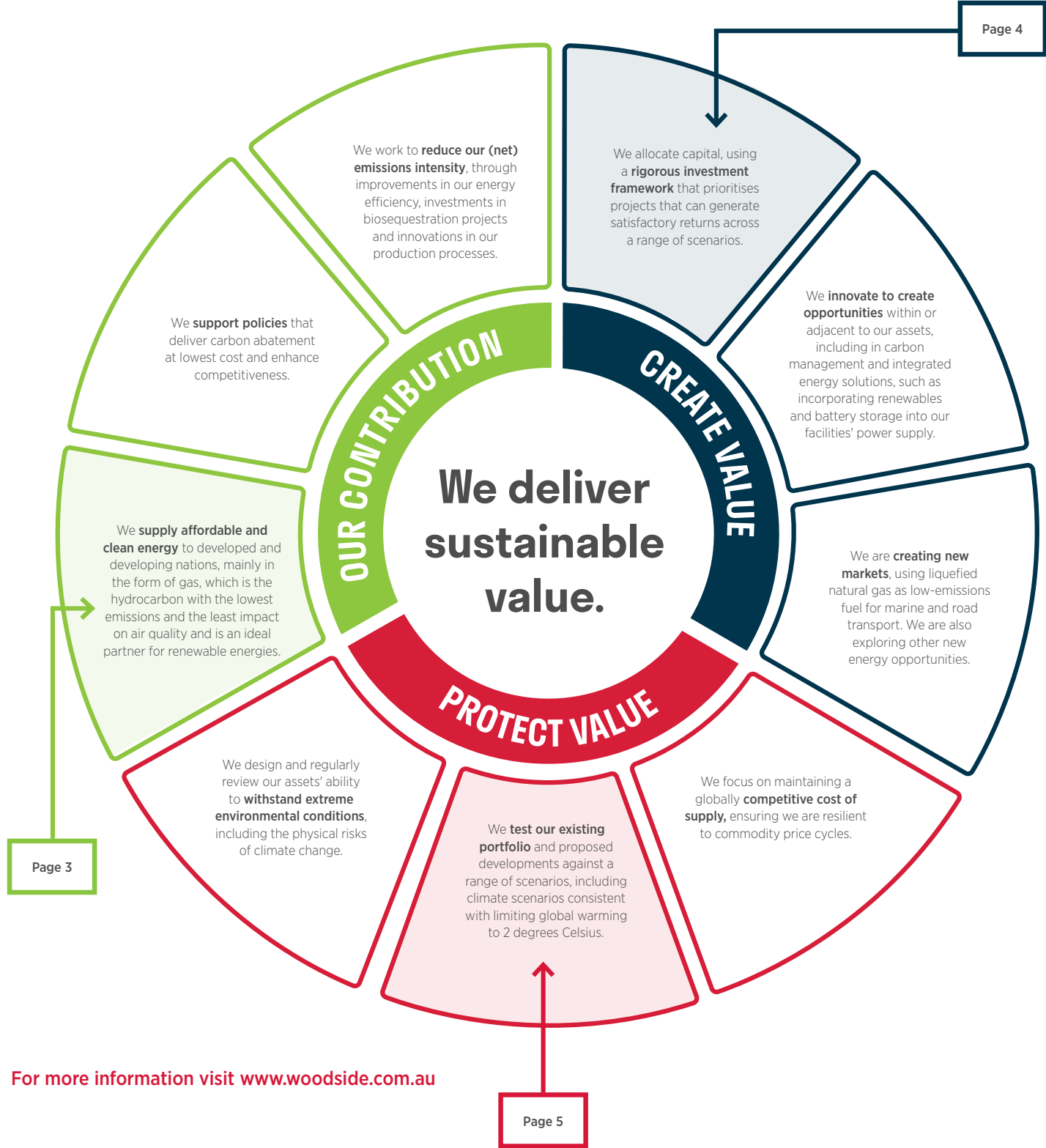




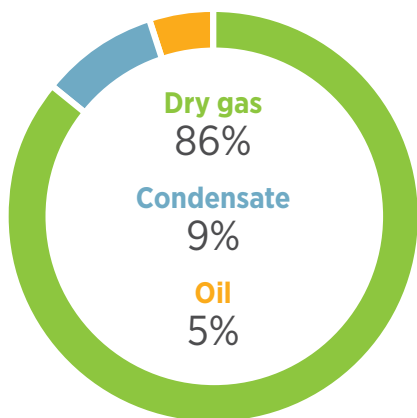
# OUR ENERGY FUTURE

IN A LOWER  
CARBON WORLD





For more information visit [www.woodside.com.au](http://www.woodside.com.au)



Percentages based on developed and undeveloped Woodside reserves; proven + probable (2P) as at 31 Dec 2017

## The world needs more gas – and we’ve got it.

- + Gas is the cleanest burning hydrocarbon.
- + Switching from coal to gas-fired power can significantly reduce greenhouse gas emissions<sup>1</sup>.
- + Gas improves air quality, by displacing higher emissions energy sources.
- + Gas is an ideal, reliable partner for renewable energies.

<sup>1</sup><http://www.ipcc.ch/report/ar5/syr/>



## We deliver sustainable value by supplying energy the world needs.

As the largest Australian gas producer, Woodside has reliably supplied energy to local and global customers for more than 30 years, delivering sustainable value for shareholders, partners and communities.

The world needs more energy to sustain the basics of life for billions of people. That energy needs to be delivered in new and cleaner ways to reduce emissions and avoid air pollution, which has a high cost to human health<sup>2</sup>. The United Nations 17 Sustainable Development Goals (SDGs) draw attention to these and other challenges, setting targets for the provision of affordable, reliable and modern energy for all by 2030 while strengthening the global response to climate change.

Woodside is playing its part in responding to these global challenges, by focusing on how we can meaningfully contribute to the SDGs. Executing our Climate Change Policy and signing up to the Methane Guiding Principles and the World Bank Zero Routine Flaring by 2030 initiative are examples of how we contribute.

The oil, gas and condensate in our portfolio are energy sources the world needs. Natural gas, which makes up the largest part of our portfolio, can and should play a significant role in extending access to clean and reliable energy while reducing emissions.

For more information see our annual and sustainable development reports on [www.woodside.com.au](http://www.woodside.com.au)

<sup>2</sup> <https://www.un.org/sustainabledevelopment/energy/>

## Investments are prioritised based on the level of resilience to a wide range of scenarios.

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**Existing assets:** financial resilience has been proven and Woodside invests in its existing assets to ensure sustained revenue generation, low production costs, high gross margins and a globally competitive cost of supply.

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**Scarborough and Browse:** financial resilience is strong as these projects make use of existing infrastructure, leading to lower capital intensity than traditional greenfield LNG developments.

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**Senegal SNE Phase 1:** financial resilience is strong due to the lower upfront capital requirements and faster payback period than LNG developments and a production window that coincides with ongoing demand for oil.

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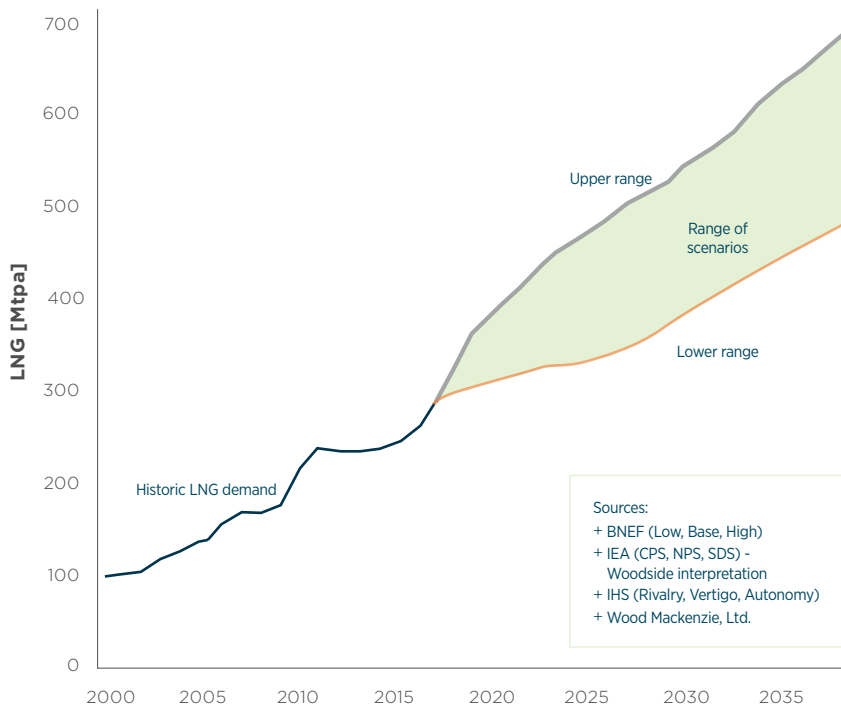


**All other projects:** our strategy review and capital allocation process ensure resilience of investment decisions.

## Woodside regularly analyses its portfolio against multiple scenarios that take into account a range of potential futures, including lower carbon ones.

In testing the resilience of our portfolio, we consider sensitivities across a range of variables, including commodity prices, carbon prices, exchange rates and interest rates. The values of these sensitivities are based on several internal and external scenarios, including the International Energy Agency (IEA) sustainable development scenario, which aligns with the Paris Agreement ambition to hold global temperature rises below 2 degrees Celsius this century.

### LNG demand under various external scenarios



LNG demand under various external scenarios, including 2 degrees Celsius ones

In all these scenarios, LNG makes a growing contribution to the world's energy mix. Woodside, with a track record of low-cost production, is well positioned to provide LNG that the world needs.

**These analyses demonstrate that Woodside is financially resilient to a wide range of carbon-related scenarios.**

#### Common features of internal and external scenarios:

- + energy demand is rising
- + energy demand growth is strongest in Asia
- + demand for natural gas is increasing
- + demand for renewables is increasing
- + oil continues to play an important role
- + carbon pricing is growing globally.



We consider a range of commodity and carbon prices based on our interpretation of a wide range of scenarios, including those that align with a 2 degrees Celsius outcome.



In all tested scenarios, both our existing assets and existing mature growth opportunities would make a positive contribution to shareholder value and operating cash flows.



Our portfolio delivers a continual strong free cash flow, enabling us to make the investment choices that will deliver superior shareholder returns, whether that be in gas, oil or other new energy sources that leverage our core capabilities.

## Climate Change Policy

Woodside recognises the scientific consensus on climate change and the challenge of providing safe, clean, affordable and reliable energy while reducing emissions. Woodside is committed to being part of the solution.

We believe hydrocarbons will continue to be vital in meeting the world's energy needs and that the benefits of natural gas, in particular, will see it play an increasingly important role globally both in the energy mix and in reducing greenhouse gas emissions.

To meet the challenge of supplying clean, affordable and reliable energy while reducing emissions, we will continue to concentrate on these priority actions:

- + promoting and pursuing a culture of energy efficiency and improved resource use in designs and operations
- + supporting our host countries in their endeavours to set emission reduction targets in accordance with internationally accepted science and to achieve these targets using efficient and stable policies
- + evaluating the resilience of our portfolio and investment decisions to potential changes in global climate policy
- + setting and publishing targets to encourage innovation and drive reductions in our carbon footprint and energy use
- + promoting natural gas in the global energy mix as a means to reduce greenhouse gas emissions, support renewable energy and improve local air quality
- + supporting lowest cost abatement through global carbon pricing
- + pursuing greenhouse gas emission reduction technologies with our peers and scientific institutions.

Responsibility for the application of this policy rests with all Woodside employees, contractors and joint venturers engaged in activities under Woodside operational control. Woodside managers are also responsible for promoting this policy in non-operated joint ventures.

Woodside will regularly review this policy and update it as required.



**Woodside**

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