

SUSTAINABILITY

Santos Sustainability Report 2015

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Santos
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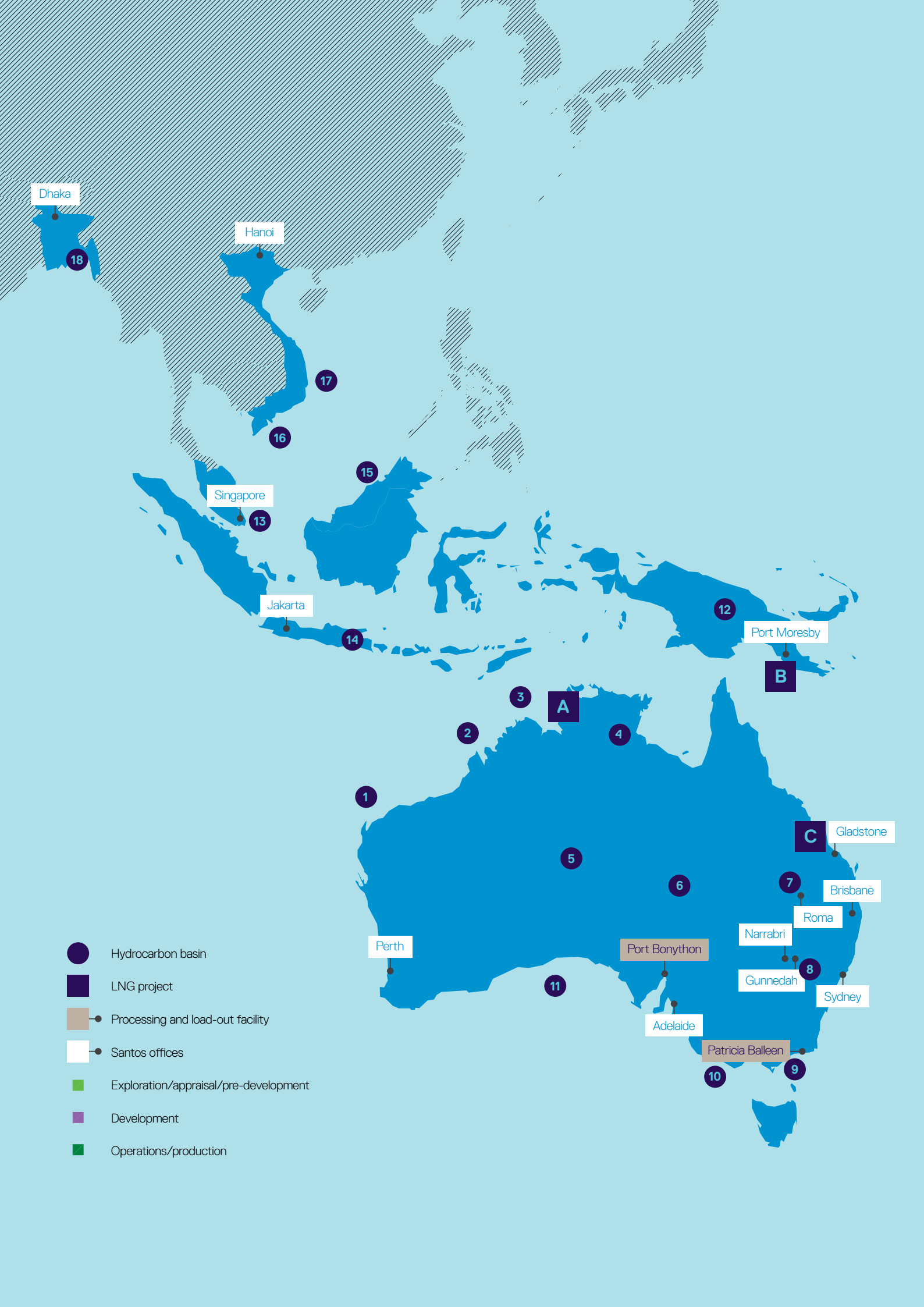


Santos

The world of Santos

	Site/Asset	Activity	Santos operated	Product
LNG PROJECTS				
A	Darwin	Darwin LNG	No	LNG
B	Port Moresby	PNG LNG	No	LNG, condensate
C	Gladstone	GLNG	Yes	LNG
AUSTRALIA				
1	Carnarvon	Mutineer–Exeter	Yes	Oil
		Stag, Barrow Island	No	Oil
		Spar, John Brookes, Reindeer	No	Gas, condensate
		Varanus Island, Devil Creek	No	Gas, condensate
		Fletcher Finucane	Yes	Oil
		8 exploration permits (including Winchester)	6 permits	Oil, gas
2	Browse	7 exploration permits (incl. Lasseter, Crown, Burnside)	6 permits	Gas, condensate
3	Bonaparte	Bayu-Undan*	No	Gas, condensate, LPG
		Barossa Caldita	No	Gas
		Petrel, Tern, Frigate	No	Gas
		3 exploration permits	2 permits	Gas
4	McArthur	Tanumbirini	Yes	Oil, gas, condensate
5	Amadeus	Mereenie	No	Oil, gas, condensate
6	Cooper/Eromanga	South Australia – Moomba	Yes	Oil, gas, condensate, LPG
		South-west Queensland – Ballera, Jackson	Yes	Oil, gas, condensate, LPG
		Other oil assets	No	Oil
7	Surat/Bowen	Fairview, Roma, Arcadia, Scotia	Yes	Gas
		Denison, Combabula, Spring Gully	No	Gas
		Mahalo	Yes	Gas
8	Gunnedah	Narrabri, Bando	Yes	Gas
9	Gippsland	Sole	Yes	Gas
10	Otway	Casino, Henry, Netherby	Yes	Gas, condensate
		Minerva	No	Gas, condensate
11	Bight	EPP 43, WA-517-P	1 permit	Oil
ASIA				
12	Papuan, Papua New Guinea	PDL 1 (Hides)	No	Gas, condensate
		PDL 3 (SE Gobe)	No	Oil
		PRL 9 (Barikewa)	No	Gas, condensate
		PPL 261, PPL 269, PPL 287, PPL 426	No	Gas, condensate
		PRL 38 (Pandora)	No	Gas, condensate
13	Natuna Sea, Indonesia	Northwest Natuna (Ande-Ande Lumut)	Yes	Oil
14	East Java, Indonesia	Madura Offshore (Maleo, Peluang), Sampang (Wortel)	Yes	Gas
		Sampang (Oyong)	Yes	Oil, gas, condensate
15	Offshore Malaysia	Deepwater Block R (Bestari)	No	Oil
16	Nam Con Son, Vietnam	Block 12W (Chim Sáo, Dua)	No	Oil, gas
17	Phu Khanh, Vietnam	Block 123	Yes	Oil, gas
		Block 124	No	Oil, gas
18	Bay of Bengal, Bangladesh	Magnama, SS-11	Yes	Gas

* Bayu-Undan field is located in the Timor Sea Joint Petroleum Development Area.



Dhaka

Hanoi

Singapore

Jakarta

Port Moresby

Perth

Adelaide

Patricia Balleen

Gunnedah

Narrabri

Roma

Brisbane

Gladstone

Sydney

- Hydrocarbon basin
- LNG project
- Processing and load-out facility
- Santos offices
- Exploration/appraisal/pre-development
- Development
- Operations/production

A

B

C

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Rev 1 (April 2016): Minor editorial amendment (page 2); updated emissions chart includes 2015 figures (page 23) as per data table (page 40); no changes to data tables or commitments.

All reasonable effort has been made to provide accurate information in this Sustainability Report; however, Santos Limited (Santos) does not warrant or represent its accuracy. Anyone seeking to rely on information in this report or draw detailed conclusions from the data should contact Santos via email: sustainability@santos.com

All data presented are based on Santos operated sites unless otherwise stated.

Further information regarding Santos' performance is available from our website, including copies of our Corporate Governance Statement, Annual Report and Shareholder Review.

www.santos.com

In conversation

With Peter Coates and Kevin Gallagher



Peter Coates *Chairman* and **Kevin Gallagher** *Managing Director and Chief Executive Officer.*

How is Santos responding to historic low oil prices?

CHAIR: There is no doubt that these are challenging market conditions. Over the past 18 months the oil price has declined from US\$112 in June 2014 to circa US\$30, and this is having industry wide ramifications.

However, we are running a long-term business and have experienced multiple oil price cycles in the past. We know how to respond to these downturns and are doing just that.

During 2015: we cut our capital expenditure by 54%; made the difficult decision to remove over 800 roles across the company; and delivered \$230 million in gross savings across our supply chain. We also drove down our unit production costs by 10%.

This was achieved through the hard work of all our people and is reflective of a new 'smarter, faster, leaner' mindset that I believe is essential for our success.

What motivated you to join Santos?

CEO: Put simply, it was my respect for what Santos has achieved to date and what I believe we can achieve going forward.

Santos, as an Australian independent oil and gas company, has successfully forged a presence on the international stage with multinational giants.

This achievement is a product of the quality of the people, who through their talents and passion have built a legacy, which establishes the foundation for an exciting future.

Reflecting on 2015, what were Santos' performance highlights?

CHAIR: Despite the extremely challenging market conditions and their consequential financial impact on our business, most operational aspects of the company performed extremely well.

Importantly, our environment, health and safety performance in 2015 was excellent, with all targets met or exceeded. This speaks volumes about the commitment and the focus of our employees and contractors.

In 2015, our production was 57.7 million barrels of oil equivalent, our highest annual production since 2007.

We also delivered the GLNG project, our largest project, with seven LNG cargoes shipped in 2015.

The PNG LNG and Darwin LNG plants are both performing well and our LNG portfolio assets will continue to generate significant cash flow for Santos for decades to come.



What does success look like for Santos?

CHAIR: First and foremost we must steer our way through the low oil price environment. This means maintaining our focus, making the hard decisions and being efficient in our operations.

CEO: I agree with Peter, a priority for us in the short-term is our response to external economic factors. But, that does not mean we will do it without consideration of our longer-term planning objectives.

Going forward, I envisage a strong, resilient company that through the principles of sustainable business practices is delivering strong shareholder returns.

What does the Paris Climate Change Agreement mean for Santos?

CEO: The Paris Agreement is an important turning point in international climate change negotiations.

The science is clear, globally we must reduce greenhouse gas emissions to limit the temperature rise to no more than two degrees.

This requires all countries, all businesses, and all communities to contribute.

Natural gas is a key part of the solution, with the ability to reduce electricity sector emissions by fifty percent in Australia.

At Santos, we will continue to identify opportunities to reduce our greenhouse footprint and stress-test our strategy against a range of carbon pricing scenarios.

CHAIR: Broadly speaking 2015 was a tough year; however, we can be confident in the long-term demand for natural gas on the back of Asian economic growth and rapid urbanisation in developing countries.

Santos has an excellent portfolio to help meet this demand and natural gas has an important role to play in the transition to a cleaner energy future.

How does Santos balance sustainability considerations with economic returns?

CHAIR: It's a very straightforward equation; you simply can't have one without the other.

For me, maintaining our social licence to operate is central to our long-term success—without the support of our shareholders, governments and the community we will not be able to deliver on Santos' significant potential.

Santos' sustainability scorecard approach ensures that we consider a broader suite of criteria, beyond traditional economic measures (page 49).

What does 2016 look like for Santos?

CEO: Our main challenge is to continue to drive cost reductions, including reducing our capital expenditure and building on the significant improvements we've made to our operating efficiency.

I am confident that by doing this, it will put us on track to deliver our vision to be a leading energy company in Australia and Asia.

Our business

The way we do business is the foundation of our sustainability performance.

Day-to-day operations are carried out in accordance with our environment, health and safety standards and our code of conduct, with ongoing training and support to ensure responsibilities are understood, and to encourage continuous improvement.

Developed in 2006 with input from all Santos employees, our company values reflect the culture of Santos: that it is more than a job, it is something our people believe in.

Santos' values are the guiding principles that define how we conduct business and what we stand for as a company.

Our guiding values:

Discovers

By opening our minds to new possibilities, thinking creatively and having the courage to learn from successes and failures, take on new challenges, capture opportunities and resolve problems.



Delivers

By taking personal responsibility and pride in our work to deliver timely, quality results that benefit Santos and help achieve our vision and strategy.



Collaborates

By recognising the value and power in diversity of thought and communicating openly to understand the perspectives of others; demonstrating leadership by sharing what we know and respectfully challenging each other to achieve the best results for all.



Cares

By taking the long-term view to build a sustainable future for our company, our people and the environments and communities in which we operate.

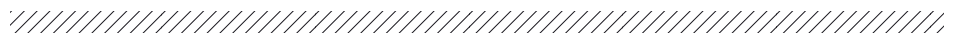


The Santos Board and leadership team drives our business strategy and operations within a framework of the highest standards of corporate governance and sustainability.

SANTOS BOARD OF DIRECTORS

Peter Coates, Chairman / Kevin Gallagher, Managing Director and CEO
Yasmin Allen / Ken Dean / Roy Franklin / Hock Goh
Jane Hemstritch / Greg Martin / Scott Sheffield

The Board has a unitary structure with an independent Chair, and has 20% female representation.



ENVIRONMENT, HEALTH, SAFETY AND SUSTAINABILITY COMMITTEE

One of four Board committees, the Environment, Health, Safety and Sustainability Committee monitors and reviews Santos' environment, health and safety, and sustainability performance, reporting and governance arrangements and reports regularly to the Board. It has Santos' Managing Director as a permanent member, and meets quarterly, or more often if required.



Kevin Gallagher
Managing Director and Chief Executive Officer



Yasmin Allen



Peter Coates, AO
Santos Chairman



Roy Franklin, OBE
Committee Chairman



Hock Goh

OTHER BOARD COMMITTEES:

- + Audit and Risk Committee
- + Nomination Committee
- + People and Remuneration Committee

More information on our strategy and corporate governance approach is provided in our Corporate Governance Statement, Annual Report and Shareholder Review, available on our website.



www.santos.com/sustainability

Our vision is: To be a leading energy company in Australia and Asia.



Australia

Driving value and performance in the base business and unlocking resources to meet gas demand.



LNG

Leveraging existing and new LNG infrastructure and capabilities.



Asia

Building a focused, high-value position in South-East Asia.



Andrew Seaton
Chief Financial Officer

**SANTOS LEADERSHIP TEAM:
DELIVERING THE STRATEGY**

Our governance arrangements are regularly reviewed to ensure they keep pace with international expectations. Environment, health, safety and sustainability risks are managed through a comprehensive Environment, Health and Safety Management System based on Australian Standard 4801 and International Standard 14001.



John Anderson



Joe Ariyaratnam



James Baulderstone



Trevor Brown



Rod Duke



Richard Elliott



Joanne Fox



David Lim



Andrew Nairn



Bill Ovenden



Christian Paech



Brett Woods

Integrated approach to sustainability

We believe our long-term business success is built on the triple bottom line test. Specifically, are our actions environmentally, economically and socially responsible both for us and the communities in which we operate?

This thinking underpins our sustainability framework and our integrated strategic approach.

This integrated approach aligns our company vision and strategy with our values and sustainability framework.

Key elements of our framework:

Sustainability scorecard to assess performance against targets across 24 indicators (page 49)

Annual materiality assessment to identify and prioritise issues most important to us and our stakeholders (page 19)

Independent review to calibrate our assessment and verify our disclosures (page 46)

Annual reporting to provide stakeholders with our performance data in an open and transparent manner

Individual responsibility and accountability empowering employees to drive performance improvement and demonstrate our company values

“

Santos has been recognised by the Dow Jones Sustainability Index for the past four years, demonstrating our strong performance and commitment to building a long-term, sustainable business.

”



Sustainability ratings and recognition

In September 2015, Santos was again rewarded for its sustainability performance, being placed in the top 10% of the leading 2,500 companies globally by the Dow Jones Sustainability Index.

The Dow Jones and FTSE4Good Sustainability Indices are arguably the world's leading rating guides for corporate sustainability performance.*

The indices measure the performance of the world's sustainability leaders. Companies are selected for the indices based on a comprehensive assessment of long-term economic, environmental and social criteria.

*Polling the Experts: GlobeScan Sustainability Survey (2013)

FTSE4Good

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



Business

Fuelling the economy

Businesses, small and large, rely on secure energy supplies to be productive and competitive. In Australia, 45% of manufacturing uses natural gas as a primary energy source.



Community

Making a positive contribution

We are part of the community, providing employment, economic activity and sponsorship.



Energy users

Supplying a safe, reliable energy option

Access to energy is fundamental to our way of life. Natural gas can reduce global emissions and improve air quality.



Shareholders

Investing in the future

We have over 160,000 shareholders. Our investor centre provides regular disclosures on key company performance metrics.



Workplace

Building brighter futures

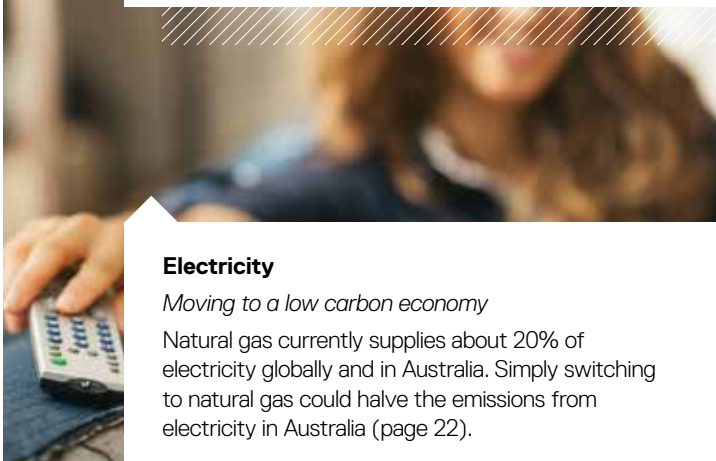
We provide opportunities for our employees to develop professionally and as positive members of the community.



Households

Supporting every day

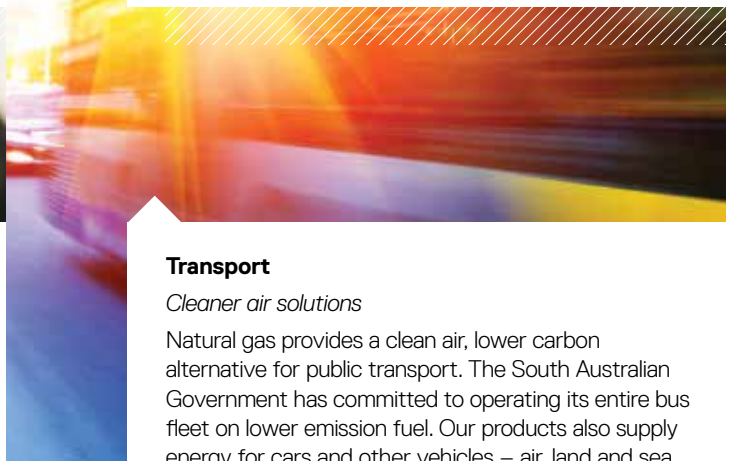
Over five million Australian homes and businesses use natural gas. Natural gas can directly supply energy for heating, cooking and hot water to your home, and as electrical energy to power computers, lights, fridges, televisions and toasters.



Electricity

Moving to a low carbon economy

Natural gas currently supplies about 20% of electricity globally and in Australia. Simply switching to natural gas could halve the emissions from electricity in Australia (page 22).



Transport

Cleaner air solutions

Natural gas provides a clean air, lower carbon alternative for public transport. The South Australian Government has committed to operating its entire bus fleet on lower emission fuel. Our products also supply energy for cars and other vehicles – air, land and sea.

Delivering energy

Our operations safely and sustainably deliver natural gas to our customers, providing cleaner energy for everyday activities such as heating hot water and cooking on a barbeque.



Our operations

Delivering energy to our customers through combining our extensive geological and engineering skills, with respect for landholders, indigenous peoples, community and the environment.

Daily life

Natural gas is used as fuel for transport, for electricity generation and heating in over five million Australian homes and businesses.

Did you know?

As well as for generating electricity, natural gas is also widely used in other applications such as fuel for public transport, the manufacture of plastics and many other household items.

Every year, each person in Australia consumes around 250 gigajoules of energy: at home, in the car, and in our workplaces. As a society, we rely on energy for everything we do.



- | | | | | |
|-------------------|----------------------|----------------|-----------------|----------------|
| + Artificial turf | + Car battery cases | + Footballs | + Plastic toys | + Telephones |
| + Balloons | + Clothes | + House paint | + Refrigerants | + Toothbrushes |
| + Ballpoint pens | + Computer keyboards | + Loudspeakers | + Roofing | + TV cabinets |
| + Bandages | + Drinking cups | + Oil filters | + Shampoo | + Umbrellas |
| + Boats | + Eyeglasses | + Perfumes | + Shaving cream | + Upholstery |

Our operations

While our activities are complex and wide-ranging, the fundamentals of producing oil and gas are the same wherever we operate.

It is about getting our product safely from oil and gas reservoirs, often kilometres beneath the earth's surface, to our customers, often hundreds of kilometres away, whether that be from the remote deserts of central Australia, offshore platforms in Indonesia, or more recently from the abundant gas fields of Queensland.





Every day, we face decisions about how to produce energy responsibly.

At Santos, we do this by investing in:

- + a strategic portfolio of assets
- + a culture of sustainability across all our operations
- + a strong and capable team with the necessary skills and knowledge, and
- + communities and environments to facilitate mutually beneficial outcomes.

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Our portfolio

Santos' key operating regions, sustainability fact points, production volumes, products, and working interest in a major asset.



14

What we do

Exploring, developing and operating oil and gas fields in offshore and onshore environments.



Indonesia

92% local employees

2015 Production: 4.3 mmboe

Produces: natural gas,
condensate and crude oil

67.5% interest in Maleo

Carnarvon, WA

One of the largest suppliers
of natural gas to the Western
Australian domestic market.

2015 Production: 11.7 mmboe

Produces: natural gas,
condensate and crude oil

45% interest in John Brookes
(operated by Quadrant Energy)

Central Australia

Site of Santos' first oil and gas
discoveries in the 1960s.

2015 Production: 15.5 mmboe

Produces: natural gas, ethane,
condensate, LPG and crude

66.6% interest in Moomba plant

Papua New Guinea

Commenced production 2014;
100th LNG cargo shipped,
mid-2015.

2015 Production: 11.6 mmboe

Produces: LNG and condensate

13.5% interest in PNG LNG
(operated by ExxonMobil)

Our portfolio: key assets

The Santos portfolio has expanded from humble beginnings in the Cooper Basin to include key assets across the wider Asia-Pacific region.

Northern Australia

Support for West Arnhem
Land Fire Abatement program,
since 2007.

2015 Production: 4.3 mmboe

Produces: LNG, condensate
and LPG

11.5% interest in Darwin LNG
(operated by ConocoPhillips)

Eastern Queensland

920 agreements with
350 landholders since 2011.

2015 Production: 1.8 mmboe

Produces: LNG

30% interest in GLNG plant

What we do

Our 60-year history gives us an advantage: we bring a wealth of geological knowledge, experience and a portfolio of reserves and infrastructure.

Exploring

Santos' geoscientists apply sophisticated mapping techniques to search for oil and gas thousands of metres below the earth's surface.

Seismic surveys traverse vast areas of land transmitting sound waves underground, which are refracted (bounced) back to recording equipment that collects these waves at the surface. The degree of refraction or reflection enables geologists to map the below-ground rock strata and locate potential oil and gas accumulations.

To minimise the impact of seismic and drilling activities in the areas in which we operate, Santos employs stringent practices such as:

- + conducting environmental and social impact assessments
- + undertaking cultural heritage assessments to avoid impact to areas of cultural significance
- + routing seismic surveys around significant vegetation, and
- + using newer compact drill rigs, which require a smaller area of land to be disturbed.

To meet long-term development objectives, Santos continues to balance its exploration portfolio through a combination of new acreage awards, acquisitions and revisiting opportunities in its existing portfolio of exploration permits.

Developing

The development stage is the crucial link between exploration and production. It involves engineering teams appraising hydrocarbon reserves and designing development options which can include offshore platforms, onshore processing plants, pipelines and support facilities.

The smooth and efficient development of a project is achieved through early consultation with stakeholders – including local communities and government – and the careful management of environmental impacts. This also ensures Santos is welcome in the community in the future.

Operating

Natural gas and liquids are collected from wells via a series of flowlines, which transport the product to major plants or smaller satellite facilities for processing.

Saleable products, such as natural gas and ethane (used to make plastic), are then separated from water and inert gases such as carbon dioxide.

Santos strives to be a safe, responsible and efficient operator, maintaining the reliability of product supply to its customers.



Liquefied natural gas (LNG), is natural gas that has been chilled to minus 161°C so that it becomes a liquid, occupying just a tiny fraction of the space (less than 0.2%) of natural gas.

Our LNG strategy enables us to substantially increase natural gas production; a game-changer for Santos, delivering economic benefits for Australia and supplying low carbon energy for the region.



ONSHORE ACTIVITIES

The Cooper and Eromanga Basins, covering vast areas of the arid zone in South Australia and Queensland have been, and continue to be, a focus for Santos' onshore oil and gas operations.

More recently, our exploration programs have identified significant world-scale unconventional resources potential. These programs involve understanding geology and assessing flow rates to determine commercial viability. In 2015, Santos achieved one of its most significant milestones with first production from the GLNG project.

Our LNG investments are backed by a long-term strategic vision to supply growing Asian markets and support development of our Australian resources.



OFFSHORE ACTIVITIES

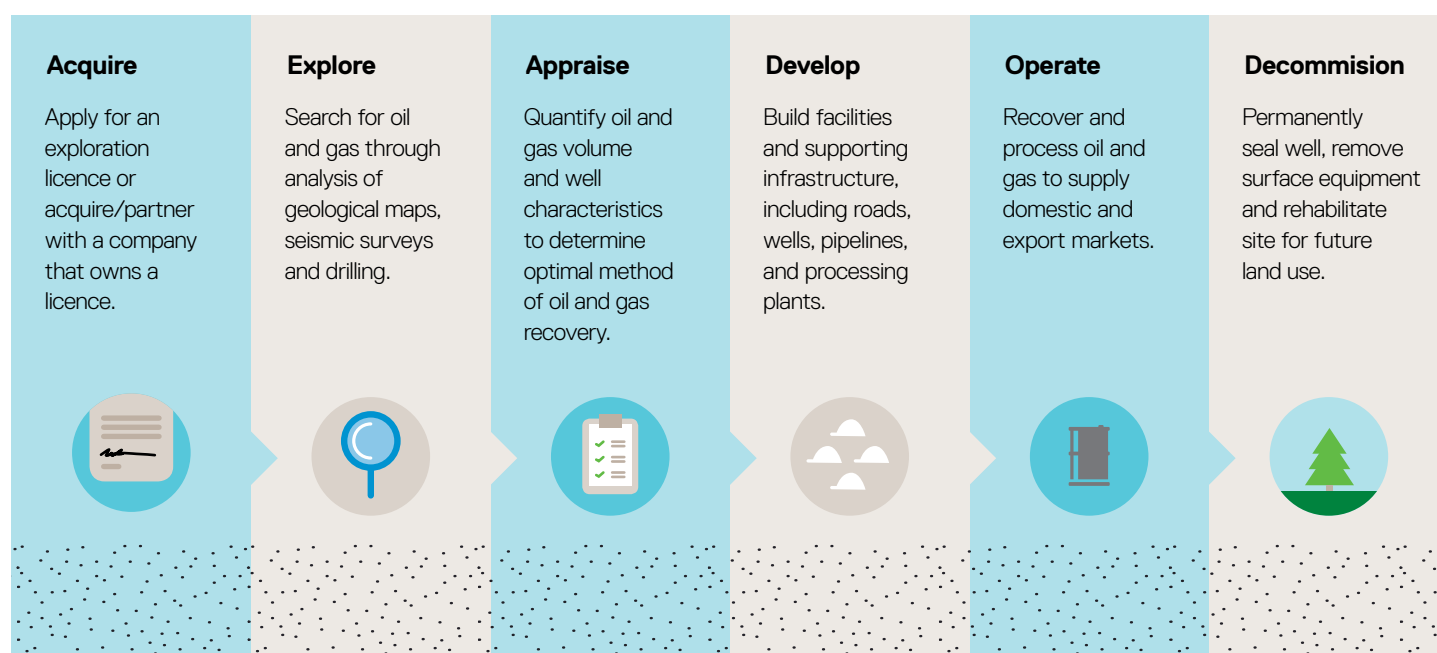
Santos' offshore activities began with acquisitions in the Timor Sea and Carnarvon Basin, off the coast of Western Australia in the late 1980s, and have expanded over the last two decades to include oil and gas exploration and production activities in southern Asia.

Santos assets include:

- + floating production, storage and offloading vessel (Mutineer-Exeter, Western Australia)
- + fixed platform (East Java, Indonesia), and
- + subsea completion with pipeline (Casino, Victoria).

Thinking ahead: investing now to fuel our future energy needs

How we go about it: Long-term thinking, planning and investment is needed to ensure compliance with all legal and approvals requirements and Santos' environment, health and safety policies. We recognise and respect land holders' and traditional owners' connection with the land including through their activities, history and aspirations.



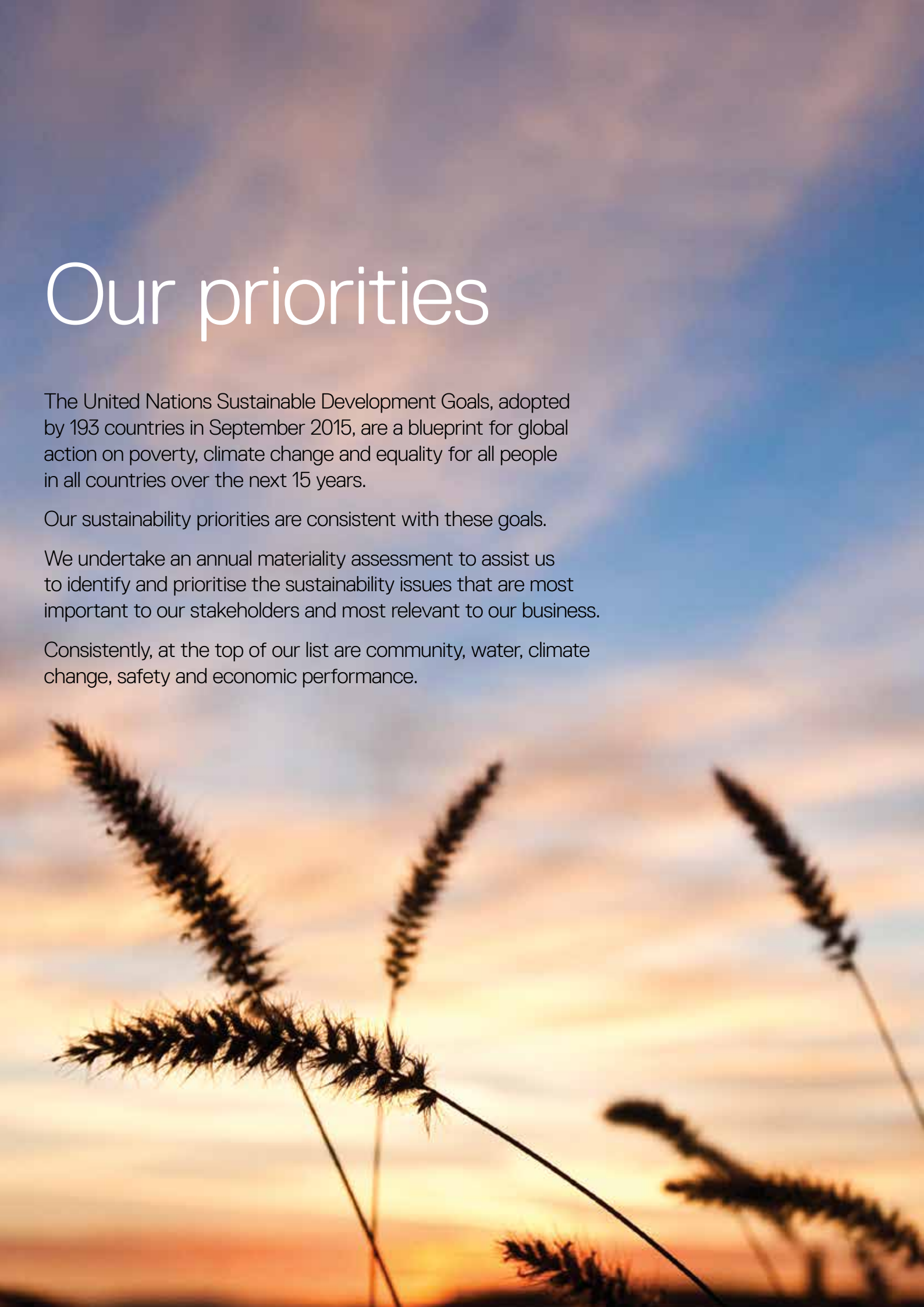
Our priorities

The United Nations Sustainable Development Goals, adopted by 193 countries in September 2015, are a blueprint for global action on poverty, climate change and equality for all people in all countries over the next 15 years.

Our sustainability priorities are consistent with these goals.

We undertake an annual materiality assessment to assist us to identify and prioritise the sustainability issues that are most important to our stakeholders and most relevant to our business.

Consistently, at the top of our list are community, water, climate change, safety and economic performance.





The United Nations' top two goals for developed nations are:

- + ensure access to affordable, reliable, sustainable, and modern energy for all, and
- + take urgent action to combat climate change and its impacts.

Consistent with their sustainable development goals, we are:

- + **offering cleaner energy** for expanding developing economies through our natural gas portfolio; in particular investment, in LNG production
- + **promoting the benefits of natural gas** as a cleaner energy fuel, with substantial emission savings particularly for electricity generation, and
- + **delivering our low carbon strategy** through building on our core strengths and values.

18

What matters

Identifying priority issues through our materiality assessment.



20

The new energy paradigm

The role of natural gas in a low carbon economy.



24

Our people

Promoting productivity, diversity, and wellbeing.



26

Environmental care

Minimising our impact across the lifecycle of our activities.



30

The safety imperative

Maintaining a strong safety culture, without compromise.



32

Community spirit

Being part of strong, resilient, sustainable communities.



What matters

What matters to our shareholders and stakeholders, matters to us.

We conduct a rigorous materiality assessment process which identifies issues that are most important to our stakeholders and business operations, helping us identify how we can improve our sustainability performance in priority areas.

1

Stakeholder identification

We identify the individuals or groups that have an interest in or influence on our economic, environmental and social performance, or who may be affected by our operations.

Our stakeholders include:

- + employees
- + government
- + indigenous communities
- + industry associations
- + investors / shareholders
- + joint venture partners / customers
- + landholders
- + local communities
- + media
- + non-government organisations
- + suppliers / contractors, and
- + unions.

2

Consider all possible sustainability aspects

We identify a broad suite of potential sustainability aspects in accordance with international sustainability guidelines by the Global Reporting Initiative (GRI) and the International Petroleum Industry Environmental Conservation Association (IPIECA).

A total of 51 sustainability aspects were identified and considered as part of the sustainability materiality assessment.



3

Identify most significant sustainability aspects

From the full suite of potential aspects, we identified those most significant to Santos and its stakeholders. These were colour coded according to Santos' 24 sustainability indicators that are divided into four quadrants (page 49).

Community

Social investment, product responsibility, and indigenous rights and cultural heritage.

Environment

Air, biodiversity, climate change, waste and water management.

Economic

Risk management, supply chain and financial performance.

Our people

Governance, health and safety, and human resources.



We are constantly listening and responding to input from our community of stakeholders.

4

Assess impacts on our stakeholders

For each stakeholder group, we rated the importance of each sustainability aspect based on factors such as the perceived impact on the group, and how they are affected by Santos activities.

Our stakeholders are engaged via a range of methods to enable us to listen and respond to their concerns and ideas. Methods include: face-to-face meetings, town hall meetings, newsletters and briefings, formal reports and submissions, formal agreements, internet and social media platforms.

5

Assess impacts on Santos

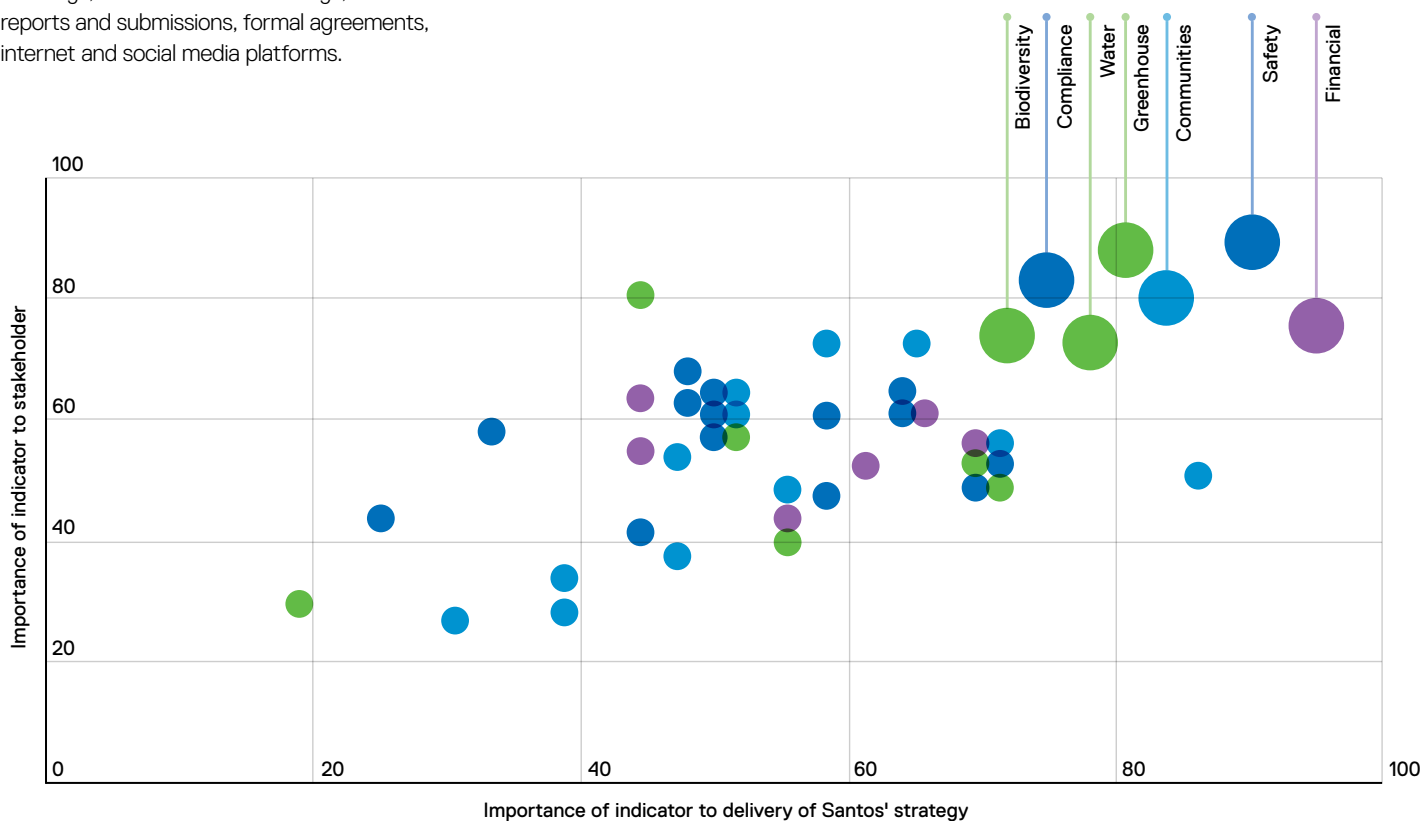
For each aspect, the potential impact on Santos' strategy was considered using our risk assessment framework, which considers the likelihood and severity of an impact, and how critical it could be to the company's long-term performance.

6

Develop materiality matrix

The matrix combines and presents input from steps 1 to 5.

The indicators in the top right of the matrix are considered the most material.

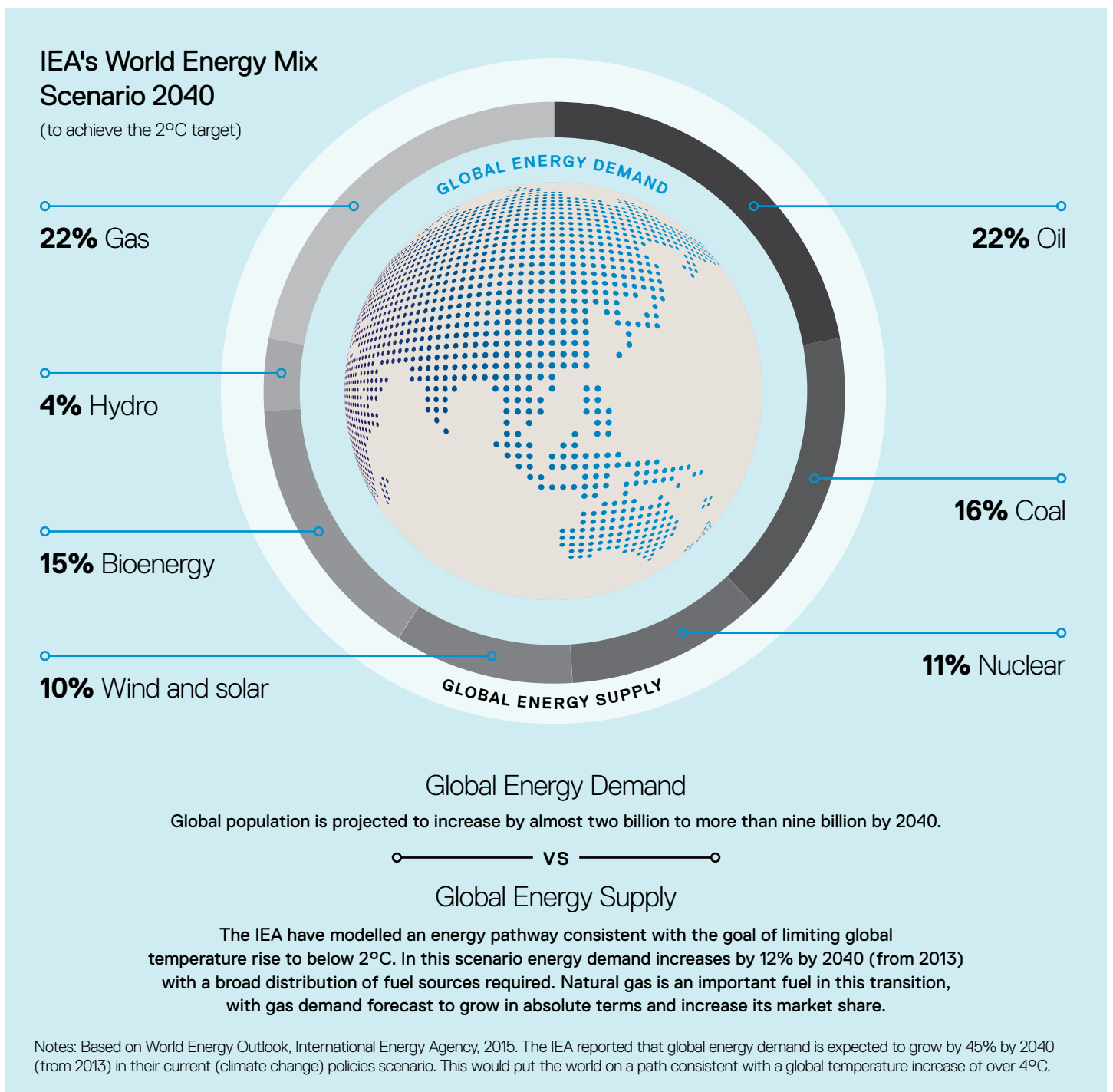


The new energy paradigm

Meeting future energy demand will require the balancing of a number of challenges.

Energy demand is growing through increasing global population and urbanisation. In parallel is the increasing demand for cleaner energy as governments, businesses and individuals seek to lessen their greenhouse gas emissions.

There is no one single solution to these challenges. A range of fuel sources will be required to ensure the lights stay on and individuals are able to afford a better standard of living.



Our approach

We believe that natural gas has a key role to play in providing the energy for a low carbon future. Our natural gas portfolio places us in an enviable position to supply our customers in Australia and the Asia-Pacific region.

Our preparedness



Be informed by science: we recognise the global two degree Celsius target and the scale of the global transition required.



Understand national greenhouse gas targets: we support government commitments as part of harmonised international action.



Engage in policy: we actively contribute to climate change policy, advocating for environmentally effective and economically efficient action to facilitate long-term investment.



Deliver lowest cost abatement: we believe in a global carbon price across all sectors of the economy to efficiently and effectively meet greenhouse gas targets.



Measure, report and verify emissions: we have publically reported our audited greenhouse gas emissions since 2004.



Align business strategy with Paris Climate Change Agreement: our natural gas portfolio strategically aligns with the transition to a low carbon economy.



Integrate a price on carbon: we model a range of internal carbon prices (including a price consistent with the Paris Climate Change Agreement).



Identify risks: we have integrated regulatory and physical risks from climate change into our company-wide risk management framework.



Reduce emissions: our low carbon strategy identifies opportunities to reduce or offset our emissions. Our energy efficiency program is delivering annual savings of approximately 4.6 petajoules.



Set targets: we set annual emissions intensity targets to reduce the footprint of our products.

Joint business CEO statement

Santos, alongside seven other leading businesses in Australia, announced support for the Australian Government's commitment to limit global warming to less than two degrees Celsius above pre-industrial levels within an international agreement.

We believe that a global agreement on the steps to achieve this goal will allow for a responsible transition to decarbonised and sustainable economic development.

Businesses, governments and the community all have a role to play and a responsibility to contribute to solutions.

We want to play our part.

Climate change is affecting our businesses and the communities in which we operate. We recognise that we have a role to play and we want to play our part.

We represent a diverse group of companies from the energy, resources, retail, infrastructure, technology, consumer goods, property, services, banking and finance sectors. Together we employ over 650,000 people across 175 countries. Between us we provide products and services to the majority of Australians. We also emit around 12 per cent of Australia's national greenhouse gas emissions.

We have come together because we acknowledge that climate change will continue to have serious implications for our customers, the community and the economy. These are risks we need to manage. Investing in Australia's response to climate change will deliver significant economic, social and environmental benefits for us all.

We support the Australian government's commitment to limit global warming to less than two degrees Celsius above pre-industrial levels, alongside other nations within an international agreement. Australia needs to play its fair part in global action. The Intergovernmental Panel on Climate Change concludes that to achieve this goal we must achieve zero net emissions of greenhouse gases before the end of the century.

We support the bipartisan objective that international negotiations in Paris deliver a positive outcome to put the world on the path to limiting global temperatures to less than two degrees Celsius.

We all acknowledge that achieving this will be challenging for Australia and all countries. But agreeing on a goal and a pathway to achieving this is critical and should not be delayed. The longer we wait, the harder it will be and the more it will cost us.

Australia is a significant exporter of energy and also has plentiful clean energy resources. We are a leader in technology and innovation. We are also vulnerable to climate impacts and we have a strategic interest in managing climate change. As businesses, we support the decoupling of economic and emissions growth. We all recognise the need for a responsible transition to decarbonised, sustainable economic development.

Our companies are reducing our emissions, investing in technology and innovation, preparing for physical impacts and working across industry and the community to build a strong global response to climate change. For business, this is about good Board governance, prudent risk management and positioning competitively for the future.

We will continue to invest in an effective business response. We remain committed to working with other companies, investors, community stakeholders and governments to support a successful outcome in Paris. We pledge to continue to support the ongoing development and implementation of effective international frameworks and effective domestic policy responses.

Andrew Forrest
Managing Director and CEO,
Santos

Andrew Mackenzie
CEO,
BHP Billiton

Paul Callaghan
President and Chief Executive,
Qantas Airways, New Zealand and
Pacific New Guinea

Simon Lusk-Harvey
CEO and Managing Director,
Metcash

David Knox
Managing Director and CEO,
Santos

Chris Hill
Chairman and CEO,
United Australia and
New Zealand

Richard Olyar
Managing Director,
Westpac

Brian Hester
Managing Director and CEO,
Westpac Group

Sponsored by

Carbon intensity of electricity generation in Australia

It is no coincidence that natural gas plays a key role in the Australian states with lower emissions intensities.

“...emissions from energy supply can be reduced significantly by replacing current world average coal-fired power plants with modern, highly efficient natural gas combined-cycle power plants...” Intergovernmental Panel on Climate Change 2014

Greenhouse gas emissions in the USA were reduced by over 200 million tonnes through fuel switching to natural gas. Energy Information Administration 2013

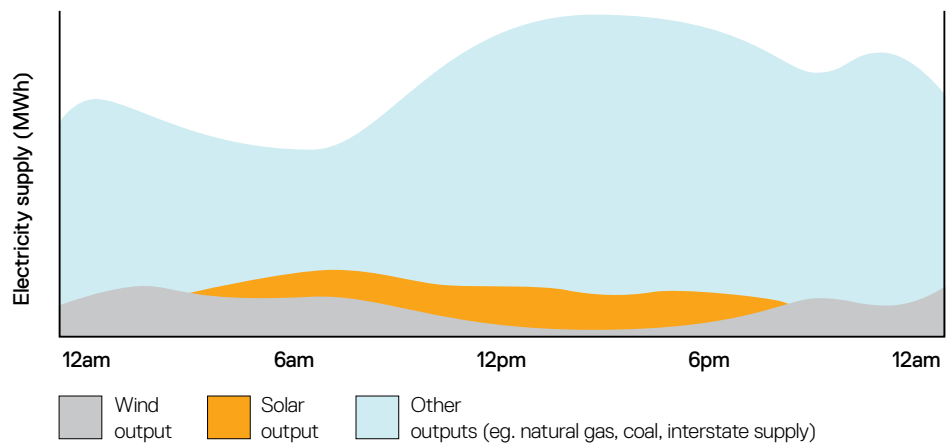


Source: Department of Environment, December 2014. Natural gas scenario is derived from upstream gas National Greenhouse Accounts factors for a combined-cycle gas plant.

Reliability of electricity supply requires a suite of options

Meeting demand for electricity during a hot South Australian summer's day requires a combination of energy sources. Natural gas provides the flexibility to ensure stability in the electricity grid, enabling the uptake of intermittent renewable energy sources.

Source: Derived from South Australian renewable energy generation and electricity demand (summer peak) AEMO (2014).



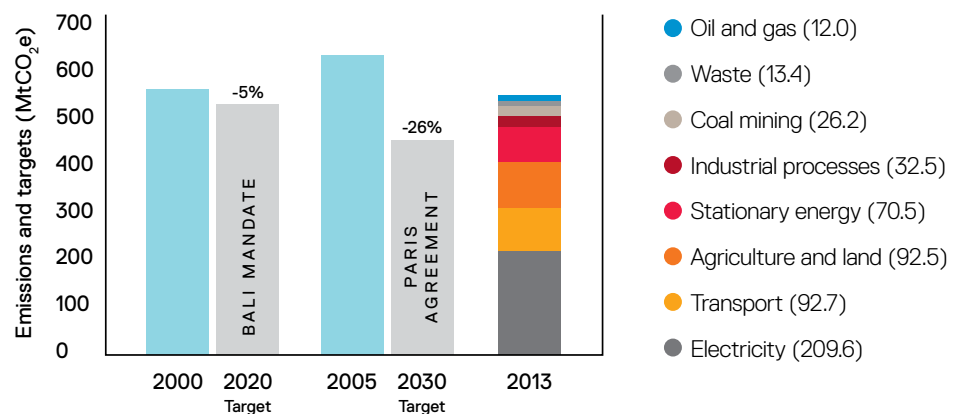
Decarbonising the Australian economy

An economy-wide mitigation approach is required. This will require changes to consumption habits and the delivery of goods and services – particularly given Australia's economic dependence on primary industries and the resources sector.

Australia's emissions reduction targets:

- + Bali Mandate: 5% by 2020 from 2000 levels, and
- + Paris Agreement: 26-28% by 2030 from 2005 levels.

Australia's 2030 target is challenging and represents approximately 50% reduction in emissions per capita and 65% reduction in emissions intensity of the economy.



Source: National greenhouse gas inventory: Kyoto protocol classifications (2013 data) Australian profile (by sector), Total Australian emissions 549 MtCO₂e (DoE, 2015).



SAVE
Delivering emissions intensity improvement through our energy efficiency program.

SWITCH
Integrating renewable technologies to save fuel and reduce emissions.

STORE
Investigating opportunities to apply transferable skills and experience to deliver carbon sequestration technology.

Low carbon technology strategy

Innovation is a critical aspect for the future success of our business. This is not always about creating something new, but it is about creating value.

Santos' innovation initiative is supported by our senior leadership team and provides an internal online knowledge sharing platform. It is designed to facilitate the sharing of ideas across all members of the Santos community.

Leveraging this capacity for innovation is the cornerstone of our low carbon technology strategy.

We recognise that for our business to contribute positively to a low carbon future we must also seek to reduce our own emissions.

As the world transitions to a low carbon future we are well positioned to adapt the way we operate through our low carbon strategy.

Management through measurement

Through our commitment to measurement and reporting we have been able to deliver significant emissions savings at Santos.

We have invested millions of dollars into greenhouse gas measurement, management and reporting. Our audited emissions have been publically reported since 2004 and our energy efficiency program is delivering savings equivalent to approximately a quarter of a million tonnes of carbon dioxide annually.

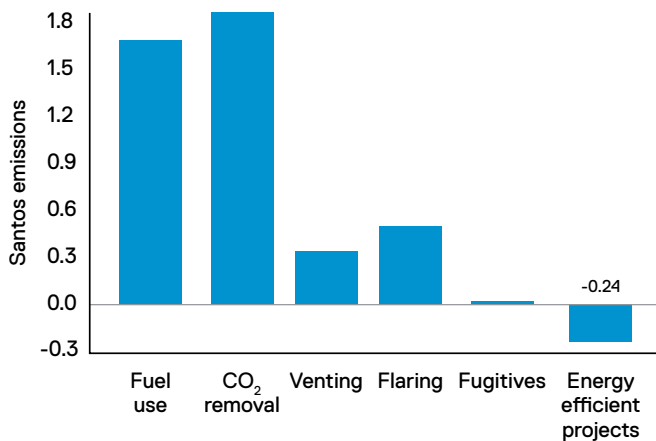
Scope 1 greenhouse gas emissions (direct: *emissions from our operations*) were approximately four million tonnes CO₂e, which represents less than one percent of Australia's total emissions.

Scope 2 emissions (indirect: *emissions associated with purchases of electricity*) represent less than 0.03 percent of Australia's electricity use.

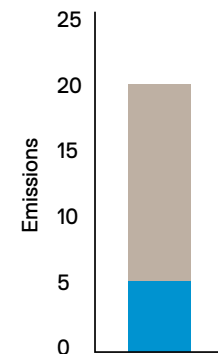
Scope 3 emissions (indirect: *reported as emissions relating to the end use of our product*) occur when our products are combusted to produce energy to heat your home, cook on a barbeque, run a hot shower, drive to work or fly overseas on holiday.

Santos' emissions 2014-15 (MtCO₂e)

Santos emissions from operated facilities (Scope 1)



Santos lifecycle emissions (Scope 1, 2 and 3)



Legend: Scope 1 (Blue), Scope 2 (Dark Blue), Scope 3 (Grey)

Notes: Santos' greenhouse gas emissions are reported in accordance with the Australian National Greenhouse and Energy Reporting Act, 2007.

Our people

Promoting productivity, diversity and wellbeing.

Our people are fundamental to delivering our commitments and meeting our strategic goals.

In 2015, we delivered excellent environment, health and safety performance. This was achieved principally as a result of the priority it was given by our employees and contractors.

However, the low oil price market has impacted our earnings, and like any business or household, this has required us to rethink our outgoings to safeguard our financial sustainability.

We have responded to the changed conditions by reducing our operating expenditure and are creating a leaner organisation that can withstand commercial and economic pressures. Unfortunately, this has meant reducing employee numbers, with over 800 roles removed from the organisation to reduce costs.

Building resilience

Our approach to this workforce reduction has been carefully planned and was delivered in accordance with our values.

We have ensured that we have the right skills mix and organisational diversity to continue to deliver our strategy safely and sustainably.

“The health and wellbeing of our employees is essential,” said Santos Chief Human Resources Officer, Joanne Fox. “We understand that at times of great change it’s easy to be distracted by what’s happening around us; market conditions, media speculation and restructuring”.

As part of our health and wellbeing strategy, we also put in place measures to support our employees.

Last year over 550 people attended our health and wellbeing sessions, covering topics such as:

- + energy: bringing the best you – how to manage physical, mental and emotional energy to maintain performance, wellbeing and resilience
- + leading through difficult times, ambiguity and change – how we respond to change; the leader’s role in tough times and useful skills and techniques to deal with uncertainty, and
- + maintaining team motivation when the heat is on – helping leaders motivate their teams and refocus on the things that matter most.

“

We believe that having the right people, maximising their contribution, and recognising their performance are all vital ingredients to our success.

”

JOANNE FOX, SANTOS CHIEF HUMAN RESOURCES OFFICER



The Onshore Petroleum Centre of Excellence located in Adelaide and operated by Santos, Beach Energy and Senex Energy. A fully immersive simulated oil and gas production environment.



Encouraging inclusion and diversity

We are committed to providing an inclusive workplace and organisational culture that embraces diversity and provides support for indigenous education and employment, multicultural representation, and a focus on women in management.

We understand that greater diversity in the workplace leads to enhanced business performance and a more rewarding workplace for all employees.

Gender equity is not only a pressing moral and social issue but also a critical economic challenge. We aim to increase female participation through initiatives like flexible working, training and leadership development, gender-balanced graduate intakes, parental leave with superannuation 'top up' for unpaid parental leave, pay equity and gender attraction strategies.

Women in senior roles (19%)

Santos is actively addressing gender diversity through programs to increase the number of women in senior roles (page 45: strategic and functional leaders).



Indigenous participation

Santos is committed to building genuine, mutually beneficial relationships with indigenous people.

Since 2011, we have created 740 Aboriginal employment and training opportunities. Six Aboriginal cadets have become full-time Santos employees.

We also work with traditional owners to protect and manage cultural heritage, arrange on-country visits for elders and community members, and to encourage enterprise development and procurement opportunities for Aboriginal-owned companies.

In Australia, our Aboriginal Engagement Policy sets out our commitment to working with Aboriginal communities and providing employment, training, education, and enterprise opportunities associated with the oil and gas industry.

Ethical workplace

We have policies and programs in place that reinforce our culture of integrity, and support the rights and wellbeing of all our workers.

At Santos, everyone shares responsibility for practising high standards of ethical conduct. This is underpinned through company policies and training programs:

- + Santos Values: guide the way we go about our business.
- + Code of Conduct: a framework for sound business behaviour, including reporting misconduct ('whistle blower') hotline, equal opportunity training and human rights policy.

Compliance with these policies is mandatory. Regular induction and training ensures that all employees are aware of their responsibilities.

Our standards are regularly reviewed and updated to ensure we are keeping up to date with changing regulatory needs and community expectations.

Environmental care

Minimising our impact across the lifecycle of our activities.

Each year we drill wells, build roads and install flowlines to produce oil and gas so that we can provide energy.

While this activity involves temporary environmental disturbance, over many decades we have refined our approach to minimise impacts.

We recognise that responsible environmental management is essential to our success, ensuring a future for the industry and all those who depend on it.

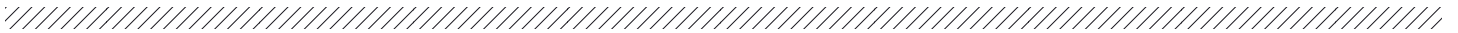
Our environmental management processes go beyond legal requirements, and are detailed in our Environment, Health and Safety Management System.

The system is reviewed regularly and updated in response to new information, technology and innovations, with each employee and contractor completing induction and training on their environment, health and safety responsibilities.

Santos audits regularly to check conformance with relevant standards.

In 2015, we commenced an upgrade of our data collection and management system to facilitate more user-friendly access and applications of environmental data sets.

Data quality assessments will provide greater confidence in the quality of the data and support its contribution to increasing operational efficiencies, reducing costs and improving environmental performance.



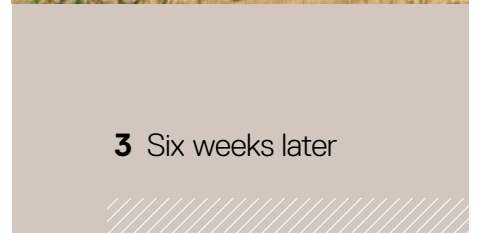
1 Pipeline construction



2 Site reinstatement



3 Six weeks later



Since 2006, we have reused 20 gigalitres of produced water for irrigation, stock watering, and in our operations.

Effective water management is essential to our business

Responsible resource use and protection is integral to conducting our operations sustainably.

At Santos, we have stringent policies and standards to manage our water use, and ensure that our activities do not cause long-term impacts to the environment.

Our monitoring activities ensure compliance with these policies and standards.

Water occurs naturally underground in association with oil and gas deposits and is brought to the surface as a by-product of oil and gas production (referred to as produced or associated water). We must separate this water from our product.

Where possible, we identify opportunities for beneficial reuse of water including for stock and crop irrigation.

Where reuse is not an option, we adopt safe and sustainable disposal methods in accordance with our standards, legal requirements and licence conditions.

Monitoring data are available via www.santoswaterportal.com.au

Innovation drives improved performance

Smart, simple technical modifications to our wellhead design are reducing operating costs and enhancing our water metering accuracy.

Changes to the wellhead design were successfully trialled in late 2014, removing gas in the water flow stream and achieving close to single-phase flow through the water meter.

During 2015, the 'Willo Meter' was rolled out across 90 wells in Roma with plans for Roma West development projects, and Fairview field.

Protecting water resources

In Narrabri, New South Wales, we have used the best available science to build an understanding of the potential effect our operations may have on local water.

We test our groundwater pressures in the key overlying aquifers every 30 minutes.

Our ongoing monitoring provides the community, farmers and irrigators with confidence in our activities.

More information on this project is available on our website www.narrabrigasproject.com.au



Protecting 'country'

Santos recognises and respects Aboriginal peoples' attachment to their country and the importance of Aboriginal cultural heritage. We seek to involve Aboriginal people when managing any potential cultural heritage risk resulting from our operations.

Santos has introduced a comprehensive Cultural Heritage Management System to support compliance with legislation and agreements with traditional owners. Santos' development projects are required to consider implications for Aboriginal land, culture and communities before activities begin. Since 2011, 18 traditional owner groups have conducted thousands of cultural heritage surveys for Santos. This has resulted in the identification and avoidance of many hundreds of cultural heritage sites.

Improved land access protocols

Santos complies with all relevant legislative requirements when planning and managing access to third party land.

To make this approach consistent across all Santos onshore operations, we developed our EHSMS20 Land Access management standard and Land Access Code of Conduct.

The standard and code of conduct clearly identify responsibilities for all Santos personnel and contractors accessing third party land to conduct Santos activities.

Spill prevention and care

We focus on preventing incidents and spills through training, equipment monitoring, maintenance and day-to-day vigilance and care.

If incidents do occur, they are responded to and investigated in accordance with the requirements of our management system.

All incidents and near misses are reported through the Santos incident management system and risks are recorded in site hazard risk registers.

We focus on reducing the risk of recurrence by increasing awareness and identifying opportunities for improvement.

In January 2015, we reported a 321 m³ release of hydrocarbons from a subsurface pipeline near Tirrawarra in the Cooper Basin. Santos suspended operation of the pipeline immediately, notified relevant regulators and commenced clean-up and remediation. Groundwater investigations have confirmed that there has been no impact to groundwater.



HABITAT HOMES

Around 600 nest boxes were installed along a 420 km corridor from Injune to Curtis Island, to provide nesting sites as alternatives to trees displaced during the GLNG pipeline construction.

Infringement notices

In 2015, Santos received fines totalling \$34,155 relating to three infringement notices issued for non-compliance with conditions of approval. These events occurred in Santos' eastern Queensland operations:

- + \$11,385 x 2 for the release of produced water to land at Stakeyard East
- + \$11,385 for the release of sediment into surface water.

Environment, health and safety governance

Santos' corporate environment and safety team sets and maintains our company-wide governance approach.

This is underpinned by Santos' environment, health and safety management system (EHSMS) and supporting information, training and tools.

They also provide strategic, corporate focus to drive consistency in our approach to deliver effective and efficient management of risks and strong performance.

To foster innovation and excellence, Santos has developed our safety and environment communities of practice. These are designed to build expertise and facilitate knowledge sharing across the business.



Performance and Reporting

- + EHS scorecard
- + EHS toolbox
- + EHS bulletins and performance packs



Environment

- + Environment dashboards
- + Environment community of practice
- + Environment quarterly update



Management Systems

- + EHS policies
- + EHSMS standards
- + EHSMS responsibilities



Emergency Preparedness

- + Emergency preparedness
- + Security standards
- + International travel safety and security



Health and Safety

- + Safety lifesavers
- + Permit to work
- + Safety community of practice



Process Safety

- + Process safety management
- + Process safety framework
- + Process safety community of practice

The safety imperative

Maintaining a strong safety culture, without compromise.

At Santos, our strong safety culture is not negotiable. We are committed to ensure that all our workers return home safely, without injury or illness.

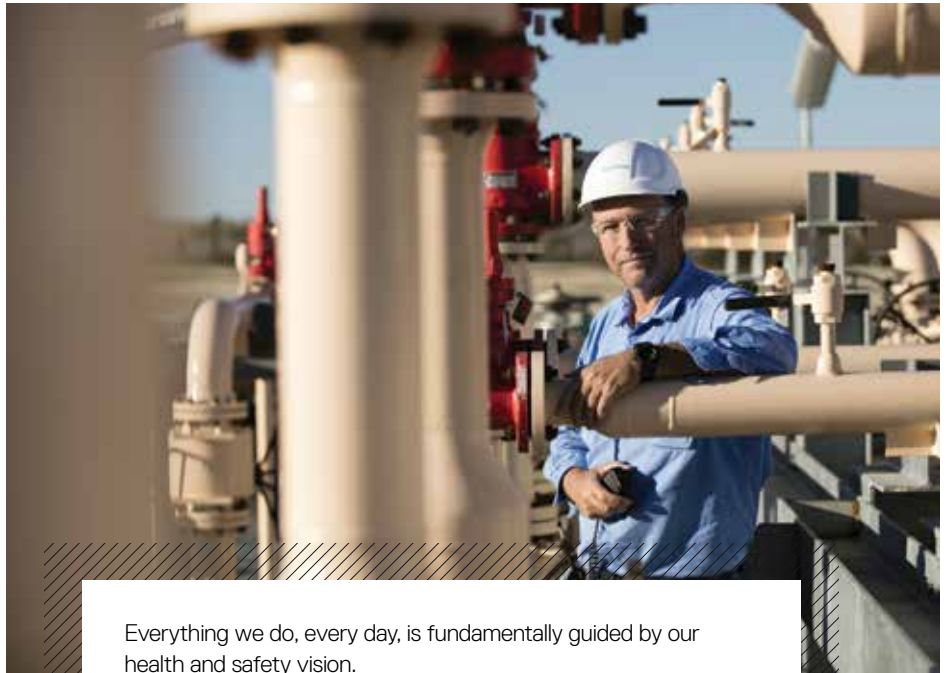
We recognise that excellent safety outcomes underpin good operational performance.

While personal safety is the end result: to achieve good safety performance requires a strong focus on process safety.

Process safety means keeping our product (hydrocarbons) contained. This is achieved through ensuring the integrity of our assets through regular maintenance of safety-critical equipment such as pressure vessels and safety valves.

Our inspection and maintenance processes ensure potential hazards are quickly identified and managed. Santos has an inspection program with work prioritised to identify high safety risk items.

Santos employs a strict prequalification process for our contractors including an assessment of their safety performance and safety systems. We work with contractors who share our vision for safety and the standards we all strive to achieve every day.

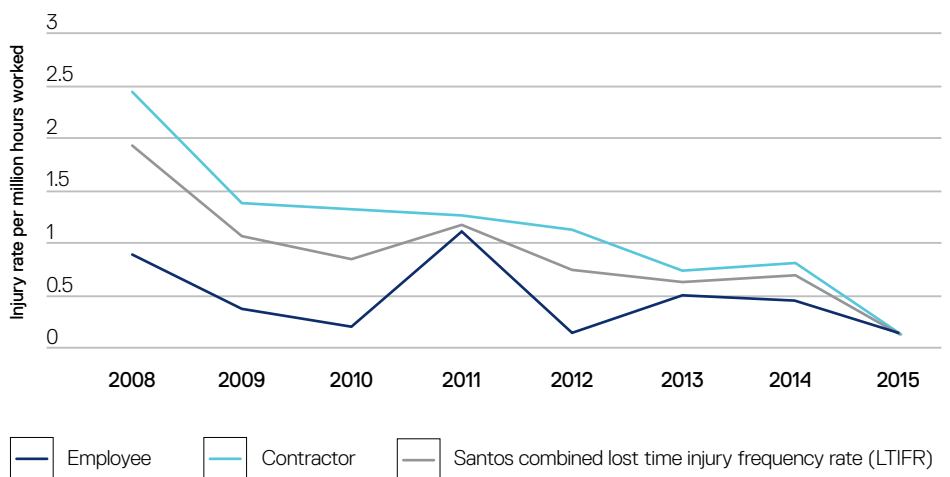


Everything we do, every day, is fundamentally guided by our health and safety vision.

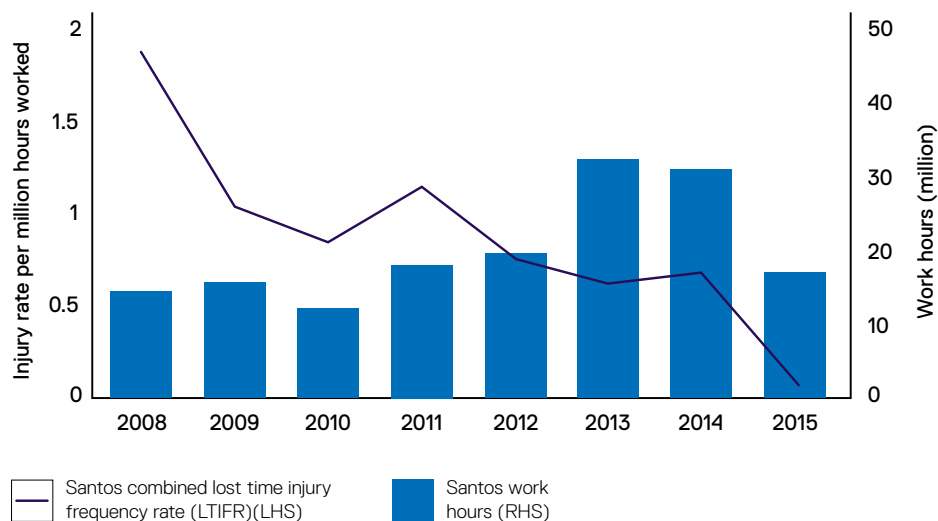
- + No business objective will take priority over health and safety.
- + No task is so important or urgent that it cannot be done safely.
- + All injuries and incidents are preventable.

Health and safety are a priority for Santos. Our injury rate has reduced to the lowest on Santos' record (0.12 incidents per million hours worked).

Santos safety performance



Safety commitment delivers results



Safety forum delivers

GLNG's safety performance was driven by an innovative and co-operative approach across the Queensland LNG industry, known as Safer Together.

The results speak for themselves. In 2015, during the final stages of construction on the GLNG project, our lost time injury frequency rate was at an all time low.

The success of the Safer Together program is illustrated by the results.

Offshore safety: culture drives improvement

Ensuring a strong safety culture is vital on an offshore drilling rig. On the Mutineer Exeter facility in the Carnarvon Basin, Western Australia, personnel were encouraged to identify and raise safety concerns, and find solutions. These were reviewed daily and acted upon. Response was swift, demonstrating a consistent message of support.

The approach created a no-blame, supportive culture where expectations around safety were always high. These initiatives created a significant culture shift on the rig, transforming it from the poorest safety performer in the fleet to best over a 12 month period. The team was recognised for this improvement in safety performance, winning the Santos 2015 Directors' Environment, Health and Safety award in the best health and safety performance category.

"We brought in proven safety leaders," said Operations Superintendent, Iain Somerville.

"Our focus was always on what we could do to support the rig. While setting high expectations was important, we also knew that we had to be responsive."



Indonesian safety leaders

Over a span of nine years, our Indonesian operations achieved an exemplary safety record.

Grati processing facility:
Six years of no lost time injury

Oyong offshore platform:
Eight years of no lost time injury

Maleo offshore platform:
Nine years of no lost time injury

These results were achieved through hard work and a disciplined commitment from all employees and contractors.

Community spirit

Being part of strong, resilient, sustainable communities.

Through our business activities and community investments Santos' strong ethos of investing in community wellbeing is put into action.

As an operator in remote and rural locations, we value our role in working with communities to support positive projects, working together to face today's challenges.

This commitment involves:

- + focused community investment to encourage youth, education, health and indigenous opportunities
- + supporting local businesses and employment via our supply chain systems
- + volunteering and charitable activities where Santos employees contribute time, money and skills to support worthwhile projects and organisations
- + treating everyone with integrity and respect, and
- + being environmentally responsible: not only managing risks and impacts of our operations, but also supporting a range of initiatives that protect natural heritage, plants and animals.

Santos' three-pronged community investment program transforms this commitment into tangible community outcomes:

- + developing futures
- + healthy and vibrant communities, and
- + natural environment.

Santos supports the Extractive Industries Transparency Initiative, endorsing its principles and criteria to improve the transparency around payments and revenues in the extractives sector in developing countries.



RESPECTING LOCAL PEOPLE AND CULTURES

At Santos, we recognise and respect the human rights of all people.

We believe that genuine engagement is essential to build mutually positive relationships with the people and communities where we operate.

Santos engages with communities at the earliest opportunity and ensures information is relevant and accessible.

We have signed close to 50 voluntary land agreements with traditional owners that are over and above compliance requirements. These agreements are voluntary and allow flexible, pragmatic agreements about the use of land and water.

In 2015, Santos signed a landmark agreement with the Yandruwandha and Yawarrawarrka people who are major stakeholders in Santos' Cooper Basin operations.

We care for the people and places where we work and live.



Transparency and disclosure


At Santos we recognise the importance of transparency to our stakeholders and shareholders. It is an integral part of maintaining our social licence to operate.

To provide more information on our management approach we have developed fact sheets for our sustainability scorecard indicators.


The fact sheets and additional information on our management approach are available on our website.

 www.santos.com/sustainability

 99,502 followers on LinkedIn

 14,446 views on Santos' YouTube channel

 4,196 followers on Twitter

 1,394 likes on Santos' Facebook community page

Taxes and royalties

Santos works in partnership with governments and communities to support the highest standards of corporate governance and ethical conduct.

Our operations are long-term in nature, creating significant economic value. This allows us to support local and national economies through the payment of taxes and royalties, which forms part of our broader social and economic contributions.

It is our responsibility to deliver transparency and provide communities with a clear understanding of our revenue and the contributions we make. Santos voluntarily discloses its payments of taxes and royalties through the annual Sustainability Report.

Santos pays a range of taxes, royalties, payments, duties and rates to Australian Local, State and Federal governments, including fringe benefits tax and payroll taxes. Furthermore, internationally based Santos subsidiary companies are subject to tax overseas in the countries in which they operate, including Papua New Guinea, Vietnam and Indonesia.

In 2015, we paid \$183 million in taxes, royalties and other payments to governments. The major reconciliation items used to determine the income tax payable were highly influenced by a range of factors including the company's large capital investment in exploration and development.

Santos has implemented strong internal processes and policies and regularly participates in Australian Taxation Office risk differentiation framework processes. Santos also has an ongoing dialogue with the Australian Taxation Office, Treasury and industry regarding industry fiscal matters.

\$183M
in royalties and taxes paid in 2015.

From Perth to Roma, Adelaide to Darwin, over 1.6 million people enjoyed a range of festivals and community events in Australia thanks to Santos support in 2015.

Developing futures: making a long-term difference

Santos is dedicated to developing futures and a positive legacy that goes beyond our current operations.

Working in partnership with a range of community groups, we encourage economic activity and help create training and employment opportunities, particularly for young people and regional communities.

For our Indonesian operations, for example, Santos seeks to establish mutually beneficial partnerships by investing in organisations, events and initiatives that are valued by and enrich local communities including helping women establish small business groups as part of the women's entrepreneur program.

Other Santos investments include:

Monarto Zoo Internship Program

Major sponsor since 2013.

Aboriginal Power Cup

Supported by Santos since 2010, with more than 400 students competing in education programs and a three day AFL carnival in 2015.

Common Ground

Foundation partner since 2010, providing safe and affordable housing to those in need.

RiAus

Foundation partner since 2009, working together to encourage a science-literate society.



Aboriginal Power Cup.

Vibrancy: supporting healthy communities and celebrations

Santos recognises the importance of investing in vibrant, healthy communities by sponsoring a range of programs and events that both support healthy lifestyles and encourage communities to celebrate their unique culture and identity.

One example is Santos' sponsorship of the Darwin Festival since 1996. The 2015 Santos Opening Concert attracted over 3,000 people to the Darwin Amphitheatre, and featured well-known Australian performers. The Festival offers 18 days of free music, theatre, visual art, dance and cabaret, with a mix of multicultural performances that reflect the unique Top End culture and communities.

Other Santos investments include:

Santos Tour Down Under, South Australia

With Santos as naming sponsor and supporter since 2010, it is now the biggest cycling race in the southern hemisphere, attracting over 700,000 people.

OzAsia Festival, South Australia

Australia's leading Asian cultural engagement event in our country, attracting over 80,000 people in 2015. Santos has supported this major event since 2008.

Kings Park Festival, Perth

A month-long event celebrating the beautiful parklands and attracting over 600,000 people.

Art Gallery of South Australia

Launching First Fridays, helping to extend the gallery's outreach program to new audiences, Santos has supported the gallery since 1989.

Adelaide Symphony Orchestra

Principal partner since 1998: this includes new concerts and events for 1500 people in regional communities.



Common Ground volunteers.



OzHarvest food bus.

Environment: supporting projects that protect land, air and water

In addition to our strict environmental safeguards adopted for all our operating activities, Santos supports a range of research, education and community projects that go beyond our activities to help protect our natural environment.

For example, we supported a significant upgrade to the Roma vehicle wash-down facility and funding for local landholders and businesses to build private wash-down facilities on their own properties.

Santos GLNG Maranoa Regional Manager, Andrew Snars said: "As landholders ourselves, we take our responsibility for managing key issues in regional Queensland – in particular weeds – very seriously."

"Our track record shows our efforts have been very positive. So far, we have contributed around \$1 million towards weed and pest management initiatives, and a departmental audit of our weed management programs verified the effectiveness of our approach."

Other Santos investments include:

Outback Gondwana Foundation

Supporting dinosaur discovery in south-west Queensland where Santos has worked for over 40 years.

Botanic Gardens of South Australia

A major supporter since 2009, sponsoring the Santos Museum of Economic Botany and the South Australian Seed Conservation Centre.

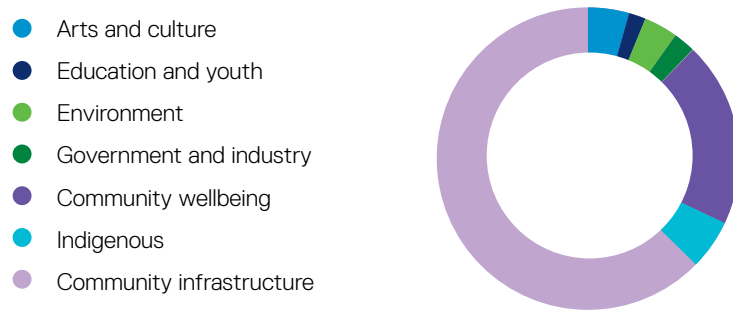
Nature Foundation SA

Supporter of the NFSA's inaugural Treasure Hunt for Nature during 2015.

OzHarvest

Supported OzHarvest's launch in Western Australia in 2014. Australia's leading food rescue charity – helps reduce waste and provides quality, nutritious food to those in need.

Community investment by type



Kings Park Festival.



Santos Tour Down Under.

Our performance

Through measuring our results we are able to track our key performance metrics, recognise achievements and identify areas for improvement.

Transparency is crucial to maintaining our social licence to operate. We are committed to open and honest disclosure of our results to provide stakeholders with confidence in our approach.

This report and the following data tables provide a snapshot of our sustainability performance in 2015. Further information on our approach, including historic data, fact sheets and assurance statements, is available on our website.





Driving improvement

We are committed to continuous improvement of our sustainability performance. We believe that this is both a management obligation and the responsibility of every individual at Santos.

Our performance objectives in 2016 include:

- + production guidance of 57-63 mmboe
- + active management of our sustainability indicators and publication of Santos' sustainability scorecard
- + greenhouse emissions intensity lower than 70 ktCO₂e/mmboe
- + loss time injury frequency rate (LTIFR) lower than 0.48 (three year rolling average)
- + targeted corporate social investment strategy which focuses on: vibrant communities; natural environment; and developing futures.

38

Sustainability performance

Awards and global benchmarks.

40

Performance data

Tracking key sustainability performance metrics.

46

Independent audit

Assurance of our sustainability report.



Sustainability performance

International sustainability indices provide an independent validation of our business approach and results against leading global benchmarks.



2009 2015

RECOGNITION

2012, 2013, 2015
Dow Jones Sustainability World Index

2012, 2013, 2014, 2015
Dow Jones Sustainability Asia Pacific Index

2015
Euronext Vigeo World 120 Index

2015
FTSE4GOOD Global Index

2011, 2012, 2013, 2014, 2015
STOXX Global ESG Leaders Index

2010, 2011, 2012, 2013, 2014, 2015
Australian Council of Superannuation Investors (ACSI) Leading rating

2009, 2010, 2011, 2012, 2013, 2015
CDP Leadership Index

2010
Storebrand Best in Class Environmental and Social Performance

Global benchmarks

Dow Jones Sustainability World Index

The Dow Jones Sustainability Indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for companies who want to adopt sustainable best practices. Santos has participated in the survey since 2004.

Euronext Vigeo World 120 Index

The Euronext Vigeo World 120 Index is the 120 most advanced companies in the European, North American and Asia Pacific region in terms of their environmental, social and governance performances.

FTSE4GOOD Global Index

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. FTSE assess companies against a suite of over 300 indicators based on publically available data.

STOXX Global ESG Leaders Index

The STOXX Global ESG Leaders indices consist of the top leading companies in terms of corporate sustainability based on environmental, social and governance indicators provided by Sustainalytics.

Australian Council of Superannuation Investors (ACSI)

ACSI's sustainability reporting research (in its eighth year with its 2015 report), assesses the level of sustainability reporting among ASX200 companies, with the goal of promoting continuous improvement in reporting standards and practices across the market. Santos has been given a "Leading" rating by ACSI six years in a row.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

acsi



FTSE4Good



CDP
DRIVING SUSTAINABLE ECONOMIES

BEST IN CLASS
environmental and social performance
 STOREBRAND UK



STOXX



EURONEXT vigeo

Santos people making a difference: awards and contributions

Graduate program

Santos was awarded the 2015 Will Spensley Memorial Award for Innovation at the Australian Association of Graduate Employers Conference. Our graduate program aims to build organisational capability, supporting graduates through three years of career rotations to give them a strong technical foundation. The award recognised Santos' innovative system for managing graduate rotations.

Industry recognition

In 2015 Santos' Tax Manager, Michael Lawry, was awarded Australian Petroleum Production and Exploration Association Honorary Life Membership. The award recognises Michael's service to the Australian oil and gas industry.

Australian women in resources

During 2015, Santos was recognised for its focus on gender equity with two awards — the Australian Women in Resources Alliance award from the Australian Mines and Metals Association, and the Excellence in Diversity award from the South Australian Chamber of Mines and Energy.

Santos Senior Reservoir Engineer Helena Wu won both the state and national Chamber of Mines and Energy award for Exceptional Young Woman in Resources in September 2015.



Helena Wu
Santos Senior
Reservoir Engineer

Procurement excellence

At the 2015 Smart Supply Chain and Logistics Conference, Santos and Nalco Champion received the Excellence in Procurement Award. "We were able to create a mutually beneficial outcome for both parties," said David Henchcliffe, Santos' Chief Procurement Officer.

Inspiring sustainability excellence

Each year, Santos' employees and Board Directors gather to recognise the achievements of our teams and contractors to celebrate and encourage outstanding achievements in environment and safety.

"These awards are so important; we are continuously finding new ways to operate more efficiently and to minimise our impacts across the life of our operations," said Roy Franklin, Non-Executive Director.

In 2015, seven category winners were selected from 61 entries, including:

Best Environmental Performance

Commendation for Offshore Australia Drilling and Completions, Lasseater 1 Drilling Campaign, which achieved the target of zero impact on the environment.

Best Environmental Innovation

Winner for Field Development and Environment teams, Queensland Business Unit, for implementing robust erosion sediment control plans across all well pads, right of ways, access tracks and long-term field pads.

Best Environmental Innovation

Commendation for Lean Field Developments Pty Ltd, for recovering temporary pipelines (Flexpipe) for reuse, reducing land disturbance and waste by over 90 percent.

Our employees contribute above and beyond



In many different ways, they show they care; they are ready and willing to contribute their time, money, talent and sweat for a good cause.

- + During 2015, around 300 Santos volunteers donated their time and raised \$80,000 for charitable causes.
- + Nine Santos cyclists joined 59 other riders for the 2015 TourOz, an eight-day, 3,563 km journey from Adelaide to Darwin to raise money for mental health research. Santos is the major sponsor for the event which this year raised around \$360,000 for the Black Dog Institute.
- + When the Nepal earthquake struck in April, Santos employees responded by donating over \$50,000 to 13 charities. Santos also matched the donations made to the Red Cross during the appeal. Overall, \$105,000 was raised.
- + Fifty nine Santos staff braved cold, wet conditions to take part in a five-hour trek in the Kuitpo State Forest, to raise funds for Asthma Foundation South Australia.
- + More than 180 Santos employees and family members took part in this year's annual Gladstone Botanic to Bridge fun run. The event is sponsored by Santos GLNG, with all funds raised going towards community care provider, the Pyjama Foundation, and regional schools.

Performance data

Santos in numbers

All data are reported for the 2015 calendar year and as Santos gross operated unless otherwise stated. Data are presented to nearest significant figure. Where data are unavailable or not applicable, it is left blank, where data is zero or de minimis it is represented as (0).

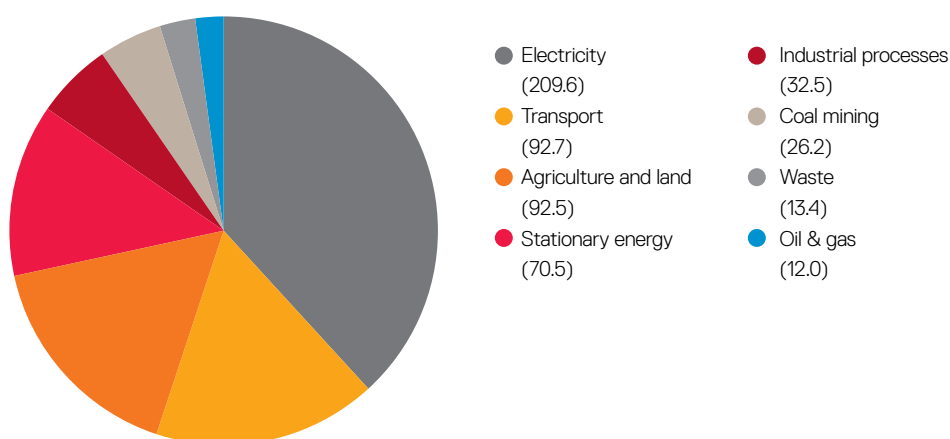
Country data are provided alphabetically with Australian states and territories first, then international interests. Abbreviations used: BGD (Bangladesh), IDN (Indonesia), IND (India), PNG (Papua New Guinea), VIET (Vietnam).



Santos' historic data tables can be downloaded at:

www.santos.com/sustainability

Australia's 2013 annual emissions by sector (550 MtCO₂e)



Source: Australian Greenhouse Emissions Information System, Department of Environment, Australia's National Inventory (2015).

Notes: Stationary energy: fuel use for manufacturing, mining and households, but excludes electricity. Industrial process: production of chemical, metal and minerals products. Coal mining: flaring and venting excluding electricity and fuel use. Oil and gas: flaring, venting and fugitive emissions excluding electricity and fuel use.

Greenhouse gas emissions (GHG) and energy consumption

Financial Year		2010	2011	2012	2013	2014	2015
Direct energy consumption	PJ	31	31	30	29	32	34
Direct GHG (Santos equity share)	MtCO ₂ e			2.94	2.97	3.36	3.63
Intensity (Santos equity share)	ktCO ₂ e/mmmboe		57	59	58	65	63
Scope 1 (direct GHG)	MtCO ₂ e	3.67	3.58	3.81	3.68	3.94	4.35
- Fuel	MtCO ₂ e				1.55	1.70	1.67
- Flare	MtCO ₂ e				0.21	0.30	0.54
- Vent	MtCO ₂ e				0.38	0.30	0.31
- CO ₂ removal	MtCO ₂ e				1.52	1.62	1.81
- Fugitives	MtCO ₂ e				0.02	0.02	0.02
Scope 2 (purchased electricity)	MtCO ₂ e	0.04	0.04	0.04	0.04	0.03	0.03
Scope 3 (product use)	MtCO ₂ e				17.05	18.00	15.45
Renewable energy (capacity)	kW		116	116	156	473	473

Notes: Emissions and energy are reported on an Australian financial year basis in accordance with *National Greenhouse and Energy Reporting Act, 2007*. Direct emissions are Scope 1 and indirect emissions are Scope 2 and 3.

Pollutant emissions

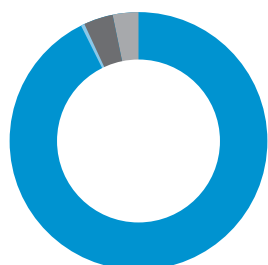
		2010	2011	2012	2013	2014
Benzene	tonnes	17	17	21	42	45
Lead and compounds	tonnes	0.10	0.13	0.11	0.06	0.03
Nitrogen oxides	tonnes	30,704	20,083	20,188	12,257	13,444
Particulate matter (less than 2.5 micro metres)	tonnes	289	245	257	274	314
Sulphur dioxide	tonnes	28	21	22	30	38
Total volatile organic compounds	tonnes	9,694	6,887	9,956	8,897	8,002

Notes: Pollutant emissions to air, land and water, including waste transfers, are reported on a calendar year basis in accordance with the Australian National Pollutant Inventory compliance reporting requirements. Annual reports are submitted on 31 March, therefore 2015 data will be reported in the 2016 Sustainability Report.

Waste

Waste stream	Solid waste (tonnes)					Liquid waste	Transported waste
	Reuse and recycle	Energy recovery	Incineration	Landfill	Other	(m ³)	(tonnes)
Unregulated	10,962	105	0	22,925	4,615	0	0
Regulated	419	9,353	0	41	7,827	0	1,633
Drill mud and cuttings (aqueous)	0	0	0	0	4,866	27,486	0
Total	11,381	9,458	0	22,966	17,308	27,486	1,633

Water



Water reuse and recycling

- Irrigation
- Drilling
- Dust suppression and construction
- Other

\$500 million
invested in water
management
since 2010.

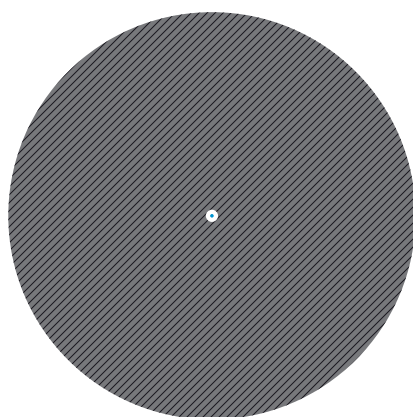
	Water withdrawal by source (1,000m ³)						Total	Water disposal (1,000m ³)					Total
	Formation water	Seawater	Surface water	Ground water	Rainwater	Municipal or other		Seawater	Water treatment	Surface	Recycled and beneficial use	Aquifer injection	
NSW	264			7			271		271				271
NT	8			33			41		40		1		41
QLD	9,128		11	573		9	9,721		2,954	2,503	4,034	230	9,721
SA	5,694			1,622		72	7,388		7,134		136	118	7,388
VIC	2				4		6				6		6
WA	2,185						2,185	2,185					2,185
BGD				1			1				1		1
IDN	324	8,559					8,883	8,883					8,883
Total	17,605	8,559	11	2,236	4	81	28,496	11,068	10,399	2,503	4,178	348	28,496
Potable	x	x	~	~	✓	✓							

Notes: Santos aims to continuously improve water data capture across all operated sites. This table represents an approximation of Santos' water resource management at this time. Surface water includes wetlands, rivers and lakes. Indonesian and Western Australian water withdrawal is seawater and is used offshore. Water treatment includes disposal to water treatment facilities, evaporation ponds and process losses e.g. through conversion to steam and evaporation losses.

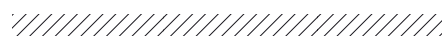
Footprint of operations

Santos footprint in context (ha)

- Australian landmass: 769 million hectares
- Santos tenements: 26.5 million hectares
- Operations footprint: 0.02 million hectares



Santos' operations occur within a small fraction of our licensed tenements.



	Santos operated tenements (ha)	Onshore %	Operations footprint (ha)	Rehabilitated sites (ha)	Protected areas (ha)	Operations within protected areas (ha)
NSW	5,610,587	100	875	0	333,326	9
NT	8,397,034	92	351	0	424,010	1
QLD	4,829,727	100	13,858	1,633	166,249	740
SA	1,181,341	100	9,044	3,438	821,531	4,694
VIC	147,722	0	38	0	0	0
WA	3,553,496	0	236	0	0	0
BGD	492,408	0	0	0	0	0
IDN	184,414	0	11	0	0	0
IND	1,200,434	0	0	0	0	0
PNG	8,488	100	7	0	0	0
VIET	878,076	0	0	0	0	0
Total	26,483,727	73%	24,420	5,071	1,745,116	5,444

Notes: The operations footprint includes but is not limited to water treatment ponds and dams, pipelines, plant and facilities, roads, waste facilities and wells. Protected areas within tenements refer to land included on the Australian Government Protected Areas Network, for its natural, ecological and/or cultural values, RAMSAR sites and Important Bird Areas within tenements operated by Santos. There are no UNESCO World Heritage Sites and United Nations Biosphere Reserves within Santos tenements.

Incidents and spills

		2010	2011	2012	2013	2014	2015
Uncontained hydrocarbon volume	m ³	18.7	65.9	66.7	385.5	20.0	382.4
Total number of hydrocarbon spills	> 10L	73	85	161	30	42	39
Uncontained non-hydrocarbon volume	m ³	-	-	873	1,426	2,957	2,279
Total number of non-hydrocarbon spills	> 10L	-	-	46	47	52	36
Number of fines for non-compliance with environmental regulations		3	6	14	17	12	3
Value of fines for non-compliance with environmental regulations	\$	6,000	12,000	35,000	34,800	72,000*	34,155

Notes: This includes \$52,500 imposed by the New South Wales Land and Environment Court for incidents that occurred at the Bibblewindi Water Treatment facility in 2011 while the site was under previous ownership and management.

Safety

Safety performance data	2010	2011	2012	2013	2014	2015
Employee fatalities	0	0	0	0	0	0
Contractor fatalities	1	0	0	1	0	0
Employee lost time injury frequency rate	0.2	1.26	0.14	0.51	0.46	0.12
Contractor lost time injury frequency rate	1.31	1.12	1.09	0.70	0.78	0.12
Combined lost time injury frequency rate	0.85	1.17	0.74	0.64	0.67	0.12
High potential incidents	2	6	16	12	15	4
Tier 1 process safety events (gas releases greater than 500 kg/hr)	-	-	9	9	8	4
Tier 2 process safety events (gas releases less than 500 kg/hr and gas releases greater than 50 kg/hr)	-	-	13	25	27	20

Notes: Santos injury rate is based on the APPEA (2005) Safety Incident Reporting Guidelines.



Socio-economic contribution

		2010	2011	2012	2013	2014	2015
Product sales revenue	\$M	2,228	2,721	3,223	3,602	4,037	3,246
Net profit/(loss) after tax	\$M	500	753	519	516	(935)	(2,698)
Production volume	mmboe	49.9	47.2	52.1	51.0	54.1	57.7
Natural gas % production	%	78	75	74	71	74	78
2P Reserves	mmboe	1,445	1,364	1,406	1,368	1,245	945
2P five-year reserves replacement ratio (organic, %)	%	415	441	435	331	97	(38)
1P Reserves	mmboe	646	649	663	620	622	485
1P five-year reserves replacement ratio (organic, %)	%	216	235	227	184	116	65
Number of shareholders		112,145	113,173	111,135	112,397	140,509	161,854
Wages and salaries	\$M	354	411	533	613	665	670
Materials, goods and services	\$M	1,364	2,066	6,492	7,904	6,793	3,350
Royalties and taxes	\$M	185	653	375	315	261	183
Community investment	\$M	11	15	15	13	13	18.5
Payments to providers of capital (excluding capital repayment)	\$M	-	368	353	375	468	580

Notes: Natural gas includes sales gas, ethane and LNG. Materials, goods and services covers total spend for Santos' operated sites.

Community investment



(\$000)	Arts and Culture	Education and Youth	Environment	Government and Industry	Community Wellbeing	Indigenous	Total
ACT	0	0	0	0	10	0	10
NSW	4	9	1	34	175	26	249
NT	150	34	159	0	6	0	349
QLD	55	132	11	12,103	287	7	12,595
SA	397	27	293	218	2,383	821	4,139
VIC	0	3	30	14	28	0	75
WA	205	35	183	4	168	37	632
IDN	0	5	0	0	309	32	346
OTHER	0	51	0	8	91	0	150
Total	811	296	677	12,381	3,457	923	18,545

Notes: Government tax and royalty payments are not included. Community infrastructure investments and charitable donations are included in the most applicable category (eg. In 2015, over \$11 million community infrastructure spend was included in Government and Industry category). Community wellbeing includes sponsorship of community activities and events such as the Santos Tour Down Under.

Workforce by location and type

	Full time		Part time		Graduate/ trainee		Santos employee Total	Secondee		Contractors		External service providers		Contractor workforce Total
	M	F	M	F	M	F		M	F	M	F	M	F	
NSW	34	9	0	1	0	0	44	0	0	9	4	1	0	14
NT	0	0	0	0	0	0	0	0	0	3	0	0	0	3
QLD	934	244	6	45	25	21	1,275	17	2	549	180	72	14	834
SA	945	237	14	81	36	21	1,334	0	0	869	150	117	21	1,157
VIC	2	0	0	0	0	0	2	0	0	2	1	5	0	8
WA	53	26	2	8	2	0	91	0	0	21	19	18	4	62
IDN	114	65	0	0	0	0	179	0	0	102	10	3	0	115
OTHER	14	7	0	0	0	0	21	0	0	7	8	5	2	22
Total	2,096	588	22	135	63	42	2,946	17	2	1,562	372	221	41	2,215

Workforce composition and training hours

	<30 yrs (%)		30-50 yrs (%)		+50 yrs (%)		Workforce total		Total training hrs		Av. training hrs	
	M	F	M	F	M	F	M	F	M	F	M	F
Strategic leader	0	0	54	0	38	8	12	1	5	1	0.4	0.5
Functional leader/manager	0	0	50	19	29	2	157	40	905	280	5.8	7.0
Team leader/supervisor	1	1	59	12	25	2	335	58	1,727	267	5.2	4.6
Technical specialist	1	1	53	20	24	1	267	72	1,429	342	5.4	4.8
Team member	12	7	42	20	16	2	1,410	594	14,859	3,819	10.5	6.4
Total	8	5	46	19	19	2	2,181	765	18,924	4,708	8.7	6.2
Board director							6	2				



Employee turnover

	%
Total employee turnover	25
Total non-voluntary employee turnover	20

Independent Limited Assurance Report in relation to Santos Limited's 2015 Sustainability Report



To the Management and Directors of Santos Limited ('Santos')

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that:

- > Santos' has not adhered to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness as defined in the AA1000 AccountAbility Principles Standard (2008) ('APS (2008)').
- > Selected sustainability performance data ('Selected Performance Data') has not been reported and presented fairly, in all material respects, in accordance with the criteria.
- > The sustainability scores assigned to the indicators which make up Santos' Sustainability Scorecard, have not been reported and presented fairly, in all material respects, in accordance with the criteria.

Criteria

The following criteria have been applied:

- > The Criteria listed in APS (2008) for each of the Principles
- > GRI indicator protocols, and Santos' reported criteria detailed in footnotes and the glossary
- > Santos' Sustainability Scorecard ten-point rating scale

Management's Responsibility

The management of Santos is responsible for the preparation and fair presentation of the Subject Matter in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. No conclusion is expressed as to whether the selected methods are appropriate for the purpose described above. Further, Santos' management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement conducted in accordance with the International Federation of Accountants' *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000') and in accordance with the terms of reference for this engagement as agreed with Santos.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance.

The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Summary of Procedures Undertaken

In order for us to provide a conclusion in relation to the AA1000 AccountAbility Principles we considered the following questions:

- > Inclusivity: Has Santos made a commitment to be accountable to its stakeholders, and did Santos involve stakeholders in developing and achieving an accountable and strategic response to sustainability?
- > Materiality: Has Santos identified, prioritised and included in its report the material information and data required by its stakeholders to make informed judgements, decisions and actions?
- > Responsiveness: Has Santos responded to its material sustainability issues through decisions, actions and performance, and communicated with stakeholders?

Our other procedures included but were not limited to the following:

- > Gaining an understanding of Santos' business and approach to sustainability
- > Conducting interviews with key personnel and collating evidence to understand Santos' processes for stakeholder engagement, determining material issues and responding to key sustainability challenges, the management systems used to manage material sustainability issues and the process for collecting, collating and reporting performance information related to the selected Sustainability Performance Data during the reporting period.
- > Performing a gap analysis between Santos' implementation of the Principles of Inclusivity, Materiality, and Responsiveness based on evidence gathered, and the criteria outlined in APS (2008).
- > Conducting limited assurance procedures for the selected Sustainability Performance Data including checking application of criteria, undertaking analytical review procedures, testing assumptions, reviewing completeness, sample testing source data, and sample testing the accuracy and balance of related disclosures.
- > Performing a review of the sustainability scores assigned to the indicators which make up Santos' Sustainability Scorecard based on evidence gathered, and the criteria outlined in the ten-point rating scale.

Use of our Limited Assurance Engagement Report

We disclaim any assumption of responsibility for any reliance on this assurance report, or on the Subject Matter to which it relates, to any persons other than management and the Directors of Santos, or for any purpose other than that for which it was prepared.

Independence and Quality Control

In conducting our assurance engagement, we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

Basis for Qualified Conclusion

Santos' 'Rehabilitated Sites' performance data is based on information obtained from digitisation of aerial photography. Based on our limited assurance procedures, we identified that for South Australian sites, which represents 68% of reported rehabilitated sites, aerial photography was last conducted in 2012. The reported 'Rehabilitated Sites' performance data does not reflect rehabilitation that occurred in 2015. Therefore we are unable to conclude that the 'Rehabilitated Sites' performance data has been reported and presented fairly, in all material respects, in accordance with the Criteria.

Qualified Limited Assurance Conclusion

- > Subject Matter 1: Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that, in all material respects, Santos has not:
 - made a commitment to be accountable to its stakeholders, nor involved stakeholders in developing and achieving an accountable and strategic response to sustainability in accordance with the AA1000 APS (2008) Inclusivity principle.
 - identified, prioritised and included in its report the material information and data required by its stakeholders to make informed judgements, decisions and actions in accordance with the AA1000 APS (2008) Materiality principle.
 - responded to its material sustainability issues through decisions, actions and performance, nor communicated with its stakeholders in accordance with the AA1000 APS (2008) Responsiveness principle.
- > Subject Matter 2: Based on the limited assurance procedures conducted, except for the impact of the matter referred to in the Basis of Qualified Conclusion paragraph above in relation to 'Rehabilitated Sites' performance data, nothing has come to our attention that causes us to believe that the key sustainability metrics and related performance disclosures listed, have not been reported and presented fairly, in all material respects, in accordance with the Criteria.
- > Subject Matter 3: Based on the limited assurance procedures conducted, nothing has come to our attention to cause us to believe that the scores assigned for the Santos Sustainability Scorecard were not consistent, in all material respects, with Santos' Sustainability Scorecard ten-point sustainability rating scale.

Ernst & Young

Ernst & Young
Melbourne, Australia
03 March 2016

Note: Further details of our assurance engagement can be found in the full independent assurance report at www.santos.com/sustainability.

Glossary

Aboriginal – Refers to both Aboriginal and Torres Strait Islander people.

ACCU (Australian Carbon Credit Unit) – The domestic unit for one tonne of carbon dioxide equivalent stored or avoided by a project.

barrel/bbl – The standard unit of measurement for all oil and condensate production; one barrel equals 159 litres or 35 imperial gallons.

biodiversity – The number and diversity of plants, animals and microorganisms on earth; it refers to genetic variations between members of the same species, which are essential to their ongoing survival, as well as the assemblage of ecosystems.

boe – Barrels of oil equivalent.

carbon capture and storage (CCS) – A process in which carbon dioxide from industrial and energy related sources is separated (captured), conditioned, compressed, and transported to an underground storage location for long-term isolation from the atmosphere (IPCC 2014).

carbon dioxide equivalent (CO₂e) – A measure of greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide) with the equivalent global warming potential as carbon dioxide when measured over a specific time. In this report, measured in metric tonnes.

the company – Santos Limited and its subsidiaries.

condensate – A natural gas liquid that occurs in association with natural gas and is mainly composed of pentane and heavier hydrocarbon fractions.

crude oil – A general term for unrefined liquid petroleum or hydrocarbons.

CSG (coal seam gas) – Predominantly methane gas stored within coal deposits or seams.

cultural heritage – Includes heritage, sites and items of physical, spiritual, intellectual and cultural significance to either Aboriginal and/or other people.

exploration – Drilling, seismic or technical studies undertaken to identify and evaluate regions or prospects with potential to contain hydrocarbons.

Greenhouse gas scope 1 emissions – Direct greenhouse gas emissions from fuel combustion or production processes, such as natural gas used in a boiler for processing, or CO₂ vented during natural gas processing.

Greenhouse gas scope 2 emissions – Indirect greenhouse gas emissions from the generation of purchased grid-electricity consumed.

Greenhouse gas scope 3 emissions – Other indirect greenhouse gas emissions as a result of operations, such as use of products and services and travel.

greenhouse gas – A gas that contributes to the greenhouse effect by absorbing infrared radiation.

hydrocarbon – Compounds containing only the elements hydrogen and carbon, which may exist as solids, liquids or gases.

joules – The metric unit of measurement for energy: a gigajoule (GJ) is equal to 1×10^9 joules; a terajoule (TJ) is equal to 1×10^{12} joules; a petajoule (PJ) is equal to 1×10^{15} joules.

LNG (liquefied natural gas) – Natural gas that has been liquefied by refrigeration for storage or transport. Generally, LNG comprises mainly methane.

lost-time injury frequency rate (LTIFR) – A statistical measure of health and safety performance, calculated as the number of lost time injuries per million hours worked. A lost-time injury is a work-related injury or illness that results in a permanent disability or time lost of one complete shift or day or more any time after the injury or illness.

LPG (liquefied petroleum gas) – A mixture of light hydrocarbons derived from oil-bearing strata which is gaseous at normal temperatures but has been liquefied by refrigeration or pressure for storage or transport; generally comprising mainly propane and butane.

materiality – Determining the relevance and significance of an issue to an organisation and/or its stakeholders.

medical treatment injury – A work-related injury or illness, other than a lost-time injury, that is serious enough to require more than minor first aid treatment. Santos classifies injuries that result in modified duties as medical treatment injuries.

mmboe – Million barrels of oil equivalent.

oil – A mixture of liquid hydrocarbons of different molecular weights.

personnel safety – Preventing incidents that are typically more frequent but have less widespread consequences.

potable – Water of suitable quality for humans to drink.

process safety – Preventing rare but high consequence incidents, such as fire and explosion.

proven reserves (1P) – Reserves that, to a high degree of certainty (90% confidence), are recoverable. Proven developed reserves are reserves that can be recovered from existing wells with existing infrastructure and operating methods. Proven undeveloped reserves require development.

proven plus probable reserves (2P) – Reserves that analysis of geological and engineering data suggest are more likely than not to be recoverable. There is at least a 50% probability that reserves recovered will exceed proven plus probable reserves.

proven, probable plus possible reserves (3P) – Reserves that, to a low degree of certainty (10% confidence), are recoverable. There is relatively high risk associated with these reserves.

renewable energy – Any form of energy from solar, geophysical or biological sources that is replenished by natural processes at a rate that equals or exceeds its rate of use.

sales gas – Natural gas that has been processed by gas plant facilities and meets the required specifications under gas sales agreements.

Santos – Refers to Santos Limited and its subsidiaries.

seismic survey – Data used to gain an understanding of rock formations beneath the earth's surface using reflected sound waves.

stakeholders – Individuals or groups that affect and/or could be affected by an organisation's activities, products or services and associated performance.

supply chain – Sequence of activities or parties that provide products or services to an organisation.

sustainability – Achieving a decent standard of living for everyone today without compromising the needs of future generations (United Nations, 2013).

sustainability reporting – A resource for managing change towards a sustainable global economy – combining long-term profitability with ethical behavior, social justice and environmental care (Global Reporting Initiative, 2014).

total recordable case frequency rate (TRCFR) – A statistical measure of health and safety performance, calculated as the total number of recordable cases (medical treatment injuries and lost-time injuries) per million hours worked.

CONVERSION TOOL

Crude oil 1 barrel = 1 boe
 Sales gas 1 petajoule = 171,937 boe
 Condensate/naphtha 1 barrel = 0.935 boe
 LPG 1 tonne = 8,458 boe
 LNG 1 tonne = 9.53 boe

For a comprehensive online conversion calculator tool, visit www.santos.com

Indicator reference table

Santos' sustainability framework is based upon 24 sustainability indicators, six in each of its four sustainability quadrants of community, environment, our people and economic.

The indicators are based on the Global Reporting Initiative (GRI) and the International Petroleum Industry Environmental Consultation Association report guidance (IPIECA). Further detail is provided in our annual report and on the Santos website, including indicator-specific fact sheets.

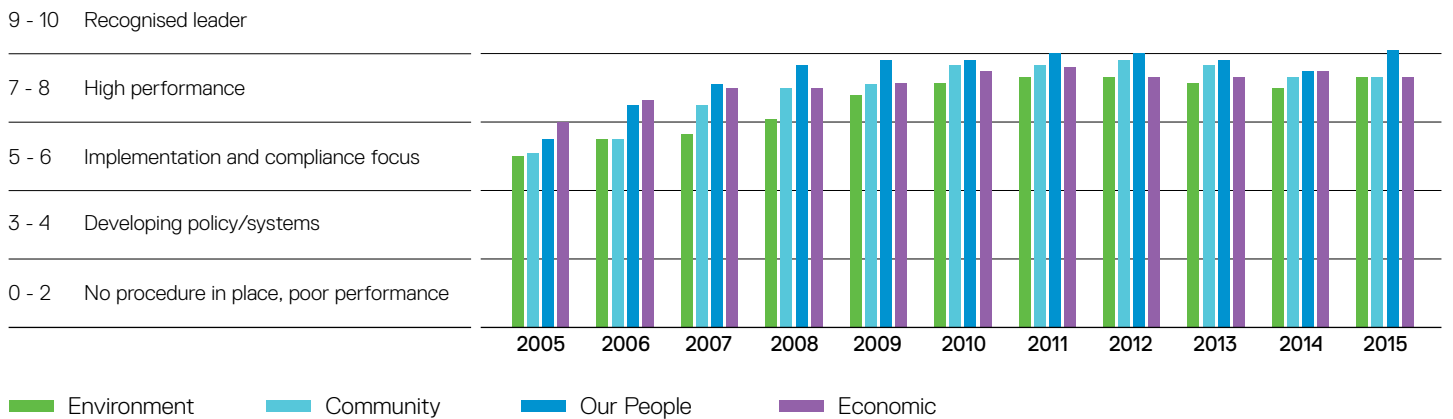
Sustainability indicator	Santos GRI (G4) Score	IPIECA	Sustainability report	Performance data table	Website	Fact sheet	Annual report
ENVIRONMENT							
Air quality	7 EN21	E7	p. 7	p. 41	✓	✓	
Biodiversity and land	7 EN11	E5	pp. 26, 28	p. 42	✓	✓	
Climate change	8 EN5, EN15, EN16, EN18, EN19, OG6	E1, E2, E4	pp. 20-23	p. 40	✓	✓	✓
Incidents and spills	8 EN24, EN29	E8, E9	p. 28	p. 42	✓	✓	✓
Waste	7 EN22, EN23, OG7	E10	p. 39	p. 41	✓	✓	
Water	7 EN8, EN10, OG5	E6, E9	p. 27	p. 41	✓	✓	
COMMUNITY							
Community wellbeing	7 EC1, SO1	SE1, SE4, SE7	pp. 32-35	p. 44	✓	✓	
Stakeholder engagement	7		pp. 32-35		✓	✓	
Indigenous rights and cultural heritage	8 EC1	SE2	pp. 25, 27, 32		✓	✓	
Product responsibility	7 OG4	HS4	pp. 20-23, 30-31		✓		
Social infrastructure	7 EC1, SO1	SE4	pp. 32-35	p.44	✓	✓	
Transparency and disclosure	8 SO8, EC1, EN29	SE13	p. 33		✓		✓
OUR PEOPLE							
Governance and policy	8	SE8, SE10, SE11, SE12	pp. 4-5, 25, 29		✓	✓	✓
Health and wellbeing	8 LA8	HS2, HS3	pp. 24, 30		✓	✓	
Safety	9 LA5, LA6, OG13	HS5	pp. 30-31	p. 43	✓	✓	✓
Workforce capability	8 LA9	SE17	pp. 24-25	p. 45	✓	✓	✓
Workforce composition, culture and commitment	8 LA1, LA12	HS1, SE15	pp. 24-25	p. 45	✓	✓	✓
Workforce remuneration and benefits	8	SE16	pp. 24-25	p. 44	✓	✓	✓
ECONOMIC							
Business partnerships	7 EN32	SE13, SE14	Fold-out		✓		✓
Financial performance	6 EC1, OG1		pp. 2-3	p. 44	✓		✓
Project development	8 OG1		pp. 14-15		✓		✓
Security	8 OG13, OG-DMA	HS5	p. 29		✓	✓	
Risk management	7 OG13, OG-DMA	HS4	pp. 4-5, 21, 29		✓	✓	✓
Supply chain	8 EN32	SE9	p. 39	p. 44	✓		





Sustainability scorecard 2015

Our ten-year journey demonstrates the drive we have to critically evaluate and identify areas to improve our performance, management systems and disclosures to meet the growing needs of our stakeholders and maintain recognised leading practices.



About the Sustainability Report

Santos' Sustainability Report is published annually in conjunction with our Corporate Governance Statement, Shareholder Review and Annual Report.

The documents are designed to be complementary. The Sustainability Report focuses on our social and environmental performance while the Corporate Governance Statement, Shareholder Review and Annual Report provide further detail on our business strategy, financial performance and governance approach. These reports are available on our website.

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Stay Informed

Additional information and fact sheets about Santos' approach to sustainability, historical sustainability performance data, and copies of this and past sustainability reports are available on our website.

