

## An outstanding year for Woodside Energy.

<b>Company/ASX Code</b>	Woodside Energy Group Limited/WDS
<b>AGM date</b>	Friday 28 April 2023
<b>Time and location</b>	10.00am AWST Perth Convention Centre, 23 Mounts Bay Road, Perth.
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Hybrid
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Geoff Read
<b>Pre AGM Meeting</b>	Yes, with Chair Richard Goyder and others

The individual who prepared this voting intention has an indirect shareholding in this company.

### Summary of issues for meeting

UNLESS OTHERWISE STATED, AMOUNTS IN THIS DOCUMENT ARE SHOWN IN USD.

This was an outstanding year for Woodside. Net profit after tax (NPAT) rose to \$6.5B. Earnings per share (EPS) was 430 cents per share and the full year dividend was 253 cents. These are all record numbers for Woodside.

The increase in the oil price was a major contributor and it is regrettable that this was precipitated by the war in Ukraine followed by sanctions on Russia. This coupled with a Post-COVID worldwide recovery which was quicker than expected led to the higher prices which of course contributed to worldwide inflation.

The increase in the oil price also allowed two of Woodside's assets to be re-valued. Two years ago, impairments had been recognised for reduction in asset value of the investments in Wheatstone, and Corpus Christi. An increase of \$1b was determined and this was returned to the accounts.

During the year the merger with BHP Petroleum (BHPP) was completed on time and the expected synergies of \$400M have been achieved. The BHPP portfolio is biased towards crude oil and it is a solid generator of free cash flow. It was instantly positive in terms of EPS. On settlement of the BHPP agreement Woodside received net cash of \$1.1B including the working cash in BHPP bank accounts.

Woodside has a policy of board renewal and two long serving non-executive directors (NEDs) will depart at this AGM to be replaced by two new candidates. The Board has a maximum capacity of 11 NEDs and there will be 10 at the conclusion of the AGM.

We have complained to Woodside over past years about the political donations they subscribe to various parties to retain memberships of "business forums". We are pleased to record that they have finally ceased this practice and now only pay to attend lunches, dinners and conferences on a case by case basis. Approval of these expenses rests with the board.

Major projects including Scarborough/Pluto and Sangomar in Senegal are on schedule and budget. Now that Woodside has increased free cash flow it is possible to fund these and other projects from internal cash flow. Thus it may not be necessary to sell stakes in these projects.

There are many potential projects in the pipeline all vying for capital. There are multiple hydrogen projects in various stages of readiness in many countries around the world. Woodside plan to invest \$5B in new energy products and lowering carbon emissions by 2030. In the USA the inflation reduction act looks to be a significant positive for participants in new energy.

Woodside set targets for emissions reduction some time ago. The goal is to achieve 15% scope 1 and 2 emissions reduction by 2025 and to reduce 30% by 2030. As part of the BHPP merger they have extended these targets to INCLUDE the BHPP assets.

### Proposed Voting Summary

No.	Resolution description	
2a	Re-election of Mr Ian Macfarlane as a Director	For
2b	Re-election of Mr Larry Archibald as a Director	For
2c	Re-election of Ms Swee Chen Goh as a Director	For
2d	Election of Mr Arnaud Breulliac as a Director	For
2e	Election of Ms Angela Minas as a Director	For
3	Adoption of the remuneration report.	For
4	Approval of Executive Incentive scheme for the CEO and MD.	For
5	Board Remuneration	For
	Non-Board Resolutions	
6a	Amendment to the constitution	Against
6b	Contingent resolution Capital Protection	Against

## **Summary**

(As at FYE)	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
NPAT (USDM)	6498	1983	-4028	343	1364
UPAT (USDM)	5200	NA	447	1063	1364
Share price (\$)AUD	35.44	21.93	22.74	34.38	31.32
Dividend (US cents)	214	135	38	91	144
Simple TSR (%)	76	4.9	35.7	12	9.7
EPS (US cents)	430	206	-423	37	148
CEO total remuneration, actual (AUDM)	4.243	4.020 New CEO	6.058	9.378	8.566

Note. In the table above the 2022 column refers to Woodside Energy Group Ltd. The other columns all refer to Woodside Petroleum Ltd.

### **Election or re-election of directors**

The Woodside board has a maximum of 11 independent NEDs plus the CEO. The general policy is to appoint people around the globe who have the talents and experience to add value to the board. Many NEDs come from the chemical and energy industries. Government and finance backgrounds are well represented. NEDs usually serve for a term of 9 or 12 years, so the board is regularly being refreshed. In addition to diversity of language, culture and nationality there is adequate gender diversity.

Each of the directors standing for election/re-election has confirmed that they have sufficient time to carry out their Woodside responsibilities.

#### **2a Mr Ian Macfarlane FOR**

An independent director since November 2016 who has substantial knowledge of the industry and government processes. He resides in Australia.

#### **2b Mr Larry Archibald FOR**

An independent director since February 2017 who has substantial knowledge of oil and gas exploration. He resides in the USA.

#### **2c Ms Swee Chen Goh FOR**

An independent director since January 2020 who has extensive experience in the oil and gas industry and is extremely well connected in Singapore where she holds multiple directorships. She resides in Singapore.

## **2d Mr Arnaud Breuillac (New) FOR**

He is an independent director who has a solid background in the European oil and gas industry. He resides in France.

## **2e Ms Angela Minas (New) FOR**

She will be an independent director who has an extensive background in the US finance markets and their regulatory attributes, in addition to experience in the oil and gas industry. She resides in the USA.

## **Adoption of Remuneration Report FOR**

The remuneration report is clear, complete and comprehensive. The things we like are that there is a bias to paying the executives in equity, the measurement period for the incentive scheme is over 3, 4 and 5 years so there is a bias to long term strategic thinking and awards of equity are made at market value. The board used discretion this year to increase the corporate scorecard from 7 to 8 for all employees including the executive. In view of the extensive effort which went in to the BHPP merger the board has awarded special payments to 3 non-executive directors. The CEO and 3 members of the executive also received bonus payments for the merger completion.

The CEO received a personal performance score of 88% and other executives were scored between 78% and 87%.

The value of the remuneration packages are appropriate for a company of this size.

All executive and directors have adequate "skin in the game" with the exception of some new NEDs.

## **Approval of equity grants to Managing Director/CEO FOR**

This resolution provides for the issue of up to 111,747, restricted shares, valued at A\$3.99M, and 64,013 performance rights, valued at A\$2.28M to the CEO to satisfy the executive scheme for 2022. The exact number to be awarded will be determined by performance over the coming 4 years so this resolution provides for a maximum number.

## **Non-Board Resolutions AGAINST**

These resolutions are not supported by the board.

6a is a resolution to amend the constitution submitted by a climate activist group. If it receives 75% or more of votes in favour, resolution 6b will be put to shareholders, requiring 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. ASA doesn't support such a constitutional change, although we do support the company adequately addressing the risks decarbonisation and communicating these to shareholders.

Similar resolutions appear each year and given the constitutional change requires a vote in favour of 75% to be adopted, we consider this is most unlikely. We note that last year when shareholders were given an advisory on the Climate Report the vote was carried by a narrow margin, with 51% in favour versus 49% against.

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## Appendix 1 Remuneration framework detail

The table below shows the remuneration plan for the CEO for 2023.

CEO rem. Framework for FY2021	Target AUD \$m	% of Total	Max. Opportunity AUD \$m	% of Total
Fixed Remuneration (FAR)	2.4	26%	2.4	19.2%
Variable Rem.	6.72	74%	10.1	80.8%
<b>Total Rem.</b>	9.12	100%	12.5	100%
<b>Potential Variable Rem.</b>	280% of FAR		420% of FAR	
STI Cash	1.344	20%	2.02	20%
LTI 3yr restricted shares	0.672	10%	1.01	10%
LTI 4 year restricted shares	0.672	10%	1.01	10%
LTI 5 year restricted shares	2.016	30%	3.03	30%
LTI 5 year performance rights	2.016	30%	3.03	30%
Total Variable Rem	6.72	100%	10.1	100%