

Challenges galore!

Company/ASX Code	Woodside Petroleum Ltd /WPL
AGM date	Thursday 30 April 2020
Time and location	Perth Convention and Exhibition Centre & online www.woodside.com.au/investors
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Tony McAuliffe assisted by Barry Nunn
Pre AGM Meeting	Information exchange with Company Secretary Warren Baille

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

Summary of ASA Position

2019 has been a volatile year with a slight decrease in production from 91.4 MMboe (2018) to 89.6MMboe. The decrease resulted from planned maintenance at Pluto 1, the Northwest Shelf facility and a Cyclone event. The low NPAT of US\$343m is due largely to impairment against the Kitimat project (US\$720m) arising from oversupply in the North American gas markets and increased carbon costs compared with assumptions at acquisition in 2015. Highlights over the period included achieving FID on the Pyxis hub, Greater Western Flank Phase 3 and Julimar – Brunello Phase 2. FEED for Scarborough and Pluto train 2 was executed while commencing Pre-Feed in Myanmar. The Sangomar field development in Senegal is targeting first oil in 2023.

At time of writing WPL is facing challenges resulting from the COVID 19 situation, as well as the Saudi Arabia/ Russia crude production standoff. WPL have revised their previous outlook. Strategies to minimise COVID 19 impact are in place and a 50% reduction to the forecast 2020 expenditure on the work plan. Also planned is a 60% reduction to the 2020 guided investment expenditure and deferral of FID for Scarborough, Pluto train 2, and Browse.

From 2021, WPL are targeting offsetting equity reservoir emissions across their entire portfolio and are aspiring to be at net zero in relation to all direct carbon emissions by 2050. They have an agreement with Greening Australia for WPL to undertake large scale native planting projects to generate quality carbon offsets. WPL are also planning to participate in partnerships to promote and develop hydrogen products. ASA welcomes the appointment of Ms Goh Swee Chen to the WPL Board as an independent Non-Executive Director.

Summary

As at FYE December 31st	2019	2018	2017	2016
NPAT (\$m)	US\$343	US\$1364	US\$1069	US\$868
UPAT (\$m)	US\$1063	US\$1364	US\$1069	US\$868
Share price (\$)	A\$34.38	A\$31.32	A\$33.08	A\$31.16
Dividend (cents)	US\$0.91	US\$1.44	US\$0.98	US\$0.83
TSR (%)	12	9.67	7.6	6
EPS (cents)	US\$0.37	US\$1.48	US\$1.23	US\$1.04
CEO total remuneration, actual (\$m)	A\$8.557	A\$8.566	A\$7.806	A\$8.949

For 2019, the CEO's total actual remuneration was **97.6 times** the Australian Full time Adult Average Weekly Total Earnings (based on November) 2019 data from the Australian Bureau of Statistics).

Item 2 (a)	Re-election of Mr Ian Macfarlane as a Director
ASA Vote	For

Summary of ASA Position

Mr Macfarlane was appointed as an independent Non-Executive Director on 14 November 2016. ASA considers that his personal shareholding is relatively low and in the current environment of low share prices could be easily increased. No reason to oppose.

Item 2(b)	Re-election of Mr Larry Archibald as a Director
ASA Vote	For

Summary of ASA Position

Mr Archibald was appointed as an independent Non-Executive Director on 1 February 2017. ASA considers that his personal shareholding is relatively low and in the current environment of low share prices could be easily increased. No reason to oppose.

Item 2(c)	Election of Ms Swee Chen Goh as a Director
ASA Vote	For

Ms Goh was appointed as an independent Non-Executive Director on 1 January 2020. She has extensive experience in a diverse range of industries, including oil and gas, consumer goods and IT.

No reason to oppose.

Item 3	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

This report is quite difficult to navigate. An analysis of the CEO's remuneration is detailed in the following table.

CEO rem. framework	Target US\$m	% of Total	Max. Opportunity US\$m	% of Total
Fixed Remuneration (FAR)	1.913	33%	1.913	25%
Variable Rem.	3.884	67%	5.739	75%
Total Remuneration	5.780	100%	7.652	100%
Potential Variable Rem comprised of:	200% FAR:		300% FAR:	
STI – Cash*	0.486*	12.5%	0.717*	12.5%
STI -3-yr restricted shares	1.068	27.5%	1.578	27.5%
5-yr restricted shares	1.165	30%	1.722	30%
LTI - 5-yr Performance Rights	1.165	30%	1.722	30%
Total Variable Rem	3.884	100%	5.739	100%

* CEO elected to receive restricted shares with 3-year deferral in place of STI cash. Actual remuneration for the year is included in the table on page 1 of these voting intentions.

CEO and KMP Remuneration comprises an annual fixed salary and additional sums to cover expenses and various allowances.

This is added to by an incentive combination, the Executive Incentive Scheme or EIS, which replaced traditional STI and LTI in 2018.

The STI has been replaced by an annual award of 12.5% cash, 27.5% 3-year restricted shares, 30% 5-year restricted shares and 30% Performance rights 5-year performance period.

The allocations of cash, restricted shares and performance rights are as percentages of the annual fixed salary. Awards under the EIS are based against the Corporate Scorecard and Individual KPIs set for the 2019 performance year. The performance rights vest after 5 years and performance is measured by 1/3 of the rights being tested against a comparator group (ASX50) and the remaining 2/3 tested against a comparator group consisting of an international group of oil and gas companies. Relative TSR is the sole hurdle. ASA considers 2 hurdles to be an appropriate measure.

ASA applauds the restricted shares with 3- and 5-year deferrals. However, the shares appear to be linked with the corporate scorecard and individual KPIs. It is unclear how the allocation of the number of restricted shares operates. ASA do not favour a vesting schedule with 50% of performance rights vesting at the 50th percentile i.e. achieving 'average' performance. ASA prefers 30% of performance rights vesting at the 51st percentile.

Item 4(a)	Amendment to the Constitution
ASA Vote	Against

Summary of ASA Position

ASA consider that shareholders have existing avenues to express opinions on the management of the company. ASA has always had access to the Chair and Company Secretary of Woodside whenever requested. We will not support this resolution.

Item 4(b)	Contingent Resolution – Paris Goals and Targets
ASA Vote	Against

Summary of ASA Position

ASA notes from the annual report several initiatives that Woodside plan to introduce to company operations to decrease emissions and to promote the transition to a lower carbon world. We do not support this resolution.

Item 4(c)	Contingent Resolution-Climate Related Lobbying
ASA Vote	Against

Summary of ASA Position

In the past ASA has had discussions with Woodside regarding political donations and liaison with various groups. We see Woodside as transparent in disclosure and always open to discussion

We do not support this resolution.

Item 4 (d)	Contingent Resolution – ‘reputation advertising’ activities
ASA Vote	Against

Summary of ASA Position

ASA do not agree with the need for such a review.

We do not support this resolution.

The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

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