Making progress

SUSTAINABILITY REPORT 2006
Inside

COVER PHOTOGRAPH
Close-up of water droplet by Doug Peterson, a Bachelor of Photography student at Queensland College of Art, Griffith University. Each year students in this program can participate in a paid assignment to provide photos for Santos’ website and publications. For the students, it provides the experience of working to a corporate brief and the potential exposure of a large company. For Santos, it allows us to support emerging talent in Queensland as part of our wider commitment to education and the communities in which we operate.

INTRODUCING SANTOS
Company profile and map of operations, plus an overview of Santos’ vision, strategy and values.

1 MAKING PROGRESS
John Ellice-Flint introduces this report and outlines Santos’ approach to managing and reporting on issues associated with sustainability, and the improvements made over the past two years.

2 WHAT SUSTAINABILITY MEANS FOR SANTOS
How Santos’ approach to managing sustainability is maturing so that various sustainability practices are interrelated and strengthen each other.

4 SANTOS’ ORGANISATIONAL MODEL AND SUSTAINABILITY FRAMEWORK
Explanation of Santos’ ‘conveyor belt’ structure which supports the effective implementation of sustainability principles.

6 HOW THE SUSTAINABILITY FRAMEWORK IS IMPLEMENTED
How Santos’ sustainability framework is driven by a continuous improvement cycle with ongoing stakeholder engagement.

7 CONTINUOUS IMPROVEMENT
Schematic of Santos’ continuous improvement process to drive sustainability improvement.

8 EFFICIENCY OF PRODUCTION LIFECYCLE
An overview of Santos’ production lifecycle which tracks performance from 2004 to 2006 against key environmental indicators.

ABOUT THIS REPORT
Sustainability reporting is one component of Santos’ framework for managing sustainability. This report is a concise summary, which complements information contained in Santos’ Annual Report and other communication media such as the Santos website www.santos.com. This Sustainability Report 2006 follows on from Santos’ first Sustainability Review issued in December 2004. Santos expects that future sustainability reporting will be conducted each year following the publication of Santos’ Annual Report.

DISCLAIMER
All reasonable effort has been made to provide accurate information in this Sustainability Report but Santos does not warrant or represent its accuracy. Anyone seeking to rely on information in this report or draw detailed conclusions from the data should contact Santos’ Principal Sustainability Adviser for verification and assistance via email susie.smith@santos.com.

Santos Ltd ABN 80 007 550 923
Making progress

Santos’ second sustainability report outlines the progress we have made over the past two years towards the important goal of a fully-integrated approach to managing our business for long-term sustainability.

Sustainability is a way of doing business that improves outcomes for our employees, shareholders, business partners and the communities in which we operate.

We do this by considering a comprehensive set of criteria beyond traditional economic measures that assess the full impact of Santos’ activities and enables better business decisions through a deeper understanding of their impact.

Put simply, sustainability means doing the right thing.

It demands continuous improvement in our approach to exploration, development and production, and other key indicators of sustainability such as environment, health and safety, ethics and conduct, training, and community relations. I am pleased to report Santos has made significant progress in these areas and is integrating the principles of sustainability into our decision-making and operational practices.

As well as producing positive outcomes for all stakeholders, sustainability improves Santos’ efficiency and profitability as it strives for a leadership position in the international energy marketplace.

This report explains our framework for integrating sustainability at Santos, the sustainability performance of the core activities Santos undertakes as we explore for, develop and produce oil and gas, and the corporate, commercial and people activities that support these functions. This is a progression from our previous report which addressed the aspects of sustainability as discrete components.

As a business management tool that benefits everyone, it is incumbent on all of us to increase our understanding of and engagement with sustainability. In doing so, we will improve the way in which we do business and take another step towards a more sustainable future.

John Ellice-Flint
Managing Director
15 March 2007
Please provide your comments on Santos’ Sustainability Report 2006 by mailing this form or by faxing it to: 08 8116 5518 from 15 April 2007.

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<th>Making progress (MD’s message)</th>
<th>Sustainability overview and framework</th>
<th>Efficiency of production lifecycle</th>
<th>Exploration</th>
<th>Development</th>
<th>Corporate, commercial and people</th>
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Introducing Santos

Santos is a major Australian-based oil and gas exploration and production company with interests and operations in every major Australian petroleum province and in Indonesia, Papua New Guinea, Vietnam, India, Kyrgyzstan, Egypt and the United States.

Santos is Australia’s largest domestic gas producer, supplying sales gas to all mainland Australian states and territories, ethane to Sydney, and oil and liquids to domestic and international customers.

The Cooper Basin, which Santos and its joint venture partners have developed, is Australia’s largest onshore resources project.

In Australia, Santos has the largest exploration portfolio by area of any company and has assembled a large, well-situated acreage position in Indonesia.

The company is also pursuing new venture opportunities in North Africa and Asia.

Santos is positioning itself to perform alongside the top quartile of the world’s oil and gas companies – rapidly expanding its exploration interests and delivering production growth through an exciting suite of development projects.

Santos Ltd is listed on Australian Securities Exchange – ordinary shares code STO; preference shares (FUELS) code STOPB.

At 31 December 2006, Santos had a total market capitalisation of approximately $5.9 billion, making it one of Australia’s Top 50 companies.
VISION
Santos’ vision is to become a leading energy company in South East Asia with a share price that continues to grow and a reputation for sustainability in its operations. Santos’ vision of future success is to be a safe, low-cost, fast-moving explorer and producer and an agile niche player with a well-developed ability to manage relationships with employees, partners and other stakeholders.

As the company grows, it will provide a working environment that encourages innovation across the business and where employees are engaged in something which is tangibly more than just a job.

STRATEGY
Santos has in place a robust growth strategy to achieve its vision through a portfolio of growth businesses:

- Cooper Basin oil
- Eastern Australian gas
- Western Australian oil and gas
- LNG projects
- Asian growth.

VALUES
Santos’ values are the guiding principles that define how it conducts its business and what it stands for as a company. This means working as a team that:

- **discovers** – by opening our minds to new possibilities, thinking creatively and having the courage to learn from successes and failures, take on new challenges, capture opportunities and resolve problems
- **delivers** – by taking personal responsibility and pride in our work to deliver timely, quality results that benefit Santos and help achieve our vision and strategy
- **collaborates** – by recognising the value and power in diversity of thought and communicating openly to understand the perspectives of others; demonstrating leadership by sharing what we know and respectfully challenging each other to achieve the best results for all
- **cares** – by taking the long-term view to build a sustainable future for our company, our people and the environments and communities in which we operate.

These values are the basis of Santos’ commitment to operating with a view to its long-term sustainability as an energy company.
What sustainability means for Santos

The domains of sustainability practices at Santos are interrelated with a positive outcome in one area strengthening the position of the others:

- environment
- community
- our people
- economy.

Equally, Santos’ sustainability principles apply across the spectrum of the company’s activities.
Sustainability for Santos involves operating across all elements of the company in a way that:

- conserves natural resources and protects ecosystems in operational areas
- respects the cultures and supports the development of the communities in which the company operates
- enhances the health and safety of our people and leverages the diversity, skills and knowledge of the entire workforce
- delivers strong economic performance in the development of oil and gas projects, and returns on investment for shareholders.

A simple example illustrates the way the domains are interrelated, pictured on page 2. An improved performance in environmental management – by, for example, the use of modern, cost-effective onshore drilling rigs that leave a smaller environmental footprint – expands the knowledge and skills of Santos’ employees. These enhanced skills and equipment can then be applied to the next exploration and development project the company undertakes. In doing so, economic outcomes are increased and new employment and business opportunities benefit regional communities. In turn, such improved environmental and economic outcomes ensure a more effective engagement with regional communities and increased community confidence in Santos’ ability to operate effectively.

The implementation of sustainability principles throughout Santos is the first phase of a journey that ultimately results in the company becoming a leader in its field.

The initial goal of a sustainability framework is to achieve compliance with all of the relevant regulatory requirements and standards. The objective of continuous improvement underpinning the framework then encourages the pursuit and achievement of good industry practice. In time, the advances and innovations that emerge from such an approach will create a competitive advantage for Santos.
Santos’ organisational model and sustainability framework

Left: Martin Novak, Senior Staff Geophysicist, and Aaron Cummings, Geologist, in the Offshore Southern and Western Australia Exploration team.
Centre: Maleo production platform en route to installation at the Maleo gas field, offshore East Java, Indonesia.
Right: Scotia coal seam gas operations, eastern Queensland.
Santos is structured on a functional basis which supports the effective implementation of sustainability principles throughout an organisation that has more than 1,600 employees.

There are eight functional areas, with three focusing on the oil and gas conveyor belt of exploration, development and operations, and five – strategic projects, gas marketing and commercialisation, finance, legal, and corporate and people – helping to drive this conveyor belt.

The support functions provide the structure, company policies and technical systems to ensure the company achieves a high level of performance across the four sustainability domains.

It does this by building the capacity for Santos to manage the various components of sustainable business practices – environment, communities, our people and economy – at each level of the business, and at each point in the planning and implementation phases of a project where decisions are required. This leads to sustainability principles influencing and guiding decision-making at Santos.

Such an approach helps Santos uphold its reputation as a trusted and competent explorer, developer and operator that continues to make economic progress, while fulfilling its social obligations to stakeholders and the communities in which it operates.
How the sustainability framework is implemented

Santos’ sustainability framework is driven by a traditional improvement cycle of assessment, gap analysis, action planning, measurement and reporting. It provides a consistent approach to the consideration of the principles of sustainability within company initiatives and related decision-making.

The central objective of the framework is to engage stakeholders at each point in a process that leads to ongoing improvements in the way Santos does business.

Santos is already starting to realise additional benefits through its sustainability framework including:

- improved relationships with local communities and regulators, reducing the risks of disruption to business operations
- an improving trend in environmental performance
- cost reductions from clean technologies and material recycling and recovery, by stimulating greater resource efficiency and effectiveness
- strengthened relationships with employees who have promoted Santos as a better place to work in an increasingly volatile employment marketplace
- appropriate planning and preparation for likely changes in regulatory requirements, by maintaining an effective dialogue with stakeholders.

The sustainability framework has been developed in parallel with a continuous improvement framework and during 2007 Santos will progressively align them.

Developed by the continuous improvement team, the framework will provide the structure and a consistent approach to continuous improvement across the company.

The framework, which was piloted with the Operations and Shared Business Services teams during 2006, led to numerous improvement projects being implemented including:

- reducing corrosion in the Benfield Absorber, an item of plant that removes CO₂ from gas during processing at Moomba
- introducing a priority planning tool at Ballera
- improving document control in engineering.

Following the success of this pilot, the continuous improvement framework will be rolled out throughout Santos in 2007.
Continuous improvement

**MEASUREMENT AND REPORTING**
The results of the action plans are monitored and reported within the company and further action taken to achieve the desired goals.

**BASELINE ASSESSMENT**
A ‘line in the sand’ where activities are assessed to establish benchmarks for future monitoring and performance evaluation.

**ACTION PLANS**
Areas identified for improvement are incorporated into action plans to be implemented by the appropriate team and personnel.

**GAP ANALYSIS**
Analysing the gap between an activity’s current sustainability position and a target allows opportunities for improvement to be identified.

**ENGAGE STAKEHOLDERS**

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Santos Sustainability Report 2006
Efficiency of production cycle

Santos’ exploration, development and operations conveyor belt extracts oil and gas from the earth’s natural resources for society’s energy needs. A key component of managing this process for long-term sustainability is the efficiency of product development.

This diagram tracks Santos’ performance from the 2004 Sustainability Review to 2006 against key environmental indicators.¹

1. Product figures (mmboe) for this diagram are calculated as gross annual production from Santos-operated sites in Australia. Net production from all Santos sites is published in Santos’ Annual Report. In 2006 this was 61.0 mmboe, broken down as 40.4 mmboe of sales gas, ethane and LNG; 4.4 mmboe of condensate; 2.6 mmboe of LPG; and 13.6 mmboe of crude oil.

Santos continues to work towards capturing data across all operated and non-operated sites, which will be incorporated progressively into future sustainability reporting.

For this report:

- produced water (page 17) and footprint (page 16) data have been calculated for Santos-operated sites in Australia
- landfill (page 18) data have been calculated for major Santos-operated sites in central Australia
- greenhouse efficiency (page 27) has been calculated for all Santos-operated and non-operated sites (tonnes of CO₂ equivalent per tonne of product); greenhouse emissions are calculated mid year therefore this ratio represents 2005 emissions and production data.
‘Successful exploration relies on our employees’ technical expertise and our ability to foster positive long-term relationships with communities and business partners so we can access high quality opportunities.’

_Trevor Brown_
_Vice President Geoscience and New Ventures_

The business cycle of an oil and gas exploration and production company begins with the exploration process. This process starts with regional assessments and trend identification of hydrocarbon provinces and the strategic investment in acreage in these regions. The Geoscience and New Ventures function has responsibility for all exploration, appraisal and new venture activities in the company.

**LONG-TERM WHALE RESEARCH COLLABORATION**

A partnership between Santos and Deakin University has provided a valuable insight into blue whale movements off south-eastern Australia and presented new research on how exploration and whales can live together.

Santos has worked closely with regulatory authorities and researchers since 2002 to better understand the distribution and behaviour of the whales during seismic surveys. Aerial surveillance, towed hydrophone cables and ocean bottom sound recorders were used to track the whales.

In 2006, the company also contributed significant funds towards the purchase by Deakin University of a specialist vessel to observe whale behaviour.

**EXPLORATION AREAS OF FOCUS IN THE 2004 SUSTAINABILITY REVIEW WERE:**
- **Offshore biodiversity** – a collaborative research program was carried out with Deakin and Curtin universities to examine the migratory patterns and acoustic sensitivity of whales and dolphins in waters off Victoria and Western Australia.
- **Consultation** – extensive consultation was undertaken with the relevant fishing industry groups and operators regarding seismic exploration programs in Australian offshore waters.
- **Land disturbance** – a hazard standard was developed to monitor land disturbance and devise rehabilitation programs following exploration and project construction activity.
PROTECTING BIODIVERSITY AT GALLOWAY

Although the Galloway-1 exploration well did not yield commercial hydrocarbons, it was another demonstration of Santos’ ability to successfully manage environmentally challenging projects.

The well, located on the Gippsland coast, south-east of Melbourne, was sited on a 400-metre wide section of private land between a Ramsar-recognised wetland and a national park.

After extensive consultation with government regulatory agencies, environment and community groups and local landholders, Santos identified potential environmental issues, management requirements and regulatory processes.

A number of strategies were implemented to preserve the area’s biodiversity including offsite disposal of drilling materials and waste, minimising vegetation clearance and extensive site rehabilitation.

To minimise impact on the marine environment, Santos used advanced directional drilling technology which allowed the borehole to start on land and extend 1.3 kilometres offshore to the hydrocarbon target zone 2 kilometres under the seabed.

PARTICIPATING IN LIFE IN INDONESIA

Santos’ Indonesian business is an important element of Santos’ growing international focus.

The company participates in a number of exploration, development and production operations in joint ventures with other companies. Santos is the operator of some of these, while others are operated by joint venture partners with Santos having a percentage share in the activities but no direct operational role.

Santos’ main areas of activities in Indonesia are located in East Java, both onshore and offshore, and the company has implemented comprehensive environmental impact assessment and community development programs in parallel with its commercial activities.

Effective consultation and engagement with local people has been the centrepiece of Santos’ community development programs, which aim to assist those communities improve their quality of life through initiatives that boost health, education and incomes.

Santos’ programs are based on high quality research – including baseline studies, social mapping and needs assessment – community and government consultation, and third party partnerships. An important element of Santos’ approach is to engage, at an early stage, with local stakeholders and develop honest and open relationships and communication between all parties.

In the past year, Santos has supported education scholarships; agricultural, vocational and teacher training; maternal child health; home industries; fishing fleets; water and sanitation; health centres; and cultural events in 36 villages – up from four in 2002.

BANJAR PANJI MUDFLOW

The Banjar Panji-1 onshore exploration well is located near Surabaya, East Java, within the area of the Brantas Production Sharing Contract (PSC). In late May 2006 non-toxic mud started flowing to the surface through vents about 200 metres from the drill hole. The cause of the incident is yet to be determined.

Mud and water continues to flow from the vents, affecting approximately 450 hectares of land including the site of the drilling operations. The flow has also affected a number of villages in the area and has resulted in significant property damage, the interruption of local infrastructure and the need to relocate a significant number of local villagers.

The company, through its subsidiary Santos Brantas Pty Ltd, has a non-operated 18% interest in the Brantas PSC, which is operated by 50% participant Lapindo Brantas Inc. The other party to the PSC is an Indonesian company, PT Medco E & P Brantas.

Left: Compact drill pad at Galloway minimised land disturbance.
On 8 September 2006, the President of Indonesia appointed a National Mitigation Team to take integrated operational measures to mitigate the mudflow. This includes efforts to stop the mudflow and address social, regional and environmental issues including the relocation of families within and around the affected area, the drilling of relief wells to attempt to stem the mudflow, the disposal of the mud and the relocation of infrastructure.

According to Lapindo, efforts to contain and manage the mudflow are continuing and the development of plans for the establishment of long-term environmentally-sustainable solutions concerning mud disposal and rehabilitation of the affected areas are currently underway.

The company is very concerned about the impact on the community and the environment and, through Santos Brantas, remains committed to supporting Lapindo and the National Mitigation Team in their efforts to manage the incident and take appropriate steps to assist the community.

Local and international experts have been brought in to assist with the relief efforts and Santos Brantas has continued, subject to a full reservation of its legal rights, to pay cash calls by Lapindo in relation to Brantas PSC operations, in the amount of US$16.3 million since the date of the incident to 31 December 2006. This amount includes Santos Brantas’ share of the costs and expenses of the social, technical and environmental response effort for the incident. The company has also made provision for $66.7 million (after tax) for future costs and expenses in relation to the incident, after recognising an amount of $21.8 million as an insurance receivable in respect of the incident in accordance with its accounting policies.

EXPLORATION AREAS OF FOCUS FOR 2007
• **Growth strategy** – Measured entry and high impact exploration program to build Santos’ position beyond Australia in new areas in North Africa and Asia.
• **Water management** – a new water management strategy will examine alternative uses aimed at increasing the efficiency of water use.
• **Cultural heritage** – Santos’ approach to cultural heritage management will pursue the engagement of Traditional Owners and the negotiation of Indigenous Land Use Agreements.
• **Safety** – Santos is engaging with seismic contractors to improve safety culture and systems to reduce injury risks.
‘Our role is to deliver operable new projects designed to minimise the impact on the environment and local communities. Extensive consultation and planning with stakeholders ensure projects start production on time and on budget.’

Mark Macfarlane
Vice President Development Projects and Technical Services

The second stage of the exploration and production process involves determining the best way to develop exploration discoveries. This involves engineering teams appraising hydrocarbon reserves and designing development options. The Development Projects and Technical Services function has responsibility for Santos’ offshore and international development portfolio, including operated and non-operated projects, subsurface engineering and technical services.

During 2006, Santos introduced onshore and offshore drilling practices which have improved sustainability and profitability and led to:

- smaller rig lease sizes and associated land clearing
- recycling of water-based drilling mud
- reduced manual handling through rig automation
- improved rig camp accommodation and environmentally responsible rig site waste treatment
- research resulting in reduced synthetic oil-based mud on drill cuttings
- more efficient and cleaner flare burners for well testing and clean-ups.

**DEVELOPMENT AREAS OF FOCUS IN THE 2004 SUSTAINABILITY REVIEW WERE:**

- **Growth strategy** – Santos has continued to meet its goal of achieving growth through the successful acquisition of new exploration acreage and high-value joint venture farm-ins.

- **Risk assessment** – comprehensive risk analyses have been undertaken of all elements of new developments. As a result, Santos has achieved the effective development and delivery of products, and the maintenance of good community relations and programs.

- **Measurement and reporting** – life-of-project data are being collected across all aspects of the company’s business, including areas such as greenhouse gas emissions, to facilitate benchmarking and reporting.
MUTINEER-EXETER PROVIDES INNOVATIVE RESEARCH PARTNERSHIP

A bold design and management willingness to break new ground were major factors behind the successful development of the Mutineer-Exeter oil fields off the Western Australian coast.

Mutineer-Exeter has performed beyond forecast production expectations at various stages and achieved more than 500 days without lost time injury after coming on-stream ahead of time and budget in March 2005.

The project’s design featured a number of firsts for Santos, including a Floating Production, Storage and Offtake (FPSO) vessel – which could be disconnected from its mooring system and moved to safe waters during cyclones – as well as dual electrical underwater pumps in the production wells coupled with subsea booster pumps.

This same innovative approach has led to Santos partnering with the University of Sydney to research the deep-sea science that will underpin environmentally sustainable drilling practices.

This university-private sector partnership aims to better understand the effects of drilling on deep-sea biodiversity, undertake experiments to study the physiological impacts on marine fauna and determine whether subsea production structures can create reefs.

The project has given university scientists invaluable access to a subsea remotely-operated vehicle (ROV) that is the centrepiece of the Scientific and Environmental ROV Partnership using Existing nDustrial Technology (SERPENT).

Access to research vessels is extremely limited with scientists typically being lucky to spend an hour each year with an ROV system to conduct their experiments. Through the SERPENT initiative, Santos was able to provide researchers with 72 hours of access to ROV equipment during development operations on Mutineer-Exeter during 2006.

SUSTAINABILITY AT CASINO PAYS OFF

The Casino gas project in the Otway Basin, offshore south-western Victoria, entered the upstream oil and gas sector’s history books in 2006 as the fastest Australian offshore gas discovery-to-delivery project – less than three-and-a-half years.

The Casino project also gave new insights into how the concept of sustainability translates into practical outcomes. It is a model of how the environment, communities, skilled personnel and economic outcomes interrelate for the benefit of all.

People with a stake in the region included dairy farmers, fishermen, tourism operators, environmental and community groups, Indigenous Traditional Owners, and government regulators.

Extensive planning and consultation ensured all stakeholders were engaged, sensitive natural and human environments were identified and protected, and cooperative construction and work programs were designed and implemented.

The result was a successful development, achieved in quick time, with goodwill and positive outcomes on all fronts.

DEVELOPMENT AREAS OF FOCUS FOR 2007

- **Safety** – In a collaborative manner, Santos is engaging onshore and offshore drilling contractors to deliver a step-change improvement in safety performance.

- **Community development** – Santos will continue to engage with stakeholders and the communities with which it works to ensure that mutually beneficial outcomes are achieved.

- **Greenhouse commitment** – the company will pursue carbon business opportunities that may be associated with new energy developments.

- **Workforce** – attracting and retaining talented and experienced people will be a priority as the labour market for skilled staff becomes even more competitive.
Operations

‘We create maximum value from Santos’ oil and gas assets through a strategy of operational excellence. This improves safety and environmental performance, reduces costs by applying efficiencies and new technologies, and optimises production.’

Jon Young
Executive Vice President Operations

The last step in the exploration and production process is when the reserves of oil or gas commence production and start to generate cash flow for the company. The cycle then starts again as the company reinvests its cash flow to replace the production by further investment in the exploration and development program. All of Santos’ production operations are managed by the Operations function, including the implementation of the Environment, Health and Safety Management System (EHSMS) throughout the company’s operating sites.

Santos operates across diverse onshore and offshore environments, from the South Australian desert to the tropics of Indonesia to the rough waters off the Victorian coastline.

The company’s exploration, development and production activities are subject to a comprehensive EHSMS which provides a structured approach to enable all activities to be conducted in a systematic manner focused on minimising risk to personnel and the environment.

OPERATIONS AREAS OF FOCUS IN THE 2004 SUSTAINABILITY REVIEW WERE:

- **Environment, Health and Safety Management System** – the EHSMS was developed and implemented across all of Santos’ operational sites. The roll-out included baseline calculations, external assessment of compliance and the identification of areas for improvement.

- **Waste management** – specific site-based plans for waste management were developed, waste volumes recorded and opportunities identified to divert waste from landfill.

- **Safety** – focus on reducing the severity of incidents and injuries of personnel across all sectors of the company’s activities, from exploration in the field to head office.
This system includes regular assessment of performance against company standards, so areas for improvement can be identified as part of the continuous improvement process.

A fundamental aspect of assessing performance is the collection of accurate and comparable data from across the business. Santos continues to implement systems to acquire, retain and interpret the information on which the company’s sustainability performance can be tested.

**COOPER BASIN OIL PROJECT AN EXERCISE IN SUSTAINABILITY**

The Cooper Basin Oil Project has combined new drilling and production technology and achieved a smaller environmental footprint in its pursuit of greater oil recovery from the company’s ‘legacy asset’, the Cooper Basin hydrocarbon province.

Three new state-of-the-art drilling rigs have been imported, assembled and put to work, with a fourth rig to join the campaign in the first quarter of 2007.

The modern, modular design of the highly mobile drilling units has significantly accelerated drilling times, in part because the rigs can be quickly deployed to new locations.

While the new rigs are very cost-effective, they are also inherently safer because more elements of the drilling activity have been mechanised and the physical handling of drill strings, or drill pipes, has been eliminated.

The environmental positives associated with the new rigs include less clearing of vegetation – and hence more rapid rehabilitation – retention of all drilling mud on the rig, and less fuel and water consumption.

New oil wells linked by solar-powered well data telemetry to production centres have reduced the need for site inspections. This will reduce the risk of vehicle incidents and deliver fuel savings.

This additional oil production is making a significant economic contribution to the company.

**KEEPING IN TOUCH WITH COMMUNITIES**

Santos appreciates the strong support that it receives from regional communities across Australia and overseas for its diverse range of exploration, development and operational activities. A contributing factor towards the company’s positive engagement with these communities is the effort made to ensure that all stakeholders are informed and consulted about Santos’ activities.

In the Cooper Basin – which spawned Santos’ gas production business 40 years ago and remains a mainstay of operations – detailed information bulletins are distributed to pastoralists and other stakeholders outlining pending activities.

Issued on a regional basis, the Cooper Basin Pastoralists Update gives extensive details of exploration activity and related road works, environmental rehabilitation and equipment movement.

The updates are also used to advise of social events – like the popular annual Cooper Cup cricket match between Santos staff and surrounding pastoralists which raises funds for the Royal Flying Doctor Service (RFDS) – and other initiatives such as roadside cleanups.

Santos employees volunteer their time to manage a range of events that are supported by the company and generate funds for the RFDS, whose services are vital to the local community. RFDS personnel based at Santos’ Moomba operations are the closest medical staff to Innamincka, serving pastoralists and employees alike.

Right: Brian Hall, Cooper Oil Administration Coordinator, and Peter Lamb, Health & Safety Coordinator, who volunteer their time to run the annual Cooper Cup fundraising event.
SAFETY FOCUS CONTINUES
Santos’ safety vision is that ‘we all go home from work without injury or illness’ and the company has a comprehensive EHSMS across all workplaces to ensure the ongoing safety and wellbeing of employees and contractors.

The Self Insurers Group of South Australia formally recognised Santos during 2005 for the establishment of its audit process which forms a part of the EHSMS.

An important part of Santos’ management of safety is the engagement of the many contractors who provide services throughout the company. Hand and driving safety, along with the management of working in hot climates, were areas of particular focus during 2006. Further improvement is required in these areas to achieve Santos’ improvement targets.

Santos also increased its focus on hygiene monitoring and health and wellbeing activities with the aim to improve health and reduce illness among employees and contractors. Santos’ safety performance is discussed in more detail on page 27.

SMALL FOOTPRINT PROTECTS BIODIVERSITY
Biodiversity encompasses the natural variability of plants and animals and the environments in which they live.

Santos conducts activities on less than 0.2% of its exploration and production permits and constantly aims to reduce its environmental footprint through advances in exploration methods and operating techniques.

Two examples of this in action are:

- the approach taken to the Casino gas development (see page 13), with landholders saying the standard of restoration work following pipeline-laying was ‘the best we have seen’
- the Cooper Basin Oil Project (see page 15), which uses state-of-the-art drilling rigs which require smaller pads on which to operate, thereby reducing the amount of land disturbance and rehabilitation.

These practices not only reduce environmental impact, they also reduce the time and costs associated with setting up and rehabilitating projects.
ACTIVE APPROACH TO WATER MANAGEMENT
Water use is an important part of Santos’ operations, being:
• used for domestic purposes in remote camps and offices
• required for processing plant operations
• brought to the surface with oil and gas produced by wells, known as produced water.
Santos manages the consumption and disposal of water through its EHSMS hazard standards for water resource and produced water management which were implemented in 2006.
The primary means for disposing of produced water is via evaporation ponds under strict environmental regulations which stipulate the treatment and recording of water quality.
In 2006, Santos commenced a comprehensive investigation of the risks and potential impacts of current operations, beneficial uses and alternative disposal options of produced water such as agriculture, dust suppression and industrial processes.
In the year ahead, Santos will establish a management committee to consult with stakeholders, review the information gathered and examine emerging water management technologies. The committee will ultimately draft a strategic plan for managing produced water in a way that reduces costs and environmental and social impacts.

LEADING AUSTRALIA ON SALINE WATER DISPOSAL
Santos has pioneered a sustainable solution to the need to dispose of salty water that accompanies the production of coal seam gas.
In an Australian first, Santos has successfully trialed the injection of produced water into fractured rocks more than a kilometre underground at its Fairview coal seam gas field in southern Queensland.

NEW APPROACH TO ADDRESSING LAND DISTURBANCE
Santos is adopting a new approach to measuring land disturbance in 2007 that will embrace global positioning satellite (GPS) technology to ensure a more accurate picture, and a revised framework for assessing the company’s rehabilitation performance.
Historically, Santos has collected and maintained land disturbance information in the field where it has been used to plan for site rehabilitation and clean-up before exploration tenements have been relinquished.
The new approach will provide Santos with a uniform quantitative performance for all types of land disturbance with data stored in the company’s head office spatial database.
The more sophisticated data will allow Santos to assess rehabilitation priorities and direct resources in a way that minimises environmental disturbance and better manages Santos’ ecological footprint.

LAND USE FOOTPRINT 2006
Hectares

Above right: Peter Hardy, Senior GIS Officer, using Santos’ land disturbance spatial database.
In doing so, the company has adopted a strategy that, at current injection levels, will stop the equivalent of five tonnes of salt a day entering the Dawson River system.

A rise in the level of salinity in the formation water produced with the gas from the Fairview field required a new approach if Santos' plans to significantly expand gas production were to be achieved. The previous disposal of less salty water into the Dawson River, without causing environmental harm, was no longer an option.

The geological zone chosen as the destination for the injected water has no agricultural, economic or cultural value, and already contains water with a greater salinity than that being disposed of.

Constant injection of 9,000 barrels of formation water a day for 30 years equates to the safe disposal of more than 53,000 tonnes of salt where it will not affect the Dawson River system. And the environmentally sustainable strategy will unlock an additional 100 billion cubic feet of gas.

The saline water injection strategy delivers simultaneous environmental and economic gains.

MORE ACCURATE WASTE DATA CREATES SAVINGS
Santos prioritises waste management with the objective of minimising the environmental impact. Santos aims to avoid or reduce quantities of generated waste, reuse or recycle wherever practicable and dispose where no other alternative is feasible.

During 2006, Santos developed a waste management hazard standard to define the minimum acceptable standards for the treatment of waste from operations, domestic camps and facilities. Significant progress was made at the company’s Cooper Basin sites, with a comprehensive waste database put in place in 2005 now providing a clear picture of the volume and treatment of waste received at depots.

In 2006, 25% of Santos’ waste was diverted from landfill through recycling at the company’s depots. Recyclable products included glass, plastic, paper, cardboard, tyres, batteries and metals.
With increased operational activity in the region and a growing commitment to capturing accurate data, total waste received rose from 6,100 tonnes to 6,300 tonnes in 2005-06.

Santos’ Cooper Basin operations also accumulated 18,500 cubic metres of sludge (hydrocarbon-based liquid waste) from oil and gas production in 2006. Santos was able to recover 27% of the sludge as saleable crude oil and plans are in place increase recovery from sludge.

Following the success of the Cooper Basin waste database, similar recording systems will be developed and implemented at other Santos sites to provide the data to assess progress and support future sustainability reporting.

The Cooper Basin waste management group is now examining the potential of a recycling facility to reduce cooking oil waste by 60%, and planning a trial of a system to compost food and vegetable waste into a usable product.

**OIL SPILLS DECREASE**
Santos’ oil spill prevention strategy continued to be a major focus in 2006 and for the third year in a row the company reduced the volume of spills during the year.

Santos is focused on reducing the number of oil spills as well as the total volume of oil released.

**OPERATIONS AREAS OF FOCUS FOR 2007**
- **Water** – Santos will continue to enhance its water management regime that aims to reduce operational water use and recycle where appropriate, and dispose, in a sustainable manner, the water that is produced with its oil and gas recovery.
- **Greenhouse** – programs aimed at improving the company’s energy use efficiency to lower the greenhouse gas emissions per tonne of product produced will continue, and be expanded where appropriate.
- **Health and wellbeing** – a health and wellbeing program that aims to improve employee awareness of health and fitness issues, including fatigue management and alcohol and drug use, will be further implemented.
Corporate, commercial and people

‘Companies with good sustainability practices typically perform better than their peers. Integrating the principles of sustainability into our culture and practices ensures Santos upholds its reputation as a trusted operator, makes economic progress and fulfils its environmental and social responsibilities.’

Martyn Eames
Vice President Corporate and People

‘Natural gas is the lowest greenhouse gas-emitting fossil fuel, so it will become an increasingly important energy source as society moves from the age of oil. Santos is well placed to meet growing demand with six strategically placed natural gas supply infrastructure hubs.’

Rick Wilkinson
Vice President Gas Commercialisation and Marketing

Santos’ conveyor belt model is supported by a number of functions that provide specific expertise to drive the exploration-to-production life cycle.

This model aims to reduce the time it takes to find resources and develop the infrastructure required to enable the energy resource to flow to market.

CORPORATE, COMMERCIAL AND PEOPLE AREAS OF FOCUS IN THE 2004 SUSTAINABILITY REVIEW WERE:
• Environment, Health and Safety Management System – the EHSMS was developed and implemented across all of Santos’ sites. The roll-out included baseline calculations, external assessment of compliance and the identification of areas for improvement.
• Policy review – review of corporate governance policies and practices against ASX best practice standards.
• Culture change program – a planned approach to culture change based on employee feedback, project teams and focus groups.
The following functions provide this expertise company-wide:

- Strategic Projects
- Gas Marketing and Commercialisation
- Finance
- Legal
- Corporate and People.

These functions also provide the commercial framework, policies and systems to ensure the company achieves a high level of performance across the sustainability domains.

It does this by building the capacity for Santos to manage the various sustainability considerations at the corresponding part of the business. This helps Santos uphold its reputation as a trusted and competent explorer, developer and operator that continues to make economic progress while operating in a sustainable manner and fulfilling its social obligations.

CORPORATE GOVERNANCE

Santos’ Board works under a set of well-established corporate governance policies that reinforce the responsibilities of all Directors and in addition meet the requirements of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange (ASX).

The Board reviews and updates Santos’ corporate governance policies and relevant practices and procedures for changes to the law, the Listing Rules and corporate practice on an annual basis and as required.

The company’s policies continue to be updated to ensure that they remain compliant with the relevant legislation and in accordance with best practice.

An external review of the composition and function of the Board is conducted on a biennial basis and individual Director reviews occur annually. The biennial review of the Board and of its Committees was conducted by an independent consultant in 2005.

Santos is committed to giving all shareholders timely and equal access to information concerning the company including its financial position, performance, ownership and governance. The company has developed policies and procedures in accordance with its commitment to fulfilling its obligations to shareholders and the broader market for continuous disclosure.
The corporate governance section of Santos’ Annual Report and website www.santos.com contains further information relating to the company’s corporate governance policies and procedures.

DEVELOPING LEADERSHIP
Santos’ intellectual capital resides in its employees at all levels of the company. The company recognises that it takes leadership to motivate and develop employees.

The company’s approach to leadership is founded on the development of an achievement-orientated culture, the capabilities that will make Santos successful and the commitment of employees to give discretionary effort.

BUILDING AN ACHIEVEMENT-ORIENTATED CULTURE
Santos has continued to implement its strategy developed in 2004 to create an organisational culture defined by shared goals, values and principles founded on people systems, leadership and behaviour.

As part of this initiative, the leadership team has been responsible for promulgating the Santos values with their teams. In turn, employees are accountable for living the values and this is measured through Santos’ performance management system.

Employee survey results in 2006 also confirmed that the practice of leaders directly discussing company vision, strategy and values has been instrumental in improving employee understanding of and alignment with company direction.

CONFIDENTIAL WAY TO REPORT MISCONDUCT
Santos launched a Reporting Misconduct program where employees can confidentially report non-compliance with laws and regulations and company policy and procedures without fear of reprisal or discrimination.

The Reporting Misconduct program reflects corporate best practice and is an additional last resort mechanism to report non-compliance with laws and regulations and company policy and procedures.

The corporate governance section of Santos’ Annual Report and website www.santos.com contains further information relating to the company’s corporate governance policies and procedures.

BOARD SUBCOMMITTEE MEMBERSHIP

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Audit</th>
<th>Nomination</th>
<th>Remuneration</th>
<th>Finance</th>
<th>Safety, Health &amp; Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>G Gerlach</td>
<td>Director and Chairman</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>J C Ellice-Flint</td>
<td>Managing Director</td>
<td>✓</td>
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<tr>
<td>K C Borda</td>
<td>Independent non-executive Director</td>
<td>✓</td>
<td></td>
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<td>K A Dean</td>
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<td>✓</td>
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<td></td>
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<tr>
<td>R A Franklin</td>
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<td>✓</td>
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<tr>
<td>R M Harding</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>

* Denotes Chairperson of the Subcommittee.
Significant foundation work has been undertaken over the past three years to develop people systems that are progressive and support business direction.

Central to this has been the development of performance management and remuneration systems.

The company’s performance management system has been revised to clarify individuals’ performance objectives and now provides a clear line of sight with Santos’ strategic objectives. The link between performance and rewards has also been strengthened through changes to the short-term incentive program.

Following the initial success of the company-wide culture change program, which used employee-generated input from every part of the business, focused action planning to address specific business issues has been undertaken and will continue in 2007.

DEVELOPING CAPABILITY TO ENSURE SUCCESS

At Santos, capabilities are defined as the set of organisational behaviours that are required for success at work. The Santos Capability Framework has been developed based on extensive independent global research on leadership development and success, employee potential, and oil and gas industry experience.

The framework has been tailored to meet Santos’ business needs and incorporates work that has been occurring on values implementation, competency-based training, and functional development in technical and professional disciplines.

Implementation of the framework will commence during 2007 through leadership assessments, tailored development for individuals and teams, and the embedding of the framework in all recruitment, selection and employee development activities.
EMPLOYEE COMMITMENT GROWS

Employee commitment is characterised by what employees say about the company, their intention to stay with Santos and their preparedness to give discretionary effort. In other words, how people feel, think and act.

Over the past four years Santos has tracked employee commitment. The results from an employee survey in 2006, in which 74.5% of all employees participated, showed that:

- overall employee commitment has increased by over 50% compared to the 2002 survey
- every survey item has shown improvement from 2004 to 2006
- significant improvement is evident in the areas that Santos has focused on since the last survey in 2004; namely, communicating vision and strategy, employee involvement, values and openness to change.

Over the next two years Santos will focus on:

- maintaining the gains – extending and further embedding what is working
- developing change management skills; in particular, the capacity to plan and implement well
- extending development beyond job skills training to people skills development
- self-driven employee development.

REVIEWING SYSTEMS AND POLICIES

To promote high standards of corporate governance and ethical business conduct, the company has a clear set of policies, procedures, values and guidelines to guide the actions of the company and employees in all the areas of the business.

This includes an integrated code of conduct which prescribes that, in addition to compliance with all applicable legal requirements, the Board expects all Directors, executives and employees of the company to adopt appropriate standards of professional and business conduct in their dealings on behalf of Santos.

During 2005 and 2006 a number of policies were reviewed and updated to reflect best practice among industry leaders and other formal integrated policies are in the process of being finalised. The table to the left summarises the areas covered by these policies.

Facing page: Katrina Chambers, Cultural Heritage Support Officer, receives a massage during one of Santos’ health and wellbeing expos.
COMPANY-WIDE EHS MANAGEMENT SYSTEM

Santos has implemented a management system that accommodates all aspects of its environment, health and safety requirements and is the foundation on which assessments are conducted and improvements made.

The system applies to all Santos’ operations, in Australia and overseas. The EHSMS describes the requirements for effective environmental and safety practice and is the basis on which the company complies with International Standards Organisation (ISO) standards.

The EHSMS comprises:

- **management standards** – documents that define the requirements necessary to ensure that environmental, health and safety risk is systematically managed

- **hazard standards** – documents that detail the controls required to manage the risks of specific hazards to acceptable levels.

Annual assessments and audits are conducted at Santos sites to determine the implementation performance of EHSMS standards. During 2006, a number of sites reached or approached the continuous improvement zone which reflects a fully functioning and improving system in place at those facilities.

The EHSMS is a dynamic system which is continually being improved to ensure it is current and aligned with the changing nature of Santos’ business.

As part of a major project in 2007, the EHSMS, which to date has focused on personnel safety, is being reviewed and updated to integrate process safety – management of the risks associated with rare but potentially catastrophic process-related unwanted events.

ENCOURAGING A HEALTHIER LIFESTYLE

Santos conducted a major employee health campaign in 2006 to launch its new Health and Wellbeing Standard.

The standard is part of Santos’ EHSMS and is designed to create an environment which encourages employees and contractors to maintain a healthy lifestyle and manage the risk associated with those people who are not fit for work.

More than 1,300 employees attended one of the 21 health and wellbeing expos held across Santos’ sites and offices and there has been a noticeable increase in gym memberships provided by Santos.

There was strong participation by Santos employees in other initiatives including confidential health checks, education programs on men’s and women’s health (470 participants), sleep (440 participants) and healthy eating (450 participants), and physical fitness programs, such as providing gyms and fitness programs like ‘Walk the Moomba pipeline’ (400 participants) and ‘Biggest Loser’ (150 participants).
SANTOS EHS AWARDS RECOGNISE STAFF COMMITMENT

The importance attached to the achievement of the highest standards of environment, health and safety performance within Santos is reflected in the annual Directors’ Environment, Health and Safety Awards.

Recognising innovation, improvement and excellent performance by Santos employees and contractors, 2006 winners were:

- **Best Overall Environmental Performance** – awarded to the Operations Engineering and Reliability team for the successful implementation of a pipeline management system that resulted in a record lowest volume of hydrocarbon spills.

- **Best Environmental Project or Innovation** – awarded to the Coal Seam Gas Asset team for the successful commissioning of the Fairview 77 injection well that reduced the discharge of saline water into the Dawson River system. The Petroleum Engineering Connections team was highly commended for the delivery of a solar-powered gas wellhead upgrade.

- **Best Overall Health and Safety Performance** – awarded to the Onshore Drilling and Petroleum Engineering team for the effective engagement of staff and contractors to produce a record lowest total recordable case frequency rate (a measure of safety performance).

- **Best Health and Safety Project or Innovation** – jointly awarded to the Ballera Maintenance team for the development of a quick and inexpensive solution to eliminate repetitive manual handling issues during compressor maintenance, and the Production Central team for the development of an implementation process for the EHSMS that maps company-wide requirements into daily activities for field teams.

- **Best Overall Health and Safety Performance by a Contractor** – awarded to O&G Solutions for the successful delivery of an integrated leadership, work method and behavioural improvement plan resulting in a 64% reduction in total recordable case frequency rate to 2.5 recordable injuries per million hours worked.

PARTICIPATING IN THE GIPPSLAND COMMUNITY

Since taking over operation of the Patricia-Baleen gas plant in 2005, Santos has maintained regular consultation with the community through a Community Advisory Committee.

This committee meets regularly in Orbost in Victoria’s East Gippsland region and is made up of local residents and community groups, together with employees from Santos and Upstream Petroleum (which operates Patricia-Baleen under Santos’ instruction).

The meetings, which are advertised locally and open to the public, are an effective way for Santos to update the community about operations at Patricia-Baleen and for residents to ask questions and provide feedback to Santos.

Santos has also established a program of sponsorships, donations and volunteering to support organisations and events that are valued by the local community, including the Snowy River Walking Trail, Orbost Snowy Rovers football and netball teams, Newmerella Primary School, Orbost Men’s Shed, Orbost Secondary College and Orbost Tennis Club.

Above: Stewart Bisset, Manager Production North, and Rob Simpson, Manager Development Projects, with Newmerella Primary School students, Victoria.

Corporate, commercial and people continued
PROACTIVE APPROACH TO SAFETY
After achieving its best ever safety performance in 2005, with a total recordable case frequency rate of 4.9, Santos had a mixed performance in 2006. The employee injury frequency rate continued to fall for the fifth successive year but the contractor injury frequency rate increased, resulting in the total recordable case frequency rate increasing to 6.4 in 2006. Notwithstanding this, an encouraging trend has been the reduction of the severity of injuries to employees and contractors. Santos achieved a 15% reduction in injury severity in 2006 which contributed to a total reduction of 60% since 2004.

Santos has developed new health and safety lead indicators which will help fine-tune programs to drive further improvement in health and safety performance. An example is proactive reporting ratios which encourage the reporting and management of hazards and extraction of lessons learnt from near misses.

EXPANDING RESPONSE TO CLIMATE CHANGE
Climate change is a global issue which requires immediate action. An effective response requires leadership by government, business and the community.

Since the publication of its Greenhouse Policy in September 2004, Santos’ scope of activities to manage greenhouse emissions has expanded from compliance reporting and energy efficiency to broader concepts of research and development, target setting, emissions forecasting and identifying lower greenhouse-emitting energy sources.

To steward various aspects of the Greenhouse Policy, Santos has established a framework for greenhouse management and created three cross-functional teams with different functional leads:

- **governance, policy and reporting** – aiming to position Santos as an energy industry leader in the effective response to climate change
- **energy efficiency** – targeting a reduction in energy use per unit of product produced
- **carbon business** – focusing on generating value from Santos’ carbon assets and building competencies in carbon services where there is competitive advantage, so offsetting the commercial risk of greenhouse emissions.

**TOTAL RECORDABLE CASE FREQUENCY RATE**
recordable injuries per million hours worked

**GREENHOUSE GAS EMISSIONS**

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<thead>
<tr>
<th></th>
<th>Australia</th>
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<th>Papua New Guinea</th>
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<td>2003</td>
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<td>3.8</td>
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<td>3.8</td>
<td>3.6</td>
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**GREENHOUSE GAS INTENSITY**

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<th></th>
<th>Actual</th>
<th>Forecast</th>
<th>Target</th>
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<tr>
<td>2002</td>
<td>0.70</td>
<td>0.66</td>
<td>0.60</td>
</tr>
<tr>
<td>2003</td>
<td>0.75</td>
<td>0.70</td>
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<td>0.45</td>
<td>0.50</td>
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<tr>
<td>2005</td>
<td>0.45</td>
<td>0.40</td>
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<tr>
<td>2006</td>
<td>0.40</td>
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<tr>
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<td>0.35</td>
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<tr>
<td>2008</td>
<td>0.35</td>
<td>0.35</td>
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</tr>
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</table>

Santos on track to meet greenhouse gas emissions intensity reduction target.
Natural gas is the lowest greenhouse gas-emitting fossil fuel, providing a transition fuel to future cleaner energy sources. Santos is also pursuing greenhouse gas abatement projects such as energy efficiency and carbon capture and storage.

Santos participates in a number of voluntary greenhouse reporting programs including disclosure of emissions to the Australian Greenhouse Office Challenge Plus program, Carbon Disclosure Project and Dow Jones Sustainability Index. The company reports its total greenhouse emissions and emissions intensity as a ratio of greenhouse emissions per unit of production, and is on track to meet its target of 20% intensity reduction in the period 2002–08.

SUSTAINABLE ECONOMIC PROSPERITY

Santos is committed to generating sustainable financial performance, acceptable returns and building long-term value for shareholders. Detailed discussion of Santos' financial performance is provided in the company's Annual Report.

In addition to an excellent financial performance in 2005-06, Santos continued to provide a significant socioeconomic contribution to the communities in which it operates through suppliers and contracts, employee salaries and community sponsorship activities.

BENEFITS FLOW FROM NEW INFRASTRUCTURE POSITIONS

Against the backdrop of a strengthening political commitment to gas as a fuel for electricity generation, Santos entered a number of commercial arrangements in 2005 that aim to match hydrocarbon reserves with the most efficient use of processing infrastructure.

So-called toll processing – under which the processor is paid a fee, or toll, for handling another company's oil or gas – has the potential to add greater flexibility and speed in bringing product to market. Toll processing also adds value to Santos' production activities by increasing the use of infrastructure and, potentially, lengthening the productive life of those assets.

MARKETING ALLIANCE BENEFICIAL

Santos' oil trading arrangement with BP Singapore, under which BP markets all of Santos' oil output, produced excellent results with above-average prices realised in a surging international market.

Established in 2004, the alliance with BP has added value to Santos' marketing efforts through its global network of trading houses, providing access to worldwide marketing information and internal refinery capacity, and an entry to niche marketing opportunities.
RE-ENGINEERING SANTOS’ SUPPLY CHAIN

Santos estimates it could save around $2 million a year through improvements made during 2005 and 2006 to the way it manages its supply chain. The improved supply chain, including the $4 million Regional Distribution Centre at Port Adelaide, is shaping the way of things to come.

Instead of managing a fragmented logistics system, the new distribution centre is part of an aligned, end-to-end set of optimised processes to deliver materials such as pipe, machinery and other supplies at the right time, to the right place, in the right configuration and with the right quality.

Other system developments, including the establishment of an eastern Queensland supply chain structure and work completed to help the Perth team with inventory visibility and control, demonstrate the value being generated across our business as a wider, coordinated effort.

INVESTING IN COMMUNITIES

Santos has formed relationships with the many communities in which it has operations and recognises that it has a responsibility to contribute to the social fabric of those communities.

This is achieved in part through a well-established sponsorship and donations program and in 2006 Santos contributed over $3.8 million to more than 160 events and organisations in South Australia, the Northern Territory, Queensland, Victoria, Indonesia and the United States.

Through this program, Santos provides support for community-based programs, organisations and events that are valued by members of those communities and which share common values and priorities with Santos.

In this regard, contributions are made in the following categories:

- **Education** – encouraging learning in the disciplines that are fundamental to Santos’ business. Santos’ support of the Australian School of Petroleum at the University of Adelaide is the largest corporate donation to a public Australian university.

- **Environment** – recognising that being committed to minimising our environmental footprint is an important issue for the entire community. Examples of environmental projects supported by Santos include the Timboon embankment restoration, Our Patch program and Snowy River Walking Trail.

### SUMMARY OF SOCIOECONOMIC CONTRIBUTION

<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td>Number of employees</td>
<td>1,679</td>
<td>1,521</td>
<td>1,526</td>
<td>1,700</td>
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<td>Number of shareholders</td>
<td>83,566</td>
<td>78,157</td>
<td>78,976</td>
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<tr>
<td>Wages and salaries ($million)</td>
<td>230.7</td>
<td>216.6</td>
<td>214.0</td>
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<tr>
<td>Materials, goods and services ($million)</td>
<td>754.2</td>
<td>544.7</td>
<td>433.8</td>
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<tr>
<td>Royalties and taxes ($million)</td>
<td>427.5</td>
<td>209.3</td>
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<td>Sponsorship ($million)</td>
<td>3.8</td>
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<td>4.0</td>
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</table>

RECYCLING COMPUTERS FOR COMMUNITIES

Santos has teamed up with Adelaide organisation ITShare to recycle and redistribute more than 500 laptop computers that are no longer required by the company. ITShare is a not-for-profit organisation that helps socially disadvantaged people to enjoy the benefits of computer technology.

The computers are being distributed to a range of regional community groups in South Australia, Victoria and Queensland, and also to Goroka Hospital in the Papua New Guinea highlands to create a computer network for the hospital and school of nursing there.

This is the second computer recycling project that Santos has been involved with. More than 200 PCs were distributed to schools in rural communities in Queensland in 2003 in partnership with a similar organisation called GreenPC.
Corporate, commercial and people continued

- **Art and culture** – recognising that healthy communities have a thriving cultural life. Santos is principal sponsor of the Adelaide Symphony Orchestra and sponsor of Circus Oz and the Darwin Festival.

- **Youth** – developing young people as an investment in the future. A range of youth development activities are supported; for example, Science Week at the South Australian Museum.

During 2006, Santos reached formal agreement with Red Cross Australia to provide $250,000 to fund the development of a sustainable blood service for the Aceh region, which was devastated by the Asian Tsunami. The service is planned to be a model for providing blood services throughout Indonesia.

This commitment is in addition to almost $200,000 raised for nine different aid agencies by Santos and its employees following the tsunami, with the company matching dollar for dollar employees’ donations.

An important part of Santos’ sponsorship program is the Santos Community Fund, which provides financial and in kind support to organisations that benefit the community in the areas of health, the environment and building social capacity.

The fund brings together all the contributions Santos makes to community-based organisations and also provides additional support to Santos employees who contribute their own time and resources to improve the community.

Santos has made contributions to many organisations through this fund, including the Autism Association of South Australia, Cancer Council Australia, Canteen, Juvenile Diabetes Research Foundation, Oxfam and the Trailblazer Challenge.

**SPONSORSHIP BY AREA 2006**

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<th>Area</th>
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<tr>
<td>Corporate*</td>
<td>73.9%</td>
</tr>
<tr>
<td>South Australia</td>
<td>10.5%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6.6%</td>
</tr>
<tr>
<td>Victoria</td>
<td>5.2%</td>
</tr>
<tr>
<td>Queensland</td>
<td>2.2%</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>1.4%</td>
</tr>
<tr>
<td>United States</td>
<td>0.1%</td>
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</table>

* Sponsorship applicable to more than one area.

**SPONSORSHIP BY ACTIVITY 2006**

<table>
<thead>
<tr>
<th>Activity</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>68.4%</td>
</tr>
<tr>
<td>General community</td>
<td>16.4%</td>
</tr>
<tr>
<td>Arts and culture</td>
<td>7.5%</td>
</tr>
<tr>
<td>Environment</td>
<td>3.2%</td>
</tr>
<tr>
<td>Conferences/industry</td>
<td>2.6%</td>
</tr>
<tr>
<td>Santos Community Fund</td>
<td>0.9%</td>
</tr>
<tr>
<td>Indigenous</td>
<td>0.9%</td>
</tr>
<tr>
<td>Youth</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Above left: Santos employees rehabilitating a section of the River Torrens in Adelaide, as part of Santos’ commitment to the Our Patch project.
INDIGENOUS RELATIONS

Santos seeks to work cooperatively with Indigenous communities in the Northern Territory, Queensland, South Australia and Victoria with whom the company shares responsibility for managing and protecting areas of cultural significance.

Santos works with regulatory agencies and local Indigenous communities and organisations to develop appropriate compensation and cultural heritage plans in the areas in which we operate.

Elements of these agreements include provision for the employment of nominated members of the Indigenous communities as cultural heritage officers on Santos’ exploration and development projects. These individuals receive training in Santos’ environment, health and safety policies and procedures as well as four-wheel-drive, remote area GPS navigation and computer skills.

Santos is in the process of developing an employment and training strategy that shifts the focus of Indigenous employment from predominately cultural-heritage-related work toward more mainstream oil and gas related employment.

SUSTAINABILITY PERFORMANCE RECOGNISED

Santos has been listed on the Australian SAM Sustainability Index (AusSSI) since the index was established in February 2005. It tracks the performance of around 70 Australian companies considered to be leaders in their sector. Companies are subject to a rigorous assessment process where economic, environmental and social criteria are considered.

The company is also listed on the Reputex Social Responsibility Index which comprises those companies from the ASX 300 Index that have achieved a Reputex corporate social responsibility rating of ‘A’ (satisfactory) or higher.

AN INDIGENOUS PARTNERSHIP

Santos has made a significant contribution to the establishment of a camel farm at Undurana, about 250 kilometres west of Alice Springs.

This enterprise was established in partnership with the people from a local outstation who saw an opportunity to farm feral camels in the region and sell them to buyers in Alice Springs and interstate.

The Undurana Camel Farm is located near Santos’ operations at Mereenie and the company provided significant assistance to the project both financially and through the services of its employees who helped set up the farm.

The project has the potential to benefit a group of Traditional Owners through employment, income and independence as well as removing feral camels that damage the environment.

CORPORATE, COMMERCIAL AND PEOPLE AREAS OF FOCUS FOR 2007

• **Sustainability assessment** – roll-out of sustainability scorecard and company-wide performance reporting framework.

• **Community** – continued development of community policy and regional sponsorship and engagement strategies.

• **Health and wellbeing** – a health and wellbeing program that aims to improve employee awareness of health and fitness issues, including fatigue management and alcohol and drug use, will be further implemented.

• **Organisational culture** – continue to implement culture change program.
Sustainability performance scorecard

Santos has developed a detailed scorecard to measure performance across 24 different sustainability aspects. The measurement system is based on international indicators and assesses procedures and performance for each aspect.

This scorecard shows 2005 performance and aspects that improved in 2006.

DEVELOPING A MORE SOPHISTICATED APPROACH
Sustainability strategy maturity

In the 2004 Sustainability Review, Santos published the results of a sustainability baseline study conducted by an external consultancy. Since then, Santos has built on that work to develop a company-specific framework to better reflect Santos’ business lifecycle and impacts.

The framework is designed to assess sustainability performance, integrate sustainability into the way Santos operates and to drive improvement across the four areas of sustainability.

This was achieved by considering a comprehensive set of criteria beyond traditional economic measures to assess the impact of Santos’ operations, which enables better business decisions through a deeper understanding of their impacts.

Santos assesses the performance of each sustainability aspect: 24 in total, six for each of the four domains, as defined on page 34.

Santos’ performance in each aspect is assessed on whether appropriate systems have been developed and implemented, and performance against those systems.

These performance scores are then mapped to a sustainability scorecard spider-wheel diagram to provide a snapshot of performance.

Santos trialled this new approach in Indonesia in 2006 and findings helped refine the framework and assessment methodology.

The revised methodology was used to map company-wide year-end 2005 and 2006 sustainability performance, as shown on page 33. In 2006, Santos improved assessment scores in 12 aspects and no aspect went backwards.

Santos will continue to report performance against this model in future Sustainability Reports and on Santos’ website www.santos.com.
2006 SCORECARD

<table>
<thead>
<tr>
<th>Score</th>
<th>Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
<td>No procedure in place, poor performance</td>
</tr>
<tr>
<td>3-6</td>
<td>Procedure development, implementation commenced, compliance</td>
</tr>
<tr>
<td>7-8</td>
<td>Implementation, high performance</td>
</tr>
<tr>
<td>9-10</td>
<td>Leadership, innovation and continuous improvement zone</td>
</tr>
</tbody>
</table>

Score achieved in 2005

<table>
<thead>
<tr>
<th>Score achieved in 2005</th>
<th>Indicates an improvement achieved in 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td></td>
</tr>
<tr>
<td>Our people</td>
<td></td>
</tr>
<tr>
<td>Economy</td>
<td></td>
</tr>
</tbody>
</table>
# Sustainability progress summary

## ASPECT

### SUSTAINABILITY KEY PERFORMANCE INDICATOR DESCRIPTION

<table>
<thead>
<tr>
<th>Environment – the natural resources in the areas where Santos operates and how efficiently they are used</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air quality</strong></td>
</tr>
<tr>
<td><strong>Biodiversity and land disturbance</strong></td>
</tr>
<tr>
<td><strong>Greenhouse management</strong></td>
</tr>
<tr>
<td><strong>Incidents and spills</strong></td>
</tr>
<tr>
<td><strong>Waste management</strong></td>
</tr>
<tr>
<td><strong>Water resources</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Community – Santos’ relationship with and contribution to the communities it is associated with and the health of those communities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community wellbeing</strong></td>
</tr>
<tr>
<td><strong>External stakeholder engagement</strong></td>
</tr>
<tr>
<td><strong>Indigenous rights and cultural heritage</strong></td>
</tr>
<tr>
<td><strong>Product responsibility</strong></td>
</tr>
<tr>
<td><strong>Social infrastructure</strong></td>
</tr>
<tr>
<td><strong>Transparency and disclosure</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our people – the health, safety, skills, capabilities and effectiveness of the people in Santos’ workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health and wellbeing</strong></td>
</tr>
<tr>
<td><strong>Governance and policy</strong></td>
</tr>
<tr>
<td><strong>Safety</strong></td>
</tr>
<tr>
<td><strong>Workforce capability</strong></td>
</tr>
<tr>
<td><strong>Workforce profile, mobility and recruitment</strong></td>
</tr>
<tr>
<td><strong>Workforce satisfaction, compensation and benefits</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economy – the economic impacts of Santos’ activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business partnerships performance</strong></td>
</tr>
<tr>
<td><strong>Financial performance</strong></td>
</tr>
<tr>
<td><strong>Risk management</strong></td>
</tr>
<tr>
<td><strong>New project development and acquisitions</strong></td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
</tr>
<tr>
<td><strong>Supply chain performance</strong></td>
</tr>
<tr>
<td>FOCUS IN SUSTAINABILITY REVIEW 2004</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Report nationally</td>
</tr>
<tr>
<td>Develop hazard standard</td>
</tr>
<tr>
<td>Develop hazard standard</td>
</tr>
<tr>
<td>Report annually and improvement program in place</td>
</tr>
<tr>
<td>Develop management plans</td>
</tr>
<tr>
<td>Develop water data model</td>
</tr>
<tr>
<td>Informal community development plans</td>
</tr>
<tr>
<td>Informal stakeholder engagement</td>
</tr>
<tr>
<td>Develop agreements</td>
</tr>
<tr>
<td>Develop EHSMS management standard</td>
</tr>
<tr>
<td>Conduct assessment during approvals process</td>
</tr>
<tr>
<td>Commence sustainability reporting</td>
</tr>
<tr>
<td>Under review</td>
</tr>
<tr>
<td>Policies review</td>
</tr>
<tr>
<td>EHSMS development</td>
</tr>
<tr>
<td>Training optimisation</td>
</tr>
<tr>
<td>Recruitment programs</td>
</tr>
<tr>
<td>Remuneration and performance management systems</td>
</tr>
<tr>
<td>Corporate focus</td>
</tr>
<tr>
<td>Report via Annual Report</td>
</tr>
<tr>
<td>Develop and implement enterprise-wide risk management framework</td>
</tr>
<tr>
<td>Assess via project approvals process</td>
</tr>
<tr>
<td>Informal process</td>
</tr>
<tr>
<td>EHSMS management standard</td>
</tr>
</tbody>
</table>
Glossary

barrel/bbl
The standard unit of measurement for all production and sales. One barrel = 159 litres or 35 imperial gallons.

biodiversity
The natural variability of plants and animals, and the environments in which they live.

boe
Barrels of oil equivalent. The factor used by Santos to convert volumes of different hydrocarbon production to barrels of oil equivalent.

the company
Santos Ltd and its subsidiaries.

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

corporate governance
‘Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.’ – OECD April 1999.

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

cultural heritage
Definitions of cultural heritage are highly varied. Cultural heritage can be considered to include property (‘things’ such as landscapes, places, structures, artefacts and archives) or a social, intellectual or spiritual inheritance.

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

geoscience
Scientific disciplines related to the study of the earth.

greenhouse effect
The trapping of heat by certain gases in the earth’s atmosphere in the same way that the glass in a greenhouse prevents heat from escaping and warms its internal environment.

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

hazard
A source of potential harm.

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

liquids
A sales product in liquid form produced as a result of further processing by the onshore plant; for example, condensate and LPG.

LNG
Liquefied natural gas. Natural gas that has been liquefied by refrigeration or pressure in order to store or transport it. Generally, LNG comprises mainly methane.

LPG
Liquefied petroleum gas, sometimes known as condensate. A mixture of light hydrocarbons derived from oil-bearing strata which is gaseous at normal temperatures but which has been liquefied by refrigeration or pressure to store or transport it. Generally, LPG comprises mainly propane and butane.

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

market capitalisation
A measurement of a company’s stock market value at a given date. Market capitalisation is calculated as the number of shares on issue multiplied by the closing share price on that given date.

medical treatment injury frequency rate (MTIFR)
A statistical measure of health and safety performance. A medical treatment Injury is a work-related injury or illness, other than a lost time injury, where the injury is serious enough to require more than minor first aid treatment. Santos classifies injuries that result in modified duties as medical treatment injuries.

mmboe
Million barrels of oil equivalent.

oil
A mixture of liquid hydrocarbons of different molecular weights.

PJ
Petajoules. Joules are the metric measurement unit for energy. A petajoule is equal to 1 joule x 10^15.

produced water
Water which is naturally co-mingled with the gas and liquid petroleum products in rocks and coal below the surface and is brought to the surface together with oil and gas produced from the wells.

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

Santos
Santos Ltd and its subsidiaries.

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

sustainable development
Although it means different things to different people, the most frequently quoted definition is from the report, Our Common Future, also known as the Brundtland Report: ‘Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’

top quartile
Top 25%.

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

CONVERSION

<table>
<thead>
<tr>
<th>Conversion</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>1 tonne</td>
<td>8.458 boe</td>
</tr>
<tr>
<td>1 barrel</td>
<td>1 boe</td>
</tr>
<tr>
<td>1 petajoule</td>
<td>171,937 boe</td>
</tr>
<tr>
<td>1 condensate/naphtha</td>
<td>0.935 boe</td>
</tr>
<tr>
<td>1 LPG</td>
<td>1 barrel = 0.935 boe</td>
</tr>
</tbody>
</table>

For a comprehensive online conversion calculator tool, visit the Santos website, www.santos.com
Paper and printing of the Sustainability Report

This report is printed on Mohawk Options Recycled PC 100 paper, which is made with process-chlorine-free 100% recycled post-consumer waste fibre. The paper is certified green by Green Seal and the Forest Stewardship Council (FSC), which promotes environmentally appropriate, socially beneficial, and economically viable management of the world’s forests. The paper was manufactured using wind-generated energy.

Savings derived from using post-consumer recycled fibre instead of virgin fibre for this Sustainability Report:

- 41.47 trees preserved for the future
- 66,685 LITRES wastewater flow saved
- 54.32 KG waterborne waste not created
- 1,741 KG net greenhouse gases prevented
- 884 KG solid waste not generated
- 904 KG air emissions not generated

The report was printed by Gunn & Taylor Printing, which is one of a small number of printers in Australia accredited by the FSC to continue the chain of custody when printing on FSC-certified paper.

The printing process uses digital printing plates which eliminate film and associated chemicals. The vegetable-based inks used in the printing process use linseed oil, which is made from renewable sources such as flax, rather than the traditional higher greenhouse gas-emitting mineral oils.

All boxes for packaging are 100% recycled, all metal printing plates are recycled and no toxic emissions are produced from the printing premises.

HELP SAVE PAPER BY DOWNLOADING AN ELECTRONIC VERSION

An electronic version of this report is available on Santos’ website www.santos.com. Shareholders who do not require a printed Annual or Sustainability Report, or who receive more than one copy due to multiple shareholdings, can help reduce the number of copies printed by advising the Share Register in writing of changes to their report mailing preferences.

Shareholders who choose not to receive printed reports will continue to receive all other shareholder information, including notices of shareholders’ meetings.

Savings derived from using wind power in the manufacture of the paper for this report:

- 904 KG air emissions not generated

Cert no. SCS-COC-00858
Please provide your comments on Santos’ Sustainability Report 2006 by mailing this form or by faxing it to: 08 8116 5518 from 15 April 2007.

Overall, I found Santos’ Sustainability Report to be:

- Easy to understand
- Average
- Difficult to understand

The length of Santos’ Sustainability Report was:

- Too long
- About right
- Too short

I found the information in the following sections to be:

- Very informative
- Informative
- Not informative

<table>
<thead>
<tr>
<th>Section</th>
<th>Very informative</th>
<th>Informative</th>
<th>Not informative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introducing Santos</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Making progress (MD’s message)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability overview and framework</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency of production lifecycle</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Exploration</td>
<td></td>
<td></td>
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<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate, commercial and people</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability performance scorecard</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability progress summary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glossary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper and printing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Compared to other triple bottom line reports I’ve read, Santos’ Sustainability Report was:

- Superior
- About the same
- Inferior

Do you consider Santos to be a responsible corporate citizen?

- Yes
- No

I am/I represent:

- Retail shareholder
- Institutional investor
- Joint venture partner/other industry
- Santos employee/contractor
- Government
- Educational institution/student
- Non-government organisation
- General public

Comments:

**Economy**

- Five new growth projects commenced production: Mutineer-Exeter and John Brookes, offshore Western Australia; Casino, offshore Victoria; Bayu-Undan LNG, offshore Northern Territory; and Maleo, offshore Indonesia.

- Record production and sales in 2005 and 2006, leading to higher royalty and taxation payments.

- Awarded Risk Practitioner/Team of the Year at the Australia and New Zealand Insurance Industry Awards.

**Environment**

- Third consecutive year of reduction in the volume of oil spills.

- Santos Directors’ EHS Awards reward outstanding performance and innovation by employees and contractors.

- Third successful year of employees restoring Adelaide riverside through the Our Patch program.

- Santos continues partnerships with universities to understand the relationship between drilling and deep-sea biodiversity.

**Our people**

- Employee commitment improved by more than 50% in two years, as measured by Gantz-Wiley employee survey.

- Self Insurers of South Australia group formally recognised Santos for its health, safety and injury management audit process.

- Maximum five-star rating in Howarth corporate governance report for fifth consecutive year and first Gold Australasian Reporting Award.

**Community**

- Indigenous partnership to help establish Undurana camel farm near Santos’ Mereenie operations.

- Major sponsor of Crescent Moon, an exhibition of art and artefacts from South East Asia.

- $450,000 raised for Asian tsunami relief by Santos pledge and employee donations matched by the company. Agreement reached with Red Cross Australia to fund development of a sustainable blood service for Aceh.
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