Santos

TAX CONTRIBUTION DISCLOSURE

31 DECEMBER 2022

EXECUTIVE SUMMARY

The Board and Management of Santos Ltd are pleased to present the Tax Contribution Disclosure for the year ended 31 December 2022.[1]

In line with the Santos Tax Policy, the Board has approved adoption of the Board of Taxation's Voluntary Tax Transparency Code (the Code) and the disclosures in this report are provided in accordance with the recommendations contained in Part A and Part B of the Code.

As an Australian headquartered business with a global footprint, we know that our stakeholders and the communities in which we operate rightly expect companies to pay their fair share of tax. Delivering on our commitment to tax transparency, we provide this disclosure as part of our tax policy and being transparent in relation to our tax contribution.

For the year ended 31 December 2022 Santos paid US$1.323bn to Australian and foreign governments for income tax, royalties and employee taxes and had an effective tax rate of 28%

1 The Santos Tax Contribution Disclosure is not audited, but is based on data in the audited Santos statutory accounts (which are prepared under Australian Accounting Standards) as well as the final lodged income tax returns.

PART A

The following disclosures are made in accordance with Part A of the Code to complement our annual disclosures in the audited statutory accounts for the year ended 31 December 2022:

- A summary of accounting profit (or accounting loss) before income tax expense
- A reconciliation of accounting profit (or accounting loss) before income tax expense to income tax expense (or income tax benefit), identifying material differences
- A reconciliation from income tax expense (or income tax benefit) to Australian income tax payable (or income tax loss), identifying material differences
- Notes on the effective tax rate

Effective from 1 January 2019, the functional currency of Santos changed from Australian dollars (AUD) to United States dollars (USD) and the statutory accounts are presented on a consolidated basis in USD.

ACCOUNTING PROFIT / (LOSS) BEFORE TAX EXPENSE

The majority of revenues generated by Santos in 2022 were from its operations in Australia, Timor-Leste and Papua New Guinea.

The accounting profit before tax was US$2,948 million

ITEM	$US MILLION
Revenue from product sales	7,790
Cost of product sales	(3,900)
Gross profit	3,890
Other revenue (royalties, tariffs and tolls)	197
Other income (pipeline tariffs, net gain/loss on asset sales)	294
Impairment of non-current assets	(328)
Other expenses (exploration and evaluation, selling and administrative expenses)	(835)
Finance income	54
Finance costs	(308)
Share of net profit of joint ventures	(16)
Accounting profit (accounting loss) before tax	**2,948**

ACCOUNTING PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE TO INCOME TAX EXPENSE / (BENEFIT)

There are no current material income tax expense/(benefit) differences, as between tax expense on pre-tax accounting profit and the adjusted income tax expense.

ITEM	$US MILLION
Accounting profit/(loss) before income tax	**2,948**
Income tax expense/(benefit) @ 30%	884
Non temporary differences	
• Movements in losses and deferred tax assets not recognised	(62)
• Deferred tax assets not previously recognised	(106)
• (Non-assessable)/non-deductible expenses	7
• Tax adjustments relating to prior years	18
• Royalty related tax expense	91
• Other	4
Tax expenses (benefit)	**836**

INCOME TAX EXPENSE / (BENEFIT) TO INCOME TAX PAID

The tax calculation of the Australian operations of Santos for 2022 is set out below and it is noted that Santos has recouped carried forward tax losses and credits in the 31 December 2022 year resulting in lower income taxes paid.

Santos' carried forward tax losses were generated as a result of the deterioration in oil prices from late 2014 as well as the significant past investment made by the company in exploration and development projects, including GLNG.

Positive adjustments in the table below are either:

- non tax deductible amounts that have already been included as expenses in accounting profit/(loss) before tax; or
- taxable amounts that have not already been included as income in accounting profit/(loss) before tax.

Conversely, negative adjustments in the table below are the opposite, being either:

- tax deductible amounts that have not already been included as an expense in accounting profit/(loss) before tax; or
- non taxable amounts that have already been included as income in accounting profit/(loss) before tax.

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ITEM	$US MILLION
Consolidated Global Accounting Revenue	**7,790**
Australian Accounting Revenue[2]	**3,670**
Australian Accounting Profit before tax	**487**
• Accounting depreciation and impairment	1,449
• Non tax deductible expenses	464
• Petroleum resource rent tax paid	(214)
• Tax deductible exploration and restoration costs	(184)
• Tax depreciation	(678)
• Income not assessable for tax	(477)
Taxable income prior to losses	**847**
• Carried forward losses utlised	833
• Taxable income	14
• Tax on taxable income	4
• Tax offsets	(4)
Income tax payable	**0**

2 The revenue of the Australian TCG will now be included in this annual disclosure so users can cross-reference Santos' tax disclosures to the annual tax data published by the ATO. The ATO currently publishes Australian TCG revenues, Australian taxable income and Australian tax paid.

KEY TERMS

Accounting Profit (or Accounting Loss) Before Income Tax Expense accounting revenues less expenses before income tax expenses as determined under accounting standards

Income Tax Expense (or Income Tax Benefit) the total of current tax expense and deferred tax expense, which is included in the accounting profit (or accounting loss) during the current period

Current Tax Expense this is an estimate only of the tax payable for the current year (it is not how much tax is actually paid for the year)

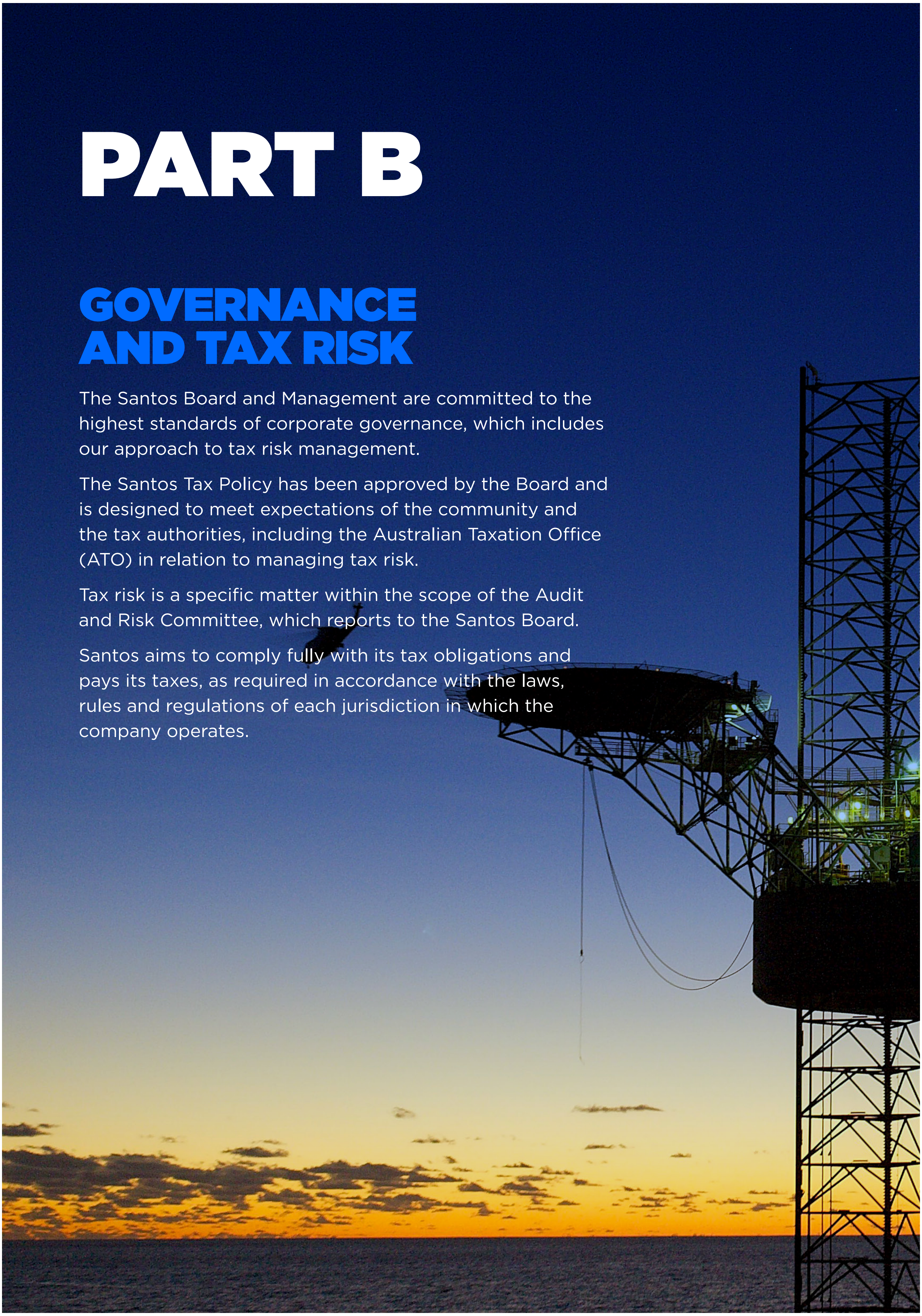
Deferred Tax Expense (or Deferred Tax Benefit) costs can be deducted for accounting and tax over different periods. Deferred tax expense is the movement in the current year of the future differences between accounting and tax amounts (for example, balance sheet differences between exploration claimed for tax but capitalised for accounting)

Permanent or Non-Temporary Differences these differences reflect amounts recognised for accounting purposes that will not be recognised for tax purposes (or vice versa). They are permanent in nature as they are not expected to have any future impact (for example, the Research and Development tax concession)

Timing or Temporary Differences these differences reflect amounts recognised both for accounting and tax purposes, but at different times. They are timing in that they will have a future impact on tax (for example different rates for accounting and tax depreciation of assets)

Effective Tax Rate this is income tax expense (or income tax benefit) divided by accounting profit (or accounting loss) before tax. It is a measure of the extent to which the taxable profits (or losses) of the company will be subject to tax. Variations typically arise from permanent or non-temporary differences between accounting and tax (for example, accounting adjustments for foreign exchange variations)

Impairment an adjustment to the book value of an asset in the accounts as a result of a change in assumptions about the future value of the asset (for example, the fall in oil price assumptions). This impairment is charged to accounting profit, but is not deducted for tax



PART B

GOVERNANCE AND TAX RISK

The Santos Board and Management are committed to the highest standards of corporate governance, which includes our approach to tax risk management.

The Santos Tax Policy has been approved by the Board and is designed to meet expectations of the community and the tax authorities, including the Australian Taxation Office (ATO) in relation to managing tax risk.

Tax risk is a specific matter within the scope of the Audit and Risk Committee, which reports to the Santos Board.

Santos aims to comply fully with its tax obligations and pays its taxes, as required in accordance with the laws, rules and regulations of each jurisdiction in which the company operates.

The following commitments define our tax strategy and are the essence of our Tax Policy

- maintaining a constructive, co-operative and transparent working relationship with tax Authorities
- conducting regular, co-operative and transparent discussions with tax authorities
- complying with our disclosure requirements with tax authorities
- honouring our responsibility to our stakeholders to be a reputable corporate citizen in relation to our tax affairs
- paying our taxes, as required
- following good practice on the voluntary public disclosure of our tax affairs to ensure appropriate transparency
- maintaining strategies to ensure compliance with this tax policy. These include:
  - the assessment and maintenance of robust internal controls and processes to ensure we have consistency across our business and meet our tax obligations
  - the identification and management of tax risks in accordance with the Santos Risk Management Policy
  - the alignment of tax outcomes with commercial strategies
  - designating board and management responsibility for taxes and reporting Protocols
  - providing adequate professional internal and external tax resources
  - pursuing certain, documented tax outcomes, including obtaining tax rulings where necessary, and
  - monitoring, engaging with stakeholders and communicating the impact of material tax changes.

Approach to tax risk

Santos aims to comply fully with its tax obligations in accordance with the laws, rules and regulations of each jurisdiction in which the company operates. This not only includes jurisdictions where our business assets and operations are located, but also includes any locations where we hold a corporate presence, such as the United Kingdom.[3]

3 Details of our Tax Policy and tax strategy are published here in compliance with UK tax transparency requirements for the financial year ended 31 December 2023. These are set out in paragraph 19(2) Schedule 19 of the Finance Act 2016. UK tax transparency requirements are applicable to Santos Bangladesh, Santos Sangu Field and Santos UK.

Accepted levels of tax risk

Both globally and in Australia, Santos seeks to maintain a risk rating from tax authorities consistent with our Tax Policy. As a taxpayer in the ATO's top 100 assurance program, Santos provides a walkthrough of its annual tax return as well as regular real time updates as to the performance of the group and any material transactions being undertaken.

Attitude to tax planning

Santos values its reputation and relationship with all tax authorities and stakeholders and seeks tax outcomes that are consistent with commercial outcomes and which are clearly understood. Santos seeks advice from independent external experts in specific circumstances, places reliance on public guidance from tax authorities and, where appropriate, seeks rulings from tax authorities.

Approach to engagement

Santos has an open and transparent relationship with all tax authorities across a range of activities. In Australia, this includes:

- liaising with the ATO regarding potential transactions
- assisting the ATO with pre-lodgement compliance and post lodgement reviews
- participating in an ongoing dialogue regarding current issues relevant to Santos and the oil and gas industry
- adopting the Board of Taxation's Voluntary Tax Transparency Code

GLOBAL TAX CONTRIBUTION

Santos' tax contributions during the year ended 31 December 2022 are summarised below in US$ million:

Country	Corporate income tax	Royalty related taxes[4]	Other Royalties	Employee Taxes	Other taxes	Global Total US$ million
Australia	-	214	152	188	-	554
Timor-Leste	71	138	-	7	6	222
Papua New Guinea	458	4	59	20	-	541
USA	-	-	-	6	-	6
Total	**529**	**356**	**211**	**221**	**6**	**1,323**

Santos delivered a net profit in 2022 in its Australian operations, but paid no corporate tax in Australia due to the utilisation of carried forward tax losses of approximately US$833 million in the year.

Santos continues to earn overseas income that is subject to taxes in those other jurisdictions but, is not subject to tax in Australia. It is noted that from August 2019, as a result of a renegotiation of the Australia and Timor-Leste Treaty, income from Timor-Leste is fully taxable in Timor-Leste and not taxable in Australia.

4 Royalty Related Taxation payments shown are for Australian Petroleum Resource Rent Tax (PRRT), Resource Rent Royalties (RRR) and Timor-Leste Additional Profits Tax (APT), which are a profits based taxes.

Santos

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