

Notice to company pursuant to ss 249N & P of the Corporations Act 2001 (CA)

I/we [name of 'shareholder']

of

..... [address]

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN) [HIN or SRN]

in respect of any holding of the shareholder's Santos Limited ('STO', 'Santos' or 'the company') ordinary fully paid shares;

hereby give notice (in accord with sections 249N & P of the CA) to the company of: the following resolutions (1: Amendment to the Constitution, 2: Capital Protection) the shareholder proposes to move at a general meeting of the company; and request (in accordance with section 249P) that the company give to all members each of the Supporting Statements following the resolutions.

SIGNED

..... (Signature of individual Shareholder [†] /company director) (Signature of second shareholder in a joint holding/for a company second director or company secretary)
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† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

Resolution 1 – Amendment to the Constitution

To amend the constitution to insert the following new Clause 32A: "The company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to a material risk as identified by the company and cannot either advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company."

Resolution 2 – Capital Protection

Shareholders note the company's support for the climate goals of the Paris Agreement,¹ along with the publication of the International Energy Agency's Net-Zero Emissions by 2050 Scenario,² and the Climate Action 100+ company assessment.³ Shareholders therefore request the company disclose, in subsequent annual reporting, information that demonstrates how the company's capital allocation to oil and gas assets will align with a

¹ <https://www.santos.com/wp-content/uploads/2021/12/Climate-Change-Policy.pdf>

² <https://www.iea.org/reports/net-zero-by-2050>

³ <https://www.climateaction100.org/company/santos-limited/>

scenario in which global energy emissions reach net-zero by 2050, facilitating the efficient managing down of these assets.

This information should include:

- Production guidance for the lifetime of the company's oil and gas assets;
- Plans and capital expenditure expectations for decommissioning and rehabilitating oil and gas asset sites;
- Plans and provisions for supporting staff to transition to future employment following oil and gas asset closures; and
- Details of how remaining value in the company's oil and gas assets will be redeployed or returned to investors.

(Santos Limited's Notice of 2022 Annual General Meeting is to include Resolutions 1 and 2. Shareholders voting by proxy can vote on both resolutions.)

Supporting Statement 1

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders do not enjoy the same rights as their UK, US, New Zealand or Canadian counterparts in this respect.

A board of directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In some situations the appropriate course of action for shareholders dissatisfied with the conduct or performance of the board is to seek to remove directors individually. However in many situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The constitution of Santos is not conducive to the right of shareholders to place advisory resolutions on the agenda of a shareholder meeting.

This is contrary to the long-term interests of Santos, its board and shareholders.

Passage of this resolution – to amend the Santos constitution – will simply put Santos in a similar position in regard to shareholder resolutions as listed companies in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

Supporting statement 2

This resolution seeks to provide confidence to shareholders that Santos' oil and gas assets are handled in a way that protects shareholder value, while ensuring employee transition and asset decommissioning obligations are adequately planned and resourced.

Failure to adopt the requests of this resolution would see Santos continuing to exacerbate climate-related financial risks by undermining its own climate claims and defying the clear demands made by investors.

Undermining commitments

Investor calls for Santos to align its business with global climate goals include:

- 43% of shareholders voting for scope 1, 2, and 3 emission targets, and exploration and capital expenditure plans aligned with the Paris Agreement in 2020,
- 13% of shareholders voting for the company to manage down oil and gas production in line with the Paris Agreement in 2021, and
- The Climate Action 100+ investor initiative's demand to "align future capital expenditures with the Paris Agreement's objective of limiting global warming to 1.5° Celsius".⁴

Santos has failed to meet these demands and has instead moved in the opposite direction, drastically increasing exposure to climate-related transition risks by pursuing new projects that are incompatible with the Paris climate goals and a net-zero by 2050 global energy scenario.

In doing so, Santos has exposed itself and shareholders to legal risk. A current Australian Federal Court case alleges Santos engaged in misleading and deceptive conduct by claiming to have a "clear and credible pathway to achieve net zero emissions by 2040", but failing to "disclose that it has firm plans to increase its greenhouse gas emissions by developing new or existing oil and gas projects".⁵

Betting against climate action

Demonstrating the divergence between Santos' plans and the energy transition required to meet the Paris climate goals, the International Energy Agency's (IEA) seminal Net-Zero Emissions by 2050 Scenario (NZE) – modelled to provide a 50% chance of limiting global warming to 1.5°C – concludes, "The rapid drop in oil and natural gas demand in the NZE means... no new oil and natural gas fields are required beyond those that have already been approved for development."⁶

The NZE also projects sharp declines in demand for Santos' products. Santos' 2021 sales revenue split was 47% LNG, 27% domestic gas, and 26% liquids.⁷ The NZE projects:

- Australia's LNG trade to fall 25% below 2020 levels by 2030, and to halve by 2040,⁸ and
- Global oil demand to fall by more than 4% per year on average between 2020 and 2050.⁹

⁴ <https://www.climateaction100.org/company/santos-limited/>

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<https://www.edo.org.au/2021/08/26/world-first-federal-court-case-over-santos-clean-energy-net-zero-claims/>

⁶ <https://www.iea.org/reports/net-zero-by-2050> 51

⁷ https://www.santos.com/wp-content/uploads/2022/01/220120_2021_Fourth_Quarter_Report.pdf 2

⁸ <https://www.iea.org/reports/net-zero-by-2050> 175

⁹ Ibid 101

CSIRO's 1.5°C-aligned Strong Electrification energy pathway for Australia models significant falls in gas demand starting from 2020, dropping almost 40% by 2030 and 78% by 2050.¹⁰

In direct contrast to these foreseeable and necessary demand falls in domestic and international markets, Santos plans to significantly increase production through new projects, and has taken on even greater exposure to oil and gas through the Oil Search merger.¹¹

Even before the Oil Search merger, Santos was planning to spend billions of shareholder capital to increase production by a third from 2021-2025.¹² The new projects planned to drive this increase include:¹³

- Barossa LNG (Santos share of capex ~\$1.8 billion¹⁴)
- Narrabri coal-seam gas (~\$520 million)
- Dorado oil (~\$1.6 billion).

Independent analyses find all three projects incompatible with the global climate goals Santos claims to support. Investment in these projects therefore equates to Santos betting shareholder capital against the achievement of those goals.

Carbon Tracker has found Dorado, for which a final investment decision is planned in 2022, is incompatible with even the IEA's (net-zero by 2070) Sustainable Development Scenario (SDS),¹⁵ let alone the far more constrained demand profile imposed by the NZE.

The extremely high CO₂ content of the Barossa gas field has led energy experts to state the project "is like a CO₂ emissions factory with an LNG by-product".¹⁶ IEEFA concludes, "Santos' proposed Barossa to Darwin LNG development would be both a major financial risk and a serious climate risk for all if it were to go ahead".¹⁷

¹⁰

https://aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/isp/2021/csiro-multi-sector_modelling.pdf?la=en 8, 45

¹¹

https://www.santos.com/wp-content/uploads/2021/09/211010_Santos-and-Oil-Search-combine-to-create-a-regional-champion.pdf

¹²

<https://www.santos.com/wp-content/uploads/2020/02/santos-upgrades-2025-production-target-to-120-mmboe.pdf>;

https://www.santos.com/wp-content/uploads/2022/01/220120_2021_Fourth_Quarter_Report.pdf 3

¹³

https://www.santos.com/wp-content/uploads/2021/05/210505_2021-Macquarie-Australia-Conference.pdf note Santos' Barossa stake has since reduced to 50%

¹⁴ All dollar values are in USD unless otherwise stated

¹⁵

<https://carbontracker.org/reports/australian-oil-and-gas-mergers-exposing-the-weakness-of-company-transition-planning/> 7

¹⁶

https://ieefa.org/wp-content/uploads/2021/03/Should-Santos-Proposed-Barossa-Gas-Backfill-for-the-Darwin-LNG-Facility-Proceed-to-Development_March-2021.pdf 2

¹⁷ Ibid 1

Former Australian chief scientist Penny Sackett has confirmed the Narrabri gas project is incompatible with the Paris Agreement and net-zero by 2050.¹⁸ Santos is also actively pursuing unconventional gas exploration in the undeveloped Beetaloo basin, which has similarly been found to be incompatible with global climate goals.¹⁹

Oil Search's plans and climate risk liabilities, which Santos has now taken on, involve increasing production by >80% from 2020 to 2030.²⁰ Carbon Tracker's analysis shows 81% of Oil Search's business-as-usual capex falls outside the SDS.²¹ This means our company is consuming another that is spending the vast majority of its capital on activities consistent with the failure of the Paris Agreement. Raising particular concerns about Oil Search's Alaskan oil projects, Carbon Tracker states, "Oil Search is preparing to commit capex to some of its less resilient assets, which will now become Santos' problem."²²

The immense stranded asset risk facing Santos under a net-zero by 2050 transition is becoming increasingly likely to materialise, with key markets rapidly moving to align policy with these global climate goals. Japan²³ and Korea²⁴, key markets for Santos, have both announced plans to reduce gas in their energy mixes by 2030, while IEEFA has found over 60% of proposed LNG import and gas power infrastructure in emerging Asia is unlikely to be built.²⁵

Shareholder support for this resolution is therefore required to ensure returns from Paris-aligned production are maximised, while preventing capital being wasted on projects that are incompatible with climate goals Santos claims to support.

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<https://www.smh.com.au/environment/climate-change/narrabri-gas-project-should-be-blocked-says-ex-chief-scientist-20200809-p55k20.html>

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https://d3n8a8pro7vhmx.cloudfront.net/lockthegate/pages/6323/attachments/original/1571177037/LTG_NT_ShaleGas_2019_A4_SML.pdf

20 https://www.oilsearch.com/___data/assets/pdf_file/0011/54101/Consolidated-presentation_Final.pdf

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<https://carbontracker.org/reports/australian-oil-and-gas-mergers-exposing-the-weakness-of-company-transition-planning/> 7

22 Ibid

23 https://www.enecho.meti.go.jp/en/category/others/basic_plan/pdf/6th_outline.pdf 12

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<https://www.spglobal.com/platts/en/market-insights/latest-news/energy-transition/101921-south-korea-finalizes-2050-carbon-neutrality-roadmaps>

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http://ieefa.org/wp-content/uploads/2021/12/Examining-Cracks-in-Emerging-Asias-LNG-to-Power-Value-Chain_December-2021.pdf 3