

ACCR Investor Briefing Woodside Petroleum Ltd (ASX:WPL)

AGM date and location: 30 April 2020, Perth

About ACCR

The [Australasian Centre for Corporate Responsibility](#) is a philanthropically-funded NGO that monitors the environmental, social and governance (ESG) practices and performance of ASX-listed companies. We undertake research and highlight emerging areas of business risk through private and public engagement, including the filing of shareholder resolutions.

Introduction

ACCR has engaged with Woodside for several years, and last met with Woodside executives in December 2019. Woodside's plans do not align with the goals of the Paris Agreement. Woodside vastly overestimates the role of gas in the transition to a low carbon economy, and as a result has failed to consider how rapid decarbonisation scenarios would impact its business.

In October 1998, then Woodside Environmental Approvals Coordinator Steve Waller argued that Woodside should be allowed to increase its emissions "for the global good", on the assumption that Woodside's LNG exports were displacing more emissions intensive fuels elsewhere¹. Waller said "we believe LNG is part of the solution rather than the problem"².

Woodside continues to push the same narrative today. The company's lobbying on climate and energy policy rely on the following claims³:

1. That gas is the cleanest burning hydrocarbon;
2. That LNG sold by Woodside is displacing coal in power generation in Asia;
3. That gas improves air quality in Asia, when it displaces coal in power generation;
4. That gas is an "ideal, reliable partner" for renewable energies.

The first claim is questionable, given the improved understanding of lifecycle emissions of gas, including recent research on fugitive methane emissions. The second and third claims about gas displacing coal in Asia are presented without evidence. Despite repeated requests for evidence, Woodside and the peak petroleum lobby group, APPEA, have presented none. Woodside's ultimate goal is simply the greater use of gas. Given the centrality of these claims to Woodside's investability, ACCR recommends that shareholders support the first ordinary resolution on Paris Goals and Targets.

Over the last five years, Australia's national emissions have continued to increase, due to the growth of the LNG exports, offsetting declining emissions in the electricity sector⁴. If the growth of Australia's LNG export industry continues, as foreshadowed by Woodside and its peers in the Australian market, Australia will not deliver on its 2030 Nationally Determined Commitment (NDC).

There are clear links between corporate emissions and the influence of corporations on a regulatory environment that should drive emissions reductions. Shareholders therefore have an interest in supporting the review process outlined in the second ordinary resolution on direct and indirect lobbying.

BP and Unilever have recently set the benchmark in terms of corporate advertising, and shareholders would be served well by a prompt and thorough review of Woodside's 'reputation advertising'.

ACCR recommends voting against the re-election of Ian Macfarlane for the reasons laid out on page 11.

¹ The West Australian, 'Greenhouse plea on gas: Woodside launches case for doubling LNG production', 27 October 1998

² *ibid.*

³ Woodside Petroleum Ltd, Our Energy Future in a Lower Carbon World, 2019, p3

⁴ <https://www.abc.net.au/news/2020-02-24/lng-boom-increasing-carbon-emissions/11993850>

Ordinary resolution on Paris Goals and Targets:

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 (**Targets**) that are aligned with articles 2.1(a) and 4.1 of the Paris Agreement⁵ (**Paris Goals**);
2. Details of how our company's exploration and capital expenditure, including each material investment in the acquisition or development of oil and gas reserves, is aligned with the Paris Goals; and
3. Details of how the company's remuneration policy will incentivise progress against the Targets.

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company, or to limit the disclosure of commercial-in-confidence information.

Woodside's climate commitments

Woodside's 2019 Annual Report cosmetically addresses each of the key pillars of the Task Force for Climate-related Financial Disclosure (TCFD) reporting framework, but its growth strategy and emissions targets are not consistent with the goals of the Paris Agreement. Woodside is targeting production growth of more than 6% p.a. to 2028, and is planning to produce more than 150 million barrels of oil equivalent by 2028⁶; a cumulative increase in production of approximately 70%.

Woodside has made the following commitments in response to climate-related risks and opportunities⁷:

- Aspires to be carbon neutral by 2050;
- To offset global portfolio equity reservoir CO₂ emissions from 2021;
- To improve energy efficiency by 5% between 2021-2025 (2020 baseline);

Woodside has also:

- Commenced a partnership with Greening Australia to generate carbon offsets (to sequester ~1 million tonnes CO₂e over 25 years)⁸;
- Partnered with Monash University to support research into lower-carbon energy sources.

Woodside's aspiration to be carbon neutral by 2050 applies only to its direct, operational emissions and not its Scope 3 emissions (those from products sold)⁹. Woodside intends to increase production for the foreseeable future, while its global peers BHP Group, BP, Repsol and Royal Dutch Shell have committed to set goals or targets to reduce Scope 3 emissions.

⁵ Article 2.1(a) of The Paris Agreement states the goal of "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change."

Article 4.1 of The Paris Agreement: In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

⁶ Woodside Petroleum Ltd, ASX Announcement, 19 November 2019

⁷ Woodside Petroleum Ltd, Sustainable Development Report 2019, p26

⁸ <https://www.greeningaustralia.org.au/woodside-and-greening-australia/>

⁹ Woodside Petroleum Ltd, EVP Development speech at AOG 2020, 11 March 2020

Woodside's scenario analysis

The IPCC's Special Report on Global Warming of 1.5°C projects that in the absence of carbon capture and storage (CCS), or with only a limited use of fossil fuels with CCS, the share of primary energy provided by gas must decline by 20-25% by 2030, and by 53-74% by 2050 (relative to 2010)¹⁰.

Woodside claims to have assessed the resilience of its portfolio under "various external scenarios" from the International Energy Agency (IEA)¹¹. The most ambitious scenario assessed, the Sustainable Development Scenario (SDS), is heavily reliant on CCS technologies, requiring >2000 Mt CO₂ to be captured by 2040¹². The Sustainable Development Scenario (SDS) holds the temperature rise to below 1.8°C with just a 66% probability in the absence of global net-negative CO₂ emissions¹³.

Transition risk

In late 2019, the IEA's World Energy Outlook 2019 (WEO) declared that the Sustainable Development Scenario (SDS) would require a "significant reallocation" of investment away from fossil fuels towards efficiency and renewables¹⁴. The WEO also said that the declining cost of wind and solar are "bolstering the economic case for switching directly from coal to renewables", rather than using gas as a transition fuel.

In November 2019, then BHP CEO Andrew Mackenzie forecast a global decarbonisation from coal "more or less directly, to renewables", particularly in the absence of cheap gas¹⁵.

Woodside is planning short term capital expenditure of US\$11 billion on developing Scarborough, US\$4.2 billion on Sangomar Phase 1, US\$20.5 billion in the medium term on developing the Browse field, and is currently assessing the commerciality of its Myanmar field¹⁶.

On 11 February 2020, Woodside announced an impairment of US\$720 million (after tax) on its Kitimat assets in Canada, due to "increased uncertainty", following "sustained depressed gas market conditions in Western Canada"¹⁷.

Woodside faces significant transition risks in the medium to long term, particularly in the absence of any significant investment in low-carbon technologies.

Regulatory risk

The Principles for Responsible Investment (PRI) Inevitable Policy Response forecasts policy intervention by 2025 that will be "forceful, abrupt, and disorderly because of the delay"¹⁸.

In Australia, Woodside faces the significant risk in the short term that state-based regulators will begin to assess Scope 3 emissions from new fossil fuel developments, as per the rejection of the Bylong coal mine in NSW in September 2019¹⁹. The NSW Independent Planning Commission described the greenhouse gas aspects of the Bylong project as "problematic"²⁰.

¹⁰ IPCC, Special Report on Global Warming of 1.5°C, October 2018

¹¹ Woodside Petroleum Ltd, Annual Report 2019, p42

¹² <https://www.iea.org/reports/world-energy-model/sustainable-development-scenario>

¹³ *ibid.*

¹⁴ <https://www.carbonbrief.org/profound-shifts-underway-in-energy-system-says-iea-world-energy-outlook>

¹⁵ BHP Group Ltd, Annual General Meeting Speeches, 7 November 2019

¹⁶ Woodside Petroleum Ltd, ASX Announcement, 19 November 2019

¹⁷ Woodside Petroleum Ltd, ASX Announcement, 11 February 2020

¹⁸ https://www.unpri.org/inevitable-policy-response/what-is-the-inevitable-policy-response/4787_article

¹⁹ <https://www.abc.net.au/news/2019-09-18/bylong-coal-mine-proposal-knocked-back/11523856>

²⁰ *ibid.*

In Woodside’s home state of Western Australia, the WA Environmental Protection Authority (EPA) proposed guidelines in March 2020 that would have required new carbon-intensive projects to offset their emissions. Woodside refuses to accept any responsibility for its Scope 3 emissions, and lobbied intensively against the proposed WA EPA guidelines²¹.

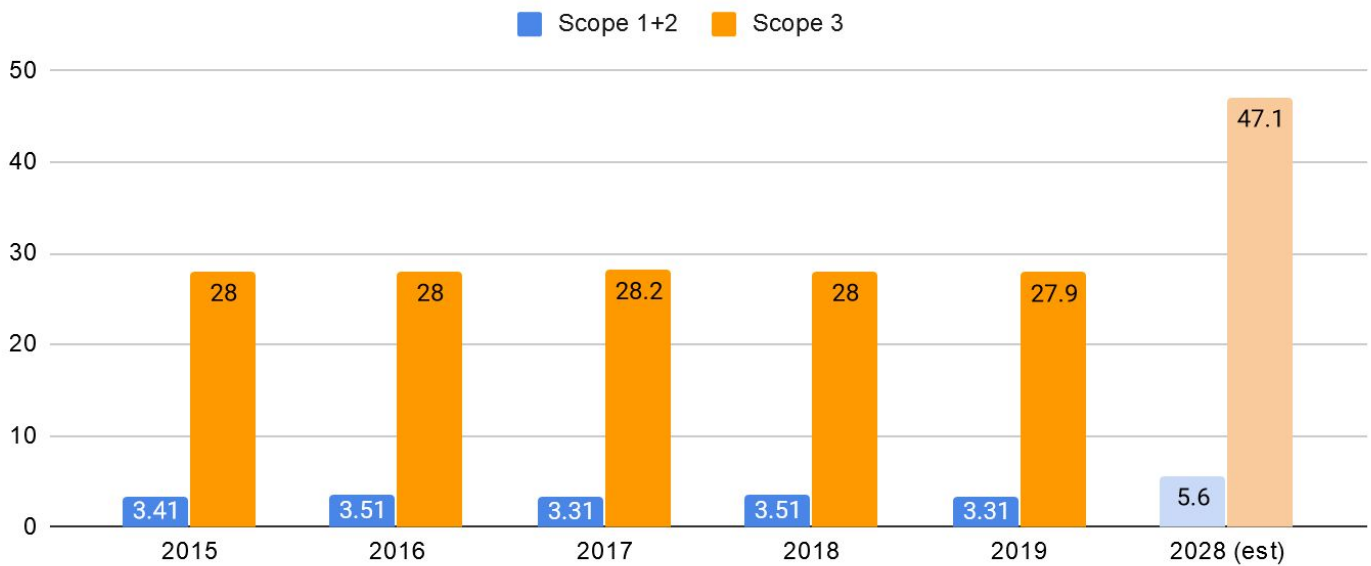
Methane emissions

Recent research published in Nature magazine concluded that the fossil fuel industry may be underestimating methane emissions by 25-40%²². Woodside became a signatory to the Guiding Principles on reducing methane emissions in 2018²³. While it disclosed methane emissions of 325 kt CO₂e in 2019²⁴, this figure is largely an estimate rather than a systematic bottom-up measurement. As the understanding of the fugitive emissions from oil and gas production improves, Woodside faces the risk that regulators increase scrutiny on methane measurement and controls.

Commitments lack substance

Woodside’s Scope 1+2 gross operated emissions were 8.8 million tonnes CO₂e in 2019, which were significantly lower than 2018, due to production outages at Ngujima-Yin FPSO and Pluto LNG²⁵. This year, Woodside disclosed its Scope 3 emissions for the first time, which were 27.9 million tonnes CO₂e in 2019²⁶.

Woodside's equity emissions, actual & projected (MtCO₂e)



Woodside’s commitment to improve energy efficiency by 5% between 2021-2025 (2020 baseline) allows for Woodside to significantly increase operational emissions in the short term, as it increases production.

Woodside is a member of CCS research body CO2CRC, and it has partnered with Monash University to research lower-carbon energy sources, but it is not clear what financial commitment it has made to the development of CCS, despite the heavy reliance of IEA scenarios on CCS.

²¹ <https://thewest.com.au/opinion/premier-must-fix-the-epas-carbon-emissions-mess-ng-b881129705z>

²² Hmiel et al, Nature, February 2020

²³

https://files.woodside/docs/default-source/sustainability-documents/climate-change/reducing-methane-guiding-principles-april-2018.pdf?sfvrsn=a92de0bd_6

²⁴ Woodside Petroleum Ltd, Sustainable Development Report 2019, Data Tables GRI and IPIECA Indices

²⁵ Woodside Petroleum Ltd, Sustainable Development Report 2019, p26

²⁶ Woodside Petroleum Ltd, Sustainable Development Report 2019, Data Tables GRI and IPIECA Indices

Woodside has also invested in the Hydrogen Energy Network (HyNet) consortium in South Korea²⁷, but again has not disclosed its financial commitment. Woodside's partnership with Greening Australia will offset just 1.2% of its Scope 1+2 emissions (equity).

Remuneration

Woodside's CEO and senior executives are awarded short term incentives (STI) based on the assessment of company performance against a corporate scorecard. A quarter (25%) of the corporate scorecard is dedicated to "Material Sustainability Issues", including personal and process safety, environment, emissions reductions, and Woodside's social licence to operate²⁸. In the absence of further information, it is assumed that emissions reductions comprise less than 5% of the STI. While that proportion of the STI is significantly more material than Woodside's Australian peers, the vast majority of the STI is driven by maximising production from existing assets, and progressing plans to increase production in the medium term. Global peers BP²⁹ and Royal Dutch Shell³⁰ have committed to materially incentivise executives to achieve emissions reductions.

²⁷ Woodside Petroleum Ltd, Media Release, 2 March 2019

²⁸ Woodside Petroleum Ltd, Annual Report 2019, p61

²⁹ <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bernard-looney-announces-new-ambition-for-bp.html>

³⁰ <https://www.shell.com/media/news-and-media-releases/2018/leading-investors-back-shells-climate-targets.html>

Ordinary resolution on our company's climate-related lobbying

Shareholders request that our company conduct a review of its direct and indirect lobbying activities relating to climate, resources and/or energy policy (Review). A report summarising the completed Review should be disclosed on the company's website by 31 October 2020.

The Review should cover a period of at least two years and should address the consistency of our lobbying activities with the goals of the Paris Agreement to limit global warming to well below 2°C (**Paris Goals**).

Direct lobbying by our company or its agents: where the Review shows direct lobbying inconsistent with the Paris Goals, shareholders request that the Board disclose a strategy to prevent further lobbying inconsistent with those Goals.

Indirect lobbying by Industry Associations of which our company is a member: where the Review shows a record of lobbying inconsistent with the Paris Goals, shareholders request that Board disclose a remediation plan, agreed with the Industry Association. Shareholders recommend that our company suspend membership of an Industry Association where a remediation plan cannot be agreed (or the Board otherwise decides suspension is in our company's interests).

Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of our company.

Lobbying consistent with the Paris Goals

ACCR expects alignment of corporate lobbying with the goals of the Paris Agreement to limit global warming to well below 2°C (**Paris Goals**). We are concerned that Woodside's recent direct³¹ and indirect³² lobbying activities have not promoted the achievement of the Paris Goals.

Independent, UK-based research group InfluenceMap has described Australia as "a test-tube case for what happens when highly powerful and climate-obstructive fossil fuels lobbyists can operate with impunity"³³.

This resolution seeks further disclosure on Woodside's direct and indirect lobbying on climate and energy policy, in light of the failure of successive Australian governments to implement policy designed to achieve the Paris Goals.

Direct lobbying

Woodside's direct lobbying on climate and energy policy extends as far back as September 2000, when it opposed the ratification of the Kyoto Protocol and sought "an outright exemption from future greenhouse gas abatement policies"³⁴.

Despite supporting a "global carbon price", Woodside continues to oppose domestic policy aimed at reducing emissions. In March 2019, Woodside publicly campaigned against Western Australian Environment Protection Authority (EPA) guidelines that would have required new emissions intensive projects to offset their emissions. This campaign included advertising in print media, radio interviews and an opinion piece by the CEO in the West Australian³⁵. It was reported that

³¹ **Direct lobbying** includes lobbying of state and federal parliamentarians undertaken by senior executives and Board members or lobbying firms engaged by Woodside as its agents.

³² **Indirect lobbying** includes lobbying, advertising and advocacy activities undertaken by Industry Associations of which Woodside is a member.

³³ Influence Map, Trade Groups and their Carbon Footprints, September 2019

³⁴ The Australian Financial Review, 'Minchin's quiet win on greenhouse policies', 8 September 2000

³⁵ <https://thewest.com.au/opinion/premier-must-fix-the-epas-carbon-emissions-mess-ng-b881129705z>

on 14 March 2019, CEO Peter Coleman met with WA Premier Mark McGowan to demand that the WA EPA guidelines be withdrawn³⁶. To date, shareholders have only learned about this campaign through media reporting.

While some Australian states require the disclosure of limited relevant records (e.g. Ministerial diaries are disclosed in New South Wales), regulation in this area is limited and piecemeal. Shareholders cannot rely on public records to understand the full extent of Woodside’s lobbying efforts. Federal law does not compel disclosure of the information requested in this resolution.

Indirect lobbying

Since 2017, at least eight ASX50 companies (and many more global companies) have conducted a formal review of the activities of their industry associations. To date, Woodside has only published a list of its industry associations on its website³⁷.

Woodside is a full member of the Australian Industry Greenhouse Network (AIGN), the Business Council of Australia (BCA), the Australian Petroleum Production and Exploration Association (APPEA) and the Chamber of Minerals and Energy of Western Australia (CMEWA).

- **AIGN** represents the interests of EITE (emissions-intensive, trade exposed) industries. It lobbied against effective policy on climate change throughout the early 2000s, and its own members once described the organisation as the “greenhouse mafia”³⁸. Very little information about AIGN’s recent activities is publicly available, however AIGN remains active and continues to send a delegation to international climate talks, including COP25 in Madrid³⁹.
- **APPEA**, of which COO Meg O’Neill is a board member, supports the use of “Kyoto carryover credits”⁴⁰ which would effectively halve Australian government targets to reduce carbon pollution. The Australian government argued for these “Kyoto carryover credits” at climate talks in Madrid in 2019, delaying global agreement⁴¹. In addition, APPEA has called for LNG plants to be exempt from public disclosure of their emissions⁴²; it has opposed state-based renewable energy targets⁴³; and it has said that there is no “need in any way, shape or form” for governments to regulate emissions from LNG exports⁴⁴.
- The **Business Council of Australia (BCA)**, of which CEO Peter Coleman is a board member, supports the use of “Kyoto carryover credits”⁴⁵; has called for new investment in existing coal-fired power stations⁴⁶; and campaigned against a 45% reduction in emissions by 2030, which it said would be “economy wrecking”⁴⁷ and lead to “deindustrialisation”⁴⁸.

³⁶

<https://thewest.com.au/news/environment/epa-emissions-guidelines-premier-mark-mcgowan-calls-industry-meeting-to-discuss-carbon-plan-fallout-ng-b881135317z>

³⁷ <https://www.woodside.com.au/sustainability/working-openly/membership-of-peak-industry-organisations>

³⁸ Guy Pearse, High and Dry, 2007

³⁹

<https://unfccc.int/process-and-meetings/parties-non-party-stakeholders/non-party-stakeholders/overview/how-to-obtain-observer-status>

⁴⁰

https://www.appea.com.au/media_release/appea-welcomes-commitment-to-further-consultation-on-labors-climate-change-action-plan/

⁴¹ <https://www.theguardian.com/environment/2019/dec/16/un-climate-talks-australia-accused-of-cheating-and-thwarting-global-deal>

⁴² <https://www.theguardian.com/environment/2018/nov/16/nothing-to-hide-oil-and-gas-lobby-pushes-to-limit-data-on-its-emissions>

⁴³ APPEA Submission, Energy Security Board National Energy Guarantee Draft Detailed Design Consultation Paper, June 2018

⁴⁴

<https://www.theaustralian.com.au/business/mining-energy/rivals-baulk-at-bhp-carbon-plan/news-story/83afe8670070a450b1a4732ebc6703ab>

⁴⁵ <https://www.afr.com/policy/energy-and-climate/bhp-backs-government-on-kyoto-carryover-loophole-20190923-p52u1u>

⁴⁶ https://www.bca.com.au/interview_with_david_speers_speers_sky_news2

⁴⁷ <https://twitter.com/BCAcomau/status/1011414577702031361>

⁴⁸ https://www.bca.com.au/jennifer-westacott_interview_with_kieran_gilbert_sky_s_speers_on_sunday

- **APPEA**⁴⁹, the **BCA**⁵⁰ and the **CMEWA**⁵¹ successfully campaigned against WA Environmental Protection Authority (EPA) guidelines that would have required new carbon pollution-intensive projects to offset their emissions.

Australia urgently requires the implementation of public policy designed to bring its emissions trajectory into line with the Paris Goals. Woodside's record of lobbying on climate and energy policy runs directly counter to the achievement of the Paris Goals. This resolution promotes a strategic reset of Woodside's approach to policy engagement.

⁴⁹ https://www.appea.com.au/media_release/wa-epa-guidelines-put-investment-at-risk/

⁵⁰ https://www.bca.com.au/guidelines_risk_stalling_the_economy

⁵¹ <https://cmewa.com.au/media-release/cme-response-to-epa-environmental-factor-guideline-for-greenhouse-gas-emissions/>

Ordinary resolution on 'reputation advertising' activities

Shareholders request that the Board review our company's:

- 'corporate reputation advertising' activities, which are aimed primarily at increasing the standing of our company's brand in the community; and
- support for 'sector reputation advertising' activities undertaken by Industry Associations, which are aimed at influencing public perceptions of the oil and gas sector;

against the standards set out in Chapters VI (Environment) and VIII (Consumer Interests) of the OECD Guidelines for Multinational Enterprises (**OECD Guidelines**).

Where 'reputation advertising' activities are found to be inconsistent with the OECD Guidelines, or where they are targeted at children, shareholders recommend that those activities (or, in the case of sector reputation advertising, our company's support for them) be discontinued.

Reputation advertising

'Reputation advertising' can be defined as advertising aimed primarily at increasing the standing of a company or sector in the community, bolstering social licence and increasing brand or industry recognition. It is distinct from product or service advertising intended to reach consumers of those products or services. 'Reputation advertising', especially by fossil fuels companies, is coming under increasing scrutiny by stakeholder groups worldwide. Investment analysts have commented that it has "only added to the distrust the wider public has with the [oil and gas] industry"⁵².

In early February 2020, BP plc committed to "stopping corporate reputation advertising and redirecting resources to promote net zero policies, ideas, actions, collaborations and its own net zero ambition"⁵³. This commitment followed a complaint to the UK National Contact Point of the OECD Guidelines for Multinational Enterprises (**OECD Guidelines**) about BP's advertising practices⁵⁴.

The OECD Guidelines, which apply to Woodside, require advertising and marketing activities to be based on accurate, measurable, verifiable and clear information, including about a company's environmental impacts⁵⁵.

Woodside's advertising

Woodside directly engages in various 'reputation advertising' activities. Much of Woodside's corporate 'reputation advertising' is aimed at children and young people. These campaigns include, but are not limited to the following sponsorships/partnerships⁵⁶:

- Surf Life Saving WA Nippers program (a program for children between the ages of 5 and 14);
- Fringe World Festival;
- Fremantle Dockers Australian Rules Football Club;
- West Australian Ballet;

⁵²

<https://www.energyvoice.com/oilandgas/north-sea/224428/bp-ditching-reputation-advertising-should-be-welcomed-by-all-analysts-say/>

⁵³ <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bernard-looney-announces-new-ambition-for-bp.html>

⁵⁴ <https://www.documents.clientearth.org/library/download-info/complaint-against-bp-in-respect-of-violations-of-the-oecd-guidelines/>

⁵⁵ paragraphs 2(a) and 6(c) of Chapter VI of the OECD Guidelines and paragraphs 2, 4 and 5 of Chapter VIII

⁵⁶ <https://www.woodside.com.au/sustainability/part-of-the-community/stronger-communities/arts-culture-community>

- Western Australian Youth Orchestras;
- Woodside Australian Science Project⁵⁷;
- Primary school visits to promote oil drilling⁵⁸.

The objectives and costs of these activities are not disclosed to shareholders. It should be of concern to shareholders that Woodside promotes its brand and the role of oil and gas to young children. Unilever plc has committed to “stop marketing and advertising foods and beverages to children under the age of 12 in traditional media, and below 13 via social media channels” by the end of 2020⁵⁹.

Sectoral advertising

Woodside also engages in sector ‘reputation advertising’ activities – which are aimed at influencing public perceptions of the oil and gas sector. In recent years, its primary industry association, APPEA, has developed a growing online and social media presence, often under the auspices of several, ostensibly independent or separate, entities. These entities are all owned and managed by APPEA, and promote its messaging online using different branding and messaging styles. These entities include: Bright-r with Gas, Energy Information Australia, Gas4NT, Natural CSG (no longer in use), Our Natural Advantage, Seismic Survey and Shale Gas.

Communications activities undertaken by APPEA and its ‘reputation advertising’ brands routinely overstate the relative environmental benefits of gas by failing to reflect its lifecycle emissions. Such activities do not warn about the contribution of oil and gas combustion to climate change.

In Europe and the US, advertising by oil majors is coming under increasing scrutiny by both the media and the general public. It is becoming clear that ‘reputation advertising’ is often inaccurate and misleading. In March 2019, UK-based think tank InfluenceMap estimated that in the three years between 2015 and 2018, the five largest publicly-traded oil and gas majors (BP, Chevron, ExxonMobil, Royal Dutch Shell and Total) spent over US\$1 billion on “misleading climate-related branding and lobbying”⁶⁰. Institutional investors increasingly view such expenditure of shareholder funds as a major obstruction to effective climate policy.

Woodside considers itself a global company, and regularly espouses the role it plays in providing energy to communities around the world. With this in mind, it must hold itself to the relevant global standards contained in the OECD Guidelines. Inconsistency with relevant standards poses material legal and reputational risks to Woodside.

This resolution is not intended to preclude Woodside from non-branded philanthropic contributions, or advertising that promotes its products to corporate customers.

⁵⁷ <https://www.wasp.edu.au/>

⁵⁸ https://twitter.com/SorrentoPS_5_6/status/1123835169893437442

⁵⁹

<https://www.unilever.com/news/news-and-features/Feature-article/2020/why-we-are-changing-the-way-we-market-products-to-children.html>

⁶⁰ <https://influencemap.org/report/How-Big-Oil-Continues-to-Opnose-the-Paris-Agreement-38212275958aa21196dae3b76220bddc>

Re-election of Ian Macfarlane

Independent director since November 2016; Member of the Sustainability, Human Resources & Compensation, and Nominations & Governance Committees.

Current directorships:

- CEO, Queensland Resources Council (2016-)
- Chair, Innovative Manufacturing Cooperative Research Centre
- Member, Toowoomba Community Advisory Committee of the University of Queensland Rural Clinical School

ACCR recommends voting against the re-election of Ian Macfarlane on the following grounds:

1. Woodside's strategy is not aligned with the Paris Agreement
 - a. Woodside is targeting production growth of more than 6% p.a. to 2028, and is planning to produce more than 150m boe by 2028⁶¹; a cumulative increase in production of approximately 70%.
 - b. Ian Macfarlane is a member of the Woodside board's Sustainability Committee.
2. Despite first committing to publish TCFD-aligned reporting in 2017, Woodside has failed to disclose comprehensive scenario analysis, and adequate metrics and targets.
 - a. The scenario analysis presented in the Woodside's report 'Our Energy Future in a Lower Carbon World'⁶² provides inadequate detail on the climate policy scenarios it assessed, the assumptions made, and the financial impact on Woodside of various scenarios.
 - b. Woodside's interim emissions targets - to offset global portfolio equity reservoir CO₂ emissions from 2021 and improve energy efficiency by 5% between 2021-2025 (2020 baseline)⁶³ - are grossly inadequate.
3. The Woodside board lacks substantive experience in sustainability, energy transition or climate science (see board composition below). Ian Macfarlane lacks demonstrable expertise in these areas.
4. Ian Macfarlane is the CEO of the Queensland Resources Council, which promotes the expansion of the thermal coal industry, in direct competition with Woodside's products. Since joining Woodside, Macfarlane has:
 - a. Claimed that "there is a role for high quality Australian coal and it's compatible with meeting Paris emissions reduction targets"⁶⁴ (October 2018).
 - b. Demanded that political parties commit to the future of the coal industry, during a federal election⁶⁵.
 - c. As the CEO of the QRC, organised pro-coal rallies in Queensland in support of developing a new thermal coal basin⁶⁶.
5. Ian Macfarlane has directly contributed to the lack of consistent federal energy and climate policy, thus creating uncertainty for Woodside and the gas industry more broadly:
 - a. In mid-2018, Macfarlane lobbied the federal government to underwrite new coal-fired power stations⁶⁷.
 - b. In late 2019, Macfarlane lobbied for the government to overturn its ban on nuclear power⁶⁸.

⁶¹ Woodside Petroleum, ASX Announcement, 19 November 2019

⁶² Woodside Petroleum Ltd, Our Energy Future in a Lower Carbon World, 2019, p3

⁶³ Woodside Petroleum Ltd, Sustainable Development Report 2019, p26

⁶⁴

<https://www.smh.com.au/environment/climate-change/mining-sector-morrison-government-on-the-defensive-over-ipcc-report-201810-08-p508ee.html>

⁶⁵ <https://www.qrc.org.au/media-releases/qrc-welcomes-labor-commitment-to-metals-now-needs-mettle-on-coal/>

⁶⁶ <https://twitter.com/QRCouncil/status/1136490547110076416>

⁶⁷

<https://www.theaustralian.com.au/news/nation/coalition-elders-fire-up-for-coalfired-power-seek-to-end-infighting/news-story/939186e79f2dcb63ebacc6ca9c3c1e5c>

⁶⁸ <https://www.canberratimes.com.au/story/6414220/former-fed-minister-wants-nuclear-option/?cs=14231>

Based on the above, in ACCR's assessment, Ian Macfarlane is ill-suited to the board of a company that must prepare for the inevitable energy transition. It is in the long-term interests of shareholders who are sensitive to the need for transition to oppose his re-election and encourage the Nominations & Governance committee to recruit a new board member with appropriate expertise.

Woodside's Board composition

Name	Gender	Age	Joined	Primary industry experience	Roles
Richard Goyder	M	59	Aug-17	Consumer goods, mining	Chairman Chair of the Nominations & Governance Committee. Attends other Board committee meetings.
Peter Coleman	M	59	May-11	Oil & gas	CEO and Managing Director Attends Board committee meetings.
Larry Archibald	M		Feb-17	Oil & gas	Audit & Risk, Sustainability and Nominations & Governance Committees.
Frank Cooper	M	63	Feb-13	Corporate tax	Chair of the Audit & Risk Committee. Member of the Human Resources & Compensation and Nominations & Governance Committees.
Swee Chen Goh	F	58	Jan-20	Oil & gas, consumer goods	Member of the Human Resources & Compensation, Sustainability and Nominations & Governance Committees.
Christopher Haynes	M	72	Jun-11	Oil & gas	Member of the Audit & Risk, Sustainability and Nominations & Governance Committees.
Ian Macfarlane	M	64	Nov-16	Government	Member of the Human Resources & Compensation, Sustainability and Nominations & Governance Committees.
Anne Pickard	F	64	Feb-16	Oil & gas	Chair of the Sustainability Committee. Member of the Human Resources & Compensation and Nominations & Governance Committees.
Sarah Ryan	F	53	Dec-12	Oil & gas	Member of the Audit & Risk, Sustainability and Nominations & Governance Committees.
Gene Tilbrook	M	68	Dec-14	Consumer goods, mining	Chair of the Human Resources & Compensation Committee. Member of the Audit & Risk and Nominations & Governance Committees.

Contact:

Dan Gocher | dan@accr.org.au | +61 410 550 337