Please direct all responses/queries to:
Andrew Decet
T: +61 8 9348 3702   M: +61 4 67 808 530
E: andrew.decet@woodside.com.au

Our reference: 1401716958

Woodside Energy Ltd.
ACN 005 482 986
Mia Yellagonga
11 Mount Street
Perth WA 6000
Australia
T +61 8 9348 4000
F +61 8 9214 2777
www.woodside.com.au

30 April 2021

Joint Standing Committee on Trade and Investment Growth
PO Box 6021
Parliament House
Canberra ACT 2600
AUSTRALIA

Dear Committee

Submission to: Inquiry into the prudential regulation of investment in Australia's export industries

1. Introduction

Woodside welcomes the opportunity to provide a submission to the Joint Standing Committee on Trade and Investment Growth inquiry into the prudential regulation of investment in Australia's export industries.

Woodside is proud of the significant economic, social and employment outcomes derived from our operations over the past 30 years and looks forward to delivering our next wave of growth projects.

It is for this reason that we believe it is important for stakeholders to understand the robust approach Woodside is subject to when sourcing funding (debt or capital) and insurance products.

While we believe the current process outlined below in section 4 is appropriate, we do not believe that unreasonable changes should be made to the financial services practices that would hinder responsible investment in the resource sector. Furthermore, we do not support companies who are unable to respond to legitimate requests for information, or articulate their approach to environmental, social or governance (ESG) related impacts when there is a reasonable expectation for them to do so.

To do so, would impact the role natural gas and LNG will play in the future energy mix. As forecast by the IEA's 2020 World Energy Outlook, LNG demand will continue to grow under Paris compliant scenarios.

Gas is used in a very broad range of applications beyond just power including the industrial, transport and building sectors which are hard to electrify and therefore where renewables have limited application.

2. About Woodside

Woodside led the development of the liquefied natural gas (LNG) industry in Australia and is applying this same pioneering spirit to solving energy challenges.

We have a focused portfolio and are recognised for our world class capabilities as an integrated upstream supplier of energy. As Australia's leading LNG operator, we operated 6% of global LNG supply in 2020.

In WA, we are building on more than 35 years of experience and progressing development of the Scarborough gas resource through the world-class Pluto LNG facility. We are also connecting Pluto LNG with the landmark North West Shelf (NWS) Project to create an integrated LNG production hub on the Burrup Peninsula.

We are working to improve our energy efficiency, offset our emissions, and develop options for lower-carbon energy. We have set clear targets to reduce our net emissions in line with our aspiration to achieve net zero by 2050.

3. Existing and future contribution of Woodside to Australia[1]

Existing contribution

In Australia, where our core producing assets are located, we are a significant taxpayer. We have paid more than A$10 billion in Australian taxes and royalties over the past decade to 2020, which includes A$707 million paid in 2020 to the Australian federal and state governments.

In addition to this, Woodside is a major employer, with more than 3,700 people currently engaged.

We also continue to work in partnership with our supply chain to continuously improve our approach, develop sustainable practices and deliver value to our business and local communities. In 2020, we spent more than A$5 billion globally, with the majority of spend with Australian-based suppliers.

Growth projects

Together with our joint venture participants, Woodside is progressing new natural gas and energy projects in the Pilbara, Western Australia.

This involves the proposed development of the Scarborough and Pluto Train 2 development and Browse development, as well as a number of onshore expansion and third-party processing opportunities that would utilise existing and proven facilities at Pluto LNG and the North West Shelf Project.

Together, these projects will ensure the continued supply of domestic and export energy, providing significant economic and community benefits for decades to come.

Scarborough and Pluto Train 2 development

The Scarborough gas field is located approximately 400 km offshore west-north-west Australia and contains an estimated contingent resource (2C) of 11.1 Tcf of dry gas.

Woodside is proposing to develop the Scarborough gas resource through new offshore facilities connected by an approximately 430 km pipeline to a proposed expansion of the existing Pluto LNG onshore facility (referred to as Pluto Train 2).

A final investment decision on the Scarborough and Pluto Train 2 development is targeted for H2 2021 and first LNG cargo in 2026.

Woodside expects significant long-term benefits from the development of Scarborough and Pluto Train 2, including:

- A peak construction workforce of almost 3,200 jobs;
- Capital expenditure of ~A$16 billion in WA to 2051; and
- Boosting Australia's Gross Domestic Project by A$125 billion by 2063.

Collectively, the Scarborough and Pluto Train 2 development supports both local operations and communities within WA, including long-term investment in education, training and jobs for decades to come.

Browse development and North West Shelf (NWS) extension

The Browse resource contains an estimated contingent resource (2C) of 13.9 Tcf of dry gas and 390 MMbbl of condensate spread across three fields located approximately 425 km offshore north of Broome.

The proposed development concept is predominantly based on proven technologies and is considering two floating production storage and offloading (FPSO) facilities; and a pipeline which will transport Browse gas to existing NWS infrastructure, tying in near the North Rankin Complex (NRC).

The proposed Browse and North West Shelf extension are expected to result in a significant direct contribution to the State and Australian economies through capital and operational spending, employment, taxation and royalty payments, and exports.

[1] A full copy of the Economic Impact Assessment (published in June 2019), assumptions and details on the methodology used to calculate the outputs in the Scarborough and Train 2 development and Browse development and NWS extension is available from: https://acilallen.com.au/uploads/media/Scarborough-Development-Summary-Brochure-1562111066_1-1612992814.pdf and https://acilallen.com.au/uploads/media/BrowseDevelopmentSummaryBrochure-1562111138_1-1612992753.pdf

4. Process for sourcing funding (debt or capital) and insurance products

Funding
Woodside has observed that the bank lending market, debt capital markets and equity markets all have an increased focus on ESG credentials and that some investors are adjusting their portfolios away from oil and gas. A number of banks are now requesting ESG due diligence meetings.

Woodside is currently not experiencing any impediment to funding as it continues to demonstrate strong ESG credentials.

Insurance
Woodside has recently completed its annual underwriting presentation to insurers of our operating assets, where it was highlighted beforehand that ESG was a key focus within their organisations. As expected, there was particular interest around Woodside's current ESG activities and future plans, but this did not result in any concerns being raised or withdrawal of insurance capacity.

Woodside's operational insurers have acknowledged, and want to be partners in, the increase in future energy demand and the transition that will gradually unfold over the coming years. The same sentiment can be said for Woodside's Directors and Officers (D&O) insurers where there has also been an increased focus in ESG activities.

5. Woodside's commitment to sustainable development

The United Nations Sustainable Development Goals (SDGs) aim to address some of the world's most urgent economic, social and environmental challenges. Each goal is measured by underlying targets.

Business has an important role to play in contributing to the SDGs and in supporting sustainable development, through influence in businesses operations, supply chains, infrastructure and employment opportunities.

In 2020, Woodside finalised a review of our SDGs strategy to assess whether it best represented our contribution and alignment with the underlying SDG targets. The review considered our value chain, our risks and opportunities, our materiality assessment, views of key internal stakeholders and the approaches of our peers.

In 2021, Woodside released a revised sustainability strategy with an expanded suite of SDGs that better reflect our contribution to the global sustainability agenda. Woodside's primary goals relate to: Affordable and clean Energy; Decent work and economic growth; and Climate action. Secondary goals include: Quality education; Industry, innovation and infrastructure; Sustainable cities and communities; Life below water; and Life on land.

Key deliverables for each goal have been identified and progress against these is published annually in our Sustainable Development Report. The most recent report was published in February 2021. The report can be accessed via: https://files.woodside/docs/default-source/investor-documents/major-reports-(static-pdfs)/2020-sustainable-development-report/sustainable-development-report-2020.pdf?sfvrsn=94ceefcc_23

To help evaluate our progress in a more objective way, Woodside also tracks our company performance against a number of recognised ESG external benchmarks.

6. Conclusion

While it is clear Woodside is spending more time and effort preparing ESG related feedback to lenders, insurers and investors, the level of detail and information requested, in our view, is consistent with being a responsible operator.

We believe any move to limit responsible investment in the resource sector would be detrimental to Australia's long-term interests, including in a low-carbon economy for which gas and LNG has a significant role to play. Given the location of our resource investment in the north-west of Western Australia, communities in the Pilbara would be the first to be impacted should our proposed projects not progress.

Regards

Daniel Kalms
Senior Vice President Corporate and Legal | Woodside