



Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 the subject matter detailed below ('Subject Matter'), and as presented in the Santos 2015 Sustainability Report ('the Report'), has not been reported and presented fairly, in all material respects, in accordance with the criteria ('Criteria') below.

Subject Matter

The Subject Matter for our limited assurance engagement included the following for the year ended 31 December 2015:

- ▶ Subject Matter 1: Santos' adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness as defined in the AA1000 AccountAbility Principles Standard (2008) ('APS (2008)').
- ▶ Subject Matter 2: Selected sustainability performance data ('Selected Performance Data') listed in Table 1 and related disclosures included in the Report – which were selected based on Santos' materiality process, in consultation with EY.
- ▶ Subject Matter 3: The sustainability scores assigned to the indicators which make up Santos' Sustainability Scorecard on page 55 of the Report.

The subject matter did not include:

- ▶ Data sets, statements, information, systems or approaches other than the Selected Performance Data and related disclosures, and Sustainability Scorecard scores
- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical data.

Criteria

The following criteria have been applied:

- ▶ Subject Matter 1: The Criteria listed in APS (2008) for each of the Principles referred to above
- ▶ Subject Matter 2: GRI indicator protocols, and Santos' reported criteria detailed in footnotes and the glossary, as identified below:

Table 1: Selected Performance Data

Performance data	Criteria	Report page
Community investment (total)	GRI 4 EC1	50
Waste (total solid waste and total liquid waste)	GRI 4 EN23	47
Water (total water withdrawal and total water discharge)	GRI 4 EN8, OG5	47
Footprint of operations (tenements, area of land disturbance, rehabilitated sites, protected areas within tenements, operations within protected areas)	GRI 4 EN11	48
Incidents and spills (uncontained hydrocarbon and non-hydrocarbon volumes)	GRI 4 EN24	48
Safety performance data (fatalities, LTIFR, high potential incidents, tier 1 and 2 process safety events)	GRI 4 LA6, glossary (page 53)	49
Workforce by location and type (headcount)	GRI 4 LA12	51
Employee turnover	GRI 4 LA1	51
Greenhouse gas emissions (total scope 1 and scope 2 emissions, and total scope 3 emissions)	GRI 4 EN15, EN16, EN17, NGER Legislation	46

- ▶ Subject Matter 3: Santos' Sustainability Scorecard ten-point rating scale as outlined in the Santos Sustainability Scorecard Factsheet

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