

# Santos: A Risk Financiers Can't Afford



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## Executive summary

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Market Forces' analysis finds Santos, Australia's second-largest oil and gas company, faces a set of serious strategic, reputational, regulatory, and climate-related financial risks that banks and institutional investors cannot afford to overlook.

Banks and institutional investors already exposed to Santos must reduce reputational risk by effectively engaging with the company to drive a science-based, low risk strategy for the transition to a clean energy economy aligned with the Paris Agreement.

For banks and other financial institutions considering providing *further* finance to Santos, the only guaranteed way to avoid the associated risk is to avoid involvement with the company while its strategy remains out of line with accepted pathways to meet global climate goals. These financial institutions are invited to use this report to assist with due diligence on the company for future considerations.

Santos' LNG export expansion strategy has contributed to higher gas prices for Australian consumers. Australian liquefied natural gas (LNG) exports have skyrocketed

since 2000, increasing by over 10 times. In recent years Australia has consistently exported over [80% of its gas overseas](#), with the LNG industry itself consuming more [gas to produce LNG](#) than all of Australia uses for domestic gas-fired electricity. This growth in the LNG export industry has been to the detriment of the Australian domestic market due to the [linkage between domestic and export prices](#), further driving up the cost of energy and contributing to the cost of living crisis.

The LNG export boom, in which Santos has been a key player, has been [a major driver](#) of the near quadrupling in Australia's East Coast gas prices. LNG prices in Asia, Santos' key export region, have also been highly volatile in recent years, contributing to energy crises in countries including Bangladesh, Vietnam and Pakistan.

While selling large volumes of Australian gas overseas, Santos has paid little in tax and royalties (~3% of its total revenue in the past 10 years, based on Market Forces analysis of Santos disclosures). These simultaneous issues of tax minimisation and high gas prices place a burden on Australians that is increasingly drawing public ire, raising the risk of serious reputational damage to the company and its financial backers.

Santos is pursuing a high-capex, high-growth LNG strategy in the face of an unprecedented supply glut projected from the late 2020s into the 2030s. The short-term supply crunch caused by the current war in Iran exemplifies LNG price volatility that ultimately threatens longer-term demand. Whilst the current conflict may delay the onset of the glut, considering the scale of upcoming LNG export capacity additions, it is likely that a glut will still eventuate. The upcoming LNG capacity wave is the largest ["in any comparable period in the history of LNG markets"](#) and could

collapse prices toward marginal costs, severely compressing margins for Santos' greenfield LNG projects. Structural issues with the LNG market will likely limit the potential for new demand to absorb this excess supply. [Existing LNG import capacity](#) in "Emerging Asia" is limited, current under-utilisation of existing LNG import infrastructure is driving hesitancy to develop further high-cost import capacity, and production backlogs for gas turbine procurement are now approaching [seven to eight years](#).

Simultaneously, the LNG industry's "Emerging Asia" demand thesis is being dismantled by the rapid scaling of cheaper renewables and batteries. For example, massive solar and battery uptake in Pakistan recently triggered the [cancellation](#) of [dozens](#) of LNG cargoes.

The [Intergovernmental Panel on Climate Change](#) (IPCC) and the [International Energy Agency](#) (IEA) have concluded that new oil and gas developments are inconsistent with the goals of the Paris Agreement. Yet Santos has continued to push ahead with expansion projects, sanctioning a [new gas field](#) and a [new oil field](#) since the start of 2021. Santos aims to grow production further and progress multiple new oil and gas developments.

Santos' business plans are associated with more than 4.4°C of implied temperature rise according to analysis from MSCI, emphasising the company is ["strongly misaligned"](#) and ["its contribution to catastrophic climate change is higher than those of most companies/portfolios."](#)<sup>1</sup>

The [majority](#) of Australians believe climate change is a serious problem requiring urgent action. As climate change increasingly contributes to the economic and social damage of extreme weather events in

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1. MSCI data accessed via Bloomberg on 27.02.2026

Australia, companies with large-scale fossil fuel expansion plans such as Santos, and their financiers, face growing risks of public backlash.

The “centrepiece” of Santos’ so-called decarbonisation strategy is Carbon Capture and Storage (CCS), a technology that has a [long history of failure](#), has been plagued by [high costs, delays, underperformance,](#) [technical challenges](#), and is likely to abate only a small fraction of Santos’ total emissions (scope 1–3) even under best-case scenarios.

Santos has faced [sustained](#) opposition from some Traditional Owners, local communities, human rights groups, and national and international environmental organisations over its oil and gas expansion projects in recent years.

The company has been in the spotlight recently over environmental breaches following revelations about a design fault leading to a [major methane leak](#) at the company’s DLNG export terminal. This follows a litany of other environmental issues over the years, including an oil spill [that allegedly killed dolphins, contamination of](#)

[aquifers](#) and [a separate 250,000 litre oil spill](#).

Despite the issues outlined above, many of Santos’ shareholders have failed to escalate their stewardship actions, and have even regressed in their efforts to rein in the company’s oil and gas growth plans. Many banks have continued to provide finance to Santos despite the company’s oil and gas expansion, which may undermine those banks’ ability to meet their own commitments to goals of the Paris Agreement. These failures send a clear message to Santos that it won’t be held accountable for pursuing business plans that are incompatible with global climate goals.

Institutions financing Santos face serious reputational risks that must be managed appropriately. Current lenders and investors must effectively engage with Santos to drive a science-based, Paris-aligned, low-risk transition strategy. Banks should not provide or arrange any new finance for Santos while its strategy remains out of line with accepted pathways to meet global climate goals. Investors must take escalatory steps to stop the company’s reckless oil and gas expansion strategy.



# Key findings

The following key findings paint a picture of the growing risks faced by Santos and its financial backers:

## 1 LNG exports prove costly for Australian customers

Santos continues to prioritise liquefied natural gas (LNG) exports, contributing to **a near quadrupling of gas prices on Australia's East Coast** since 2015, based on data from the Australian Energy Market Operator (AEMO). With the commencement of the Queensland LNG export industry, "wholesale gas prices on the east coast have become linked to LNG export prices since 2015." Since 2000, Australia's LNG exports have exploded, increasing more than 10 times (935%). In the early 2000s, LNG exports only accounted for ~34% of Australia's gas production; this has risen to consistently more than 80% in recent years.

Over the past eight years, Santos' Gladstone LNG (GLNG) export facility in Queensland drained more than eight times more gas for export (1,274 PJ) than the 155 Petajoules (PJ) it sold into the domestic market, according to the ACCC. GLNG's net withdrawal of 1,120 PJ is also eight times greater than all Australian household gas use in FY24.

## 2 Santos' LNG expansion strategy is based on questionable assumptions

LNG remains highly volatile with Asian LNG prices **increasing by 26 times** from 2020 lows to 2022 highs. This extreme volatility contributed to energy crises in countries currently dependent on imported gas, including Bangladesh, Vietnam and Pakistan, raising questions of Santos' Asian LNG demand growth claims. Pakistan, for example, has accelerated its shift to renewable energy, cancelling 21 LNG cargoes from Eni and 24 cargoes from Qatar, while importing nearly \$1 billion of batteries and over \$7 billion of solar panels over the past five years.

Santos' Climate Transition Action Plan continues to promote a high-cost uneconomic carbon trading hub vision in which carbon dioxide (CO<sub>2</sub>) is transported from Asia and stored in Australia via carbon capture and storage (CCS). For example, **Santos' customers in Japan and South Korea would face total carbon costs of \$32 billion** to capture, return and store the CO<sub>2</sub> produced from the Barossa gas project back to Australia, based on carbon transport cost estimates from Wood Mackenzie. The cost of locking away this CO<sub>2</sub> represents more than 10 times the capital expenditure Santos spent constructing the project.

### 3 Tax minimisation erodes gas industry social licence

Market Forces analysis finds Santos paid just \$33 million in corporate income tax in Australia over the past 10 years, despite earning over \$41 billion in revenue from its Australian operations. The corporate income tax paid by Santos is equivalent to just 0.08% of total realised sales revenues.

Based on Market Forces research, in 2025 Santos' average realised sale price across commodities was \$71.03 per barrel of oil equivalent (boe) for its Australia operations. Yet it paid just \$3.17 per boe in royalties (4.5% of total sales revenue) and just \$0.30 per boe in corporate income tax (less than 0.5% of total sales revenue). On average over the past 10 years Santos paid just over 3% of its realised price revenue in royalties and income tax.

### 4 Santos' oil and gas expansion strategy is at odds with climate science

Since 1991 Santos' emissions (scope 1-3) totalled 947Mt of CO<sub>2</sub>-e.<sup>2</sup> This is equivalent to running Australia's largest coal-fired power plant for 70 years.<sup>3</sup>

Santos is actively trying to grow its oil and gas production by between 15-38% over the next five years, despite there being no room for new oil and gas developments in a world in which global warming is limited to 1.5°C in line with the Paris Agreement. Santos' oil and gas production growth estimates to 2030 are higher than the global growth rates projected under a pathway aligned with **3°C of warming** (the International Energy Agency's current policy settings (CPS) scenario).

### 5 Ballooning risks from Beetaloo, Papua LNG gas expansion projects

Santos continues to push ahead with its Beetaloo Basin development, a massive new LNG export project which Santos explicitly hopes will "**fill all of our LNG operations or assets in Australia for decades to come**". The emissions from burning the gas from just this one project in the Beetaloo could release more than 285Mt CO<sub>2</sub>-e.<sup>4</sup> This represents more than 12 years of the Northern Territory's total emissions.

Santos continues to progress the Papua LNG project despite the submission of the first formal complaint to the Equator Principles detailing urgent concerns about the potential climate, biodiversity and human rights impacts of the proposed project. Banks and export credit agencies have increasingly recognised the risks of the project, with a total of 29 "now ruling out financing" Papua LNG.

2. Figure calculated by adding Carbon Majors, Santos 2025 emissions.

3. Eraring FY25 scope 1 emissions.

4. Estimated based on Santos 5 TCF delineated resource target and IPCC Natural Gas Combustion emissions factor

# Recommendations

By providing financial support to Santos, financial institutions face substantial reputational risks. Banks and investors should seriously consider these recommendations:

## For banks

- 1 Banks already exposed to Santos should engage with Santos to manage its strategic, reputational, climate-related financial, regulatory and legal risks.
- 2 Banks should not provide or arrange any new finance (including project finance loans, corporate finance loans or bonds) for Santos until those risks are properly managed.
- 3 Banks should rule out new project or corporate financing of Santos until the company can provide a credible 1.5°C transition strategy that ceases oil and gas growth.

## For institutional investors

- 1 Institutional investors, including large asset managers and pension funds, should engage with Santos to manage its strategic, reputational, climate-related financial, regulatory and legal risks.
- 2 Institutional investors should:
  - engage with Santos about the viability of Santos' growth projects, particularly operations in the Beetaloo Basin and the Papua LNG project (FID expected mid-2026), and
  - call for Santos to provide a credible 1.5°C climate transition pathway that is not entirely dependent on uneconomic and unrealistic CCS as a service business model.
- 3 Institutional investors should publicly question why:
  - Santos has shifted back to a pro-growth strategy and how Santos will show capital discipline under a 1.5°C climate transition scenario,
  - Santos' CFO has resigned, and
  - three bidders for the company have walked away after completing further due diligence on the company.

# Santos' gas expansion raises consumer costs, driving reputational risks

## Santos faces the following risks:

**Reputational risk:** Santos' contribution to increased gas prices in Australia and prioritisation of LNG exports over the domestic market could potentially risk its reputation and social licence.

As a result, banks and institutional investors exposed to Santos face substantial reputational risks.

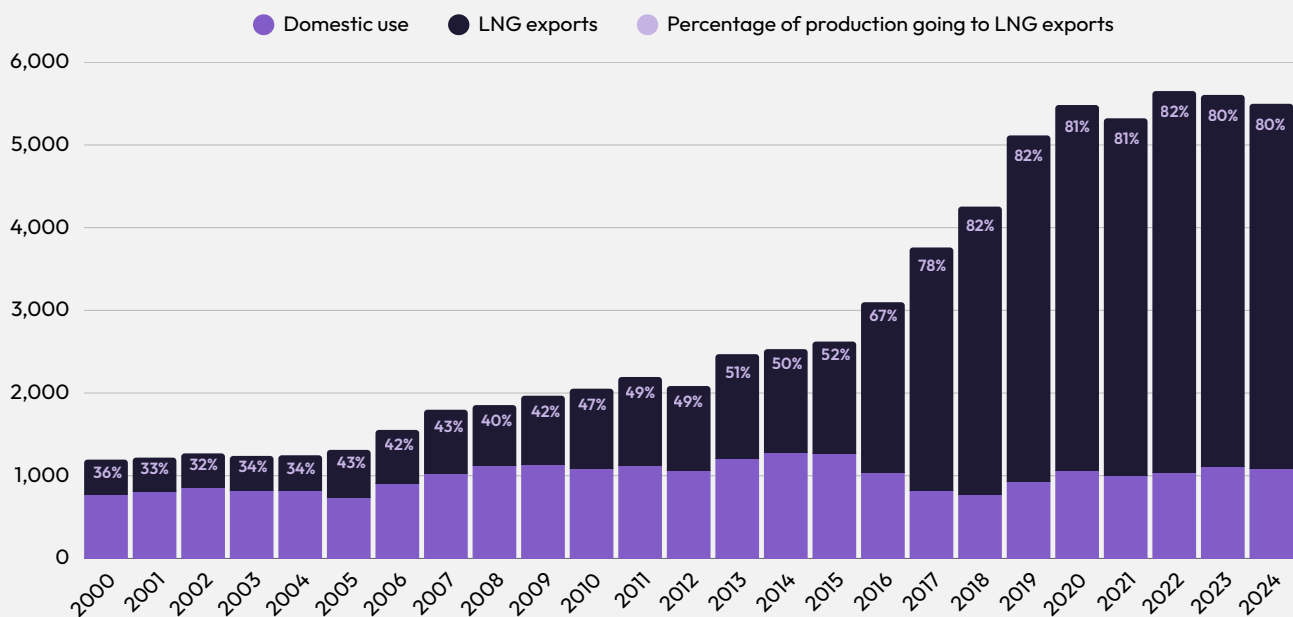
Australia's LNG exporters have demonstrated over the past two decades that their priority is increasing LNG exports, not increasing domestic market supply.

Since 2000, Australia's gas production has **increased** by more than 4,303 PJ (4.6x increase), yet volumes available to domestic users have remained relatively flat, increasing by only 316 PJ (1.4x increase). Conversely, LNG exports have exploded, increasing more than 10 times (935%) in that same timeframe.

In the early 2000s, LNG exports only accounted for ~34% of Australia's gas production; this has ballooned to consistently more than 80% in recent years.

## Increasing gas supply fails to deliver to domestic users

Petajoules (PJ)



Source: [International Energy Agency](#), Department of Climate Change, Energy, the Environment and Water – Australian Energy Update (2017–2024)

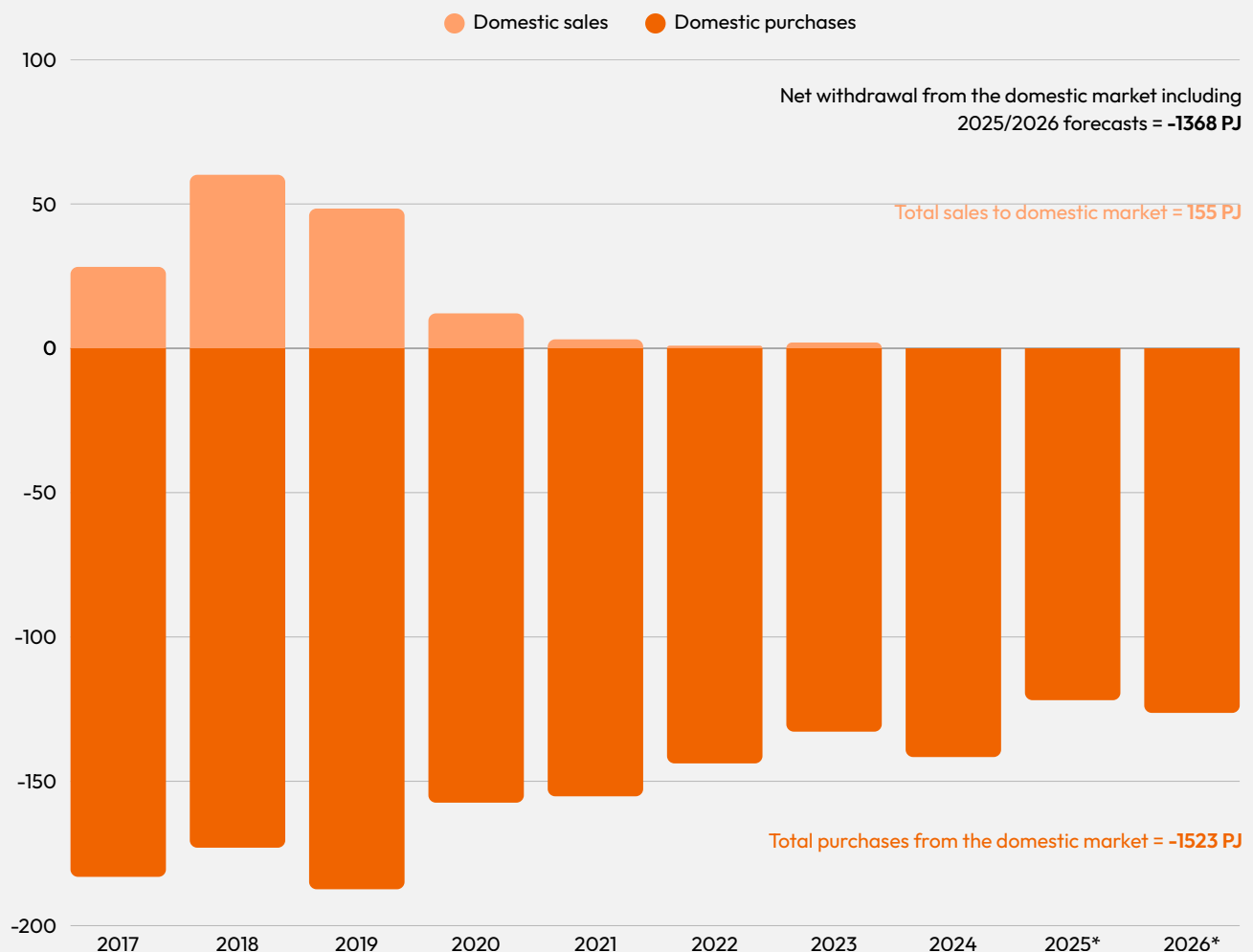
Note: LNG exports includes LNG plant own use, LNG plant own use estimated in 2000–2023 based on LNG own plant consumption data from Australian Energy Updates. Gas production and export/import data from the International Energy Agency show Australia beginning to import gas in 2006 when the Bayu–Undan gas fields in Timor–Leste waters began operations. Imports data has been added to Australia's total production as Bayu–Undan's gas is processed in Darwin and primarily sent overseas as exports.

Santos' Gladstone LNG (GLNG) export terminal encapsulates the LNG industry's treatment of the Australian domestic market. Over the past eight years, GLNG has only sold ~155 PJ into the domestic market whilst buying ~1,274 PJ out of the market according to the [ACCC](#). This means that GLNG drained more than 8 times more gas out of the Australian market than it provided to it. GLNG's net withdrawal of 1,120 PJ from the

domestic gas market was also 8 times greater than all [household gas use in FY24](#). The ACCC also expects GLNG to further drain ~250 PJ from the market in 2025 and 2026 whilst selling no volumes into the domestic market. This behaviour by GLNG has been a key driver of [rising gas prices in eastern Australia](#), which in turn has prompted the Federal Government's Gas Market Review, a clear regulatory risk to Santos.

### Gladstone LNG has been a clear net drain on the domestic gas market

Petajoules (PJ)



Source: [ACCC](#)

\*Note: 2025 and 2026 figures are forecasts

Not only has Santos continually bought gas out of the East Coast market, but the [Reserve Bank of Australia](#) makes crystal clear that “wholesale gas prices on the east coast have become linked to LNG export prices since 2015.” This is because “since the launch of the LNG export industry in 2015, [gas producers have had the choice to export gas or sell it domestically](#).” Consequently, prices in the domestic market are influenced by international gas prices.” Santos’ latest investor day briefing explicitly celebrates the [“parity between LNG \[export market\] and East Coast domestic gas markets.”](#) The substantially increased prices and volatility in the East Coast domestic gas markets after the commencement of the

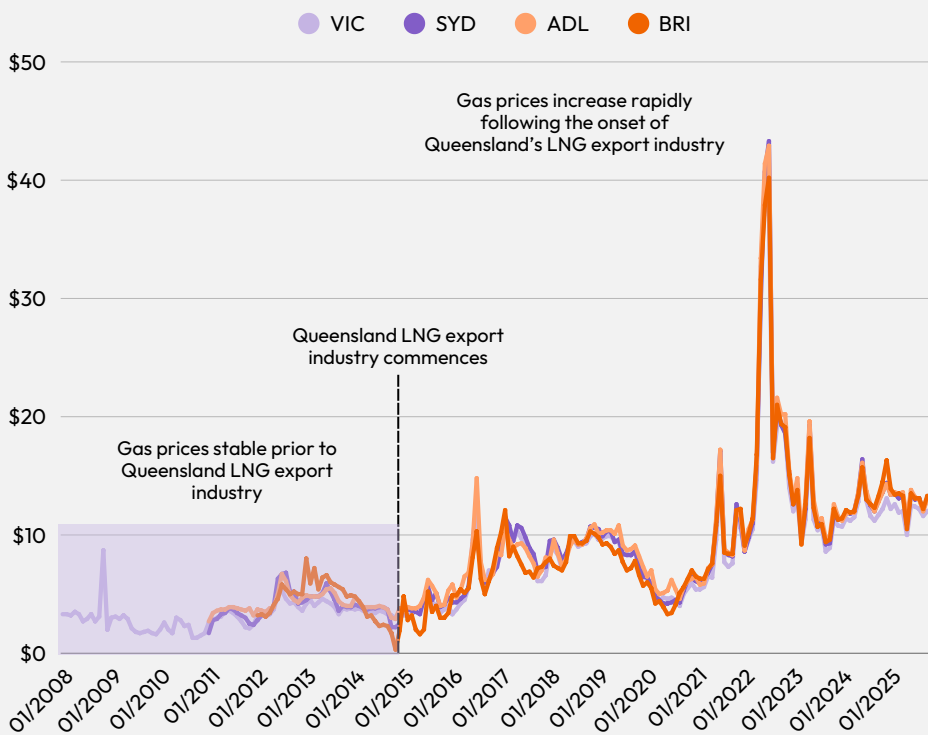
Queensland LNG export industry are the results of this parity.

Concerningly, financial analysts suggest this strategy may have been deliberate. [Credit Suisse's equity analysts noted](#) that “Santos now argues that its aim in GLNG was always as much about raising the domestic gas price, and therefore re-rating large parts of the portfolio outside of GLNG, as it was about the project”.

Ultimately, if any East Coast shortfall does eventuate, a huge part of the responsibility will sit with Australia’s LNG exporters, including Santos, which have prioritised exports rather than supplying Australia.

### Domestic gas price rises following creation of Queensland LNG export industry

\$AUD per GJ



Source: AEMO

Year	Average price	Increase above pre-2015 levels
2008	\$3.5	
2009	\$2.3	
2010	\$2.0	
2011	\$3.2	
2012	\$4.4	
2013	\$4.8	
2014	\$3.4	
2015	\$4.0	1.2x
2016	\$6.7	2.0x
2017	\$8.6	2.5x
2018	\$9.1	2.7x
2019	\$8.8	2.6x
2020	\$5.2	1.5x
2021	\$8.9	2.6x
2022	\$20.8	6.2x
2023	\$11.9	3.5x
2024	\$12.8	3.8x
2025	\$12.7	3.8x

# Minimising tax erodes social licence and reputation

## Santos faces the following risks:

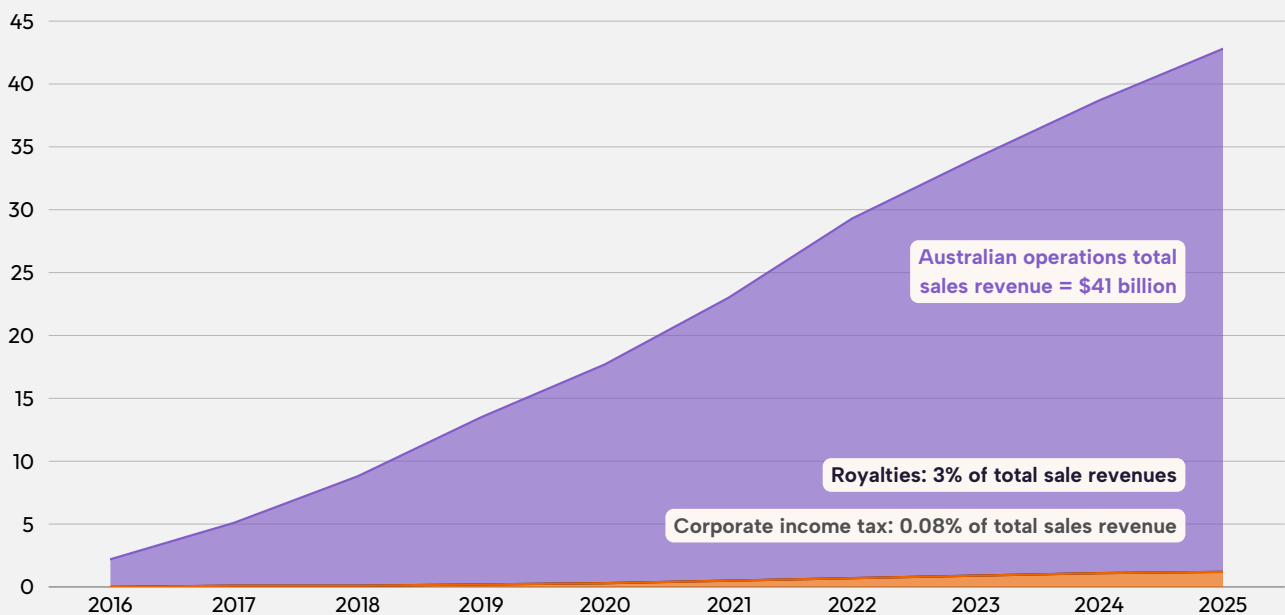
**Reputational risk:** Santos' small tax and royalty payments in Australia during a cost-of-living crisis risk severely damaging its brand.

**Regulatory risk:** The Australian government receives a significantly lower share of its oil and gas revenue, just 9.8%, compared to international peers such as Norway which receives 64%. Santos faces regulatory and financial risks from the threat of increasing royalty rates.

As a result, banks and institutional investors exposed to Santos face substantial reputational risk.

## Over the past 10 years Santos earned over \$41 billion in sales revenue from its Australian operations – paying income tax and royalties equivalent to only 3% of this

Cumulative AU\$billion



Source: Santos tax contribution disclosures 2016–2024, 2025 Data from [2025 Santos Sustainability Databook](#), Santos quarterly production databook

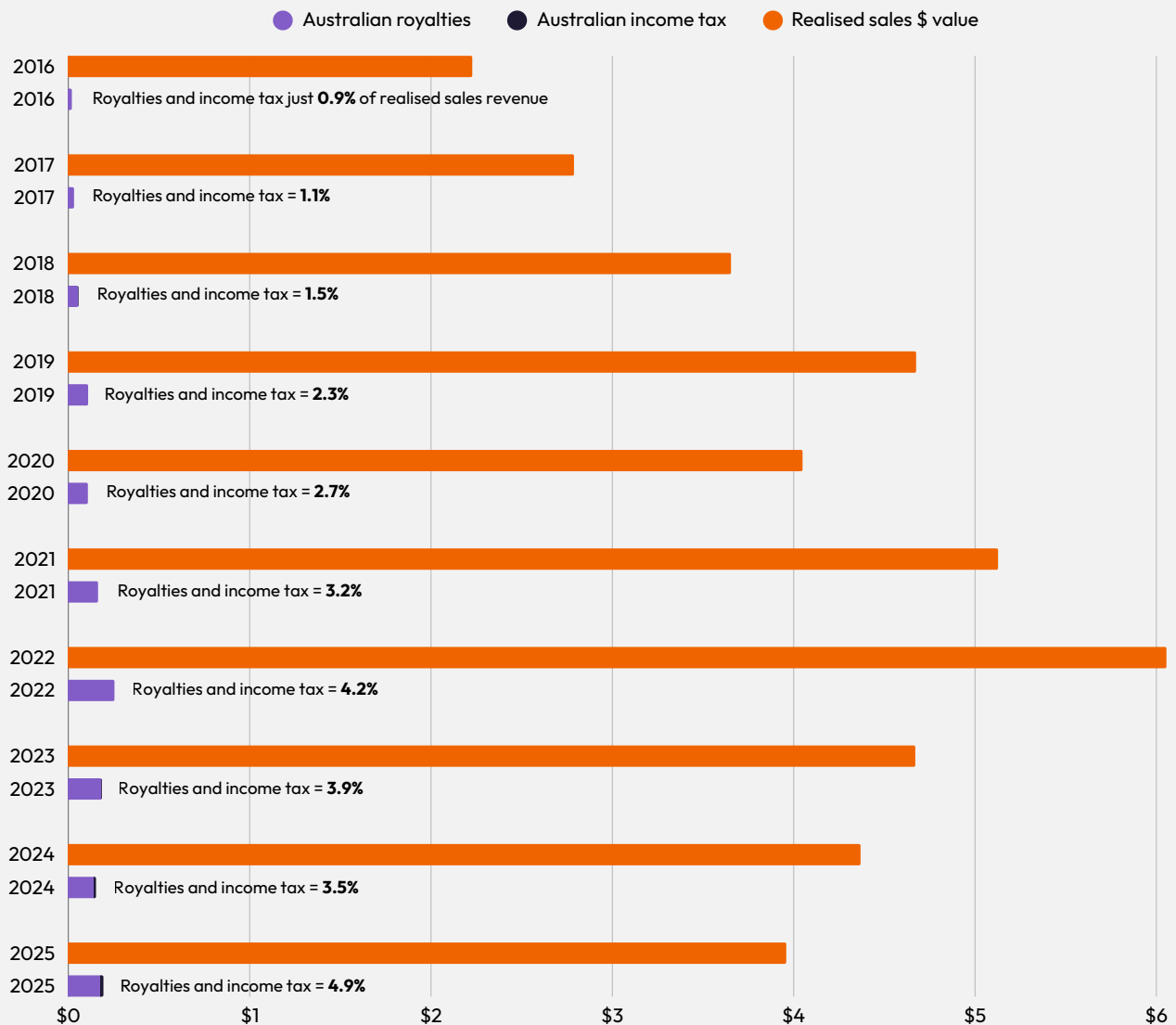
Santos has paid just \$33 million<sup>5</sup> in Australian income tax over the past 10 years, despite earning over \$41 billion in sales revenue in that period. This is equivalent to just 0.08% of total realised sales revenues.

has made clear that “fossil fuels, including coal, oil, and gas are a major driver” of the global cost of living crisis. Santos’ minimal income tax and royalty contributions pose a substantial risk to its reputation and social licence in Australia.

The [UN Climate Change Executive Secretary](#)

### Over the past 10 years Santos has paid a royalty and income tax rate of just 3.1% of total sales revenue for its Australian oil and gas business

AU\$billion



Source: Santos tax contribution disclosures 2016–2024, 2025 Data from [2025 Santos Sustainability Databook](#), Santos quarterly production databook

5. Santos tax contribution disclosures 2016–2024, 2025 Data from [2025 Santos Sustainability Databook](#)

In 2025 Santos' average realised sale price across commodities was \$71.03 per boe for its Australian operations. Yet it paid just \$3.17 per boe in royalties (4.5% of total sales revenue) and just \$0.30 per boe in corporate income tax (less than 0.5% of total sales revenue).

Santos says it is committed to [“providing a fair return to the community for the production of their non-renewable resources”](#), but paying less than \$4 in tax and royalties on ‘barrels’ sold for an average

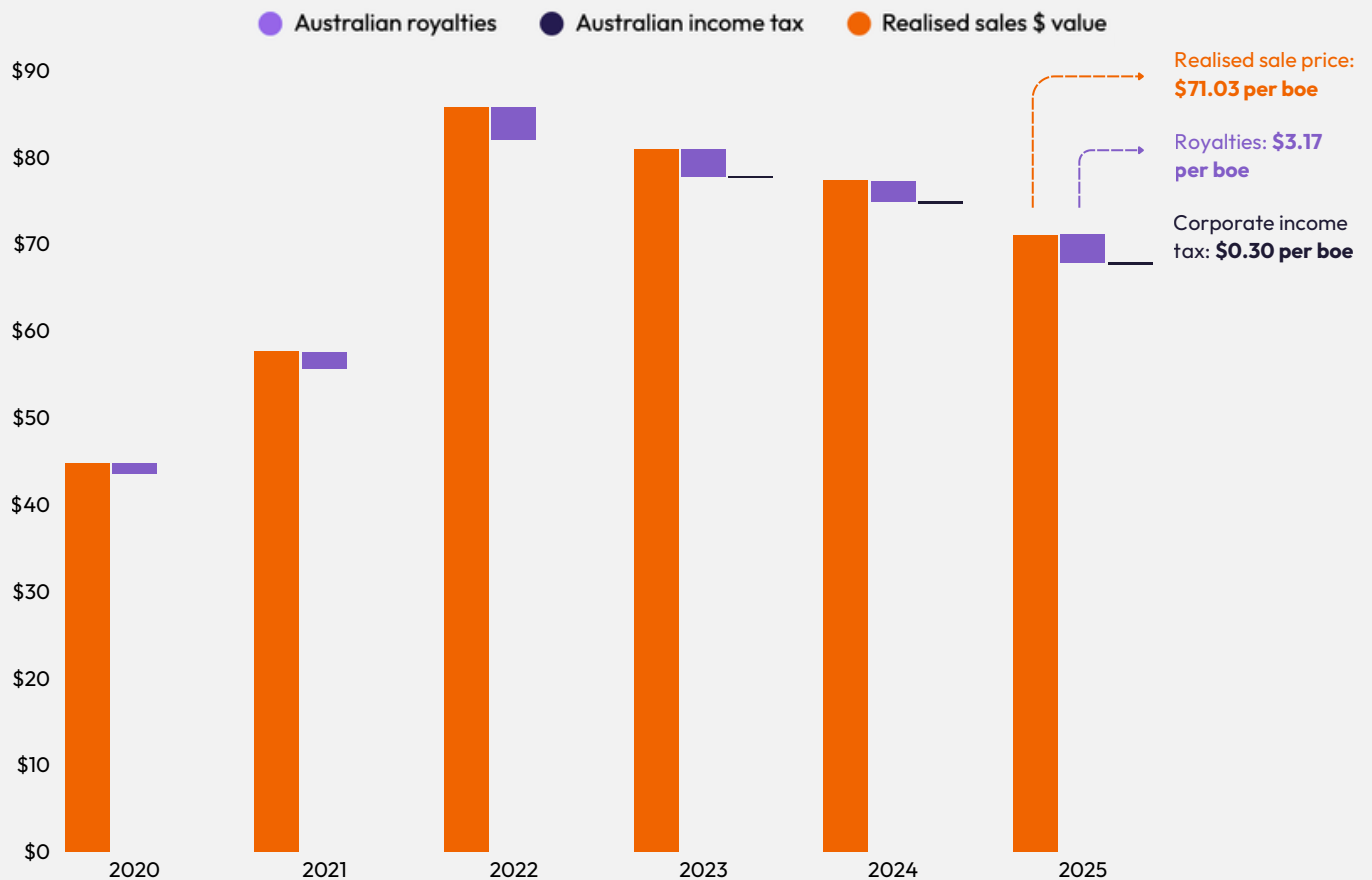
price of \$70 (<5%) is very far from a fair return.

The average over the past 10 years was even lower, with Santos paying just over 3% of its realised price revenue in royalties and income tax.

Australia continues to under-tax its oil and gas exports, with the public receiving just [9.8% of total oil and gas revenue](#) in 2023. By contrast, in Norway the public is expected to receive 64% of total oil and gas revenue.

### Santos pays a pittance in royalties and corporate income tax compared to realised sale prices

\$AUD per boe. All commodities. Australian only realised price and sales volumes.



Source: Santos tax contribution disclosures 2020–2024, 2025 Data from [2025 Santos Sustainability Databook](#), Santos quarterly production databook

Considering this stark difference, the threat of increased royalty rates and changes to the Petroleum Resource Rent Tax (PRRT) pose a substantial financial risk to Santos.

Significant public sentiment is growing to increase taxation on the LNG sector in Australia with [Senators](#), [think tanks](#) and [unions](#) all calling for increased taxation, and [polling](#) showing that 66% of Australians support a windfall profits tax on the oil and gas industry. Santos' relatively small contributions through taxation and royalties

may attract particular public scrutiny and reputation risk as Santos is one of [Australia's largest polluters](#) and [oil and gas is materially contributing to rising inflation for Australians](#).

In recent years, both the [NSW](#) and [QLD](#) governments have introduced changes to coal royalty rates, highlighting the potential for government intervention to raise costs for the oil and gas industry and deliver a fairer return to citizens for their non-renewable, high social cost resources.



# Increasing LNG market volatility cuts global gas growth potential

## Santos faces the following risks:

**Climate-related financial risk:** Target markets shifting away from expensive, volatile and polluting LNG imports pose significant transition risks for Santos.

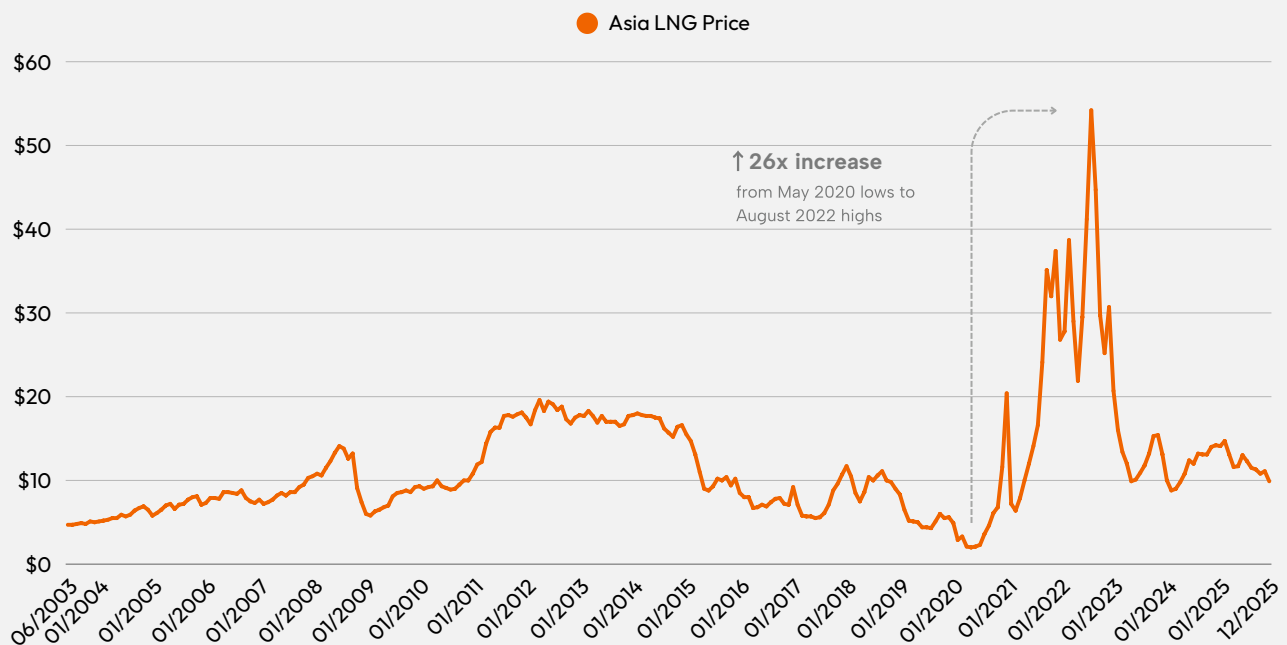
As a result, banks and institutional investors exposed to Santos face substantial reputational risks.

Volatile LNG prices have caused major energy security issues for countries in 'Emerging Asia' in recent years. This volatility substantially raises the risk that these and other economies rapidly move away from import dependent energy systems reliant on fuels like LNG and instead prioritise energy stability and independence by moving towards renewables-based energy systems.

The latest conflict between Israel, the United States and Iran is emblematic of the volatility risks posed by tying energy systems to imported commodities, with LNG prices rising more than **47% in just two days**.<sup>6</sup> This rapid rise in LNG prices has already led to

## Unprecedented LNG price volatility likely to drive price-sensitive demand destruction

\$USD per MMBtu



Source: [FRED](#)

6. JKM Future prices increase on 02/03/26 and 03/03/26

Bangladesh and India commencing gas rationing, with Bangladesh also facing “intensified power shortages” due to its reliance on imported LNG. Supply and price volatility can increase the impetus to shift away from import dependent energy systems, which may have dire consequences for Santos’ LNG growth plans as they rely on developing new LNG markets.

The LNG market is becoming more volatile: “since 2019, global LNG markets have witnessed unprecedented volatility.” No commodity-based energy source, including LNG, can be deemed reliable or affordable when volatility can be so extreme.

Against this background, Santos’ claims about the reliability and affordability of its

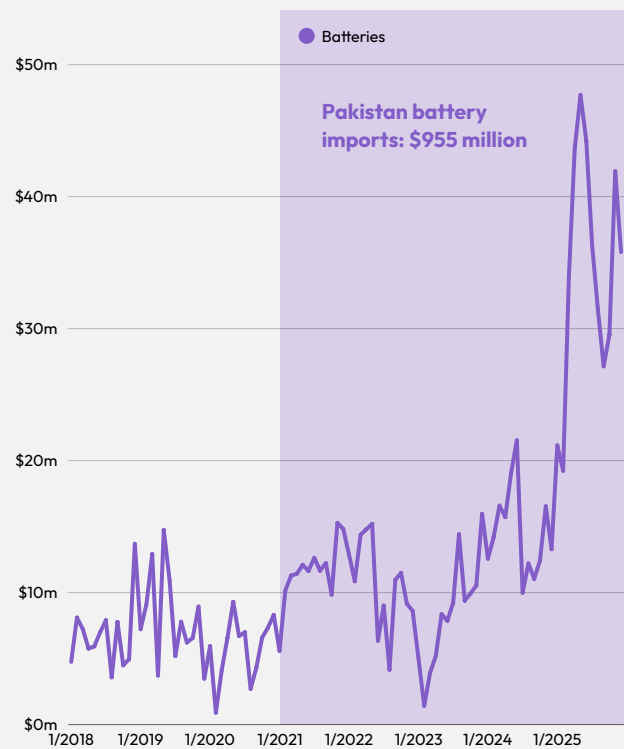
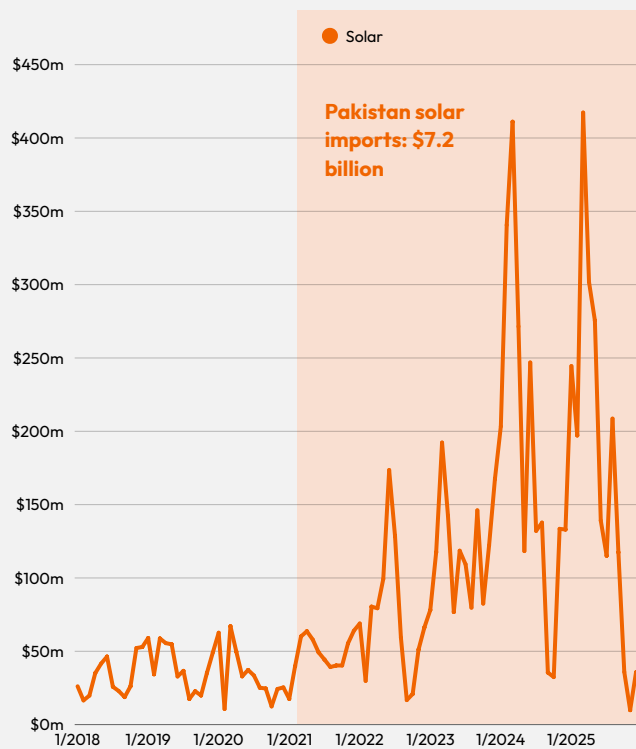
products pose significant legal and reputational risks to the company and in turn raise reputational risks for banks and institutional investors involved with Santos.

Volatility imposes substantial financial and energy security risks on key markets across Asia, many of which simply cannot afford these risks.

While Santos more than tripled its profits from 2021 to 2022 following Russia’s invasion of Ukraine, Bangladesh was forced to cease buying LNG and faced “years of rolling blackouts, forcing cities to cut their electricity supplies.” Similarly, Pakistan faced a “power crisis” including “widespread blackouts” as LNG prices rose. Traders cancelled contracts and rerouted contracted

**Pakistan has imported \$7.2 billion of solar PV and \$955 million of batteries from China over the past five years**

\$AUD



Source: [Ember](#)

cargoes away from Pakistan. Vietnam too has recognised this price volatility by implementing a [price cap on electricity generated from LNG](#). These responses from key potential LNG growth markets demonstrate the risk that windfall profits during price spike events come at the expense of long-term demand. Yet Santos is pursuing new projects that require long-term demand to be viable.

Energy systems powered by renewables remove the risk of dependency on imported energy commodities like LNG, which are subject to volatile international markets and geopolitical instability. Renewable energy is the [cheapest power option in most regions](#), an especially important consideration for countries like Bangladesh, Vietnam and Pakistan which have found themselves subject to LNG price shocks that have caused energy crises. The risk of these and other Asian economies rapidly shifting away from LNG import plans poses transition risks to Santos.

Pakistan serves as a clear test case of rapid renewables growth undercutting LNG demand following LNG market volatility. Ultimately, the high price nature of LNG compared to solar and batteries is exactly why Pakistan (once seen as a bright spot for

LNG demand growth) has undergone a massive [solar](#) and [battery boom](#) that has resulted in the cancellation of [21 LNG cargoes from Eni](#) and [24 cargoes from Qatar](#) for 2026. Pakistan demonstrates what could happen across 'Emerging Asia', highlighting the potential for truly rapid renewables growth that directly cuts LNG demand within just a few short years. Over the past 5 years, Pakistan has imported nearly \$1 billion worth of batteries and over \$7 billion of solar panels from China.

If Pakistan's rapid adoption of renewables serves as a template for other economies touted as LNG demand growth sources, the pool of actual end-user demand for all this LNG from the upcoming supply wave could be minuscule. It is becoming increasingly uncertain that Santos and the LNG export industry as a whole can profitably produce LNG at the prices required to stimulate demand from the growth markets they are claiming will emerge. High prices drive demand destruction, incentivise renewables build-out, and growth markets never eventuate. Low prices cast doubt on profitability, still face substantial renewables competition, and are aligned with catastrophic levels of warming impacting universal owners' portfolio returns.



# Major capital spend in the face of looming LNG supply glut

## Santos faces the following risks:

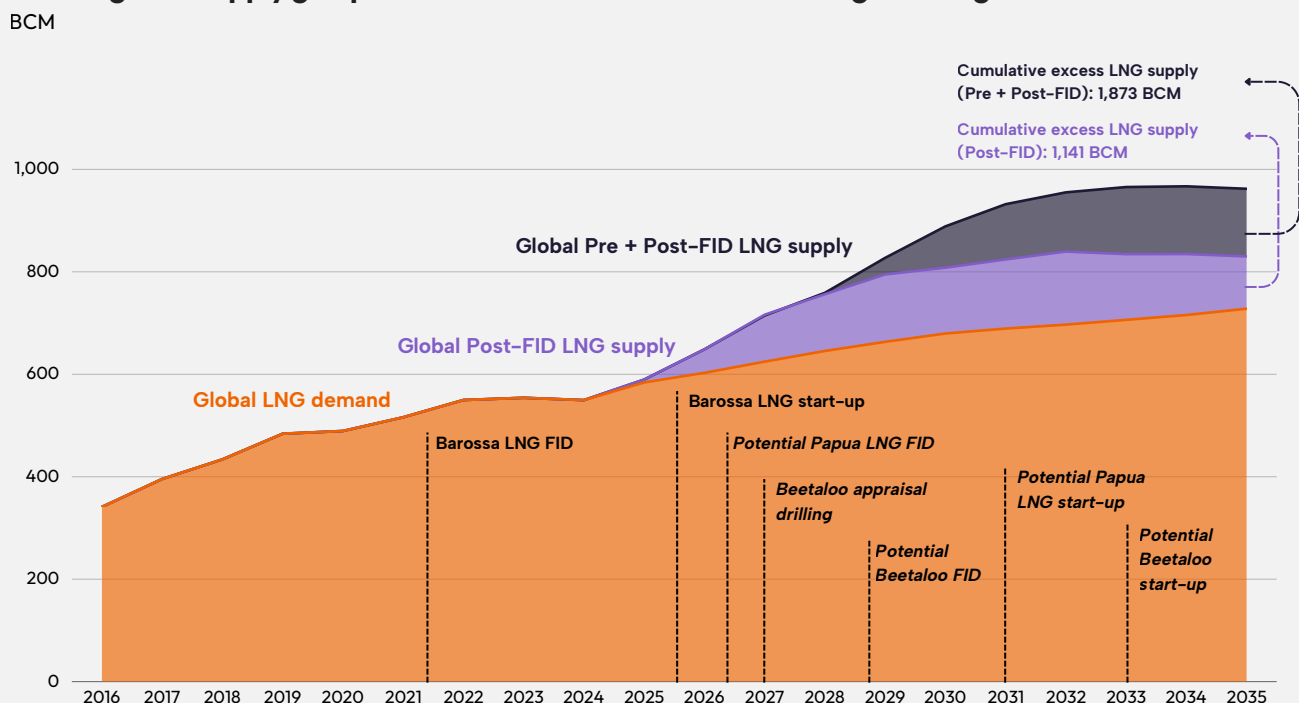
**Strategic risk:** Santos' LNG expansion strategy relies on assumptions about future LNG prices and demand that may not eventuate.

As a result, banks and institutional investors exposed to Santos face financial and reputational risk.

Santos continues to plough ahead with a high-risk, capital-intensive LNG growth strategy despite growing expectations of a major LNG supply glut in the late 2020s to 2030s. Santos made a final investment decision (FID) on its Barossa LNG project in March 2021, which has only just come online. Santos also continues to progress new greenfield LNG-focused projects, including Papua LNG and the Beetaloo.

A substantial LNG supply glut is expected to eventuate over the coming years and last into the 2030s, putting significant “downward pressure on LNG prices, bringing

## Looming LNG supply glut poses substantial risk to Santos' LNG growth agenda



Source: LSEG 2025 LNG Outlook

them close to short-run marginal costs.”

This will significantly tighten margins for LNG exporters, particularly those with exposure to LNG spot sales.

Particularly concerning is the possibility that the scale of this LNG supply glut has been underestimated and the demand growth Santos relies on to justify its LNG growth strategy does not eventuate. The [IEA](#) states that the upcoming LNG supply wave is the “largest LNG capacity wave in any comparable period in the history of LNG markets.”

The scale of this build-out poses substantial risk, considering the structural limitations on the demand side to absorb this supply.

[Existing LNG import capacity](#) in ‘Emerging Asia’ is limited, and current under-utilisation of existing LNG import infrastructure is driving hesitancy to develop further high-cost import capacity. Furthermore, production backlogs for gas turbine procurement continue to grow, approaching [seven to eight years now](#), again raising questions about the ability of LNG to power plants to absorb this additional LNG supply in the short- or medium-term. LNG

exporters also continue to promote coal to gas switching as an additional source of demand, however the [IEA’s analysis](#) makes clear that switching at scale anywhere but China would need untenably low gas prices of US\$0.5–4/MMbtu range.

Whilst the current conflict between the US and Iran may delay its onset, the scale of LNG capacity additions due to come online in the next five to ten years mean glut conditions are still likely to eventuate. Furthermore, the extreme increases in fossil fuel prices driven by this conflict will likely drive long-term demand destruction as economies yet again recognise the risk posed by import dependent fossil fuel based energy systems, as previously highlighted in the Pakistan case study.

The IEA is clear that LNG prices are expected to significantly decline over the coming years, and yet even with these price declines, the [IEA states](#) **“the economics of LNG make it difficult to penetrate these markets as a baseload fuel in the long run.”** Lower prices will drive lower returns for Santos and increase financial risk for banks and institutional investors.



# Shifting LNG market dynamics increasing risk for Santos

## Santos faces the following risks:

**Strategic risk:** Santos continues to progress an LNG expansion strategy despite growing risks from an LNG market dominated by portfolio players and questions over future LNG demand.

As a result, banks and institutional investors exposed to Santos face financial and reputational risk.

The upcoming LNG supply wave is being driven by a fundamental shift in the LNG market: from a market once built on foundational long-term contracts with end-users to one increasingly propped up by portfolio players — buyers who purchase LNG for trading or resale but don't have an end-use for the gas. Whilst portfolio players accounted for less than **20%** of contracting in 2015, portfolio players currently hold more than **40%** of 2035 contracts. The IEA also **emphasises** that “unlike previous waves of capacity growth, around three-quarters of the new supply is flexible, either as uncontracted gas that can be sold on the spot market or under a long-term contract with flexible destination clauses.”

**CEDIGAZ** neatly summarises the increasing risk this drives in the market during downcycles: “The growing dominance of such players in long-term contracting has blurred the distinction between buyers and sellers. These entities sign contracts without necessarily having final consumers, creating a floating layer of LNG volumes circulating between regions. This flexibility, while balancing the market in tight conditions, **can amplify financial pressure on portfolio buyers during price collapses.**”

This poses risk to Santos' uncontracted LNG supply during downcycles but also raises serious concerns about long-term risk considering the long-life nature of Santos' LNG assets, particularly any greenfield developments.

The massive volume of LNG currently being contracted by portfolio players ultimately requires a reliable end-user. However, with LNG prices remaining structurally higher than the declining cost of renewables in 'Emerging Asia', the long-term buyer base is evaporating. Institutional investors must critically interrogate Santos' contracting positions into the 2030s and beyond. They must remain alert to financial risk, including the risk that Santos' long-term capex plans are built on a 'price-trap' — **assuming high premiums that may price Santos' product out of the very growth markets they aim to attract.**

This looming supply-demand mismatch exposes the fundamental fragility of Santos' capital-intensive growth strategy. Rather than doubling down on high-risk expansion, Santos must pivot toward capital discipline and prioritise shareholder distributions while the balance sheet still allows for it.

# Massive emissions growth increases reputational and regulatory risks

## Santos faces the following risks:

**Reputational risk:** Santos' emissions-intensive oil and gas expansion strategy risks growing public backlash as communities face more frequent and severe heatwaves, storms, bushfires, coastal erosion and floods.

**Regulatory risk:** As the effects of climate change worsen, governments will likely impose stricter climate regulations, increasing Santos' costs.

As a result, banks and institutional investors exposed to Santos face substantial risks, including reputational risks for supporting a company whose high emissions growth strategy contributes to increasing physical climate risks. Climate-driven disasters threaten the broader economy and property markets, posing substantial long-term risks for financial institutions.

“Estimates of future CO<sub>2</sub> emissions from existing fossil fuel infrastructures already exceed remaining cumulative net CO<sub>2</sub> emissions in pathways limiting warming to 1.5°C (> 50%) with no or limited overshoot (high confidence).”

— IPCC SIXTH ASSESSMENT REPORT, 2022

The climate science is clear: “there is no room for new oil and gas fields or gas- and coal-fired power plants in a 1.5°C world.”

Since 1991, Santos' scope 1-3 emissions have totalled 947Mt of CO<sub>2</sub>-e.<sup>7</sup> This is equivalent to running Australia's largest coal-fired power plant for over 70 years.<sup>8</sup>

Despite clear evidence that the world needs to cease developing new oil and gas projects to meet global climate goals, Santos continues to sanction new projects and

increase production. Santos' updated Capital Allocation framework is actively targeting an annual production rate of 100-120 million barrels of oil equivalent (mmboe) from 2026 to 2030 — representing between a 15% to 38% production increase from 2024 levels.

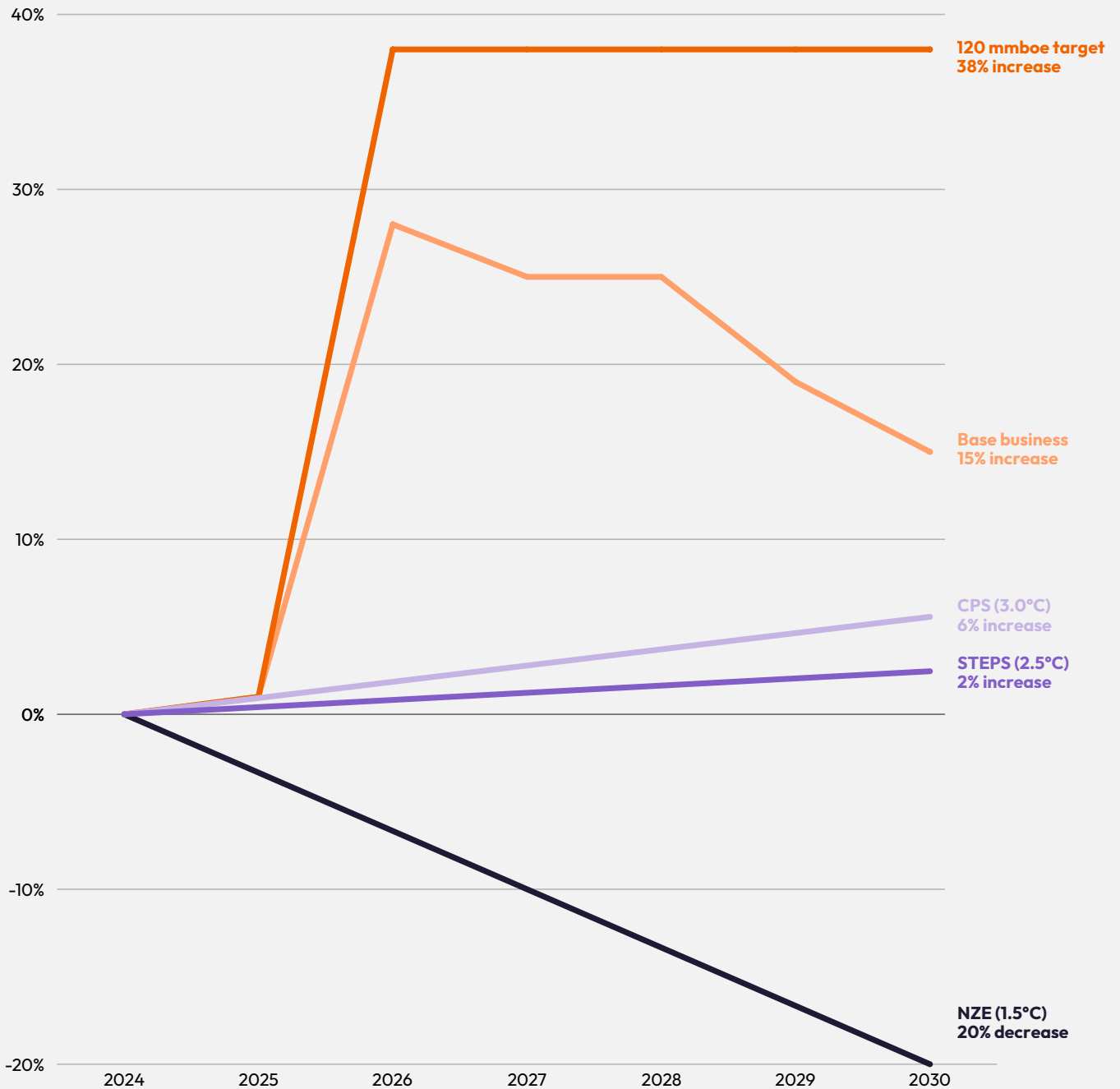
This level of production growth is significantly higher than the 6% increase in oil and gas production under even the IEA's CPS scenario — a pathway aligned with more than 3°C of warming.

7. Figure calculated by adding Carbon Majors, Santos 2025 emissions.

8. Earing FY25 scope 1 emissions

## Santos production increase compared to climate scenarios

Change in oil and gas production (2024 baseline)



Source: IEA WEO 2025, Santos November 2024 Investor Day, Santos 2025 Annual Report

Note: Base business reflects Santos base business production estimates in the 2024 Investor Day presentation which includes Barossa, Pikka Phase 1 and the APF tie-in. Note also base business production rises above 100 mmboe between 2026–2029 and only comes down to the 100 mmboe level (15% increase from 2024 levels) in 2030.

# Beetaloo: A climate export disaster in the making

## Santos faces the following risks:

**Climate-related financial risk:** Target markets shifting away from expensive, volatile and polluting LNG imports pose significant transition risks for Santos.

**Reputational risk:** Fracking is highly controversial and community resistance to Beetaloo may cause reputational damage for Santos.

As a result, banks and institutional investors exposed to Santos face substantial reputational risks.

Santos has made clear its designs to progress the Beetaloo Basin development — a greenfield gas fracking venture in the Northern Territory with an up to [12-well appraisal drilling program](#) set for late 2026.

In Santos' Full Year 2025 results earnings call, the company made clear its hope to delineate a nearly 5 trillion cubic feet (TCF) gas resource from this campaign.<sup>9</sup> Burning the gas from just this one project would release more than 285Mt CO<sub>2</sub>-e,<sup>10</sup> representing more than 12 years of the [Northern Territory's total emissions](#). Note also that the 5 TCF figure is a fraction of the more

than 200 TCF gas in-place figure previously [referenced](#) by Santos.

Santos' CEO Kevin Gallagher has clearly stated that the goal of the Beetaloo is continued massive LNG exports.

To claim ongoing demand for Santos' products, the company continues to rely on energy demand forecasts aligned with a ["2.5°C temperature rise by 2100"](#). This, as well as MSCI's assessment that Santos is aligned with more than 4.4°C of implied temperature rise, and Santos' projected production growth rate being higher than the

“So what excites us about the Beetaloo Basin is that it's got the potential to fill all of our LNG operations or assets in Australia for decades to come ...”

— KEVIN GALLAGHER, CEO, FULL YEAR 2025 SANTOS EARNINGS PRESENTATION

9. Full Year 2025 Santos Earnings Presentation Transcript, LSEG

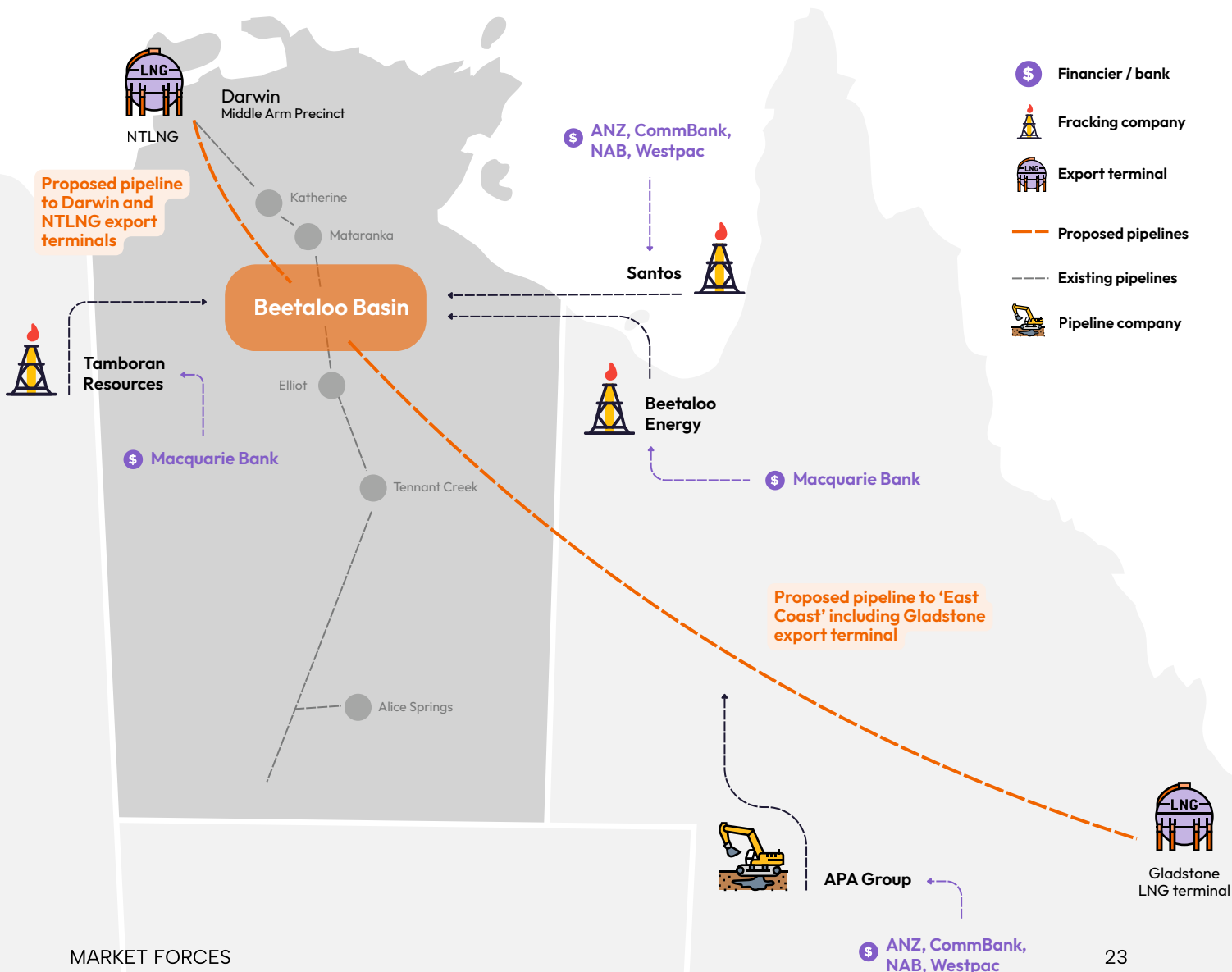
10. Estimated based on Santos 5 TCF delineated resource target and [IPCC](#) Natural Gas Combustion emissions factor

IEA's 3°C scenario, clearly place Santos at odds with institutional investors' expectations of the adoption of "1.5°C-aligned strategies, including "Credible Paris-Aligned Transition Plans".

Santos' partner in the Beetaloo Basin, Tamboran Resources has had more than a dozen recordable and reportable incidents at its operations since 2021 including the spraying of contaminated drill water at the site. Tamboran's former CEO also set up a Gas Advocacy group 'Australians for Natural Gas' which QUT Professor Daniel Angus alleges has engaged in "textbook astroturfing" and has now been referred to the ACCC over its allegedly misleading claims.

The majority of Australians believe climate change is a serious problem requiring urgent action. 35% of Australian bank customers and 38% of Australian super fund members surveyed stated they would consider switching their bank/super fund if they discovered their current provider funds companies involved in the expansion of gas fracking. Santos is one of these companies progressing new gas fracking with its Beetaloo Basin development in the Northern Territory.

Santos' investors must engage with the company to stop growth projects and avoid this risky gas fracking expansion.



# The skyrocketing risks of Papua LNG

## Santos faces the following risks:

**Reputational risk:** The environmental and human rights concerns surrounding Papua LNG pose significant reputational risk to Santos.

As a result, banks and institutional investors exposed to Santos face substantial reputational risks.

Santos retains its [22.8%](#)<sup>11</sup> interest in Papua LNG, Papua New Guinea's proposed second large-scale LNG project that also faces significant criticism over human rights impacts. In late 2025, the [first formal complaint to the Equator Principles](#) detailing urgent concerns about the potential climate, biodiversity and human rights impacts of the proposed Papua LNG project was submitted.

Despite these criticisms, Santos continues to talk positively about the project, hoping the project will reach [FID](#) in 2026.

Banks and export credit agencies have increasingly recognised these risks for the project, with a total of 29 ["now ruling out financing"](#) Papua LNG.

The concerns raised regarding Papua LNG reflect an ongoing awareness of the serious human rights concerns facing the much maligned predecessor project PNG LNG. Santos increased its stake in this project to [42.5%](#) following its [merger with Oil Search in 2021](#). [Jubilee Australia's report](#) on the PNG LNG project found claims of the economic benefits the project would bring were grossly overstated and alleges that the PNG government was ["pressured into the signing"](#)

of the agreements by the joint-venture partners. A further [Jubilee Australia report](#) on the PNG LNG project highlights issues regarding royalties not flowing to local communities, incidents of violence and a failure to deliver promised infrastructure projects. [Oxfam's report](#) on PNG LNG highlights social issues, environmental issues and land issues related to the project. [Banking on Climate Chaos](#) has also highlighted that "some landowners ... are still to receive payment after more than a decade since first gas."

The biodiversity and physical climate change risks posed by these projects for Papua New Guinea are clear. PNG is ["one of the most biodiverse places on the planet ... home to hundreds of languages, iconic species such as the Bird of Paradise, the world's third largest contiguous rainforest and diverse marine environments."](#) Papua LNG has been described as ["detrimental to biodiversity"](#). Papua New Guinea is also [one of the most at-risk countries for climate change and natural disasters](#). Further emissions from Papua LNG and other new fossil fuel projects would only increase the threat of physical climate change impacts on vulnerable Pacific nations.

11. Pre government back-in

# Human rights issues create substantial reputational risk

## Santos faces the following risks:

**Reputational risk:** Community resistance and human rights concerns surrounding Santos' projects tarnish its image.

As a result, banks and institutional investors exposed to Santos face substantial reputational risk. Banks have faced questioning at their AGMs by Traditional Owners over dismissive responses to human rights complaints, which has generated negative publicity for the banks.

Many major international banks have implemented human rights frameworks or made human rights commitments, reflecting internationally recognised human rights laws and standards such as the [Equator Principles](#), the UN Guiding Principles on Business and Human Rights (UNGPR), the Universal Declaration of Human Rights (UDHR), and the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), among others. For instance, 128 financial institutions, including many of the world's largest banks and Santos' current financiers, are signatories to the Equator Principles. Banks can be held accountable for what they choose to finance under these standards and commitments, and those without any human rights frameworks or commitments face reputational condemnation for failing to meet accepted global corporate conduct expectations.

Santos has faced human rights controversies, both in Australia and abroad. Several major international banks have been subject to human rights complaints over their financial support for the company. Of particular

concern in recent years has been the human rights principle of 'Free, Prior and Informed Consent' (FPIC).

The elements of FPIC are [defined](#) as:

- Free – the consent is free, given voluntarily and without coercion, intimidation or manipulation. A process that is self-directed by the community from whom consent is being sought, unencumbered by coercion, expectations or timelines that are externally imposed.
- Prior – the consent is sought sufficiently in advance of any authorisation or commencement of activities.
- Informed – the engagement and type of information that should be provided prior to seeking consent and also as part of the ongoing consent process.
- Consent – collective decision made by the right holders and reached through a customary decision-making process of the communities.

Santos continues to progress the Narrabri gas project, despite years of opposition from [Gomeri Traditional Owners](#) and [farmers](#).

Similarly, Santos is drawing gas from the Barossa gas project, despite [clear opposition](#) from some Tiwi Islander and Larrakia elders, who “fear the project will have detrimental impacts on their sea country and marine life.” [Human rights complaints](#) have been lodged with 15 global banks and credit agencies financing Santos and the Barossa project. The human rights complaints and engagement between Traditional Owners and Santos’ bankers have generated substantial [Australian](#) and [international](#)

media coverage raising questions of reputation and risk.

Banks have also been confronted at their AGMs by Traditional Owners over their dismissive responses to these human rights complaints, which has generated [media](#) and public scrutiny of the banks. Some Larrakia and Tiwi Islands Traditional Owners [say](#) that they have not provided their FPIC for the project.



# A grand illusion of carbon capture and storage

## Santos faces the following risks:

**Reputational risk:** Santos' reliance on unproven or non-performing solutions like CCS and continued fossil fuel expansion may damage its reputation and social licence.

**Regulatory risk:** As flagged in the 'emissions growth' section, increasing regulatory pressure to reduce emissions could burden Santos with significant costs that would be exacerbated by non- or under-performing CCS.

As a result, banks and institutional investors exposed to Santos face substantial reputational risk.

Santos plans to rely on carbon capture and storage (CCS), stating that CCS is the "centrepiece" of its decarbonisation strategy. However, the United Nations has made it clear that CCS is "not a free pass to carry on with business as usual," and the International Energy Agency states that it "cannot be used to retain the status quo."

Ultimately, CCS faces such prohibitive physical, financial and technical limitations that it will have limited potential to address:

- 89% of Santos' current emissions (Santos' 2025 scope 2 and 3 emissions).
- Santos' 947MtCO<sub>2</sub>-e of emissions since 1991 — which Santos could still be liable for, as demonstrated by New York State introducing legislation to retroactively fine fossil fuel companies US\$75 billion (AU\$105 billion) for emissions released from 2000 to 2018.

"Carbon capture, currently the linchpin of many firms' transition strategies, cannot be used to maintain the status quo. If oil and natural gas consumption were to evolve as projected under today's policy settings, limiting the temperature rise to 1.5°C would require an entirely inconceivable 32 billion tonnes of carbon captured for utilisation or storage by 2050, including 23 billion tonnes via direct air capture. The amount of electricity needed to power these technologies would be greater than the entire world's electricity demand today."

— INTERNATIONAL ENERGY AGENCY, 2023

CCS is a technology that “consistently fails to live up to the expectations promoted by oil and gas producers” and has a “troubled history of cost overruns and delays.”

Chevron’s Gorgon CCS facility, the largest operational dedicated storage CCS project in the world, has captured “just 25% of the CO<sub>2</sub>” from the gas fields associated with the project. When considering the lifecycle emissions from the Gorgon LNG project “Gorgon CCS captured just 2.66% of the total emissions from extracting, processing, and burning gas from the Gorgon fields”.

Gorgon has faced significant cost blowouts with Chevron having spent AU\$3.2 billion on CO<sub>2</sub> injection at Gorgon. Costs of injected CO<sub>2</sub> have increased from an initial estimate of AU\$70/ton to \$265/ton in FY24–25 — a near 280% increase.

Santos promotes a vision of a carbon storage business, including transporting carbon from Asia — especially Japan and South Korea — to Australia for storage. However, the economics don’t stack up. Independent analysis by Wood Mackenzie estimates transport and storage costs at around AU\$122 per tonne from Japan and South Korea to Australia, substantially higher than the AU\$93 per tonne to Malaysia or Indonesia. These costs are on top of the AU\$126 per tonne cost for actually capturing the CO<sub>2</sub> in Japan or Korea. As such, the total cost for capture, transport and storage to Australia is estimated at AU\$248 per tonne.<sup>12</sup>

Santos’ production estimate for Barossa coupled with the IPCC emissions factor for burning natural gas suggests total end-user

12. Figures converted from USD to AUD based on 26.02.26 exchange rates

## Carbon transport Barossa case study

Source: Market Forces analysis of Wood Mackenzie estimates. Figures in AUD.

South Korea

Japan

Australia



**\$16.4 billion**  
Carbon capture costs



**\$15.9 billion**  
Transport and storage costs



**\$32 billion**  
Total cost for customers to return Barossa carbon to Australia

emissions of 130MtCO<sub>2</sub>-e over Barossa's project life. Based on Wood Mackenzie's \$248 per tonne estimates, if Santos' customers were to capture, transport and store all these carbon emissions in Australia from Asia, it would cost more than \$32 billion — more than 10 times the capital expenditure Santos spent on the construction of the project. These excessive costs highlight the impossible economics of Santos' carbon trading vision. Furthermore, this estimate only considers Santos' customers' emissions when they burn gas from Barossa. It doesn't consider Santos' own CCS costs for managing the reservoir, liquefaction and shipping emissions from Barossa, which will be substantial considering [Barossa LNG is more than double the average emissions intensity of Australian LNG.](#)

Santos' peer company Equinor has recognised the utter implausibility of a carbon trading business, significantly pulling back from its CCS ambitions. Equinor's CEO

has stated that CCS markets ["are developing at a slower pace than anticipated"](#) and that new CCS investments will cease until there is ["a better market than we see today"](#).

This is despite Equinor previously promoting its Northern Lights CCS project as offering ["CO<sub>2</sub> transport and storage as a service"](#). So even though Equinor claims it has ["decades of CCS experience"](#) and is ["at the forefront of the implementation of technology for carbon capture and storage"](#) it continues to recognise the lack of plausibility for a carbon transport industry. Santos fails to recognise this and continues to promote CCS as the cornerstone of the company's decarbonisation strategy.

**Banks and investors should recognise that CCS transportation and storage as a service business model does not meet the standard of a credible climate transition plan, as the economics of the business model remain unviable.**



# Environmental issues pose legal, regulatory risks

## Santos faces the following risks:

**Legal and Regulatory risk:** Legal actions like DEMIRS' proceedings against Santos highlight the company's vulnerability to environmental compliance failures.

**Reputational risk:** Environmental incidents, such as spills, undermine Santos' credibility.

As a result, banks and institutional investors exposed to Santos face substantial reputational risk.

Recently, Santos' environmental track record has been questioned following damning revelations about design faults leading to a major methane leak at the company's Darwin LNG export terminal. In 2025 it was revealed that gas was leaking from 13 locations on the seabed near Santos' Varanus Island facility off the coast of WA. These latest incidents follow a long history of environmental issues plaguing the company.

- **March 2022:** Santos downplayed the severity of a 25,000-litre oil spill from a facility on an island off WA's Pilbara coast, claiming it was a "minor spill" with "negligible" environmental impact. However, whistleblower photographs and testimony painted a starkly different picture. "The statement said dead dolphins, including a pup, were found

"floating in dense sections of the oil spill" caused by a tear in a subsea hose that was connected to an oil tanker." Without the whistleblower's disclosure, the full impact of Santos' failures may have remained hidden, with the incident only made public by media reporting two weeks after the fact, and the dolphin deaths revealed six months later.

- **March 2014:** An investigation by the New South Wales Environment Protection Authority found that one of Santos' coal seam gas projects in the Pilliga forest contaminated an aquifer with uranium at levels 20 times higher than safe drinking water guidelines, after wastewater leaked from one of Santos' storage ponds. This incident raised serious concerns about the potential impacts of Santos' Narrabri coal seam gas project on groundwater in the region. NSW Farmers, the state's largest farming organisation, stated "Our members have considered this project carefully and believe it poses an unacceptable risk to the **water resources, soil and air quality, local food and fibre production and rural communities** in western New South Wales."
- **May 2013:** 250,000 litres of oil spilled from Santos' Zeus Oil field to the edge of Lake Eyre basin. Queensland's Environment Department noted that Santos has "historically had both major and minor spills... which can be attributed to aging infrastructure and/or poor maintenance and management." The spill threatened local migratory birds and posed a substantial risk to the wider environment in the Channel Country.

Santos also plans to 'offset' emissions from its Barossa gas project by injecting CO<sub>2</sub> into its offshore Bayu-Undan CCS project, a practice which carries [environmental risks](#) including earthquakes, as well as CO<sub>2</sub> and other contaminants leaking into and damaging marine environments. Santos

would need to manage stringent environmental safety requirements and a myriad of physical environmental challenges alongside its promise of high levels of permanent CO<sub>2</sub> storage for its Bayu-Undan CCS project.



# Three failed takeover bids and CFO departure raise doubts

## Santos faces the following risks:

**Reputational risk:** Concerns over Santos' governance raise reputational risk for the company.

As a result, banks and institutional investors exposed to Santos face substantial reputational risk.

- **May 2018:** Santos terminates takeover discussions with Harbour Energy. – [ABC](#)
- **February 2024:** Woodside merger “suddenly called off” – [AFR](#)
- **September 2025:** XRG overnight walks away from acquiring Santos. – [AFR](#)
  - “Issues impacting [valuation](#)” such as secrecy over the [Darwin LNG leaking gas tank](#) have been flagged as likely contributing to the deal falling over.

“This is the third time a potential bidder has walked away from Santos during a sale process after looking under the hood”

– [SAUL KAVONIC, OIL AND GAS ANALYST](#)

Concern over what may have been found during due diligence by prospective bidders is only compounded by the sudden resignation of well-respected Chief Financial Officer (CFO) Sherry Duhe following less than a year in the role.

“Ms Duhe questioned Santos’s asset valuations and model input assumptions at a time when the company’s finances and operations were under the spotlight after it

recommended the doomed \$30 billion takeover from Abu Dhabi’s XRG in June.

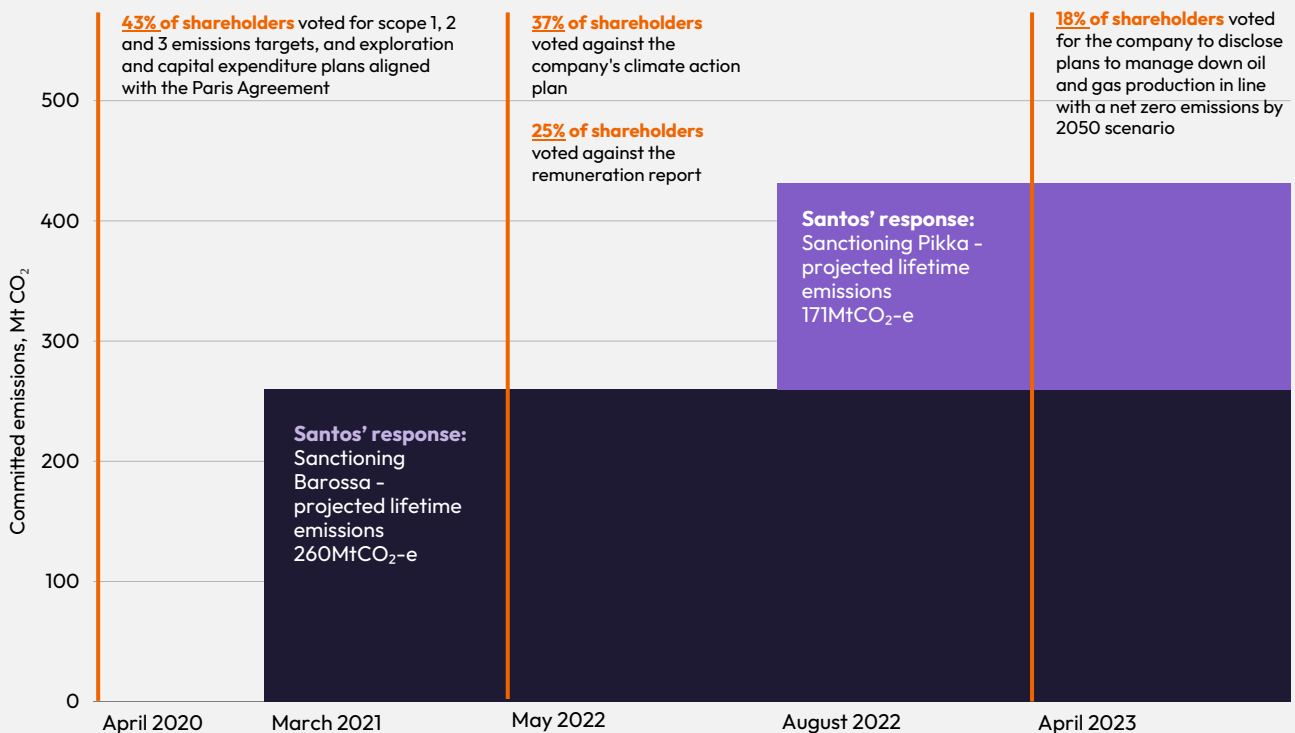
A plan to “lift and shift” the planning and economic part of the finance function to the strategy unit, led by Ms Winters, was also floated the same month. One investor questioned why Ms Winters would be handed key parts of the CFO function given her lack of experience in finance” ([The Australian](#)).

# Investor stewardship is failing to rein in oil and gas growth plans

For over half a decade, investors have been asking Santos to disclose how it will align its business plans with the climate goals of the Paris Agreement. A 2020 shareholder resolution [calling for](#) Santos to implement Paris-aligned emissions reduction targets received 43% support. In 2023, [nearly a fifth](#) of shareholder votes supported a Market Forces-coordinated resolution calling for the company to align its capital expenditure with a net zero by 2050 scenario, effectively ‘managing down’ oil and gas production in line with global climate goals.

Despite this pressure, Santos has continued to aim its business in the opposite direction by pursuing a capital intensive and aggressive oil and gas expansion strategy, approving several new projects over the last five years. Shareholders have responded by supporting Santos’ deeply inadequate Climate Transition Action Plan (CTAP), which is aligned with **catastrophic levels** of global warming.<sup>13</sup> Over [85%](#) of shareholder votes were cast in favour of this problematic plan at the company’s 2025 AGM.

## Failed investor escalation leading to massive emissions growth



Committed emissions = lifetime combusted emissions of sold product

13. MSCI Santos Implied Temperature Rise of 4.4°C – data accessed via Bloomberg on 27.02.26

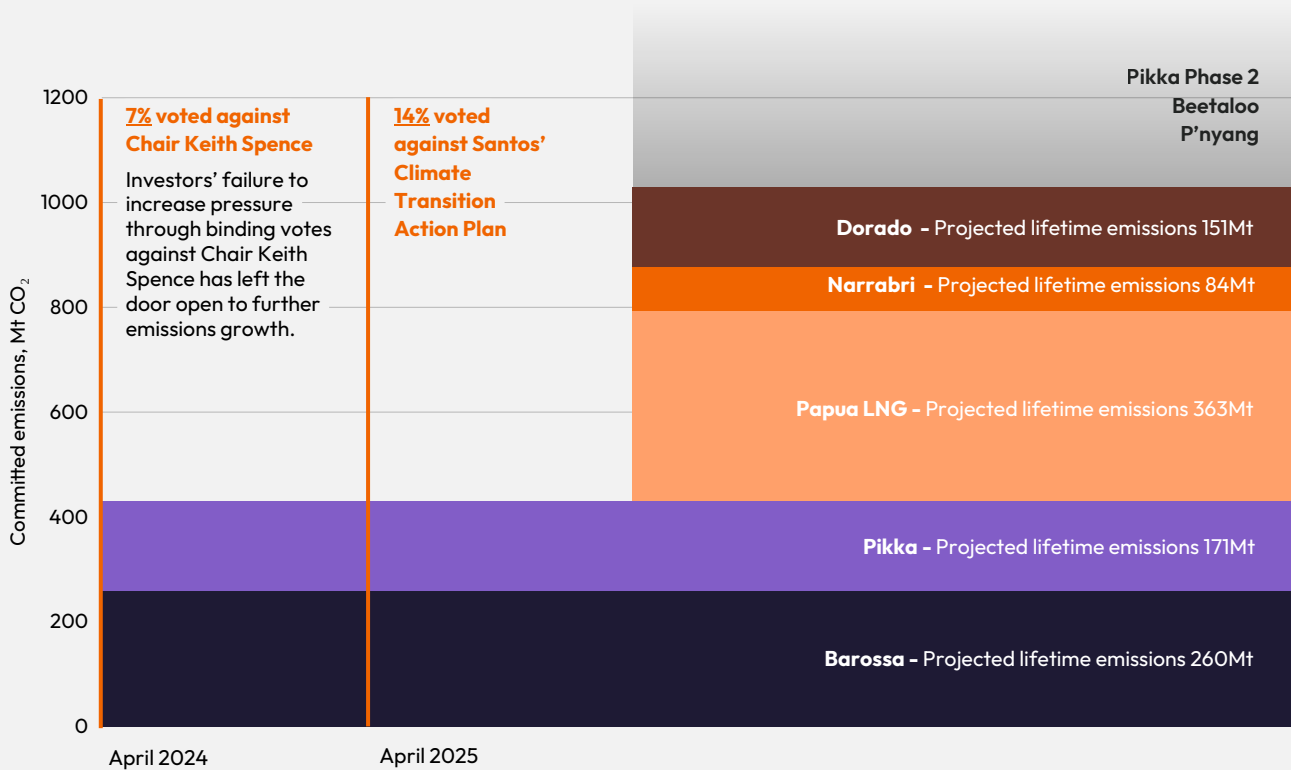
Rather than significantly escalating their stewardship actions, many of Santos' shareholders have in fact *regressed* in their efforts to rein in the company's oil and gas growth strategy. For example, super fund HESTA backed off pressure by [voting](#) in favour of Santos' Paris-misaligned CTAP and all director elections at the company's 2025 AGM, after having escalated to [voting](#) against the re-election of Santos' board Chair at the company's 2024 AGM.

This failure by major investors has sent a clear message to Santos: most shareholders won't hold the company accountable for pursuing business plans that are incompatible with safe global climate goals.

As we explain below, major investors should use every tool at their disposal to steward polluting companies like Santos onto a pathway aligned with safe global climate goals. This includes voting against remuneration reports that incentivise fossil fuel expansion, voting against the re-election of directors who have overseen high cost, high risk and high emissions expansion strategies, and voting against climate transition plans incompatible with the goals of the Paris Agreement.

While some investors have demonstrated escalation actions, Santos won't change course until a greater number of large investors use their position to demand and

### Investors must raise pressure to prevent further emissions



Committed emissions = lifetime combusted emissions of sold product

deliver an end to the company's polluting oil and gas expansion plans. To begin, investors must take a clear stance against Santos' strategy to expand oil and gas production. By setting this expectation publicly, only then will investors be able to create the conditions for a serious conversation about the role of an undiversified oil and gas company in the clean energy transition.

Institutional investors, particularly long-term investors like super funds, are exposed to the entire global economy and therefore systemic risks across the global financial system. For these 'universal owners,' it is overall market performance, not idiosyncratic company performance, that determines 75–94% of portfolio returns. This means that the investment performance of individual companies — particularly those undermining the global clean energy transition — should be of a lesser concern to such investors.

Economic losses are forecast to become increasingly severe with each fraction of a degree of global warming. For example, the

Institute and Faculty of Actuaries concluded that we could expect 50% global GDP destruction as soon as 2070 unless efforts are made to significantly rein in global climate pollution. Conversely, the costs associated with a transition consistent with limiting global warming in line with the Paris Agreement's goals are significantly lower than the associated economic costs of extreme weather incurred at even 2°C of warming, let alone 3°C or higher.

To date, investors' actions to rein in the growing pollution from Santos' oil and gas expansion plans have been ineffective at best and complicit at worst. It is in the best interests of these investors — and their beneficiaries — to be pulling out all the stops to prevent fossil fuel expansion and bring Santos rapidly into line with global climate goals. Many investors have squandered opportunities to rein in climate pollution through their stewardship efforts so far, and must rapidly escalate efforts to manage the unacceptable risks posed by Santos' fossil fuel growth plans.



# Recommendations

By providing financial support to Santos, financial institutions face substantial reputational risks. Banks and investors should seriously consider these recommendations:

## For banks

- 1 Banks already exposed to Santos should engage with Santos to manage its strategic, reputational, climate-related financial, regulatory and legal risks.
- 2 Banks should not provide or arrange any new finance (including project finance loans, corporate finance loans or bonds) for Santos until those risks are properly managed.
- 3 Banks should rule out new project or corporate financing of Santos until the company can provide a credible 1.5°C transition strategy that ceases oil and gas growth.

## For institutional investors

- 1 Institutional investors, including large asset managers and pension funds, should engage with Santos to manage its strategic, reputational, climate-related financial, regulatory and legal risks.
- 2 Institutional investors should:
  - engage with Santos about the viability of Santos' growth projects, particularly operations in the Beetaloo Basin and the Papua LNG project (FID expected mid-2026), and
  - call for Santos to provide a credible 1.5°C climate transition pathway that is not entirely dependent on uneconomic and unrealistic CCS as a service business model.
- 3 Institutional investors should publicly question why:
  - Santos has shifted back to a pro-growth strategy and how Santos will show capital discipline under a 1.5°C climate transition scenario,
  - Santos' CFO has resigned, and
  - three bidders for the company have walked away after completing further due diligence on the company.

# Disclaimer

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This report is intended to convey factual information about Santos. It is not intended to provide financial product advice. Market Forces does not receive any remuneration or other benefit in relation to the information published on its website. You should obtain independent advice before making any financial decisions.

# Appendix: Santos' bankers and shareholders

## Santos' bankers

Since 2016 Santos has received at least \$14.7 billion in debt finance across multiple syndicated loans and corporate bonds. \$8.7 billion of this has been through loans, while \$6 billion has been through the bond market.

Many of these banks have loaned to Santos as recently as September 2024 or have arranged bond finance for the company as recently as November 2025.

Commonwealth Bank, formerly one of Santos' biggest funders, has introduced a requirement for its upstream oil and gas clients to have a Paris-aligned transition plan to be eligible for further finance. In 2024, Commonwealth Bank exited a loan facility to Santos in 2024 when it underwent a refinancing and upsizing, and has not provided new or renewed finance to Santos since 2022 according to financial sources.

The rest of Santos' financiers should follow the lead of Commonwealth Bank and not provide any further finance to Santos while its plans remain dangerously misaligned with the goals of the Paris Agreement.

## Lenders

Some of Santos' syndicated loans have matured or been refinanced in the last 10 years, with the company retaining \$4.1 billion in active exposure, including a \$228 million loan provided by an unknown lender. The remaining \$3.9 billion has been provided by the following lenders:

Bank name	Current loaned amount (AU\$ millions)
Mizuho	339
MUFG	305
DNB	294
SMBC	291
Natixis	219
ANZ	168
Bank of China	147
Goldman Sachs	147

Bank name	Current loaned amount (AU\$ millions)
NAB	146
DBS	146
United Overseas Bank	139
Deutsche Bank	131
Standard Chartered	119
Westpac	110
ICBC	110
China Construction Bank	110
ING	100
State Bank of India	95
Royal Bank of Canada	88
China Everbright Bank	73
Commonwealth Bank of Australia	73
HSBC	73
Intesa Sanpaolo	66
Agricultural Bank of China	59
Mega Intl Coml Bank Co Ltd	59
Citibank	51
DZ Bank	51
First Commercial Bank (Taiwan)	44
Bank of East Asia	37
Bank of Communications	37
KEB Hana Bank	37
Taiwan Cooperative Bank	15
<b>Total</b>	<b>3,878</b>

## Bond financiers

Since 2016, Santos has received ~\$6 billion in debt finance through the bond market. According to financial sources, just 11 banks have underwritten the bulk of this finance, with the US bank, Citi, being Santos' top underwriter in the last ten years.

Bank	Amount underwritten (AU\$ millions)
Citi	1728
Deutsche Bank	1013
Royal Bank of Canada	951
Mizuho	521
ANZ	479
Morgan Stanley	430
Commonwealth Bank of Australia	284
MUFG	195
Westpac	195
SMBC	121
ING	74
<b>Total</b>	<b>5990</b>

## Bank financiers analysis methodology

Market Forces obtained primary data on syndicated loan transactions and corporate bond issuances from finance industry databases provided by Bloomberg and LSEG. Figures were cross-referenced for consistency and verified against secondary material, including company disclosures and announcements of deal closures from Santos.

Where available from finance industry databases or company disclosures, Market Forces has used the individual financing commitments from each bank. Where this was not available, individual financing contributions were assigned using a methodology developed by research consultancy, [Profundo](#), which has been used in similar reports. Participants' individual contributions were calculated based on participants' attributed fees and divided by the total fees earned by the participants in a transaction. This methodology provides a more accurate estimation of a bank's contribution to a deal based on the role it was assigned and the fees it received for its participation.

The financing data is a synthesis of deals (bonds and loans) for Santos since 2016, and includes a project finance transaction for its Darwin LNG plant. Dollar values represent the sum of committed loan or bond amounts and are presented in Australian dollars unless otherwise specified. We used exchange rates from the RBA as of the financial close date of each deal.

For the loans featured in this section of the report, the totals shown for each bank represent only the loans known to be active at the time of publication, not loans which have since matured or have been refinanced.

## Santos' shareholders

### 30 largest Santos shareholders based on Bloomberg shareholding data

Holder name	Number of Santos shares held	Percentage of outstanding Santos shares
Blackrock Inc	270,821,628	8.34
State Street Corp	237,839,837	7.32
Vanguard Group Inc/The	165,560,037	5.1
Dimensional Fund Advisors LP	97,717,725	3.01
Insignia Financial Ltd	64,443,846	1.98
JPMorgan Chase & Co	45,442,168	1.4
Colonial First State	36,869,209	1.14
Ameriprise Financial Inc	32,574,643	1
FMR LLC	31,124,600	0.96
AMP Ltd	30,201,062	0.93
Argo Investments Ltd	29,512,995	0.91
Trustee for AWARE SUPER/The	25,210,330	0.78
Schroders PLC	23,146,492	0.71
Betashares Capital Ltd	18,590,431	0.57
FIL Ltd	17,160,120	0.53
Van Eck Associates Corp	16,839,356	0.52
HESTA	16,034,275	0.49

Holder name	Number of Santos shares held	Percentage of outstanding Santos shares
Government Pension Investment Fund	14,178,549	0.44
Charles Schwab Corp/The	13,368,056	0.41
Perpetual Ltd	12,451,545	0.38
Geode Capital Management LLC	11,623,012	0.36
Netwealth Investments Ltd/Australia	11,395,042	0.35
Australian Foundation Investment C	9,589,773	0.3
Aegon Ltd	9,242,871	0.28
Teachers Insurance & Annuity Assoc	8,613,386	0.27
Perennial Value Management Ltd	7,932,931	0.24
Deutsche Bank AG	7,531,886	0.23
Equity Trustees Ltd	7,199,442	0.22
HSBC Holdings PLC	7,088,372	0.22
Franklin Resources Inc	5,807,296	0.18

Source: Bloomberg

### Australia's largest 30 super funds ordered by Santos shares held

Super Fund Name	Number of Santos shares held	Percentage of outstanding Santos shares	\$AU value of Santos shares	\$AU value of Santos bonds
Australian Retirement Trust	131,433,818	4.05%	1,006,783,057	0
Colonial First State	53,607,683	1.65%	439,121,750	6,991,303
IIOF	51,807,850	1.60%	396,823,929	1,432,847
Hostplus	49,336,609	1.52%	377,895,299	0
Mercer	48,206,518	1.48%	369,274,090	0

Super Fund Name	Number of Santos shares held	Percentage of outstanding Santos shares	\$AU value of Santos shares	\$AU value of Santos bonds
Cbus	43,851,330	1.35%	335,901,187	0
Aware Super	40,969,112	1.26%	313,823,400	0
MLC	39,797,662	1.23%	304,742,543	1,778,706
AMP	34,637,254	1.07%	264,628,621	0
Rest	33,367,025	1.03%	255,591,417	0
QSuper*	25,412,649	0.78%	194,660,885	0
CareSuper	22,180,469	0.68%	169,902,396	0
HESTA	17,532,025	0.54%	134,295,311	0
TelstraSuper	15,057,983	0.46%	115,344,158	0
AustralianSuper	13,665,706	0.42%	104,679,299	0
GESB	11,692,444	0.36%	89,564,123	0
UniSuper	11,122,914	0.34%	85,201,521	0
Equip Super	10,462,989	0.32%	80,146,499	0
Brighter Super	10,344,340	0.32%	79,237,630	0
Commonwealth Super Corp**	10,262,915	0.32%	63,322,183	0
Super SA	8,595,163	0.26%	65,838,952	0
Team Super	6,071,018	0.19%	46,504,013	0
Russell Investments	5,443,863	0.17%	41,699,974	512,967
Vision Super	4,516,228	0.14%	34,594,306	0
BUSSQ	3,494,161	0.11%	26,765,272	0
Legalsuper	3,381,300	0.10%	25,900,756	0
ESSSuper	3,356,599	0.10%	25,711,549	0

Super Fund Name	Number of Santos shares held	Percentage of outstanding Santos shares	\$AU value of Santos shares	\$AU value of Santos bonds
State Super	2,106,688	0.06%	16,137,238	0
NGS Super	0	0.00%	0	0
Australian Ethical	0	0.00%	0	0
<b>Total</b>	<b>711,714,316</b>	<b>21.91%</b>	<b>5,464,091,358</b>	<b>10,715,824</b>

Portfolio holding disclosures from the 30 largest Australian superannuation funds by funds under management, published by each fund on their website as required under APRA's portfolio holdings disclosure regulations, covering all products and investment options as at 30 June 2025.

\*QSuper appears as a separate entity in this report. Although QSuper merged with Sunsuper to form Australian Retirement Trust (ART), ART has retained QSuper as a distinct product offering and discloses its holdings separately.

\*\*Data for Commonwealth Super Corp is as at 31 December 2025. The 30 June 2025 disclosure for this fund is no longer publicly available, and the most recent accessible data has been used in its place.

\*\*\*These figures may understate actual Santos exposure. Some funds invest in Santos indirectly through pooled or externally managed vehicles where underlying holdings are not individually disclosed in portfolio holding disclosures.

## About us

Market Forces produces independent research and analysis to expose the institutions financing and developing new and expanded fossil fuel projects that are misaligned with a 1.5°C pathway.

We work with people and organisations around the world to prevent investment in projects driving global temperature rise, and seek to redirect money to accelerate the transition to clean energy and a safe climate.

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