

AGM date and location: 3 May 2022, Adelaide, Australia

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## ACCR position on Santos' Say on Climate vote

On 25 August 2021, ACCR filed proceedings in the Federal Court of Australia in which it alleged that Santos engaged in “greenwashing” in its 2020 Annual Report by embellishing its environmental credentials in a way that is misleading or deceptive or likely to mislead or deceive. It is very likely that the contents of the climate change report that Santos will present for its Say on Climate vote at the 2022 AGM will overlap with issues in the Federal Court proceeding. As such, it is not appropriate for ACCR to analyse and comment on the plan to support investor voting decisions.

The basis of ACCR’s claims are detailed below.

### Clean energy representations

In its 2020 Annual Report, Santos made statements that the natural gas it produces is a “clean fuel” and provides “clean energy”.

ACCR claims these statements convey that the extraction of fossil gas, and the end use of that gas, does not have a material adverse effect on the environment.

ACCR alleges that the report failed to disclose:

- that the extraction and processing of fossil gas, including by Santos, involves the release of significant quantities of carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>) into the atmosphere;
- that the end-use of natural gas releases material amounts of CO<sub>2</sub> into the atmosphere;
- that there are alternative energy sources presently available, which Santos does not produce or intend to produce, that do not release any or any material greenhouse gas emissions.

### Net zero representations

In its 2020 Annual Report, Santos made statements that it had a “clear and credible” plan to achieve “net zero” scope 1 and 2 greenhouse gas emissions by 2040. A large amount of this reduction is anticipated to come from future CCS processes and blue hydrogen.

ACCR claims these statements are potentially misleading because:

- Santos has firm plans to increase its greenhouse gas emissions through the expansion of its oil and natural gas operations, and has not yet decided whether to proceed with its net zero plans; and
- Santos’ net zero plans depend upon a range of undisclosed qualifications and assumptions about CCS processes.

In light of these matters, the Environmental Defenders Office, acting on behalf of ACCR, has commenced proceedings in the Federal Court of Australia seeking to resolve the issues in dispute.

### Relevant legislation

The Federal Court case argues that by making the above representations, Santos has engaged in conduct that was misleading or likely to mislead in contravention of s 1041H of the Corporations Act 2001 (Cth) and s 18 of the Australian Consumer Law (ACL) (Schedule 2 of the Competition and Consumer Act 2010 (Cth)). Further, in making representations that gas is a ‘clean’ fuel or energy source, ACCR claims that Santos engaged in conduct that was liable to mislead the public as to the nature, characteristics, suitability and quality of Santos’ primary product - being ‘natural’ gas – contrary to s 33 of the ACL.

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