Investor Briefing: Woodside's 2025 AGM

April 2025

ACCR

Summary

ACCR has filed members' statements with Woodside Energy Group Ltd, dissenting against the election of all directors standing at the upcoming annual general meeting (AGM).

The members' statements say Woodside's entire Board shares collective responsibility for the company's failings.

The governance concerns outlined in the statements include:

1. failure to respond to significant financial underperformance
2. failure to materially respond to escalating investor feedback on management of climate risk.

A vote against all directors facing either re-election or election in 2025 is warranted

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Members' statements

The Board shares collective responsibility for Woodside's failings, which include chronically poor shareholder returns and ongoing failure to manage climate risk

Ann Pickard

- Chair of Sustainability Committee[1] since 2017
- Oversaw two climate plans, both of which received record-breaking votes against

Ben Wyatt

- Current Chair of the Audit and Risk Committee[2] with responsibilities including oversight of climate risk
- Member of the Sustainability Committee for two years until December 2023

Tony O'Neill

- Member of the Sustainability Committee since June 2024

A vote against all directors facing either re-election or election is warranted[3]

1. The Sustainability Committee is responsible for "climate change". For its responsibilities, see 2024 Annual report p46
2. The Audit and Risk Committee is responsible for reviewing "the Company's risk management framework". "Climate change" is a specific risk overseen by the committee (2024 Annual report p99).
3. Our members' statements have been filed for inclusion in Woodside's 2025 Notice of the Annual General Meeting.

A vote against Woodside directors is consistent with best practice corporate governance

Holding the board to account through director votes is consistent with governance policies and guidance provided by:

- the ASX Corporate Governance Council[1]
- Australian Council for Superannuation Investors[2]
- the major proxy advisors[3,4]

Asset owners and asset managers with trillions of dollars under management have previously voted against Woodside directors.

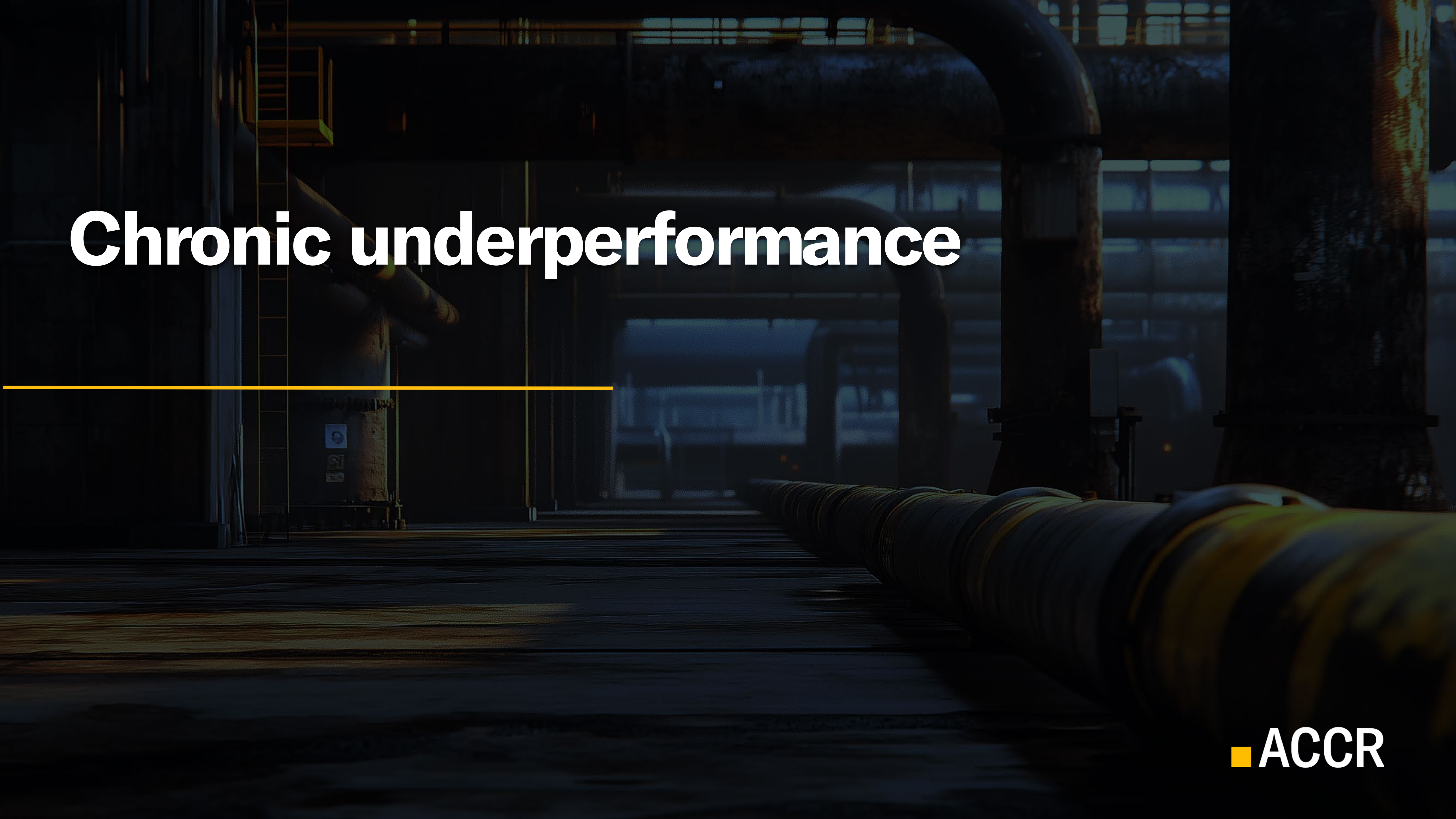
In our view, the governance and climate concerns that led to these votes remain.

A fundamental underpinning of the corporate governance framework for listed entities is that security holders should be able to hold the board and, through the board, management to account for the entity's performance.

Corporate Governance Principles and Recommendations
ASX Corporate Governance Council

1. ASX Corporate Governance Council, Corporate Governance Principles and Recommendations, 2019, p23
2. ACSI, Governance Guidelines – A guide to investor expectations of listed Australian companies, 2023, p29
3. Glass Lewis, 2024 Benchmark Policy Guidelines, 2024, p25
4. ISS, Proxy Voting Guidelines Benchmark Policy Recommendations, 2024, p20

Chronic underperformance



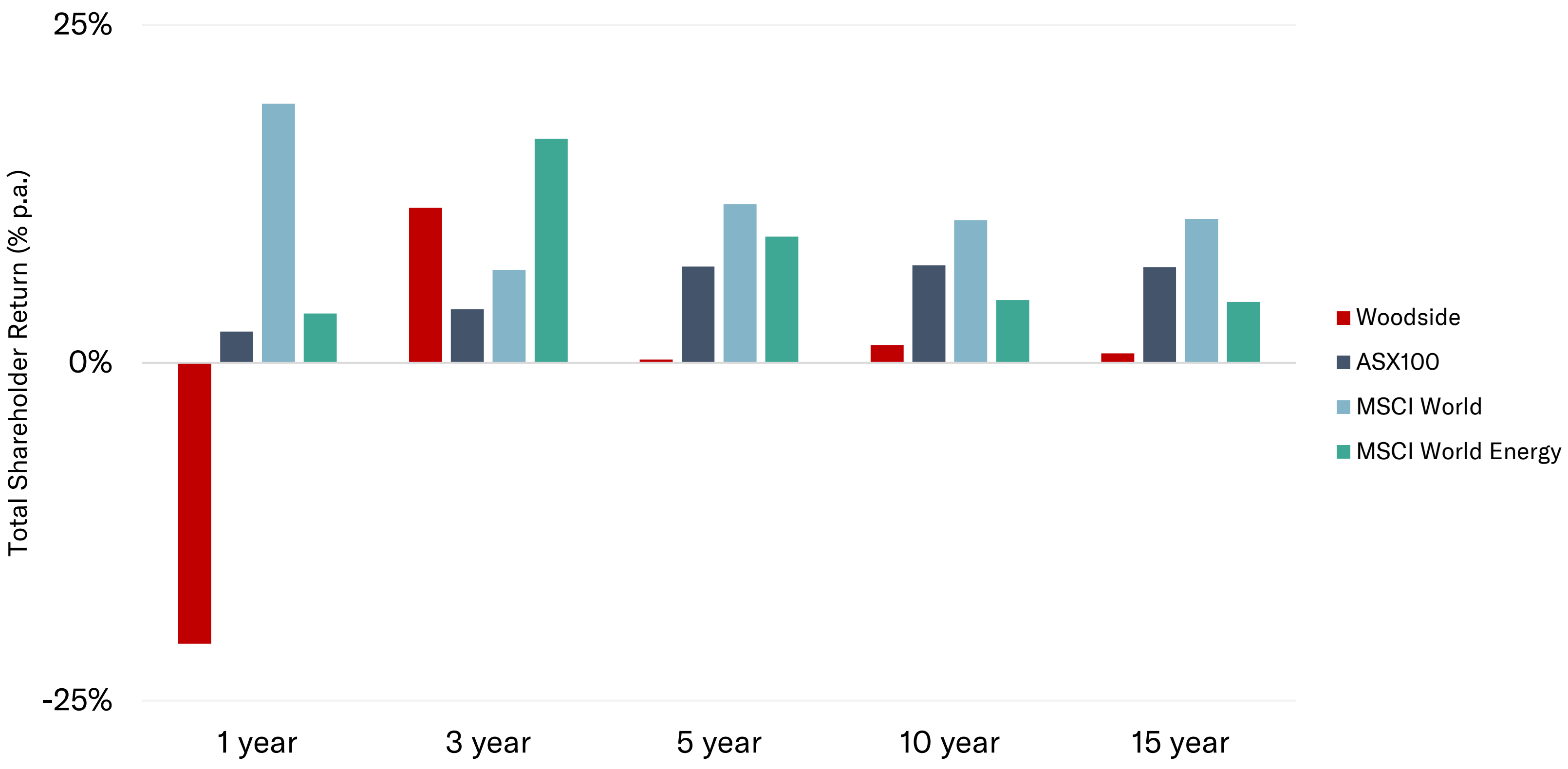
Woodside persistently underperforms Australian and global share markets

Woodside has:

- generated just 0.7% p.a. Total Shareholder Return (TSR) over 15 years
- significantly underperformed the ASX100 and MSCI World over one, five, 10 and 15 years

Whilst the Ukraine war triggered stronger returns over three years, Woodside still lagged the MSCI World Energy index.

Woodside has consistently underperformed relative to equities' markets and its sector



Bloomberg Finance LP, used with permission of Bloomberg Finance LP.
TSR is calculated on a USD basis, with all periods ending 31 December 2024

Woodside has more bullish oil price assumptions than its peers

Woodside had a higher oil price assumptions than many of its peers.

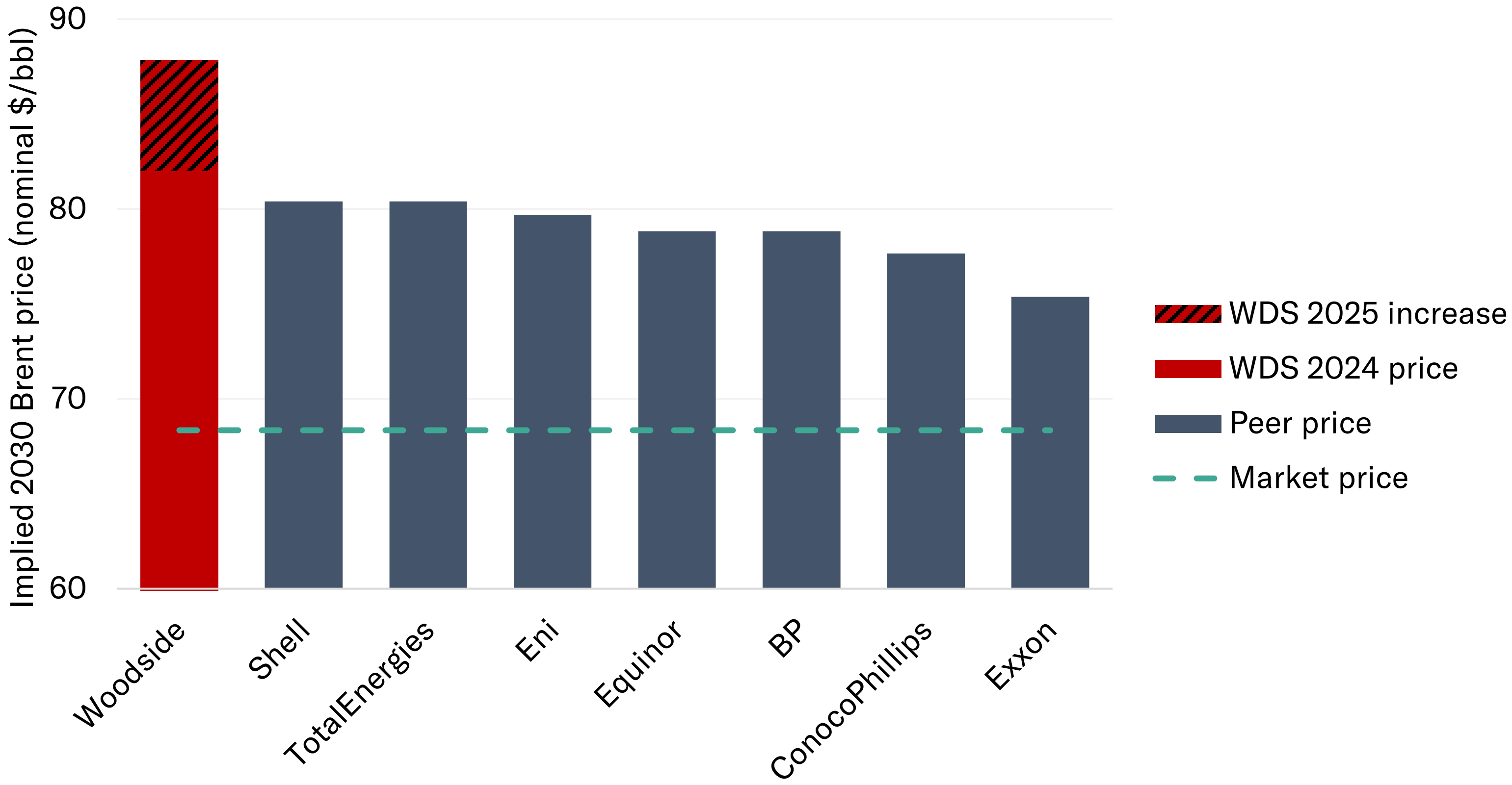
It disclosed a further 7% increase in its 2024 Annual Report. It is now 29% higher than market prices.

This does not seem like a prudent worldview for a company that has:

- a long history of underperforming against its peers
- a portfolio of growth projects that benchmark poorly.

Assuming higher oil prices makes Woodside more likely to sanction marginal projects which we think its peers would not invest in.

Woodside has a higher oil price assumption than any supermajor



Source: Company disclosures, Bloomberg Finance LP, used with permission of Bloomberg Finance LP. Market price is the Brent forward price for 2030 as of 2 April 2025.

Woodside says Sangomar's early performance is "outstanding"[1], but it appears to be conflating a project that generates cash, with one that generates shareholder value

Despite Sangomar generating strong cash flows in 2024, we estimate the project has eroded US$835 million of shareholder value:[2]

- Despite a reliable start up and significant cash flow generation, the project was completed 12 months late and 18% over budget.
- Woodside spent over US$ 1 billion (nominal) acquiring its 82% stake in the project, despite trying to sell down from its original 35% stake.
- The project emitted ~1.1 MtCO_2e in its first year – more than Australia's three oil FPSOs emit in a year.

Woodside makes similar claims about Pluto's success, but:

- it was 77% over budget and 2 years late[3]
- we estimate it eroded US$2.7 billion in NPV.

1. Woodside, Woodside releases reserves statement and Sangomar update
2. Woodside, Woodside releases reserves statement and Sangomar update. 2016 NPV basis (when the first acquisition was made). Based on Rystad Energy's asset model, including acquisition costs, a forward price deck and a discount rate that accounts for the country-risk premium (14%). Ignoring country risk premium (by using a 10% discount rate) results in an NPV of negative US$515 million.
3. 2007 NPV basis (FID year), using Rystad Energy's asset model, including Rystad's 2023 reference price deck and 10% discount rate. "77% over budget" compares Rystad Energy's capex data to Woodside's FID guidance.

Woodside's pre-FID greenfields gas projects are not Paris-aligned or low cost

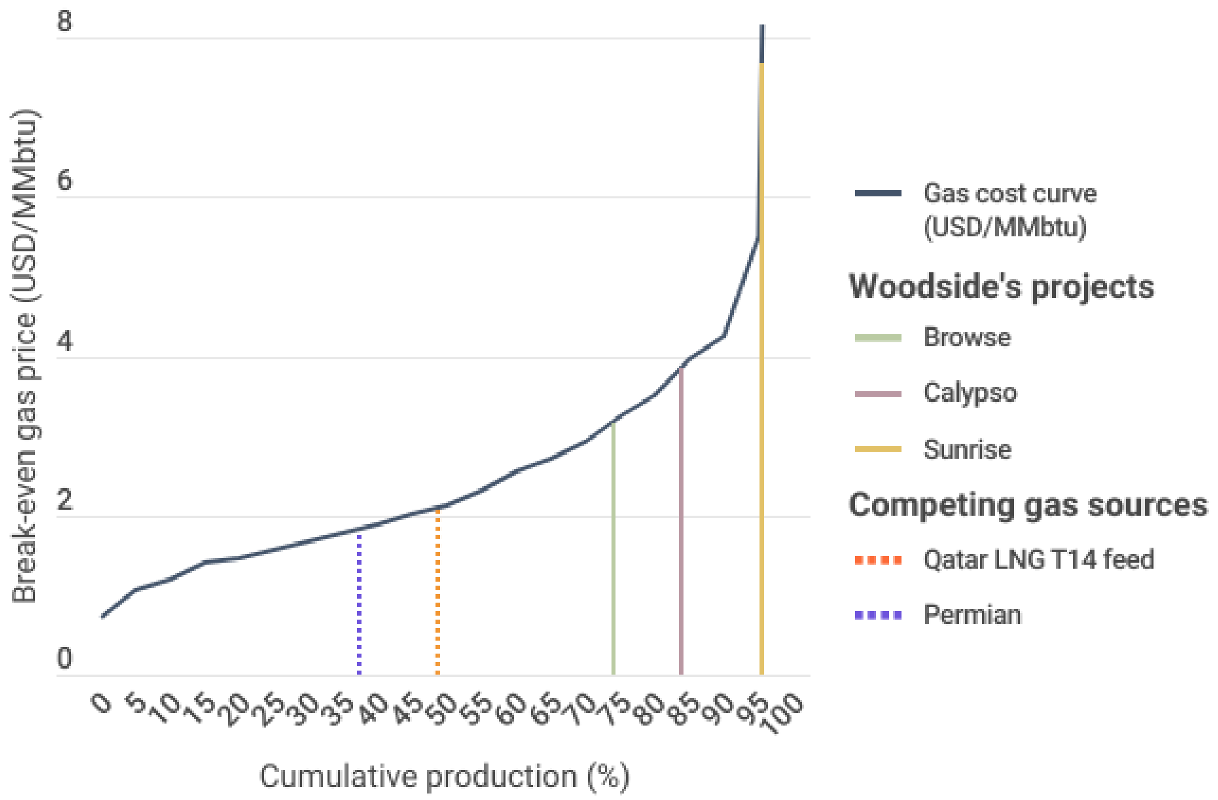
Browse[1]:

- **is more expensive than 70% of the world's unapproved gas projects**
- over 50% more expensive than sanctioned Qatar and unconventional Permian projects
- makes up half of Woodside's upstream pre-FID portfolio by capex, production and emissions
- has not been developed, despite having being discovered in the 1970s, had multiple FEED studies completed, suffered one negative FID, and sunk over $800m in development costs[2]
- is not Paris-aligned.

Sunrise and Calypso:

- **are even more expensive than Browse**
- are being progressed by Woodside despite being classified by Rystad as 'uncommercial' or commercial 'uncertain'.

Woodside's pre-FID gas projects are high cost[3]



1. ACCR, What's next for Woodside, slide 6
2. In the 2010-2016 period. S&P and company disclosures
3. ACCR analysis of Rystad Energy data

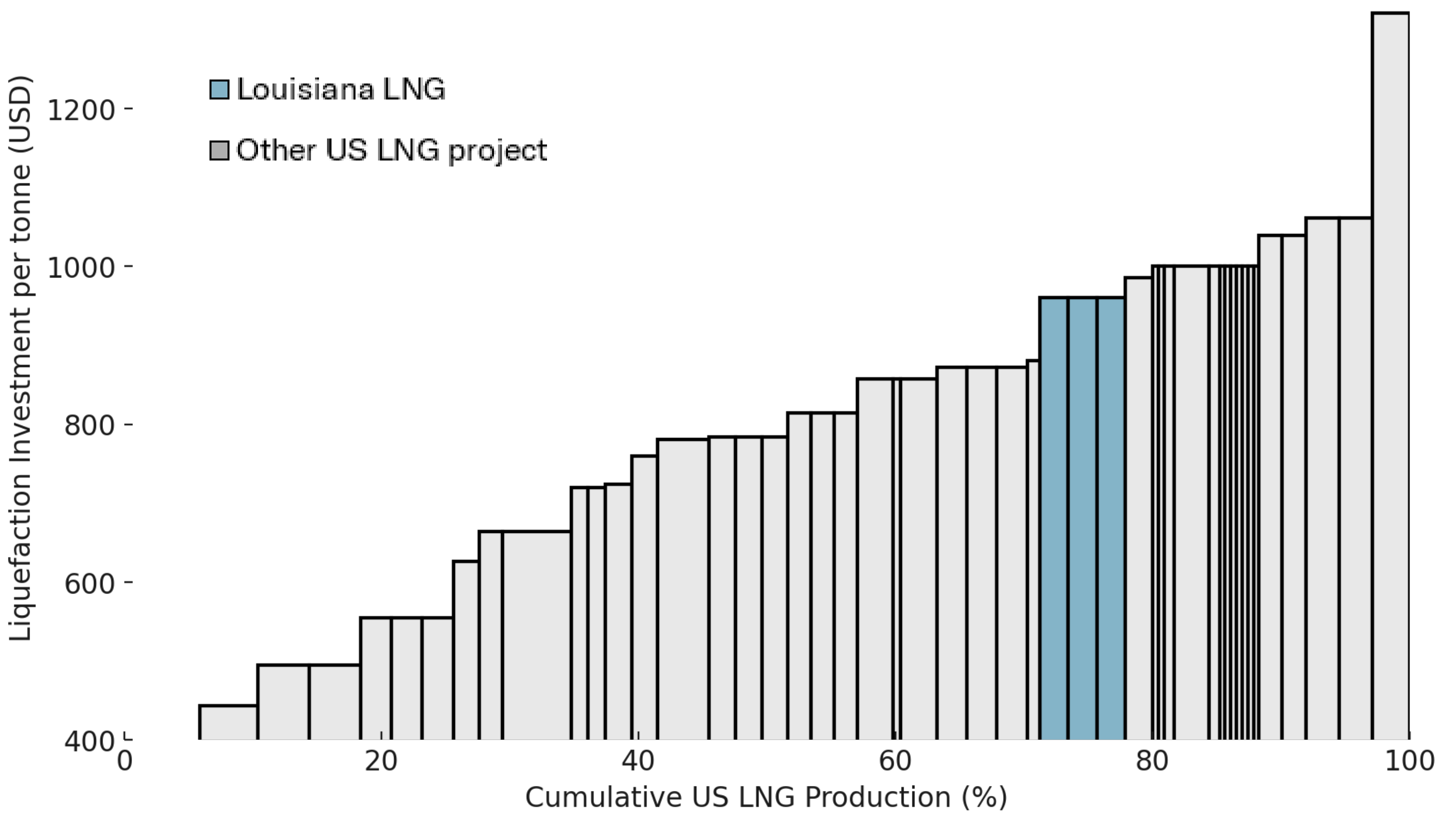
Woodside's recent acquired project, Lousiana LNG, is also high cost and high emissions

Woodside recently acquired Louisiana LNG, a pre-FID liquefaction project, from Tellurian.

Rystad data shows that Louisiana LNG is higher capex than 70% of US LNG facilities.[1]

Woodside is targeting FID for the 11Mtpa Phase 1 in early 2025. Even if Woodside sold down 50%, the 'foundation project' (Phase 1 and 2) would increase Woodside's scope 3 emissions by 27%.

Louisiana LNG is more expensive than 70% of US LNG production[1]



1. ACCR analysis of Rystad Energy data

The recent sell down to Stonepeak does not seem compelling

Woodside announced a sell down of 40% of Louisiana LNG to Stonepeak on 7 April.[1]

Value

Woodside will receive no value for the $1.2 billion it has spent so far

Risk / reward

- Woodside retains 100% of capex risk[2]
- Woodside retains 100% of the gas and LNG price risk

Project management

- Capex is being spent three times faster than Rystad Energy's 2025 estimate, despite the project not having reached FID
- Stonepeak does not appear to have significant LNG experience

1. Woodside, Woodside announces Louisiana LNG partnership with Stonepeak, 2024
2. Flyvbjerg and Gardner shows that oil and gas projects are on average, 35% over budget. How big things get done, 2023, p. 216.

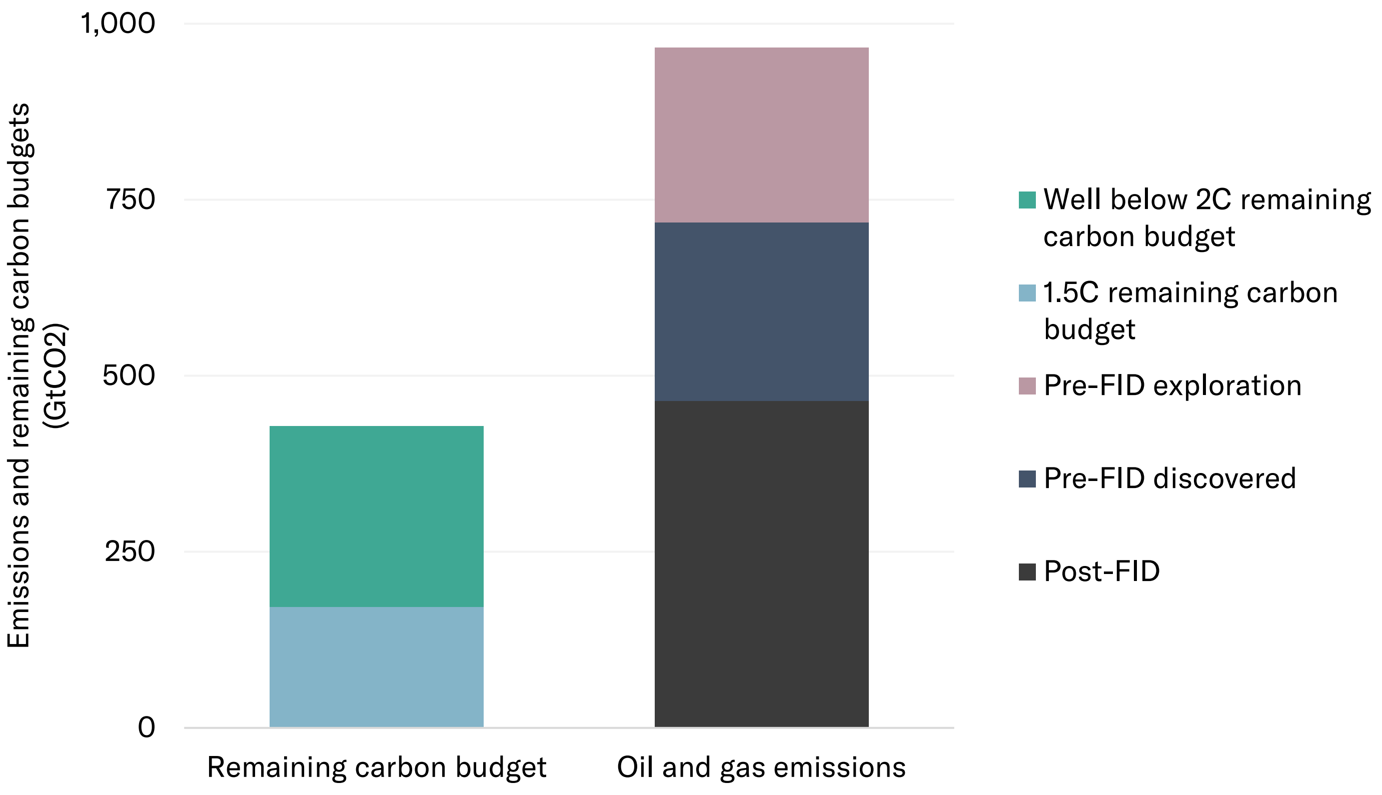
Even if Woodside's projects were competitive, there's insufficient remaining carbon budget for them to be developed

The global oil and gas sector already has enough projects operating or under construction to consume all the remaining 1.5°C and well below 2°C carbon budgets.

When adding discovered projects (e.g. Browse and potential feed to Louisiana), the oil and gas sector consumes more than four times the remaining 1.5°C carbon budget.

Any allowance made for the coal, cement or land sectors would mean that we further exceed the carbon budget.

Existing oil and gas projects exhaust remaining Paris-aligned carbon budgets[1]



1. Carbon budgets: Lamboll et al, 2023, adjusted for subsequent emissions. Emissions: ACCR analysis of Rystad Energy data

Persistent failure to manage climate risk

The Board is accountable for Woodside's inadequate response to investor feedback.

- **There is a clear pattern of unresponsiveness to consistent and escalating investor concerns since at least 2020.**
- **Despite over 250 investor meetings, Woodside has not substantively changed its strategy. The climate plan remains essentially unchanged since 2021.**
- **It has regularly dismissed or downplayed these concerns and the shareholders that raise them.**

ACCR

Woodside's climate strategy has not materially changed since 2021

Woodside has been persistently unresponsive to shareholder concerns around management of climate risk

Investor Concern	2021 Climate Report	Updates included in the 2022 Climate Report, 2023 CTAP and 2024 Update	ACCR analysis	Resolved?
Shareholder responsiveness	Single Say on Climate vote. No commitment to future votes.	Advisory vote was held in 2024 and is proposed to be held 3 yearly thereafter.	Woodside has not responded to firm and repeated investor feedback on its climate plan. For Say on Climate votes to be a valuable governance mechanism, companies need to be responsive to investor voting.	❌
Targets not science-based	Scope 1 equity: 15% net emissions reduction by 2025, 30% by 2030. Net zero aspiration for 2050.	No change.	Company is still not decarbonising in line with its stated commitment to the Paris Agreement. The IEA concluded a >60% reduction in scope 1 & 2 (absolute) emissions is required by 2030 in its 1.5°C scenario.	❌
Scope 3 targets	No scope 3 target. Includes a $5bn capital target for 'new energy'.	Dismissed scope 3 targets as too hard in the 2022 Climate Report. The 2023 CTAP has expressed the 'new energy' target in terms of both a capital cost and avoided emissions. Not a credible scope 3 target.	Scope 3 emissions are ~90% of Woodside's emissions. 'New energy' does not reduce scope 3 emissions, unless it displaces fossil fuel investment. Woodside is continuing to pursue fossil fuel expansion.	❌
Over reliance on offsets	>100% reliance on offsets for Scope 1 target, when considering the expected growth in absolute emissions.	Increasing disclosure of unsanctioned and indicative scope 1 emission reductions. No disclosure of scope 1 emissions increases associated with unsanctioned oil and gas projects.	Over-reliance on offsets remains. Use of offsets more than doubled in 2024	❌

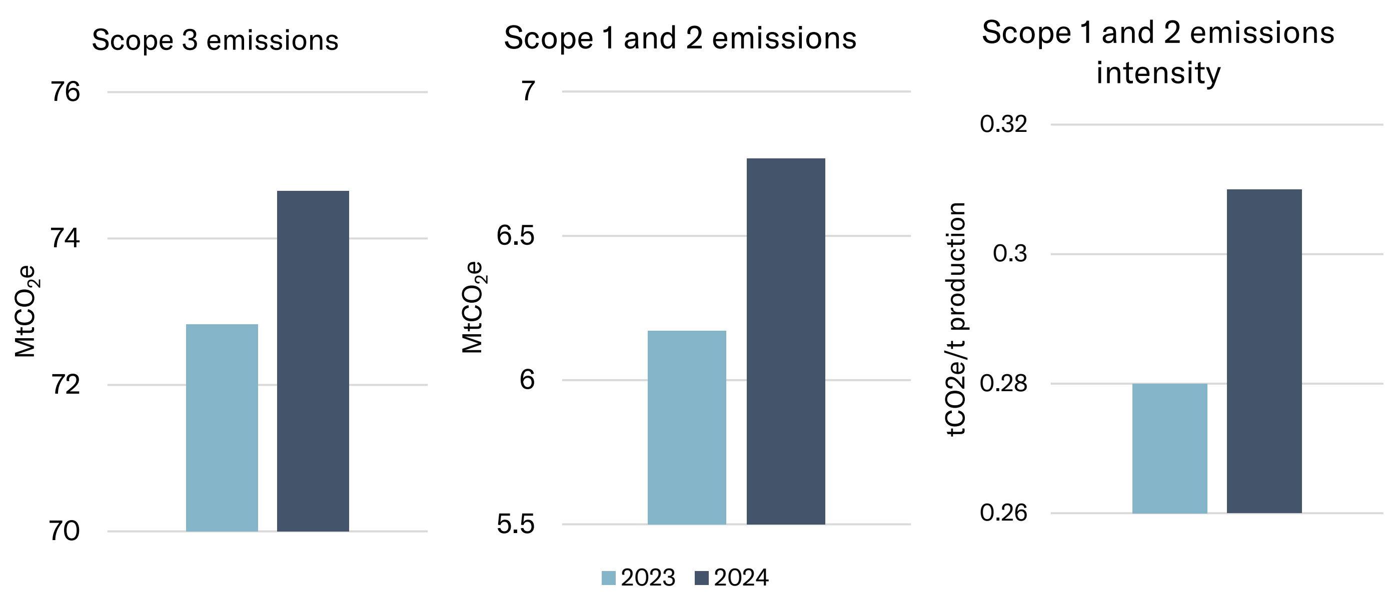
Woodside's 2024 climate performance was underwhelming

Scope 3 emissions:
- emissions increased in 2024

Scope 1 and 2:
- emissions and emissions intensity both increased in 2024
- emissions are above the baseline, so offsets delivered all the net emissions reductions
- Sangomar emitted ~1.1 $MtCO_2e$ in 7 months - equivalent to 18 months of emissions from Australia's three oil producing FPSOs.[2]
- most potential reductions cost \$200-500/tCO_2e.

'New energy':
- Beaumont ammonia uses ~50% of the capex target to deliver ~30% of the abatement target.

Woodside's scope 1, 2 and 3 emissions increased in 2024



Woodside's strategy puts Paris-alignment out of reach.
Louisiana LNG for example would increase its scope 3 emissions by at least 27%.[1]

1: Relative to Woodside's 2024 emissions. 27% is for trains 1-3 with a 50% sell down. Emissions from all five trains with no sell down would reflect a 91% increase. The recent sell down of Louisiana LNG to Stonepeak covers the LNG infrastructure and Woodside retains 100% of the LNG offtake.
2: Ningaloo Vision, Vincent and Pyrenees emitted 0.74$MtCO_2e$ of scope 1 emissions in FY23, which is the latest data published under Australia's Safeguard Mechanism

Woodside received the world's worst Say on Climate vote. Twice.

We agree with Meg O'Neill that Woodside's climate strategy is the same as its business strategy.[1]

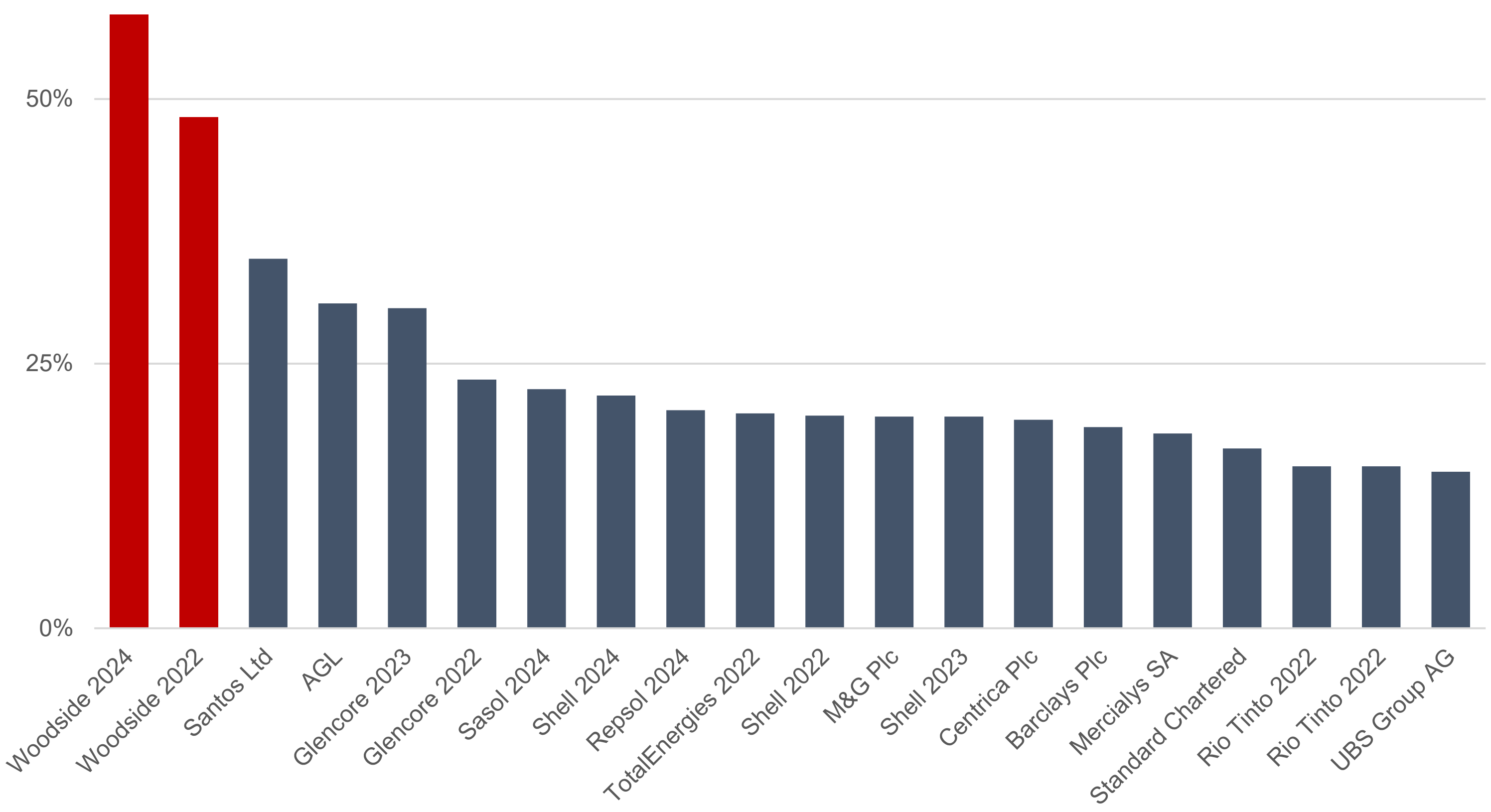
Woodside is the only company in the world to receive a majority shareholder vote against its climate plan, under the Say on Climate initiative.

The last 2 years have also seen the worst vote on record against a Woodside:

- Director - Ian Macfarlane, 35%, 2023
- Chair - Richard Goyder, 17%, 2024

Despite firm, consistent and escalating investor feedback, we see no sign from Woodside that it will make substantive changes to its climate strategy.

Woodside is the only company to suffer a majority vote against its climate plan[2]



1. Woodside, "Thriving through the energy transition briefing transcript", p16
2. MSCI, Diligent, ACCR. Displaying the 20 votes with the most votes against

2020: 50% of shareholders called for Paris aligned targets

ACCR Resolution (abridged)

Shareholders request the Board disclose, in annual reporting from 2021:

1. Short, medium and long-term targets for reductions in our company's Scope 1, 2 and 3 emissions that are aligned with the Paris Agreement;
2. Details of how our company's exploration and capital expenditure, is aligned with the Paris Goals; and
3. Details of how the company's remuneration policy will incentivise progress against the Targets.

An ASX record

In April 2020, Woodside Petroleum became the first Australian company to receive a majority vote on a shareholder resolution related to climate change.[1]

Woodside's response

"Both Mr Goyder and Mr Coleman insisted that Woodside's big gas projects would help deliver the commitments of the Paris climate accord by displacing higher-emissions fuels." [2]

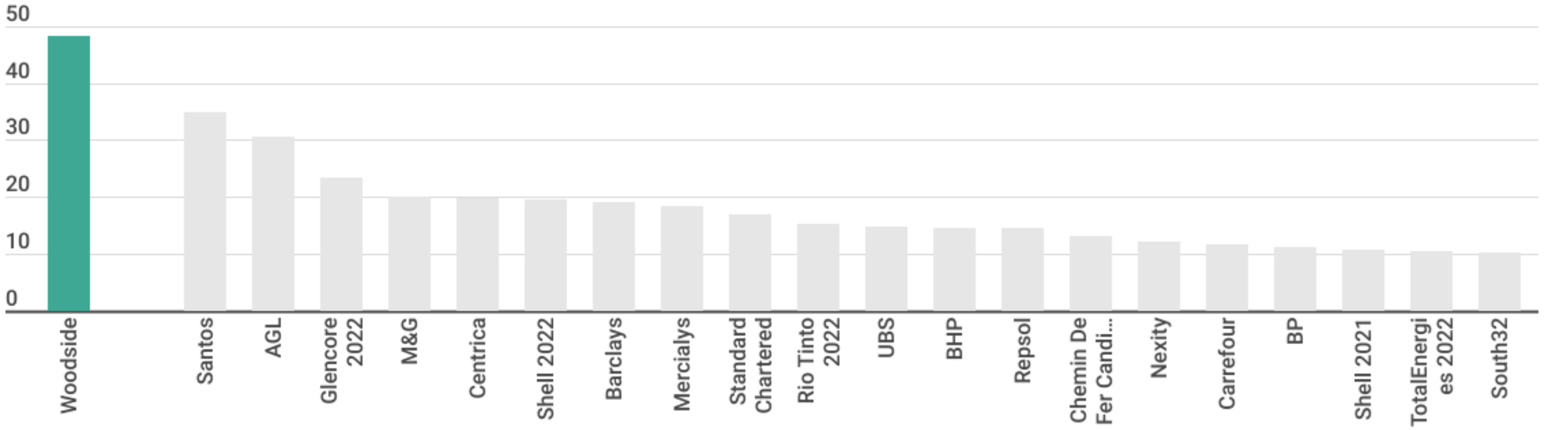
1: CPA Australia, Shareholder activism on climate change heats up, April 2021
2: AFR, 'Worst in my career' in oil: Woodside CEO, April 2020

2021 Climate Report: the world's worst Say on Climate vote, 49% against

Despite the 2020 AGM vote, the 2021 Climate report did not include Paris-aligned emission targets, capital allocation or remuneration framework.

Investors were also concerned about the over-reliance on offsets.

This report received the world's worst Say on Climate vote (%) against)



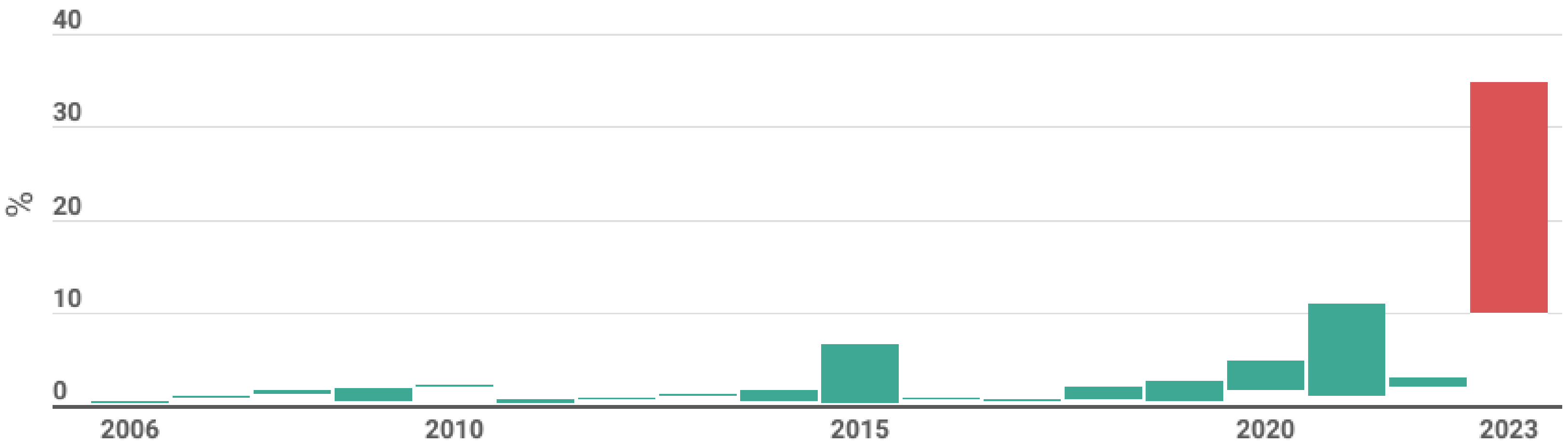
Mr Goyder stated that investor support for directors and BHP merger was a sufficient endorsement of company strategy.

2022 Climate Report: Woodside's worst ever vote against a director, 35% against

Much of this report is similar to our Climate Report 2021 because our understanding and strategy remains the same.

Message from the Chair, 2022 Climate Report

The 2022 Climate Report triggered unprecedented protest against a Woodside director (% against)



"Mr Goyder joked the former politician [Mr Macfarlane] would have been happy with anything more than 50 per cent in support."[1]

1: AFR, Macfarlane withstands Woodside investor backlash over climate, 28 April 2023

2023 Climate Transition Action Plan: the world's only majority vote under the Say on Climate mechanism, 58% against

The 2023 CTAP added a metric to Woodside's 'new energy' strategy, but made no substantive changes.

> **"Many of those groups [that predeclared against the CTAP] are not significant shareholders in Woodside. They are very, very small shareholders in Woodside. We will engage with the serious shareholders in Woodside on where we go."**
>
> **Richard Goyder, Woodside Chair**
> **2024 Annual General Meeting**

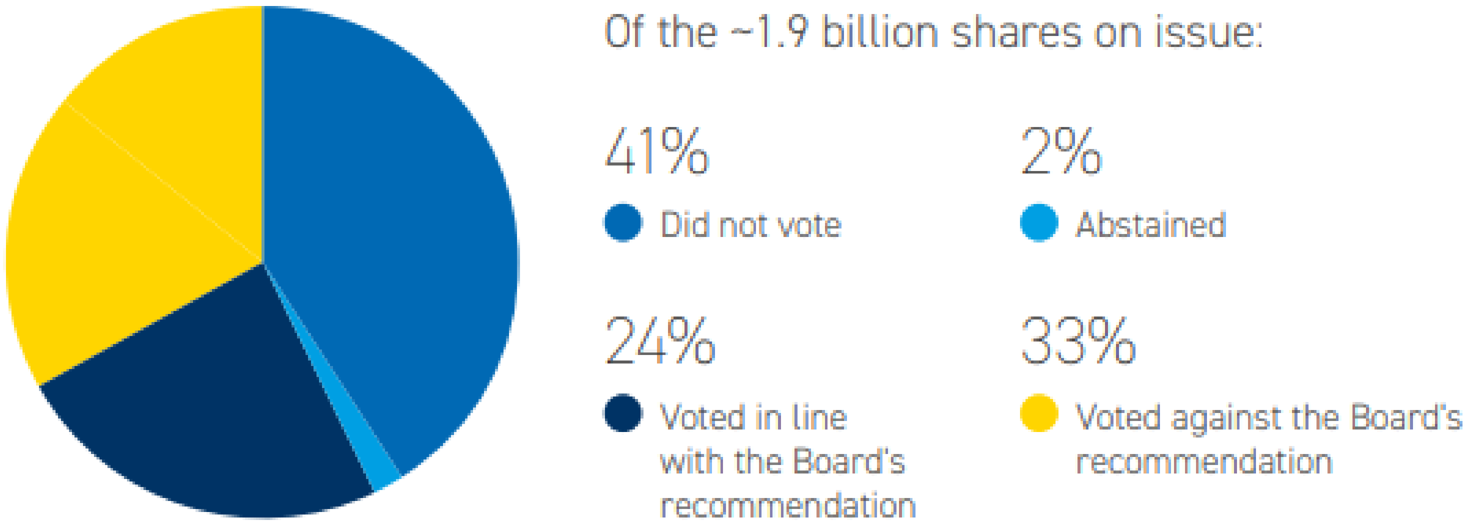
Woodside downplayed the rejection of its 2023 CTAP, by counting votes that were not cast

In a recent report showcasing its climate-related investor engagement[1], Woodside published a chart that visually minimised the size of the vote against its CTAP, **by including votes that were not cast**.

Woodside's pie chart includes the 41% of issued shares that did not vote, which are not relevant to the vote outcome.

While this could be regarded as just "spin"[2], it is symptomatic of a persistent failure to respond to material shareholder votes around climate risk management.

Woodside included votes that weren't cast when presenting the voting results from the 2024 AGM[1]



1. Woodside, Climate related investor engagement, Feb 2025 p3
2. https://www.afr.com/rear-window/woodside-s-richard-goyder-bathes-in-absent-votes-20250220-p5ldoy

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