
2021 Statement on Review of Industry Associations

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1. Summary

For more than 65 years, Santos has been working in partnership with local communities, providing Australian jobs and business opportunities, safely and sustainably developing Australia's natural gas resources, and powering Australian industries and households. With assets spanning Australia, Papua New Guinea and Timor-Leste, our focus is continuing and expanding this mission through cleaner, low-cost fuels.

This document reviews the industry associations of which Santos is a member, focusing on alignment with our company's climate and energy policies and ambitions. Santos regularly reviews memberships of industry associations to assess whether to become, or remain, a member.

In 2021 Santos paid A\$1,336,500 for membership of the industry associations addressed in this document.

Santos Climate Change Policy

Santos' Climate Change Policy is aligned with the goals of the Paris Agreement and guides the company's decision-making and advocacy. This Policy is provided as an appendix to this Statement. Santos conducts all advocacy in line with the goals of the Paris Agreement.

More information about Santos' approach to climate change can be found in our annual Climate Change Reports, which are aligned with the recommendations of the G20's Task Force on Climate-Related Financial Disclosures and available on our website www.santos.com.

The company's Climate Change Policy sets out our commitments to climate change:

- + Santos recognises the scientific consensus of climate change assessed by the Intergovernmental Panel on Climate Change. We support the objective of the Paris Agreement to limit global temperature rise to less than 2 degrees Celsius and pursue efforts to limit the temperature rise to 1.5 degrees Celsius.
- + We believe that access to reliable and affordable energy is critical to meeting sustainable development goals and improving living standards and economic prosperity in developed and developing nations. Santos is committed to being part of the solution by supporting the twin objectives of limiting greenhouse gas emissions and providing cleaner fuels to domestic and global markets.
- + Santos has a target of net-zero scope 1 and 2 greenhouse gas emissions by 2040. Our strategy focuses on natural gas as a reliable transition fuel source and the development of technologies such as carbon capture and storage and clean fuels, such as hydrogen, as foundations for our decarbonisation pathway.

In 2021, most industry associations have climate and energy policies that align with Santos' positions.

Alignment is assessed by reference to Santos' climate change and energy positions including recognition of the scientific consensus of climate change, support for the Paris Agreement goals and support for net-zero by 2050.

All industry associations that Santos is a member of have been assessed to be aligned with or neutral to Santos' climate change positions.

Santos continually reviews industry associations ongoing alignment with the company's positions on energy and climate change and will continue to use its membership to drive the evolution of each association's representative positions and policies, including support for the goals of the Paris Agreement.

Industry associations exist as a way for businesses to share best practice, develop standards, and influence policy development. They serve as a forum to debate, align, and promote key interests of businesses and organisations. Santos engages with industry associations at a frequency that is determined by their administrative processes.

All of Santos' advocacy activities, including responses to Government consultations, are guided by the company's overall policy positions, which include support for the goals of the Paris Agreement. In 2021, this advocacy included engagement with and/or submissions made to Federal Government agencies on the following topics:

- + The development of a methodology that formalises the recognition of carbon capture and storage technology as a greenhouse gas abatement method. Submissions made as part of this consultation process, including those of Santos, APPEA and APGA are publicly available.
- + Design of an Australian Corporate Emissions Reduction Transparency framework in support of transparent disclosure of performance toward public emissions targets. Submissions made as part of this process including those of APPEA and Santos are publicly available.
- + The proposed new *Carbon Credits (Carbon Farming Initiative–Industrial and Commercial Emissions Reduction) Methodology Determination 2021* relating to crediting reductions in energy and industrial process emissions at industrial and commercial facilities.
- + The hydrogen guarantee of origin scheme for Australia, which supports the principles of technology neutrality.
- + A below-baseline Safeguard Crediting Mechanism recommended by the King Review, with the aim of encouraging below-baseline abatement opportunities not currently being realised under the Safeguard Mechanism or the Emissions Reduction Fund.
- + Amendments to the *National Greenhouse and Energy Reporting Regulations 2008 (NGER Regulations)* and *National Greenhouse and Energy Reporting (Measurement) Determination 2008* in relation to update of methods to estimate fugitive emissions from oil and gas activities, including support for a CSIRO study to measure fugitive emissions from CSG facilities in Queensland.

In addition, we work within relevant industry associations such as APPEA and AIGN, contributing to their submissions, as may be relevant to our activities. These submissions are published on their websites.

2. Review method

The review process involves the **identification** of industry associations of which Santos is a member, **comparison** of the associations' and Santos' positions on climate change and energy, and **determination** of alignment between the relevant positions.

The associations are determined to either align, not align, or be neutral to Santos climate change policy positions.

To be assessed as 'aligned', the industry association needs to evidence alignment with Santos' Climate Change Policy through:

- + Recognition of the scientific consensus of climate change
- + Support for the goals of the Paris Agreement.
- + Support for net-zero by 2050 (or before)

In 2021 Santos ceased to be a member of the Queensland Resources Council and joined the Asian Natural Gas and Energy Association. In reflection of Santos' expanded operating footprint since the completion of the acquisition of ConocoPhillips Australia Business Unit West assets, including the Bayu-Undan field in Timor-Leste, Santos' 2021 Statement on our review of industry associations includes the small number of international associations in which Santos currently holds membership.

While the industry associations of which we are a member can help facilitate and enable decisions related to the company's climate action,

they do not decide how the company allocates its resources in order to achieve its own climate commitments. As such, alignment with industry associations' emissions reductions targets/goals is assessed against the Paris Agreement goals and net-zero by 2050, and not against the higher standards that Santos has adopted for our own business.

Santos' own emissions targets include net-zero scope 1 and 2 greenhouse gas emissions by 2040. In 2021 Santos announced final investment decision to proceed with the Moomba carbon capture and storage project and successfully registered the project with the Australian Clean Energy Regulator, an important milestone in the company's emissions reduction plan. As outlined in our Climate Change Policy, the company's strategy focuses on natural gas as a reliable transition fuel source and the development of technologies such as carbon capture and storage and clean fuels, such as hydrogen. Santos is committed to making significant contributions to the climate challenge, while ensuring ongoing supply of essential, affordable fuel sources in support of sustainable development goals. Our Climate Change Policy actions underpin this and include working with governments and stakeholders in the design of climate change regulation and policies in support of low-cost abatement and incentivising innovation and investment in emissions reduction in an equitable manner.

3. Review findings

This section presents the analysis of industry associations' climate and energy policies alignment with Santos' climate change policy positions.

All industry associations that Santos is a member of have been assessed to align with or be neutral to Santos' climate change policy positions.

AMMA and AIE are assessed to be neutral to Santos' climate change policy positions as they have minimal public climate change advocacy or communications. This is appropriate given the focus of their activities and advocacy is not climate or environmental matters.

The PNG Chamber of Mines and Petroleum (PNG CMP) is also assessed as neutral relative to Santos' climate change policy positions as it also does not present any public communications or advocacy regarding climate change or emissions. The PNG CMP's advocacy and primary mission is to drive social and economic benefit from industry and trade, and ensuring reliable energy for Papua New Guinea, reflective of its status as a developing nation.

When Santos chooses to become or remain a member of an industry association with climate and energy policies that are not aligned or neutral, the company will make its views known about the relevant policies and approaches to the association, including alignment with the goals of the Paris Agreement.

Australian Petroleum Production & Exploration Association (APPEA)

APPEA is the peak national body representing Australia's oil and gas exploration and production industry. APPEA's position on climate change is **aligned** with Santos' climate change positions.

APPEA's climate policy position supports the Paris Agreement and its objectives:¹

Australia's oil and gas industry supports a national climate change policy that delivers greenhouse gas emissions reduction, consistent with the objectives of the Paris Agreement at the lowest cost to the economy. The policy approach should achieve emissions reductions consistent with net zero emissions across the Australian economy by 2050 as part of a contribution to a goal of global net zero emissions by 2050.

APPEA also outlines four key climate policy principles:²

1. Net zero emissions by 2050 should be the goal of national and international policy.
2. Climate policies should be efficient, enduring and integrated with economic, social, technology and energy policies.
3. Australia's international competitiveness should be enhanced.
4. Universal access to affordable, reliable, sustainable and modern energy must be achieved.

APPEA's messaging on climate is consistent with Santos' positions on energy and climate change.

Western Australian Chamber of Mines and Energy (CME WA)

The CME WA is the peak resources sector representative body in Western Australia. CME WA's climate policy position is **aligned** with Santos' positions on energy and climate change.

CME WA's climate policy position supports the Paris Agreement and its goals, and advocates for a sustainable development approach to climate change policy, including the transition to net-zero emissions. The climate change section of the CME WA website states:³

Climate change is a global challenge requiring coordinated action at international, national and sub-national levels. CME supports the Paris Agreement and its goals of limiting global warming to well below 2, preferably to 1.5 degrees Celsius, by reducing emissions to net zero as soon as possible and no later than 2050. Australia, as a signatory to the Paris Agreement, must actively contribute to this goal and fulfilment of its Nationally Determined Contributions.

This is consistent with Santos' positions on energy and climate change.

Australian Pipeline and Gas Association (APGA)

APGA is the peak body representing Australasia's pipeline infrastructure. APGA's communications on climate and energy policy are **aligned** with Santos' climate and energy positions.

The APGA website makes the following statements on climate change and energy policy:⁴

APGA accepts the science of climate change and fully supports the Paris Agreement... APGA is one of six peak industry bodies the developed Gas Vision 2050 which outlines a roadmap to decarbonising the natural gas sector to enable Australia's emissions reduction commitments to be met over the coming decades.

This is consistent with Santos' positions on energy and climate change.

South Australian Chamber of Mines and Energy (SACOME)

SACOME is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive and petroleum sectors, including those who provide services to these companies. SACOME's Climate Change Policy is **aligned** with Santos' positions on climate change and energy.

SACOME's Climate Change Policy states:⁵

The South Australian Chamber of Mines & Energy (SACOME) accepts the international scientific consensus of the Intergovernmental Panel on Climate Change (IPCC) that human influence on the climate system is clear; and that limiting climate change will require substantial and sustained reductions in greenhouse gas emissions which, together with adaptation, can limit climate change risks.

SACOME supports the Paris Agreement as a critical element of the global response to climate change; and its goal of limiting global warming to below 2 degrees Celsius compared to pre-industrial levels while pursuing efforts to limit the temperature increases to 1.5 degrees Celsius above pre-industrial levels.

SACOME member companies continue to express clear public statements of support for the Paris Agreement and may have committed to reaching emissions targets of net-zero by 2050. SACOME shares this support for a target of net-zero emissions by 2050.

SACOME's policy statements and communications are consistent with Santos' positions.

Australian Industry Greenhouse Network (AIGN)

AIGN is a network of industry associations and individual businesses which contribute to climate change policy dialogue and see value in joint industry action on climate change to promote sustainable development. AIGN is **aligned** with Santos' climate and energy position.

In its latest annual report, AIGN made the following statements:⁶

We are committed to industry collaboration on equitable global action to achieve the Paris climate goals.

AIGN welcomes the growing commitments of the Parties to net zero emissions by 2050.

AIGN policies and messaging on climate are consistent with Santos' climate and energy positions.

Australian Institute of Energy (AIE)

AIE is a national, not-for-profit professional association which hosts high-quality events to support member networking opportunities. AIE raises awareness of energy issues, highlighting new and evolving energy technologies and promoting discussion of energy policies. AIE's role and convening function means it holds a **neutral** position on climate change policy relative to Santos.

AIE does not have an official policy stance on carbon or climate change. Its role is more educational/ community-based than direct representation, bringing together individuals and companies with interests and involvement in the energy sector.⁷ While the various forums of information sharing hosted by AIE often have topics consistent with Santos' climate and energy policy,⁸ AIE itself does not have an official policy on climate change.

AIE is considered neutral in respect of alignment with Santos climate and energy policy. Santos is committed to engaging with AIE on climate and energy policy as and when relevant to AIE's forums and representations.

Australian Resources and Energy Group (known as "AMMA")

AMMA is the national representative body for Australia's resources, energy and supply industry employers. It is focused on employment and workforce issues and does not have an official position on climate or energy policy. AMMA is assessed as **neutral** to Santos' climate and energy position.

AMMA provides no specific information on its climate or energy policies and has not provided feedback or advocacy on relevant Government climate or emissions policies.

Due to the absence of policy positions and AMMA's focus on employment and workplace relations, AMMA holds a **neutral** position on climate change relative to Santos. Santos is committed to engaging with AMMA on climate and energy policy when and as relevant to AMMA's work and advocacy.

PNG Chamber of Mines and Petroleum (PNG CMP)

The PNG CMP is the peak industry association that represents the interests of the mining and petroleum industry and associated industries in PNG. PNG CMP provides no specific information on climate or energy policies and is therefore assessed to have a **neutral** position on climate change relative to Santos.

PNG CMP's focus is on economic and social contributions from the resources industry. Its mission statement reads:⁹

To promote the mineral and petroleum exploration potential of Papua New Guinea and the development of a world-class sustainable resources industry that provides benefit streams to improve the welfare of all Papua New Guineans.

PNG CMP's focus on economic development and energy security is reflective of PNG's status as a developing nation; PNG's electricity access remains extremely low, with only an estimated 13 per cent of PNG's 8.6 million people having had access to grid-connected electricity.¹⁰ However, PNG CMP is increasingly turning its attention to environmental issues, having recently established an Environment Committee. Santos is a member of the committee and will engage with the PNG CMP on climate and energy policy through the committee processes.

International Gas Union (IGU)

The IGU is a worldwide non-profit organisation which advocates for natural gas as an integral part of a sustainable global energy system. The IGU is **aligned** with Santos climate and energy position.

The latest 'Global Voice of Gas' report by the IGU states:¹¹

The IGU fully supports the Paris Agreement, the urgent need for action to reduce GHG emissions, and the need for significant decarbonisation of the global energy system to meet these goals.

We recognise the challenge of global warming and can demonstrate that we are an inherent part of the solution, based on proven technology and viable return on investments.

The IGU's messaging is consistent with Santos' climate and energy positions.

Asia Natural Gas and Energy Association (ANGEA)

ANGEA is peak body presenting liquified natural gas and other energy producers, energy buyers, suppliers and companies operating in the Asia Pacific region. ANGEA is **aligned** with Santos climate and energy positions.

ANGEA was launched on 5 October 2021. Santos is a founding member of the association. The association's purpose is to work constructively with governments and industry to build effective and integrated energy policies that meet each country's climate objectives while promoting national and regional economic, and sustainable, growth. The ANGEA website states:¹²

The Asian Natural Gas and Energy Association will work with Governments and policymakers to help them achieve global climate goals as established by the Paris Agreement, recognising country specific requirements.

In the media release supporting launch announcement, ANGEA stated:¹³

The Asia Natural Gas and Energy Association (ANGEA) will advise governments as they develop energy policies and solutions, including renewables and energy conservation, to meet their national needs, achieve global climate goals as established by the Paris Agreement, and encourage investment to support social and economic changes vital for a stable, consistent and affordable transition... ANGEA represents a committed purpose by energy companies operating in the region to partner with Governments and industry to achieve a lower carbon energy future.

ANGEA's messaging and purpose is consistent with Santos' climate and energy positions.

4. References

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- 2 APPEA (2021) Climate Change Policy Principles, <<https://www.appea.com.au/wp-content/uploads/2021/02/2021-APPEA-Climate-Change-Policy-Principles.pdf>>
- 3 CME (2021) Climate Change, <<https://www.cmewa.com.au/policy-advocacy/policy-areas/climate-change/>>
- 4 APGA (2021) Issues – Climate change and energy policy, <<https://www.apga.org.au/issues>>
- 5 SACOME (2021) Climate Change Policy, <https://www.sacome.org.au/uploads/1/1/3/2/113283509/sacome_climate_change_policy_2021_final.pdf>
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- 7 AIE (2021) What we do, <<https://www.aie.org.au/about/what-we-do/>>
- 8 For example: AIE (2021) Energy News: Australia's energy system in 2040, <https://www.aie.org.au/public/126/files/Publications/Journal/EN_Q2_2021%20Final%20LR.pdf>
- 9 PNG CMP (2021) What we do – Mission Statement, accessed 1 November 2021 <<https://www.pngchamberminpet.com.pg/index.php/who-we-are/what-we-do>>
- 10 World Bank (2021) Papua New Guinea: Improved access to reliable, affordable energy <<https://www.worldbank.org/en/news/press-release/2021/04/06/papua-new-guinea-improved-access-to-reliable-affordable-energy>>
- 11 IGU (2021) Global Voice of Gas – Issue 5, Vol 1 <<https://www.igu.org/news/global-voice-of-gas-issue-5-vol-1/>>
- 12 ANGEA (2021) Climate Awareness, <<https://angeassociation.com/about/climate-awareness/>>
- 13 ANGEA (2021) Energy majors join with policymakers in Asia to find solutions to reduce carbon emissions [press release] <<https://angeassociation.com/energy-majors-join-with-policymakers-in-asia-to-find-solutions-to-reduce-carbon-emissions/>>

Climate Change

Policy

Our Commitment

Santos recognises the scientific consensus of climate change assessed by the Intergovernmental Panel on Climate Change. We support the objective of the Paris Agreement to limit global temperature rise to less than 2 degrees Celsius and pursue efforts to limit the temperature rise to 1.5 degrees Celsius.

We believe that access to reliable and affordable energy is critical to meeting sustainable development goals and improving living standards and economic prosperity in developed and developing nations. Santos is committed to being part of the solution by supporting the twin objectives of limiting greenhouse gas emissions and providing cleaner fuels to domestic and global markets.

Santos has a target of net-zero scope 1 and 2 greenhouse gas emissions by 2040. Our strategy focuses on natural gas as a reliable transition fuel source and the development of technologies such as carbon capture and storage and clean fuels, such as hydrogen, as foundations for our decarbonisation pathway.

Our Actions

We will:

- + Work with governments and stakeholders in the design of climate change regulation and policies in support of low-cost abatement and incentivising innovation and investment in emissions reduction in an equitable manner
- + Factor carbon pricing and greenhouse gas emissions into all material business decision-making
- + Set greenhouse gas emission targets consistent with the objective of limiting global temperature rise to less than 2 degrees Celsius and in pursuit of 1.5 degrees Celsius
- + Identify and pursue opportunities to reduce greenhouse gas emissions within our operations and through the supply chain
- + Work with our customers to reduce their greenhouse gas emissions and sell the products we generate only to customers from countries that have a net-zero commitment or are signatories to the Paris Agreement
- + Avoid any unnecessary flaring from our activities and reduce flaring required for the safe conduct of our operations to as low as reasonably practicable
- + Make Final Investment Decision for new offshore greenfield projects from 2025 only if they abate and/or offset reservoir CO2 emissions
- + Identify and implement cost-effective opportunities to sequester carbon, integrate new technologies and offset greenhouse gas emissions, in pursuit of our emission reduction targets
- + Identify, manage and mitigate climate change risks for our activities and in doing so, continue to adapt and develop our operational, financial and strategic resilience
- + Report annually on the company's climate change governance, strategy, risk management and targets and metrics in a transparent manner in alignment with recommendations of the Task Force on Climate-related Financial Disclosures
- + Provide our shareholders with an advisory vote, known as a 'Say on Climate' at regular intervals.

Governance

The Environment Health Safety & Sustainability Committee is responsible for reviewing the effectiveness of this policy.

This policy will be reviewed at appropriate intervals and revised when necessary to keep it current.

Kevin Gallagher
Managing Director & CEO