



Notice of Annual General Meeting

Notice is hereby given that the 2020 Annual General Meeting of members of Santos Limited (“Santos” or “the Company”) will be held in the William Magarey Room at Adelaide Oval, War Memorial Drive, North Adelaide on Friday, 3 April 2020 at 10.00 am.

Notice of Annual General Meeting

ORDINARY BUSINESS

1. Financial Report

To receive and consider the Financial Report for the year ended 31 December 2019 and the reports of the Directors and the Auditor, as set out in the 2019 Annual Report.

2. To re-elect or elect Directors

- (a) Mr Guy Cowan retires by rotation in accordance with Rule 34(c) of the Company's Constitution and, being eligible, offers himself for re-election.
- (b) Ms Yasmin Allen retires by rotation in accordance with Rule 34(c) of the Company's Constitution and, being eligible, offers herself for re-election.
- (c) Mr Yu Guan, who was appointed a Director on 3 May 2019, retires in accordance with Rule 34(b) of the Company's Constitution and, being eligible, offers himself for election.
- (d) Ms Janine McArdle, who was appointed a Director on 23 October 2019, retires in accordance with Rule 34(b) of the Company's Constitution and, being eligible, offers herself for 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 2019 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. Resolutions Requisitioned by a Group of Shareholders

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

5(a) Special Resolution – Amendment to the Constitution

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

"Shareholders request that the following new clause 32A be inserted into our Company's Constitution:

Member resolutions at general meeting

The shareholders in general meeting may by ordinary resolution express an opinion, ask for information, or make a request, 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 an issue of material relevance to the Company or the Company's business as identified by the Company's business as identified by the Company, and cannot either advocate action

which 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."

5(b) Ordinary Resolution – Paris Goals and Targets

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

Shareholders request the Board disclose, in annual reporting from 2021:

- 1. Short-, medium- and long-term targets for reductions in our Company's Scope 1, 2 and 3 emissions (**Targets**) that are aligned with articles 2.1(a) and 4.1 of the Paris Agreement¹ (**Paris Goals**);*
- 2. Details of how our Company's exploration and capital expenditure, including each material investment in the acquisition or development of oil and gas reserves, is aligned with the Paris Goals; and*
- 3. Details of how the Company's remuneration policy will incentivise progress against the Targets.*

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our Company, or to limit the disclosure of commercial-in-confidence information.

5(c) Ordinary Resolution – Climate-Related Lobbying

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

*Shareholders request that our Company conduct a review of its direct and indirect lobbying activities relating to climate, resources and/or energy policy (**Review**). A report summarising the completed Review be should disclosed on the Company's website by 31 October 2020.*

*The Review should cover a period of at least two years and should address the consistency of our lobbying activities with the goals of the Paris Agreement to limit global warming to well below 2°C (**Paris Goals**).*

***Direct lobbying by our Company or its agents:** where the Review shows direct lobbying inconsistent with the Paris Goals, shareholders request that the Board disclose a strategy to prevent further lobbying inconsistent with those Goals.*

***Indirect lobbying by Industry Associations of which our Company is a member:** where the Review shows a record of lobbying inconsistent with the Paris Goals, shareholders request that the Board disclose a remediation plan, agreed with the Industry Association. Shareholders recommend that our Company suspend membership of an*

¹ Article 2.1(a) of The Paris Agreement states the goal of "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change." Article 4.1 of The Paris Agreement: In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

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Industry Association where a remediation plan cannot be agreed (or the Board otherwise decides suspension is in our Company's interests).

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our Company.

The resolutions in Items 5(a), 5(b) and 5(c) were proposed by a group of shareholders holding approximately 177,000 shares or 0.0085% 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 5(a), 5(b) and 5(c) for the reasons set out on pages 15 to 20. The Chairman of the meeting intends to vote undirected proxies **AGAINST** Items 5(a), 5(b) and 5(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 6.30 pm (Adelaide time) Wednesday, 1 April 2020.

Voting restrictions apply to the Company's key management personnel ("KMP") and their closely related parties, which also affect proxy voting. Full details are included in the Notes Relating to Voting commencing on page 20. 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 completing and returning 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 KMP.

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

By Order of the Board

Jodie Hatherly

Company Secretary

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

3 March 2020

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 2019 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 Guy Cowan and Ms Yasmin Allen 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.

Following recommendations from the Nomination Committee of the Board, the Board appointed Mr Yu Guan as a Director on 3 May 2019 and Ms Janine McArdle as a Director on 23 October 2019. Mr Guan and Ms McArdle are now standing for election at the first Annual General Meeting since they were appointed, in accordance with Rule 34 of the Company’s Constitution.

Brief biographical details of each Director standing for re-election and election follow.

Mr. Guy Cowan

BSc (Hons), Engineering, FCA (UK), MAICD



Mr Cowan is an independent non-executive Director. He joined the Board on 10 May 2016 and is the Chair of the Audit and Risk Committee and a Director of Santos Finance Limited.

Mr Cowan had a 23-year career with Shell International in various senior commercial and financial roles. His last two roles were as CFO and Director of Shell Oil US and CFO of Shell Nigeria. He was CFO of Fonterra Co-operative Ltd between 2005 and 2009.

Mr Cowan is currently Chairman of Queensland Sugar Limited (since 2015) and a past Director of UGL Limited (2008 to 2017) where he chaired the Health and Safety Committee. Mr Cowan is also a former Director of Coffey International (2012 to 2016) and Ludowici Limited (2009

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to 2012) where he chaired the Audit and Risk Committees for both companies. Mr Cowan was also a Shell-appointed alternate director of Woodside between 1992 and 1995.

RECOMMENDATION

Having reviewed Mr Cowan's performance, the Board considers that he continues to make a valuable contribution to the Board. Mr Cowan brings to the Board extensive experience in finance, commercial, risk management, governance, health and safety and international business, across a range of industries including the oil and gas industry. His financial acumen and expertise is particularly valued by the Board in his role as Chair of the Audit and Risk Committee.

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

Ms Yasmin Allen

BCom, FAICD



Ms Allen is an independent non-executive Director. She joined the Board on 22 October 2014 and is the Chair of the People and Remuneration Committee and a member of the Audit and Risk Committee and the Nomination Committee.

Ms Allen has extensive experience in finance and investment banking, including senior roles at Deutsche Bank AG, ANZ and HSBC Group Plc, as former Chairman of Macquarie Global Infrastructure Funds, and a former Director of

EFIC (Export, Finance and Insurance Corporation). Ms Allen was appointed a member of the Australian Government Takeovers Panel in March 2017 and is presently the Acting President, is a member (and former Council member) of Chief Executive Women and a former non-executive Director of Insurance Australia Group (2004 to 2015).

Ms Allen is a Director of Cochlear Limited (since 2010). Ms Allen is also Director of ASX Limited (since 2015) and a Director of the ASX Clearing and Settlement boards.

Ms Allen is also a Director of the National Portrait Gallery and is a member of the George Institute for Global Health since 2014. She is Chair of Advance (since 2018), an organisation which connects, supports and celebrates the achievements of Australians living and working around the world. In January 2020, Ms Allen was announced as the Chair of the Digital Technology Skills Organisation Pilot.

Ms Allen is a former national Director (2010 to 2016), and acting Chair (2015 to 2016), of the Australian Institute of Company Directors.

RECOMMENDATION

Having reviewed Ms Allen's performance, the Board considers that she continues to make a valuable contribution to the Board. Ms Allen brings to the Board extensive leadership, governance, finance and risk management skills. Ms Allen's skills and experience are particularly valuable in her role as Chair of the People and Remuneration Committee and a member of the Audit and Risk and Nomination Committees.

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

Mr Yu Guan

Msc, E&E, EMBA



Mr Yu Guan is a non-executive Director. He joined the Board on 3 May 2019 as a nominee of a substantial shareholder and is a member of the People and Remuneration Committee.

Mr Guan has more than 22 years of professional experience, including five years in China's Ministry of Power and State Power Cooperation, and 18 years in management roles in multi-national companies. His industry experience covers power and energy in China and the US. His specialties include corporate management, business management, corporate M&A, and investment and construction management for large-scale power and energy infrastructures.

Mr Guan is currently the President and a board member of ENN Ecological (since June 2018). His previous roles include General Manager for International Business Development at Shell (China) Ltd., Board Chairman of Sinopec/Shell YueYang Coal Gasification Co. Ltd., General Manager of Shell (China) Projects & Technology Ltd., Global General Manager for Commercial and New Business Development of Shell Gasification, China Director of Energy Management Business Unit of Schneider Electric.

The Board has reviewed Mr Guan's performance since his appointment to the Board and considers that his skills and experience will continue to

enhance the Board's ability to perform its role. Appropriate background checks were completed before Mr Guan was appointed to the Board.

RECOMMENDATION

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

Ms Janine McArdle

BS (Chemical Engineering), MBA



Ms McArdle is an independent non-executive Director. She joined the Board on 23 October 2019.

Ms McArdle has more than 30 years' experience in the global oil and gas industry. She most recently spent 13 years with Apache Corporation in the United States, where she held roles including Executive Officer, Senior Vice President of Global Gas Monetization, President of Kitimat LNG CO, and Vice President, Worldwide Oil and Gas Marketing.

Prior to joining Apache, she worked with Aquila Energy for nine years in the United States and United Kingdom, in senior leadership positions with responsibilities across trading, mergers and acquisitions and e-commerce.

Ms McArdle is also the Founder, CEO and President of Apex Strategies, a global consultancy business providing advisory services to companies engaged in midstream

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and downstream operations within the energy industry.

She is currently a member of the University of Nebraska's College of Engineering Advisory Board (since 2017).

Ms McArdle is a former independent Director of Halcon Resources (2018 to 2019), the Palmer Drug Abuse Program in Houston TX (2003 to 2018) and Intercontinental Exchange Corp (2000 to 2002).

The Board has reviewed Ms McArdle's performance since her appointment to the Board and considers that her skills and experience will continue to enhance the Board's ability to perform its role. Appropriate background checks were completed before Ms McArdle was appointed to the Board.

RECOMMENDATION

The Board (with Ms McArdle abstaining) recommends that shareholders vote **IN FAVOUR** of the election of Ms McArdle.

3. REMUNERATION REPORT

Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out on pages 32 to 57 of the 2019 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 2019;
- 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 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 commencing on page 20.

RECOMMENDATION

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

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")² on the terms set out below.

² Formerly known as the Santos Employee Share Purchase Plan, which was approved by shareholders at the Annual General Meeting held on 5 May 2000.

TERMS AND CONDITIONS

Performance period Four years commencing on 1 January 2020 and ending on 31 December 2023.

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 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.

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.

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 2020.

At the end of the performance period, the TSR of the Company and the other companies in the ASX 100 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 51 st percentile	0%
51 st percentile	50%
Straight-line pro-rata vesting in between	
76 th percentile and above	100%

The Board has absolute discretion over the calculation methodology and may adjust the 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 2020.

At the end of the performance period, the TSR of the Company and the other companies in the S&P Global Energy Index 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 51 st percentile	0%
51 st percentile	50%
Straight-line pro-rata vesting in between	
76 th percentile and above	100% vesting

The Board has absolute discretion over the calculation methodology and may adjust the 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 equals 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, and 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\$30/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).

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 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 ROACE for individually material items that may otherwise distort the measurement.

The Company's ROACE will be calculated as an average over the full four-year performance period from 2020 to 2023 and compared to the Company's weighted average cost of capital (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 tranche vesting
Less than or equal to 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

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 total fixed remuneration of \$2,010,000 by \$8.18, being the share price at the start of the performance period (the price on Tuesday 31 December 2019 was used as 1 January 2020 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 442,298 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.

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 ASX Listing Rules.

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OTHER INFORMATION REQUIRED BY THE ASX LISTING RULES

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

ASX 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 ASX 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 FY20

ASX 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)	A\$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.

Other information

- Mr Gallagher is the only Director entitled to participate in the 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.
- If approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.
- 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 page 21.

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. RESOLUTIONS REQUISITIONED BY A GROUP OF SHAREHOLDERS

5(a) Special Resolution – Amendment to the Constitution

A group of shareholders holding approximately 177,000 shares or 0.0085% of the Company's ordinary shares has proposed the resolution in Item 5(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 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

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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. Most notably, shareholders can attend, engage in and ask questions at general meetings of the Company, or submit questions in advance of the meeting where 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, not just 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 without the need for any constitutional provision.

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. However, creating a constitutionally entrenched 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 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 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 judgment 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 in the best interests of shareholders.

RECOMMENDATION

For the reasons outlined above, the Board recommends that shareholders vote **AGAINST** resolution 5(a).

5(b) Ordinary Resolution – Paris Goals and Targets

A group of shareholders holding approximately 177,000 shares or 0.0085% of the Company's ordinary shares has proposed the resolution in

Item 5(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.

Santos recognises the science of climate change and supports global ambitions to limit temperature rise to well below 2 degrees Celsius. We recognise we have a responsibility to be clear and consistent in our disclosure on climate-related risks to our business and portfolio. We follow Task Force for Climate-related Financial Disclosures (TCFD) guidelines in our reporting and publish an annual Climate Change Report.

Climate-related risks are identified and assessed in accordance with Santos' defined risk management requirements and are core considerations of our strategy and risk management process. Climate change scenario analysis plays a significant role in assessment of our strategy and performance against it. We test the resilience of our portfolio and investment decisions against International Energy Agency (IEA) future scenarios. This analysis is published in our annual Climate Change Report.

Capital Expenditure and Growth

As reported in our 2020 Climate Change Report, Santos' growth portfolio continues to be economically resilient under the IEA's updated Sustainable Development Scenario (2018) and more robust under other scenarios which have a higher natural gas demand outlook, maintaining

earnings in 2030 in excess of Santos' 2019 reported EBITDAX. Even under the IEA's Sustainable Development Scenario which seeks to limit global temperature rise to well below 2 degrees Celsius by 2100, US\$13 trillion of new investment is forecast to be required in new oil and gas development by 2040.

The net present value of our pre-growth portfolio is economically resilient under the IEA's updated Sustainable Development Scenario (2018) and more robust under other scenarios, maintaining value in excess of, or close to, Santos' current portfolio valuations.

The Board considers the IEA's scenarios to be based on the best available data and appropriate for assessing the Company's resilience. The scenarios rely on the growing deployment of carbon capture and storage (CCS) technology which is now a proven technology storing around 40Mtpa globally each year. Australia could be a world leader in CCS with estimated storage capacity enabling injection at a rate of 300Mtpa for at least 100 years. Santos is planning to deploy CCS in the Cooper Basin which could store up to 20Mtpa for the next 50 years.

Targets and Performance

Santos has set three medium-term targets towards our long-term aspiration of net zero emissions by 2050:

- Grow LNG exports to at least 4.5 million tonnes per annum by 2025
- Economically reduce emissions in our own operations (by 5 per cent in South Australia and Queensland by 2025)
- Pursue step change technologies to reduce emissions

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Our 2020 Climate Change Report includes a progress report against these targets, including the exciting work we are doing to deploy carbon capture and storage.

Our target to grow LNG exports to at least 4.5 million tonnes per annum (mtpa) by 2025 will contribute to global emissions reduction by supporting growing demand for natural gas forecast by the IEA out to at least 2040 under all scenarios. Much of this growth in demand will be in Asia, our key LNG market and the region which accounts for half the world's 50 billion tonnes of greenhouse gas emissions each year. For every tonne of CO₂ emitted during LNG production in Australia, LNG saves 3 to 10 tonnes of emissions when it is used to replace coal in power generation in Asia. This is supported by a range of rigorous scientific analyses.

The Company's targets are demonstrably consistent with global climate aspirations. The Paris Agreement is a series of commitments by national governments to achieve economy-wide emissions reduction targets by 2030. The use of LNG in Asian markets is contributing to relatively lower emissions in those economies by replacing coal. In Australia, natural gas is providing the reliability to support greater deployment of renewables as older coal-fired power plants are phased out. Without coal-to-gas switching in 2018, global greenhouse gas emissions would have been 15 per cent higher.

Remuneration

In 2019, key indicators were included in the Company's Short-Term Incentive scorecard which link climate-related performance to remuneration outcomes for members of the Executive Committee.

These key indicators include the delivery of short- and medium-term emissions reduction projects and initiatives as well as the achievement of specific run rates for emissions reduction.

Below a threshold level of performance, no amount will be payable under the Short-Term Incentive for climate-related measures. Achieving the target level of performance delivers 2.5 per cent of the Short-Term Incentive and stretch outcomes deliver a maximum of 5 per cent. The overall scorecard outcome is applied as a multiplier to individual performance outcomes. 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.

With Santos' growth portfolio being economically resilient under the IEA's updated Sustainable Development Scenario (2018) and more robust under other scenarios, and given that, under the Sustainable Development Scenario, US\$13 trillion of new investment is forecast to be required in new oil and gas development by 2040, the "Growth" measures in the Company scorecard are demonstrably appropriate.

In addition, 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 return relative to ASX100 companies and the constituent members of the Standard and Poor's 1200 Global Energy Index. This is expected to promote a focus on climate-related risks to ensure long-term business resilience.

Accordingly, the Board has formed the view that the resolution is not necessary, given Santos' existing climate change commitments and reporting practices.

Having regard to these reasons, the Board considers the proposed resolution is not in the best interests of shareholders.

RECOMMENDATION

For the reasons outlined above, the Board recommends that shareholders vote **AGAINST** resolution 5(b).

5(c) Ordinary Resolution – Climate-Related Lobbying

A group of shareholders holding approximately 177,000 shares or 0.0085% of the Company's ordinary shares has proposed the resolution in Item 5(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

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

Santos' position on climate change and energy is publicly available and is the position Santos takes in all public policy advocacy, including as a member of relevant industry associations.

Santos aims to be the leading domestic gas supplier in Australia by 2025 and a leading Asia-Pacific LNG supplier. Therefore, membership of relevant industry associations that effectively support and advocate for the

continued and expanded development and use of petroleum resources in Australia, particularly natural gas, is in the interests of the Company and its shareholders. Even under the IEA's Sustainable Development Scenario, which limits global temperature rise to well below 2 degrees Celsius by 2100, US\$13 trillion of new investment is forecast to be required in oil and gas development by 2040 to meet the world's energy needs. Similarly, membership of relevant industry associations that effectively support and advocate for the accelerated deployment of carbon capture and storage is in the interests of the Company and its shareholders. Under the IEA's Sustainable Development Scenario, the world will need to geologically sequester more than 2 billion tonnes per annum of carbon dioxide by 2040.

Santos recognises the science of climate change and supports global ambitions to limit temperature rise to well below than 2 degrees Celsius. Santos publishes an annual Climate Change Report and has set a long-term aspiration to achieve net-zero emissions from Santos operations by 2050. Santos' 2019 Climate Change Report outlined three medium-term carbon targets to:

- Reduce global emissions through LNG export growth.
- Economically reduce emissions from Santos operations.
- Pursue step-change emissions reduction technologies.

Notice of Annual General Meeting

continued

These targets are aligned with our natural gas-focused corporate strategy.

Santos has also published a 2020 Climate Change Report which provides an update on progress against these targets.

Santos supports industry climate and energy policy positions that ensure the international competitiveness of Australia's emissions-intensive trade-exposed industries such as LNG. The Board considers such policies, held by industry associations such as the Australian Industry Greenhouse Network and the Australian Petroleum Production and Exploration Association respectively, to be in the interests of Santos and its shareholders, and in light of the IEA's Sustainable Development Scenario, consistent with global climate goals.

Santos actively influences the climate and energy policy positions of all relevant industry associations of which it is a member, in accordance with the Company's publicly available Climate Change Policy and Reports. Santos continuously assesses the alignment of its policy positions with relevant industry associations. When the Company is not aligned with an industry association position, as happens on occasion, it works constructively with the association and its members to find common ground, and/or conducts its own direct advocacy with governments and other stakeholders in accordance with its publicly available Climate Change Policy and Reports. The Company also makes an assessment of the business appropriateness of ongoing industry association memberships as they come up for renewal annually.

Accordingly, the Board considers the proposed resolution is not necessary or beneficial and is not in the interests of the Company and its shareholders.

RECOMMENDATION

For the reasons outlined above, the Board recommends that shareholders vote **AGAINST** resolution 5(c).

NOTES RELATING TO VOTING

1. 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 6.30 pm Adelaide time on Wednesday 1 April 2020.

2. 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 2019 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.

3. VOTING ENTITLEMENT ON A POLL

On a poll, every member has one vote for every fully paid ordinary share held.

4. 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 and 4 and against the resolutions in Items 5(a), 5(b) and 5(c).

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 completing and returning the proxy form

Notice of Annual General Meeting

continued

accompanying this Notice 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) or by sending a fax to +61 2 9290 9655. 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. Where more than one proxy is appointed and both attend the meeting, neither proxy is entitled to vote on a show of hands.

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 10.00 am Adelaide time on Wednesday 1 April 2020. You may lodge your proxy form:

- online by visiting www.votingonline.com.au/santosagm2020;
- 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.

5. 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 4 above, by the time referred to in section 4 above.

6. 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. It should be completed prior to the Annual General Meeting and presented at the registration desk on the day of the meeting.

Appendix

APPENDIX 1

The shareholders who requisitioned the resolution in Item 5(a) have requested that, pursuant to section 249P of the Corporations Act, the following statement 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 5(a)

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. As a shareholder, the Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments.

The Constitution of our Company is not conducive to the right of shareholders to place ordinary resolutions on the agenda of the annual general meeting (AGM). In our view, this is contrary to the long-term interests of our company, our company's Board, and all shareholders in our company.

Australian legislation and its interpretation in case law means that Australian shareholders are unable to directly propose ordinary resolutions for consideration at Australian companies' AGMs.

In Australia, the *Corporations Act 2001* provides that 100 shareholders or those with at least 5% of the votes that may be cast at an AGM with the right to propose a resolution.³ However, section 198A specifically provides that management powers in a company reside with the Board.⁴

Case law in Australia has determined that these provisions, together with the common law, mean that shareholders cannot by resolution either direct that the company take a course of action, or express an opinion as to how a power vested by the company's constitution in the directors should be exercised.⁵

Australian shareholders wishing to have a resolution considered at an AGM have dealt with this limitation by proposing two-part resolutions, with the first being a "special resolution", such as this one, that amends the company's constitution to allow ordinary resolutions to be placed on the agenda at a company's AGM. Such a resolution requires 75% support to be effective, and as no resolution of this kind has ever been supported by management, none have succeeded.

It is open to our company's Board to simply permit the filing of ordinary resolutions, without the need for a special resolution. We would welcome this, in this instance. Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and this right is enjoyed by shareholders

³ sections 249D and 249N of the *Corporations Act 2001* (Cth).

⁴ S198A provides that "[t]he business of a company is to be managed by or under the direction of the directors", and that "[t]he directors may exercise all the powers of the company except any powers that this Act or the company's constitution (if any) requires the company to exercise in general meeting."

⁵ *National Roads & Motorists' Association v Parker* (1986) 6 NSWLR 517; *ACCR v CBA* [2015] FCA 785). *Parker* turned on whether the resolution would be legally effective, with *ACCR v CBA* [2016] FCAFC 80 following this precedent on the basis that expressing an opinion would be legally ineffective as it would usurp the power vested in the directors to manage the corporation.

in any listed company in the UK, US, Canada and New Zealand.

We note that the drafting of this resolution limits the scope of permissible advisory resolutions to those related to “an issue of material relevance to the company or the company’s business as identified by the company” and that recruiting 100 individual shareholders in a company to support a resolution is by no means an easy or straightforward task. Both of these factors act as powerful barriers to the actualisation of any concern that such a mechanism could “open the floodgates” to a large number of frivolous resolutions.

ACCR urges shareholders to vote for this proposal.

APPENDIX 2

The shareholders who requisitioned the resolution in Item 5(b) have requested that, pursuant to section 249P of the Corporations Act, the following statement 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 5(b)

Our company claims that it “recognises the science of climate change and supports the objective of limiting global temperature rise to less than 2°C”.⁶ While our Company’s 2019 Climate Change Report addresses each of the key pillars of the Task Force for Climate-related Financial Disclosure (TCFD), our company’s growth strategy and emissions targets are not consistent with the goals of the Paris Agreement.

Capital expenditure and growth

The IPCC’s Special Report on Global Warming of 1.5°C projects that in the absence of, or with only a limited use of, fossil fuels with carbon capture and storage (CCS), the share of primary energy provided by gas must decline by 20–25% by 2030, and by 53–74% by 2050 (relative to 2010).⁷ Contrary to those projections, our company intends to increase gas production by 60% to 120 million barrels of oil equivalent by 2025.⁸

Our company has indicated major growth capital expenditure of \$500 million in 2020, including the Barossa and Dorado fields, and in Papua New Guinea.⁹ Our company continues to fund offshore exploration off the coast of Western Australia, and onshore in the Northern Territory and Queensland.¹⁰

6 Santos Ltd, Climate Change Policy, 12 December 2017

7 IPCC, Special Report on Global Warming of 1.5°C, October 2018

8 Santos Ltd, ASX Media Release, 3 December 2019

9 Santos Ltd, 2019 Investor Day Presentation, 3 December 2019

10 *ibid.*

Appendix continued

In early 2019, our company assessed the resilience of its portfolio against three scenarios from the International Energy Agency (IEA), all of which rely heavily on large scale carbon capture and storage (CCS) and/or negative emissions. Even the most ambitious of those scenarios, the Beyond 2°C Scenario (B2DS), allows for one-in-three odds of exceeding 2°C. Our company should reassess its strategy on the basis of the Principles for Responsible Investment (PRI) Inevitable Policy Response, which forecasts policy intervention by 2025 that will be “forceful, abrupt, and disorderly because of the delay”.¹¹

There is a clear gulf between our company’s plans and the recommendations of the IPCC, given the absence of commercially viable carbon capture and storage. It is incumbent upon our company to demonstrate to shareholders how its capital expenditure, including each material investment in exploration, acquisition or development of oil and gas reserves, is aligned with the Paris Agreement’s goal of limiting global warming to well below 2°C.

Emissions targets and performance

Our company’s Scope 1+2 emissions (operated) were 5.88 million tonnes CO₂-equivalent in 2017/18, an increase of 48% since 2013/14.¹² Our company’s Scope 3 emissions were 19.1 million CO₂-equivalent in 2017/18, an increase of 6% since 2013/14.¹³ Our company’s Scope 3 emissions, from the use of product sold, equate to more than three quarters of its carbon footprint, yet it has shown no intention of limiting

or reducing its Scope 3 emissions.

In its 2019 Climate Change Report, our company committed to the following:¹⁴

1. To increase gas production by 50% by 2025 (increased to 60% in December 2019);
2. To reduce operational emissions by 5% by 2025;
3. To assess carbon, capture and storage, and solar thermal technologies.

These are not credible targets, nor are they aligned with the Paris Agreement. Our company intends to increase production for the foreseeable future, even though its global peers BHP Group, Repsol and Royal Dutch Shell have committed to set targets to reduce Scope 3 emissions.

Our company also opposes regulators taking into account the emissions from Australia’s LNG exports. In a speech in July 2019, our company’s CEO Kevin Gallagher said “...that doesn’t mean there’s a role for regulators to consider Scope 3 emissions in project approvals”.¹⁵

Our company’s commitment to reduce operational emissions by 5% by 2025 will likely be achieved by the ongoing decarbonisation of the electricity grid with only minor operational improvements by the company.

To date, our company has failed to provide additional information about its commitment to “assess carbon capture and storage, and solar thermal technologies”. It has not disclosed its

¹¹ <https://www.unpri.org/inevitable-policy-response/what-is-the-inevitable-policy-response/4787.article>

¹² Santos Ltd, Climate Change Report 2019, 21 February 2019

¹³ *ibid.*

¹⁴ Santos Ltd, Climate Change Report 2019, 21 February 2019

¹⁵ Santos Ltd, CEO Speech to Petroleum Club WA Dinner, 23 July 2019

financial commitment, or any sort of timeline or metrics by which it will measure success.

The IPCC 1.5°C report recommends that in order to reach net zero carbon emissions by 2050, gas must play a diminishing role in primary energy. Failing to limit global warming to 1.5°C will seriously impact the functioning of our financial systems and society more broadly. The Australian summer of 2019/20 is evidence that climate change is already impacting the economy, yet our company has no plans to reduce its carbon footprint.

Remuneration

Our company's CEO and senior executives are awarded short-term incentives (STI) based on the assessment of company performance against the company scorecard. Twenty percent (20%) of the company scorecard is composed of "Safety, Environment and Culture" measures, none of which relate to emissions reduction.¹⁶

Furthermore, thirty percent (30%) of the company scorecard is composed of "Growth" measures, including "2P organic reserves replacement ratio (RRR)" and "2C resource add".¹⁷ Despite overwhelming evidence that the vast majority of proven reserves cannot be extracted and burned if we are to limit global warming to well below 2C,¹⁸ our company continues to incentivise executives to explore for more reserves.

Our company's remuneration report must be substantially overhauled to remove incentives for exploration, and begin to incentivise emissions reduction and business transformation.

ACCR urges shareholders to vote for this proposal.

APPENDIX 3

The shareholders who requisitioned the resolution in Item 5(c) have requested that, pursuant to section 249P of the Corporations Act, the following statement 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 5(c)

ACCR expects alignment of company lobbying with the goals of the Paris Agreement to limit global warming to well below 2°C (Paris Goals). We are concerned that our company's recent direct¹⁹ and indirect²⁰ lobbying activities have not promoted the achievement of the Paris Goals.

Independent, UK-based research group InfluenceMap has described Australia as "a test-tube case for what happens when highly

¹⁶ Santos Ltd, Annual Report 2018

¹⁷ *ibid.*

¹⁸ Global Carbon Project, Global Carbon Budget 2019

¹⁹ **Direct lobbying** includes lobbying of state and federal parliamentarians undertaken by senior executives and Board members or lobbying firms engaged by our company as its agents.

²⁰ **Indirect lobbying** includes lobbying, advertising and advocacy activities undertaken by industry associations of which our company is a member.

Appendix continued

powerful and climate-obstructive fossil fuels lobbyists can operate with impunity.”²¹

This resolution seeks further disclosure on our company’s direct and indirect lobbying on climate and energy policy, in light of the failure of successive Australian governments to implement policy designed to achieve the Paris Goals.

Direct lobbying

In recent years, our company has publicly criticised the Australian government’s approach to energy policy as “populist”,²² lobbied the Western Australian Premier Mark McGowan immediately after the Western Australian Environment Protection Authority (WA EPA) proposed considering Scope 3 emissions in project approvals,²³ and most recently called for subsidies for carbon capture and storage (CCS).²⁴ Currently, shareholders are unaware of the full extent of our company’s direct lobbying of state and federal governments.

While some Australian states require the disclosure of limited relevant records (e.g. Ministerial diaries are disclosed in New South Wales), regulation in this area is incomplete. Federal law does not compel disclosure of the information requested in this resolution.

Indirect lobbying

Since 2017, at least eight ASX50 companies (and many more global companies) have conducted a formal review of the activities of their industry associations. To date, our company has not committed to doing the same.

Our company is a full member of the Australian Industry Greenhouse Network (AIGN), the Australian Petroleum Production and Exploration Association (APPEA), the Chamber of Minerals and Energy of Western Australia (CMEWA) and the Queensland Resources Council (QRC).

- AIGN represents the interests of EITE (emissions-intensive, trade exposed) industries. It lobbied against effective policy on climate change throughout the early 2000s, and its own members once described the organisation as the “greenhouse mafia”.²⁵ Very little information about AIGN’s recent activities is publicly available, however AIGN remains active and continues to send a delegation to international climate talks, including COP25 in Madrid.²⁶
- APPEA, of which our company’s CEO is Chair, has supported the use of Kyoto carryover credits²⁷ to effectively halve Australia’s 2030 emissions target, a position which the Australian government used to

21 Influence Map, Trade Groups and their Carbon Footprints, September 2019

22 <https://www.abc.net.au/news/2018-09-05/santos-gas-federal-government-policy-investor-confidence/10204284>

23 <https://www.smh.com.au/business/the-economy/epa-buckles-under-pressure-from-wa-government-oil-and-gas-sector-20190314-p5144l.html>

24 <https://www.smh.com.au/business/companies/santos-boss-optimistic-about-next-two-decades-despite-amped-up-climate-change-debate-20200116-p53s3o.html>

25 Guy Pearce, High and Dry, 2007

26 <https://unfccc.int/process-and-meetings/parties-non-party-stakeholders/non-party-stakeholders/overview/how-to-obtain-observer-status>

27 https://www.appea.com.au/media_release/appea-welcomes-commitment-to-further-consultation-on-labors-climate-change-action-plan/

delay talks at COP25 in Madrid.²⁸ APPEA has called for LNG plants to be exempt from public disclosure of their emissions,²⁹ has opposed state-based renewable energy targets,³⁰ and has said that there is no “need in any way, shape or form” for governments to regulate emissions from LNG exports.³¹

- In recent years, APPEA has developed a growing online and social media presence, often under the auspices of several, ostensibly independent or separate, entities. These entities are all owned and managed by APPEA, and promote its messaging online using different branding and messaging styles. These entities include: Energy Information Australia, Bright-r with Gas, Gas4NT, Shale Gas, Natural CSG (no longer in use), Our Natural Advantage and Seismic Survey.
- APPEA and the CMEWA successfully campaigned against a WA EPA recommendation that would require large new emissions intensive projects to offset carbon emissions.³²
- QRC has called on the Queensland government to underwrite the development of a new coal-fired power station,³³ lobbied extensively for new thermal coal mines in the

Galilee Basin,³⁴ and relentlessly pursued policies to promote the export of Australian thermal coal to Asia.³⁵ In 2019, it supported government efforts to criminalise protest.³⁶

Australia urgently requires the implementation of public policy designed to bring the country’s emissions trajectory into line with the Paris Goals. Our company’s record of lobbying on climate and energy policy runs directly counter to the achievement of the Paris Goals. This resolution promotes a strategic reset of our company’s approach to policy engagement, at a crucial time.

ACCR urges shareholders to vote for this proposal.

28 <https://www.theguardian.com/environment/2019/dec/16/un-climate-talks-australia-accused-of-cheating-and-thwarting-global-deal>

29 <https://www.theguardian.com/environment/2018/nov/16/nothing-to-hide-oil-and-gas-lobby-pushes-to-limit-data-on-its-emissions>

30 APPEA Submission, Energy Security Board National Energy Guarantee Draft Detailed Design Consultation Paper, June 2018

31 <https://www.theaustralian.com.au/business/mining-energy/rivals-baulk-at-bhp-carbon-plan/news-story/83afe8670070a450b1a4732ebc6703ab>

32 https://www.appea.com.au/media_release/wa-epa-guidelines-put-investment-at-risk/

33 <https://www.qrc.org.au/media-releases/hele-power-plant-strengthen-queenslands-trade-energy-leadership/>

34 <https://www.qrc.org.au/media-releases/all-mps-must-heed-bipartisan-committee-call-to-bin-galilee-ban-qrc/>

35 <https://www.australianmining.com.au/news/record-coal-exports-continues-to-drive-queensland-economy/>

36 <https://www.abc.net.au/radio/programs/pm/pm-pledges-to-crack-down-on-protesters/11665058>

AGM venue location

Adelaide Oval

GETTING TO THE AGM

AGM venue

The AGM will be held in the William Magarey Room on Level 3 of the Riverbank Stand at Adelaide Oval, War Memorial Drive, North Adelaide. We suggest, for your convenience, entering via the South Gate.

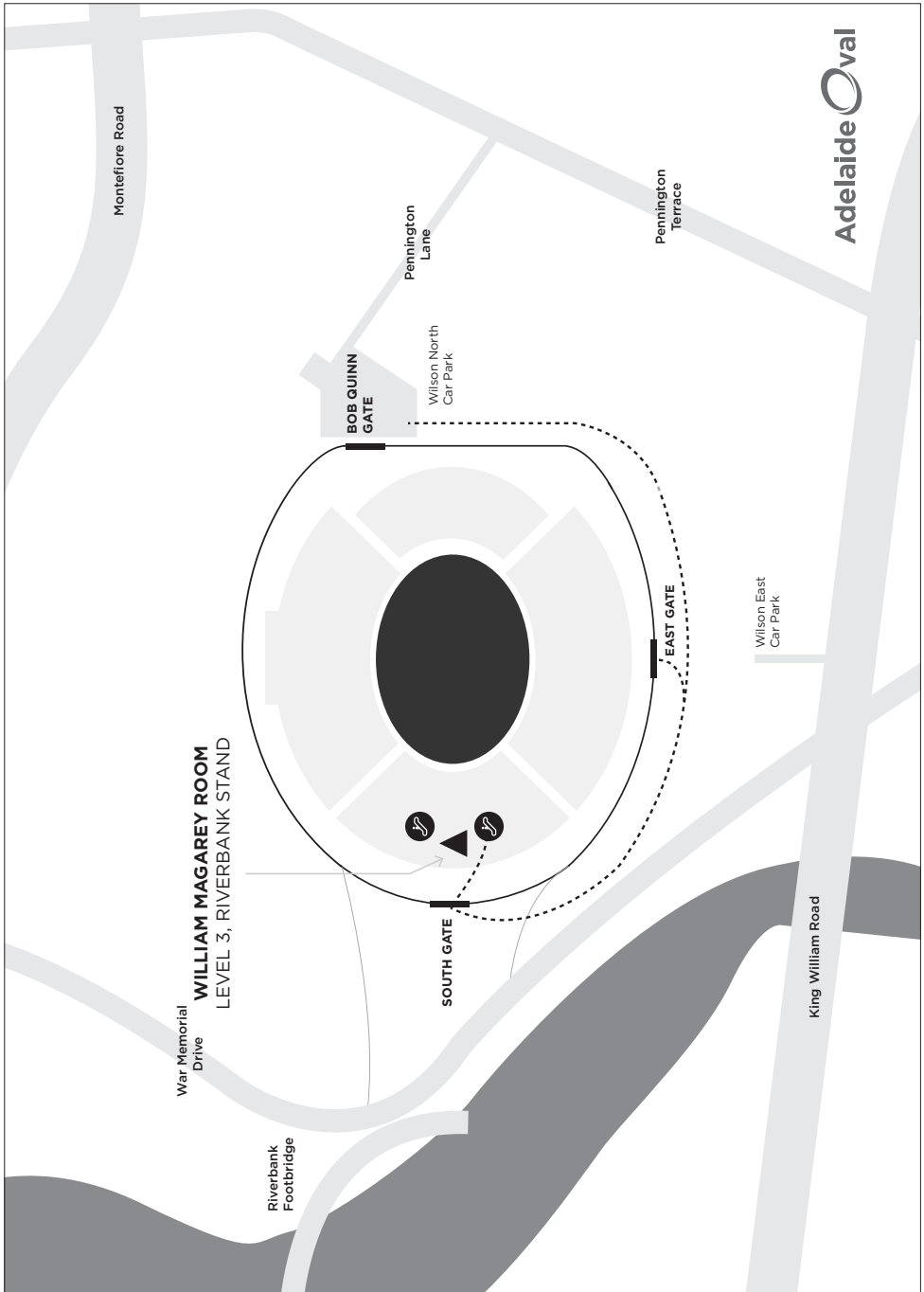
Car parking

Car parking is available in the Wilson Adelaide Oval East Car Park and the Wilson Adelaide Oval North Car Park.

The map on the following page shows access to car-parking facilities.

Public transport

- The Adelaide Railway Station is located on North Terrace, approximately a five-minute walk across the Riverbank footbridge or via King William Street.
- The Adelaide Festival Centre tram stop is located a short walk from the Adelaide Oval. The trams operate between Glenelg and the city.



Santos



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

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **10:00am (Adelaide time) on Wednesday 1 April 2020.**

🖥 TO VOTE ONLINE

- STEP 1:** VISIT <https://www.votingonline.com.au/santosagm2020>
- 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 admission. 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 Wednesday 1 April 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

🖥 **Online** www.votingonline.com.au/santosagm2020

📠 **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

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

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 in the William Magarey Room at Adelaide Oval, War Memorial Drive, North Adelaide SA 5006 on Friday 3 April 2020 at 10:00am (Adelaide time) and at any 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 4 inclusive.

The Chairman of the Meeting intends to vote all available undirected proxies **against** Resolutions 5(a) to 5(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 on a show of hands or on a poll 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

The Board recommends shareholders vote FOR resolutions 2(a) to 4

FOR

Resolution 2(a) To re-elect Mr Guy Cowan as a Director

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FOR

Resolution 2(b) To re-elect Ms Yasmin Allen as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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FOR

Resolution 2(c) To elect Mr Yu Guan as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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FOR

Resolution 2(d) To elect Ms Janine McArdle as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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FOR

Resolution 3 Adoption of the Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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FOR

Resolution 4 Grant of Share Acquisition Rights to Mr Kevin Gallagher

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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NON-BOARD ENDORSED RESOLUTIONS

The Board recommends shareholders vote AGAINST resolutions 5(a) to 5(c)

AGAINST

Resolution 5(a) Special resolution - Amendment to the Constitution

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AGAINST

Resolution 5(b) Paris Goals and Targets

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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AGAINST

Resolution 5(c) Climate Related Lobbying

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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STEP 3 SIGNATURE OF SECURITYHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary