

Please direct all responses/queries to:

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Green Bonds and Transition Guidance Unit
Climate and Energy Division
The Treasury
Langton Crescent
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Dear Green Bonds and Transition Guidance Unit

WOODSIDE SUBMISSION - CLIMATE-RELATED TRANSITION PLANNING GUIDANCE

Woodside Energy welcomes the opportunity to contribute to the Treasury's consultation on the Climate-related Transition Planning Guidance ('the guidance'), a key deliverable under the 2024 Sustainable Finance Roadmap¹.

About Woodside

Woodside is a global energy company founded in Australia, providing reliable and affordable energy to help people lead better lives. Driven by a spirit of innovation and determination, we established the liquefied natural gas (LNG) industry in Australia 35 years ago and today supply a growing base of customers. We have reliably delivered gas to homes and businesses in Australia for decades, supporting the development of local industry and driving economic prosperity.

Woodside's climate strategy is integrated throughout our company strategy: our aspiration to thrive through the energy transition with a low cost, lower carbon, profitable, resilient and diversified portfolio.² Our climate strategy has two key elements: reducing our net equity Scope 1 and 2 greenhouse gas emissions and investing in products and services for the energy transition.

Transition Planning Guidance

Woodside believes the guidance can be a useful reference tool for organisations at various stages of transition planning. The flexible, voluntary approach is appropriate and necessary to accommodate the diversity of decarbonisation pathways across sectors and the evolving nature of climate-related strategy and disclosure. Woodside's feedback is based on the proposed design principles that underpin the draft guidance and is detailed below.

Feedback Against the Proposed Guidance Principles

Principle 1: Internationally Aligned

¹ Government of Australia, [Sustainable Finance Roadmap | Treasury.gov.au](https://www.treasury.gov.au), Department of Treasury, 19 June 2024.

² For Woodside, a lower carbon portfolio is one from which the net equity Scope 1 and 2 greenhouse gas emissions, which includes the use of offsets, are being reduced towards targets, and into which new energy products and lower carbon services are planned to be introduced as a complement to existing and new investments in oil and gas. Our Climate Policy sets out the principles that we believe will assist us achieve this aim.

Woodside notes that the guidance encourages organisations to use an internationally aligned approach when preparing and disclosing transition plans. While international frameworks, such as the International Finance Reporting Standards Foundation’s Transition Plan Taskforce Disclosure Framework, may serve as voluntary and complementary references to support consistency and comparability where applicable, their use should not replace jurisdiction-specific disclosure requirements which may or may not incorporate transition plan disclosures.

Principle 2: Supports Domestic Decarbonisation and Adaptation

Woodside notes that the guidance references key Australian climate-related policies and frameworks. To ensure the guidance remains current as domestic policy evolves, Treasury could consider mechanisms for periodic review and update, particularly in relation to sectoral pathways under the Net Zero Plan.

Referencing the voluntary Australian Sustainable Finance Institute (ASFI) Taxonomy in the transition planning guidance is not supported. While taxonomies can help standardise definitions of sustainable activities and support capital allocation, the voluntary ASFI Taxonomy in its current form does not adequately reflect Australia’s decarbonisation priorities or economic development pathways. It is misaligned with the Australian Government’s Future Gas Strategy, particularly in its treatment of natural gas and carbon capture and storage (CCS), and risks distorting capital markets by discouraging investment in sectors critical to the energy transition.

Principle 3: Balances Ambition and Flexibility

Woodside has publicly reported on its climate transition plan since 2022, outlining climate-related strategies, activities, progress and data for each calendar year. As organisations vary in their maturity and approach to transition planning, flexibility in the design and implementation of such plans is essential. This allows for entities to provide relevant information that reflect their specific risks, opportunities, and strategic context.

Consistent with the voluntary nature of transition plans, the guidance should remain non-binding rather than prescriptive. We recognise the specific references to transition plans within the mandatory AASB S2 Climate-Related Disclosures standard and reinforce that the guidance is separate to this standard and that it should not be used to assess compliance with the standard.

Principle 4: Climate First but Not Only

Woodside recommends that the guidance reflect energy security and affordability as core considerations in transition planning. Public support for climate action is at risk when energy security and affordability are not sufficiently considered. The energy transition must deliver secure, affordable energy alongside emissions reductions and if it fails on any of these fronts, public trust and social consensus may erode.

In addition, Woodside acknowledges the guidance’s inclusion of broader sustainability considerations, including nature and just transition into transition plans. We recognise that these elements are increasingly important to many investors and communities and could be phased into transition plans where relevant. However, this should be context-specific to the specific transition plans of entities.

Overall, Woodside considers that the transition planning guidance can play an important role in identifying and managing climate-related risks and opportunities, while also enhancing transparency in reporting. Woodside values its ongoing engagement with Treasury in this area.

Yours sincerely,



Tony Cudmore

Executive Vice President Sustainability, Policy and External Affairs