Woodside shareholder resolutions and statements

Resolution 1 – Amendment to the Constitution
To amend the constitution to insert the following new Clause 43A: “The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. However, such a resolution must relate to a material risk as identified by the Company and cannot either advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company.”

Supporting Statement 1
Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders do not enjoy the same rights as their UK, US, New Zealand or Canadian counterparts in this respect.

A board of directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In some situations an appropriate course of action for shareholders is to formally and publicly alert the board that shareholders seek more information or favour a particular approach to corporate policy.

The constitution of Woodside is not conducive to the right of shareholders to place advisory resolutions on the agenda of a shareholder meeting.

This is contrary to the long-term interests of Woodside, its board and shareholders.

Passage of this resolution – to amend the Woodside constitution – will simply put Woodside in a similar position in regard to shareholder resolutions as listed companies in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

Resolution 2 – Capital Protection
Shareholders note the company's support for the climate goals of the Paris Agreement,[1] along with the publication of the International Energy Agency's Net-Zero Emissions by 2050 Scenario,[2] and the Climate Action 100+ company assessment.[3] Shareholders therefore request the company disclose, in subsequent annual reporting, information that demonstrates how the company's capital allocation to oil and gas assets will align with a scenario in which global energy emissions reach net zero by 2050, facilitating the efficient managing down of these assets.

This information should include:
- Production guidance for the lifetime of the company's oil and gas assets;
- Plans and capital expenditure expectations for decommissioning and rehabilitating oil and gas asset sites;
- Plans and provisions for supporting staff to transition to future employment following oil and gas asset closures; and
- Details of how remaining value in the company's oil and gas assets will be redeployed or returned to investors.

Supporting statement 2
Australian Financial Review columnist Tony Boyd wrote in August 2021, "Woodside's reserves of LNG and its newly acquired oil and gas reserves from BHP are going to have to be shut down if we are to avoid catastrophic consequences for the global economy, environment and biodiversity."[4]

Shareholders can add their own wealth destruction to this list of what must be avoided.

This resolution seeks to provide confidence to shareholders that Woodside's oil and gas assets are handled in a way that protects shareholder value, while ensuring employee transition and asset decommissioning obligations are adequately planned and resourced.

Undermining commitments
Our company has faced repeated calls in recent years through investor-led initiatives to demonstrate strategic and capital alignment with the Paris Agreement and its climate goals.

These calls include:
- 50% of shareholders voting for scope 1, 2, and 3 emission targets, and exploration and capital expenditure plans aligned with Paris in 2020,
- 19% of shareholders voting for the company to manage down oil and gas production in line with Paris in 2021, and 15% for a similar resolution in 2022, and
- 49% of shareholders voting against Woodside's climate plan in 2022.

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1 https://www.woodside.com.au/docs/default-source/investor-documents/major-reports-(static-pdfs)/2020-full-year-results-and-annual-report/2020-woodside-annual-report.pdf 43
2 https://www.iea.org/reports/net-zero-by-2050
3 https://www.climateaction100.org/company/woodside-energy/
4 https://www.afr.com/chanticleer/climate-drives-bhp-s-woodside-deal-20210817-p58jkn

- The Climate Action 100+ investor initiative's unmet demand to "align future capital expenditures with the Paris Agreement's objective of limiting global warming to 1.5° Celsius".[5]

Yet Woodside has moved in the opposite direction, drastically increasing exposure to climate-related transition risks by committing billions to new projects incompatible with Paris and a net zero by 2050 scenario, and pursuing a merger that would approximately double its oil and gas production.[6]

Betting against climate goals

In December 2021, Woodside announced a final investment decision (FID) to proceed with the $12.0 billion[7] Scarborough-Pluto 2 project,[8] consisting of a $5.7 billion greenfield offshore field[9] and the new $5.6 billion onshore Pluto 2 LNG train (51% Woodside, 49% GIP).[10]

Woodside plans to spend $7.7 billion on Scarborough-Pluto, which multiple independent analyses have found is incompatible with Paris and a net zero by 2050 scenario.

Despite Woodside's climate rhetoric, management cites a global LNG demand forecast consistent with around 3°C of global warming when discussing investment in Scarborough.[11] The International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario (NZE) – modelled to provide a 50% chance of limiting global warming to 1.5°C – projects Australia's LNG trade to fall 25% below 2020 levels by 2030, and to halve by 2040.[12]

Climate Analytics concludes the Scarborough-Pluto project:[13]

- "Represents a bet against the world implementing the Paris Agreement", and
- "Is not 1.5°C consistent and consequently is a major stranded asset risk".

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5 https://www.climateaction100.org/company/woodside-energy/

6 https://www.woodside.com.au/docs/default-source/asx-announcements/2021-asx/woodside-merger-teleconference-and-investor-presentation.pdf 10

7 All dollar values are in USD unless otherwise stated

8 https://www.woodside.com.au/docs/default-source/asx-announcements/2021-asx/060.-scarborough-and-pluto-train-2-developments-approved.pdf

9 https://www.woodside.com.au/docs/default-source/asx-announcements/2021-asx/036-scarborough-project-update-and-line-item-guidance.pdf

10 https://www.woodside.com.au/docs/default-source/asx-announcements/2021-asx/056-woodside-agrees-to-sell-49-stake-in-pluto-train-2-to-gip.pdf

11 https://www.woodside.com.au/docs/default-source/investor-documents/major-reports-(static-pdfs)/2020-full-year-results-and-annual-report/2020-woodside-annual-report.pdf 23; https://www.marketforces.org.au/wp-content/uploads/2021/06/Scarborough-Investor-Briefing-2021.pdf 2

12 https://www.iea.org/reports/net-zero-by-2050 175

13 https://climateanalytics.org/media/climateanalytics_scarboroughpluto_dec2021.pdf

Five months before the Scarborough FID, the IEA found "The rapid drop in oil and natural gas demand in the NZE means… no new oil and natural gas fields are required beyond those that have already been approved for development."[14]

Carbon Tracker finds "Pluto Train 2 is not competitive even in the [IEA's 2.7°C warming scenario] STEPS – that is, a world that utterly fails to decarbonise – meaning the deal with BHP is likely going to trigger Woodside to sanction one of its worst assets, increasing risk for its investors."[15]

Scarborough-Pluto is not the only multi-billion dollar bet Woodside is making against climate action. The company increased its stake in the Sangomar offshore project in Senegal to 82% in July 2021.[16] Carbon Tracker identified the $3.9 billion Sangomar project as the third highest cost oil project sanctioned in 2020 that is incompatible with the IEA's (net zero by 2070) Sustainable Development Scenario,[17] let alone a net zero by 2050 scenario.

The immense stranded asset risk facing Woodside under the NZE is becoming increasingly likely to materialise, with key markets rapidly moving to align with global climate goals. Japan[18] and Korea[19], both key markets for Woodside, have announced plans to reduce gas in their energy mix by 2030, while IEEFA has found over 60% of proposed LNG import and gas power infrastructure in emerging Asia is unlikely to be built.[20]

Doubling down on petroleum exposure

Despite already being laden with climate risks from its existing portfolio, Woodside's decision to take on BHP's entire petroleum portfolio has roughly doubled Woodside's oil and gas production.[21] BHP's portfolio included growth projects with capex costs of up to $17.5 billion from FY22-FY30.[22]

Shareholder support for this resolution is required to ensure returns from Paris-aligned production are maximised, while preventing capital being wasted on projects that are incompatible with climate goals Woodside claims to support.

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14 Ibid

15 https://carbontracker.org/reports/australian-oil-and-gas-mergers-exposing-the-weakness-of-company-transition-planning/ 4

16 https://files.woodside/docs/default-source/asx-announcements/2021-asx/woodside-completes-sangomar-acquisition-from-far.pdf?sfvrsn=f68ebeaa_2

17 https://carbontracker.org/reports/adapt-to-survive/ 30

18 https://www.enecho.meti.go.jp/en/category/others/basic_plan/pdf/6th_outline.pdf 12

19 https://www.spglobal.com/platts/en/market-insights/latest-news/energy-transition/101921-south-korea-finalizes-2050-carbon-neutrality-roadmaps

20 http://ieefa.org/wp-content/uploads/2021/12/Examining-Cracks-in-Emerging-Asias-LNG-to-Power-Value-Chain_December-2021.pdf 3

21 https://www.woodside.com.au/docs/default-source/asx-announcements/2021-asx/woodside-merger-teleconference-and-investor-presentation.pdf 4, 10

22 Ibid 25, 26

Statement on remuneration report

Woodside's remuneration structure is inconsistent with the company's stated support for the climate goals of the Paris Agreement and net zero emissions by 2050.

Woodside's remuneration structure incentivises "advancing our growth projects".[23] In the 2021 Remuneration Report, this incentive specifically incentivised progress on three new oil and gas projects that independent analyses have found to be incompatible with the climate goals of the Paris Agreement - Scarborough, Pluto 2, and Sangomar.

Despite Woodside's climate rhetoric, management cites a global LNG demand forecast consistent with around 3°C of global warming when discussing investment in Scarborough.[24] The International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario (NZE) – modelled to provide a 50% chance of limiting global warming to 1.5°C – projects Australia's LNG trade to fall 25% below 2020 levels by 2030, and to halve by 2040.[25]

The IEA has reinforced its 2021 finding that "There is no need for investment in new fossil fuel supply in our net zero pathway",[26] stating in its October 2022 World Energy Outlook (WEO), "No one should imagine that Russia's invasion can justify a wave of new oil and gas infrastructure in a world that wants to reach net zero emissions by 2050".[27]

The IEA's position is consistent with a "large consensus" of Paris-aligned climate and energy scenarios, which have found "developing any new oil and gas fields is incompatible with limiting warming to 1.5°C".[28]

The latest NZE also projects even sharper declines in gas demand than the previous version, falling 20% globally by 2030.[29]

Climate Analytics concludes the Scarborough-Pluto 2 project:[30]

- "Represents a bet against the world implementing the Paris Agreement", and
- "Is not 1.5°C consistent and consequently is a major stranded asset risk".

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23 https://www.woodside.com/docs/default-source/investor-documents/major-reports-(static-pdfs)/2021-full-year-results/annual-report-2021.pdf?sfvrsn=6572f6c4_8 79

24 https://www.woodside.com.au/docs/default-source/investor-documents/major-reports-(static-pdfs)/2020-full-year-results-and-annual-report/2020-woodside-annual-report.pdf 23; https://www.marketforces.org.au/wp-content/uploads/2021/06/Scarborough-Investor-Briefing-2021.pdf 2

25 https://www.iea.org/reports/net-zero-by-2050 175

26 https://www.iea.org/reports/net-zero-by-2050

27 https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf

28 https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf

29 https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf

30 https://climateanalytics.org/media/climateanalytics_scarboroughpluto_dec2021.pdf

Five months before the Scarborough FID, the IEA found “The rapid drop in oil and natural gas demand in the NZE means… no new oil and natural gas fields are required beyond those that have already been approved for development.”[31]

Carbon Tracker finds “Pluto Train 2 is not competitive even in the [IEA’s 2.7°C warming scenario] STEPS – that is, a world that utterly fails to decarbonise – meaning the deal with BHP is likely going to trigger Woodside to sanction one of its worst assets, increasing risk for its investors.”[32]

Scarborough-Pluto is not the only multi-billion dollar bet Woodside is making against climate action. The company increased its stake in the Sangomar offshore project in Senegal to 82% in July 2021.[33] Carbon Tracker identified the $3.9 billion Sangomar project as the third highest cost oil project sanctioned in 2020 that is incompatible with the IEA’s (net zero by 2070) Sustainable Development Scenario,[34] let alone a net zero by 2050 scenario.

Woodside’s remuneration structure incentivises executives for increasing oil and gas production and progressing new projects when these activities are incompatible with the goals of the Paris Agreement and the pathway to net zero emissions by 2050.

Investors are therefore urged to vote against the remuneration report.

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[31] Ibid

[32] https://carbontracker.org/reports/australian-oil-and-gas-mergers-exposing-the-weakness-of-company-transition-planning/ 4

[33] https://files.woodside/docs/default-source/asx-announcements/2021-asx/woodside-completes-sangomar-acquisition-from-far.pdf?sfvrsn=f68ebeaa_2

[34] https://carbontracker.org/reports/adapt-to-survive/ 30

Statement on director reelections
In the past four years, Woodside has attracted the following investor backlashes over its inadequate approach to climate change:

These calls include:
- 50% of shareholders voting for scope 1, 2, and 3 emission targets, and exploration and capital expenditure plans aligned with Paris in 2020,
- 19% of shareholders voting for the company to manage down oil and gas production in line with Paris in 2021, and 15% for a similar resolution in 2022, and
- 49% of shareholders voting against Woodside's climate plan in 2022.

The Climate Action 100+ investor initiative finds Woodside has failed to "align future capital expenditures with the Paris Agreement's objective of limiting global warming to 1.5° Celsius",[35] demonstrating the company has not brought its strategy into line with the climate goals of the Paris Agreement.

Despite these investor demands for strategy and capital alignment with the Paris goals, Woodside has not altered its strategy, which continues to pursue increasing oil and gas production and new oil and gas supply projects that are incompatible with the climate goals Woodside claims to support, and those supported by the vast majority of its shareholders.

Directors have ultimate responsibility for strategy, and the existing directors of Woodside have failed to respond to investors' repeated demands to bring that strategy into line with global climate goals.

Shareholders are therefore urged to vote against all directors seeking reelection at the upcoming annual general meeting.

[35] https://www.climateaction100.org/company/woodside-energy/