

Good year. Interesting prospects.

Company/ASX Code	Santos / STO
AGM date	Thursday 6 April 2023
Time and location	10am Adelaide time, Adelaide Convention Centre
Registry	Computershare
Type of meeting	Physical without webcast but there will be a record on website (including Q&A) after the meeting. Pre-meeting questions invited.
Poll or show of hands	Poll on all items
Monitor	Bob Ritchie assisted by James Hahn & Malcolm Holden
Pre AGM Meeting?	Met by video with Chair Keith Spence on 30 March

At least one individual (or their associates) involved in the preparation of this voting intention has a shareholding in this company.

Summary of issues for meeting

Our interest will be in planned strategic developments; particularly Barossa.

Proposed Voting Summary

No.	Resolution description	
2a	Re-election of Ms Yasmin Allen as a Director	For
2b	Re-election of Mr Guy Cowan as a Director	For
2c	Re-election of Ms Janine McArdle as a Director	For
3	Adoption of Remuneration Report	For
4	Approval of equity grant to CEO/Managing Director Kevin Gallagher	For
5	Spill motion (contingent resolution)	Against
6a	Adoption of new or amended constitution	Against
6b	Capital protection (contingent resolution)	Against

Summary of ASA Position

Consideration of accounts and reports - No vote required

The results for the year were good; including revenue, profit, 2P resources, debt reduction and progress in strategic developments. Legal setback for the Darwin project is an on-going matter in court. Our consideration of risks in projects was addressed in conversation with the Chairman: Barossa, Darwin & Narrabri, also the Safeguard Mechanism legislation.

Governance and culture

Much improved compared to a decade ago.

Key Board or senior management changes

There was a change of one NED position, with the resignation of Mr Hock Goh and election of Mr Michael Utsler at the 2022 AGM. Some repositioning of a few executives.

ASA focus issues

ESG issues, particularly climate change, are well addressed in the annual report and accompanying climate change report; also the relatively brief response to a section 249P motion statement by a group of 'shareholders'.

Following a three-and-a-half-hour hybrid meeting last year, this year the meeting will be physical not hybrid. There will be no webcast, but a recording (including Q&A) will be on the website after the meeting. There is provision for questions to be submitted before the meeting. We discussed ASA preference for hybrid meetings.

Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (US\$m)	2,112	658	- 357	674	630
UPAT (US\$m)	2,461	946	287	719	727
Share price (A\$)	7.14	6.31	6.27	8.18	5.48
Dividend (US/A cents)	22.7/30.3	14/19	7.1/9.2	11 /12.2	9.7 /13
Simple TSR (%)	18%	7%	- 22%	56%	3%
EPS (US/A cents)	63/99	30.8/40	- 17.1/- 22.2	32 / 35	30 / 40
CEO total remuneration, actual (A\$m)	7.1	7.2	8.11	11.26	4.5

CEO's total actual remuneration compared to annualised Australian Full time Adult Average Weekly Total Earnings is **72.7x** (based on data from the Australian Bureau of Statistics to November 2022 <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>).

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking) by the share price at the start of the year.

Election or re-election of directors

The Santos board of ten directors has diversity, industry depth and spread across other business disciplines. There is adequate turnover.

Re-election of Yasmin Allen

Joined in October 2014 with professional background in finance and investment banking. Chair of people, remuneration and culture committee. Member of two other board committees. Heavy current workload covers commercial and other organisations.

Re-election of Guy Cowan

Joined in May 2016 with professional background in engineering and the hydrocarbons industry. Chair of audit and risk committee, Director of Santos Finance. Current multiple chairmanships of commercial and public interest organisations. Heavy workload.

Re-election of Janine McArdle

Joined in October 2019 with professional background in chemical engineering and hydrocarbon industries, particularly USA. Member of two board committees. A full workload, although not excessive, covers commercial and public interest organisations.

Adoption of Remuneration Report

ASA will vote in favour of adoption of the remuneration report, as we did last year when there was a first strike against it. Readers are referred to [our STO 2022 VI on the ASA website](#). Should there be a second strike, we will vote against a spill motion.

Equity grants to Managing Director/CEO

ASA will vote in favour of the proposed equity grant to the managing Director Kevin Gallagher: 506,722 shares upon full achievement of conditions at end of 2026; ie a maximum value of 182% of 2023 fixed annual remuneration of \$2,010,000, equal to \$3,618,000 at a share price of \$7.14.

Spill motion (in the event of a second strike on remuneration report)

If there is a second strike, ASA will vote open proxies against a spill motion. The source of last year's strike was a proxy adviser who disagreed with the size of the once only grant for the Managing Director. Media reports indicate the proxy advisers are recommending clients support this year's remuneration report.

Adoption of new or amended constitution

The ASA will vote open proxies against this resolution. We do not support a company by company change to constitution to add non-binding votes.

The STO board's rebuttal published in the notice of meeting is well constructed and sound. We particularly note that if strident action against the company were to be successful, it would not mean that extraction of hydrocarbons would cease. Rather, the assets could be sold to a private party and the results would no longer be open to public scrutiny. Further, such transition of business to private owners would mean diminution of shareholder options among listed companies, and will set back a just/fair transition, with corporate impacts on employees, communities and other stakeholders taken into account in the transition strategy and planning.

Say on Climate (contingency motion)

The contingent resolution, dependent on adoption of the constitutional change by a 75% majority is unlikely to occur. If it were to occur, ASA would vote against the contingent resolution. ASA guidelines support annual resolutions until such time as the sustainability standards and reporting reach maturity and change year on year is minimal.

The 2023 climate change report is quite comprehensive and appears sound.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY22	actual \$m	% of Total
Fixed Remuneration	2.02	29%
STI - Cash	1.07	15%
STI - Equity	1.4	20%
LTI	2.55	36%
Total	7.04	100.0%