

Notice of Annual General Meeting

Santos

Notice is hereby given that the 2021 Annual General Meeting of members of Santos Limited (“Santos” or “the Company”) will be held on Thursday, 15 April 2021 at 10.00 am (Adelaide time).

This year, with COVID-19 still an ongoing health concern, we will be webcasting the Annual General Meeting online at <https://web.lumiagm.com/362743149>. Shareholders and proxyholders will be able to participate in the proceedings online in real time.

Draft legislation is before Parliament which will facilitate virtual meetings if it is passed as anticipated. However, it is recommended that shareholders lodge a proxy voting form with their voting instructions to ensure that their votes will be included irrespective of whether the legislation is passed in time. Shareholders should monitor the Company’s website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the meeting.

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Notice of Annual General Meeting

ORDINARY BUSINESS

1. Financial Report

To receive and consider the Financial Report for the year ended 31 December 2020 and the reports of the Directors and the Auditor, as set out in the 2020 Annual Report.

2. To re-elect Directors

- (a) Mr Keith Spence retires by rotation in accordance with Rule 34(c) of the Company's Constitution and, being eligible, offers himself for re-election.
- (b) Dr Vanessa Guthrie retires by rotation in accordance with Rule 34(c) of the Company's Constitution and, being eligible, offers herself for re-election.

3. Remuneration Report

To consider, and if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 31 December 2020 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

4. Grant of Share Acquisition Rights to Mr Kevin Gallagher

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given for the Company to grant to the Company's Managing Director and Chief Executive Officer, Mr Kevin Gallagher, Share Acquisition Rights under the Santos Employee Equity Incentive Plan on the terms set out in the Explanatory Notes to this Notice of Meeting."

5. Renewal of the proportional takeover provisions for a further three years

To consider, and if thought fit, pass the following resolution as a special resolution:

"That proportional takeover provisions in the form of Rule 70 of the Constitution of the Company (as last approved by shareholders in 2018) be renewed for a further period of three (3) years, with effect from the date of the Annual General Meeting."

6. Resolutions requisitioned by a group of shareholders

The following resolutions are **NOT SUPPORTED** by the Board:

6(a) Special resolution – amendment to the Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

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."

6(b) Ordinary resolution – capital protection

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

Shareholders request the company disclose, in subsequent annual reporting, information that demonstrates how the company's capital expenditure and operations will be managed in a manner consistent with the climate goals of the Paris Agreement.

This information should include:

- Details of how the company's capital expenditure will facilitate the efficient managing down of oil and gas operations and assets in a timeframe consistent with the Paris goals;
- Production guidance for the lifetime of oil and gas assets that is consistent with the Paris goals;
- Plans and capital expenditure requirements for decommissioning and rehabilitating asset sites at the end of their Paris-aligned lifetimes;

- Plans for how employees of the company will be informed of asset closures, and employee transition plans, including any compensation for job losses, training and support in seeking future employment; and
- Details of how remaining capital in the company will be returned to investors.

6(c) Special resolution – amendment to the Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

Shareholders resolve that the following clause be inserted into our company's Constitution, either as a new clause 39(h) or wherever the Board determines it is better situated:

39(h). Annual vote on adoption of climate report

1. Each year commencing 2022, no later than the date at which the company disseminates to shareholders its notice of meeting, pursuant to clause 25, for its annual general meeting, the company will publish a report consistent with the recommendations of the Financial Stability Board of the G20's Task Force on Climate-related Financial Disclosures, and where relevant, the Climate Action 100+ Net-Zero Company Benchmark (**Climate Report**). At a minimum, the Climate Report will include:
 - a. the company's greenhouse gas emissions (**Emissions**) in accordance with recommended disclosure (b) of

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the Task Force on Climate-related Financial Disclosure Metrics and Targets Recommendation, and

- b. *the company's proposed strategy to reduce its Emissions, detailing short, medium and long-term targets for reductions in the company's Emissions.*
2. *At each annual general meeting, a resolution that the Climate Report be adopted must be put to a vote. The vote on the resolution is advisory and does not bind the directors.*

The resolutions in Items 6(a) and 6(b) were proposed by a group of shareholders holding less than 0.01% of the Company's ordinary shares.

The resolution in Item 6(c) was proposed by a second group of shareholders also holding less than 0.01% of the Company's ordinary shares.

The Board has considered the requisitions and the supporting statements put forward. The Board unanimously recommends that

shareholders vote against Items 6(a), 6(b) and 6(c) for the reasons set out on pages 19 to 23.

The Chairman of the meeting intends to vote undirected proxies **AGAINST** Items 6(a), 6(b) and 6(c).

VOTING ENTITLEMENT

The Board has determined, in accordance with the Company's Constitution and the *Corporations Regulations 2001* (Cth) ("Corporations Regulations"), that a person's entitlement to vote at the Annual General Meeting will be taken to be the entitlement of that person shown in the Register of Members at 6.30pm (Adelaide time) Tuesday, 13 April 2021.

Voting restrictions apply to the Company's key management personnel and their closely related parties, which also affect proxy voting. Full details are included in the Notes Relating to Voting commencing on page 24. In particular, please note that if the Chairman of the meeting is appointed as your proxy, and you have not directed him how to vote, then by submitting the proxy form you will be expressly authorising the Chairman of the meeting to exercise your undirected proxy on resolutions 3 and 4 even though the resolutions are connected with the remuneration of the Company's key management personnel.

The Explanatory Notes and Notes Relating to Voting form part of this Notice of Meeting.

By Order of the Board

AMANDA DEVONISH

Company Secretary

Ground Floor
Santos Centre
60 Flinders Street
Adelaide, South Australia, 5000

12 March 2021

EXPLANATORY NOTES

1. FINANCIAL AND STATUTORY REPORTS

As required by section 317 of the *Corporations Act 2001* (Cth) ("Corporations Act"), the Financial Report and the reports of the Directors and the Auditor for the financial year ended 31 December 2020 will be laid before the meeting.

During this item of business, shareholders will be given a reasonable opportunity to ask questions and make comments about the reports and the business and management of the Company. Shareholders will also be given a reasonable opportunity to ask a representative of the Company's Auditor, Ernst & Young, questions in relation to the conduct of the audit (including the independence of the Auditor), and the accounting policies adopted by the Company.

2. RE-ELECTION OF DIRECTORS

Rule 34 of the Company's Constitution specifies that at every Annual General Meeting of the Company, one third of the Directors (disregarding any fractions) who have been longest in office since the date of their last election or appointment (excluding the Managing Director and any Director not yet elected) must retire. In addition, no Director may hold office without re-election beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected.

Accordingly, Mr Keith Spence and Dr Vanessa Guthrie will retire and seek re-election.

As part of the Board's annual performance review process, the Board has reviewed the performance of each of the Directors standing for re-election and considered the contribution

made to the Board and its Committees by, and the skills and expertise of, those Directors. For these reasons, and those outlined in each Director's profile below, the Board recommends the re-election of the following Directors.



MR KEITH SPENCE

BSc (First Class Honours in Geophysics), FAIM

Mr Spence is an independent non-executive Director. He joined the Board on 1 January 2018 and became Chairman on 19 February 2018. He is Chairman of Santos Finance Limited and Chair of the Nomination Committee.

Mr Spence has over 40 years' experience in managing and governing oil and gas operations in Australia, Papua New Guinea, the Netherlands and Africa.

A geologist and geophysicist by training, Mr Spence commenced his career as an exploration geologist with Woodside Petroleum Limited in 1977. He subsequently joined Shell (Development) Australia, where he worked for 18 years. In 1994, he was seconded to Woodside to lead the North West Shelf Exploration team. In 1998, he left Shell to join Woodside. He retired from Woodside in 2008 after a 14-year tenure in top executive positions in the company. He has expertise in exploration and appraisal, development, project construction, operations and marketing.

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Upon his retirement he took up several board positions, working in oil and gas, energy, mining, and engineering and construction services and renewable energy. This included Clough Limited, where he served as Chairman from 2010 to 2013, Geodynamics Limited where he served as a non-executive Director from 2008 to 2016 (including as Chairman from 2010 to 2016), Oil Search Limited where he served as a non-executive Director from 2012 to 2017, and Murray and Roberts Holdings Limited where he served as a non-executive Director from 2015 to 2020. Mr Spence is also a past Chair of the National Offshore Petroleum Safety and Environmental Management Authority Board and led the Commonwealth Government's Carbon Storage Taskforce.

Mr Spence is currently Chairman of Base Resources Limited (since 2015) and a non-executive Director of Independence Group NL (since 2014).

RECOMMENDATION

Having reviewed Mr Spence's performance, the Board considers that Mr Spence makes an outstanding contribution to the Santos Board. The review included consideration of Mr Spence's expertise, skill and experience as well as his performance and contribution to the work of the Board since his appointment. The Board considers Mr Spence to be a high-performing Director and strongly supports his ongoing leadership of the Board.

The Board (with Mr Spence abstaining) recommends that shareholders vote **IN FAVOUR** of the re-election of Mr Spence.



DR VANESSA GUTHRIE

Hon DSc, PhD, BSc (Hons)

Dr Guthrie is an independent non-executive Director. She joined the Board on 1 July 2017 and is a member of the Environment, Health, Safety and Sustainability Committee and the People, Remuneration and Culture Committee.

Dr Guthrie has more than 30 years' experience in the resources sector in diverse roles such as operations, environment, community and Indigenous affairs, corporate development and sustainability.

She has qualifications in geology, environment, law and business management including a PhD in Geology. She was awarded an Honorary Doctor of Science from Curtin University in 2017 for her contribution to sustainability, innovation and policy leadership in the resources industry.

She is an active member of the Australian Institute of Company Directors and Chief Executive Women, and a Fellow of the Australian Academy of Technological Sciences and Engineering.

Dr Guthrie is the former Managing Director and CEO of Toro Energy Limited (2013 to 2016), VP Sustainable Development at Woodside Energy, Chair of the Minerals Council of Australia, and non-executive Director of Vimy Resources Limited. She is currently a non-executive Director of the Australian Broadcasting Corporation

(since 2017), Tronox Holdings PLC (since 2019), Lynas Rare Earths Ltd (since 2020) and Cricket Australia (since 2021), a Lead Independent Director of Adelaide Brighton Limited (since 2018), Pro-Chancellor of Curtin University, member of the Australia-India Council and member of the Vocational Education and Training Expert Skills Panel.

RECOMMENDATION

Having reviewed Dr Guthrie's performance, the Board considers that she continues to make a valuable contribution to the Board. The review included consideration of Dr Guthrie's expertise, skill and experience as well as her performance and contribution to the work of the Board since her appointment. The Board considers Dr Guthrie to be a high-performing Director.

The Board (with Dr Guthrie abstaining) recommends that shareholders vote **IN FAVOUR** of the re-election of Dr Guthrie.

3. REMUNERATION REPORT

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out on pages 31 to 57 of the 2020 Annual Report and is also available from the Company's website (www.santos.com).

The Remuneration Report:

- outlines the key developments that impacted on Santos' remuneration strategy during 2020;
- explains the Board's policies in relation to the objectives and structure of remuneration;
- highlights the links between the Company's performance and the remuneration received by Directors and other key management personnel (KMP);
- explains the components of remuneration for Directors and other KMP, including relevant performance conditions; and
- sets out the remuneration details for the Directors and other KMP of the Group.

A reasonable opportunity for discussion of the Remuneration Report will be provided at the Annual General Meeting.

The shareholder vote on the Remuneration Report is advisory only and does not bind the Directors or the Company, in accordance with section 250R of the Corporations Act. Voting restrictions apply in relation to this resolution and are described in the Notes Relating to Voting on pages 24 to 25.

RECOMMENDATION

The Board recommends that shareholders vote **IN FAVOUR** of adopting the Remuneration Report.

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4. GRANT OF SHARE ACQUISITION RIGHTS TO MR KEVIN GALLAGHER

The Company is seeking the approval of shareholders for the grant of Share Acquisition Rights (“SARs”) to the Managing Director and Chief Executive Officer, Mr Kevin Gallagher, under the Santos Employee Equity Incentive Plan (“*SEEIP*”)¹ on the terms set out below.

TERMS AND CONDITIONS

Performance period	Four years commencing on 1 January 2021 and ending on 31 December 2024.
Date of grant	If approval is obtained, the SARs will be granted to Mr Gallagher as soon as practicable after the Annual General Meeting. In any event, they will not be granted more than 12 months after the date of the Annual General Meeting.
Performance conditions	<p>The Board has determined that the SARs to be granted to Mr Gallagher will be divided into four tranches, each of which will comprise 25% of the SARs.</p> <p>The performance conditions for the vesting of the SARs in each tranche are set out below. There is no re-testing if performance conditions are not met.</p>

¹ Formerly known as the Santos Employee Share Purchase Plan which was approved by shareholders at the Annual General Meeting held on 5 May 2000.

**Tranche 1: Relative
TSR against ASX 100**

25% of the SARs will be subject to the Company’s Total Shareholder Return (“TSR”) performance relative to the TSR performance of the companies comprising the ASX 100 index as at 1 January 2021 (“the ASX 100 Comparator Group”).

At the end of the performance period, the TSR of the Company and the other companies in the ASX 100 Comparator Group will be calculated and the Company’s relative TSR ranking determined.

Once the Company’s relative TSR ranking is determined, the SARs will vest according to the following vesting scale:

TSR percentile ranking	% of tranche vesting
Below 51st percentile	0%
51st percentile	50%
Straight-line pro-rata vesting in between	
76th percentile and above	100%

The Board has absolute discretion over the calculation methodology and may adjust the ASX 100 Comparator Group to take into account events including, but not limited to, takeovers, mergers or de-mergers that might occur during the performance period.

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Tranche 2: Relative TSR against S&P Global Energy Index

25% of the SARs will be subject to the Company's TSR performance relative to the TSR performance of the companies comprising the S&P Global Energy Index as at 1 January 2021 ("the S&P Global Energy Index Comparator Group").

At the end of the performance period, the TSR of the Company and the other companies in the S&P Global Energy Index Comparator Group will be calculated and the Company's relative TSR ranking determined.

Once the Company's relative TSR ranking is determined, the SARs will vest according to the following vesting scale:

TSR percentile ranking	% of tranche vesting
Below 51st percentile	0%
51st percentile	50%
Straight-line pro-rata vesting in between	
76th percentile and above	100% vesting

The Board has absolute discretion over the calculation methodology and may adjust the S&P Global Energy Index Comparator Group to take into account events including, but not limited to, takeovers, mergers or de-mergers that might occur during the performance period.

Tranche 3: Free Cash Flow Breakeven Point

25% of the SARs will be subject to the Company's performance on its Free Cash Flow Breakeven Point ("FCFBP").

FCFBP is the US\$ oil price at which cash flows from operating activities equal cash flows from investing activities, as published in the Company's financial statements.

This condition has been chosen in order to drive the underlying business to be an operationally efficient low-cost producer focused on delivering shareholder value throughout the oil price cycle. As the aim of the condition is to measure the performance of the underlying business, the Board will have discretion to adjust the FCFBP for individually material items including asset acquisitions and disposals that may otherwise distort the measurement.

The Company's FCFBP will be calculated each year and will be an average over the four-year performance period. The SARs will vest in accordance with the following vesting scale:

FCFBP	% of tranche vesting
Above US\$40/bbl	0%
Equal to US\$40/bbl	50%
Straight-line pro-rata vesting in between	
Equal to or below US\$25/bbl	100% vesting

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Tranche 4: Return on Average Capital Employed

25% of the SARs will be subject to the Company's performance in relation to Return on Average Capital Employed ("ROACE") relative to the Company's weighted average cost of capital ("WACC").

ROACE is measured as underlying earnings before interest and tax ("EBIT") divided by average capital employed, being shareholders' equity plus net debt, as published in the Company's financial statements. Average capital employed is calculated as the simple average of opening and closing balances.

This condition has been chosen in order to drive the underlying business to be an operationally efficient low-cost producer focused on delivering returns relative to WACC throughout the oil price cycle. As the aim of the condition is to measure the performance of the underlying business, the Board will have discretion to adjust the ROACE for individually material items that may otherwise distort the measurement.

The Company's ROACE will be calculated as an average over the four-year performance period from 2021 to 2024 and compared to the Company's WACC over the four-year performance period, in order to determine whether the SARs will vest in accordance with the following vesting scale:

ROACE	% of grant vesting
Santos' ROACE is equal to or below 110% of WACC	0%
From greater than 110% of WACC	50%
Straight-line pro-rata vesting in between	
Equal to or above 140% of WACC	100% vesting

The SARs lapse if the performance conditions are not met. There is no re-testing.

Number of SARs

The number of SARs to be granted to Mr Gallagher has been determined using the “face value” methodology, that is, by dividing an amount equivalent to 180% of Mr Gallagher’s 2021 total fixed remuneration of \$2,010,000 by \$6.27, being the share price at the start of the performance period (the price on Thursday 31 December 2020 was used as 1 January 2021 was not a trading day). This was the same face value methodology that was used to calculate the number of SARs awarded to other executives of the Company as part of the Company’s long-term incentive program.

Based on the above formula, it is proposed that Mr Gallagher be granted 577,033 SARs.

The SARs will be granted at no cost to Mr Gallagher, and no amount is payable on vesting of the SARs if the performance conditions are met. Each SAR entitles Mr Gallagher to one fully paid ordinary share in the Company which, when allocated, will rank equally with shares in the same class. At Santos’ election, cash to the same value can be paid as an alternative to providing shares.

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Other material terms

Mr Gallagher has no legal or beneficial interest in Santos shares and no entitlement to receive dividends and has no voting rights in relation to the SARs in the period between allocation and vesting.

For SARs which vest, Mr Gallagher will receive additional Santos shares equivalent in value to notional dividends accrued and reinvested during the period between allocation and vesting, or the cash equivalent value. These additional shares or cash equivalent value will be provided at or around the time of vesting. No entitlement to additional shares or cash payment will be provided in respect of SARs which do not vest.

If this grant is approved, some or all of the SARs granted to Mr Gallagher may vest or lapse on cessation of employment, subject to the Board's discretion. Under the SEEIP, the Board also has discretion to vest or lapse the CEO's SARs if there is a change of control.

The SEEIP rules also give the Company the discretion to lapse unvested SARs, and claw back vested shares or cash, in certain circumstances (such as dishonesty, fraud or breach of material obligations).

The SEEIP can be amended by the Board, subject to the Listing Rules.

OTHER INFORMATION REQUIRED BY THE ASX LISTING RULES

Why is approval being sought and what will happen if approval is not given?

Listing Rule 10.14 provides that a listed company must not issue shares to a Director under an employee incentive scheme unless it obtains the approval of its shareholders.

Santos is seeking shareholder approval for the purposes of Listing Rule 10.14 and for transparency and governance reasons. While obtaining shareholder approval would give Santos the flexibility to issue shares to satisfy SARs that vest, Santos currently intends to satisfy any vested SARs with shares that have been purchased on market.

If shareholder approval is not obtained, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr Gallagher.

Why are SARs used for Mr Gallagher's long-term incentive?

Santos uses SARs because they create share price alignment between executives and ordinary shareholders but do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the SARs vest.

Mr Gallagher's total remuneration package for FY21

Listing Rule 10.15.4 requires this Notice of Meeting to include details (including the amount) of Mr Gallagher's current total remuneration:

Total Fixed Remuneration (including superannuation) (TFR)	\$2,010,000
Short-term incentive	100% of TFR at target, 167% of TFR at maximum
Long-term incentive	180% of TFR on a face value basis

Shareholders are referred to the Remuneration Report for full details of Mr Gallagher's remuneration.

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Other information

- Mr Gallagher is the only Director entitled to participate in SEEIP.
- There is no loan in relation to the SARs.
- The ASX Listing Rules require this Notice of Meeting to state the number and average price of securities received by Mr Gallagher under Santos' Long-Term Incentive Plan. 2,628,586 SARs have been issued to Mr Gallagher under the SEEIP (at no cost) in respect of prior year long-term incentives.
- Details of any SARs issued under the SEEIP will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of shares under the SEEIP after this resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under that rule.

Voting restrictions apply in relation to this resolution and are described in the Notes Relating to Voting on pages 24 to 25.

RECOMMENDATION

The non-executive Directors consider the grant of SARs to Mr Gallagher to be reasonable and appropriate in all the circumstances. The non-executive Directors recommend that shareholders vote **IN FAVOUR** of resolution 4.

5. RENEWAL OF THE PROPORTIONAL TAKEOVER PROVISIONS FOR A FURTHER THREE YEARS

The proportional takeover provisions set out in Rule 70 of the Company's Constitution were last renewed by shareholders of the Company at the 2018 Annual General Meeting for a period of three years.

The provisions prohibit the registration of transfers of shares acquired under the proportional takeover bid unless a resolution is passed by shareholders approving the bid. As provided in Rule 70, the provisions cease to have effect after three years unless renewed.

Accordingly, it is appropriate to consider renewing the proportional takeover provisions by renewing Rule 70, in the form last approved by shareholders at the 2018 Annual General Meeting.

The Corporations Act requires that the following information be provided to shareholders when they are considering the renewal of proportional takeover provisions in a constitution.

If these provisions are renewed by shareholders, they will be in exactly the same terms as the current provisions in Rule 70 of the Constitution and will operate for three years from the date of the Annual General Meeting. A copy of the Company's Constitution is available on the Company's website at https://www.santos.com/wp-content/uploads/2020/01/santos_limited_constitution_3may2012.pdf.

What is a proportional takeover bid, and why do we need the proportional takeover approval provisions?

A proportional takeover bid involves the bidder offering to buy a proportion only of each shareholder's shares in the Company. This means that control of the Company may pass without members having the chance to sell all their shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, a company may provide in its constitution that:

- in the event of a proportional takeover bid being made for shares in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the Company's members will be binding on all individual members.

The Directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all their shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressure to accept the bid even if they do not want it to succeed.

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What is the effect of the proportional takeover approval provisions?

If a proportional takeover bid is made, the Directors must ensure that members vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. However, the bidder and their associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The bid will be taken to have been approved if the resolution is not voted on within the deadline specified under the Corporations Act.

The proportional takeover approval provisions do not apply to full takeover bids, and only apply for three years after the date they are renewed. The provisions may be refreshed for a further three-year period, but only by a special resolution passed by members.

Potential advantages and disadvantages

While the renewal of Rule 70 will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The provisions in Rule 70 ensure that all members have an opportunity to study a proportional bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of members, including appropriate pricing. Similarly, knowing the view of the majority of members may help individual members assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.

However, it is also possible that the inclusion of such provisions in the Constitution may discourage proportional takeover bids and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a takeover offer being made. The inclusion of the provisions may also be considered to constitute an unwarranted additional restriction of the ability of members to freely deal with their shares.

While Rule 70 has been in effect, there have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and shareholders, respectively, during this period.

The Board considers that the potential advantages for members of the proportional takeover approval provisions outweigh the potential disadvantages.

As at the date on which this statement was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

RECOMMENDATION

The Board recommends that shareholders vote **IN FAVOUR** of the renewal of the proportional takeover provisions by renewing Rule 70 of the Constitution of Santos Limited in the form last approved by shareholders at the 2018 Annual General Meeting.

6. RESOLUTIONS REQUISITIONED BY A GROUP OF SHAREHOLDERS

6(a) Special resolution – amendment to the Constitution

A group of shareholders holding approximately 200,000 shares or less than 0.01% of the Company's ordinary shares has proposed the resolution in Item 6(a) under section 249N of the Corporations Act and requested pursuant to section 249P of the Corporations Act that the statement set out in Appendix 1 to this Notice be provided to shareholders.

The Board's response

The Board respects the rights of shareholders to requisition a resolution which seeks to amend the Company's Constitution. However, the Board does not consider this resolution to change the Constitution to be necessary or in the best interests of the Company and recommends that shareholders vote against it for the reasons set out below.

This resolution proposes to insert a new provision in the Company's Constitution which would enable shareholders, by ordinary resolution, to express an opinion, ask for information or make a request about the way in which the management of the business and affairs of the Company has been or should be exercised.

Shareholders already have a right under the Corporations Act to put effective resolutions to general meetings. In addition, there are a number of avenues available to them to express their opinions about the management of the Company. At any time during the year, shareholders can contact the Company, and many do, to express their opinions or ask questions. The Company's investor relations staff are very diligent in ensuring such correspondence is properly addressed and responded to. Most notably, shareholders can attend, engage in and ask questions at general meetings of the Company, or submit questions in advance of the meeting when they are unable to attend in person. Webcasts of annual general meetings are available on the Santos website, along with copies of other investor briefings.

Santos regularly and constructively engages with its shareholders and wider stakeholder groups on the Company's strategy, operations and activities, and performance. Through this process, the Company receives and takes into account feedback on its strategy, outlook and reporting to shareholders and other stakeholders. For example, Santos' annual Climate Change Report has responded to shareholder and stakeholder interests. We have consistently improved the quality and nature of that report as stakeholders, including shareholders, have sought more information, and it is published in time for shareholders to read it while considering AGM materials. These engagements with shareholders and communication efforts all occur because the Company respects and values the views of shareholders without the need for any constitutional provision.

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Creating a constitutional power to “express an opinion” or “make a request” on the exercise of powers vested in the Directors would allow groups of shareholders to use the general meeting process as a public platform to pursue single issues or their individual interests, which may not be in the broader interests of the Company or shareholders as a whole. Interest and advocacy groups have other avenues to engage with the Company that are more appropriate – and the Company welcomes and encourages that engagement.

The amendment contemplated by this resolution will not improve the ability for shareholders as a whole to be heard and to express their opinions about the management of the Company. The Directors are of the view that the proposed resolution could adversely impact on the governance of the Company, even if it were advisory only. The power to manage the business of the Company is conferred upon the Board by the Constitution. It is important that the Directors are able to make decisions using their professional expertise and business judgement about the affairs of the Company in the interests of shareholders as a whole. Shareholders have the ability to hold Directors to account for their decisions and actions by voting on the appointment and removal of Directors.

Having regard to these reasons, the Board considers the proposed amendment to the Company’s Constitution is not necessary or in the best interests of shareholders as a whole.

RECOMMENDATION

For the reasons outlined above, the Board recommends that shareholders vote **AGAINST** resolution 6(a).

6(b) – Ordinary resolution - capital protection

A group of shareholders holding approximately 200,000 shares or less than 0.01% of the Company’s ordinary shares has proposed the resolution in Item 6(b) under section 249N of the Corporations Act and requested pursuant to section 249P of the Corporations Act that the statement set out in Appendix 2 to this Notice be provided to shareholders.

The Board’s response

The Board does not endorse the resolution and recommends that shareholders vote against this resolution for the reasons set out below.

According to the supporting statement (Appendix 2) provided with the resolution, it is based on the premise that further capital investment in oil and gas development and production would be stranded. The Board does not consider this premise is supported by reputable evidence.

The statement provided with the resolution references the Intergovernmental Panel on Climate Change (IPCC) modelling for a 1.5 degree Celsius by 2100 scenario², falsely claiming that this modelling “shows gas use for primary energy falling globally by 25 per cent by 2030 and 74 per cent by 2050 from a 2010 baseline.” In fact, this is

2 <https://www.ipcc.ch/sr15/chapter/spm/> (Figure SPM.3b)

one of three 1.5 degree scenarios modelled by the IPCC. The scenario referred to (P1) in the supporting statement recognises only one form of carbon dioxide removal, being afforestation. It excludes any contribution from carbon capture and storage (CCS), bioenergy with CCS (BECCS) and broader agriculture, forestry and other land use (AFOLU) abatement.

The supporting statement does not reference scenario P3, which would achieve far deeper carbon dioxide cuts over the same timeframe, and which recognises the contribution of the additional carbon dioxide removal technologies referred to above. In scenario P3, natural gas in primary energy would grow globally by 33 per cent by 2030 and 21 per cent by 2050.

Santos is already investing in CCS and AFOLU technologies through its Moomba Carbon Capture and Storage project, world-leading West Arnhem Land Fire Abatement program and Chinchilla White Gum afforestation project.

As reported in its 2020 and 2021 Climate Change Reports, Santos' portfolio is economically resilient under the IEA's 2018 World Energy Outlook Sustainable Development Scenario (2018 SDS) and more robust under other scenarios which have a higher natural gas demand outlook, maintaining earnings in 2030 in excess of Santos' 2019 EBITDAX. The net present value of Santos' pre-growth portfolio is also economically resilient under the IEA's 2018 SDS and more robust under other scenarios, maintaining value in excess of, or close to, Santos' current portfolio valuations.

The International Energy Agency's recently updated 2020 World Energy Outlook Sustainable

Development Scenario (2020 SDS) assumes that, while natural gas demand globally could fall by up to 12 per cent by 2040 from 2019 levels, it will remain strong in our region and be replaced globally by demand for low-carbon gases such as hydrogen, which Santos is well-placed to pursue, noting that the natural gas customers of today are the hydrogen customers of tomorrow. In the 2020 SDS, carbon capture, utilisation and storage investment reaches US\$55 billion by 2030, with hydrogen production from natural gas reforming representing around 15 per cent of the total.

Further, the IEA's most ambitious scenario, Net Zero Emissions by 2050, recognises that production decline rates would exceed oil demand decline rates and that new upstream investment in oil developments would still be required.

With around 80 per cent of global primary energy coming from hydrocarbon fuels – the same as 45 years ago – Santos is focused on making these fuels cleaner and eventually zero-emissions.

Santos has a strong future as a clean fuels company producing zero-emissions LNG, hydrogen and other clean fuels, enabled by large-scale CCS such as its proposed Moomba CCS project, world-leading nature-based offsets such as its West Arnhem Land Fire Abatement program and increased use of renewables and energy efficiency in its operations.

In December 2020, Santos committed to and announced a credible pathway to achieve net-zero Scope 1 and 2 emissions by 2040, including new industry-leading emission reduction targets that build on its existing 2025 targets. These new 2030 targets include:

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- Reduce Scope 1 and 2 emissions and emissions intensity by 26–30 per cent by 2030 from the 2019–20 financial year baseline³; and
- Reduce customer Scope 1 and 2 emissions by more than 1 million tonnes per annum by 2030 through direct switching to cleaner fuels.

Having regard to these reasons, Santos does not intend to close down its oil and gas operations, as doing so would be against the interests of shareholders and would not be consistent with global climate and human development goals, particularly reducing air pollution and poverty.

RECOMMENDATION

For the reasons outlined above, the Board recommends that shareholders vote **AGAINST** resolution 6(b).

6(c) – Special resolution – amendment to the Constitution

A group of shareholders holding approximately 129,000 shares or less than 0.01% of the Company's ordinary shares has proposed the resolution in Item 6(c) under section 249N of the Corporations Act and requested pursuant to section 249P of the Corporations Act that the statement set out in Appendix 3 to this Notice be provided to shareholders.

The Board's response

Santos does not consider a change to the Constitution of the nature proposed is necessary or in the interests of shareholders.

Santos already publishes an annual Climate Change Report, consistent with the guidelines of the G20 Taskforce on Climate-related Financial Disclosures, with its 2021 Climate Change Report being the fourth of its kind. Santos releases this report in February, on the same day as its full-year results.

Managing climate risk, including reporting of greenhouse gas emissions and the Company's strategy to reduce its emissions, is part of Santos' existing corporate governance framework for which the Board and Company management are accountable in accordance with Corporations Law.

Management remuneration is also linked to the Company's emission reduction targets and shareholders are already able to vote on adoption of management remuneration at the Annual General Meeting. For 2021 the Company Scorecard has been rebalanced to recognise the criticality of delivering the initiatives that will achieve the Company's target of net-zero emissions by 2040, by increasing the weighting from 5% in 2020 to 12.5%.

Key indicators continue to be included in the Company's Short-Term Incentive scorecard which link climate-related performance to remuneration outcomes for the Company's senior management. These key indicators include a reduction of absolute emissions from operated assets, and an additional measure which links short-term incentives to the delivery of a set of low-carbon fuels initiatives which are critical to the Company's ambition to drive sustainable shareholder returns in a lower-carbon future.

³ Adjusted to include Bayu-Undan and DLNG at 68.4% equity for the full baseline year.

Below a threshold level of performance, no amount will be payable under the Short-Term Incentive for climate-related measures.

In addition, Santos executives participate in the Company's Long-Term Incentive Plan which delivers Santos shares at the end of a four-year performance period, subject to the achievement of performance hurdles including total shareholder returns relative to ASX100 companies and the constituent members of the Standard and Poor's 1200 Global Energy Index. The Long-Term Incentive Plan promotes a focus on achievement of key milestones in the management of climate-related risks and delivery of our climate change strategy and targets.

All outcomes are reviewed and approved by the Santos Board. Performance against targets and remuneration outcomes are disclosed in the Remuneration Report released following the end of the performance year.

Creating a constitutional power to vote on the climate report would allow groups of shareholders to use the general meeting process as a public platform to pursue single issues or their individual interests, which may not be in the broader interests of the Company or shareholders as a whole. Interest and advocacy groups have other avenues to engage with the Company that are more appropriate – and the Company welcomes and encourages that engagement. On climate risks and their management, the Company already actively engages with shareholders and has a strong track record of responding to the issues they raise.

The amendment contemplated by this resolution will not improve the ability for shareholders as a whole to be heard. The Directors are of the view that the proposed resolution could adversely impact on the governance of the Company, even if it was advisory only. The power to manage the business of the Company is conferred upon the Board by the Constitution. It is important that the Directors are able to make decisions using their professional expertise and business judgement about the affairs of the Company in the interests of shareholders as a whole. Shareholders have the ability to hold Directors to account for their decisions and actions by voting on the appointment and removal of Directors.

Having regard to these reasons, the Board considers the proposed amendment to the Company's Constitution is not necessary or in the best interests of shareholders as a whole.

RECOMMENDATION

For the reasons outlined above, the Board recommends that shareholders vote **AGAINST** resolution 6(c).

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NOTES RELATING TO VOTING

1. PARTICIPATING IN THE ANNUAL GENERAL MEETING VIA THE ONLINE PLATFORM

Shareholders and proxyholders will be able to participate in real time using the online platform. To use the online platform you will require a computer, tablet or mobile device with an internet connection.

It is recommended that shareholders login to the online platform at least 5 minutes prior to the scheduled start time for the Annual General Meeting using the instructions below:

- Enter <https://web.lumiagm.com/362743149> into your browser on your computer or mobile device; or
- Enter <https://web.lumiagm.com> into your browser on your computer or mobile device and enter the Meeting ID: 362-743-149

In order to login to the meeting, shareholders will require their Voting Access Code and postcode, for Australian shareholders, or country code, for overseas shareholders. To locate country codes or for more information about online participation please access the Annual General Meeting Online User Guide at <https://www.santos.com/investors/2021-annual-general-meeting/>.

2. ASKING QUESTIONS DURING THE MEETING

All shareholders will have a reasonable opportunity to ask questions and make comments during the AGM through the online AGM platform, including an opportunity to ask questions of the Company's external auditor.

3. LODGEMENT OF PROXY VOTING INSTRUCTIONS RECOMMENDED

While it is proposed that online live voting will be possible at the AGM, this may depend on the Government introducing proposed legislative reforms before the meeting is held. It is also possible that technical difficulties may arise during the course of the meeting, in which case the Chairman has discretion as to whether and how the meeting should proceed. Accordingly, shareholders are encouraged to submit a directed proxy in advance of the meeting to ensure that their votes will be cast.

4. ENTITLEMENT TIME

The Board has determined, in accordance with the Rules of the Company's Constitution and the Corporations Regulations, that a person's entitlement to vote at the Annual General Meeting will be taken to be the entitlement of that person shown in the Register of Members as at 6.30pm (Adelaide time) on Tuesday 13 April 2020.

5. VOTING EXCLUSIONS

Resolution 3

The Company will disregard any votes cast on resolution 3:

- by or on behalf of a member of the Company's KMP named in the Company's Remuneration Report for the year ended 31 December 2020 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on resolution 3:

- in accordance with a direction in the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

Resolution 4

The Company will disregard any votes cast on resolution 4:

- in favour of the resolution by or on behalf of Mr Gallagher or any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast on resolution 4:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- as proxy for a person entitled to vote on the resolution by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy as the Chairman decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. VOTING ENTITLEMENT ON A POLL

All resolutions will be decided on a poll. On a poll, every member has one vote for every fully paid ordinary share held.

7. PROXIES

The following information is relevant if you wish to appoint a proxy to vote on your behalf on resolutions at the Annual General Meeting.

The Chairman of the Annual General Meeting acting as proxy

You may appoint the Chairman of the Annual General Meeting as your proxy. In addition, the Chairman of the meeting is deemed to be appointed where a signed proxy form is returned which does not contain the name of the proxy or where the person appointed on the form is absent.

If a member directs the Chairman how to vote on an item of business, the Chairman must vote in accordance with the direction.

For proxies without voting instructions that are exercisable by the Chairman, the Chairman intends to vote all available proxies in favour of the resolutions in Items 2, 3, 4 and 5 and against the resolutions in Items 6(a), 6(b) and 6(c).

Notice of Annual General Meeting

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In relation to each of the remuneration-related resolutions (being resolutions 3 and 4), if the Chairman of the meeting is appointed as your proxy, and you have not directed your proxy how to vote on the relevant resolution, please note that by submitting the proxy form you will be expressly authorising the Chairman of the meeting to exercise your undirected proxy on these resolutions even though they are connected with the remuneration of the Company's KMP.

Directing your proxy how to vote

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form.

If you mark the "abstain" box for a particular item, you are directing your proxy not to vote on your behalf and your shares will not be counted in computing the required majority on a poll.

If you do not mark a voting instructions box in respect of a resolution, your proxy can vote as he or she decides, subject to any voting exclusions that apply to the proxy.

Does the proxy you appoint need to be a member?

A proxy may be an individual or a body corporate, and need not be a member of the Company.

Appointing two proxies

A member entitled to attend and vote is entitled to appoint not more than two proxies. If you wish to appoint two proxies please obtain a second proxy form by telephoning the Share Registry on 1300 096 259 (within Australia) or +61 2 8016 2832 (outside Australia), by sending

a fax to +61 2 9290 9655, or by emailing santos@boardroomlimited.com.au. Both forms should be completed specifying the nominated percentage or number of your votes given to each proxy. Please return both proxy forms together. If the proxy forms do not specify the proportion or number of your votes, each proxy may exercise half of the votes.

Appointment of a body corporate representative as a proxy

Where a member appoints a body corporate as proxy, that body corporate will need to ensure that:

- it appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act (the "Certificate of Appointment of Corporate Representative" that can be obtained from the Share Registry can be used for this purpose); and
- the instrument appointing the corporate representative is received by the Company at its registered office by the time referred to below.

Completing the proxy form

A proxy form must be signed by the member or his/her attorney or, in the case of a corporation, executed in accordance with section 127 of the Corporations Act or signed by an authorised officer or attorney. If the proxy form is signed by an attorney or by the authorised officer of a corporation, the power of attorney or other authority (or a notarially certified copy) must accompany the form unless it has previously been provided to the Company. If the proxy form

is sent electronically or by fax, any accompanying power of attorney or other authority must be certified.

Lodgement of proxy forms

Proxy forms must be received by the Company by 10.00am (Adelaide time) on Tuesday 13 April 2021. You may lodge your proxy form:

- online by visiting <https://www.votingonline.com.au/santosagm2021>;
- electronically by email to santos@boardroomlimited.com.au;
- by fax to 02 9290 9655 (within Australia) or +61 2 9290 9655 (outside Australia);
- by post to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001; or
- in person to Boardroom Pty Limited, Level 12, 225 George Street, Sydney, NSW 2000.

8. APPOINTING AN ATTORNEY TO VOTE ON YOUR BEHALF

Where a member appoints an attorney to act on his/her behalf at the meeting, such appointment must be made by a duly executed power of attorney. The power of attorney must be received by the Company at Boardroom Pty Limited by hand or post as set out in section 7 above, by the time referred to in section 7 above.

9. APPOINTING A CORPORATE REPRESENTATIVE

Where a member is a corporation and appoints a representative under section 250D of the Corporations Act, appropriate evidence of the appointment must be produced. A "Certificate of Appointment of Corporate Representative" can be obtained from the Share Registry.

Body corporate members may participate during the meeting via corporate representative by using the Lumi website or the Lumi app using the Voting Access Code found by logging on to InvestorServe, at investorserve.com.au or telephoning the Share Registry on 1300 096 259 (within Australia) or +61 32 8016 2832 (outside Australia). Only one login per body corporate with voting rights will be permitted and any other people from the body corporate wishing to watch the proceedings should register as guests. By entering the body corporate's Voting Access Code you will be taken to have certified to Santos Limited pursuant to section 250D of the Corporations Act that you have been validly appointed as the body corporate's representative to exercise all or any of the powers the body corporate may exercise at the AGM.

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10. SUBMITTING QUESTIONS IN ADVANCE OF THE MEETING

Shareholders are welcome (and encouraged) to provide questions in advance of the AGM. If you wish to submit questions to the Company or the external auditor in advance of the AGM, you may do so by visiting <https://www.santos.com/investors/2021-annual-general-meeting/>.

Questions must be received no later than 5.00pm (Adelaide Time) on Thursday, 8 April 2021. During the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. Please note that individual responses will not be sent to shareholders.

11. LIVE WEBCAST

As in prior years, the AGM will be webcast live. To view the webcast, enter <https://web.lumiagm.com/362743149> into your browser on your computer or mobile device and join the meeting as a guest.

Appendix

APPENDIX 1

The shareholders who requisitioned the resolution in Item 6(a) have requested that, pursuant to section 249P of the Corporations Act, the following statements accompany the resolution.

Santos is legally required to circulate the statement to shareholders. However, the Board and Company do not endorse and are not responsible for the contents of the statement or for any inaccurate or misleading statements contained in it.

Statement pursuant to Section 249P of the Corporations Act in relation to Item 6(a)

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 such as the AGM 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.

In our view, this is contrary to the long-term interests of Santos, the Santos board and all Santos shareholders.

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

We encourage shareholders to vote in favour of this resolution.

APPENDIX 2

Statement pursuant to Section 249P of the Corporations Act in relation to Item 6(b)

At the 2020 AGM, 43% of shareholders voted in favour of a proposal that the company disclose scope 1, 2, and 3 emission targets, and exploration and capital expenditure plans aligned with the climate goals of the Paris Agreement.⁴

This resolution recognises that Paris-aligned targets to reduce scope 1, 2 and 3 emissions would necessitate a plan to manage down oil and gas production over time, and requests disclosure

⁴ The Paris Agreement aims to hold global warming to well below 2°C above pre-industrial levels and pursue a 1.5°C limit and has been ratified by 185 countries. Governments and markets are accelerating climate action to achieve these goals. See https://unfccc.int/sites/default/files/english_paris_agreement.pdf, Articles 2(1)(a) and 4(1).

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of integral details of such a plan. The resolution is in the best interests of shareholders and the company, due to the clearly recognised risk that further capital expenditure on oil and gas development and production projects would be stranded by market and policy shifts to meet the Paris climate goals, resulting in severe financial impacts on our company.

We therefore request disclosure of information that demonstrates how capital expenditure will be limited to only support production that is demonstrably viable in a Paris-aligned scenario, and how remaining capital will be preserved and maximally returned to shareholders as assets are managed down, while ensuring employee wage entitlements and transition plans, as well as asset site rehabilitation obligations are appropriately resourced.

Managed decline for oil and gas

“The time to begin planning for a wind-down of gas production is, as with other fossil fuels, already upon us” - SEI, IISD, ODI, Climate Analytics, CICERO, and UNEP.⁵

The decline in oil and gas use required to meet the Paris climate goals leaves Santos exposed to rapidly shrinking markets. In 2020, Santos’ sales

revenue mix was made up of LNG (42%), domestic gas (32%) and liquids (26%).⁶

IPCC modelling of a 1.5°C scenario shows gas use for primary energy falling globally by 25% by 2030 and 74% by 2050 from a 2010 baseline, and oil’s role in primary energy falling 37% and 87% over the same timeframes.⁷

As shown in the Australian Energy Market Operator (AEMO) Gas Statement of Opportunities, all of AEMO’s scenarios for the east coast energy grid model gas consumption for electricity generation remaining below 2019 levels from now on.⁸

ClimateWorks’ Decarbonisation Futures work shows gas use in Australian residential and commercial buildings falling to effectively zero by 2035, and industrial gas use also dropping significantly in a 1.5°C scenario.⁹

With key LNG markets recently committing to achieve net-zero emissions (Japan and Korea by 2050, China 2060), a similar transition away from gas in energy generation, buildings and industries will likely be required. IEEFA has also found that increased pricing volatility has placed over \$50 billion of proposed LNG power projects in developing Asian markets at risk of cancellation.¹⁰

5 <http://productiongap.org/wp-content/uploads/2019/11/Production-Gap-Report-2019.pdf>, 17

6 https://www.santos.com/wp-content/uploads/2021/01/2020_Fourth_Quarter_Report-FINAL.pdf, 2

7 <https://www.ipcc.ch/sr15/chapter/spm/> (Figure SPM.3b)

8 https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/gsoo/2020/2020-gas-statement-of-opportunities.pdf, 28

9 <https://www.climateworksaustralia.org/resource/decarbonisation-futures-solutions-actions-and-benchmarks-for-a-net-zero-emissions-australia/>, 92, 107

10 <http://ieefa.org/wp-content/uploads/2021/01/Gas-and-LNG-Price-Volatility-To-Increase-in-2021-January-2021.pdf>

Increasing stranded asset risk

Analysis of the carbon budget required to limit warming in line with the Paris Agreement's 1.5°C target shows oil and gas production must fall by 4% and 3% annually from 2020 to 2030, respectively.¹¹ By contrast, Santos plans to double production from 2018 levels by 2025.¹² To justify these increasing production plans, Santos cites global oil and domestic gas demand growth forecasts consistent with the IEA's 2.7°C Stated Policies Scenario (STEPS), and a global LNG forecast that doubles the STEPS demand growth projection from 2018-2035.¹³

In pursuit of its plan to double production, Santos forecasts ~\$700m in major growth capex in 2021, on top of ~\$900m in sustaining capex, including capital for additional exploration.¹⁴ The company is planning US\$4.5 billion in capex on major growth projects over the next five years, including Narrabri Phase 1 (coal seam gas), Barossa (LNG), and Dorado Phase 1 (offshore oil).¹⁵

Carbon Tracker's analysis of Santos' potential capex on unsanctioned upstream projects to 2030 found less than a third (~US\$5 billion) of capex opportunities had breakeven costs that fit

within the IEA's Beyond 2 Degrees Scenario (B2DS). The remaining ~US\$12 billion would be stranded under the demand profile imposed by the B2DS, which is consistent with 1.6°C of warming.¹⁶

History of optimistic forecasting

Santos' capital expenditure plans are based on long-term oil price forecasts that are inconsistent with a Paris-aligned energy transition and are unreasonably optimistic.

According to IEEFA: "Santos has consistently adopted oil price assumptions that have proved to be too high, leading to an over-valued balance sheet."¹⁷ Downward revisions of these assumptions have cost the company over US\$6.2 billion in impairments since 2015. Santos' 2019 annual report assumed a long-term oil price of US\$70/bbl (2020 real). This figure was revised down to US\$62.50 in July 2020,¹⁸ causing a US\$756 million write down.¹⁹

By contrast BP has set its long-term oil price forecast at US\$55/bbl,²⁰ and committed to cut production by 40% by 2030.²¹ Carbon Tracker states that, in the 1.6°C-aligned B2DS, "oil demand can be satisfied by projects that

¹¹ https://productiongap.org/wp-content/uploads/2020/12/PGR2020_FullRprt_web.pdf

¹² <https://www.santos.com/news/santos-upgrades-2025-production-target-to-120-mmbbl>

¹³ <https://www.santos.com/wp-content/uploads/2020/12/2020-Investor-Day-FINAL.pdf>, 19-22; <https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050>, 276, 338.

¹⁴ <https://www.santos.com/wp-content/uploads/2020/12/2020-Investor-Day-FINAL.pdf>, 63

¹⁵ *Ibid.*, 47

¹⁶ https://carbontracker.org/wp-content/uploads/2020/07/CTI_CA100_OG_2019_Santos.pdf

¹⁷ https://ieefa.org/wp-content/uploads/2020/03/IEEFA_Santos-Accounts-Are-Not-True-and-Fair_April-2020.pdf, 2

¹⁸ <https://www.santos.com/wp-content/uploads/2020/07/200721-Santos-announces-non-cash-impairment.pdf>

¹⁹ <https://www.santos.com/wp-content/uploads/2020/08/2020-Half-Year-Results-Announcement-and-Presentation-1.pdf>, 35

²⁰ <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-revises-long-term-price-assumptions.html>

²¹ <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/from-international-oil-company-to-integrated-energy-company-bp-sets-out-strategy-for-decade-of-delivery-towards-net-zero-ambition.html>

Appendix continued

generate a 15% internal rate of return at an oil price in the [high] \$40s,”²² indicating Paris-aligned long-term oil price assumptions would be well below those currently used by Santos.

Capital preservation

With the transition to a decarbonised economy shrinking our company’s markets, capital must be preserved, rather than wasted pursuing production plans based on demand scenarios and price forecasts that are inconsistent with global climate goals.

Shareholders are interested in the preservation of capital, maximising future company value, and ensuring sites of operations are restored and employees supported in the energy transition. All shareholders are strongly encouraged to support this resolution.

APPENDIX 3

Statement pursuant to Section 249P of the Corporations Act in relation to Item 6(c)

The management of climate risk by major companies has portfolio-wide and economy-wide implications. The proponent of this resolution, the Australasian Centre for Corporate Responsibility (**ACCR**), and co-filing shareholders, believe that the mechanism this resolution seeks to establish—an annual report on our Company’s climate transition plans and strategies against relevant international frameworks (**Climate Report**) and a vote thereon—will benefit the Company and its shareholders, as well as global climate change objectives.

Our Company “recognises the science of climate change and supports the objective of limiting global temperature rise to less than 2°C”.²³ In December 2020, our Company committed to achieve net zero operational emissions (Scope 1 and 2) by 2040.²⁴ As governments take action to limit greenhouse gas (GHG) emissions, climate change will represent a material risk to our Company for the foreseeable future.

Australian legal context

Australian law does not currently compel the disclosures sought in the Climate Report, and the prospect of law reform which would compel such disclosures remains unlikely for the foreseeable future in this market. This resolution is designed to ensure that, in the absence of law reform, immediate investor demand for information to be disclosed in a timely and consistent fashion is met, so that a structured conversation between our Company and its shareholders can take place. ACCR intends to make similar requisitions at a number of Australian-listed companies in 2021.

Information sought in the Climate Report

Due to the rapid transition taking place in the energy sector, it is imperative that shareholders are provided with the necessary information required to make informed judgements about the future earnings and value of our Company. The information sought in the Climate Report, which this resolution seeks to elicit on an annual basis, is an important means of assuring shareholders that the Company is managing effectively the physical and transition risks associated with climate change.

²² <https://carbontracker.org/reports/the-impair-state/>

²³ Santos Ltd, 2020 Climate Change Report, February 2020

²⁴ Santos Ltd, ‘Santos to be net-zero emissions by 2040’, December 2020

The Recommendations of the Task Force for Climate-related Financial Disclosure (TCFD) provide an internationally recognised framework for climate risk disclosure. In addition, the Climate Action 100+ (a coalition of more than 500 investors with over \$52 trillion in assets under management) Net-Zero Company Benchmark outlines metrics that create accountability for companies, and transparency and comparability for shareholders on GHG emissions, GHG targets, improved climate governance, and climate-related financial disclosures. The resolution centres around these two credible global standards, with guidance on minimum expectations and appropriate flexibility for our Company to exceed them.

Our Company addressed each of the key pillars of the TCFD in its 2020 Climate Change Report. The additional disclosures required to satisfy the request for a Climate Report would not be burdensome.

Our Company disclosed its Scope 1 and 2 emissions (operational and equity share) for the previous six reporting periods, and Scope 3 emissions (operational and equity share) for the previous three reporting periods in its 2020 Climate Change Report.²⁵ Emissions are reported to the financial year ending 30 June, while financial performance is reported to the calendar year ending 31 December.²⁶ For the purposes of

satisfying the request for a Climate Report, emissions should also be reported by each of the core operated and non-operated asset hubs, with accompanying commentary explaining annual performance and long-term trends.

In December 2020, our Company disclosed a 'Roadmap to net zero'²⁷ (Roadmap), outlining the planned activities that will be required to achieve net zero operational emissions by 2040. Our Company plans to reduce operational emissions by 26-30% by 2030 through the use of land-based offsets, energy efficiency projects, phase 1 of the carbon capture and storage (CCS) project at Moomba, and electrification with hydrogen fuel in the Cooper Basin.²⁸ It is not clear what each of the planned activities in the Roadmap will contribute towards the 2030 target.

Beyond 2030, our Company intends to rely on the expansion of the Moomba CCS project, and the development of hydrogen with CCS, to deliver the remaining ~70% emissions reduction to net zero. Other than an estimate of capturing carbon emissions at Moomba for \$A30 per tonne,²⁹ our Company has not disclosed interim milestones, the estimated cost or the metrics it will use to measure the success of the planned activities in the Roadmap. The cost of the planned activities in the Roadmap is imperative for shareholders to assess future earnings, and the likely impact of more ambitious emissions reduction pathways.

²⁵ Santos Ltd, 2020 Climate Change Report, February 2020

²⁶ *ibid.*

²⁷ Santos Ltd, 2020 Investor Day Briefing, December 2020

²⁸ *ibid.*

²⁹ Santos Ltd, 'Santos to be net-zero emissions by 2040', December 2020

Appendix continued

To date, our Company has not committed to reducing its Scope 3 emissions (from the use of product sold), other than to “work with customers to reduce their Scope 1 and 2 emissions by more than 1 MtCO₂e per year by 2030”.³⁰ Our Company has discussed the prospect of capturing its customers’ emissions at Moomba,³¹ but has not disclosed sufficient information for shareholders to assess this strategy.

Our Company should provide additional information about each of the planned activities in the Roadmap, and the progress of each of those activities on an annual basis. The projected cost of each of those activities is imperative for shareholders to assess future earnings, and the likely impact of more ambitious emissions reduction pathways.

An annual vote on the Climate Report will simply provide shareholders with a non-binding advisory vote on our Company’s performance and strategies to reduce emissions. This is in the long-term interests of all shareholders.

ACCR urges shareholders to vote for this proposal.

³⁰ Santos Ltd, 2020 Investor Day Briefing, December 2020

³¹ Santos Ltd, ‘Santos to be net-zero emissions by 2040’, December 2020

For personal use only

Santos

Full Name(s)
of Registered
Holding

Registered
Address

Postcode

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 096 259
(outside Australia) +61 2 8016 2832

To attend the AGM online, please visit:	https://web.lumiagm.com/362743149
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Your AGM login ID:	
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You are required to insert this number.
Securityholder Reference Number (SRN, Holder
Identification Number (HIN)

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YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (Adelaide Time) on Tuesday 13 April 2021.**

🖥 TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/santosagm2021>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting or does not vote on a poll in accordance with your directions, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of Santos Limited. Do not write the name of the issuer or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to the meeting. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore **by 10:00am (Adelaide Time) on Tuesday 13 April 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged:

🖥 **Online** www.votingonline.com.au/santosagm2021

✉ **By email** santos@boardroomlimited.com.au

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Full Name(s) of Registered Holding

Registered Address

Postcode

You are required to insert this number.
 Securityholder Reference Number (SRN, Holder Identification Number (HIN))

<input type="text"/>									
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Your Address
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Santos Limited** (Company) and entitled to attend and vote hereby appoint:

the Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of Santos Limited to be held on **Thursday 15 April 2021 at 10:00am (Adelaide Time)** and at any relocation, adjournment or postponement of that meeting, to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 3 or 4, by completing and returning this form I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 3 and 4 are connected with the remuneration of the Company's key management personnel.

The Chairman of the Meeting intends to vote all available undirected proxies **in favour** of Resolutions 2(a) to 5 inclusive.

The Chairman of the Meeting intends to vote all available undirected proxies **against** Resolutions 6(a) to 6(c).

If you wish to direct your proxy how to vote, you can provide a direction by marking the 'For', 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf and your vote will not be counted in calculating the required majority if a poll is called.

Please note: The Chair of the Meeting intends to vote undirected proxies in accordance with the Board recommendation for each resolution:

Board Recommendation	BOARD RECOMMENDED RESOLUTIONS		For	Against	Abstain*
	The Board recommends shareholders vote FOR resolutions 2(a) to 5				
FOR	Resolution 2(a)	To re-elect Mr Keith Spence as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR	Resolution 2(b)	To re-elect Dr Vanessa Guthrie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR	Resolution 3	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR	Resolution 4	Grant of Share Acquisition Rights to Mr Kevin Gallagher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR	Resolution 5	Special Resolution – Renewal of the Proportional Takeover Provisions for a Further Three Years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	NON-BOARD ENDORSED RESOLUTIONS				
	The Board recommends shareholders vote AGAINST resolutions 6(a) to 6(c)				
AGAINST	Resolution 6(a)	Special Resolution – Amendment to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AGAINST	Resolution 6(b)	Capital Protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
AGAINST	Resolution 6(c)	Special Resolution – Amendment to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary