

With persistent investor discontent over the company's sub-optimum approach to climate risk, Woodside's board faces a crucial test as the company's 2023 Climate Plan is delivered.

Tomorrow, Tuesday 27 February 2024, Woodside will publish its 2023 Climate Plan. Coming nearly one year after the record-breaking¹ 35% vote against director Ian Macfarlane due to investor concerns over climate governance, this is a crucial opportunity for the board and Chair Richard Goyder to demonstrate they have the ability to listen to investor feedback.

The 2023 Climate Plan will be put to a vote at the 2024 AGM, the result of a last minute concession² from the board prior to last year's AGM.

Our assessment is that a large gap exists between Woodside's current company strategy and its ability to assure investors the board is capable of managing climate risk and maximising shareholder value in the face of the global energy transition.

Based primarily upon the presentations at the 2023 Investor Briefing Day, the major barriers we see are:

- **Oil and gas expansion remains Woodside's priority:** Having not sanctioned a significant 'new energy' project to date, all of Woodside's sanctioned capex has been allocated to oil and gas expansion. When adding Browse, Calypso, Sunrise and Woodside's \$5bn 'new energy' capex target, ACCR estimates that 88% of greenfields capex is still targeting fossil fuels.³
- **Operational emission targets (8% of emissions) are unlikely to be credibly strengthened:** With Scarborough, Sangomar and Trion coming online before 2030, scope 1 emissions are expected to increase, meaning the probability of Woodside credibly strengthening its operational targets is low.
- **A credible Scope 3 target (92% emissions) is not possible:** Already, over 90% of Woodside's emissions are Scope 3 emissions. With an additional 475 MtCO₂e coming from projects the company is actively developing, we see no pathway for a credible Scope 3 target to be announced by the company without a change in company strategy.
- **Offsets will remain integral to meeting operational targets:** Despite a growing emphasis on unsanctioned and 'indicative' scope 1 reductions that cost up to US\$500 /tCO₂e, Woodside has not disclosed the potential emissions *increases* associated with the oil, gas and hydrogen projects it is pursuing. ACCR estimates that scope 1 emissions from Browse, Calypso and Sunrise will be 80 MtCO₂e. This exceeds the upper estimates of Woodside's potential scope 1 emission reductions. With potential new emissions exceeding potential reductions, offsets will inevitably remain a key lever for Woodside to claim it is decarbonising its operations.

As a reminder, previous [ACCR analysis](#) concluded that Woodside's oil and gas growth opportunities deliver less value than a share buyback would. Any board that is sincerely looking to manage climate risk and maximise shareholder value should be considering all options before it.

¹ <https://www.accr.org.au/news/woodside-pays-for-climate-failings-with-record-breaking-vote-against-director/>

² <https://www.afr.com/companies/energy/woodside-yields-on-climate-vote-but-resistance-remains-20230417-p5d13y>

³ Derived from https://www.accr.org.au/downloads/wds_growthportfolio_20230821.pdf

About us

The [Australasian Centre for Corporate Responsibility \(ACCR\)](#) is a not-for-profit, philanthropically-funded shareholder advocacy and research organisation that engages 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. For more information, follow ACCR on [LinkedIn](#).

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

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 rely upon the information and/or recommendations contained in this site. Users should, before acting on any information contained herein, consider the appropriateness of the information, having regard to their objectives, financial situation and needs. It is your responsibility to obtain appropriate advice suitable to your particular circumstances from a qualified professional before acting or omitting to act based on any information obtained on or through the report. 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.