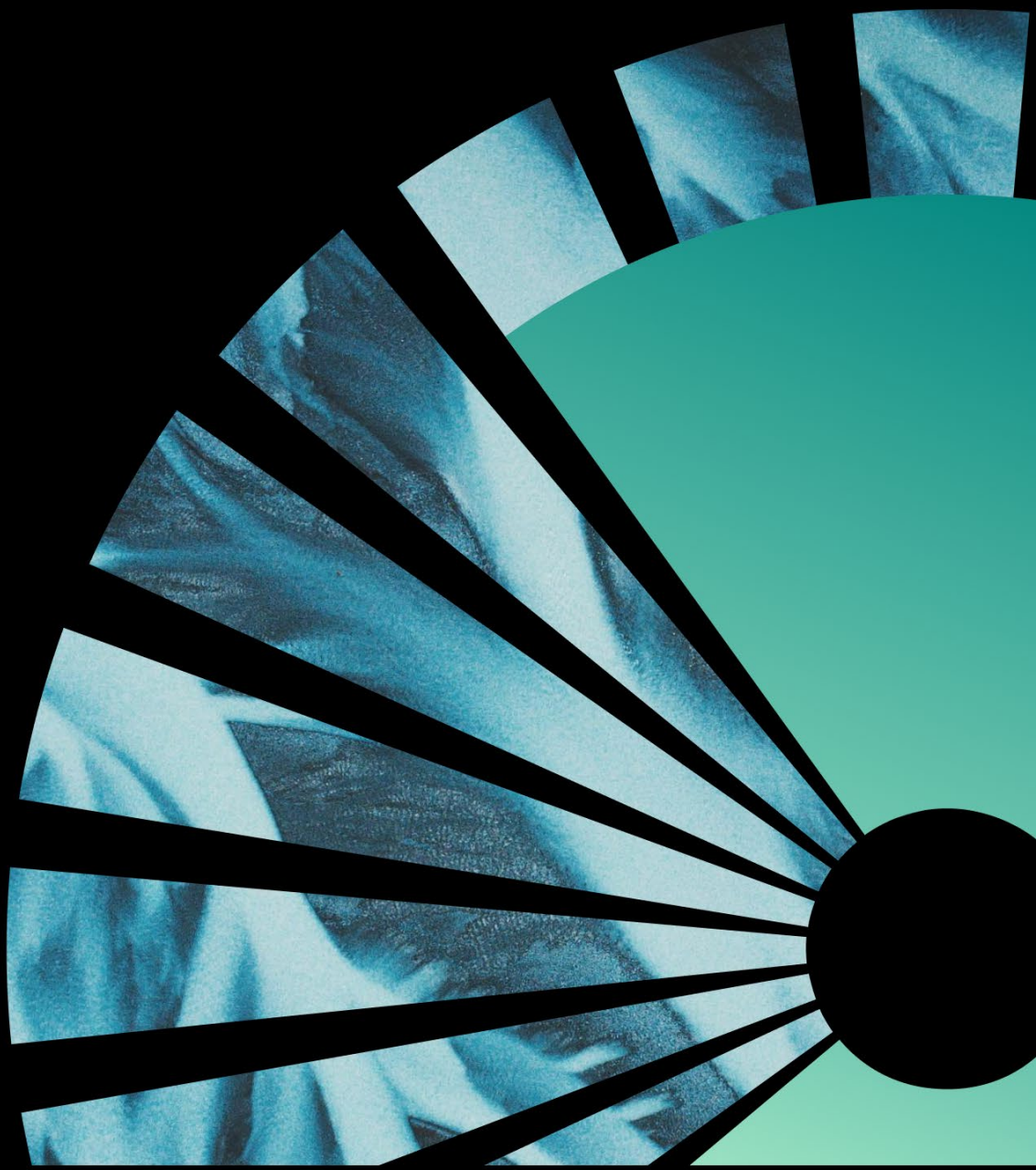
INVESTOR BULLETIN

WOODSIDE'S NEW CAPITAL FRAMEWORK: DELIVERY IS NOW THE TEST

06 November 2026



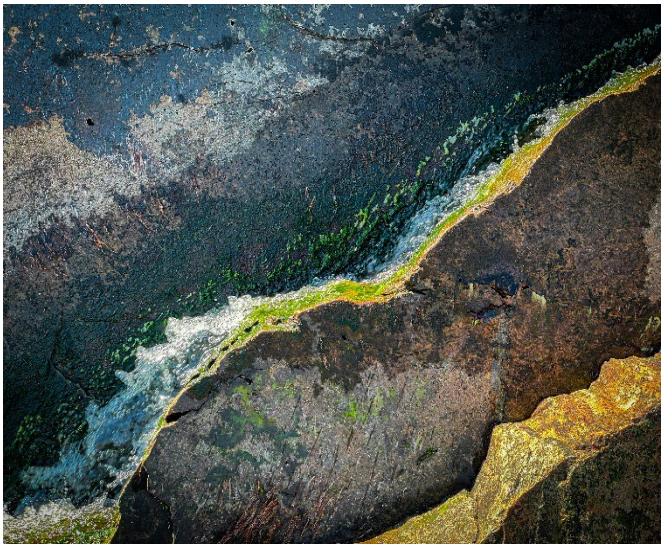
ACCR

CATALYSING CHANGE
FOR A SECURE FUTURE

ABOUT US

ACCR is a not-for-profit, philanthropically funded shareholder advocacy and research organisation.

We engage with listed companies and investors globally, enabling and facilitating active stewardship. Our research team undertakes company-focused research into the climate transition plans of listed companies, offering analysis, research and insights to assist global institutional capital understand investment risks and opportunities during the energy transition.



DISCLAIMER

This document has been prepared by the Australasian Centre for Corporate Responsibility Inc. ("ACCR").

Copyright
Any and all of the content presented in this report is, unless explicitly stated otherwise, subject to a copyright held by the ACCR.
No reproduction is permitted without the prior written permission of ACCR.

No distribution where licence would be required
This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject ACCR to any registration or licensing requirement within such jurisdiction.

Nature of information
ACCR is not providing financial product advice. The purpose of this communication is not to provide financial product advice. Readers should consider obtaining independent advice before making any financial decisions. None of ACCR, its officers, agents, representatives or and employees holds an Australian Financial Services Licence (AFSL), and none of them purports to give advice or operate in any way in contravention of the relevant financial services laws. ACCR, its officers, agents, representatives and employees exclude liability whatsoever in negligence or otherwise, for any loss or damage relating to this document or its publications to the full extent permitted by law. This document has been prepared as information or education only without consideration of any user's specific investment objectives, personal financial situation or needs. It is not professional advice or recommendations (including financial, legal or other professional advice); it is not an advertisement nor is it a solicitation or an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Because of this, no reader should make any financial decisions without having obtained independent advice. By receiving this document, the recipient acknowledges and agrees with the intended purpose described above and further disclaims any expectation or belief that the information constitutes investment advice to the recipient or otherwise purports to meet the investment objectives of the recipient.

Information not complete or accurate
The information contained in this report has been prepared based on material gathered through a detailed industry analysis and other sources and although the findings in this report are based on a qualitative study no warranty is made as to completeness, accuracy or reliability of fact in relation to the statements and representations made by or the information and documentation provided by parties consulted as part of the process. The sources of the information provided are indicated in the report and ACCR has not sought to independently verify these sources unless it has stated that it has done so. ACCR is not under any obligation in any circumstance to update this report in either oral or written form for events occurring after the report has been issued. The report is intended to provide an overview of the current state of the relevant industry or practice. This report focuses on climate related matters and does not purport to consider other or all relevant environmental, social and governance issues. Any prices stated in this document are for information purposes only and do not represent valuations for individual securities or other financial instruments. ACCR does not represent that any transaction can or could have been affected at those prices, and any prices do not necessarily reflect ACCR's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by ACCR or any other source may yield substantially different results.

Links to Other Websites
This document may contain links to other websites not owned or controlled by the ACCR and ACCR assumes no responsibility for the content or general practices of any of these third party sites and/or services whose terms and conditions and privacy policy should be read should you access a site as a result of following a link cited in this report.

WOODSIDE'S NEW CAPITAL FRAMEWORK: DELIVERY IS NOW THE TEST

Woodside's 2026 Capital Markets Day marks a welcome shift towards greater capital discipline, with a stronger focus on long-term returns and shareholder distributions.

Woodside has set a portfolio ROACE target of 12–15% by the mid-2030s and introduced a capital allocation framework in which growth projects must compete with shareholder distributions, including buybacks.

The key test now is whether Woodside translates these commitments into investment decisions that deliver improved shareholder value. Management's indication that executive incentives will be reviewed provides investors with an important engagement opportunity ahead of the 2027 AGM to ensure remuneration supports the company's new capital discipline and return objectives.

What did Woodside announce?

Woodside announced the following changes to its capital allocation framework:

- A portfolio ROACE target of 12–15% by the mid-2030s, up from about 10% today
- A single investment hurdle of IRR >12%, with NPV testing at low commodity prices
- Distributions of 20–40% of adjusted operating cash flow: a 20% base dividend plus up to 20% in dividends or buybacks
- A US$400 million annual structural cost reduction target from 2028

Key takeaways

Capital allocation: will shareholder value be prioritised over growth?

Woodside's new framework explicitly recognises shareholder distributions, including buybacks, as alternatives to growth investment. ACCR's February 2026 research, Fork in the Road, examined the shareholder value implications of buybacks and Woodside's existing pre-FID portfolio, and found that buybacks could create greater shareholder value.

The question is how Woodside compares the relative merits of buybacks over new developments when determining how to allocate capital. A project meeting the company's investment hurdle rate does not necessarily make it the best use of shareholder capital.

Investors should seek greater transparency on how Woodside assesses the relative value of growth projects and buybacks.

Executive incentives should reinforce the new strategy

Woodside's revised capital framework creates an opportunity to address longstanding concerns about executive remuneration. ACCR has previously highlighted how incentive structures can reward production growth even where it fails to translate into shareholder value.

Management's indication that executive incentives will be reviewed is therefore significant. If ROACE is to sit at the centre of Woodside's strategy and be prioritised above growth ambitions, the remuneration framework should be adjusted accordingly. ROACE could be used in both long-term and short-term incentives, replacing the growth incentives in the corporate scorecard.

One problem with the way ROACE is used in the current remuneration structure is that it excludes capital associated with growth projects. The updated structure should consider the performance of projects before they commence production to ensure management is accountable for project execution.

Aligning executive incentives with Woodside's new capital allocation framework will be an important investor engagement priority ahead of the next AGM.

Future growth options

Browse, Louisiana LNG Trains 4 and 5, Sangomar Phase 2 and exploration remain under consideration. These opportunities will test Woodside's willingness to defer or reject investments that do not offer competitive risk-adjusted returns.

Browse is a particularly important test. ACCR's analysis finds it is more expensive than 70% of competing global gas resources, raising questions about its ability to contribute to Woodside's new ROACE target. Proceeding with such a high-cost project would be difficult to reconcile with the company's claims that it allocates capital in a disciplined manner.

Exploration spending should be subject to the same scrutiny. ACCR's analysis has previously highlighted Woodside's poor historical record of creating shareholder value through exploration.

Delivery is now the priority

Woodside's strategic reset is a welcome step forward. The focus of investor engagement should now shift to delivery: ensuring executive incentives support the strategy, shareholder distributions compete on equal terms with growth, and future investment decisions demonstrate genuine value creation.