



CLIMATE CHANGE RISK MANAGEMENT

NEXT STEPS

April 2020

Woodside proactively manages climate change issues and disclosure of climate-related risks. This document outlines the next steps we intend to take, building on disclosures already included in the [2019 Annual and Sustainable Development Reports](#). These steps from the Task Force on Climate-related Financial Disclosures (TCFD) framework support progress towards our aspiration of net zero direct emissions by 2050.

	Where we are today	Next steps
Governance	<p>Woodside's Board is responsible for governance of climate change issues and regularly reviews our publicly disclosed Climate Change Policy.</p> <p>The Board is supported and informed by the Sustainability Committee, comprising six non-executive directors, meeting four times per year.</p> <p>Woodside's governance approach for climate change issues is incorporated into the Woodside Management System including our policies, procedures and Code of Conduct.</p> <p>Climate change risks are assessed, quantified and reviewed by the executive leadership team in accordance with Woodside's risk management process.</p> <p>The Board regularly reviews the assessment and management of climate change risk, and considers this risk in economic decisions.</p>	<ul style="list-style-type: none"> + Ongoing development of disclosure on Board climate change oversight, including how climate change-related risks are integrated into the Board's agenda and consideration. Further disclosure to be provided in the Annual Report 2020 and associated corporate reporting. + Continue to review public positioning and advocacy actions of industry association memberships for alignment with Woodside's climate change-related positions. Publish a summary of this review by November 2020.
Strategy	<p>The Board has articulated and regularly reviews our Climate Change Policy. The Policy is implemented through Woodside's Climate Change Strategy.</p> <p>The Policy and Strategy reflect that:</p> <ul style="list-style-type: none"> + the world needs more energy, delivered in cleaner ways. + natural gas is the natural step to net zero, and the ideal partner for renewables, given that it is readily dispatchable and provides system stability. + Woodside is designing and operating our plants efficiently and acting to limit emissions. <p>A Sustainability Division has been established with responsibility for carbon offsets and hydrogen business development.</p> <p>Woodside supports the goal of the Paris Agreement to limit global temperature rises to well below two degrees. We assess portfolio resilience in line with this, as well as other sensitivities on a range of variables.</p>	<ul style="list-style-type: none"> + Further articulate Woodside's strategic vision for climate change action, including our aspiration for our direct emissions to be net zero by 2050, and continue to explain how Woodside's business is adapting to a lower-carbon future. + Further articulate the consideration of climate-related risks and opportunities using scenario analysis in the 2020 Annual Report and associated corporate reporting. + Provide enhanced disclosure on our methodology used to test portfolio resilience, including a description of the scenarios used and any potential impact on Woodside's investment process. + Continue to influence methane reductions along the value chain, in accordance with the Methane Guiding Principles.

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Risk Management	<p>Assessment and management of climate change risk is undertaken in accordance with Woodside's Risk Management Procedure and incorporated into Woodside's overall management process.</p> <p>Climate change is one of the 10 corporate Strategic Risks, managed globally in a coordinated way with significant oversight from the Board and the executive leadership team.</p>	<ul style="list-style-type: none">+ Disclose further information in the Annual Report 2020 and associated corporate reporting on:<ul style="list-style-type: none">+ how climate-related risks are incorporated into Woodside's existing enterprise risk management process.+ the impact of physical risks on Woodside's assets and operations.
Metrics & Targets	<p>Woodside is:</p> <ul style="list-style-type: none">+ Using a range of metrics to assess climate-related risks and opportunities.+ Articulating climate change related targets and metrics, and ongoing annual performance against these.+ Disclosing Scope 1, 2, and 3 (use of sold product) greenhouse gas emissions.+ Disclosing an aspiration of net zero direct emissions by 2050, and two key supporting targets:<ol style="list-style-type: none">1. Improve energy efficiency by 5% against baseline over 2016-20, with a new 5% target for 2021-25.2. Offset global portfolio equity reservoir CO₂ emissions from 2021.	<ul style="list-style-type: none">+ Further enhance accessibility of key environmental data through our website.+ Further enhance disclosure on our approach to Scope 1 emission reductions in 2020.+ Develop a plan for new Scope 1 and 2 targets applying from 2026, aligning with our 2050 net zero aspiration. We will provide an update on our progress in the Annual Report 2020 and associated corporate reporting.

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