



Woodside suffers as the world catches COVID-19

Company/ASX Code	Woodside Petroleum Limited/WPL
AGM date	Thursday 15 April 2021
Time and location	2.00pm WST Perth Convention Centre, 21 Mounts Bay Road, Perth, WA.
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Geoff Read assisted by Tony McAuliffe
Pre AGM Meeting?	Yes with Chairman Richard Goyder and others.

The individuals who prepared this voting intention have a shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

2020 was a difficult year for the company. A price war between OPEC and Russia caused both oil and gas prices to fall sharply. Additionally the disruption created by the worldwide pandemic of COVID-19 caused demand and prices to fall further as well as adding to Woodside’s costs by approximately \$USD44M. It is to the company’s credit that they kept all of their staff safe through this difficult period as well as achieving record production from their facilities and record sales volumes. It’s just a shame the prices weren’t higher! Woodside also achieved its best ever safety performance as well as a very high level of reliability, including through category 4 cyclone Damien.

To reduce expenditure and to conserve capital exploration budgets were reduced and decisions on major capital expenditure were deferred. The most notable decision in this category is the proposed Scarborough gas field and the Pluto train 2 LNG plant. These projects are now scheduled for a final investment decision in late 2021, about the same time as the change of CEO. The sales effort to market the output of this development has continued and some contracts have been agreed.

Development of the Sangomar oil field and FPSO in Senegal continues on schedule. Woodside may sell a stake in this project when it is nearer to completion.

Because of the continuing low prices for oil and gas the company undertook an examination of the value of its assets. Unfortunately, and appropriately, this meant that many assets suffered impairment and had to be written down in value in the company’s balance sheet. (The total write-down was USD\$ 4,878M which included a loss making contract in Texas.)

The final dividend was reduced to 12 cents US. A recovery in the share price from the lows of 2019 meant that the TSR was a healthy 35.7% for the year.

Since balance date a military coup in Myanmar has caused the downfall of the democratically elected government and made the situation for staff and contractors dangerous. As a sensible precaution Woodside has removed all Australian staff from Myanmar. Exploration work has ceased. The seven local staff who remain are in safe and secure locations. There are no producing assets in Myanmar so the impact on revenue is nil. It remains to be seen if the resource leases and exploration work have any recoverable value.

Woodside takes the matter of climate change seriously and understand its obligations to the world. They have set targets for emissions reduction which are consistent with the Paris climate agreement and include reductions in emissions of 15% by 2025, 30% by 2030 and zero emissions by 2050 or sooner. As a strong beginning they have planted 3.6 million trees in partnership with Greening Australia as greenhouse gas offsets. Additionally Woodside has just announced that from the 2022 AGM they will be presenting a climate/emissions report and will put it to a non-binding advisory vote.

Woodside have commenced building the foundation for a hydrogen business.

Peter Coleman, the CEO for the past 10 years, has announced his retirement for later in 2021 and a search is underway to find his successor. This transition is expected in the third quarter of 2021.

Woodside did not receive any JobKeeper funding in 2020.

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m) USD	-4028	343	1364	1069	868
UPAT (\$m) USD	447	1063	1364	1069	868
Share price (\$) AUD	22.74	34.38	31.32	33.08	31.16
Dividend (cents)USD	0.38	0.91c	1.44	0.98	0.83
TSR (%)	35.7	12	9.67	7.6	6
EPS (cents)USD	-423	37	148	123	104
CEO total remuneration, actual (\$m) AUD	6.058	9.378	8.566	7.806	8.949

For 2020 the CEO's total actual remuneration was 66 times the Australian Full time Adult Average Weekly Total Earnings (based on November 2020 data from the Australian Bureau of Statistics).

Item 2a	Re-election of Dr Christopher Haines as a director
ASA Vote	FOR

Summary of ASA Position

Dr Haynes has been a non-executive director since 1 June 2011. He is a member of the Audit & Risk, Sustainability and Nominations Committees. Dr Haynes is an independent director. He has an adequate shareholding in the company. His re-election is supported.

Item 2b	Re-election of Mr Richard Goyder as a director
ASA Vote	FOR

Summary of ASA Position

Mr Goyder has been Chairman since 19 April 2018 and a non-executive director since 1 August 2017. He is also Chairman of the Nominations Committee. Mr Goyder is an independent director. He has an adequate shareholding in the company, which he plans to increase. His re-election is supported.

Item 2c	Re-election of Mr Gene Tilbrook as a director
ASA Vote	FOR

Summary of ASA Position

Mr Tilbrook has been a non-executive director since 4 December 2014. He is Chairman of the Human Resources & Compensation Committee and a member of the Audit & Risk, and Nominations Committees. Mr Tilbrook is an independent director. He has an adequate shareholding in the company. His re-election is supported.

Item 3	Remuneration Report
ASA Vote	FOR

Summary of ASA Position

The table below shows the remuneration plan for the CEO. For FY 2020 remuneration the board exercised its discretion and reduced the amount paid below that which the formula would have given. As a result the CEO received an award of 33% of his maximum target. This equated to USD 2.133M. The board awarded this entire amount in the form of 3 year performance rights.

CEO rem. Framework for FY20	Target USD \$m	% of Total	Max. Opportunity USD \$m	% of Total
Fixed Remuneration (FAR)	1.843	33%	1.843	25%
Variable Rem.	3.686	67%	5.529	75%
Total Rem.	5.529	100%	7.372	100%
Potential Variable Rem.	200% of FAR		300% of FAR	
STI Cash	0.460	12.5%	0.691	12.5
STI 3yr restricted shares	1.013	27.5%	1.520	27.5%
STI 5yr restricted shares	1.105	30%	1.658	30%
LTI 3 year performance rights	1.105	30%	1.658	30%
Total Variable Rem	5.529	100%	7.372	100%

For the results of FY 2020 the board exercised its discretion in relation to the CEO and all the executives and reduced the incentive awards below that which the incentive plan would have produced. The CEO received an award of 33% of maximum, and the KMP received awards ranging from 37% to 42% of the maximum target.

There were no pay increases this year except for one person who was promoted and the directors' fees were unchanged. (Except for exchange rate variations)

There was a 20% vote against the remuneration report last year because some shareholders considered that insufficient reward was in shares, and that the measures were not linked to financial results. ASA voted in favour of it.

Since then, the board has worked hard to it align more closely with shareholder interests. The remuneration scheme now has a scorecard which has 5 elements, 3 of which are directly linked to financial outcomes. They are: - operating expenditure, EBITDA, production, sustainability issues and business priorities. These measures are equally weighted and count towards 70% of the executive's performance result. Personal KPI's account for the other 30%.

The variable annual award which results from these measures is paid as 12.5% cash, 27.5% 3 year restricted shares, 30% 5 year restricted shares, and 30% 5 year performance rights which are tested against two TSR measures.

When shares and rights are awarded the calculation is based on VWAP.

The remuneration report is comprehensive and includes tables on actual take home pay in Australian dollars. This is a new innovation which we had requested several times and we thank them for it.

Item 4	Approval of grant of performance rights to the CEO and Managing Director.
ASA Vote	FOR

Summary of ASA Position

It is proposed that Mr Coleman will be granted 118,007 three year Performance Rights. This number was determined by dividing Mr Coleman's VAR award for 2020 equalling \$2,701,000 by the volume weighted average price of Woodside shares sold on the ASX on each day of trading in the month of December 2020 (being \$22.8883). The proportion of the shares which vest will be determined by a test of TSR after a three year period. It has been the usual Woodside practice to purchase the shares which result under this award on market.

Item 5a	Amendment to the constitution (Market Forces)
ASA Vote	AGAINST

Summary of ASA Position

A group of shareholders led by Market Forces has proposed resolutions 5(a) and 5(b) under section 249N of the Corporations Act 2001. The group also requested pursuant to section 249P of the Corporations Act 2001 that the statements set out in Annexure A to this notice shall be provided to shareholders. Resolution 5(a) seeks an amendment to the Company's Constitution. Resolution 5(b) is a contingent advisory resolution that will only be put to the AGM if 75% or more of the votes cast on resolution 5(a) are in favour. The board does not support this resolution. ASA considers that shareholders have existing avenues to express opinions on the management of the company.

Item 5b	Contingent resolution - Capital protection (Market Forces)
ASA Vote	AGAINST

Summary of ASA Position

Resolution 5(b) is an “advisory resolution” and will only be presented to the meeting for consideration if resolution 5(a) is passed by special resolution. If Resolution 5(a) is not passed, this item will not be put to the meeting. The board does not support this resolution. The Company intends to allow a reasonable opportunity at the AGM for shareholders to ask questions on the subject matter of this item.

Item 6	Amendment to the Constitution (ACCR)
ASA Vote	This resolution has been withdrawn; no vote is required.

It was announced on 19 March 2021 that Woodside intends to put its climate reporting to a non-binding, advisory vote of shareholders at its 2022 Annual General Meeting. This will support Woodside’s continued transparency regarding its contribution to a lower-carbon future. Woodside has set clear near- and medium-term emissions reduction targets, and a plan to meet them, for its equity Scope 1 and 2 emissions consistent with its aspiration of achieving net zero by 2050 or sooner. Woodside’s climate-related disclosures are structured to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Chairman Richard Goyder said the non-binding, advisory vote will supplement Woodside’s ongoing conversation with its shareholders and stakeholders.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 (“ASA”). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person’s particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person’s acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.