnel, and presentations from the local management team.

Director site visits in 2015 to Gladstone and Roma and an EHSS Committee site visit to the Cooper Basin.

1.5 Review of Board, Board Committees and Director performance

As specified in the Board Charter, reviews of Board, Committee and individual Director performance are conducted annually. At least once every three years, the annual review of the Board, Committees and individual Directors is carried out by an independent consultant. The scope of the external review is agreed in advance with the Board. Internal reviews are facilitated by the Chairman, in consultation with the Nomination Committee, and involve questionnaires and formal interviews with each Director culminating in a written report prepared by the Chairman. Where the review relates to the performance of the Chairman, the two senior independent non-executive Directors conduct the review.

An external Board review by an independent consultant was undertaken in 2015 in relation to the performance of the Board, its Committees and individual Directors. In addition, the Strategic Review initiated by the Board in August 2015 included an assessment by the Board of its own performance and effectiveness, and the Board is currently actively progressing its renewal plans.

PART 2: BOARD RESPONSIBILITIES

Relevant policies and charters

See www.santos.com

- Board Charter

The Board's overriding objective is defined in the Board Charter as "...to safely and sustainably increase shareholder value within a business framework which protects shareholders' interests".

2.1 Responsibilities

The Board is responsible for the overall corporate governance of the Company, including approving the strategic direction and financial objectives, oversight of the performance and operations of the Company, establishing goals for Management and monitoring the attainment of these goals.

Each Director is required to ensure that they are able to devote sufficient time to discharge their duties and to prepare for Board and Committee meetings and associated activities.

The Board Charter confirms that the Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have direct access to the Company Secretary and the Company Secretary has a direct reporting line to the Chairman.

The Board is responsible for:

- overseeing the Company's strategic direction and management of the Company;
- approving the annual capital and operating budget;
- approving delegations of authority to Management;
- approving significant acquisitions and disposals of assets;
- approving significant expenditure decisions outside of the Board-approved corporate budget;
- approving and monitoring financial performance against strategic plans and corporate budgets;
- approving ethical standards and codes of conduct;
- selection, evaluating and succession planning for Directors, the CEO and Company Secretary and generally endorsing the same for the CEO's direct reports;
- setting the remuneration of Directors and the CEO and generally endorsing the same for the CEO's direct reports; and
- overseeing the integrity of risk management processes and systems.

Delegation of Authority

The Board delegates management of the Company's resources to the Company's executive management team under the leadership of the CEO to deliver the strategic direction and goals approved by the Board. This is formally documented in the Company's Delegation of Authority.

Responsibilities delegated by the Board to Management:

- The conduct and operation of the Company's business in the ordinary course;
- Implementing corporate strategies; and
- Operating under approved budgets and written delegations of authority.

Performance evaluations of Senior Executives are usually undertaken by the CEO. For the 2015 performance year the Executive Chairman conducted the performance evaluation of Senior Executives. The Chairman undertakes the CEO's annual review.

The results of these reviews are used in determining succession plans, performance and development plans and future remuneration in consultation with the People and Remuneration Committee, and generally for review by the Board in relation to Management succession planning.

Performance reviews were conducted during the year in accordance with this process for each of the Senior Executives. These reviews impacted on the short term incentives for the Senior Executives.

Details of the remuneration received by the CEO and Senior Executives, including short- and long-term incentives relating to Company and individual performance targets, are set out in the Remuneration Report commencing on page 36 of the *2015 Annual Report*. Details of non-executive Director remuneration are also set out in the Remuneration Report.

2.2 Access to information and independent professional advice

The Board Charter sets out the circumstances and procedures pursuant to which a Director may seek independent professional advice at the Company's expense. Those procedures require prior consultation with, and approval by, the Chairman and assurances as to the qualifications and reasonableness of the fees of the relevant adviser. A copy of the advice and letter of instruction is usually required to be provided to the Board.

Pursuant to a deed executed by the Company and each Director, a Director also has the right to access all documents that have been presented to meetings of the Board or to any Committee of the Board or otherwise made available to the Director while in office. This right continues for a term of seven years after ceasing to be a Director, or such longer period as is necessary to determine any relevant legal proceedings that commenced during that term. Information in respect of indemnity and insurance arrangements for Directors and certain Senior Executives appears in the Directors' Report on page 54 of the *2015 Annual Report*.

PART 3: BOARD COMMITTEES

Relevant policies and charters

See www.santos.com

- Audit and Risk Committee Charter
- Environment, Health, Safety and Sustainability Committee Charter
- Nomination Committee Charter
- People and Remuneration Committee Charter

3.1 Role and membership

The Board has established a number of Committees to assist with the effective discharge of its duties. The role of each Committee is set out in Section 3.2.

All Committees are chaired by and comprise only independent non-executive Directors, except the Environment, Health, Safety and Sustainability Committee, which includes the CEO as a member in accordance with the Charter of that Committee. Non-Committee members may attend Committee meetings by invitation.

Each Committee operates under a specific charter approved by the Board. Board Committees conduct their own internal review of their performance, structure, objectives and purpose from time to time.

Board Committees have access to internal and external resources, including access to advice from independent external consultants or specialists.

The Chairman of each Committee provides an oral, and, where appropriate and practicable, a written report together with the minutes and recommendations of the Committee at the next Board meeting.

The membership requirements of each Committee are outlined in each Committee's Charter. The Board reviews Committee membership on at least an annual basis and believes that each Committee's membership currently satisfies the membership requirements in the Charters and the composition requirements in the ASX Principles and ASX Listing Rules.

Details of the number of times the Board and each Committee met during the year, including the Committee memberships of each Director and their attendance at Board and Committee meetings, appear in the Directors' Report on page 20 of the *2015 Annual Report*.

Members of Management attend relevant parts of Board and Committee meetings, at which they report to Directors within their respective areas of responsibility. Where appropriate, advisers to the Company attend meetings of the Board and of its Committees. Board meetings regularly include a session at which the non-executive Directors meet without the CEO or other members of Management present.

3.2 Role and activities of Committees

Audit and Risk Committee

The Audit and Risk Committee assists the Board to meet its oversight responsibilities by reviewing, reporting and making recommendations in relation to financial reporting, enterprise risk management, internal control systems, the internal and external audit functions, insurance and reserves and resources reporting.

Environment, Health, Safety and Sustainability Committee

The role of the Environment, Health, Safety and Sustainability (EHSS) Committee includes:

- monitoring and reviewing the Company's EHSS Policies and related systems;
- monitoring and reviewing all aspects of environment and health and safety risks which are relevant to the Company's operations;
- receiving and considering reports on any significant system failure, accident or other incident;
- reviewing the regular internal and external environmental, health and safety audits; and
- monitoring and reviewing the appropriateness and implementation of the Company's EHSS governance arrangements.

Nomination Committee

It is the responsibility of the Nomination Committee to devise the criteria for, and review membership of the Board – including the re-election of incumbent Directors and nominations for new appointments – to maintain an appropriate balance of skills, experience, diversity and expertise on the Board.

When a Board vacancy exists or where it is considered that the Board would benefit from the services of a new Director with particular skills, experience or background, the Nomination Committee has responsibility for proposing candidates for consideration by the Board.

People and Remuneration Committee

The People and Remuneration Committee is responsible for reviewing the remuneration policies and practices of the Company including:

- the compensation arrangements for the non-executive and executive Directors (including the CEO) and Senior Leadership Team, including superannuation arrangements and share plans;
- development and succession plans for the CEO and Senior Leadership Team; and
- reviewing and reporting to the Board on measurable objectives for achieving gender diversity and an annual assessment of the progress towards achieving these, and remuneration by gender.

The Committee has access to, and regularly uses, independent advice and comparative studies on the appropriateness of remuneration arrangements. Further details of 2015 activities are set out in the Remuneration Report commencing on page 36 of the *2015 Annual Report*.

The structure and details of, and policies and strategy in relation to, the remuneration paid to non-executive Directors, the CEO and other Senior Executives during the period are set out in the Remuneration Report commencing on page 36 of the *2015 Annual Report* and notes 7.2 and 7.3 to the financial statements commencing on page 55 of the *2015 Annual Report*.

PART 4: RISK MANAGEMENT

Relevant policies and charters

See www.santos.com

- Board Charter
- Audit and Risk Committee Charter
- Risk Management Policy

4.1 Risk Management Systems

The Board is responsible, with the assistance of the Audit and Risk Committee, for overseeing the implementation of, and ensuring there are adequate policies in relation to, the Company's risk management and internal compliance and control systems. These systems require Management to be responsible for identifying and managing the risks which may have a material impact on the Company's objectives, and to review the systems if any irregularity or inadequacy becomes apparent.

The Audit and Risk Committee assists the Board in performing its role in relation to risk management by reviewing, at least annually, the effectiveness of Santos' enterprise risk management framework and reporting to satisfy itself that it continues to be sound. The Committee makes recommendations to the Board following its review. An independent review of the framework is also performed periodically to assure effectiveness and continuous improvement.

In 2015, the Committee reviewed risk management practices across the Company, including management of key strategic, operational and project risks. This included risk management deep-dives with business leaders and an overall review of the enterprise-wide risk management framework by the Committee and the Board. The review concluded that the company's risk management framework was sound and effective in identifying and managing risks.

Independent and objective assurance with respect to the Company's system of risk management, internal control and governance are provided by the Group Risk and Audit function. The function reports to the Audit and Risk Committee, maintains and improves the risk management framework and undertakes audits and other advisory services to assure risk management across the Company. Group Risk and Audit is independent of the external auditor and the Group Risk and Audit Manager is appointed by, and reports to, the Audit and Risk Committee, with functional oversight by the CFO.

Group Risk and Audit adopts a risk-based approach in developing annual internal audit plans to align audit activities to the key risks across the Company. The internal audit plan is approved by the Audit and Risk Committee and reviewed quarterly.

In addition to internal audit activities conducted by Group Risk and Audit, operational internal audit activities are undertaken across the business to provide a breadth of assurance in the management of operational, technical and environment, health and safety risks. The findings from these audit activities are reported through operational governance structures and to the Environment, Health and Safety Committee.

4.2 Management reporting on risk

As risk management is embedded throughout the Company, reporting of these risks occurs at a number of levels.

The Board receives written certifications from the CEO and the CFO in relation to the Company's financial reporting processes for the full and half year reporting periods. Before the Board approved the financial statements for the half year ending on 30 June 2015 and full year ended 31 December 2015, the CEO/Executive Chairman and CFO declared that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 Business and sustainability risks

The Operating and Financial Review on pages 21 to 30 of the *2015 Annual Report* together with the Company's *2015 Sustainability Report* contain detailed information about the Company's material business risks, including the Company's exposure to economic, environmental and social sustainability risks and how that exposure is managed.

4.4 Independence of auditors and non-audit services

The Audit and Risk Committee makes recommendations to the Board about the selection, appointment and independence of the Company's external auditor.

The Board has adopted a policy in relation to the provision of non-audit services by the Company's external auditor. The policy can be found in Attachment A to the Audit and Risk Committee Charter.

The policy requires that services which are considered to be in conflict with the role of statutory auditor are not performed by the Company's external auditor and prescribes the approval process for non-audit services where the Company's external auditor is used.

Non-assurance service work in 2015 represented approximately 12% of the fees paid to the Company's external auditor or associates.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 122 of the *2015 Annual Report*.

PART 5: DIVERSITY, ETHICS AND CONDUCT

Relevant policies and charters

See www.santos.com

- Diversity Policy
- Code of Conduct
- Reporting Misconduct Policy
- Issue Resolution Policy
- Securities Trading Policy
- Shareholder Communications and Market Disclosure Policy

5.1 Diversity

The Board and Senior Leadership Team of Santos is committed to workforce diversity, believing that it leads to stronger Company performance and a positive organisational culture.

The Diversity Policy has been approved, and is overseen, by the Board's People and Remuneration Committee and can be found on the Company's website. As part of the Company's transition to the 3rd edition of the ASX Principles, the Diversity Policy was updated to explicitly require the Board or the People and Remuneration Committee to set measurable objectives for gender diversity and for the People and Remuneration Committee to annually assess the objectives and Santos' progress towards delivering them. Prior to this, the practice that had been in place for a number of years was consistent with the requirements of the current version of the ASX Principles.

In 2015, Santos continued to develop innovative gender diversity initiatives and was recognised for its commitment through a number of industry awards:

- In March 2015, Santos introduced employer based superannuation contributions, known as the Superannuation "Top Up" Initiative, for males and females taking unpaid parental leave. The introduction of employer based superannuation contributions on unpaid parental leave was a significant step in reducing the superannuation gap that currently exists in Australia and in building better gender pay equity in respect of retirement savings. In recognition of this important program, Santos won the 2015 Australian Mines and Metals ("AMMA") Australian Women in Resources Alliance ("AWRA") Award.
- Santos Senior Reservoir Engineer, Helena Wu was awarded both the South Australian Chamber of Mines & Energy ("SACOME") award for Exceptional Young Woman in South Australian Resources and also the National Women in Resources Award. These awards recognise and celebrate the contributions of women and those supporting women in South Australia's resources sector.

The table on the following page sets out the measurable objectives adopted by the Board and a summary of the progress towards achieving them, as reported to and assessed by the Board during 2015 in accordance with the Company's Diversity Policy.

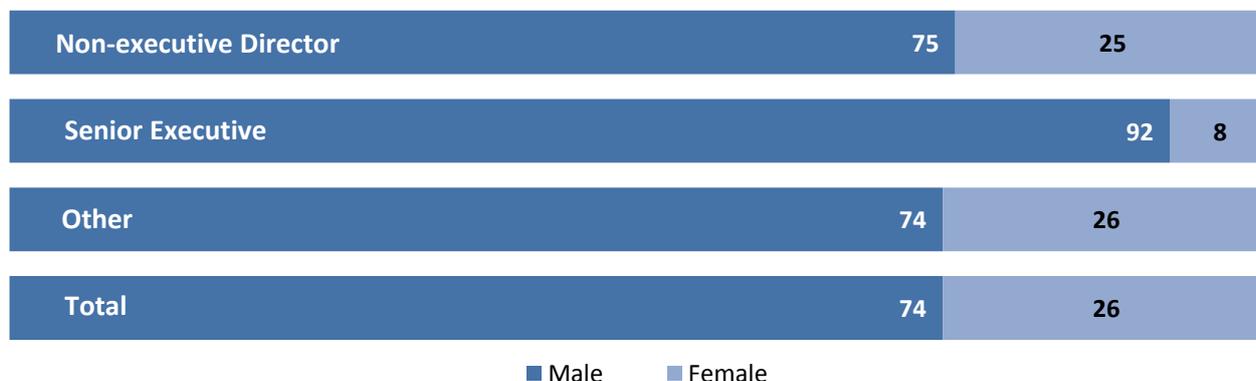
Objective	Initiatives and progress
<p>1. Representation</p> <p>Increase representation of females and Aboriginal employees at Santos. In particular increase representation in the non-traditional areas such as apprentices, trainees and graduates.</p>	<ul style="list-style-type: none"> • Whilst the business has been through significant structural changes the Company has been able to maintain female workforce representation at the same level as 2014, currently at 26%. • Females currently represent 16.3% of senior leadership roles, a slight increase from 15.8% 12 months ago. • Female promotions have continued to be strong with 3.5% more females than males promoted in the last 2 years. • Since 2011, the percentage of females in technical roles has grown by 8% to 23.8%. • The Santos Graduate Program has delivered a strong diversity result with females representing 50% of the graduate intake and 35% of all vacation students. • There was an 8.4% increase in Indigenous employment, training and education opportunities bringing those to a total of 735 since the start of the program in 2011.
<p>2. Leadership and culture development</p> <p>Deliver development solutions to remove gender bias and create an inclusive culture.</p>	<ul style="list-style-type: none"> • Bias awareness is embedded in leadership development programs. • Programs continue to help drive inclusiveness and diversity awareness through Coaching for Performance, Making Better Decisions and Building Confidence and Resilience. • In managing the various changes within Santos, short education and support sessions were delivered to around 700 people in office and field locations over the year. • Workforce flexibility policies and practices continue to be reinforced and formal flexible work agreements continue to be taken up. • Return rate of employees from parental leave was maintained at 95% during 2015.
<p>3. Personal and career development</p> <p>Equal representation of women and men to receive opportunities for in-house development programs.</p>	<ul style="list-style-type: none"> • Female representation in the Company's leadership development programs saw a 6% increase during 2015. • Females in the company sponsored MBA program were maintained at 2014 levels, currently at 27%, driving the formal development of women in leadership positions and strengthening their networks. • Sponsorship of 'Women on Boards' and the 'Australian Institute of Company Directors' programs continue to reinforce the development of women to be 'board ready'.
<p>4. Systems and processes</p> <p>Review practices to identify inequities, specifically review gender pay equity and take necessary actions.</p>	<ul style="list-style-type: none"> • Service providers continue to be contracted on the basis of their ability to provide diverse and gender balanced candidate pools. • The annual pay equity review continued and is used to address inequities between male and female employees. The primary area for improvement identified was in relation to retirement savings. • Santos introduced employer based superannuation contributions, known as the superannuation "Top Up" Initiative, for males and females taking unpaid parental leave. This will assist in building better gender pay equity in respect of retirement savings. • Superannuation sessions tailored to the needs of women were run for a second year and continued to provide employees an opportunity to engage with their superannuation. • Females and males were provided the opportunity to meet with a financial planner to discuss tailored advice on their superannuation performance and retirement planning.
<p>5. Government and industry participation.</p> <p>Involvement with initiatives designed to improve gender equity.</p>	<ul style="list-style-type: none"> • Santos supports various STEM initiatives assisting to increase females seeking STEM subjects. • In developing and implementing the Superannuation "Top Up" Initiative Santos won the 2015 Australian Women in Resources Alliance ("AWRA") Award recognised for its highly innovative and effective diversity strategies. • After winning the South Australian Chamber of Mines & Energy (SACOME) award for Exceptional Young Woman in South Australian Resources, Santos Senior Reservoir Engineer Helena Wu went on to win the National Award recognising her success within the oil and gas industry.

The Company remains committed to attracting, retaining and engaging people with diversity of experience, skills, qualities and backgrounds, and to providing an inclusive culture. The five objectives listed above will continue to ensure Santos maintains focus in these key areas. Progress against these objectives will be reported in the Company's 2016 Corporate Governance Statement.

The following graphs show the proportional representation of men and women at various levels within the Santos workforce.

WORK GENDER PROFILE 2015

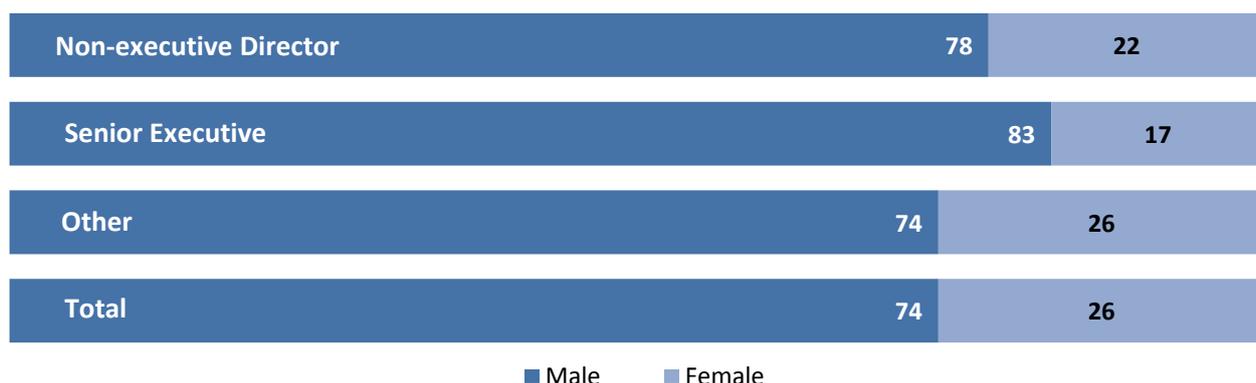
%



■ Male ■ Female

WORKFORCE GENDER PROFILE 2014

%



■ Male ■ Female

The Senior Executives for 2015 are the Santos Leadership Team as at 31 December 2015 which consisted of the 13 individuals (twelve males and one female), other than Mr Gallagher, depicted on pages 8 and 9 of the *2015 Annual Report*. Mr Coates (who held the role of Executive Chairman from 24 August 2015 until 31 January 2016) has been included in the Board category rather than the Senior Executives category above.

5.2 Ethical standards and Code of Conduct

Santos' Directors, employees and contractors are expected to demonstrate high standards of business conduct and to comply with legal requirements wherever the Company operates.

The Company has a Code of Conduct which sets out the Company's values, policies and guidelines with respect to business conduct, workplace and employment conduct and sustainability. The Code of Conduct is supported by a suite of business conduct policies and guidelines that assist the Company to achieve the highest ethical standards.

All employees are required to undertake a periodic refresher on the Code of Conduct by completing an online training module at least every two years. This training module is also a compulsory component of new employee inductions.

Santos treats breaches of its policies seriously, and has adopted a Reporting Misconduct Policy ("whistleblower policy") and Issue Resolution Policy as additional mechanisms to ensure that actual or suspected breaches are reported and acted upon. Santos' independent, externally managed Reporting Misconduct Hotline enables employees and third parties to report misconduct confidentially, without fear of victimisation.

5.3 Securities Trading Policy

Santos has in place a Securities Trading Policy that prohibits Directors, executives and employees (as well as connected persons over whom they may be expected to have control or influence) from acquiring, selling or otherwise trading in the Company's securities where they are in possession of material price-sensitive information which is not in the public domain.

Directors, executives and employees (and their connected persons) are also generally prohibited from dealing in the Company's securities during defined 'blackout periods'. In addition, they must not trade the Company's securities on a short term basis, and are not permitted to hedge their securities (including options and share acquisition rights) unless those securities have fully vested and are no longer subject to restrictions.

Breaches of the Securities Trading Policy will be subject to appropriate sanctions, which could include disciplinary action or termination of employment.

5.4 Continuous disclosure and shareholder communication

The Company is committed to giving all shareholders timely and equal access to information concerning the Company.

The Company has developed policies and procedures to ensure that Directors and Management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. A copy of the Shareholder Communications and Market Disclosure Policy, which was updated in November 2015, is published on the Santos website at <https://www.santos.com/who-we-are/corporate-governance/>. In accordance with the Policy, information must not be selectively disclosed prior to being announced to the ASX. Employees must notify their departmental manager or a designated Disclosure Officer as soon as they become aware of information that should be considered for release to the market.

When the Company makes an announcement to the market, that announcement is released to the ASX. The Company Secretary and Group Executive Investor Relations are responsible for communications with the exchanges. All material information disclosed to the ASX is posted on the Company's website at www.santos.com. This includes ASX announcements, annual reports, notices of meetings, media releases, and materials presented at investor, media and analyst briefings. An email alert facility is also offered to shareholders. Webcasting of material presentations, including annual and half-yearly results presentations, is provided for the benefit of shareholders, regardless of their location. The Annual General Meeting is also webcast live and made available for later viewing.

The Board is conscious of its obligations to shareholders and will seek their approval as required by the Company's Constitution, the Corporations Act and the ASX Listing Rules, or where otherwise considered appropriate by the Directors.

Additionally, the Company's external auditor attends Annual General Meetings to be available to answer shareholder questions relevant to the conduct of the audit. The Annual General Meeting also provides an opportunity for any shareholder or their proxy to attend and ask questions of the Board, and exercise their vote.

The Company also has in place a detailed investor relations program of scheduled and ad hoc briefings with shareholders, analysts and financial media. The program is aimed at facilitating effective two-way communications with investors, and provides an opportunity for the Company's investors to interact with senior Management and to gain a greater understanding of the Company's business, financial performance, prospects and corporate governance. The Company's dedicated investor relations team and share registry receive and sends electronic communications directly to shareholders, and can be contacted via links on the Santos website.

This Corporate Governance Statement is current as at 19 February 2016 and has been approved by the Board of Santos Limited.