

## CORPORATE GOVERNANCE STATEMENT 2017

### INTRODUCTION

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

### PART I: COMPOSITION OF THE BOARD

#### Relevant policies and charters

See [www.santos.com](http://www.santos.com)

- Board Charter
- Company Constitution

#### 1.1 Board composition and Director independence

##### Total Directors: 8

- Six independent non-executive Directors
- One non-executive director who is a nominee and senior executive of a substantial shareholder
- One executive Director (Managing Director and Chief Executive Officer)

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

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

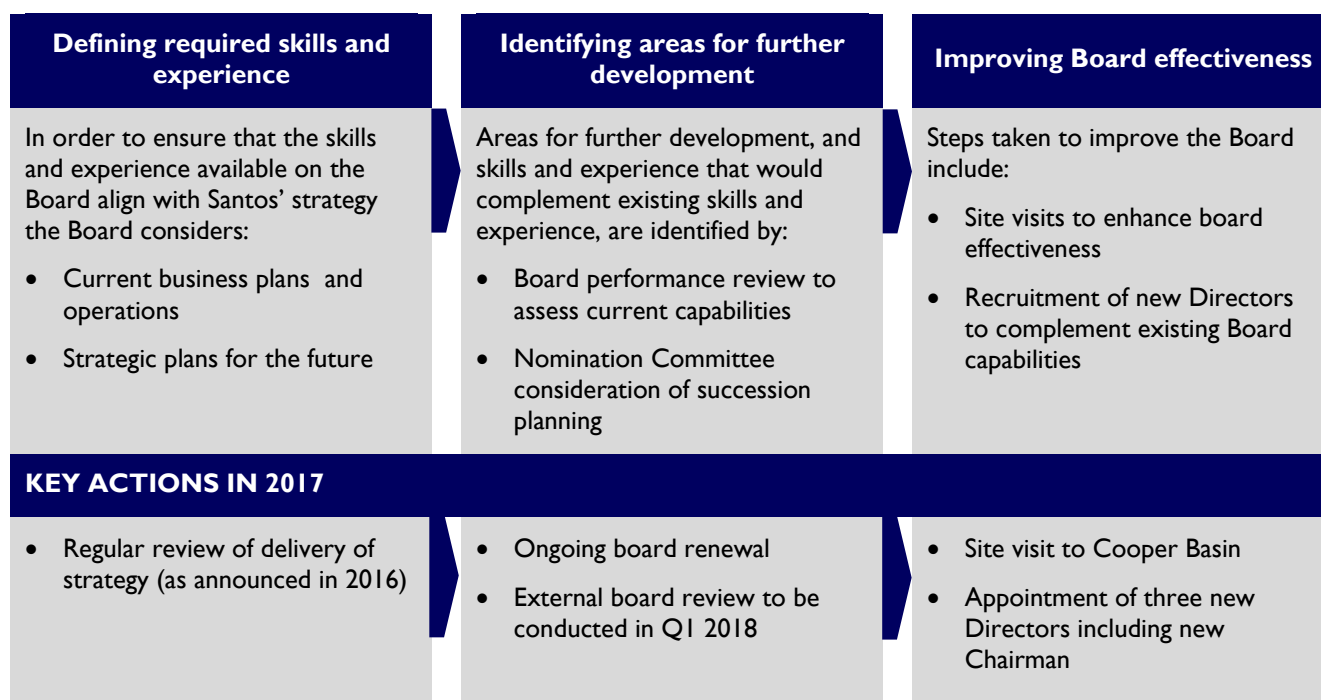
Directors must declare any conflict of interest that they may have at the start of all Board meetings. Where a material personal interest arises with respect to a matter that is to be considered by the Board, the Director is required to declare that interest and must not take part in any Board discussion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

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

## 1.2 Board capabilities

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

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



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

In 2017, the Board comprised Directors from diverse backgrounds with a range of business experience, skills and attributes.

The table on the next page demonstrates the skills, experience and diversity of the Directors in office at the end of 2017 across several dimensions that are relevant to Santos as a leading energy Company.

## SKILLS AND EXPERIENCE OF DIRECTORS

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

<b>Management, leadership and governance</b>	
Senior management positions held outside Santos (past and present)	8
Directorships held outside Santos (past and present)	7
Experience in governance of a complex organisation	8
<b>International experience</b>	
Global	7
Asia Pacific	8
<b>Strategy</b>	
Mergers and acquisitions experience	8
Experience in growing a business	7
Experience in implementing capital projects	6
<b>Education and business qualifications</b>	
Tertiary business qualification including post-graduate business studies and CA or CPA	5
Tertiary engineering or science background	5
<b>Financial and Risk Management</b>	
Senior executive experience in risk-focused positions eg CFO or auditor (past or present)	2
<b>Health, safety and environment</b>	
Experience managing health, safety and environment issues in a large organisation	6
<b>Resources experience</b>	
Oil and gas experience	6
Mining or minerals experience	3
Infrastructure experience	4

The names and details of the experience, qualifications, special responsibilities (including Committee memberships), and term of office of each Director of the Company can be found on pages 6-7 of the *2017 Annual Report*.

### 1.3 Director selection and succession planning

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

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

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

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

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

## 1.4 Director induction and continuing education

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

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

Directors are encouraged by the Board to continue their education by attending both internal and external training and education relevant to their role. During 2017, the Board conducted a site visit to the Cooper Basin.

## 1.5 Review of Board, Board Committees and Director performance

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

In 2017, performance and composition of the Board, its Committees and individual Directors were considered and discussed by the Board in the context of the appointment of new directors, Vanessa Guthrie and Eugene Shi, and new Chairman, Keith Spence. An external review of the Board will take place in the first quarter of 2018 under the leadership of the new Chairman.

## PART 2: BOARD RESPONSIBILITIES

### Relevant policies and charters

See [www.santos.com](http://www.santos.com)

- Board Charter

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

## 2.1 Responsibilities

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

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

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

## The Board is responsible for:

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

## Delegation of Authority

The Board delegates management of the Company's operations and resources to the Company's executive management team under the leadership of the CEO to deliver the strategic direction and goals approved by the Board. This is formally documented in the Company's new Delegation of Authority which was implemented in 2017.

## Responsibilities delegated by the Board to Management:

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

Performance evaluations of Senior Executives are usually undertaken by the CEO. The Chairman undertakes the CEO's annual review. Performance evaluations were undertaken in 2017 in accordance with this process.

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

Details of the remuneration received by the CEO and Senior Executives, including short and long-term incentives relating to Company and individual performance targets, are set out in the Remuneration Report commencing on page 34 of the *2017 Annual Report*. Details of non-executive Director remuneration are also set out in the Remuneration Report.

## 2.2 Access to information and independent professional advice

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

Pursuant to a deed executed by the Company and each Director, a Director also has the right to access all documents that have been presented to meetings of the Board or to any Committee of the Board or otherwise made available to the Director while in office. This right continues for a term of seven years after ceasing to be a Director, or such longer period as is necessary to determine any relevant legal proceedings that commenced during that term. Information in respect of indemnity and insurance arrangements for Directors and certain Senior Executives appears in the Directors' Report on page 54 of the *2017 Annual Report*.

## PART 3: BOARD COMMITTEES

### Relevant policies and charters

See [www.santos.com](http://www.santos.com)

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

### 3.1 Role and membership

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

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

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

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

The Chairman of each Committee provides an oral report at the next Board meeting. Minutes of each Committee meeting are distributed to all Board members.

The membership requirements of each Committee are outlined in each Committee's Charter. The Board reviews Committee membership on at least an annual basis and believes that each Committee's membership currently satisfies, and satisfied during the year (except as identified below), the membership requirements in the Charters and the composition requirements in the ASX Principles and ASX Listing Rules.

Mr Greg Martin retired on 25 August 2017. He was a member of the People and Remuneration and Nomination Committees and for a brief period, until the following Board meeting, the People and Remuneration and Nomination Committees consequently had only two members. The People and Remuneration Committee did not meet in Mr Martin's absence and Mr Eugene Shi and Mr Peter Hearl were appointed to the People and Remuneration Committee at the first available opportunity. The Nomination Committee did not meet in Mr Martin's absence and Mr Peter Hearl and Ms Yasmin Allen were appointed to the Nomination Committee at the first available opportunity.

Details of the number of times the Board and each Committee met during the year, including the Committee memberships of each Director and their attendance at Board and Committee meetings, appear in the Directors' Report on page 17 of the *2017 Annual Report*.

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

### 3.2 Role and activities of Committees

#### Audit and Risk Committee

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

## Environment, Health, Safety and Sustainability Committee

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

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

## Nomination Committee

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

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

## People and Remuneration Committee

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

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

The Committee has access to, and regularly uses, independent advice and comparative studies on the appropriateness of remuneration arrangements. Further details of 2017 activities are set out in the Remuneration Report commencing on page 34 of the *2017 Annual Report*.

The structure and details of, and policies and strategy in relation to, the remuneration paid to non-executive Directors, the CEO and other Senior Executives during the period are set out in the Remuneration Report commencing on page 34 of the *2017 Annual Report* and notes 7.2 and 7.3 to the financial statements commencing on page 55 of the *2017 Annual Report*.

## PART 4: RISK MANAGEMENT

### Relevant policies and charters

See [www.santos.com](http://www.santos.com)

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

### 4.1 Risk management roles and responsibilities

The Board is responsible, with the assistance of the Audit and Risk Committee, for overseeing the implementation of, and ensuring there are adequate policies in relation to, the Company's risk management and internal compliance and control systems. These systems require Management to be responsible for identifying and managing the risks which

may have a material impact on the Company's objectives, and to review the systems if any irregularity or inadequacy becomes apparent.

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

In 2017, the Board reviewed the Company's risk management framework and risk management Policy and practices. This included reviews of the enterprise-wide headline risks by the Committee and the Board. The reviews concluded that the company's risk management framework was sound and effective in identifying and managing risks. In addition, the Board commenced a review and clarification of its tolerance for exposure to material risks to the Company's strategic objectives, expressed in a structured Risk Appetite. The Risk Appetite is designed to support and inform Board and Management decision-making and will be reviewed annually to ensure ongoing alignment with strategic objectives.

## 4.2 Internal Audit

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

Group Risk and Audit adopts a risk-based approach in developing annual internal audit plans to align audit activities to the key risks and control frameworks across the Company. In 2017 the Company reviewed and updated the operating and management systems underpinning its key control framework. The internal audit function supported the business through this process, to ensure that key risks and controls were effectively addressed throughout the transition. The internal audit focus in 2017 was approved by the Audit and Risk Committee and reviewed half yearly.

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

## 4.3 CEO and CFO Assurance

The Board receives written certifications from the CEO and the CFO in relation to the Company's financial reporting processes for the full and half year reporting periods. Before the Board approved the financial statements for the half year ending on 30 June 2017 and full year ended 31 December 2017, the CEO and CFO declared that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## 4.4 Business and sustainability risks

The Operating and Financial Review on pages 18 to 28 of the *2017 Annual Report* contains detailed information about the Company's material business risks, including the Company's exposure to economic, environmental and social sustainability risks and how that exposure is managed.

## 4.5 Independence of auditors and non-audit services

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

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



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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 129 of the 2017 Annual Report.

## PART 5: DIVERSITY, ETHICS AND CONDUCT

### Relevant policies and charters

See [www.santos.com](http://www.santos.com)

- Diversity and Equal Opportunity Policy
- Code of Conduct
- Securities Dealing Policy
- Market Communication and Continuous Disclosure Policy

### 5.1 Diversity

Santos' Board, CEO and Executive Committee is committed to workforce diversity, believing that it leads to stronger Company performance and a positive organisational culture.

The Company aims to continuously:

- increase the representation and development of its diverse population;
- improve leadership, career and personal development opportunities; and
- ensure robust auditing, analysing and reporting on diversity-related issues, including a focus on gender pay equity.

The Diversity and Equal Opportunity Policy has been approved, and is overseen by the Board's People and Remuneration Committee and can be found on the Company's website. The Diversity and Equal Opportunity Policy requires the Board or the People and Remuneration Committee to set measurable objectives for gender diversity and for the People and Remuneration Committee to annually assess the objectives and Santos' progress towards delivering them.

The table below sets out the measurable objectives for gender diversity adopted by the Board and a summary of the progress towards achieving them, as reported to and assessed by the People & Remuneration Committee during 2017 in accordance with the Company's Diversity and Equal Opportunity Policy.

Objective	Initiatives and progress
<b>I. Representation</b> Increase representation of females and Aboriginal employees at Santos. In particular increase representation in the non-traditional areas such as apprentices, trainees and graduates.	<ul style="list-style-type: none"> <li>• Female workforce representation is 23.5% (24.5% in 2016).</li> <li>• Females in Senior leadership roles is 17.7% (18.2% in 2016).</li> <li>• The Santos Graduate Program, which sets a female participation target of 50%, continues to improve gender balance in engineering and geoscience, with the 50% target being achieved.</li> <li>• Aboriginal and Torres Strait Islander representation make up 1.5% which is the same as in 2016.</li> <li>• There were 22 Aboriginal Full-time and Traineeship opportunities funded with Santos' community partners.</li> <li>• Commenced 'Aboriginal Employee Pipeline Partnership Program' with Intract Indigenous Contractors before creating 14 ongoing employment opportunities.</li> <li>• Continued engagement with GLNG Traditional Owner Groups on various environmental programs.</li> <li>• Since 2012 Santos has created over 700 Aboriginal Participation opportunities across its onshore operations.</li> </ul>

## 2. Leadership and culture development

Deliver development solutions to remove gender bias and create an inclusive culture.

- Programs continue to help drive inclusion and diversity awareness through Building Confidence and Resilience and Crucial Conversations.
- In managing the various changes within Santos, short education and support sessions focussed on employee Health, Wellbeing and Resilience were delivered to around 300 people in both office and field locations.
- Following the development of Santos Leadership Expectations, Santos developed a new leadership program “Leading at Santos“ which has been designed to develop the Company’s frontline Leaders. Pilot sessions were conducted and 25% of attendees were female.
- Santos has developed new Values which highlight the importance of diversity and inclusive behaviours.
- Santos had a return rate of 79% of employees from parental leave during 2017.
- In response to the company wide employee engagement survey, project teams were formed to work on key themes that emerged, these project teams consist of a diverse range of employees from across all areas of the business.
- All senior leaders (General Manager Level) across the organisation participated in the Performance Leadership program delivered by KornFerry Hay Group of which 25% of participants were female.

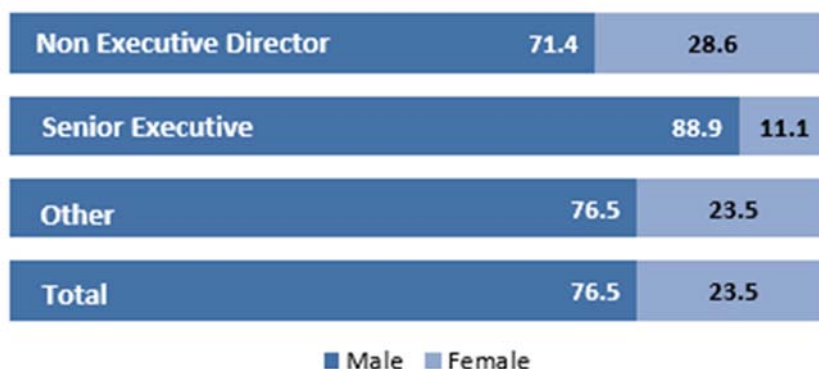
Objective	Initiatives and progress ( <i>continued</i> )
<p><b>3. Personal and career development</b></p> <p>Equal representation of women and men to receive opportunities for in-house development programs.</p>	<ul style="list-style-type: none"> <li>• 31% of attendees in 2017 Leadership training sessions were females (36% in 2016).</li> <li>• Santos partnered with KPMG to sponsor and support the 2017 Adelaide ‘International Day of the Girl’. Working with the not-for-profit organisation Plan International, Santos supported the Adelaide ‘Day of the Girl’ breakfast which was attended by around 450 people, including many high school students.</li> <li>• Workforce flexibility policies and practices continue to be reinforced and formal flexible work agreements continue to be taken up (by both males and females).</li> </ul>
<p><b>4. Systems and processes</b></p> <p>Review practices to identify inequities, specifically review gender pay equity and take necessary actions.</p>	<ul style="list-style-type: none"> <li>• Employment service providers continue to be contracted based on their ability to provide diverse and gender balanced candidate pools.</li> <li>• Pay equity reviews continue to be conducted in order to monitor inequities between male and female employees.</li> <li>• Santos actively supports flexible work practices. Around 5% of Employees work part time, 84% of this part time workforce is female.</li> <li>• Gender balance and diversity continues to be managed across recruitment and restructuring processes to ensure there’s a strong pipeline of diverse leaders.</li> <li>• Females and males were provided the opportunity to meet with a financial planner to discuss tailored advice on their superannuation performance and retirement planning.</li> </ul>
<p><b>5. Government and industry participation.</b></p> <p>Involvement with initiatives designed to improve gender equity.</p>	<ul style="list-style-type: none"> <li>• Santos supported SKIRTS, a multi-disciplinary women in engineering student society at the University of Queensland. SKIRTS actively promotes women in Science, Technology Engineering and Maths (STEM) careers and aim to provide support to female engineering students, helping them to network with industry professionals, connecting students to find career opportunities and assisting female students when transferring from High School to University.</li> <li>• In accordance with the Workplace Gender Equality Act 2012, Santos has lodged its annual compliance reports with the Workplace Gender Equality Agency (WGEA) which can be accessed at <a href="http://www.wgea.gov.au">www.wgea.gov.au</a>.</li> </ul>

The Company remains committed to attracting, retaining and engaging people with diversity of experience, skills, qualities and backgrounds, and to providing an inclusive culture. The five objectives listed above will continue to ensure Santos maintains focus in these key areas. Progress against these objectives will be reported in the Company’s 2018 Corporate Governance Statement.

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

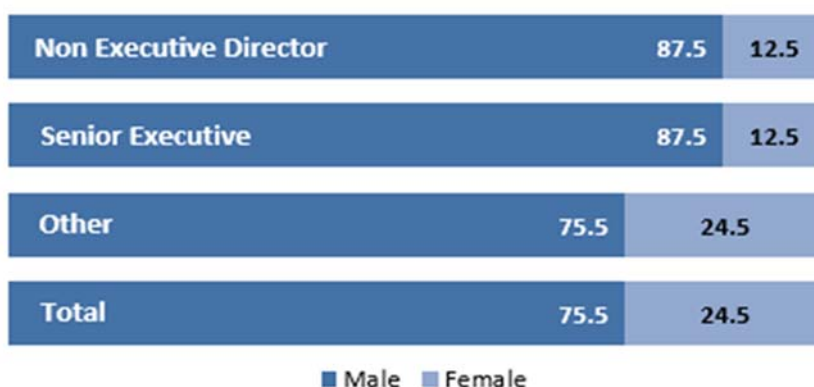
## WORK GENDER PROFILE 2017

%



## WORK GENDER PROFILE 2016

%



The Senior Executives for 2017 are the members of the Executive Committee as at 31 December 2017 which consisted of the 8 individuals (seven males and one female) depicted on pages 8 and 9 of the *2017 Annual Report*.

## 5.2 Ethical standards and Code of Conduct

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

The Company's Code of Conduct, which sets out Santos' values, policies and guidelines with respect to safety, business conduct, environmental and other requirements, was reviewed in 2017 as part of the roll out of the new Santos Management System (**SMS**). The SMS is a framework of policies, standards and procedures that set out mandatory performance requirements.

The Code of Conduct is a key element of the Santos Management System, and outlines the main requirements and behaviours expected of anyone who works for Santos.

All employees are required to undertake a periodic refresher on the Code of Conduct by completing an online training module at least every two years. This training module is also a compulsory component of new employee inductions. Santos treats breaches of its policies seriously, and has an independent, externally managed Reporting Misconduct Hotline enabling employees and third parties to report misconduct confidentially, without fear of victimisation.

## 5.3 Securities Dealing Policy

Santos' new Securities Dealing Policy, established as part of the new Santos Management System, was released to the ASX in December 2016 and took effect from 1 January 2017. The Securities Dealing Policy prohibits Directors, executives and employees (as well as connected persons over whom they may be expected to have control or influence) from acquiring, selling or otherwise trading in the Company's securities where they are in possession of material price-sensitive information which is not in the public domain. It also limits "Designated Persons" to dealing in Santos securities during "Trading Windows", and prohibits them from dealing in the Company's securities on a short term basis. They are also not permitted to hedge their securities (including options and share acquisition rights) unless those securities have fully vested and are no longer subject to restrictions.

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

## 5.4 Market communication and continuous disclosure

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

The Company has developed policies and procedures to ensure that Directors and Management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. A copy of the Market Communication and Continuous Disclosure Policy, which was updated in October 2016 as part of the new Santos Management System, is published on the Santos website at <https://www.santos.com/who-we-are/corporate-governance/>. In accordance with the Policy, information must not be selectively disclosed prior to being announced to the ASX.

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

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

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

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

**This Corporate Governance Statement is current as at 20 February 2018 and has been approved by the Board of Santos Limited.**