



<b>Company</b>	Santos Limited
<b>Code</b>	STO
<b>Meeting</b>	AGM
<b>Date</b>	2 May 2019
<b>Venue</b>	Adelaide Oval
<b>Monitor</b>	Bob Ritchie assisted by James Hahn

<b>Number attendees at meeting</b>	340
<b>Number of holdings represented by ASA</b>	529
<b>Value of proxies</b>	\$35 million
<b>Number of shares represented by ASA</b>	5 million (equivalent to 11th in Top 20 list)
<b>Market capitalisation</b>	\$14 billion
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with chairman Keith Spence

## Growth focus in play

[Presentations by the Chair and Managing Director](#) were upbeat and quite comprehensive. ASA sought balance by drawing attention to some results which were not so upbeat. While return on equity was 9%, adjustment for \$2 billion impairment over 2016 and 2017 reduced this to 7%. Nevertheless, a very material turn-around had been produced. Shareholder appreciation of the financial improvement was expressed by other shareholders at the microphone, reinforced by acclamation from the assembly.

Dividends produced questions and comment; particularly franking. The board position of not singling out the needs of some group of shareholders was noted by ASA as correct in principle yet overlooking the 110,000 shareholders who hold the 25% of shares not held by the top twenty shareholders.

Environmental, social and governance issues were again prominent in questions and comments from the floor and were better organised as less repetitive and quite clearly articulated. The most interesting matters related to differing views of facts like the depth of impervious overburden and separation from aquifers. A particular social issue raised by two speakers was appropriateness of representation acknowledged by Santos in dealings of native title matters in the Northern Territory, where Santos had relied on advice from the Northern Land Council.

The Chair's responses to activists was respectful and careful, generally appealing to differing facts or differing authorities and only rarely (when appropriate) stating they held positions in direct disagreement.

Re-election of two directors engendered a handful of questioners in each case; a vast improvement on the interest shown in some companies. ASA participated in the questioning for both candidates and appreciatively commented on the interest shown by shareholders; noting that the legal incapacity of shareholders in general meeting to direct or formally advise directors means that shareholders should be taking much greater interest in whom their directors are.

All resolutions were passed without protest, with ASA support but commenting on room for improvement in two of four long-term incentive matters and on the grant approved for the MD.

After the meeting, members of the ASA monitoring team met with other ASA members (one of whom flew in from Brisbane just for the meeting), other shareholders with questions and with company executives. A subject of post meeting conversation was the board's dividend policy of ten to thirty percent of free cash flow could be perceived as seventy to ninety percent retention of earnings for capital management, consistent with the board's declared positioning of the company for growth.

There was press coverage in [The Advertiser](#) and [The Australian](#) the next morning.