

## CORPORATE GOVERNANCE STATEMENT 2019

Effective corporate governance is critical to the longer term success of Santos. The Board and all levels of management are committed to maintaining and enhancing a strong corporate governance framework that underpins Santos' vision to be Australia's leading natural gas company by 2025.

Santos supports the intent and purpose of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**) and meets the specific requirements of the 3rd Edition, as outlined in this Corporate Governance Statement. In addition, Santos is already compliant with the new recommendations and suggestions contained in the 4th Edition of the ASX Principles and will report against this edition in its Corporate Governance Statement 2020. Santos' corporate governance policies are available in the Corporate Governance section of the Company's website,

### 2019 GOVERNANCE HIGHLIGHTS

- Board members participated in site visits and a strategy day
- Refresh of the Company's risk appetite framework
- Review and update of the Board and Committee Charters in light of recent developments in practice and the 4<sup>th</sup> Edition of the ASX Principles
- Completion of an internal Board review
- Appointment of a new independent Director
- Close out of implementation plan adopted following external Board review in 2018 addressing areas for improvement

at <https://www.santos.com/who-we-are/corporate-governance/>. The Board regularly reviews these policies and the Company's corporate governance practices against the requirements of both the *Corporations Act 2001* (Cth) (**Corporations Act**) and the Listing Rules of the Australian Securities Exchange (**ASX**), and current best practice.

Below is a list of the Company's publicly available core governance framework documents, set out against the relevant principles of the ASX Principles. The majority of these documents are posted on the Company's website.

ASX Principle	Relevant Document / Information
Principle 1: Lay solid foundations for management and oversight	Santos Board Charter Nomination Committee Charter
Principle 2: Structure the Board to add value	Santos Board Charter Nomination Committee Charter
Principle 3: Act ethically and responsibly	Code of Conduct Securities Dealing Policy Diversity & Inclusion Policy [TBC] Climate Change Policy Taxation Policy Environment, Health & Safety Policy Anti-Bribery Procedure Reporting Misconduct Procedure
Principle 4: Safeguard integrity in corporate reporting	Audit & Risk Committee Charter Reserves Policy
Principle 5: Make timely and balanced disclosure	Market Communication & Continuous Disclosure Policy
Principle 6: Respect the rights of security-holders	Constitution Market Communication & Continuous Disclosure Policy Santos' corporate governance and investor web pages

<p><b>Principle 7:</b> Recognise and manage risk</p>	<p>Audit &amp; Risk Committee Charter  Environment, Health, Safety &amp; Sustainability Committee Charter  Risk Management Policy  Environment, Health &amp; Safety Policy  Climate Change Policy  Treasury Policy</p>
<p><b>Principle 8:</b> Remunerate fairly and responsibly</p>	<p>People &amp; Remuneration Committee Charter</p>

**OVERVIEW OF SANTOS’ CORPORATE GOVERNANCE FRAMEWORK**

The purpose of our corporate governance framework is to assist our people to make good decisions that promote the longer term success of Santos. Our corporate governance framework and its link to the Company’s values and culture is illustrated below:



Santos' values inform the behaviours, leadership attributes and decision-making of all Santos employees. They reflect how Santos employees work, treat each other and interact with the people and communities around Santos. These values are:



### Work as one team

- + Value diverse perspectives
- + Challenge respectfully then get behind the decision
- + Unite and share learnings



### Pursue exceptional results

- + Deliver value for our stakeholders
- + Be decisive about what we can do better
- + Recognise and reward achievement
- + Strive for constant improvement
- + Enable innovation



### Act with integrity

- + Act ethically and do the right thing
- + Value our customer relationships
- + Confront the facts
- + Treat people with respect



### Always safe

- + Plan work to protect all from harm
- + Be skilled and competent
- + Understand the risks, controls and barriers
- + Follow the rules and respond to change
- + Speak up
- + Step back, think and be ready



### Be accountable

- + Do what we say we are going to do
- + Take responsibility for our actions
- + Be disciplined about meeting requirements and standards
- + Learn from success and failure



### Build a better future

- + Leave a positive legacy
- + Invest in our people
- + Have a positive impact in our communities
- + Protect the environment
- + Be health and safety champions

In addition, all employees must comply with Santos' Code of Conduct, which contains the following core requirements:

- We work safely and look out for the safety of our colleagues
- Our workplace is free from harassment, discrimination and bullying
- We act ethically and lawfully in all business conduct
- We understand and manage the impact of our operations on the environment and engage with our stakeholders with respect
- We communicate accurately and honestly with investors, government and the community
- All trading in Santos securities occurs in compliance with the Securities Dealing Policy
- Everyone at Santos is expected to understand and comply with the standards in the Code of Conduct
- All breaches of the Code of Conduct must be reported

These values and requirements form the foundation of Santos' corporate governance framework.

## PART 1: BOARD RESPONSIBILITIES

The Board is responsible to the shareholders for the performance of the Company. The Board's focus is to enhance and protect the interests of shareholders and other key stakeholders and to ensure that the Company is properly managed. The Board understands the importance of a strong and healthy working relationship with management.

### 1.1 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 Company Secretary is accountable directly to the Board, through the Chair, 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 Chair.

## 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 the Company's values, 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 monitoring whether the Company's remuneration policies and practices are aligned to the Company's values, strategic direction and risk appetite; and
- setting the Company's risk appetite and overseeing the integrity of material business risk management.

## 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. This is formally documented in the Company's Delegation of Authority. Management is accountable to the Board for the discharge of this delegated authority and for compliance with any limits on that authority (including complying with the law and Company policy).

### 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.

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

Management's discharge of its responsibilities is monitored through regular Board reporting and performance evaluations against pre-determined performance objectives.

Performance evaluations of Senior Executives are usually undertaken by the CEO. The Chair undertakes the CEO's annual review. Performance evaluations were undertaken in 2019 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.

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 32 of the *2019 Annual Report*. Details of non-executive Director remuneration are separately set out in the Remuneration Report.

## PART 2: COMPOSITION OF THE BOARD

### 2.1 Board composition and Director independence

Under the Company's Constitution, the Board must have a minimum of five directors (not including the Managing Director) and a maximum of ten. Directors other than the Managing Director are required to seek election at the first annual general meeting after their appointment and thereafter may not retain office without re-election for more than three years or past the third annual general meeting following their last election or re-election.

At every annual general meeting of the Company, one third of directors must retire from office (after excluding the Managing Director and any new directors standing for election for the first time).

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.

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 material shareholdings, 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.

### The Directors of the Company as at 31 December 2019

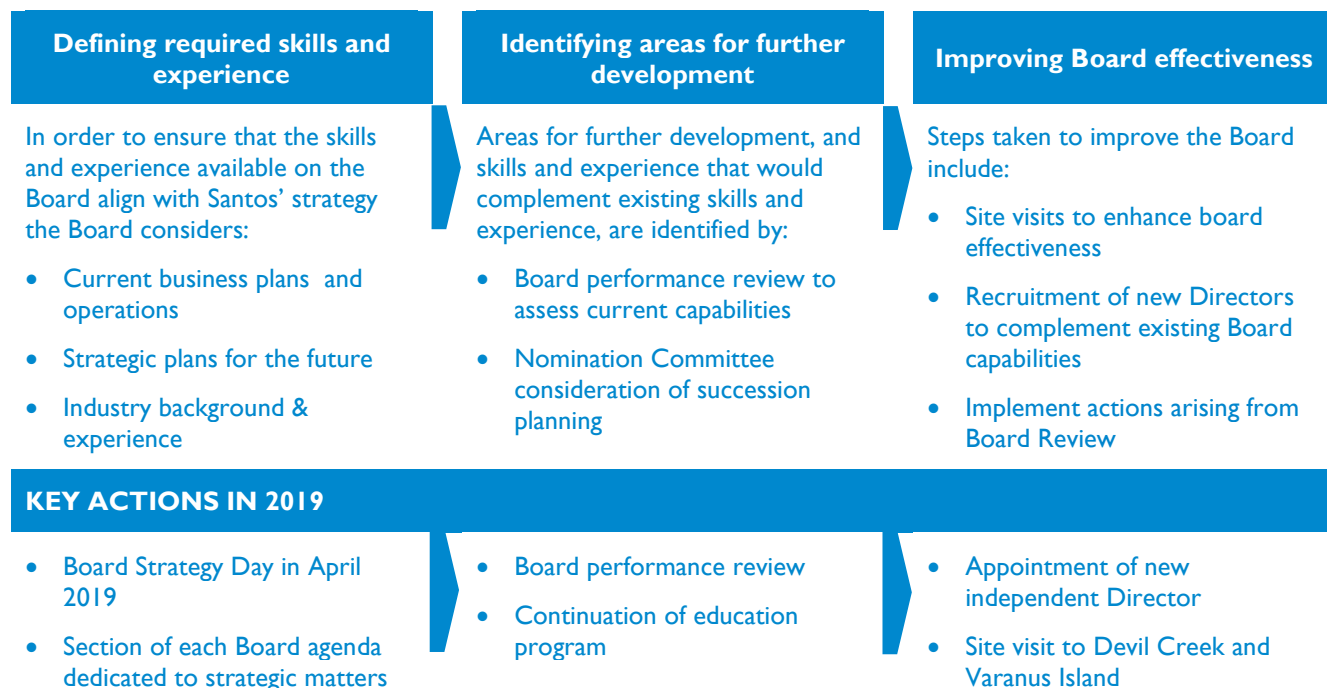
Name	Date of initial appointment	Independent Y/N	Period of office	For re-election		
				2020	2021	2022
Yasmin Allen	October 2014	Y	Full Year	Yes	No	No
Guy Cowan	May 2016	Y	Full Year	Yes	No	No
Hock Goh	October 2012	Y	Full Year	No	No	Yes
Yu Guan	May 2019	N	Full Year	Yes	No	No
Vanessa Guthrie	July 2017	Y	Full Year	No	Yes	No
Peter Hearl	May 2016	Y	Full Year	No	No	Yes
Janine McArdle	October 2019	Y	2 months	Yes	No	No
Keith Spence (Chair)	January 2018	Y	Full Year	No	Yes	No
Kevin Gallagher (MD & CEO)	February 2016	N	Full Year	n.a. Managing Director		

### 2.2 Board capabilities

In determining the composition of the Board, consideration is given to the optimal mix of background, skills, experience and diversity that will best position the Board to guide the Company. As the needs of the Board are dynamic, these skills and experiences may change over time. In 2018, the Board competencies were reassessed and revised, following further development of strategy and an external independent board performance review.

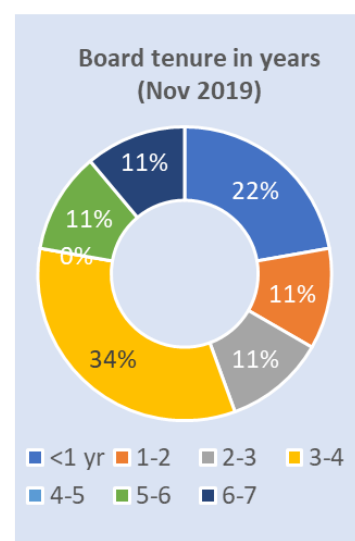
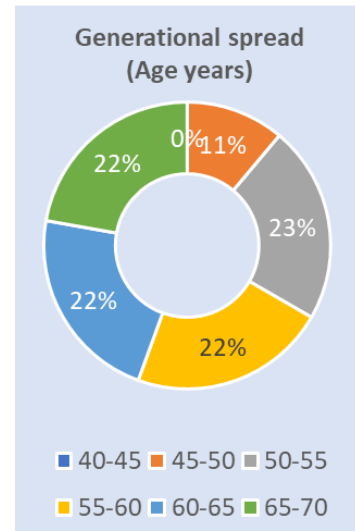
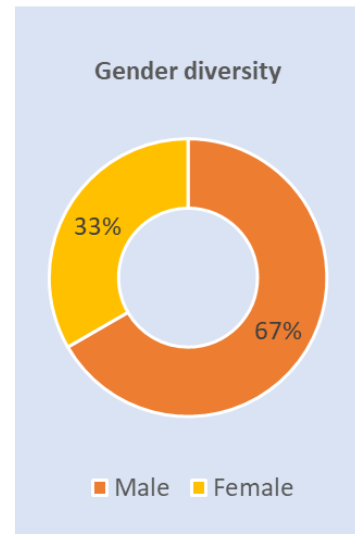
Directors are appointed primarily based on their capacity to contribute to the Company’s development and success. The Board Charter also recognises that the Board should include at least some members with experience in the upstream oil and gas and/or resources industries.

The following diagram shows how the Company’s programs and systems (described in further detail in Sections 2.3 to 2.5) support Santos in building an effective Board, with the breadth and depth of background, skills, experience and diversity necessary to guide the Company’s strategic growth plans.



The charts below demonstrates the skills, experience and diversity of the Directors in office at the end of 2019 across several dimensions that are relevant to Santos as a leading energy Company, and include an explanation of the criteria used to assess whether a director possesses particular skills.

Skill	Description	Evaluation
<b>Strategy</b>	Ability to Identify and critically assess strategic opportunities and threats; and to implement successful strategies to create sustained, resilient business outcomes.	
<b>Financial Acumen</b>	Experience in financial accounting and reporting, corporate finance and/or restructuring corporate transactions. Ability to probe the adequacies of financial and risk controls.	
<b>Risk Management</b>	Experience working with risk and compliance management practices in various countries, regulatory or business environments. Ability to identify key business risks and mitigation implementation.	
<b>Governance</b>	Experience serving on boards in diverse industries. Awareness of global practices and trends. Ability to implement high standards of governance and assess the effectiveness of management.	
<b>Culture &amp; Remuneration</b>	Experience in remuneration policy and implementation, linking remuneration to strategy and performance. Ability to develop succession plans and to develop talent, culture and diversity.	
<b>HSE &amp; Sustainability</b>	Experience in workplace health and safety, environmental management and social responsibility, including climate change, and sustainability.	
<b>Regulatory &amp; public policy</b>	Experience working in diverse political, cultural, regulatory and business environments. Ability in influencing public policy decisions and outcomes.	
<b>Oil &amp; gas experience</b>	Experience in the oil and gas industry. Ability in exploration, capital project development, operations, reserves, markets, technology, for conventional and unconventional hydrocarbons.	
<b>Commercial</b>	Experience managing, directing or advising on mergers, acquisitions, divestments and portfolio optimisations. Experience in energy markets: global oil, gas, LNG; Australian energy markets.	
<b>International experience</b>	Experience working in other countries, especially in the Asia Pacific region. Experience in working in different jurisdictions, with different cultures, communities and work practices.	
<b>Capital projects</b>	Experience with projects with large capital outlays and longer term investment horizons, in both the planning and execution phases.	
<b>Legend</b>		Deep skills      Broad skills      Low skills





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 8 to 10 of the *2019 Annual Report*.

### 2.3 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 background, skills, experience and diversity relevant to the management of a leading energy company.

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. Senior Executives are also subject to rigorous background checks before they are appointed.

When director 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.

### 2.4 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 and relevant policies. 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 Chair. Induction procedures include site visits, access to appropriate executives in relation to details of the business of the Company and functional overviews of the Company's strategic objectives and operations.

Directors are encouraged by the Board to continue their education by attending both internal and external training and education relevant to their role. During 2019, the Board conducted a site visit to the Devil Creek Gas Hub and Varanus Island Gas Facility in Western Australia. Further, the Board Education program initiated in 2018 was reviewed and continued, informed by the outcomes of the Board skills assessed against the updated Board skills matrix. This program is reviewed periodically to ensure directors receive ongoing education in areas that will assist them to continue to discharge their roles effectively.

All directors have the right to access Company information and the Board Charter sets out the circumstances and procedures pursuant to which a Director may seek independent professional advice at the Company's expense.

### 2.5 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 Chair, in consultation with the Nomination Committee, and involve questionnaires and formal interviews with each Director culminating in a written report prepared



by the Chair. Where the review relates to the performance of the Chair, the two senior independent non-executive Directors conduct the review.

In 2019, an internal review of the performance and composition of the Board, its Committees and individual Directors was conducted. The improvement plan developed following an external Board review in 2018 was also implemented.

### PART 3: BOARD COMMITTEES

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 3.1.

All Committees are chaired by and comprise a majority of independent non-executive Directors. 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 Chair of each Committee provides an oral report at the next Board meeting, and Committees refer to the Board and other Committees any matters that come to their attention that are relevant for them. Each Committee is responsible for satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Committee. 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. Each Committee's membership currently satisfies, and satisfied during the year, the membership requirements in the Charters and the composition requirements in the ASX Principles and ASX Listing Rules.

Details of the number of times the Board and each Committee met during the year, including the Committee memberships of each Director and their attendance at Board and Committee meetings, appear in the Directors' Report on page 19 of the *2019 Annual Report*. Board members are encouraged to and usually attend all Committee meetings, even if they are not members.

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.

The Board may, from time to time and where circumstances require, form ad hoc committees to consider specific matters as requested by the Board. For example, in 2018 the Board formed a committee to consider the approach from Harbour Energy and to make recommendations to the Santos Board.

#### 3.1 Role and Activities of Committees

##### Audit and Risk Committee

Composition	Membership in 2019	Purpose and responsibilities
Comprises at least three members, all of whom are Non-Executive Directors	Guy Cowan (Chair) Yasmin Allen Hock Goh	The purpose of the Committee is to oversee risk management and internal controls across Santos. Specifically, the Committee is responsible for:

<p>and the majority of whom are independent.</p> <p>Chaired by an independent Non-Executive Director who is not the Board Chair.</p> <p>Between them, members must have sufficient accounting and financial expertise and understanding of the oil &amp; gas industry, to be able to discharge the Committee's responsibilities.</p> <p>The Committee must include at least one member who is also a member of the EHSS Committee.</p>	<p>Janine McArdle (appointed November 2019)</p>	<ul style="list-style-type: none"> <li>• financial reporting: to ensure the balance, transparency and integrity of published financial information;</li> <li>• internal controls: to confirm the effectiveness of Santos' internal controls;</li> <li>• internal audit: to be satisfied with the effectiveness of the internal audit function and to approve the appointment and assess the performance of the internal auditor;</li> <li>• external audit: to ensure an independent audit process, recommend the appointment of the external auditor to the Board and assess the performance of the external auditor; and</li> <li>• compliance with laws, regulations and internal policies and industry standards with detailed oversight of risk.</li> </ul>
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## Environment, Health, Safety and Sustainability Committee

Composition	Membership in 2019	Purpose and responsibilities
<p>Comprises at least three Non-Executive Directors and the Managing Director.</p> <p>Currently chaired by an independent Non-Executive Director who is not the Board Chair.</p> <p>The Committee must include one member who is also a member of the Audit and Risk Committee, and one member who is also a member of the People and Remuneration Committee.</p>	<p>Peter Hearl (Chair)</p> <p>Kevin Gallagher</p> <p>Hock Goh</p> <p>Vanessa Guthrie</p>	<p>The purpose of the Committee is to oversee the governance and review of Santos' activities in the areas of Environment, Health and Safety, Climate Change, Anti-Slavery, Land Access, Indigenous Engagement and Cultural Heritage and Community Engagement across Santos. Specifically, the Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• monitoring and reviewing the Company's EHSS and Climate Change Policies and related systems;</li> <li>• monitoring and reviewing all aspects of environment and health and safety and climate change risks which are relevant to the Company's operations;</li> <li>• receiving and considering reports on any significant environmental or health and safety failure, accident or other incident;</li> <li>• reviewing internal and external environmental, health and safety and climate change audits; and</li> <li>• monitoring and reviewing the appropriateness and implementation of the Company's EHSS governance arrangements.</li> </ul>

## Nomination Committee

Composition	Membership in 2019	Purpose and responsibilities
<p>Comprises at least three independent Non-Executive Directors including the Chair of the Board.</p> <p>Chaired by the Board Chair.</p>	<p>Keith Spence (Chair)</p> <p>Yasmin Allen</p> <p>Hock Goh</p> <p>Peter Hearl</p>	<p>The purpose of the Committee is to propose candidates for consideration by the Board to fill casual vacancies or additions to the Board and for devising criteria for Board membership and for reviewing membership of the Board. Specifically, the Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• assessing the necessary and desirable competencies of Board members and regularly reviewing the Board skills matrix in light of that assessment;</li> </ul>

		<ul style="list-style-type: none"> <li>• reviewing Board succession plans to maintain an appropriate balance of skills, experience, diversity and expertise on the Board;</li> <li>• as requested by the Board, evaluating the Board’s performance and, as appropriate, developing and implementing a plan for identifying, assessing and enhancing Director competencies;</li> <li>• recommending the appointment and replacement of Directors; and</li> <li>• reporting and making recommendations to the Board on any matters which the Board has referred to the Committee.</li> </ul>
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## People and Remuneration Committee

Composition	Membership in 2019	Purpose and responsibilities
<p>Comprises at least three members, all of whom are Non-Executive Directors and the majority of whom are independent.</p> <p>Chaired by an independent Non-Executive Director.</p>	<p>Yasmin Allen (Chair)</p> <p>Vanessa Guthrie</p> <p>Peter Hearl</p> <p>Yu Guan (appointed August 2019)</p>	<p>The People and Remuneration Committee is responsible for reviewing the remuneration policies and practices of the Company. Specifically, the Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• the remuneration arrangements for the Managing Director and Chief Executive Officer and Executive Committee;</li> <li>• development and succession plans in relation to the MD and CEO and Excom;</li> <li>• the remuneration policies and practices for the Company generally and reviewing whether they are aligned to the Company’s values, strategic direction and risk appetite;</li> <li>• the annual remuneration review applying generally across the Company;</li> <li>• Company superannuation arrangements;</li> <li>• Board remuneration;</li> <li>• the Company’s organisation design, values, development of key capabilities and culture necessary to ensure alignment with strategic objectives; and</li> <li>• measurable objectives for achieving gender diversity and an annual assessment of those objectives and progress in achieving them, and remuneration by gender.</li> </ul>

## PART 4: RISK MANAGEMENT

### 4.1 Risk management roles and responsibilities

The Board is responsible, with the assistance of the Committees, for overseeing the implementation of, and ensuring the adequacy and effectiveness of the risk management framework and internal controls. This extends to overseeing that management is operating with due regard to the risk appetite set by the Board and making recommendations for any changes that should be made to the framework or risk appetite set by the Board.

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

that it continues to be sound and that management is operating with due regard to the risk appetite set by the Board. 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 2019, a comprehensive review of the Company's risk management framework was undertaken by Management with reference to the most recent revision of the International Standard for Risk Management (ISO 31000:2018 Risk Management Guideline). The risk management framework was then reviewed by the Board at the first meeting held in 2020. As part of the broader review in 2019, the Board reviewed and approved the Risk Appetite Statement. 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. The Audit and Risk Committee also annually assess that Management is operating with due regard to the Risk Appetite. The Board will consider recommendations made to mature the risk management framework and continue to oversee the effective implementation of the framework and management's efforts to effectively implement the elements.

The Audit and Risk Committee reviewed the enterprise-wide risks, including any new or emerging risks, including risks related to the recent acquisition of offshore assets, and the risk control and mitigation measures that Management has put in place to control and monitor those risks. Throughout 2019, the Board continued to undertake regular deep-dives into the Company's enterprise risks and incorporated a review of operational risk into the Board site visit.

#### 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 maintains and improves the risk management framework, undertakes audits and other advisory services to assure risk management across the Company and reports to the Audit and Risk Committee. Group Risk and Audit is independent of the external auditor. The appointment of the Head of Risk and Audit is approved by the Audit and Risk Committee. The Head of Risk and Audit reports functionally to the General Counsel and Vice President Legal, Risk 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. The 2019 Internal Audit plan was approved by the Audit and Risk Committee with a key focus on the operating and management systems underpinning its key control framework implemented in 2017.

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 2019 and full year ended 31 December 2019, 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 20 to 29 of the *2019 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 142 of the *2019 Annual Report*.

## PART 5: DIVERSITY, ETHICS AND CONDUCT

### 5.1 Diversity

Act with Integrity, Build a Better Future and Work as One Team are three of Santos' values. We recognise that to fully realise these values, continuing our journey to grow an inclusive culture that promotes inclusion, diversity and difference of thought is imperative.

The Santos Diversity and Inclusion Policy was updated in October 2019, further reinforcing our commitment to grow an inclusive workplace culture that recognises the value that diverse teams bring to safety, performance and delivery.

In June 2019 we implemented our Diversity and Inclusion Roadmap to promote diversity and inclusion at all levels. We simplified our approach to the 2018 three strategic priorities that underpins all desired behaviour, initiative activity and subsequent implementation that will, over time, increase our diversity.

- + **Aware:** Leader led awareness and understanding that respecting the unique characteristics and qualities that all employees bring to the workplace, drives a high performing culture.
- + **Fair:** Implementation of fair work practices, free of bias, throughout the employee lifecycle
- + **Enable:** Representation and workforce pathways to reflect Santos' employment communities.

The full disclosure of the 2019 measurable objectives and progress and outcomes relating to these objectives is outlined in Table 2 Diversity Disclosure Objectives below.

#### Aware

In 2019, all of Santos Executive Committee and senior leaders attended unconscious bias workshops. The learning workshops are designed to help leaders develop constructive and inclusive behaviours to actively leverage the diversity of their teams to enable higher engagement, innovation and greater productivity through embracing difference.

Our organisation is now categorised using five levels of leadership, outlined below. Our newly launched Santos Leadership Expertship and Professional Development Program (LEAP) aligns all program content to our values and these levels of leadership.

The programs for both leadership and individual contributors build across each level of leadership where the learning objectives enable employees to understand how to contribute to and lead in an inclusive culture.

The five levels of leadership are also used to report on employee demographics in the newly launched People and Diversity Quarterly report:

Classification	Definition
Contributing Grade 4-7	<b>Individual Contributors</b> Those who are contributing to their personal and teams goals behaving in a positive and consistent manner. For some individuals the competencies may still be in development because they are new to the workforce i.e. Graduates, Apprentices.
Advancing Grade 8-9	<b>Specialist individual contributors and Front-Line Supervisors</b> Those who have mastered the contributing stage and are now advancing in their career. This group are more confident in their judgement, play a role in more complex knowledge, share and advise others to ensure delivery or lead small teams.
Guiding Grade 10-11	<b>Managers and Technical experts</b> Those who are guiding their teams to perform, provide advice and share knowledge through coaching, assessing and supporting people. This stage also includes those who are recognised as technical experts in their discipline who may not lead a team.
Leading Grade 12+	<b>Senior Leaders and Technical Experts</b> Those who are leading and mentoring their teams through communication of the business strategy, collaboration, driving performance outcomes and developing behaviours to deliver on the Santos vision and business objectives.
CEO Leadership Team	<b>Our Executive Committee and Senior Reports to the CEO</b> Those who develop the vision for the organisation, set the high-level performance parameters for success, role modelling behaviour and applying technical/functional expertise to deliver on the vision and increase shareholder value.

## Fair

As part of the wider support for the working parents' program that will continue into 2020, Santos has made improvements to parental leave provisions and introduced a childcare subsidy. The combined benefits of these changes positions Santos as the industry leader in Australia as no other Gas company subsidises childcare.

The 2019 enhancements were:

- Increased primary paid carer's leave from 16 to 18 weeks.
- Increased paid secondary carer's leave from 1 to 2 weeks.
- Male employees can opt to be the primary carer and access 18 weeks paid primary carer's leave.
- Access to paid carer's leave for employees who experience the loss of a baby prior to birth.
- LGTBQ+ employees have the same rights as heterosexual employees.
- A childcare subsidy that pays up to 50% of out-of-pocket expenses, post application of the government rebate, to a maximum cap.

A whole of business audit was completed to ensure no bias exists within our People documentation, branding, photos, intranet and internet sites and that all processes and procedures did not include steps that could lead to bias.

## Enable

### Diversity Representation

Gender diversity is strong across the Santos with female representation in the non-field-based part of the organisation having grown to 34%.

Santos' field-based gender balance is consistent with similar FIFO based organisations. The largely award-based blue-collar workforce has 3% female representation while the field-based white-collar workforce has 12% representation. Santos is focussing on programs to encourage more female apprenticeships and rotating female supervisors through the leadership roles to improve female representation in the field.

Board and senior leaders' female representation has continued to increase since 2018 with an additional female Non-Executive director appointed in October 2019. The Board gender diversity balance now sits at 33%.

### Talent

Females make up 27.3% of the CEO's Leadership Team. In the past 12 months three females were promoted internally from the Guiding to the Leading level demonstrating strong upward mobility. In the same time frame, six females were hired from the external market into Senior Leadership roles.

In **Table 1** outlined below, the gender balance of the non-trades workforce within each level of leadership is shown.

Level of Leadership	% Female	% Male
Board	33.3%	66.7%
CEO Leadership Team	27.3%	72.7%
Leading	17.7%	82.3%
Guiding	20.8%	79.2%
Advancing	25.8%	74.2%
Contributing	46.4%	53.6%
<b>Total</b>	<b>29.7%</b>	<b>70.3%</b>

Santos recruits graduates on a merit-based basis and pleasingly we continue to build our female talent pool through our STEM attraction and entry level development programs. 2019 was a record year for female graduates, with a 60% female intake for the 2020 graduate cohort, the highest since the graduate program was launched.

Our apprentice program, relaunched in 2019, is also successfully attracting increased entry level female trainees and apprentices to grow the available female trades field workforce levels across the sector.

### Indigenous Participation

Santos continues its focus to create opportunities for Indigenous people. Over the past 12 months the following outcomes have been achieved:

- There has been an increase in the retention of Indigenous employees. Voluntary turnover reduced from 7.5% in 2018 to 0% in 2019.
- We have strengthened our talent pool through the continuation of the Santos Indigenous Development Program (IDP). This included awarding 2 new undergraduate engineering cadetships and 3 IDP graduates transitioning to the 2020 apprenticeship program.
- We have continued to provide high school and university opportunities to Indigenous students. Programs include the Karnkarthi Indigenous Engineering camp, Aboriginal Power Cup, Zoos SA and Adelaide Botanic Gardens school-based traineeship programs.



## 2019 Measurable Objectives and Outcomes

Strategic Priority	Measurable Objective	Progress
Aware	Launch Diversity and Inclusion Strategy, Roadmap and Dashboard, and ensure all senior leaders are equipped to understand and communicate this to their people.	<b>Achieved.</b> The Diversity and Inclusion Roadmap with agreed priorities approved by Excom and the Board. All initiatives have been scoped and implemented. A Quarterly D&I dashboard was created and implemented in August 2019.
Aware	Ensure all leadership programs include reference to values, inclusive behaviours and de-biasing decision making.	<b>Achieved.</b> All Excom and Senior leaders completed Unconscious Bias training in 2019. The Santos LEAP (Leadership, Expertship and Professional) Development program aligned to the Santos values was launched. All the leadership programs contained in the framework include learning content relating to inclusive leadership.
Aware	Re-launch flexible work practices guidelines, tools and messaging.	<b>Achieved</b> The flexible work procedure was revised to encourage leaders to embrace and encourage flexible work practices. Final approval is underway. To supplement the achievement in improved parental leave provisions and the Santos childcare subsidy, a leader tool kit was developed to enable leaders to support their employees with carer responsibilities.
Fair	Audit all recruitment and development frameworks and practices to identify and establish a Roadmap to remove any unintended biases.	<b>Achieved</b> Audit was completed. Minimal bias was identified and is being rectified.
Fair	Ensure diversity is promoted through words, imagery, and in employer branding and corporate communications.	<b>Achieved</b> A full audit was completed across all People documentation, branding, intranet, internet sites and corporate communications
Enable	Increase the number of Aboriginals employed at Santos including via workforce pathways programs.	<b>Achieved</b> Direct Indigenous Participation remained steady with 40 indigenous employees in 2019. Notable achievements in regard to the creation and improvement of workforce pathway programs were: <ul style="list-style-type: none"> <li>Increased retention of Indigenous employees. Voluntary turnover reduced from 7.5% in 2018 to 0% in 2019.</li> <li>Strengthened our talent pool through the continuation of the Santos Indigenous Development Program (IDP). This included awarding 2 new undergraduate engineering cadetships and 3 IDP graduates transitioning to the 2020 National Apprenticeship Program.</li> </ul> Completed a recruitment drive that resulted in 60% of the apprentice program cohort accepting offers to participate in the 2020 program and join Santos.

<b>Enable</b>	Implement a career development and coaching program to support a focus on growing leaders from within. Ensure a minimum of 50% of participants are females.	<b>Deferred</b> Implementation of the leadership and coaching program was deferred. In late 2019, Santos developed the Santos LEAP (Leadership, Expertship, and Professional) Development program for formal training to supplement on the job and experiential training.
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The 2020 Measurable objectives for 2020 are outlined in **Table 3** below:

<b>Aware</b>	<ul style="list-style-type: none"> <li>Build a cultural awareness development program to enable a culturally competent workforce that understands the value of inclusion.</li> </ul>
<b>Aware</b>	<ul style="list-style-type: none"> <li>Roll out unconscious bias training to 100% of the supervisor and management level employees.</li> </ul>
<b>Fair</b>	<ul style="list-style-type: none"> <li>Continue to build the Return to Work parents' programs aimed at maintaining a high level of retention following parental leave.</li> </ul>
<b>Enable</b>	<ul style="list-style-type: none"> <li>Increase the percentage of female employees in field-based white-collar roles.</li> </ul>
<b>Enable</b>	<ul style="list-style-type: none"> <li>Achieve recruitment of females into the Santos' apprentice program.</li> </ul>
<b>Enable</b>	<ul style="list-style-type: none"> <li>Maintain at least 30% of each gender on the Board.</li> </ul>
<b>Enable</b>	<ul style="list-style-type: none"> <li>Increase the percentage of Indigenous employees employed by Santos.</li> </ul>

## 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' 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 Board receives copies of all announcements under Listing Rule 3.1 after they have been made. A copy of new investor or analyst presentations is released to the ASX Market Announcements Platform ahead of the presentation. 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. Santos' practice is to conduct all voting at the AGM on a poll, ensuring that voting outcomes reflect the proportionate holdings of all shareholders who vote (whether in person or by proxy or other representative). The Company also has in place an 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.

#### 5.5 Verification of periodic corporate reports

The Company is committed to:

- providing all investors with material information in a full and timely manner; and
- disclosing material information to the market in a clear, concise, factual and balanced manner.

The Company has a comprehensive process for preparing, verifying and approving the full and half year financial statements, and the external auditor provides an audit opinion in accordance with auditing standards ahead of release to the market.

The Company publishes additional unaudited information in the annual and half year reports and quarterly reports. Although this information is not externally audited, material statements in these documents are verified by the responsible business executive prior to approval for release to the market.

The Board approves the full and half year reports and any other matters that are significant in terms of Santos' policy or strategy, and quarterly reports are approved by the CEO following review by the Company's Disclosure Officers.

This Corporate Governance Statement is current as at 19 February 2020 and has been approved by the Board of Santos Limited.