

ASX Announcement

Tuesday, 22 February 2011

SUSTAINABLE DEVELOPMENT REPORT RELEASE

Woodside released its 2010 Sustainable Development Report today.

The report is available online at www.woodside.com.au.

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the decisions we make today...



Further information

In addition to our printed Sustainable Development Report, we provide online information, including material issues and, where materially relevant, the Global Reporting Initiative (GRI) G3 indicators.

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Copies of the 2010 Sustainable Development Report and the 2010 Annual Report and previous reports are available on request or from the company's website (www.woodside.com.au).

This report is printed on an environmentally responsible paper manufactured under ISO 14001 environmental management standards, using Elemental Chlorine Free pulps from sustainable, well managed forests.



We have partnered with Green Reports™ in an initiative that ensures the printing of this Sustainable Development Report is not impacting the environment.



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...impact the outcomes for
our future.

FROM THE CEO

A MESSAGE FROM DON VOELTE

During 2010, our people made significant contributions to Woodside's sustainability, shaping our performance across the economic, social and environmental dimensions.

Solid performance in these areas gives Woodside our licence to operate and enables us to pursue our LNG growth strategy with developments like Pluto expansion, Browse and Sunrise.

Our economic contribution was significant in 2010 as the company achieved a record net profit and paid more than US\$1.1 billion in taxes and royalties, thereby delivering broader economic benefits across Australia.

Our environmental performance improved in 2010, with continued reduction of environmental incidents and a decrease in total flared gas from our facilities. We have also seen ongoing improvements in the proportion of waste being recycled rather than being sent to landfill. Our waste management approach will be extended to the Pluto LNG Plant when it comes into production.

We dedicated almost A\$5 million to our social investment program and joined forces with another iconic Australian organisation, Surf Life Saving, as its national sun protection partner.

Our staff numbers grew by 13.4% during 2010 in response to increasing business activity whilst voluntary staff turnover remained steady. Our Indigenous employee numbers increased by 47% and the number of Woodside employees, both male and female, who are accessing flexible working arrangements also increased. We are working hard to ensure Woodside remains a great place to work.

I am disappointed that we did not meet our expectations on safety performance. We will continue to implement leadership, behavioural and system programs to improve performance in this area in 2011.

In October 2010 I announced that I would be leaving Woodside in 2011. In the seven years I have been CEO at Woodside, the company has taken great strides in its sustainability journey, in terms of commitment, performance and reporting.

There is no question that I am sad about leaving such a remarkable Australian oil and gas company. I have found my time at Woodside immensely rewarding and

enjoyable. I believe I have identified the best time to allow a new CEO to take ownership of our growth projects.

I am confident Woodside's management team will continue to provide leadership in sustainability across our business to achieve high standards of social, economic and environmental performance.

The elements of sustainable development are directly linked to Woodside's Business Principles, providing a clear path for all of our people to embed sustainability into every aspect of the business including our planning, performance management and decision making. ➔ See page 6.

For the first time, this report includes broad targets for our economic, social and environmental performance, providing clear goals for our workforce. We will report on our performance against these targets in our 2011 Sustainable Development Report.

As in previous years, we have invited external feedback on our business from independent experts in the economic, social and environmental dimensions through our Sustainable Development Advisory Panel. We have used this feedback to ensure our sustainable development reporting is focused on the issues that really matter. ➔ See page 46.

Woodside's top five material issues for 2010 are outlined below:

Opportunities, impacts and site selection of the Browse LNG Development

The Browse LNG Development progressed significantly during 2010. The Browse Joint Venture selected the Western Australian Government's Browse LNG Precinct as the preferred location for the onshore facilities. Woodside remains committed to delivering a world-class project, which provides significant opportunities for local participation and social benefit. ➔ See page 14.

Our regional development contributions

Regional development was a focus in 2010 for industry and government in the communities where we operate. Since the North West Shelf Project commenced operations more than 25 years ago, we have supported the sustainable development of Karratha and surrounding communities. With the Browse

LNG Development gaining momentum, we look forward to providing the same benefits to the Kimberley region and its people. ➔ See page 20.

Climate change

Climate change continued to be on the agenda for Woodside in 2010, both in terms of our own environmental performance and policy development by the Australian Government, with the prospect of a national carbon price. We believe that natural gas has an important role to play in helping some of the fastest growing countries transition to a lower carbon future. Australian LNG has a pivotal role in that transition. ➔ See page 26.

Implications of the Montara and Macondo oil spills

Last year we reported on the implications of the 2009 Montara oil spill. As we anticipated, the entire industry has come under increased scrutiny from government regulators and other stakeholders on its performance. In 2010, this was heightened by the tragic Macondo oil spill in the Gulf of Mexico, which resulted in 11 people losing their lives and lasting environmental consequences. Woodside continues to carefully analyse our approach to the prevention of, preparedness for, response to and recovery from incidents such as these. ➔ See page 32.

Delivery on our Reconciliation Action Plan commitments

We were delighted with our achievements in 2010 against our inaugural Reconciliation Action Plan. The plan is a commitment of 28 actions across the dimensions of respect, relationships and opportunities, with the aim of helping close the life expectancy gap between Indigenous and other Australians. ➔ See page 42.

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We believe this report reflects our business activities, management approach and performance. We encourage you to provide feedback through our website.



➔ OUR FOCUS Woodside has a proud Australian heritage and truly dynamic future as we seek to maintain our position as one of the world's leading producers of LNG. We have the governance structures, strategies and commitment to identify and manage sustainability risks and opportunities.

DON VOELTE
Chief Executive Officer and
Managing Director

OUR STORY

Our Profile

Woodside is an independent, publicly listed Australian oil and gas company playing a key role in supplying energy to our region.

We have a large natural gas resource base and are one of the world's leading producers of LNG, helping to meet demands for cleaner energy from Japan, China, Korea and other countries in the Asia-Pacific region.

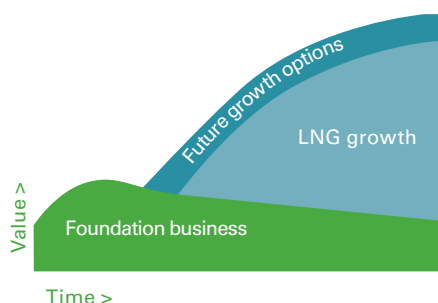
Woodside is supported by 3,650 staff.

Our Business Strategy

Our business strategy is focused on delivering an LNG growth plan. The plan consists of three elements: enhancing our foundation business, delivering growth in shareholder value through our LNG development opportunities and exploring selective future growth options.

Our foundation business comprises the North West Shelf Project (NWS), which we have operated for more than 25 years, and the Greater Enfield Area and the Timor Sea assets, supplemented by other Australian and US producing assets.

The NWS produces LNG for international customers, pipeline natural gas for Western Australian industry and households, as well as oil, condensate and liquefied petroleum gas for export and domestic use. The Greater Enfield Area and Timor Sea assets produce oil for international and domestic use. Our Gulf of Mexico assets produce pipeline gas, oil and condensate.



Key themes for Woodside within our foundation business are to maximise value from existing assets, deliver on our production promise and continue to maintain our licence to operate. In 2011 our foundation business will grow with the delivery of the Pluto LNG Project.

LNG growth opportunities beyond 2011 includes expansion of the Pluto LNG Project near Karratha, as well as development of the Browse gas fields off the Kimberley coast and the Sunrise gas fields in the Timor Sea.

Successful execution of these developments will continue to position Woodside as a leading global LNG producer.

In the past, international exploration was seen as a means to maintain alternative future growth options. However, this growth option is limited in the short term due to intense competition for quality opportunities and the capital required to support the LNG growth strategy.

As a result, our international exploration portfolio is limited to acreage primarily in the Gulf of Mexico.

Our Operating Structure

Woodside has six business units, which are responsible for our business strategy. These business units reflect geographic areas and major projects. Our business units are:

- International;
- Australia;
- North West Shelf;
- Pluto;
- Browse; and
- Sunrise.

The business units are supported by functions, which are distinct resource groups that undertake the work to deliver the strategy.

Technical Functions

- Exploration;
- Development;
- Projects; and
- Production.

Corporate Functions

- Health, safety and security;
- Finance – includes enterprise risk, group financial control, tax, treasury, information technology and investor relations;
- Commercial and legal – includes legal, company secretariat, internal audit, commercial, marketing, supply chain and logistics;
- Corporate – includes human resources, community relations, Indigenous affairs, government affairs, corporate communications, greenhouse, environment and sustainable development;
- Strategic planning; and
- Administration.

Senior Health and Safety Adviser ►
working on our Pluto LNG Project.





Production, projects and developments

Field	Products	Woodside-operated	% of Woodside total production
Australian production			
North West Shelf Gas	LNG, pipeline gas, condensate, LPG	Yes	65
North West Shelf Oil	Oil	Yes	6
Enfield	Oil	Yes	8
Laminaria-Corallina	Oil	Yes	3
Vincent	Oil	Yes	7
Stybarrow	Oil	No	3
Mutineer-Exeter	Oil	No	<1
Otway*	Pipeline gas, condensate, LPG	Yes	>1
International production			
Gulf of Mexico	Pipeline gas, condensate, oil	4 out of 13 fields	3
Neptune	Pipeline gas, oil	No	
Power Play	Pipeline gas, oil	No	
Ohanet (Algeria)	Gas, condensate	No	3
Australian projects			
Pluto	LNG, condensate	Yes	-
North Rankin Redevelopment	LNG, condensate	Yes	-
North West Shelf Oil Redevelopment	Oil	Yes	-
Australian developments			
Browse	LNG, condensate	Yes	-
Sunrise	LNG, condensate	Yes	-

* The sale of the Otway Gas Project was completed in March 2010 and operatorship was transitioned in the second quarter of 2010.

SUSTAINABILITY IN OUR BUSINESS

Sustainability is about delivering shareholder wealth in an economically, socially and environmentally responsible way.

Our Approach

For Woodside, sustainability is about delivering shareholder wealth through operating our existing business and developing new business opportunities in an economically, socially and environmentally responsible way.

Our Commitment

Our sustainability approach underpins the Woodside Management System (WMS), which is our structured governance framework. The WMS comprises two elements - Direction and Expectations.

Direction

Woodside's Direction is developed by our executive management team and is approved by Woodside's governing body, the Board of Directors (the Board). Our mission, vision, values and policies define our Direction and what we are aiming to achieve. Our Sustainable Development

Policy describes our Business Principles, which are categorised into three areas of sustainable development - economic performance, environmental excellence and social contribution.

The Board believes that operating in accordance with the Business Principles is essential for sustainable long-term performance and value creation.

All Woodside employees and contractors engaged under Woodside's operational control are responsible for understanding and complying with Woodside's policies as part of their normal business practice.

We also promote these policies to our joint venture participants. All contractors engaged by Woodside are required to observe and comply with all applicable laws, regulations and standards.

→ Woodside policies are published on our website at www.woodside.com.au.

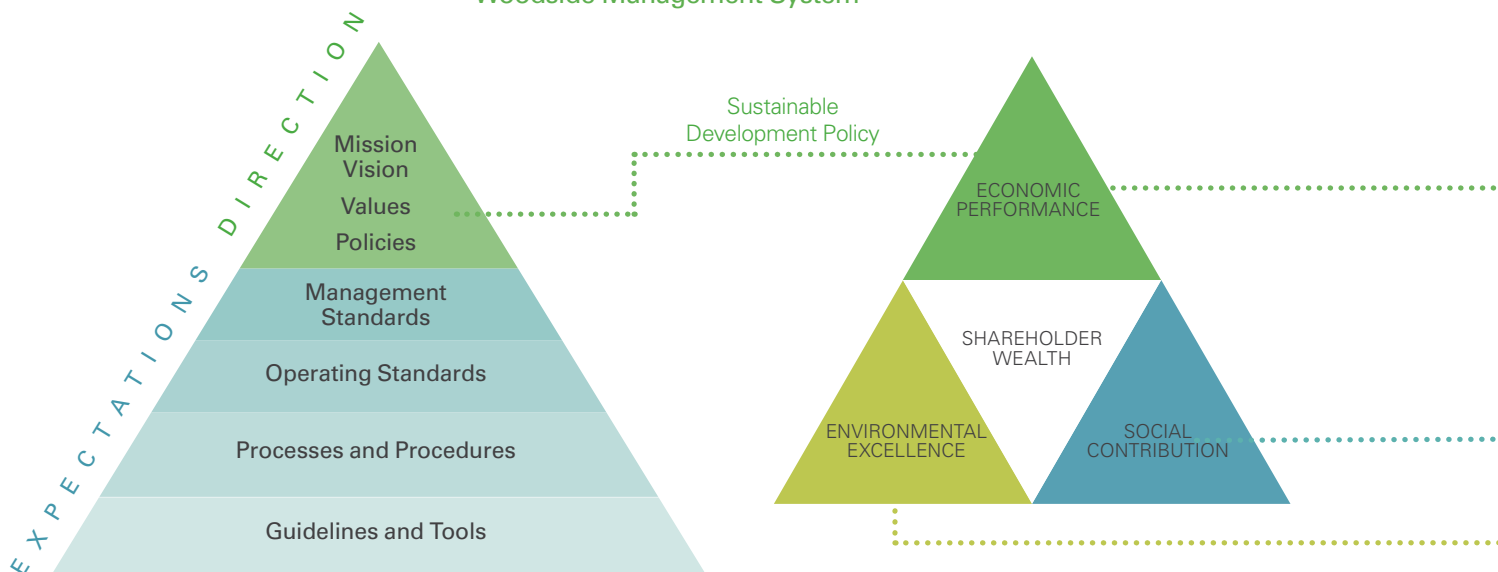
Our Business Principles

We have ten Business Principles that guide our business planning, performance and decision making. They are also central to our governance, policies and standards, providing a common approach to how we operate.

Each of these Business Principles has an accompanying description to ensure they are well understood by Woodside's staff and contractors.

Our commitment to the governance framework is reinforced through a range of training activities, including comprehensive induction processes and annual Code of Conduct training.

Woodside Management System



Mission

Woodside's mission is to create and deliver outstanding, sustained growth in shareholder wealth by providing energy for the future.

Vision

Woodside's vision is to be a world-class LNG leader. To accomplish this we need to be the company of choice through speed, execution skills, commercial acumen, cost focus and technical capability. Through our people and our values we will satisfy our shareholders and deliver a sustainable future.

Values

- Strong and Sustainable Performance
- Care and Respect
- Integrity and Trust
- Initiative and Accountability
- Creativity and Enterprise
- Working Together

Business Principle

Description

1	We deliver economic benefits	We create economic benefits and deliver both short and long-term financial returns to our shareholders and the communities and countries where we operate. We look for and mitigate the risks to our business.
2	We are open and accountable	As a minimum, we comply with all applicable laws, regulations and standards. We do not offer, pay or accept bribes, nor participate in other corrupt business practices or make donations to political parties or their representatives. We operate with integrity, honesty, reliability and fairness. We are outward looking and aware of our position and our competitors, and are open to change. We value our intrinsic skills and are willing to improve. We fully, consistently and in a timely manner, disclose material financial, social and environmental information about the company and its performance.
3	We invest in innovation and enterprise	We invest in the future by driving continuous improvement and always looking for new practices and technologies. We create a learning and productive work environment and provide opportunities for our people to increase their knowledge and education.
4	We respect people	The safety and health of our people comes first in our decisions. We believe that all occupational injuries and illnesses are preventable. We respect the rights of all people and value their diversity and differences. We respect freedom of association and do not practise discrimination, or use forced or child labour. We invest in the future by finding ways for people to develop to their full potential.
5	We involve stakeholders	We build long-lasting relationships based on trust by working together with our stakeholders. We earn the trust of our stakeholders by listening and doing what we say we are going to do.
6	We contribute to the sustainability of our communities	We help build strong and thriving communities which succeed beyond our efforts.
7	We value culture and heritage	We value the culture and heritage of the environment and host countries and communities where we operate and help maintain these by minimising our impact.
8	We supply energy into the future	Through supply of our product we meet the growing energy demand and contribute to the global transition to a lower carbon future.
9	We use resources efficiently	We design and operate our plants using resources wisely to make our product.
10	We minimise our ecological footprint	We are committed to minimising our environmental impacts through our design and operations. We value and seek to conserve biodiversity and ecological integrity.

Sustainability Committee

In 2007 the Board established a Sustainability Committee (the Committee), which reviews and delivers recommendations to the Board on the company's policy and performance in relation to health, safety, technical integrity, the environment, Indigenous affairs and community relations.

The members of the Committee are the following non-executive Directors:

- David McEvoy (Committee Chairman);
- Melinda Cilento;
- Erich Fraunschiel;
- Andrew Jamieson; and
- Din Megat.

Michael Chaney (Chairman of the Board) and Don Voelte (Chief Executive Officer and Managing Director) also attend Committee meetings. All other Board members have a standing invitation to attend these meetings.

In 2010, the Committee met four times to review and discuss key sustainability issues including:

- Health and safety performance, including challenges to achieving results comparable with 2009 and progress in improving contractor safety;
- Integrity performance and the implementation of new tools and reporting systems;
- Environmental performance and consideration of implications from the Montara and Macondo oil spills;

- Climate change response, including initiatives to reduce greenhouse emissions, and review of Australian government policy development;
- Social investment themes and planned expenditure;
- Delivery against the Reconciliation Action Plan commitments; and
- Approval of the annual Sustainable Development Report.

The Committee will meet six times in 2011.

➔ Further information is available on our website www.woodside.com.au.

Our Strategy

Woodside's second WMS element, Expectations, ensures that our sustainability approach is understood and put into practice in our day-to-day operations.

Expectations

Expectations are the minimum performance requirements set to help us achieve our Direction. The Expectations are defined in management and operating standards and are supported by our processes, procedures and guidelines.

In 2009, the WMS was reviewed to simplify the system and improve clarity about accountabilities and expectations of our managers, employees and contractors in delivering our mission and vision.

The review resulted in the adoption of ten management standards, covering:

- Leadership, commitment and accountability;
- People management;
- Risk management;
- Health and safety;
- Integrity management;
- Environment;
- Commercial contracting;
- Information management;
- Security and emergency management; and
- Management review, audit and improvement.

In 2010, we applied 20 operating standards across the business, including assurance, emergency management, business continuity management, event reporting and investigation, external communication, social investment, external stakeholder engagement, integrity management, project execution, security management, commercial contracting and transactional procurement.

A further 44 operating standards are expected to be applied in 2011.



▲ Our Sustainability Committee: From left Erich Fraunschiel, Melinda Cilento, David McEvoy, Andrew Jamieson and Din Megat.

Managing Our Risks

Risk management, which is one of our management standards, is a key element of good corporate governance. Our risk management framework, aligned to the international standard ISO 31000, enables effective identification, assessment, monitoring and reporting of material business risks throughout Woodside.

Ensuring we have a robust risk management framework enables us to adequately plan for and address risks as they arise. This approach underpins our contribution to sustainable development by managing risks across economic, social and environmental aspects of our business, allowing us to grow and deliver energy for the future.

The risk management process ensures all business and operational risks are evaluated for potential exposures across key focus areas – including health and safety, financial, environmental, legal/compliance, social and cultural, reputational and security. This process also ensures senior management and the Board have a clear line of sight to Woodside's corporate risk profile and meaningful assurance that those risks are being effectively controlled.

Assurance

Compliance with our governance framework, including the Business Principles, is assured in a number of ways, for example:

- Code of Conduct certification – It is a condition of employment for staff to undertake annual certification to the Code of Conduct;
- Internal audits – Woodside has an internal audit program to ensure that the design and operation of the risk management and internal control system is effective. A risk-based audit approach is used to ensure that the higher risk activities in each business unit are targeted by the audit program. In 2010, 48 audits and reviews were conducted across 18 areas of our business in 11 locations;
- External audits – annual independent verification of Woodside's reserves, remuneration and financial reporting;
- External independent assurance by Ernst & Young over a selection of statements, claims and indicators within the Sustainable Development Report ➔ see page 48;
- External independent assurance of our social investment expenditure by the London Benchmarking Group;
- Management of concerns raised and investigated under our Whistleblower Policy; and
- Employee survey – last conducted in 2008 and next scheduled for 2011.

The Woodside Donaldson LNG transport vessel.

OUR CONDUCT

We recognise that our many and diverse stakeholders expect Woodside to operate to the highest standards of corporate conduct and governance.

10

Our Approach

Woodside is committed to operating in an ethical and responsible manner.

Our Code of Conduct (the Code) is a key component of who we are, what we do and how we behave. It sets out the principles, practices and standards of personal and corporate behaviour that Woodside expects in daily business activities.

Key elements of the Code are:

- Confidentiality;
- Privacy;
- Employment practices;
- Use of company assets and resources;
- Conflicts of interest and outside interests;
- Corporate opportunities for personal gain;
- Giving and accepting business courtesies;
- Compliance with laws and regulations;
- Fair dealing with external parties;
- Reporting of unlawful or unethical behaviour;
- Responsibilities to the community;
- Responsibilities to shareholders and the financial community generally; and
- Responsibilities to clients, customers and consumers.

Our Commitment

Woodside managers and the Board must also take all reasonable steps to ensure that employees, contractors, consultants and agents under our supervision are aware of the Code and foster an environment that encourages ethical behaviour and compliance.

Failure to comply with the Code is a serious breach of Woodside's policy and will be investigated. The Code provides that breaches result in disciplinary action, ranging from a verbal warning through to termination of employment. All breaches are required to be recorded and reported.

Employees and contractors who are concerned that there may be a breach of laws, regulations or the Code, including safety-related issues, can raise concerns through an independent and confidential Whistleblower helpline.

All calls are initially handled by an independent organisation before being passed to a senior Woodside compliance manager, who will arrange a response and, if appropriate, an investigation.

In 2010 Woodside did not receive any calls through our Whistleblower helpline. Woodside's internal processes investigated and dealt with 33 alleged cases of improper conduct that came to our attention other than through the Whistleblower helpline. These investigations resulted in one verbal warning, 27 written warnings, and the termination of four contracts of employment.

Our Strategy

We recognise that our business activities have potential impacts and benefits across five discrete areas in the product development lifecycle – exploring for hydrocarbons, assessing and designing production facilities, construction of those facilities, processing of hydrocarbons, and supply of products to customers.

We seek at all times across this product development life cycle to:

- Identify stakeholders and respond to issues and concerns that may arise as a result of our activities;
- Undertake business activities consistent with our governance framework;
- Develop products in a responsible way;
- Maintain high standards of product quality and supply; and
- Provide revenue transparency.

Responding to stakeholders

Activities undertaken across our product development life cycle have the potential to directly affect stakeholders positively or adversely.

These activities also attract the interest of other stakeholders who are not directly impacted, but have an interest in the potential impacts on the environment and communities in which we operate. We also have stakeholders who have a regulatory role with respect to our activities.

We actively seek to understand and respond to stakeholder interests or concerns through a process of impact assessment and stakeholder engagement in all of our business activities.

Given the regulatory environment in which we operate, we are required to undertake these assessments and develop management plans in order to comply with government approvals for proposed business activities.

Human rights approach

At Woodside we seek to uphold basic human rights and reflect this commitment through our values, Business Principles, Code and policies.

Our approach is also consistent with that of the Australian Government and we comply with Australian legislation enacted to uphold human rights treaties and declarations, such as the Universal Declaration of Human Rights.

Internationally, Woodside complies with the laws of the countries where it operates and relies on its values, Business Principles, Code and policies to ensure behavioural standards are met by employees and contractors under our control.



▲ *The Code of Conduct applies to all Woodside employees.*

Responsible product development

In developing our products, we recognise the importance of supply chain compliance with our Code and policies.

Contracted suppliers are subject to a rigorous pre-qualification process, which includes site visits and review of suppliers' policies and procedures, where relevant.

In Australia, contractors are required to comply with awards, workplace agreements and relevant labour legislation. To ensure consistency with these requirements, Woodside audits the employee relations management plans submitted by its contractors.

In addition to compliance with these local laws, Woodside requires suppliers to have a health, safety and environmental (HSE) management system and to develop contract-specific HSE management plans, where relevant. These plans address all aspects of safety and the environment, including occupational health and safety, working hours, overtime and environmental standards for products and services.

Woodside initiates actions to ensure compliance by the supplier. Where evidence of non-compliance with any identified standard is discovered, Woodside will not approve the supplier.

Wherever possible and appropriate, all new or replacement contracts with contractors, consultants and agents impose appropriate obligations on the contracting party to comply with our Code.

Revenue transparency

Woodside has supported the Extractive Industries Transparency Initiative (EITI) since 2005. The EITI aims to improve

governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining.

Woodside has an interest in Timor-Leste through operatorship of the Sunrise LNG Development. Timor-Leste is an EITI-compliant country.

Under the EITI Woodside reports its petroleum tax and fee payments. Given that the Sunrise LNG Development has not started production, no details are provided on revenue payments.

2010 Performance

Responding to stakeholders

In 2010 we held a number of meetings and forums to support consultation for new projects, engagement activities for existing operations and to facilitate our advocacy role. Examples of our stakeholder responses are provided overleaf.

We also developed and applied new operating standards that embrace environmental and social impact assessments. Details on these standards are provided throughout this report.

Human rights approach

In 2010 we initiated a number of activities to review our approach to human rights against peer companies and relevant treaties and declarations, having regard to our predominantly Australian operating context and the geographical extent of our supply chain. The review will extend into 2011 and will also embrace assurance and internal reporting systems.

For the reporting period Woodside is not aware of any incidents of human rights violations with respect to people,

communities, or contractors and suppliers under our supervision.

Responsible product development

Internal and external audits of supply chain compliance are carried out on an ad hoc basis. Our internal audit team completed four major contract audits in 2010.

We also continued a program initiated in 2009 to improve commercial contracting, with a focus on schedule delivery, reporting, and delivery of key performance indicators, including health, safety and environmental measures.



OUR FOCUS Everyone who works for or with Woodside, including members of the Board of Directors and Woodside's officers and employees, must comply with our Code of Conduct.

ROB COLE
Executive Vice President
Commercial & General Counsel

OUR STAKEHOLDERS

OUR RESPONSE

We seek to respond to the interests and concerns of our diverse range of stakeholders in an honest, timely and transparent manner. Examples of these interests and concerns, and our responses, include:

Stakeholder	Key interests and concerns	Response
Business participants	Financial performance	Safe, reliable and efficient operations
	Risk mitigation and management	Internal and external audits and assurance
Customers	Reliability of supply	Annual delivery plans for LNG supply
	Product quality, cost and delivery	Quality control of our hydrocarbon products
Employees and contractors	Health and safety	Golden Safety Rules
	Working conditions	Flexible work practices
	Career development opportunities	Personal development plans for employees
	Access to social infrastructure	Karratha Infrastructure Strategy
Governments (including regulators)	Legislative and regulatory framework	CEO participation in the Australian Government's Business Roundtable on Climate Change
	Policy development	Long-term contracts with domestic gas and LNG customers
	Security of supply	Compliance with local laws and social investment programs
	Economic, social and environmental performance	
Industry (adjacent to our operations)	Distribution of economic benefits	Payment of taxes to governments where we operate
	Disruption to business	Impact assessment and stakeholder advice
Industry associations	Business opportunities	Promotion of supply opportunities for LNG projects
	A range of issues relating to oil and gas development	Participation in local, national and internal forums
Local and Indigenous communities	Environmental and social impacts, including cost of living, access to community services and amenities	Environmental and social impact assessments
	Culture and heritage impacts	Development of heritage management plans
	Contribution to sustainable communities	Social investments in the communities where we operate
	Investment in social infrastructure	Development of a Karratha infrastructure program targeting childcare, health, education and recreation
	Land access	Social impact assessments and stakeholder engagement
	Employment and business opportunities	Graduate, trainee and apprentice programs Indigenous enterprise development
Non-government organisations	Social and environmental performance	Opportunity for participation in Woodside's Sustainable Development Advisory Panel
	Efficient use of resources	Energy efficiency assessments of our facilities
	Mitigation and management of financial and non-financial risks	Compliance with policies and standards
	Revenue transparency	Supporter of the Extractive Industries Transparency Initiative
Shareholders and finance providers	Delivery of financial returns	Annual dividend Total shareholder return
	Mitigation and management of financial and non-financial risks	Effective risk management framework
	Governance	Compliance with policies and standards
Suppliers	Supply opportunities	Promotion of supply opportunities for LNG projects
Trade unions	Workers' rights and interests	Compliance with Australian labour legislation

TOPICS OF DISCUSSION

Our stakeholder engagement activities in 2010 were focused on a range of activities related to our existing operations, projects under construction and developments. Highlights of these engagements included:

Location	Engagements in 2010	Topics and key areas for discussion
Local, State, Australian and international governments	Regular meetings to provide updates on operations, projects and developments	Regional development and Karratha infrastructure, tax reform, climate change, domestic gas supply, LNG development, LNG processing hub in the Kimberley and Pilbara
Karratha, Western Australia	Three Woodside Community Liaison Group meetings	North West Shelf Project (NWS) and Pluto operations updates, social investment and community impacts
	Regular meetings with Indigenous representatives, including quarterly meetings with Traditional Owners	Heritage management and Indigenous issues including Pluto
	Karratha and Districts Chamber of Commerce and Industry forum	Update on community activity and social investments
	Local stakeholders	Impacts arising from Woodside-operated facilities in the Shire of Roebourne including accommodation and social infrastructure
Broome, Western Australia	Participation in the Lions FeNaCING Festival	NWS and Pluto operations updates, social investment and community impacts
	Participation in the Western Australian Department of State Development's Community Open Day and Social Impact Assessment workshops	Environmental and social impacts arising from LNG development at James Price Point
	Participation in the Western Australian Department of State Development's Stakeholder Reference Group	Environmental and social impacts arising from LNG development at James Price Point
	Establishment of Browse LNG Development Marine Users Working Group in June 2010 (the Group met three times)	Marine impacts arising from LNG development at James Price Point
	Establishment of the Browse LNG Development Community Advisory Committee in October 2010 (the Committee met three times)	Browse social impact assessment process and outcomes
Exmouth, Western Australia	Four community reference group meetings	Enfield and Vincent operations updates, social investment, response to Montara/Macondo incidents
Port Campbell, Victoria	Two community reference group meetings	Otway Gas Plan operations updates, sale of Woodside's Otway interests and transition to new gas plant operator
Dili, Timor-Leste	Discussions with stakeholders regarding the Sunrise LNG Development	Work carried out in 2010 to mature the Sunrise project, theme selection of Floating LNG, development of local content and social investment

▼ Staff at work on the Nganhurra FPSO.



MATERIAL ISSUE

Opportunities, impacts and site selection of the Browse LNG Development

Description

Site selection of the Browse LNG Precinct was an important issue in 2010 with the ongoing assessment of James Price Point by the Western Australian Government for the establishment of the Precinct. James Price Point attracted significant attention from a range of stakeholders, including Indigenous, community, media and non-government organisations.

Context

The Kimberley region of Western Australia is a diverse area. It is widely recognised for its environmental and tourism values. The region's significant Indigenous population has strong connections to land and culture, as well as being at the forefront of the Indigenous land rights and self determination movements.

The Kimberley has relatively high levels of poverty and poor socio-economic outcomes, which are disproportionately reflected in the region's Indigenous population. Tourism, mining, retail, agriculture and pearling are the major contributors to the region's economy.

In February 2008 the Australian Government opened an assessment of the West Kimberley for possible National Heritage listing. A decision from the Federal Minister for Sustainability, Environment, Water, Population and Communities on the listing is expected by 30 June 2011.

Woodside is the major equity holder and operator of the Browse LNG Development, which aims to commercialise the three gas and condensate fields (Brecknock, Calliance and Torosa), located 400 km off the Kimberley coast. Gas and liquids from these fields will be brought to an onshore LNG plant at the Western Australian Government's Browse LNG Precinct, 60 km north of Broome.

The Browse LNG Development is a joint venture comprising Woodside, BHP Billiton, BP, Chevron and Shell.

Woodside has been involved in discussions with government agencies and Kimberley Indigenous stakeholders over a suitable LNG processing site for many years. Development options that have been investigated by Woodside included an offshore development, piping gas to the Pilbara, and multiple locations in the Kimberley.

The Western Australian Government identified James Price Point as the most appropriate site for the Browse LNG Precinct, after consultation with environmental groups, Indigenous and community leaders, oil and gas proponents (including Woodside), and the Environmental Protection Authority of Western Australia.

The site for the Browse LNG Precinct was chosen by the Western Australian Government after it assessed 43 potential locations. The Western Australian Government's objective in pursuing a gas processing precinct is to minimise heritage and environmental impacts by locating multiple proponents at a single site, while delivering investment, business and employment opportunities from LNG processing.

In 2009 the Australian Government offered renewed retention leases to the Browse Joint Venture for the Browse Basin gas fields. The renewal conditions required the Browse Joint Venture to complete an A\$1.25 billion work program and to make a final investment decision on the Development by mid-2012.

The lease conditions also required that the Browse Joint Venture select the Western Australian Government's Browse LNG Precinct as its preferred onshore development option, unless it could demonstrate that another development concept would be commercially viable at an earlier time.

In February 2010, after reviewing alternatives, including transporting gas to the Pilbara for processing, the Browse Joint Venture accepted the Australian Government's renewal condition to select the Browse LNG Precinct as the preferred location to process its LNG.

To support the establishment of the Browse LNG Precinct, the Western Australian Government is leading a Strategic Assessment to understand the

potential environmental, social and heritage impacts, and to identify the strategies required to manage these impacts.

The Strategic Assessment Draft Report was released in December 2010, and will be subject to a public comment period until March 2011. The final report will provide the basis for Australian and Western Australian Governments to consider the environmental approval of the Browse LNG Precinct.

Our Commitment

Woodside is committed to a socially and environmentally responsible development of the Browse Basin resources. The development of Browse can have positive economic and social effects on Kimberley communities, while environmental and cultural issues need to be carefully and sensitively managed.

Our Strategy

Our strategy to deliver on our commitment focused on three areas in 2010:

- Engaging Traditional Owners in good faith by continuing discussions over land access and delivering opportunities for training, employment and business development;
- Building our relationships and presence in the Broome community; and
- Completing our baseline environmental studies to support the environmental assessments for Browse.



▲ James Price Point, 60 km north of Broome.

2010 Performance

Engaging Traditional Owners

Woodside continued to build its relationship with the Kimberley Land Council, Traditional Owners and other Indigenous stakeholders during 2010. We continued dialogue over land access and development benefits for Traditional Owners and started to implement our commitments to Kimberley Indigenous people by delivering a number of new initiatives to support Indigenous people and culture.

By year end, 15 Kimberley Indigenous people on the Browse LNG Development were either in full-time employment or on recognised training programs. We have also provided ongoing opportunities for Indigenous contractors to provide their expertise in monitoring and assessing our environmental and engineering studies at James Price Point.

We have employed a dedicated Indigenous Affairs team in our Broome office to strengthen our relationships with local Indigenous people. We have started identifying and fostering Indigenous businesses that have the capacity to provide services to Woodside. We have successfully engaged Indigenous businesses to provide transport, catering and media production services. As our on-site activities increase, we will work towards our target of awarding about A\$5 million worth of contracts to Indigenous businesses each year when the plant is operational.

In September 2010, the Western Australian Government announced it would start the process of acquiring land for the Browse LNG Precinct, which included a six month right-to-negotiate period for native title claimants. The land acquisition process was commenced after the Kimberley Land Council and native title claimants could not finalise

an agreement with the Western Australian Government and Woodside within the specified timeframe.

Woodside's preference is a negotiated agreement with Traditional Owners to secure land access at James Price Point. An agreement would include a significant benefits package for Kimberley Indigenous people, including training and employment associated with the Browse LNG Development and opportunities for local Indigenous businesses.

Building relationships with the Broome community

In 2010 we established an office in Broome to support increased engagement with people in Broome and surrounding communities. Our aim is to understand the needs and aspirations of the Broome community, and find ways that the Browse LNG Development can contribute to meeting those needs. At the same time we are also educating people in Broome and nearby communities about the Development.

We have:

- Expanded the Woodside Community Grants program;
- Hosted public exhibitions where we provided information about the Development;
- Provided regular updates to the community through local newspapers and radio;
- Briefed local businesses on preparing to bid for Woodside contracts; and
- Commenced a travelling careers and training expo across the Kimberley.

Woodside commissioned the Browse Social Impact Assessment (BSIA) in 2010. Woodside's BSIA complements the Western Australian Government's

Strategic Assessment and aims to identify and manage the social opportunities and impacts directly related to the Browse LNG Development.

We engaged a leading independent agency to carry out baseline research and public consultation, and to compile a report and management plan, which will be released publicly in 2011.

Completing our environmental studies

The Browse LNG Development's extensive environmental studies program continued in 2010 to meet the requirements of the Western Australian Government's Strategic Assessment and the Browse upstream (offshore) environmental impact assessment.

These studies included the most comprehensive study undertaken of the Western Australian Group IV humpback whale population, ongoing assessments of the Scott Reef system, marine baseline studies, and onshore flora and fauna studies.

In total the Browse Joint Venture funded environmental studies valued at A\$30 million during the year. Much of this work has been peer-reviewed and has made a substantial contribution to the available knowledge of the Kimberley's ecosystems.

Assurance

The Browse Joint Venture conducts an annual internal assurance process across our business to ensure compliance with agreed actions.

➔ For further information on the Browse LNG Precinct please visit www.dsd.wa.gov.au/7909.aspx.



- We Deliver Economic Benefits
- We Are Open and Accountable
- We Invest in Innovation and Enterprise
- We Contribute to the Sustainability of Our Communities

ECONOMIC

In 2010 Woodside produced a net profit of US\$1.575 billion and increased our operating cash flow. We are well positioned to fund our LNG growth plans.

Our Business Context

Woodside has an Australian operating focus with the majority of our production coming from our Australian-based assets. Woodside has more than 25 years' experience in safe and reliable product supply and delivery. We also have a complementary portfolio of discovered hydrocarbons in the region pending development, such as Pluto expansion, Browse and Sunrise.

The geographical location of our assets enables us to supply oil and gas to the established and growing Asian economies. LNG demand in the region currently comprises 60% of global LNG demand and is forecast by industry experts to double in volume by 2025.

Global LNG demand grew faster than expected in 2010 as a result of the economic recovery in Asia combined with unusually cold weather in Europe. Strong growth in developing Asian economies is expected to drive further demand growth for LNG in the future. The emergence of new and prospective markets in the Middle East, Asia and South America will also contribute to ongoing LNG demand growth into the foreseeable future.

The Australian LNG industry, including Woodside's own portfolio, has tremendous growth potential. The pending start up of new LNG projects, including Woodside's Pluto LNG Project, will supplement existing supply from the North West Shelf Project in Western Australia and the Darwin LNG facilities in the Northern Territory.

Other proposed LNG projects are expected to contribute to the increase in Australian LNG exports over the next ten years. Industry and government are working together to develop the substantial resource discoveries in the Carnarvon and Browse Basins via strategic infrastructure hubs. In addition, two of the four proposed coal seam methane LNG projects in Queensland recently reached a final investment decision.

Many more Australian projects are in the development phase. This includes Woodside's Sunrise LNG Development (which utilises floating LNG technology) and new types of small scale LNG that will assist the industry to meet the world's gas needs in the future.

In addition to our continued LNG growth, Woodside has a strong portfolio of liquid hydrocarbons. As a result, the revenue from more than 60% of Woodside's total hydrocarbon production (barrel of oil equivalent basis or boe) is directly linked to fluctuations in oil prices.

Our Approach

Woodside's economic contribution is twofold. Firstly, it's about delivering superior, sustainable returns to our shareholders.

Secondly, it's about delivering broad societal benefits by employing people, paying wages, investing in the skills of our people, paying taxes to governments, purchasing goods and services through our supply chain and producing products that satisfy the needs of our customers.

Our Strategy

Our executive management team develops our business strategy, which is endorsed by the Board.

Our six business units manage annual business plans to meet our strategy and are developed and implemented with functional support. These business plans incorporate risk assessment at the business and operational level.

These plans include key performance indicators (KPIs) against a range of financial and non-financial measures. Non-financial measures include environmental, health, safety and security, people, and community, and Indigenous dimensions. Staff reporting to the Chief Executive Officer have accountability for these KPIs.

2010 Performance in Detail

Financial performance

Despite the global financial crisis continuing to cause uncertainty in sectors of the world's economy, demand for LNG remained robust.

Our net profit was US\$1.575 billion in 2010, surpassing our record 2009 profit of US\$1.474 billion. This increase was largely driven by an approximately 20% increase to US\$4.193 billion in sales revenue due, in part, to higher commodity prices.

Our total annual production for 2010 was 72.7 million barrels of oil equivalent (MMboe). Production was lower than in previous years due to natural field decline of our oil assets and the sale of our interest in the Otway Gas Project in March 2010.

PERFORMANCE SUMMARY



NET PROFIT
AFTER TAX



OPERATING
CASH FLOW



FULL YEAR
DIVIDEND PER
SHARE



% GEARING

Our Targets

2010 Actions	Status	2011 Targets
Production of 70 to 75MMboe	Completed 	Meet 2011 production target guidance
Maintain product quality	Completed 	Maintain product quality
Develop five-year strategy for Indigenous participation in commercial contracting and procurement	Completed 	Progress Indigenous participation in commercial contracting and procurement

Financial Performance Summary*

	2010	2009	2008	2007	2006
Production (MMboe)	72.7	80.9	81.3	70.6	67.9
Sales revenue from continuing operations (\$ million)	4,193	3,487	5,045	3,224	2,620
Operating cash flow (after tax) (\$ million)	2,104	1,483	3,224	2,082	1,457
Capital expenditure (\$ million)	3,636	4,265	4,449	2,772	1,760
Exploration and evaluation expensed (\$ million)	329	253	301	440	318
Net profit after tax (\$ million)	1,575	1,474	1,546	864	1,075
Expense on materials, goods, services, employees (\$ million)	597	521	589	402	368
Royalties, excise, taxes (\$ million)	1,116	1,099	1,708	915	797
Gearing (%)	26.3	29.8	29.6	14.9	26.4

* All financial data is reported in US dollars unless otherwise indicated.

Infill drilling at the Vincent oil field during the year boosted production despite the natural field decline. The discovery of the Cimatti oil field strengthens the long-term production outlook for the region.

Our operating cash flow increased by 41.9% from the previous year to US\$2.104 billion, putting us in a strong position to invest in our growth strategy.

We also invested US\$3.941 billion in capital and exploration expenditure.

A fully-franked final dividend of US55 cents per share was declared by the Board which together with fully-franked interim dividend of US55 cents per share paid to shareholders in September 2010 results in a full year dividend of US105 cents per share. The final dividend will be paid on 6 April 2011.

Gearing and debt remain at conservative levels and the company remains well placed leading up to the commencement of the Pluto Foundation Project.

Woodside sold its 51.55% interest in the Otway Gas Project to Origin Energy Resources Ltd and Benaris International N.V. in March 2010 for A\$724.5 million.

The Liberia/Sierra Leone assets were successfully divested for US\$65 million in 2010. As part of the sale, Woodside also received interests in eight exploration permits in the Gulf of Mexico.

➔ Further information on our financial performance is available in our 2010 Annual Report.



OUR FOCUS Woodside's economic contribution is about delivering superior, sustainable returns to our shareholders and providing broad societal benefits.

LAWRIE TREMAINE
Executive Vice President &
Chief Financial Officer

In 2010 we achieved an LNG 'on specification' rate of 100% and an overall 'on specification' rate of 99.7% across all gas products.

Economic contribution

In 2010 Woodside's total expenditure was approximately US\$4.5 billion. About 83% of this amount was spent in Australia on materials, goods and services purchased; employee payroll and training; and capital and exploration expenditure.

In addition we paid more than US\$1.1 billion in royalties, excise and taxes to governments, most of which was paid to the Australian Government.

Dividends to the value of about US\$547 million were paid to shareholders in 2010.

Woodside did not receive significant financial assistance from government in 2010.

Supply chain performance

Woodside has a Local Industry Participation Policy, which seeks to provide full, fair and reasonable opportunity for local industry to contribute to Woodside activities. We maximise local industry participation where it is capable and competitive on the basis of health, safety and environment, quality, cost and delivery. This policy applies to all personnel and contractors engaged in activities under Woodside's operational control.

We seek to deliver these benefits through our day-to-day operations and development of new projects.

Approximately 80% of Woodside's total contract expenses including the purchase of goods, services and equipment on contract was spent locally within Western Australia and nationally across Australia during 2010.

A contract Health, Safety and Environment (HSE) scorecard model was developed in 2010 and implementation has commenced. This is designed to further improve HSE for contractor management.

A dedicated resource for Indigenous business participation was allocated in 2010 and a five-year strategy for Indigenous participation in commercial contracting and procurement has been developed.

Product quality and reliability of supply

In 2010 we achieved an LNG 'on specification' rate of 100% and an overall 'on specification' rate of 99.7% across all gas products. Oil products are sold 'as produced' and are therefore not bound by a specification. Domestic gas supplied to the Western Australian market is subject to a strict specification and our quality compliance rate in 2010 was 100%. Our production facilities also achieved our target average reliability rate of 94.8%, which is a measure of our plant performance.

In 2010 we also completed construction of a new laboratory to support our Pilbara operations. The laboratory is central to the continuous monitoring of our products. It is one of the most technically advanced laboratories in the world.

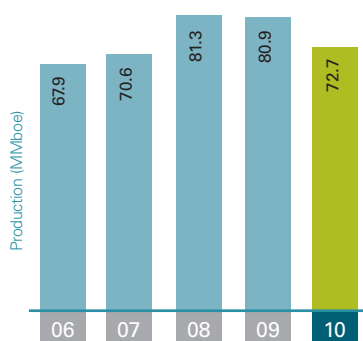
Woodside did not receive any fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2010.

Investing in people

In 2010 Woodside spent approximately A\$20 million on staff training and development.

Performance Data

Production volumes



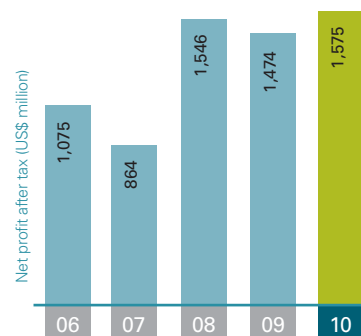
Down 10.1%, primarily due to the sale of Woodside's interest in the Otway Gas Project and oil-field natural decline.

Sales revenue



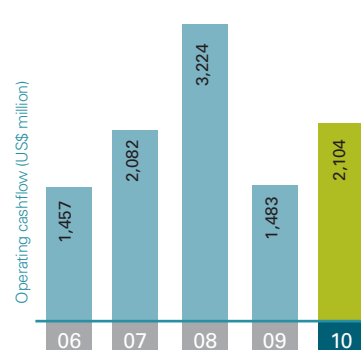
Sales revenue up 20.2% due to higher commodity prices and the positive conclusion of certain LNG price negotiations.

Reported net profit after tax



Reported net profit after tax up 6.9% due to higher commodity prices and one-off gains from asset divestments.

Operating cash flow



Operating cashflow up 41.9%, due to higher receipts driven by higher commodity prices and asset sales.

OUR COMPETITIVE EDGE

We have more than 25 years' experience in safe and reliable product supply and delivery. Our customers tell us that this is an important foundation of their business.

– Reinhardt Matisons, President Marketing

Customer Relations

Meeting the needs of our customers is critical to our success.

Our Western Australian gas customers comprise gas distribution/aggregation companies, electricity producers, major industrial customers and gas traders. Our international gas customers comprise major industrial customers, including power and utility companies in the Asia-Pacific region.

Typically gas is supplied to these customers under long-term sale and purchase agreements, some of which are up to 25 years in duration.

These contracts create the opportunity for long-term customer relationships, which are managed by dedicated relationship managers; either directly with Woodside, or through agencies in the instance of North West Shelf Project (NWS) products.

The NWS agencies have offices in Perth, Beijing and Tokyo. In addition, Woodside has its own offices in Perth, Beijing, Seoul

and Tokyo to support customer relations and future sales of equity gas to underpin growth of our developments and projects.

Woodside is the only Australian LNG company to have representatives in all of these cities.

The purchase and supply of oil and other liquid hydrocarbon products produced by Woodside is coordinated by our liquids marketing team. Liquids customers include international oil majors, national oil companies, independent refiners and petrochemical producers worldwide.

Relationships with these customers exist at multiple levels within the customer organisations and include the trader/relationship manager interface, the contracts execution/operations interface and the senior management interface.

To support all relationships we facilitate customer visits to Woodside-operated sites, as well as visiting customers at their own facilities.

Formalised exchange programs also allow customer representatives to learn first-hand about the production and supply of LNG from the NWS. Companies that have participated in these programs include Tokyo Gas, Kansai Electric, Osaka Gas and Kogas.

Woodside has also supported, through its participation in the NWS, the Australia-China Natural Gas Technology Partnership Fund.

This multi-million dollar fund is a joint initiative of the NWS and Australian and Western Australian Governments, and aims to provide opportunities for training, research and knowledge transfer between the People's Republic of China and Australia in the natural gas and LNG industry.

A hallmark of our customer relations is providing the flexibility to meet changing customer needs. These positive relationships also allow us to manage unexpected production outcomes in a way that minimises customer impacts.

The Sea Eagle LNG Transport vessel delivering the first LNG cargo into China in 2006.

MATERIAL ISSUE

Woodside's contribution to the regional development of the Pilbara and the Kimberley regions of Western Australia.

Description

Regional development was an important issue in Western Australia in 2010, with a renewed focus by governments of all levels in Australia to invest in social infrastructure and services in regional communities. This focus has been accompanied by community visioning and planning in the Pilbara. The Western Australian Government also completed a Strategic Assessment to understand the implications of the establishment and operation of an LNG Precinct in the Kimberley.

Context

Karratha has experienced steady population growth over the past ten years. There is a resident population of about 14,000 people supplemented by approximately 4,000 transient workers.

Broome is the largest regional centre in the Kimberley region. Government reports point to social infrastructure and community services under pressure, exacerbated by seasonal workforces and tourism.

Exmouth is a remote community in the Gascoyne region, with a permanent population of 2,200 people. Its local economy is based on marine and maritime industries, nature-based tourism, commercial and recreational fishing, and aquaculture. Woodside does not have a residential workforce in Exmouth.

Our Commitment

Woodside is committed to supporting healthy and vibrant communities where we operate.

We support a sustainable Karratha, with a diverse economic base and amenities that enhance the town's appeal as a place to live and work.

We also recognise the environmental and cultural significance of the Kimberley region, and the strong 'sense of place' that people have about living and working in the Kimberley.

Our Strategy

Woodside is a long-standing member of the Pilbara community through our operatorship of the North West Shelf Project (NWS) and more recently our Pluto LNG Project.

Our strategy with respect to regional development involves:

- Understanding and mitigating impacts arising from operational and construction activities;

- Investing in programs and services that have mutual benefit for Woodside and the broader community;
- Providing opportunities for local participation in our business; and
- Voluntary contribution of funds and resources to worthwhile community initiatives.

In implementing this strategy we listen to the needs of our employees and the broader community. We also work with other industry and various levels of government to optimise resourcing and funding outcomes.

Our regional strategy in the Kimberley is similar to the Pilbara, though at an earlier stage of development, in light of the stage of our Browse LNG Development.

At this time we are focused on listening to stakeholders who have an interest in the Kimberley and our business activities, with a view to managing impacts that may arise from our Browse LNG Development.

2010 Performance

Pilbara

Woodside has made a significant contribution to the regional development of the Pilbara since we started operations in 1984.

A key aspect of our commitment to the region has been our collaborative work with Indigenous stakeholders in the Shire of Roebourne.

Roebourne Rejuvenation Project

Woodside has worked extensively with the Western Australian Government in the development of the Roebourne Rejuvenation Project to increase the capacity of the Indigenous people of the West Pilbara to better realise the benefits of neighbouring industry initiatives. The outcomes sought by Woodside include:

- A long-term focus on investment in Roebourne;

- A coordinated process allowing stakeholders like Woodside to align their investment and resourcing to the Roebourne Rejuvenation goals;
- Investing in the functionality of the community and preparing them to realise economic development opportunities; and
- Ensuring access to equitable educational opportunities is a core commitment.

Clontarf Foundation

Woodside commenced sponsorship of the Clontarf Foundation in 2009 to establish a Roebourne Academy for delivering educational and social outcomes to young Indigenous men through the medium of Australian Rules Football.

In 2010 further support through in-kind accommodation was provided for the establishment of the Karratha Academy.

The Karratha and Roebourne Academies are two of 36 Academies run by the Clontarf Foundation throughout Australia. Every academy is staffed with full-time mentors who guide and help young Indigenous men gain confidence, life skills and increase their educational and employment prospects.

Working in partnership with the local school, the Karratha Academy provides a diverse program of activities designed to engage the young Indigenous men in the school environment.

Five young Indigenous men from the Roebourne Academy and four from the Karratha Academy graduated from Year 12 in 2010. It was also the first time that an Indigenous male had completed Year 12 and met the Western Australian academic requirements at Roebourne District High School.

We are also working with the Shire of Roebourne, the Western Australian and Australian Governments, and



▲ 2010 Family Fun Day in Karratha, supported by Woodside.

other industry in the region, to support worthwhile community projects. The Western Australian Government has also provided funding through its Royalties for Regions program, which provides a framework for spending 25% of Western Australia's resource development royalties in regional areas.

Woodside has a Karratha Infrastructure Strategy, with a focus on childcare, health, education and recreation. Voluntary contributions by Woodside and the NWS participants to these areas started in 2009, with a five-year strategy to spend about A\$30 million over this period.

Since 1984, the NWS' overall financial contribution to Karratha has been valued at more than A\$300 million, including investments in roads, housing, health services and education.

Woodside, as operator of the NWS, has built 680 houses to accommodate our residential employees. An additional 138 houses were built to support Woodside's Pluto LNG Project. Some of our housing portfolio is allocated to support critical community services.

Woodside has also built or funded the majority of the accommodation required for our Pluto construction workforce. Gap Ridge Village, which has been used for the construction of Pluto, was built by Ngarda Civil and Mining, one of the largest Indigenous-owned and operated contracting companies in Australia. The overall cost of the Village was approximately A\$300 million.

In 2010 Woodside contributed to an upgrade of the Walkington Theatre and the public port loading facilities. We also significantly contributed towards the new Tambrey Early Learning Centre, which opened in October 2010.

These major infrastructure projects are supported by our broader social investment program where we provide financial and in-kind support to a range of local community projects and activities that aim to enhance social, cultural and economic capacity.

Together with the other NWS participants, Woodside has contributed over A\$5.6 million to west Pilbara communities through a social investment program, inclusive of cash, time and in-kind support (excluding management costs) in 2010.

Woodside employed more than 1,100 people in 2010 to support our NWS and Pluto Projects, about 40% of whom lived in Karratha. The remainder of our Karratha employees worked on a fly-in fly-out (FIFO) basis.

While we are committed to a significant residential workforce, offering a number of FIFO positions is important in maintaining workforce stability. Attracting and retaining skilled operators and maintenance workers in the face of growing Australian and international competition for skilled workers is a challenge for all regional employers.

Looking ahead, we will seek collaborative partnerships with relevant organisations to support improved services and facilities in key areas such as health, education, childcare/early learning, youth, recreation and leisure, and improving town amenities.

We will also continue to encourage a competitive supply chain and welcome local businesses tendering for available contracts.

Kimberley

Woodside's association with the Kimberley dates back to the 1970s, with major gas and condensate discoveries in the Browse Basin, about 400 km from the Kimberley coast.

Since that time we have maintained a steady flow of exploration and development activities from the Broome Port, which have maintained our links with Broome and supported the local economy.

Our Broome office opened in September 2010 and it is staffed by eight local residents. We have also had significant numbers of Perth-based staff working in Broome during the year and we have established

commercial relationships with local suppliers of a diverse range of services including real estate, office supplies, vessel chartering and vehicle hire.

In 2010 we expanded our Community Grants program to Broome and surrounding communities. This social investment program supports community groups by providing funding for activities and infrastructure.

The initiatives we have supported range from providing equipment for the local swimming club, through to supporting a drilling program to supply fresh water to a Derby Indigenous community.

KALACC

Woodside entered into a partnership with the Kimberley Aboriginal Law and Cultural Centre (KALACC) in 2010, to support KALACC's work in maintaining Indigenous law and culture. In a two-year, A\$400,000 agreement with KALACC, Woodside will support two of the Centre's key programs - the Repatriations Program, which involves the return of historical materials, sacred and significant objects and human remains to the Kimberley region, and the Yiriman Project, under which Aboriginal Elders and community members take young people that have been identified as 'at-risk' on intensive bush trips, to help them re-connect with their culture.

Looking ahead, we will take into consideration the outcomes of the Western Australian Government's evaluation of the environmental and social implications of establishing and operating the Browse LNG Precinct in developing the strategy for our contribution to the regional development of the Kimberley.

Exmouth

Woodside invests in the local community through a range of educational, environmental and social programs each year.

Woodside remains committed to maintaining a positive presence in the community and building on our existing social investment programs.



→ We Supply Energy for the Future

→ We Use Resources Efficiently

→ We Minimise Our Ecological Footprint

ENVIRONMENT

Ongoing compliance and continued improvement in our environmental performance is central to Woodside's sustainable development as a company.

Our Business Context

Woodside operates in a range of marine and terrestrial environments, predominantly in an Australian context. Ongoing compliance and continued improvement in our environmental performance is central to Woodside's sustainable development as a company.

Potential environmental impacts relevant to our business include:

- Release of hydrocarbons or chemicals onto land or into water;
- Emissions of pollutant to air;
- Resource efficiency, including water and energy use;
- Waste management; and
- Biodiversity impacts.

We integrate environmental management into the design, construction and operation of our facilities. This includes managing potential changes in our environmental footprint due to growth in our LNG operations through developments such as the expansion of the Pluto LNG Project, and the Browse and Sunrise LNG Developments.

As a result of major oil spill incidents in the Timor Sea and Gulf of Mexico, in 2010 there was increased public scrutiny by government and other stakeholders on oil spill prevention, mitigation and remediation. Government and industry are responding to the lessons learned from these incidents and implementing improvements.

→ Woodside's response is outlined on page 32.

Our Approach

We recognise that our licence to operate depends on how well we understand the environments in which we operate and our ability to minimise our environmental footprint.

Our systematic approach to environmental management is underpinned by the Woodside Management System, which includes our Environment Policy. This management system framework is aligned to the ISO14001 international standard and applies a consistent approach to environmental management across our business.

Our Strategy

We recognise that achieving high standards of performance in our foundation business provides our licence to operate. This means complying with the conditions of our licences and approvals and working to minimise potential impacts on the environment.

We also recognise that understanding future operating environments is fundamental to support our LNG growth strategy. This means undertaking studies and research to inform business decision making, impact assessment and planning. It also involves taking account of other external factors, such as changes to industry regulations, stakeholder expectations and global trends in industry practice and performance.

2010 Performance in Detail

Environmental incidents

In 2010 we reduced the occurrence of environmental incidents, with four events recorded as Category D in our internal incident rating system, where A is an incident with the greatest consequences. There were no incidents greater than a D.

The four incidents were considered Category D due to the requirement to report them to government as part of our licence and approval conditions. The incidents were:

- A 'dark smoke' event at the Karratha gas plant resulting from shutdown of the domestic gas plant following electrical system failures; and
- Unplanned release of methanol during production from the Enfield oil well on three separate occasions. Methanol is used for preventing formation of hydrates (frozen hydrocarbons) during production from subsea wells. It is of relatively low toxicity.

We did not incur any environmental fines or penalties in relation to these incidents.

There has been a reduction in the number of Category D incidents over the past three years, with 21 events being recorded in 2008 and eight in 2009.

There were no Category D incidents recorded from our drilling and seismic operations in 2010.

PERFORMANCE SUMMARY



CATEGORY D INCIDENTS



FLARING



RECYCLING



UNDERSTANDING REGIONAL BIODIVERSITY

Our Targets

2010 Actions	Outcomes	2011 Targets
Review environment strategy	Completed 	Roll out across the business
Continue downward trend in Category D environmental incidents	Completed 	Maintain low level of Category D environmental incidents
Continue site-based water efficiency measures	Completed 	Initiate development of Woodside-wide water management strategy

Air emissions

Our air emissions predominantly consist of products of combustion associated with power generation and LNG train compressor turbines, both using gas turbine technology.

Flaring represented less than 12% of emissions to air by source. Most of our facilities, including the newly commissioned Angel platform, performed better than expected. Our total flared gas decreased. However, additional anticipated improvements in flaring were not achieved due to flaring from the Maersk Ngujima-Yin and Cossack Pioneer floating production, storage and offloading oil facilities.

A fire on the Maersk Ngujima-Yin in 2009 damaged the gas reinjection compressors that are normally used to reinject gas into the reservoir during oil production. Repairs took longer than originally anticipated and are expected to be completed during 2011. During 2010, we managed production levels to minimise our flaring within the limits approved by the regulator.

Higher rates of flaring occurred on the Cossack Pioneer as a result of recycle compressor issues. A flare management plan was put in place to maintain conformance with internal standards and to minimise flaring within technical constraints.

Our flared gas and greenhouse gas air emission intensity decreased in 2010. Emission intensity refers to the emission per tonne of hydrocarbon production.

Resource efficiency

Water use

In 2010 we used 345,000KI of freshwater in our onshore operations. The calculation is based on water usage bills and some metering on site. The majority of this freshwater is consumed in the production of gas at our Karratha Gas Plant. A water management plan has been in place on this facility for many years. Our offshore production facilities produce freshwater through reverse osmosis units. We also commissioned additional desalination capacity for general construction activities at the Pluto LNG Park in 2009.

We will continue to improve the methods for recording our water usage and identify water efficiency initiatives as part of the development of a Woodside-wide water management strategy in 2011.

Freshwater supplies in the Pilbara are drawn from regional scheme water, which has two climate dependent water sources – the Harding Dam (surface water) and the Millstream Aquifer (groundwater). The Western Australian Government estimates that the reliable yield from these sources has a capacity of 15 GL. Current annual demand in the region is 14.5 GL.

The Western Australian Government expects regional demand to outstrip supply in 2012. In response, they announced in 2010 a five-year action plan to guide sustainable management of the region's water resources and water services.

The Western Australian Government also launched a Pilbara water efficiency program in 2010, as well as endorsing a proposal to build a new seawater desalination plant that will add a further six billion litres of water a year to support residential and small commercial growth in Karratha, Dampier, Roebourne, Wickham and Point Samson.



OUR FOCUS We recognise that minimising our environmental footprint and understanding future operating environments is fundamental to supporting our licence to grow.

JILL HOFFMANN
Vice President
Environment

Energy use

Woodside recognises the need to have energy-efficient operating facilities. We look at this from two perspectives – in the design of new facilities; and identifying, evaluating and implementing energy savings opportunities.

In 2010 we continued 'basis of design' work for our Browse LNG Development, with a view to improving energy efficiency and combustion emissions. The Browse Joint Venture will review the proposed design in 2011 as Browse moves towards a final investment decision targeted for mid-2012.

We conducted energy efficiency assessments on the Maersk Ngujima-Yin and Angel facilities.

→ More information can be found in the Climate Change section of this report on page 26 and in our performance data on page 52.

Waste management

A change of waste management practices in 2009 led to immediate results, with significant improvement in the proportion of waste recycled instead of being sent to landfill. This positive trend has been maintained in 2010. Our total solid waste during 2010 from our operating facilities was estimated to be 7390 tonnes of which we estimated that 45.8% was recycled.

This approach will be extended to the Pluto LNG Plant when it comes into production.

Biodiversity conservation

Woodside's approach to biodiversity focuses on establishing high quality baseline studies. These studies support environmental impact assessments as part of approvals processes and ongoing monitoring of our operational footprint.

In 2010 much of our focus was on baseline research to support our Browse LNG Development. These studies included continuation of extensive annual survey programs for humpback whale and turtle monitoring, a baseline fish monitoring survey (including sail fish tagging) and various dredging studies.

We continued marine monitoring programs for Pluto, including monitoring the impacts associated with dredging undertaken from 2008 to 2010 to establish shipping facilities and a trunkline route. Water quality and coral health monitoring carried out throughout the dredging program has shown that impacts were significantly less than predicted during the impact assessment and environmental approvals process. These findings are to be included with a range of other research conducted by Woodside in a dredge impact research project coordinated by the Western Australian Marine Science Institute.

In 2010 we also continued our annual marine monitoring program for the North West Shelf Project (NWS), in which a range of physical and biological parameters is sampled to identify any longer-term impacts from NWS operations. This program has been in place for more than 20 years and has continued to show that there are no significant impacts on the broader ecosystem from Woodside's operations.

Woodside completed four marine seismic surveys and one marine controlled-source electromagnetic survey in 2010. The surveys were conducted in the Browse and Carnarvon Basins to support development and exploration efforts.

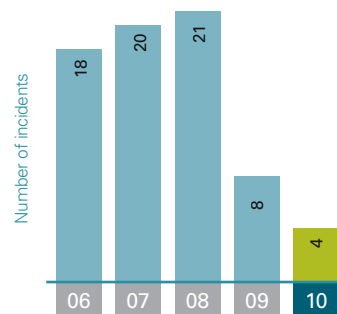
Details of cetacean sightings during these surveys were provided to the Australian Government for inclusion in its national database. The database is accessible to researchers, marine industries, conservation groups and the public.

Woodside followed the Australian Government licence conditions for these surveys, including adherence to *Environmental Protection and Biodiversity Conservation Act (1999) Policy Statement 2.1 Interaction between offshore seismic exploration and whales*, which sets out standards to minimise the risk of disturbance and acoustic injury to whales from seismic survey operations.

We continued to develop procedures and practices in advance of emerging environmental issues such as invasive marine species.

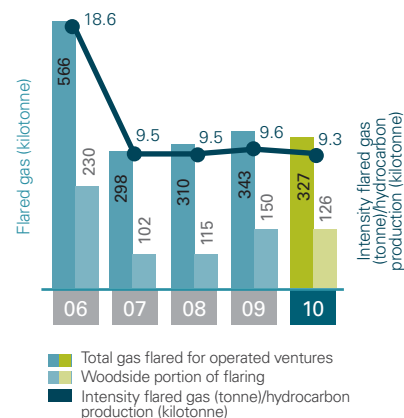
Performance Data

Incident Category D and above



¹ A change to the naming of incidents in the Woodside incident classification system was made in early 2010. 'Category D' incidents were previously referred to as 'Category C'. There has been no material change to the criteria that would trigger an incident being considered for this category and therefore previous performance against 'Category C' incidents is considered equivalent to the new 'Category D'.

Flare gas and intensity



→ For further information on our environmental performance indicators, please see page 50.

OUR COMPETITIVE EDGE

Our licence to operate depends on how well we understand the surrounding environment.

– Dr Luke Smith, Principal Environmental Scientist

Browse Studies

When contemplating a new development, such as the Browse LNG Development, access to robust data is critical in supporting decision making and conducting impact assessments to inform our design process and operational planning.

Woodside undertook extensive studies to acquire a large amount of scientific information to underpin the impact assessment of the Browse LNG Development and to feed into the Western Australian Government's Strategic Assessment for the Browse LNG Precinct.

The Browse Joint Venture spent more than A\$30 million in environmental studies in 2010, including:

- Humpback whale and other marine megafauna surveys;
- Turtle monitoring program;
- Dredging studies;
- Coral reef ecosystem surveys;
- Fish and benthic habitat surveys; and
- Impact assessments for port and LNG plant construction and operation.

Western Australian Museum Alliance

Our alliance with the Western Australian (WA) Museum was formed in 1998. It typifies our approach to understanding the broader context of the environments in which we operate. It also illustrates our collaborative approach to working with leading researchers and ensuring that research commissioned by Woodside is made available to the community.

Woodside and the WA Museum undertook the first detailed survey of the marine biodiversity of the Dampier Archipelago, home to our North West Shelf and Pluto LNG Projects, in 1998.

The focus of expeditions, by staff from the WA Museum and other institutions in Australia and overseas, has been to collect data and specimens across a range of habitat types. Since inception, the program has resulted in 4,500 species being recorded, many new to science. These records are known as the Woodside Collection and are on display at the WA Museum.

In 2009 our relationship with the WA Museum was expanded to include the Kimberley, in recognition of our Browse

LNG Development through the three year *Marine Life of The Kimberley Project*.

The project has involved collecting data on worms, molluscs, crustaceans, fish, corals, soft corals, echinoderms, marine algae and seagrasses from the inshore region and the continental shelf coral atolls.

→ For further information, please visit www.museum.wa.gov.au/kimberley.

As a result of both regional research programs, the WA Museum has documented more than 6,700 marine species and described more than 290 species new to science.

This research has direct relevance to Western Australian Government agencies, local communities and other industries, enabling them to undertake business planning and decision making in an informed manner.

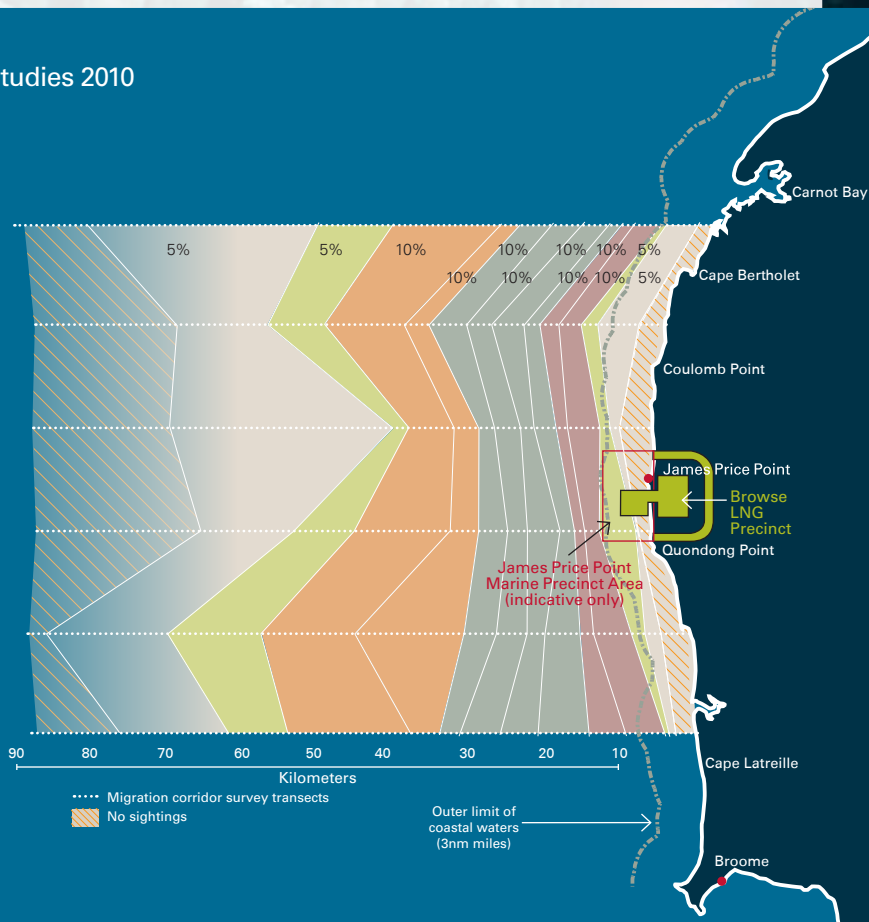
→ For further information, please visit www.dsd.wa.gov.au/7909.aspx.

Western Australian Humpback Whale Studies 2010

Following from our previous studies, our 2010 whale survey further improved our understanding of the distribution and abundance of humpback whales off the west coast of the Kimberley region. The extensive study included aerial surveys over 20 days from June to October flying over 17,000 km of transect.

Analysis of results showed that 95% of the humpback whales and calves recorded in the James Price Point Migration Corridor Survey area were more than 6 km from the coast. The peak abundance occurs from mid-July to early September. The average distance from shore that adult humpback whales were recorded was 24.1 km.

The vast majority of humpback whales migrating through the area are therefore outside the immediate construction footprint of the Western Australian Government's Browse LNG Precinct. Broader regional surveys illustrated that the Browse offshore platforms are well outside the migratory path. Findings such as these have been included in the Strategic Assessment for the Browse LNG Precinct.



MATERIAL ISSUE

Climate Change

Description

Climate change and its relevance to Woodside was a public issue in 2010, following a federal election and the re-emergence of the debate on Australian climate change policy development.

Context

Following the federal election in August 2010, the Australian Government signaled its commitment to establish a carbon price. In late 2010 the Australian Government established a Climate Change Business Roundtable to engage the business community on its climate change policies. Woodside's Chief Executive Officer, Don Voelte, accepted an invitation to participate in the Roundtable discussions.

Meanwhile, measures such as the renewable energy target and energy efficiency initiatives have been promoted to help reduce Australia's emissions and meet its Kyoto Protocol commitments. Australia has also been active in helping to shape a collective international response through the United Nations Framework Convention on Climate Change.

A 2008 Worley Parsons report (consistent with a 1996 CSIRO study) demonstrates that LNG has a substantially lower greenhouse footprint associated with it compared to coal – not just in reference to the combustion emissions, but throughout its lifecycle.

Data from the International Energy Agency's World Energy Outlook 2010 indicates that global energy demand will increase by nearly 40% of 2007 levels by 2030, with most of the energy growth being sourced from fossil fuels. Increasing the share of LNG in the global fossil fuel mix will help to minimise greenhouse emissions.

Relative to fuels such as coal, LNG produces as little as 50% less emissions when used to produce electricity. Despite being emissions-intensive to produce, the use of LNG therefore has the potential to result in significant environmental benefits when displacing higher-emitting fuels such as coal in power generation.

Studies that further explore the combustion of natural gas relative to the combustion of coal from a lifecycle perspective include the Worley Parsons *Greenhouse Gas emissions Study of Australian LNG*, and the Pace *Life Cycle Assessment of GHG Emissions from LNG and Coal Fired Generation Scenarios* study.

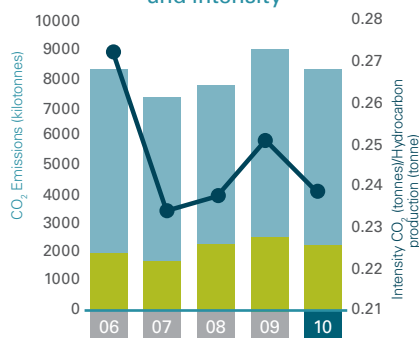
Conclusions from the Worley Parsons study indicate that although the production of LNG results in emissions within Australia, there are significant greenhouse benefits in a global context when LNG replaces higher-emitting fossil fuels, such as coal. In fact, for every tonne of carbon dioxide equivalent emitted in the production of LNG, there is the potential to avoid between 4.5 and 9.5 tonnes elsewhere in the world in cases where LNG displaces coal for electricity generation in customer countries such as China.

This is supported by the Pace study, funded by the Center for Liquefied Natural Gas, which found that for every tonne of carbon dioxide equivalent emitted in a sample of five LNG supplier countries' LNG production, a potential 6.8 tonnes are avoided globally when LNG replaces coal in the current United States electricity generation mix.

Developing technical solutions to reduce our emissions

Technical initiatives that reduce our greenhouse emissions embrace three scenarios - the design of new facilities, expansions, and improvements to existing operations. At Woodside, we maintain a portfolio of opportunities to reduce our emissions. Typically, new facilities and expansions offer the most

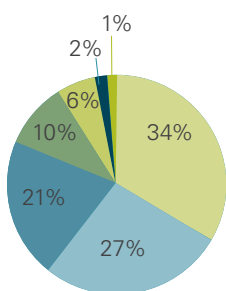
Greenhouse gas emissions and intensity



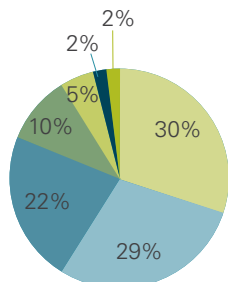
■ Total annual CO₂e emissions for operated venues
 ■ Woodside portion of CO₂e emissions
 — GHG intensity (CO₂e/t HC production)

Current and projected global energy demand by fuel source

2007 (12,013 Mtoe)



2030 (16,789 Mtoe)



■ Oil ■ Biomass & Waste
 ■ Coal ■ Nuclear
 ■ Gas ■ Hydro
 ■ Other Renewables

Our Commitment

Woodside recognises that climate change is a global problem requiring global solutions.

We believe that natural gas has an important role to play in transitioning to a lower carbon future. We believe that Australia can help reduce global emissions through the growth of the Australian LNG industry, when LNG displaces higher-emitting fossil fuels such as coal and oil in countries to which it is sold.

We also believe that the Australian LNG industry should not have additional costs placed on it until its international competitors are faced with similar costs.

Our Strategy

In 2010 Woodside's climate change strategy focused on the benefits of natural gas and developing technical solutions to reduce our own emissions.

The benefits of natural gas

Natural gas is a versatile and efficient fuel with the potential to displace higher-emitting fossil fuels. Because of this, it has the ability to support movement towards renewable energy systems.



▲ We invest in offsetting our emissions from the Pluto LNG Project through CO2 Australia.

significant opportunities to improve efficiency. This is because they do not cause interruptions to production commitments on existing assets.

In 2010 we completed energy efficiency assessments on two of our existing facilities. These assessments were conducted in accordance with our obligations under the Australian Government's Energy Efficiency Opportunities (EEO) program.

Since the inception of the program, we have undertaken nine assessments and implemented 44 opportunities, resulting in annual energy savings to date of approximately 3 million GJ, which is equivalent to about 2% of Woodside's current energy consumption.

Our Position on Climate Policy

Woodside recognises the Australian Government's plan to introduce a carbon price mechanism into Australia's economy and supports the following principles in its development:

The development of a carbon price mechanism starts from a clean slate
A single national approach to regulating greenhouse gas emissions

- The chosen mechanism should override all other legislation related to greenhouse gas emissions, for example project-specific obligations that impose an additional carbon price. All mechanisms that either directly or indirectly place a carbon price should be streamlined with a single national approach.

Reduce greenhouse gas emissions at lowest cost to the Australian economy

- Simplifying the administration of the carbon price mechanism will help minimise costs associated with it.

Recognise investments that have already been made to reduce emissions

- The carbon price mechanism should recognise the contribution of legacy investments made in good faith towards reducing Australia's greenhouse gas emissions;

- Woodside and its partners have made significant investments towards reducing emissions at their facilities through both technical initiatives (for example reducing own-use fuel consumption) and market mechanisms (for example the investment for the Pluto LNG Project through CO2Australia); and
- Recognition of these investments will encourage continued efforts towards the environmental objective of reducing emissions. It will also ensure continued LNG production, which contributes to the Australian economy, and is a cleaner source of energy.

Re-invest revenue raised from the carbon price mechanism into emissions-reducing technologies

- Accelerating the development and commercialisation of low emission technologies should be the priority for revenues raised through a carbon price.

Preserve the competitiveness of Australian LNG exports

- Of vital importance to Australia's LNG industry is that any carbon price mechanism preserves the competitiveness of Australian LNG exports. Woodside believes that a carbon price applied in Australia should not impose additional costs on the LNG sector until competitor LNG exporting countries have similar costs applied to those producers.

2010 Performance

In 2010 our total operated greenhouse gas emissions decreased by about 653,000 tonnes CO₂e to about 8.3 million tonnes CO₂e. The decrease was primarily due to a change in the emissions factors used to convert fuel use consumption and flaring quantity into greenhouse gas emissions. These factors have been adjusted to ensure consistency with the National Greenhouse and Energy Reporting (NGER) legislation. Other contributors to the decrease in emissions relative to 2009 included lower hydrocarbon production and the divestment of Woodside's interest in the Otway Gas Facility.

Our trend for emissions intensity of LNG production has continued to fall over time, with the progressive introduction of more efficient production systems and processes.

At the start up of production of North West Shelf Project (NWS) LNG Train 4 our LNG emissions intensity was about 0.48 tonnes CO₂e / tonne LNG. At the start up of production of NWS LNG Train 5 our LNG emissions intensity was about 0.44 tonnes CO₂e / tonne LNG.

2010 Public Reporting

Woodside's share of emissions in 2010 was about 2.3 million tonnes CO₂e.

In supporting our climate change strategy, we provide information about greenhouse gas emissions as well as energy production and consumption for our facilities. This is provided to the Australian Government as a requirement of the NGER legislation. We also participate in the EEO program. Woodside-operated facilities undergo energy efficiency assessments and identify opportunities for improvement based on a government-approved assessment and reporting schedule.

Woodside voluntarily takes part in the Carbon Disclosure Project, a not-for-profit investor organisation. Information about our emissions is also provided to the annual Dow Jones Sustainability Index.

In considering new and ongoing capital expenditure, Woodside includes carbon pricing assumptions as part of its economic assessment. Like other companies, we do not publicly release information on economic assumptions.

Assurance

In September 2010, Woodside engaged Deloitte to provide limited assurance on its NGER data to the Board.

In November 2010, we performed a self assessment against the key elements of the EEO legislation.



SOCIAL – HEALTH, SAFETY AND SECURITY

We believe that the health and safety of our people comes first in all our decisions and actions.

Our Business Context

Our business is typical of the oil and gas industry, where potential exposure to risk exists in many activities, which can result in high-impact events such as hydrocarbon releases, fire and explosion. Other activities, such as working at heights or in confined spaces, can also have potential impacts on people's health and safety if not managed and performed appropriately.

A key oil and gas industry focus is on maintaining asset integrity, which encompasses a range of activities that are aimed at prevention, preparedness, response and recovery from a major accident event involving hydrocarbons.

The Australian oil and gas industry uses contractors extensively for a number of activities, including exploration, construction of new facilities and maintenance of existing facilities.

The industry also undertakes construction projects and sources goods and services from countries that, from time to time, experience increased security risk.

Our Approach

We believe that the health and safety of our people comes first in all our decisions and actions.

Our health and safety aspiration is 'no-one gets hurt, no incidents' and we seek to be recognised by our people and peers as an industry leader in the management of health and safety. This includes ensuring the integrity of our assets throughout their lifecycle so that they operate without jeopardising our people's health and safety and our asset's value.

We strive to ensure the security and protection of Woodside people, information, assets and reputation throughout the company's global operations.

Our Strategy

Health and safety

In late 2010, we introduced a new internal health, safety and environment performance measure and updated our six health, safety and security strategic imperatives. This followed a review of our operating environment and the integration of security and emergency management into the health and safety function. Our new 2011 strategic imperatives are to:

- Strengthen 'Our Safety Culture' and implement other high impact human factors tools and techniques;
- Understand the consequences of major accident events and manage preventative and mitigative controls;
- Consistently implement health, safety and security standards, procedures and rules;

- Improve learning, the communication of lessons learnt and the recognition of warning signs from incidents in order to avoid repeat incidents;
- Design new and modified facilities to be inherently safer. Assure the integrity of existing assets; and
- Undertake strong engagement and relationship-building with government agencies and contractors to achieve excellent health, safety and security performance.

Woodside believes that the number and frequency of injuries and incidents recorded in 2010 was disappointing and aims to improve performance by delivering on our health and safety imperatives.

Security and emergency management

Woodside has a dedicated security, emergency and crisis management team whose focus is to protect Woodside's employees, information, assets and reputation with minimal business interruption.

The team work to identify and understand man-made and natural threats and risks to Woodside, and ensure appropriate and robust procedures and processes are in place as mitigation measures. Having a security, emergency and crisis management capability embedded across Woodside is an essential business enabler, which ensures that the company prevents, prepares for, responds to and recovers from any event.

PERFORMANCE HIGHLIGHTS



TOTAL
RECORDABLE
CASES



TOTAL
RECORDABLE
CASE
FREQUENCY



HIGH POTENTIAL
INCIDENTS



LOSS OF
CONTAINMENT
EVENTS

Our Targets

2010 Actions	Status		2011 Targets
Improve TRCF comparable to 2009 performance	Not met	✗	Improve TRCF performance compared to 2010*
Revise and roll out Golden Safety Rules	Completed	✓	Revise and publish health, safety and security operating standards
Engage contractors on health and safety	Completed	✓	Continue to engage contractors on health and safety
Three company-wide crisis management exercises conducted	Completed	✓	Four crisis management exercises and a range of associated crisis and emergency management related training activities

* For 2011, Woodside has introduced a new internal HSE performance measure which increases focus on more serious injuries and illnesses and high potential incidents. The new measure draws upon both lead and lagging indicators as part of a more balanced safety performance measure. Woodside will continue tracking and external reporting of TRCF.

2010 Performance in Detail

Woodside's frequency of safety incidents (as measured by total recordable case frequency or TRCF) increased from 3.3 in 2009 to 5.1 in 2010.

The total number of safety incidents (total recordable cases) decreased from 199 to 151, a 24% decrease from 2009. This performance was relative to a 51% decrease in hours worked in 2010, as the focus of work associated with construction of the Pluto LNG Project shifted from fabrication in Asia to Karratha site activities.

While the number of safety incidents decreased, the increase in TRCF is disappointing. There were no work-related fatalities in 2010.

There were 54 high potential incidents (HPIs), i.e. those with the potential to cause serious injury, compared with 40 in 2009. The HPI frequency increased from 0.67 in 2009 to 1.82 in 2010. 55% of HPIs were 'dropped object' incidents, primarily associated with construction and shutdown activities. There was a substantial decrease in 'dropped object' incidents in the last quarter of 2010, following a mid-year awareness campaign.

There were 13 eye-related injuries in 2010, compared with 45 in 2009. A sustained focus on eye injury prevention, including training and equipment upgrades led to the significant reduction.

Continued company-wide focus on improving process safety and asset integrity contributed to significantly improved integrity performance, including a substantial reduction in 'loss of containment' events. In 2010, there was one hydrocarbon release that was classified as major and a further eight deemed to be significant, compared with four major and 47 significant releases during 2009.

The number of reported occupational illnesses continued at similar levels. Twenty one occupational illnesses were reported in 2010, compared to 30 in 2009.

2010 strategic imperatives activities

The following activities were undertaken with respect to our 2010 health, safety and security imperatives:

Embed 'Our Safety Culture'

'Our Safety Culture' capacity and capability was extended through measurement, education, training and coaching activities.

Awareness and use of human factors analysis tools was increased with targeted training, follow-up coaching and education aimed at increasing understanding of human factors issues and analytical techniques.

Understand and manage risk of major accident events

New engineering standards for health and safety in design were introduced that have more emphasis on inherent safety principles, which reduce the residual risk to the health and safety of our people.

The ongoing delivery of technical integrity training helped improve awareness and understanding of the issue and the process and controls that Woodside employs to reduce the risk of major accident events.



OUR FOCUS Our health and safety aspiration is 'no-one gets hurt, no incidents' and we seek to be recognised by our people and peers as an industry leader in the management of health and safety. This includes ensuring the integrity of our assets.

EVE HOWELL
Executive Vice President
Health, Safety & Security

Apply health, safety and integrity processes, standards, procedures and rules

Golden Safety Rules were revised and rolled out throughout Woodside, to both employees and contractors. The Golden Safety Rules are a cornerstone of Woodside's approach to health and safety.

Work commenced on reviewing all health, safety and security standards and supporting documentation that will meet the requirements of the new Woodside Management System. The roll out of the revised and new operating standards will be completed in 2011.

Improve learning

The quality of integrity-related investigations improved as a result of the implementation of an improved qualitative assessment process, which provides direct feedback to investigation team leaders.

Understand and control occupational health risks

Procedures and systems for selecting and approving chemicals and other hazardous substances were upgraded.

Awareness and understanding of key occupational health risks such as heat stress and noise was increased through facility-focused health risk assessments and company-wide awareness campaigns.

Select and manage principal contractors

Woodside hosted a Contractor Safety Forum in October 2010, which was attended by over 100 senior leaders from Woodside and its most significant contractors. This event was a follow-up to a forum that Woodside hosted in February 2009.

Woodside continued to work closely with Contractor Safety Focus Groups covering exploration, production, project execution, and drilling and completions activities.

Woodside was once again a leading participant in Stand Together for Safety, which is an industry-wide safety event that Woodside and its contractors helped establish in 2009.

Security and emergency management

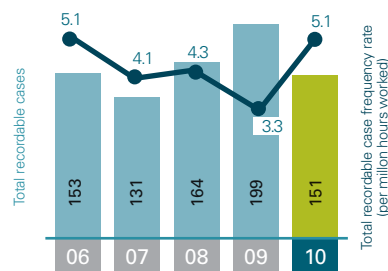
In 2010 we continued to work with state, national and international governments' security agencies to protect our operating assets, construction sites and the workshops and yards of our contractors and suppliers. Liaison with these agencies plays a vital link in protecting our people travelling to or working in countries with an increased security risk.

Capability development through training and simulated exercises was conducted for all assets and projects to ensure that our people were well prepared to deal with any type of incident. We also conducted three company-wide 'Level 3' exercises to test the capability of broader areas of our business, such as the welfare and communications functions. These exercises were conducted in partnership with key contractors and a range of government agencies to ensure the close integration of industry and government response measures.

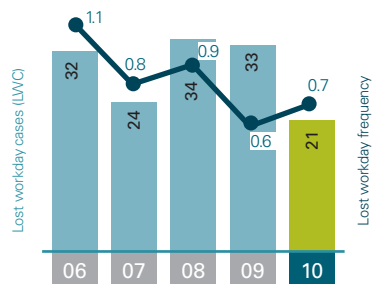
➔ For further information on our health and safety performance indicators, please see page 55.

Performance Data

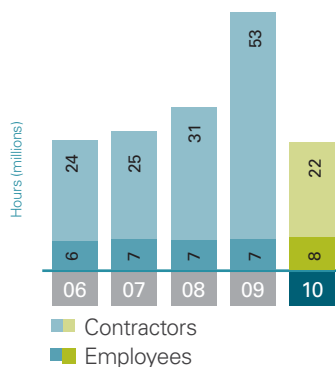
Total recordable cases



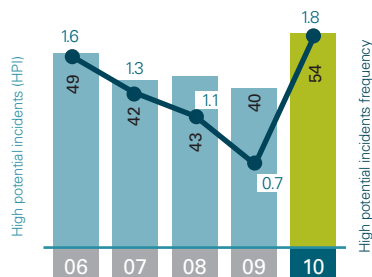
Lost workday case injuries



Total hours worked



High potential incidents





OUR COMPETITIVE EDGE

This project is exciting because Woodside is playing a lead role in the potential development of a national Permit to Work standard.

– Ally Oliver, Operations Manager – Projects and iSSoW project leader

iSSoW

Permit to Work (PTW) is arguably the most important safety management system in the oil and gas industry.

The implementation of the Integrated Safe System of Work (iSSoW) in 2009 and 2010 has erased the differences between facility-specific PTW systems and replaced them with a uniform system.

Permit-related incidents have decreased by 65% since the introduction of the new system. There has also been an improved quality of risk assessment and improved levels of worksite risk awareness among crews.

iSSoW has also allowed the company to reduce its PTW procedures from 5,000 pages down to 100, a 98% reduction by simplifying the rules and building them directly into the software. This removes the potential for users to shortcut the system.

iSSoW offers a robust system, which is centrally-controlled. It consists of business rules enforced through user-friendly software, and integrates risk management, isolation management and permit development.

Woodside partnered with Sage Technology, an Australian software company specialising in safety-related applications, to create the permit technology.

In the year-long lead-up to implementation, more than 90 presentations were delivered across all operations sites to over 1,000 people. The sessions informed the workforce about the new system and created a sense of ownership and involvement in the change, addressed concerns and took feedback into consideration.

Implementation was carried out one facility at a time and a three-month on site integration period ensured a seamless and successful transition.

The iSSoW team, at its peak, comprised only five people, but has had a substantial impact on the day-to-day working practices of thousands of permit workers across Woodside's facilities and a significant number of third party contractors and transient workers.

Every user of the system is trained and must demonstrate their

competence before being given access to iSSoW. A built-in security feature ensures that access is not possible until the criteria are met.

The system has quickly proven to be an industry leader. Numerous companies have shown keen interest in the system, with one company already adopting it. The system and software have won awards nationally and internationally.

iSSoW has significant potential because it lays a foundation to harmonise the permit system across a range of industries and companies.

With another skills shortage looming in the Australian oil and gas sector and large numbers of transient workers, there is a good argument for standardising safety-critical working practices across the oil and gas industry and across many industry sectors.

iSSoW has standardised permit to work systems across our facilities.

MATERIAL ISSUE

The implications for Woodside and Western Australia of the Montara and Macondo Oil Spills

Description

The Macondo Oil Spill in the Gulf of Mexico was one of the main industry and community issues in 2010. It followed the Montara Spill in the Timor Sea of 2009. These major oil spill incidents in the Timor Sea and Gulf of Mexico have had a significant impact on the oil and gas industry in Australia.

Context

In August 2009, a blow out on a drilling rig on the Montara field in the Timor Sea, north-west of the Western Australian coastline resulted in an oil and gas leak. The leak was contained after 74 days.

The Australian Government commissioned the Montara Inquiry into the incident in November 2009 and released a report and a draft response in November 2010.

The report outlines a broad reform agenda for Australia's offshore petroleum industry. In response, the Australian Government intends to establish a single national regulator, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) to regulate offshore petroleum activities.

In a separate incident, the largest oil spill in US history occurred from April to June 2010 from the Macondo field in the Gulf of Mexico. The spill resulted from an explosion on a drilling rig, in which 11 people lost their lives and 17 others were injured, and triggered an unprecedented response program across four US states. Hydrocarbons flowed from the reservoir for 87 days until the wellhead was successfully capped.

Our Commitment

Woodside recognises the significant concern that these major oil spills have generated among the community, government, environmental groups and other stakeholders.

These incidents are expected to have long-lasting impacts on the global oil and gas industry.

Woodside is committed to open and honest communication with our stakeholders about our plans to manage the risk of a loss of containment across our operations.

We continue to work in partnership with government and our industry peers to address the risks and impacts of an oil and gas release through a collaborative approach to the prevention of, preparedness for, response to and recovery from such emergencies.

Our Strategy

Our loss of containment prevention and response strategy in 2010 focused on the following areas:

- Enhancement of our prevention, preparedness, response and recovery measures;
- Open and honest communication with stakeholders; and
- Working in partnership with government and industry.

2010 Performance

Preventative and response measures

Maintaining the integrity of our facilities and the safety of our people is a priority for Woodside. Our facilities are well maintained to mitigate the risk of a loss of containment. We undertake regular management reviews to independently verify compliance with our management systems and technical standards. In 2010 we conducted five management reviews/inspections of our onshore and offshore production facilities.

In terms of our drilling activities, risks are identified and mitigation measures are in place before we begin drilling and for each stage of well completion. Woodside's drilling activities are undertaken in accordance with legislative requirements, which include the need for oil spill contingency plans, and are approved by relevant government authorities before commencement. As a minimum, we also seek to comply with all relevant environmental legislation and each well has an approved Environmental Plan.

A two barrier standard applies to all Woodside-operated drilling operations, which ensures there are at least two tested barriers in place at any time to prevent reservoir fluids flowing to the external environment. A barrier is a verified and independent mechanism, which prevents fluid flow and pressure transmission from one location in a well to another. A barrier can be a combination of drilling mud, cement, packers or blow out preventers.

We regularly inspect and audit drilling rigs under contract to Woodside to ensure compliance with our management systems and technical standards. We conducted eight inspections and audits in 2010.



▲ Woodside conducted two oil spill response crisis management training exercises in 2010.

Woodside has also undertaken several actions in 2010 to ensure our current systems and processes remain robust, including:

- An independent review of our management systems and technical standards for drilling wells and well control manuals;
- A review of competency standards for critical positions;
- An inspection of blow out preventers on all Woodside-operated rigs; and
- A check to confirm that blow out preventer functions on all Woodside-operated rigs can be operated by remotely operated vehicles.

Woodside also conducted an internal audit of its systems and processes in the event of a loss of containment. We have our own oil spill recovery equipment in the regions where we operate.

Open and honest communication with stakeholders

Woodside held two community briefings about our preventative and response measures in Exmouth, Western Australia in 2010.

We also briefed our joint venture participants and the Western Australian and Australian Government regulators.

Working in partnership with government and industry

Woodside is currently reviewing the Montara Inquiry Report and draft Australian Government response.

We are also working with the Australian Petroleum Production and Exploration Association (APPEA) to progress an industry response to the recommendations in the report.

Throughout 2010, Woodside was represented at APPEA and on its Oil Spill Task Force, which is driving improvements across the industry. We also held a number of briefing sessions with the Western Australian and Australian Governments outlining Woodside's emergency and crisis management capabilities and our activities in 2010.

Woodside is one of nine participant companies that finance the activities of the Australian Marine Oil Spill Centre (AMOSC), which deploys oil spill response equipment on 24-hour stand-by around Australia. AMOSC equipment stockpiles are located in Geelong, Dampier, Exmouth and Broome. In 2010, AMOSC agreed to increase the number of industry core personnel from 42 to 84. In addition, Woodside employs a number of experienced people trained by AMOSC.

Woodside conducted two oil spill response crisis management training exercises in 2010. In November, Woodside participated in a three-day combined port oil spill response exercise in Geraldton with the Western Australian Government. The exercise provided Woodside with the opportunity to improve how industry can best work with government bodies in the event of an oil spill.

Within the Browse Basin, Woodside, along with other industry partners, has initiated a project to map the broad distribution and sensitivities of natural ecosystems, and develop a series of scientifically robust, reactive monitoring programs that can be implemented in the unlikely event of a major oil spill.

In the Gulf of Mexico, we are working with US Government authorities on the best way to progress exploration activities in the region post the Macondo incident.

Woodside is participating in the Helix consortium in the Gulf of Mexico, which comprises 23 oil and gas companies. The consortium is progressing the Helix subsea containment solution to have well containment equipment on standby in the region.

Woodside is also participating in a US industry consortium developing binding agreements to share rigs and other resources in the event of an oil spill.

Assurance

Woodside's executive management team is accountable for preventing loss of containment incidents and our response commitment and strategy.

We report our environmental, safety and integrity performance to our executive management team and the Board on a quarterly basis.

Our joint venture participants meet with us regularly to review our performance as operator and conduct regular audits of our systems and processes.

There is a company-wide internal assurance process that reviews our compliance with the Woodside Management System. We are also subject to external audits by relevant authorities such as NOPSEMA who visit our offshore facilities and rigs twice a year.

SOCIAL – PEOPLE

Business Principles



→ We Respect People

Woodside's ability to create sustainable shareholder wealth depends on our ability to attract and retain an engaged, capable and highly motivated workforce.

Our Business Context

Woodside continues to focus on improving its foundation business while also delivering long-term growth in shareholder value through development of its Australian LNG portfolio through a competent and engaged workforce.

Availability of skilled labour over the next five to ten years will be a key challenge for Woodside and other resources companies operating in Australia. This shortage will be compounded by the significant number of resource development projects entering a construction phase over the coming years.

Woodside are working with the Western Australian and Australian Governments to assess a range of viable solutions to address the increasing demand for skilled labour to support the oil and gas industry in an increasingly competitive labour market. Developing and maintaining a diverse workforce, including greater participation by women and Indigenous Australians, will be essential to meet future labour requirements.

Our Approach

Woodside recognises that creating sustainable shareholder wealth will depend on its ability to attract and retain an engaged, highly skilled and highly motivated workforce. We continue to succeed in this area, evidenced through a record number of new employees in 2010 and an enviably low attrition rate.

Our Strategy

Woodside is committed to treating its people with care and respect. This commitment forms part of our core values, and in turn, ensures that we

provide a climate where all employees, irrespective of their background, can perform to their full potential.

Woodside's Diversity Policy further underpins this commitment by ensuring Woodside recruits and manages on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

Woodside's human resources strategy consists of four focus areas, which are aligned to Woodside's business strategy:

- Attraction and retention;
- People capability;
- Leadership and climate; and
- Business processes.

2010 Performance in Detail

Attraction and retention

The Woodside workforce grew to 3,650 in 2010, representing a 13.4% increase from 2009.

A number of activities were undertaken in 2010 to ensure that Woodside remained appropriately positioned in the marketplace to attract key talent. This included launching a new careers website, re-branding of Woodside's recruitment advertising and targeted domestic and international recruitment campaigns.

These activities led to 682 new employees joining Woodside to support our growing portfolio of opportunities. The majority of these new employees were recruited into Woodside's Production, Projects and Development divisions, with female recruits representing 26.6%.

Employee retention continues to be a highlight with a low level of turnover in 2010 resulting in an annualised voluntary turnover of 5.4%. The turnover level has been trending down since 2007, when it reached a peak of 11.2%. This was a pleasing outcome in light of a competitive labour market both domestically and internationally.

The 94.6% retention rate was assisted by the employee equity plan that was implemented in 2009. Further investment in Woodside's career development processes continued in 2010. This resulted in a greater focus on skillpool management, simplification of the performance management system and greater opportunities for peer participation in organisation-wide improvement projects.

Woodside is committed to obtaining regular feedback from its employees and taking action to address any concerns. Action plans following the last employee engagement survey in 2008 continued to be implemented throughout 2010 to improve employee engagement and satisfaction. The last survey resulted in feedback on a range of topics, including improvement opportunities in the areas of leadership, health and safety, middle management engagement and people development. The next employee engagement survey will be undertaken in 2011.

Resulting from the last employee survey, middle management engagement was a key priority. Subsequently we have established a middle management forum, supported by an executive management team member, to identify and resolve issues and have a constructive impact on organisational performance.

PERFORMANCE SUMMARY



INDIGENOUS
PEOPLE DIRECTLY
EMPLOYED



PARTICIPATION IN
FLEXIBLE WORK
ARRANGEMENTS



APPRENTICES
AND TRAINEES
IN THE
WOODSIDE
SKILLS
PROGRAM



% OF WOMEN
IN THE WOODSIDE
WORKFORCE

Our Targets

2010 Actions	2010 Outcomes	2011 Targets
Continue to monitor employee engagement	Action plans developed and implemented ✓	Conduct employee engagement survey
Review programs to support talent attraction and retention	Actions completed ✓	Roll out program across all businesses
Continue to improve gender and Indigenous participation	Strategy agreed and implemented ✓	Roll out diversity plans across all businesses
Simplify the performance management system	System improvements completed ✓	Provide coaching and feedback to drive behaviours and performance culture

Initiatives such as this provide the opportunity for Woodside to engage and retain quality individuals and provide a unique and engaging work environment.

Leadership and climate

In late 2005, Woodside introduced an organisational improvement strategy designed to provide leaders with the appropriate skills to improve the climate experienced by their employees. The Leadership for High Performance program is well established within the organisation, and develops and improves leadership competencies through regular formal and informal feedback. In 2010, a further 196 leaders completed the leadership program, taking the total attendees to 1,103 since inception in 2005.

To complement the Leadership for High Performance program, a suite of supporting programs was developed and is available through Woodside's Management Curriculum.

The leadership development programs are designed to:

- Create an organisational climate that attracts and retains the best people;
- Develop a culture of high performance; and
- Equip the business to sustainably and profitably achieve its growth strategy.

Complementary programs have been introduced to develop or enhance skills in a more focused way and include:

- *Feedback Conversations for High Performance* enable line managers to have effective and regular performance discussions; and

- *Career Conversations* assists our leaders to broaden development discussions to include experiential learning, on the job development, mentoring, coaching and cross-functional opportunities in addition to a training event or program.

Technical skills development

The continued development and skills enhancement of our employees is critical to our long-term success. Woodside invested approximately A\$20 million in the learning and development of its people in 2010. Woodside's approach is supported by a competency framework that addresses core, leadership and technical competencies.

Woodside skillpools have been in operation for a number of years, with skillpool managers being accountable for managing the technical development of our employees.

Skillpools manage the development curricula, which have traditionally been more focused on training activities such as formal courses. In 2010 this approach was broadened to include a variety of development opportunities such as cross-functional temporary assignments, project rotations and on-the-job development.

Trainees and apprentices

In 2010, the Production Function introduced a single integrated training framework across the division. This approach delivers training capability across the onshore and offshore team, which has increased Woodside's capacity to offer traineeships for both Karratha residential and fly-in fly-out employees.

During 2010 more than 52 production technician trainees and in excess of 48 apprentices received the majority of their training through this approach. These trainees and apprentices are an important part of our 'grow our own' capability, ensuring a constant supply of new technical talent into our operations facilities.

The focus of the training is largely technical to ensure Woodside has the right skills to operate and maintain our LNG processing plants within the technical integrity envelope. The training ensures our technicians can perform their roles in accordance with our license to operate and safety case obligations.

Woodside had a total of 130 trainees and apprentices participating in programs throughout 2010.



OUR FOCUS Woodside is committed to treating its people with care and respect. This commitment forms part of our core values, and in turn, ensures that we provide a climate where all employees, irrespective of their background, can perform to their full potential.

IAN MASSON
Vice President
Human Resources

Graduates

Despite a challenging operating environment following the global financial crisis, Woodside continued to invest in our long-standing graduate development program. We recognise that this program is pivotal in ensuring a pipeline of talent for the future. In 2010, 43 new employees entered the graduate development program; with a total of 135 people participating in the three-year program across all areas of Woodside's business.

Diversity

Woodside embraces diversity in the broadest sense and welcomes the different ideas, thoughts, and experiences of all employees. We continue to recognise the value that a talented and diverse culture brings to our business planning and decision making. In 2010 Woodside piloted the 'Leading Diverse Teams' program with its executive team and will launch this program in 2011. It is intended that all employees holding a leadership position will attend this program over the next three years.

A formal mentoring program was also designed in 2010 to support our high talent employees. The program will be rolled out throughout the business in 2011 to broaden our employees' understanding of the industry and varying career experiences that exist.

Gender

With specific reference to women in the workplace, in 2010 women represented 26.4% of Woodside's workforce, a 1% decrease from 2009. Of the 682 new employees hired in 2010, 26.6% were female with most women working in technical, supervisory/professional and administration roles, increasing our total number of female employees from 878 in 2009 to 962 in 2010.

Although Woodside has a similar or higher female percentage than most of its oil and gas industry peers, we recognise the need to more effectively promote the opportunities we can provide to encourage more women to participate at all levels of our organisation.

Woodside understands that an important element in achieving more equitable participation is the provision of flexible working arrangements. Highlights in 2010 included an 11.3% increase in female take up of part-time employment, a 39% increase in take up of additional annual leave and a 90.5% return from maternity leave. Woodside is also pleased to have 4.5% of men accessing at least one of its flexible work options. Woodside was proud to have its efforts recognised through the Chamber of Minerals and Energy Award for Flexible Work and Support Initiatives.

Indigenous

Woodside was pleased to meet, and in some instances exceed, its Reconciliation Action Plan commitments in 2010 through a continued focus on Indigenous participation; specifically the aspiration to triple the number of permanent employees by the end of 2012.

In 2010 Woodside directly employed 53 Indigenous people compared to 36 in 2009, representing a 47.2% increase. Woodside had 49 people on Indigenous Employment Pathways compared to 33 in 2009, representing a 48.5% increase.

Additionally, Woodside had 128 Indigenous people working for construction contractors, a decrease compared to 2009 but within expectation as construction activities continue to reduce at the Pluto LNG Project.

An Indigenous woman was appointed to Woodside's Roebourne office to further enhance Woodside's relationship with the Roebourne community, and in particular to provide a greater opportunity for local women to engage Woodside. The Roebourne office opened in 2007 and remains the only office representing the industry in Roebourne.

A highlight in 2010 was the enthusiasm of our employees to learn more about Indigenous Australian culture. Our Reconciliation Action Plan set a target of 120 employees to undertake cultural awareness training in 2010. At year end, 422 had completed the training, with considerable demand for future

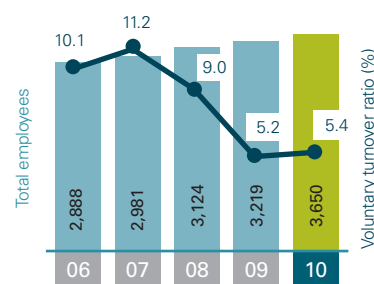
places in the program. This has a positive impact on the attraction and retention of Indigenous Australians through a mutual understanding of both Indigenous and Western cultures.

Business processes

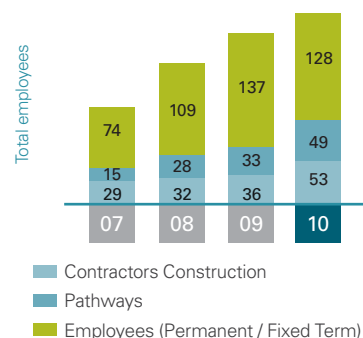
Woodside took a significant step to improve the career development of its people in 2010, with approval to invest in a corporate-wide Learning Management System (LMS). The LMS will be implemented in mid-2011 and will demonstrate compliance with regulated role requirements and improve competency management to develop our internal workforce.

→ For further information on our social performance indicators, please see page 54.

Number of employees and voluntary turnover



Indigenous workforce



2010 Workforce gender profile	Female	Female %	Male	Male%
Administration	260	59.1	180	40.9
Technical	318	24.2	996	75.8
Supervisory / Professional	319	25.3	942	74.7
Middle Management	62	10.4	533	89.6
Senior-Management	3	7.5	37	92.5
Total	962	26.4	2,688	73.6
Board Members	1	11	8	89

OUR COMPETITIVE EDGE

Securing our future workforce will be essential for supporting our foundation business and building LNG growth. It's clear that we need to grow our own.

– Justin Seal, Senior Human Resources Manager Production

Production Training Academy

Over the next five years more than 300 technicians will be needed to support existing operations at Karratha, planned expansions and new LNG opportunities.

It is imperative these people have the right capabilities and values, as well as actively contributing to the diversity of the workforce.

In response Woodside has created its own 'learning university' by conceiving and establishing the Woodside Production Training Academy.

The Training Academy opened in February 2010 and with almost a full year behind it, has supplied a capable, committed and diverse workforce to sustain production operations for the future. The 12 trainers have already put 31 students through their paces.

Located in the newly refurbished Karratha Gas Plant at our North West Shelf Project operations, the Training Academy is unique amongst oil and gas producers in Australia, based on the extent of its training program.

The aim of the Academy is to eliminate any vulnerability in the skills shortage by providing 70% of the technician requirements for our Production Division, both onshore and offshore.

Academy courses on offer include production technician, instrument electrician technician, communications, Mirnuwarnigu Yirdiya (MY) program, maintenance technician, and operator competency assurance. The MY traineeship program was established in 2009 and is providing access to training and employment opportunities for Indigenous people. Mirnuwarnigu Yirdiya means 'learning road' in the local Ngarluma language.

Potential candidates are identified through a rigorous selection process and are provided training and development support on their path to becoming oil and gas technicians. This also offers a quality outcome for Woodside.

The comprehensive training program allows us to select people from the wider community and not just recruit

experienced technicians. As a result, we can actively target a diverse workforce. Of the 2010 intake of trainees at the Academy, 32% were Indigenous.

A workforce with this kind of training offers a powerful competitive advantage. In-house experts working with trainees in a structured learning environment and with access to plant and equipment allows the teaching of valuable and necessary skills to a new generation of future workers.

Technicians trained to the company's high standards, providing parity in processes and systems, are a valuable asset. They also ensure we have competent people for critical positions.

The Training Academy has centralised the company's training programs and standardisation approach and has brought together a strong, organised team of maintenance and operational technical experts with oil and gas backgrounds, all working together to build and maintain employee capability and competence.

The Production Training Academy is providing hands-on training.



→ We Respect People

→ We Involve Stakeholders

→ We Contribute to the Sustainability of Our Communities

→ We Value Culture and Heritage

SOCIAL – COMMUNITY

Long-term and meaningful relationships with the communities where we operate are fundamental to our business.

Our Business Context

Woodside has a presence in a number of communities in Australia and internationally. → See page 5.

Our head office is located in Perth, the capital of Western Australia. Our other major operational centre is Karratha, home to the North West Shelf and Pluto LNG Projects, where we have offices in the towns of Karratha and Roebourne.

We also operate three oil assets off the coast of Exmouth, which connects us to this community.

We have offices in Broome, Western Australia and Dili in Timor-Leste to provide community liaison opportunities for our Browse and Sunrise LNG Developments. We also have a US office in Houston to support our activities in the Gulf of Mexico.

The scale and intensity of resource development in Western Australia has impacted on regional communities such as Karratha, including the cost of living and provision of community services. Perth has experienced similar impacts as a result of resource industry growth.

An upside of this growth has been the revenue provided to government by way of taxes and royalties, which are being used to provide social infrastructure in urban and regional areas.

Companies such as Woodside also provide additional funding to manage social impacts arising from business activities, as well as voluntary contributions to worthwhile community initiatives.

Our Approach

Woodside recognises that long-term and meaningful relationships with the communities where we operate are fundamental to maintaining our licence to operate.

We seek to achieve these relationships by understanding and managing the impacts we may have on our communities and through the development and implementation of programs that deliver mutual benefits.

Our Strategy

Our community relations strategy has three focus areas that are aligned with our business strategy:

Social impacts

- Providing a consistent and strategic approach to understanding and mitigating negative social impacts and creating positive social impacts;

Stakeholder engagement

- Creating stakeholder relationships outside issues-based interactions to support long-term trust; and

Social investment

- A three-tiered funding approach, with the majority of funds invested in regional programs.

2010 Performance in Detail

Social impact

Social impact activities in 2010 included initiatives to support our Pluto LNG Project and Browse LNG Development.

In 2007 we undertook a social impact assessment for the Pluto LNG Project, which started construction in November 2007.

Measures were put in place to manage impacts in Karratha arising during the construction phase. These plans remained in place in 2010 as the Pluto LNG Project neared completion.

Examples of the measures included designing the footprint of the Pluto LNG Plant to minimise impact to Indigenous rock art, construction of Gap Ridge Village to accommodate construction workers and provision of medical services on site.

Of the original A\$12 billion budget at project sanction, we expect at project completion about 55% or A\$6.6 billion to have been invested in Australian contracts.

The construction workforce, most of which operates on a fly-in fly-out basis, peaked at about 4,000 people. Many of these workers came from other areas in Australia, supporting the commencement of new trans-Australian commercial air services to and from Karratha.

The effectiveness of our LNG Project social impact management activities will be reviewed in 2011 as we move towards the start of production. Lessons learned from Pluto will be applied for the planned Pluto expansion, as well as the development of other greenfield projects, particularly the Browse LNG Development.

The Western Australian Government is seeking to develop the Browse LNG Precinct at James Price Point, about 60 km north of Broome, with capacity for LNG processing and shipping facilities for at least two LNG proponents. Our Browse LNG Development is intended to be the foundation project for this Precinct.

PERFORMANCE SUMMARY



SUCCESSFUL
IMPLEMENTATION
OF SOCIAL
INVESTMENT
STRATEGY



BENCHMARK
EMPLOYEE
VOLUNTEERING



APPOINTMENT
OF FIRST TIER
ONE COMMUNITY
PARTNER



IMPROVED
STAKEHOLDER
ENGAGEMENT

Our Targets

2010 Actions	Status	2011 Targets
Appoint first Tier One partner – Surf Life Saving national program for sun protection	Completed 	Appoint second Tier One partner
Develop standards for social impacts, social investments and stakeholder engagement	Ongoing 	Ensure compliance of social investment and stakeholder engagement standards and finalise social impact standard

In December 2010 the Western Australian Government released reports on its social impact studies, anticipating the impacts arising from the development of the Browse LNG Precinct. The studies focused on a range of scenarios, ranging from no development of the Browse LNG Precinct to high development (50Mtpa LNG Precinct within 30 years).

The Western Australian Government report noted that Broome is expected to undergo significant natural population growth over the next 30 years, independent of any direct or indirect population increase attributable to the development and operation of the Browse LNG Precinct. Broome's natural growth is projected to increase by 84% from 17,100 people in 2011 to 31,400 people in 2041.

Given that many social services and facilities within the Shire of Broome are currently experiencing significant demands on resources and are vulnerable to any increase in demand, attention will need to be given to the provision of services and facilities to support the natural population increase over the next 30 years. Existing community pressures include land for housing, health services, police and justice and community wellbeing.

The report concluded that the potential Browse LNG Precinct-related population increase is relatively manageable in comparison to Broome's projected natural population growth. A separate Western Australian Government report recommended strategies for mitigating and managing these impacts and maximising opportunities for local community benefit.

Australian Government approval of the Western Australian Government's Browse LNG Precinct is expected in 2011.

→ For further information on the Browse LNG Precinct please visit www.dsd.wa.gov.au/7909.aspx.

In 2010, Woodside commissioned a social impact assessment, specific to its Browse LNG Development, with baseline studies commencing in October 2010.

This assessment follows the Western Australian Government program of social, environmental, Native Title and Indigenous heritage studies to support the development of its Browse LNG Precinct in the Kimberley.

Woodside's assessment will include consultation with local stakeholders, seeking their views on the current status of key social issues in the community, what they perceive are the key areas of potential impact and how those impacts should be managed.

The assessment team will consult with a broad cross-section of the community, including recreation groups, community and health organisations, Indigenous people, local businesses and government. In addition, a local Community Advisory Committee has been established to provide advice on the social impact assessment process and to review the community engagement plan.

A further community engagement strategy will be developed once the assessment report is complete to ensure the local community is involved in ongoing implementation and monitoring of management strategies. Final reports are expected in 2011.

A final investment decision is expected by the Browse Joint Venture by mid-2012.

→ Further details about Woodside's selection of the Browse LNG Precinct as its preferred processing site can be found on page 14.

In 2010, we initiated development of a social impact standard to provide a consistent approach across our business, with defined accountabilities and expectations of our staff and contractors.

The standard will be finalised and rolled out across the business in 2011.

Stakeholder engagement

In 2010 our stakeholder engagement activities were focused on supporting our existing operations, projects under construction and developments.



OUR FOCUS We seek to understand and manage the impacts we may have on our communities, and develop and implement programs that deliver mutual benefits.

TINA THOMAS
Senior Vice President
Corporate

Engagements in 2010 were typically with government regulators to support approvals, community and Indigenous representatives and near neighbours to our facilities on planned activities, non-government organisations on environmental and social impacts, special interest groups on community partnerships, customers on supply commitments, and suppliers on participation opportunities.

We were also active in local, state and national forums on a range of issues affecting the sustainability of the oil and gas industry.

Examples of these engagements are highlighted in the Our Stakeholder Table. → See page 12.

In 2010 we developed and rolled out across the company an external stakeholder engagement standard to provide consistency in this area.

Social investment

In 2010 Woodside continued to develop its social investment program, focusing on three key themes:

- Living Energy – personal health and wellbeing;
- Natural Energy – environmental health and wellbeing; and
- Creative Energy – community health and wellbeing.

Our investment across these areas is captured by way of cash, time and in-kind contributions, using the London Benchmarking Group (LBG) methodology. Investments in these areas are over and above those that result from mandatory contributions, including programs that are essential to our business such as publicly available research and contractual obligations.

Woodside's equity-only social investment in 2010 was A\$4.9 million. Our total social investment, inclusive of management costs, in 2010 was A\$8.7 million. This is slightly lower than A\$9.2 million in 2009 as a result of a strategy to reduce the number of corporate community partners and invest in programs for longer timeframes.

Woodside's 2010 social investment data was verified by the LBG and will be benchmarked against our peers throughout Australia and New Zealand in the LBG's 2011 Benchmarking Report. → See page 47.

In 2010 we formalised a three-tiered approach to social investment funding. Typically, Tier One partners are national and iconic, Tier Two partners cover multiple geographic areas in Western Australia and Tier Three partners are local organisations where we operate.

Woodside's social investment strategy provides for three Tier One partners, with the majority of our social investment expenditure focusing on Tier Two and Tier Three program partners which benefit Perth and the regional communities in Western Australia in which we operate.

In 2010 we announced the appointment of our first Tier One partner in the area of Living Energy – Surf Life Saving, Australia's major water safety, drowning prevention and rescue authority.

Surf Life Saving is an active part of Australian local communities and is the largest volunteer movement of its kind in Australia. It is a not-for-profit movement that exists only through community donations, fundraising and corporate sponsorship.

Woodside's partnership with Surf Life Saving supports a national program focused on sun protection. We see many similarities between Woodside and Surf Life Saving as Australian entities, coastal operating environments, the dedication of our people wanting to become involved in the community and common values of safety and wellbeing.

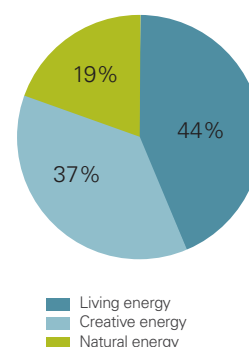
In 2011 we will announce our second Tier One partner, this being in the area of Natural Energy.

Employee participation in and support of partnership activities is a hallmark of Woodside culture. In 2010 Woodside employees donated more than A\$192,600 of their own money to 36 not-for-profit organisations.

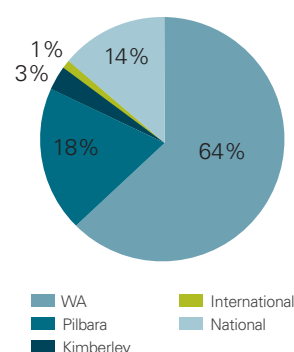
Our employees also contributed 4,261 volunteering hours. The value of this was A\$151,050. All Woodside employees are entitled to 12 hours paid volunteering leave per year.

The LBG 2010 benchmarking report showed that Woodside is a benchmark leader in employee volunteering and participation. Our 2009 volunteering rate was 13.1% well ahead of our resource sector peers and LBG membership at 8.4% and 5.8% respectively. Woodside's employee participation rate was 16.7%, well ahead of our resource sector peers and LBG membership at 10.5% and 7.2% respectively.

Woodside social investment by category 2010



Woodside social investment by region 2010



Note: Western Australia includes social investment programs which were implemented in two or more state locations.

→ For further information on our community performance indicators, please see page 55.

Timor-Leste social investment

Woodside and its Sunrise Joint Venture participants are committed to contributing to the social development of Timor-Leste. In 2010, as in previous years, the Joint Venture worked closely with several organisations to deliver a range of social investment projects in Timor-Leste.

The focus of these initiatives was to deliver sustainable positive benefits to the health and education of the Timorese. These projects included the role as key sponsor for World Vision's Water for Life program, the Aloa Foundation's Maternity Packs and Safe Motherhood program and Junior Achievement Timor-Leste which provides educational resources to teachers and students.

In addition the Joint Venture sponsored the Timor-Leste national marathon squad participating in the inaugural Dili Marathon and a Rotary container of school equipment to Dili.



OUR COMPETITIVE EDGE

Surf Life Saving is an iconic Australian organisation that does so much for the safety and wellbeing of the many thousands of people who enjoy our beaches each year. It's great to be part of that team.

- Jo Ferrie, Manager Community Relations

Surf Life Saving

Our people at Woodside and Australia's Surf Lifesavers have a lot in common – our activities take place on the coast, we're committed to volunteering, we place a high priority on safety and we're very conscious about spending time in the sun.

That's why our partnership with Surf Life Saving (SLS) as its national sun protection partner is such a great fit.

Sun protection is an issue that strikes at the very heart of being Australian, given our love for the sun, water and being outdoors.

Australia has one of the highest incidences of skin cancer in the world. Each year skin cancers account for 80% of all newly diagnosed cancer. Two in three Australians will be diagnosed with skin cancer by the time they are 70.

Our partnership with SLS will provide hats, sunscreen and sun protection education materials to more than 135,000 volunteer members from 305 SLS clubs around Australia.

Distribution of all club kits and materials coincided with National Boardies Day in December 2010. Boardies Day is a national fundraising event coordinated annually to raise funds for life saving services throughout Australia.

Woodside believes that the partnership provides an excellent vehicle to communicate sun protection messages to SLS volunteers, Woodside employees and the wider community.

Internally, communications are being coordinated within our Health, Safety and Security Division.

Woodside employees in the field have received wide brim sun hats or Saturn ring hats to go over hard helmets. Sunscreen has also been made available at our head office in Perth.

Education materials, including posters, have been distributed at head office, as well as our Karratha and Broome town offices, the Karratha Visitor's Centre and the Karratha Gas Plant.

The sun protection partnership with SLS is one way we can do our bit to protect the people who generously volunteer their time to safeguard the lives of so many others.

Woodside is proud to support such an iconic Australian organisation, especially one which is Australian for life.

Sun protection for Surf Lifesaver on duty.

MATERIAL ISSUE

Woodside's delivery on its Reconciliation Action Plan commitments

Description

In 2009 Woodside launched its Reconciliation Action Plan (RAP) outlining public commitments towards helping to close the life expectancy gap between Indigenous and other Australians. The RAP provides a framework for Woodside's initiatives and commitments to Indigenous individuals and communities, articulates clear actions and realistic targets and makes a public declaration of our strong intent to deliver.

Context

Woodside, like many resource development companies in Australia, has its operations in regions where the Indigenous population is proportionally higher than in urbanised areas.

Our North West Shelf Project and Pluto operations are in the Pilbara region of Western Australia, close to the communities of Karratha and Roebourne.

Karratha has a permanent population of about 14,000 people, of which less than 10% are Indigenous. Roebourne has a population of close to 1,000 people, with approximately 75% being Indigenous.

We recognise that the population proportion of Indigenous people is even greater in the Kimberley region of Western Australia, where Woodside is seeking to locate its Browse LNG Development.

Our head office is in Perth, the capital city of Western Australia. Perth has a population of more than 1.6 million people, of which less than 2% are Indigenous.

These demographics are consistent with the Australian landscape, with higher proportions of Indigenous people in the more remote regions.

It is also typical of the Australian landscape that in many of these remote areas, Indigenous communities face significant social and economic disadvantages and challenges, such as high unemployment, lack of educational attainment and poor health.

The Roebourne Report, compiled by the Western Australian Government Department of Indigenous Affairs in July 2009, revealed alarming levels of overcrowding, alcohol abuse, domestic violence and child neglect. At a broader community level, Australian Indigenous people have a life expectancy 17 years less than non-Indigenous Australians.

In 2009 Woodside developed a Reconciliation Action Plan (RAP) to help close this life expectancy gap. The RAP articulates clear actions, targets, and accountabilities for Woodside to make a difference within its sphere of influence.

Our Commitment

The Woodside RAP covers three key areas for making a difference – respect, relationships and opportunities. Our commitments in these areas are:

Elevated Respect

- Woodside recognises the impacts that displacement and dispossession has had for Indigenous Australians. We acknowledge Indigenous people's special connection to country and the subsequent responsibility that Indigenous people have in caring for country. We will encourage action where everyone plays their part in building a better relationship between all Australians. Woodside will facilitate a range of programs and initiatives that demonstrate our respect for the culture and the special contribution of Aboriginal and Torres Strait Islander peoples to Australia.

Strengthened Relationships

- Woodside is committed to establishing and maintaining relationships with Indigenous Australian communities to ensure we understand community priorities and provide opportunities for involvement in Woodside projects.

Increased Opportunities

- Woodside focuses programs and resources on the areas that the Indigenous community recognises as important. We will work alongside the Indigenous community to provide opportunities that contribute towards the community's aspiration of a sustainable future.

Our Strategy

Woodside's Indigenous Affairs strategy directly correlates with these areas by:

- Building respect through our approach to cultural heritage management and Indigenous land access;
- Understanding effective stakeholder engagement is an essential element for building relationships; and
- Creating opportunities through employment, business participation and social investments.

2010 Performance

We also publish a report on our performance actions.

In 2010 Woodside delivered against 26 of the 28 RAP actions. For highlights of these achievements, ➔ see page 43.

Our 2011 – 2014 RAP will be published during the first quarter of 2011.

➔ For further information please visit www.woodside.com.au and Reconciliation Australia www.reconciliation.org.au.

Assurance

Woodside's Chief Executive Officer is accountable for achieving the RAP's stated outcomes. RAP commitments are also reflected in the annual performance agreements of staff directly reporting to the Chief Executive Officer.

Performance against these outcomes is reported internally on a quarterly basis to our Indigenous Affairs Lead Team, the Business Operating Committee and the Chief Executive Officer. The Board's Sustainability Committee also receives a performance update annually.

Our RAP is subject to an annual internal assurance process across our business to ensure compliance with agreed actions.



▲ Clontarf Foundation football training at Fremantle Oval in 2010.

Commitment	Key Achievements	
Recognise Traditional Custodians through formal acknowledgements	Woodside had a welcome to country at the AGM for the first time	✓
Raise the profile of our Cultural Awareness Training	422 Woodside staff attended Cultural Awareness Training in the Perth and Pilbara regions	↑
Pursue the objectives of the Conservation Agreement, empowering Indigenous groups to conduct initiatives that recognise, protect and conserve the National Heritage values of the Dampier Peninsula	Two major projects have commenced after successful applications	✓
Promote, support and celebrate NAIDOC Week with activities in the areas where we operate and through promoting events to our employees and community partners	Support for NAIDOC Week provided in Perth, West Pilbara and Exmouth regions	✓
Promote Noongar culture and relationships to Perth and the South West region of WA through partnering with the Perth International Arts Festival (PIAF) Indigenous Partner Program	Woodside was the Indigenous Program Partner for the 2010 PIAF	✓
Create a Reconciliation Interest Group to raise awareness of Indigenous community issues	The Woodside Reconciliation Interest Group was created and has 152 members	✓
Include and display educational materials for the Woodside Indigenous Art Collection	Database of Indigenous art maintained but educative materials yet to be developed	✗
Demonstrate 100% compliance with Woodside heritage protocols and compliance procedures	No issues of non-compliance raised in 2010	✓
Demonstrate compliance with Indigenous Land-Use Agreements		✓
Ensure acknowledgement of Indigenous artists through the development of a Woodside guideline	A guideline was developed for the purchase and reproduction of Indigenous art	✓
Utilise our Indigenous Communities Policy to guide the business in building long-lasting relationships		✓
Maintain our Roebourne office as a hub for ongoing dialogue with the local Indigenous community	An additional Roebourne staff member commenced in 2010	✓
Follow-up on the initial ethnobotanical program with further support in consultation with the local Indigenous group	Final report on the ethnobotanical program was presented to the West Pilbara Indigenous groups in February 2010	✓
Establish a Woodside Sustainability Advisory Committee with Indigenous representation		✓
Establish a Woodside Indigenous Employee Collegiate and provide support for identified initiatives		✓
Develop an Indigenous community approach that ensures all Community Liaison Groups have Indigenous representation		✓
Facilitate heritage meetings with West Pilbara Indigenous groups		✓
Develop a formalised Indigenous community consultation process for Woodside social investments		✓
Utilise the relationship with the Australian Employment Covenant to create further Indigenous employment opportunities with Woodside, our contractors and other community organisations	Woodside has increased the number of directly employed Indigenous people by 62% since making the RAP commitment	↑
Continue to create employment outcomes through implementing specific Indigenous-focused training programs	Forty nine Indigenous people participated in Woodside Training Pathways in 2010	↑
Support Indigenous tertiary students through participation in the National Indigenous Cadetship Program	Six Indigenous University students participated on the Woodside Cadetship program in 2010	↑
Support Indigenous enterprise development	Eleven Indigenous businesses throughout the Perth, Pilbara and Kimberley regions gained direct Woodside contracts in 2010 and a further four gained sub-contract opportunities	✓
Boost Indigenous education attainment levels through funding school-based initiatives	Woodside provided funding for the Gumala Mirnuwarni program, the Clontarf Academy and the Roebourne Breakfast Program in 2010	✓
Celebrate and showcase Indigenous art and dance	More than A\$80,000 in art sales was achieved through the Roebourne Art exhibition	✓
Engage Indigenous youth in their communities through supporting community initiatives	Big hART sponsorship commenced in Roebourne during 2010	✓
Showcase Indigenous community initiatives through support of the Film and Television Institute's Making Movies Roadshow	In 2010 the Film and Television Institute and Woodside were awarded the Qantaslink Regional Award as part of the Australian Business Arts Foundation Awards	✓
Develop the capacity of Indigenous leaders through supporting their participation in selected leadership forums	Two Indigenous Clontarf participants were supported by Woodside to attend the National Youth Leadership Forum in Canberra	✓
Provide guidance and support to the North West Cape Exmouth Aboriginal Corporation to develop the Yinigudura Stefano Walk Trail	Progress on the Yinigudura Stefano Walk Trail was delayed and Woodside had limited participation in this initiative for 2010	✗

RECOGNITION AND AWARDS

External

Woodside was presented with a number of industry awards in 2010, including:

- Australian Government 2009-2010 National Work/Life Balance Awards-Finalist (mining category);
- Australasian Reporting Awards - gold award for Woodside's 2009 Annual Report;
- Australian Information Industry Association – Best Industrial Application award for SageSURPASS, the software element of Woodside's Integrated Safe System of Work (iSSoW);
- Asia-Pacific Information Communication Technology Industry – Merit Award Winner for iSSoW system and software; and
- Chamber of Minerals and Energy Award for Flexible Work and Support Initiatives;
- Australian Petroleum Production and Exploration Association (APPEA) – Best Poster Presentation for iSSoW system and software.

Staff who received public recognition for their achievements included:

- APPEA – Reg Sprigg Medal recognising outstanding service in promoting the objectives of the industry – Eve Howell, Health, Safety and Security;
- WA Training Awards – WA Apprentice of the Year - Emerson Lievense, Production;
- Chemeca 2010 Conference – Aker Solutions Design prize for Curtin University engineering project *Design of a Natural Gas Nitrogen Rejection Plant*– Catriona Steeghs, Production Karratha Gas Plant and Kate Shryock, Pluto;
- Petroleum Exploration Society of Australia – Distinguished lecturer – Simon Lang, Exploration and Geotechnical Operations;
- APPEA – Best paper for *Unusual Reservoir Connectivity at the Sunrise Field Revealed by Data Integration*

– Wayne Bailey, Exploration and Geotechnical Operations; Andrew Murray, Exploration and Geotechnical Operations; Alex Kaiko, North West Shelf Project (NWS); Bruce James; Shane Pelechatey and Jinfeng L; and

- Fire and Emergency Services Authority (FESA) Volunteer Employer Recognition Award. This award recognises the support and assistance given by employers to staff who are FESA Volunteers.

Internal

Woodside's Sustainable Development Awards recognise employees who have made an outstanding contribution to our sustainability as a company, demonstrating excellence and commitment to the Business Principles.

Each category winner receives A\$5,000 to donate to their nominated charity. The overall winner is recognised with the Woodside Chairman's Excellence Award and receives an additional A\$10,000 for donation. A People's Choice Award is also voted by Woodside staff, encouraging peer recognition of team achievements.

In 2010 the Woodside Chairman's Excellence Award was presented to the *NWS LNG 5 Main Cryogenic Heat Exchanger Tube Inserts* project. The People's Choice Award was presented to *Our Safety Culture Journey – North Rankin 2 Project in Batam Indonesia*.

Economic – this award recognises achievement and contribution to Woodside's financial performance, and/or contribution to local, regional or national economies;

Winner – *NWS Condensate Pricing* – Woodside instigated a change in the way that condensate had been priced in the region for the past 24 years.

Innovation and Technology – this award recognises achievement and contribution to application of innovation and technology.

Winner – *NWS LNG 5 Main Cryogenic Heat Exchanger Tube Inserts* – a novel approach to significantly improve performance in the Karratha Gas Plant's LNG 5 Main Cryogenic Heat Exchangers

whereby 'tube inserts' originally designed for an alternate application were adapted to re-balance the energy distribution across the exchanger.

Environment – this award recognises achievement and commitment to excellence in supplying energy for the future, using resources efficiently, and/or minimising Woodside's ecological footprint.

Winner – *Implementation of Environment in Design Principles in the Browse LNG Plant Design* – successful implementation of environment in design principles in the Browse LNG plant design has led to a step change in Woodside's environmental performance and cost savings by avoiding late 'end of pipe' solutions.

Health and Safety – this award recognises achievement and commitment to improving Woodside's health and safety performance and culture.

Winner – *Permit to Work – The Integrated Safe System of Work* – the system is now in place on all Woodside's self-operated production facilities and has demonstrated a significant decrease in permit-related safety incidents across all sites.

Leadership and Capability – this award recognises achievement and commitment to developing an engaging climate of respecting people through communication, development and diversity within Woodside.

Winner – *Reconciliation Action Plan (RAP)* – the 2010 RAP has been a catalyst for significant improvements in the delivery of Indigenous Affairs outcomes and is recognised as the first of its kind in the oil and gas industry.

Sustainable Communities – this award recognises achievement and commitment to community development and capacity building, respecting culture and heritage, and involving stakeholders.

Winner – *Karratha Education Initiative* – this project has targeted strategic initiatives to significantly improve the standard of local secondary education in Karratha and has resulted in positive benefits for both Woodside families and the broader Karratha community.



2010 Sustainable Development Awards
Chairman's Excellence Award Winner
*North West Shelf Venture -
LNG 5 MCHE Tube Inserts*

2010 Sustainable Development Award-Chairman's Excellence trophy.

ABOUT THIS REPORT

About this Report

This report is a summary of our approach, actions and performance for the 12-month period ending 31 December 2010.

The text and data in this report covers all sites and production facilities wholly owned by Woodside or operated by Woodside in a joint venture. International exploration activities and joint ventures where we are not the operator are excluded.

The exceptions to this are our share of production from non-operated joint ventures and associated revenues, and our social investment expenditure, which is reported on an equity basis. We also provide data on our greenhouse gas emissions on an equity share basis.

We report the performance indicators that we consider most material to the sustainability of our business. This is supplemented by additional information and data throughout the report.

In some instances we have provided estimates as it has not been possible to accurately measure some performance areas. These are indicated in the report.

Our Approach

Sustainable development is central to the way we operate our business and develop new opportunities in an economically, environmentally and socially responsible way. We are guided by our values and Business Principles, with governance provided by our Woodside Management System.

In preparing this report, we reflect our commitment to the Business Principles, taking into account our business strategy, how we have gone about our business activities, the potential impact of these activities on our communities, and the views of our stakeholders on issues of importance and concern.

To reflect our approach, we have applied the AA1000 Accountability Principles Standard to this report, which encompasses Inclusivity, Materiality and Responsiveness.

Inclusivity

- The participation of stakeholders in developing and achieving an accountable and strategic response in sustainability.

Materiality

- The relevance and significance of an issue to an organisation and its stakeholders.

Responsiveness

- An organisation's response to stakeholder issues that affect its sustainability performance and communication with stakeholders.

We have also applied the Global Reporting Initiative's (GRI) G3 guidelines, which set out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance.

Based on the extent of coverage of the GRI Guidelines Version 3.0 in this report and our supplementary online index to our disclosures under the GRI, we self-declare that this report complies with Application Level B+.

→ Our supplementary index can be found at www.woodside.com.au.

Inclusivity

In 2010, Woodside formalised its stakeholder engagement activities with the development of an External Stakeholder Engagement Operating Standard.

The standard provides consistency across our business in the identification of stakeholders and potential issues, communication of information about proposed business decisions and activities, and provision of opportunities for stakeholders to have a say about those decisions or activities.

While stakeholders will vary from location to location, we have identified for the purposes of this report stakeholder groups that are generic to our business.

These stakeholder groups are:

- Business participants;
- Customers;
- Employees and contractors;
- Governments (including regulators);
- Industry (adjacent to our operations);
- Industry associations;
- Local and Indigenous communities;
- Non-government organisations;
- Shareholders and finance providers;
- Suppliers; and
- Trade unions.

Since 2009 we have engaged a Sustainable Development Advisory Panel (the Panel) to provide feedback on our sustainability reporting, including input on issues that were 'material' to our business during the reporting period. The Panel also assist us to identify sustainability issues requiring longer term focus.

We sought and identified leaders in their respective field representative of our stakeholder groups and with expertise in the economic, environmental and social areas in which Woodside operates. We believe that external perspectives help provide the necessary balance to ensure our sustainable development reporting is focused on the issues that really matter.

The Panel members who participated throughout 2010 included:

- Hon. Richard Court AC - former Premier of Western Australia;
- Reg Howard-Smith - CEO, Western Australia, Chamber of Minerals and Energy of Western Australia;
- Mark Stickells - Chief Executive, WA Energy Research Alliance;
- Mark Moran - Head, Australia Program, World Vision Australia;
- Dr Wally Cox - Director, The Ardross Group;
- Kim Collard - Director, Kooya Consultancy;
- Paul Gamblin - Program Leader - West, World Wildlife Fund;
- Kim Bridge - Indigenous Consultant;
- Andre Garnaut - Head of Sustainability and Economics WA, Worley Parsons;
- Professor Paul Flatau - Director of the UWA Business School Centre for Social Impact; and
- Regina Flugge - Executive Officer Environment and Land Access, Chamber of Minerals and Energy of Western Australia.

Materiality

Towards the end of the 2010 reporting period, we undertook a materiality assessment to identify our material issues for reporting purposes in 2010. In our view, issues are material if they have the potential to impact our ability to achieve our business strategy or are of concern to our stakeholders.

Material issues, identified from external sources, were assessed by Woodside staff members representing a broad range of expertise across our business. These issues were then presented to a number of Panel members for consideration and review.

Woodside staff and selected Panel members voted on the importance of the issues for Woodside, with the consolidated view resulting in a prioritised list of material issues.



▲ Woodside employees at work in our Perth head office.

It should be noted that feedback provided to Woodside by Panel members does not represent endorsement by those stakeholders as individuals or by their respective organisations of this report or its contents. In addition, the Panel members did not draft or review the sections in this report that describe Woodside's response to the issues that they assisted in identifying through the materiality assessment. Members were not paid for their contribution to the Panel.

Responsiveness

Woodside aims to understand and respond to stakeholder interests, issues and concerns in an honest, timely and transparent manner to ensure we take account of their views and needs in our decision making and business planning.

With respect to this report, we have determined that our top five material issues are:

- Browse LNG Development site selection – ➔ See page 14;
- Regional development – ➔ See page 20.
- Climate change – ➔ See page 26;
- The implications for Woodside of the Montara and Macondo oil spills – ➔ See page 32;
- Woodside's delivery on its Reconciliation Action Plan commitments – ➔ See page 42; and

These issues have been addressed specifically in our report and are identified as indicated. We also instructed Ernst & Young to conduct limited assurance on text and data provided on these issues in this report.

Other material issues have been presented in this report, such as our approach to water management and biodiversity. Text and data provided on these issues has not been independently verified. ➔ See page 22.

Learning from Assurance

In 2009 we engaged Ernst & Young to perform limited assurance procedures in relation to our 2009 Sustainable Development Report.

In summary, Ernst & Young concluded that nothing came to its attention in the subject matter of the report that would indicate material was not presented fairly and calculated in all material respects in accordance with the scope of assurance.

In presenting this view, Ernst & Young made two qualified conclusions:

- Woodside did not provide fully the material indicators, principally an aggregate monetary figure, to enable stakeholders to assess our performance in the area of Indigenous business participation; and
- Ernst & Young was not able to verify the extent of Woodside's employment of Indigenous people, which is based solely on self-declarations of employees and contractors.

Response 1

Woodside has engaged an Indigenous Business Participation Manager in its supply chain, with the aim of improving participation and reporting systems to more accurately record the monetary value of Indigenous contracts.

We also joined the Australian Indigenous Minority Supplier Council (AIMSC). AIMSC provides a direct business-to-business purchasing link between corporate Australia, government agencies and Indigenous-owned businesses. Its mission is to contribute to the creation of a sustainable, vibrant and prosperous Indigenous enterprise sector in Australia.

Response 2

In Australia, the official definition of an Aboriginal or Torres Strait Islander is a person of Aboriginal or Torres Strait Islander descent, who identifies as being Aboriginal or Torres Strait Islander, and who is accepted as such by the community with which the person associates.

Woodside respects the rights of our employees and contractors to self-declare their Indigenous status and provides the opportunity for them to do so.

We do not expect them to provide evidence to verify their Indigenous status.

In addition, Woodside has allocated a dedicated resource for Indigenous business participation and developed a five-year strategy for Indigenous participation in commercial contracting and procurement in 2010. A key component of the strategy implementation is that, wherever possible or appropriate, disclosure of Indigenous employee numbers is embedded into all new or replacement contracts with contractors, consultants and agents.

Woodside's 2010 Ernst & Young Assurance Statement relevant to this report does not contain any qualifications (please see overleaf).



Verification Statement

London Benchmarking Group

The LBG model helps businesses improve the measurement, management and reporting of their corporate community investment programs. It covers the full range of contributions (cash, time and in-kind donations) made to community causes, and assesses the results achieved for the community and for the business.

As managers of LBG Australia/New Zealand, we have worked with Woodside Energy Ltd to review its understanding and application of the LBG model in respect of the wide range of community programs supported. Our aim has been to ensure that the evaluation principles have been correctly and consistently applied. Having conducted an assessment, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data.

Simon J. Robinson
CCI Director on behalf of LBG

ASSURANCE STATEMENT

Independent Limited Assurance Statement to the Management and Directors of Woodside Petroleum Ltd ('Woodside')

We have performed limited assurance procedures in relation to Woodside's 2010 Sustainable Development Report ('the Report') as detailed in the 'Scope of Work' below.

Directors and Management Responsibility

The Directors of the Company are responsible for the preparation of the Report. The Report has been prepared by the management of Woodside ('Management') who are responsible for the collection and presentation of information within it and for maintaining adequate records and internal controls that are designed to support the sustainable development reporting process. There are currently no prescribed requirements relating to the preparation, publication and verification of sustainable development reports.

Assurance Practitioner's Responsibility

Our responsibility in performing our limited assurance procedures is to the Management and Directors of Woodside only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at their own risk.

Our limited assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements ASAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ('ASAE 3000'). We have also considered the Global Reporting Initiative G3 ('GRI G3') reporting guidelines in conducting our limited assurance procedures, as described below.

These procedures have been undertaken to form a conclusion that nothing has come to our attention that causes us to believe that the subject matter, as presented in Woodside's 2010 Sustainable Development Report, was not presented fairly, and calculated in all material respects in accordance with the criteria detailed below for the period 1 January 2010 to 31 December 2010 (within the boundaries described in the Report). Our responsibility did not include:

- Any work in respect of information reported outside of Woodside's 2010 Sustainable Development Report (printed version), such as Sustainable Development information published on Woodside's website;
- Review of Management's forward looking statements; and
- Assessing whether the Report is in accordance with all of the requirements of GRI G3 or whether any application level prescribed by the GRI G3 has been achieved.

Level of Assurance

A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls

when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Scope of Work

We designed our procedures in order to state whether anything has come to our attention to suggest that the subject matter detailed below has not been reported in accordance with the criteria listed below.

Subject matter

The Subject Matter for our limited assurance engagement was:

- The determination of appropriate content for the 2010 Sustainable Development Report in accordance with the GRI G3 Principles for Defining Report Content;
- The performance indicators, statements and claims related to the following focus areas as defined on pages 2 and 3 of the Report as they relate to performance claims relevant to the 2010 calendar year:
 - Opportunities, impacts and site selection of the Browse LNG Development
 - Woodside's contribution to the regional development of the Pilbara and the Kimberley regions of Western Australia
 - Climate Change
 - The implications for Woodside and Western Australia of the Montara and Macondo Oil Spills
 - Woodside's delivery on its Reconciliation Action Plan commitments

These focus areas were determined by Woodside on the basis of a formal materiality assessment that considered the views of internal and external stakeholders.

Criteria

In relation to the determination of appropriate report content we have evaluated the subject matter against Woodside's application of the GRI G3 Principles for Defining Report Content of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness, defined as:

Materiality:

Does the information in the Report cover topics and indicators that reflect the organisation's significant economic, environmental and social impacts, or that would substantially influence the assessment and decisions of stakeholders?

Stakeholder inclusiveness:

Has the reporting organisation identified its stakeholders and explained in the Report how it has responded to their reasonable expectations and interests?

Sustainability context:

Has the report presented the organisation's performance in the wider context of sustainability?

Completeness:

Has the report covered the material topics and indicators sufficiently to reflect the significant economic, environmental and social impacts and enabled stakeholders to assess the reporting organisation's performance in the reporting period?

In relation to the focus areas we have evaluated the subject matter against Woodside's application of the GRI G3 Principle of Accuracy defined as:

Is the reported information sufficiently accurate and detailed for stakeholders to assess the reporting organisation's performance?

Woodside management has determined total greenhouse gas emissions taking both an equity-share and operational control approach, as aligned to international and industry greenhouse gas accounting standards; sources for emissions factors reflect Australian and international greenhouse gas accounting standards.

Procedures undertaken

Our assurance procedures performed at Woodside's corporate office included, but were not limited to:

- Interviewing selected corporate and site personnel to understand the key sustainability issues related to the focus areas and processes for the collection and accurate reporting of performance information;
- Where relevant, performing walkthroughs of systems and processes for data aggregation and reporting;
- Checking the accuracy of calculations performed;
- Checking that data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report; and
- Obtaining and reviewing evidence to support key assumptions in calculations and other data.

Independence, Competence and Experience

In conducting our assurance engagement we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

Conclusion

Based on our limited assurance procedures as described in this Report, which do not constitute an audit, nothing has come to our attention that causes us to believe that the subject matter, as presented in Woodside's 2010 Sustainable Development Report, was not presented fairly, and calculated in all material respects in accordance with the criteria detailed above.

Ernst & Young

18 February 2011
Perth

GLOSSARY

APPEA	Australian Petroleum Production and Exploration Association Ltd.
Board	Woodside's governing body – the Board of Directors.
Browse LNG Development	The Browse LNG Development is a joint venture comprising Woodside, BHP Billiton, BP, Chevron and Shell. Woodside is the major equity holder and operator of the Browse LNG Development.
Browse LNG Precinct	The Western Australian Government is seeking to develop the Browse LNG Precinct at James Price Point, about 60 km north of Broome, with capacity for LNG processing and shipping facilities for at least two LNG proponents.
Committee	Woodside's Sustainability Committee.
Code	Woodside's Code of Conduct.
Condensate	Hydrocarbons which are gaseous in a reservoir but which condense to form liquids as they rise to the surface.
EEO	The Australian Government's Energy Efficiency Opportunity program. This program encourages large energy-using businesses to improve their energy efficiency.
FPSO	Floating, Production, Storage and Offloading vessel.
Greenfield	The development of exploration outside the area of influence of existing operations/infrastructure
GRI	The Global Reporting Initiative is a network based organisation that promotes sustainability reporting worldwide. The GRI Reporting framework sets out principles and indicators that organisations can use to measure and report their economic environmental and social performance. A GRI supplement providing references for information contained in the report that corresponds to the GRI sustainability reporting framework is available on our website → www.woodside.com.au .
HSE	Health, Safety and Environment.
iSSoW	Integrated Safe System of Work
KPI	Key Performance Indicators.
Kyoto Protocol	The Kyoto Protocol is an international agreement adopted in 1997 and linked to the United Nations Framework Convention on Climate Change. The major feature of the Kyoto Protocol is that it sets legally binding obligations for developed countries to reduce their greenhouse gas emissions, while developing countries may implement national mitigation actions on a voluntary basis. Developed countries committed themselves to a collective greenhouse gas emission target of 5.2 percent lower from the 1990 levels by 2012.
LBG	London Benchmarking Group.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas.
NGER	The <i>National Greenhouse and Energy Reporting Act 2007</i> (Cwlth) introduced a national framework in Australia for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects and energy use and production of corporations.
NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority.
NWS	North West Shelf Project.
RAP	Woodside's Reconciliation Action Plan.
Western Australian Group IV humpback whale population	The genetic stock of humpback whales that migrates to Western Australian waters.
WMS	Woodside Management System. This is the company's structured governance framework.

Units

A\$	Australian dollars unless otherwise stated	Mtoe	Million tonnes of oil equivalent
bbl	barrel	Mtpa	million tonnes per annum
boe	barrel of oil equivalent	NOx	Oxides of nitrogen
CFC	Chlorofluorocarbon	SOx	Oxides of sulphur
CO ₂ e	carbon dioxide equivalent	t	tonne
GJ	gigajoules	TJ	terajoules
kt	kilotonne	US\$	US dollars unless otherwise stated
ML	megalitres	VOCs	Volatile organic compounds
MMbbl	million barrels		
MMboe	million barrels of oil equivalent		

ENVIRONMENTAL PERFORMANCE

	2010	2009	2008	2007	2006
Hydrocarbon Production					
Total Hydrocarbon Production (t)	35,019,658	35,851,818	32,447,281	31,393,815	30,402,487
Woodside-share of Hydrocarbon Production (t)	9,070,200	9,887,859	9,356,885	8,455,202	7,930,829
Emissions					
Greenhouse gas emissions					
Total CO ₂ equivalent (t)	8,326,529	8,979,762	7,722,314	7,354,273	8,288,303
Woodside-share of CO ₂ equivalent (t)	2,258,013	2,516,990	1,979,544	1,643,829	1,947,611
Intensity (CO ₂ e (t) per t of hydrocarbon production) (total operated)	0.24	0.25	0.24	0.23	0.27
Flared gas					
Total flared gas (t)	326,500	343,224	309,741	297,509	566,429
Woodside-share of flared gas (t)	125,838	149,783	115,744	102,444	230,121
Intensity (flared gas (t) per kt of hydrocarbon production)(total operated)	9.3	9.6	9.5	9.5	18.6
Volatile organic compounds					
Total VOCS (t)	17,674	17,364	13,617	15,707	22,735
Woodside-share of VOCS (t)	3,593	3,763	2,980	3,433	5,374
Oxides of nitrogen emissions					
Total NOx emissions (t)	18,295	19,120	15,333	13,296	16,943
Woodside-share of NOx emissions (t)	5,042	5,645	4,398	3,313	3,912
Oxides of sulphur emissions					
Total SOx emissions (t)	381	525	445	301	647
Woodside-share of SOx emissions (t)	153	241	294	108	122
Ozone depleting emissions					
Total CFC11 equivalent (t)	0.18	0.12	0.02	0.10	0.08
Woodside-share of CFC11 equivalent (t)	0.03	0.02	0	0.02	0.01
Resource use					
Energy consumption					
Total energy consumption (TJ)	115,660	114,948	105,302	85,200	84,523
Woodside-share of energy consumption (TJ)	26,043	26,127	22,935	19,104	18,715
Intensity (energy consumption (TJ) per kt of hydrocarbon production) (total operated)	3.3	3.2	3.2	2.7	2.8
Water usage					
Fresh water use (m ³)	351,325	347,600	423,762	400,399	412,781

	2010	2009	2008	2007	2006
Oily water discharge					
Total volume of oily water discharged (m ³)	6,862,964	5,775,644	5,420,577	8,627,036	9,199,206
Woodside portion of oily water discharged (m ³)	3,415,806	2,829,393	2,200,451	4,225,930	4,276,664
Total oil load in discharge water (t)	37.35	43.34	49.23	89.41	81.14
Woodside portion of oil load in discharge water (t)	17	20	14	37	33
Average oil in water concentration (mg/l) (offshore facilities)	5	8	9	10	9
Oil in water concentration exceedences	0	1	2	0	3
Drilling and fluid discharge					
Total drilling fluid discharge:					
Water based fluid (t)	40,699	38,121	37,662	53,386	73,689
Non-water based fluid (t)	11,209	1,125	3,025	2,814	4,512
Wells drilled	19	18	26	32	38
Length drilled (m)	51,908	54,623	74,198	89,554	107,197
Incidents (Category C and above)					
Total number of incidents	4	8	21	20	18
Oil spills	0	0	7	6	8
Other spills (e.g. chemical)	3	1	2	14	5
Other incidents (e.g. gas releases, dark smoke events)	1	6	12	10	1
Wastes and residual materials*					
<i>Hazardous waste:</i>					
Total disposed waste (t)	1,839	1,107	4,260	2,527	3,970
Total recycled waste (t)	1,407	716	250	554	106
<i>Non-hazardous waste:</i>					
Total disposed waste (t)	2,165	5,040	1,684	1,319	1,438
Total recycled waste (t)	1,979	2,217	466	312	234
Fines					
Total number of environmental fines and penalties	0	0	0	1	0

Notes and Definitions

Environment

Total hydrocarbon production	Includes gross liquid and gas products but does not include re-injected hydrocarbons.
Fresh water use	Supplied by water utility.
Total energy consumption	Comprises direct and indirect energy consumption.
Incidents	'Category D' incidents are those that may include (but not limited to) incidents that are reportable to the regulator, spills to marine environment >80 litres, spills to land >2,000 litres, any emission or discharge exceeding regulatory limits. A change to the naming of incidents in the Woodside incident classification system was made in early 2010. 'Category D' incidents were previously referred to as 'Category C'. There has been no material change to the criteria that would trigger an incident being considered for this category and therefore previous performance against 'Category C' incidents is considered equivalent to the new 'Category D'.
Ozone depleting emissions (oss)	The values represent the amounts of OSS purchased in the reporting period for replacement and not the actual emissions. This accounts for the variation between reporting periods.
*	In 2009 our understanding of disposed and recycled waste improved through vendor record keeping.
Note:	The values in this table do not, as yet, take into account the error of uncertainty associated with the acquisition of the raw data and the subsequent calculations.

ENERGY CONSUMPTION OF WOODSIDE-OPERATED FACILITIES

The total energy saved from implemented opportunities across nine completed assessments is approximately 3 million GJ a year. This is approximately 2% of Woodside's total energy consumption. The table below details the energy usage of facilities operated by Woodside that completed their assessments during 2010.

Energy use assessed

Group member and/or business unit and/or key activity and/or site that has had an assessment completed by the end of this reporting period.	Period over which assessment was undertaken	Energy use per annum in GJ in the current reporting year
Cossack Pioneer FPSO	March 2007 – June 2008	3,507,000
Northern Endeavour FPSO	September 2007 – June 2008	2,076,000
Goodwyn A Platform	December 2007 – December 2008	2,362,000
Nganhurra FPSO	January 2008 – December 2008	4,902,000
North Rankin A Platform	February 2008 – March 2009	637,000
Karratha Gas Plant	September 2007 – December 2009	107,663,000
Otway Gas Plant ¹	January 2009 – December 2009	1,198,000
Angel Platform	January 2010 – December 2010	353,000
Maersk Ngujima-yin FPSO	January 2010 – December 2010	8,788,000
Total energy assessed to date		121,888,000
Total energy use of the group in the current reporting year		131,486,000
Total energy assessed expressed as a percentage of total current energy use		92.7%

Accuracy of energy use data

Entity	% achieved	Reasons for not achieving data accuracy to within ±5%
All facilities above meet the same accuracy level	+/-10%	Woodside has assessed their facilities as per the above table and met the accuracy requirements as agreed in their Assessment and Reporting Schedule (ARS) of +/-10%. ²

Assessment Outcomes - Angel Platform

Four opportunities were identified, of which none have been implemented. Three will not be implemented as they are uneconomic and one remains under investigation. Examples of these opportunities include:

- *Increasing the 'no touch time' period:* Flaring of the subsea flowline at the Angel facility is specified to occur after a certain duration of disruption. This is known as the 'no touch time', which is calculated to prevent hydrates forming in the flowline. Currently, the 'no touch time' period is set as two hours, but is proposed to be extended to eight, saving an estimated 1,600 gigajoules (GJ) of hydrocarbon per annum that could be recovered to saleable product.
- *Reduce the glycol reboiler temperature:* The glycol reboiler is the primary consumer of electrical energy on the Angel Platform. There is potential to optimise the dehydration process by reducing the reboiler temperature, thereby saving electrical energy. It is estimated that this opportunity could save approximately 10,900 GJ per annum in fuel gas that could be recovered to saleable product.

Status of Opportunities

Status of Opportunities		Number of Opportunities	Estimated Energy Savings per annum by payback period			Annual Energy
			Natural Gas (GJ)			
			0 to 4	2 to 4	> 4	
Outcomes of assessment	Identified <+/-30%	3	-	-	261,843	261,843
	Identified >+/-30%	1	1,627	-	-	1,627
	Total identified	4	1,627	-	261,843	263,470
Business response <+/-30%	To be implemented	0	381,374	-	376	381,750
	Implemented	0	-	3,123	-	3,123
	Not to be implemented	3	-	-	261,843	261,843
Business response >+/-30%	Under investigation	1	1,627	-	-	1,627

Assessment Outcomes - Maersk Ngujima-yin Floating Production Storage and Offloading (FPSO) vessel

Seven opportunities were identified, of which one has commenced implementation, three are proposed to be implemented, two are not to be implemented and one remains under investigation. Examples of these opportunities include:

- *Single turbine operation:* The Maersk Ngujima-yin facility uses gas turbines to generate its electricity. Oil that feeds the FPSO from the Vincent field contains associated gas, which is then used as fuel gas for the turbines. Any gas that is not used as fuel is normally reinjected back into the reservoir. This extends the fuel gas resource, which is forecast to deplete before the end of the recoverable oil reserves. However, while associated gas is available, alternatives to this fuel source, including purchased diesel or the use of produced oil for electricity generation are more expensive.
- To avoid disruption to electricity supply that could result from a gas turbine failure, a running spare turbine is operated as a backup. An opportunity was identified to operate the facility without a running spare turbine, saving fuel gas. However, due to the differences in cost of the alternate fuel sources, annual financial benefits would take at least four years to realise. Although this opportunity does not appear economic at this time, more rigorous cost estimates are being prepared as part of further investigation.
- *Recovery of gas from the low pressure separator:* The facility uses a series of separators on well fluids. These separators process oil, gas and water. Currently, the gas separated in the low pressure separator is flared, but it may be possible to recover this gas by commissioning the low pressure compressor. Although this compressor is part of the facility, it has not been necessary to operate it to date. When the facility's reinjection compression is restarted in 2011, the gas from the low pressure separator that is normally flared can be reinjected into the reservoir. This will extend the fuel gas resource and save approximately 30,400 GJ of fuel gas per annum. Similarly to the single turbine operation, the opportunity does not realise financial benefits for at least four years, but it is proposed to be implemented during 2011.

Status of Opportunities		Number of Opportunities	Estimated Energy Savings per annum by payback period						Annual Energy
			Natural Gas (GJ)			Diesel (GJ)			
			0 to 2	2 to 4	> 4	0 to 2	2 to 4	> 4	
Outcomes of assessment	Identified <+/-30%	6	-	-	206,428	24,241	-	-	230,669
	Identified >+/-30%	1	-	-	1,304,045	-	-	-	1,304,045
	Total identified	7	-	-	1,510,473	24,241	-	-	1,534,714
Business response <+/- 30%	Implementation commenced	1	-	-	30,428	-	-	-	30,428
	To be implemented	3	-	-	-	24,241	-	-	24,241
	Not to be implemented	2	-	-	176,000	-	-	-	176,000
Business response >+/- 30%	Under investigation	1	-	-	1,304,045	-	-	-	1,304,045

¹ The sale of the Otway Gas Project was completed in March 2010 and operatorship was transitioned in the second quarter of 2010.

² Typical fuel metering accuracy for Woodside facilities is within a range of 5-10% with higher accuracies for custody transfer of products at sales point (1-2%). However, the bulk of Woodside's energy consumption is sourced from fuel gas taken as a utility side stream from the main production of hydrocarbons. Due to different modes of plant operation, and changes in the production balance into facilities from different reservoirs, it is difficult to accurately measure the amount of energy contained in the fuel gas stream. As the fuel gas is not being sold to a third party, accurate metering for custody transfer has not been justified or provided in the original design.

Additionally, compositional variations in fuel gas can occur, due to plant operating modes (which may select alternative sources for fuel gas from different locations in the gas process) or due to variations in input production from reservoirs. The heating value or energy content of the fuel will continuously vary with production, processing conditions or source.

SOCIAL PERFORMANCE

	2010	2009	2008	2007	2006
People					
Number of Employees					
Male employees	2,688	2,341	2,242	2,179	2,063
Female employees	962	878	882	802	825
Total	3,650	3,219	3,124	2,981	2,888
Number of contractors	1,198	1,139	1,491	1,075	947
Number of staff by employment type					
Permanent	3,166	2,782	2,601	2,484	2,376
Fixed term	308	276	388	381	410
Part time	176	161	135	116	102
Total	3,650	3,219	3,124	2,981	2,888
Number of staff by region					
Australia	3,499	3,058	2,829	2,537	2,429
Middle East	-	1	2	4	12
Africa	4	21	125	278	291
Asia	62	34	27	22	16
Europe	3	18	37	29	38
USA	82	87	104	111	102
Total	3,650	3,219	3,124	2,981	2,888
Woodside staff age distribution (years)					
≤ 20	13	18	27	5	11
21 - 30	649	568	578	544	442
31 - 40	1,233	1,095	1,067	1,043	991
41 - 50	1,074	984	952	932	951
51 - 60	598	498	460	416	442
60+	83	56	40	41	51
Total	3,650	3,219	3,124	2,981	2,888
Indigenous workforce *					
Employees (permanent/fixed term)	53	36	32	29	n/a ¹
Pathways	49	33	28	15	n/a ¹
Contractors construction	128	137	109 ¹	74 ¹	n/a ¹
Total	230	206	169	118	52
Retention					
Total turnover	204	201	296	333	290
Voluntary turnover	189	155	254	288	250
% Return from maternity leave	90	81	80	81	70
Training and development					
Traineeship and Apprenticeship Program	104	88	101	81	53
Graduate Program	135	136	139	134	95

Notes and Definitions

Total employees	Total number of employees including permanent, fixed term and part time. Does not include secondees or contractors.
Contractors	Non-Woodside employees, working within Woodside to support specific activities.
Total turnover	Permanent and fixed term employees who left Woodside voluntarily or involuntarily.
Voluntary turnover	Permanent and fixed term employees who left Woodside voluntarily for reasons not initiated by the company.
*	Indigenous employment data is based on declarations provided by employees and contractors. Whilst Woodside makes every attempt to publish accurate Indigenous employment data, we are ultimately reliant on the self declaration of our employees and contractors. We have not, nor are we able to, independently verify the Indigenous employment figures quoted by our contractors. Breakdown on the Indigenous workforce numbers before 2007 is not available.
1	Categorisation of workforce type was reviewed in 2009.

Social Investment	2010	2009	2008	2007	2006
Social investment (A\$)	4,912,333	6,088,074	5,286,603	7,600,000	8,256,000

Note: 2010 - 2008 social investment data has been verified by the London Benchmarking Group (LBG) methodology. 2008 data previously reported has been amended to reflect LBG verification. 2007 - 2006 data is presented on an estimate basis.

The LBG verified data includes donations, community investment and commercial initiatives. The 2006 and 2007 data was inclusive of expenditure that does not meet LBG definitions. ➔ For further information, please visit www.lbg-australia.com.

2009 social investment spend was higher than in 2010 due to a one-off major donation to the Victorian Bushfire Appeal and the sale of Woodside's interest in the Otway Gas Project, reducing social investment in Victorian communities.

Health and Safety

Workforce exposure (million hours)

Staff	7,563,720	7,170,520	7,026,240	7,316,938	6,289,529
Contractors	22,035,351	52,781,386	30,748,010	24,851,572	23,849,183
Total	29,599,071	59,952,906	37,774,249	32,168,510	30,138,712

Number of incidents

Fatalities	0	0	0	1	0
Total recordable cases (TRC)	151	199	164	131	153
Lost workday cases (LWC)	21	33	34	24	32
High potential incidents (HPI)	54	40	43	42	49
Total recordable occupational illnesses (TROI)	26	30	23	24	8

Frequency rates

Total recordable case frequency (TRCF)	5.1	3.3	4.3	4.1	5.1
Lost workday case frequency (LWCF)	0.7	0.6	0.9	0.8	1.1
High potential incident frequency (HPIF)	1.8	0.7	1.1	1.3	1.6
Total recordable occupational illness frequency (TROIF)	0.9	0.5	0.6	0.8	0.3

Notes and Definitions

Hazard	A set of conditions that had the potential to cause injury, ill health, damage to the environment, damage to equipment or assets or company reputation but did not. No release of energy has occurred.
Incident	Is one, or more, of the following: an unplanned release of energy that actually resulted in injury, occupational illness, environmental harm or damage to assets; a near miss; damage or potential damage to company reputation; breach of regulatory compliance and/or legislation; security breach.
High Potential Incident	Is an incident, regardless of actual consequence, which could have resulted in the worst realistic consequence of Category C or above in accordance with the Woodside Event Reporting Impact Table.
Occupational Injury	Is harm to a person such as a cut, fracture, sprain, amputation etc. that resulted from a single, instantaneous incident. The difference between an injury and an occupational illness is the single event concept. If the incident resulted from something that happened in one instance, it is an injury. If it resulted from prolonged or multiple exposure to a hazardous substance or environmental factor, it is an occupational illness.
Occupational Illness	Is any work-related abnormal condition or disorder, other than one resulting from a work injury, caused by or mainly caused by exposures at work. Occupational illnesses may be caused by inhalation, absorption, ingestion of, or direct contact with, as well as exposure to, physical and psychological situations.
Work-related Event	An actual injury or occupational illness is to be considered work-related if an incident in the work environment either caused or contributed to the resulting severity impact or significantly aggravated a pre-existing work-related injury or occupational illness.
Lost Workday Case (LWC)	Occurs where any work-related injury or occupational illness results in a person being unfit for work on 'any day' after the day of the event occurring. 'Any day' includes scheduled rest days, weekend days, leave days, public holidays or days after ceasing employment. Calculating the Lost Workdays is the total number of calendar days counting from the day of injury/occupational illness where the person was unable to return to work as a result of their injury or illness.
Restricted Workday Case (RWC)	Is the result of a work-related injury or occupational illness when a person undertakes restricted work duties or job transfer as they are not able to perform their normal routine functions for which they were scheduled to perform. Calculating the Restricted Workdays is the total number of calendar days counting from the day of the injury or occupational illness where the person was unable to return to work in the full capacity of their routine/normal functions. 'Routine/normal' functions are those work activities that the person regularly performs at least once a week.
Medical Treatment Case (MTC)	Is defined as the 'management and care of a patient for the purpose of combating disease or disorder'. An MTC is when a work-related injury or occupational illness occurs and the person does not miss work nor undertakes restricted work duties but undergoes treatment beyond first aid by a physician (doctor) or other licensed health care professional (an individual whose legally permitted scope of practice (i.e. licence, registration or certification) allows him/her to independently perform, or be delegated the responsibility to perform the activities described by the US Department of Labor Occupational Safety and Health Administration Regulations – Standard Number 1904).
Total Recordable Case (TRC)	Is all work-related injuries which result in fatality, lost workday case, restricted workday case or medical treatment case. It does not include occupational illnesses.
First Aid Case (FAC)	Results when one of the following treatment/s occurs and the person does not miss work or undertake any restricted work duties: First Aid is usually administered after the injury or illness occurs and at the location (e.g. workplace) where the injury or illness occurred; generally consists of one-time or short-term treatment; treatments are usually simple and require little or no technology; can be administered by people with little training (beyond first aid training) and even by the injured or ill person; and is usually administered to keep the condition from worsening, while the injured or ill person is awaiting medical treatment. First aid treatment, provided by a physician (doctor) or licensed health care profession, is still considered first aid.

OUR NETWORKS DISCLOSURE

Our networks

Woodside recognises that there are many issues relevant to our business activities and to the interests of our stakeholders that are outside of our direct control.

To influence how progress is made against these issues, we actively participate in industry forums and work with others, including governments, industry representative bodies and community groups to make a difference.

At an international level in 2010 we were members of:

- Extractive Industries Transparency Initiative;
- International Petroleum Industry Environmental Conservation Association;
- International Association of Oil & Gas Producers;
- World Economic Forum - Partnering Against Corruption Initiative; and
- World Business Council for Sustainable Development.

In Australia in 2010 we were members of:

- Australian Petroleum Production and Exploration Association;
- Business Council of Australia; and
- Chamber of Minerals and Energy of Western Australia.

We also take part in similar advocacy and collaborative relationships at a local level in the communities where we operate.

Disclosure

In addition to its own reporting, Woodside provides performance data to other organisations to assist stakeholders to assess our performance, including:

- Carbon Disclosure Project (CDP) – Woodside has since 2006 participated in the CDP, a voluntary program which collects, on behalf of institutional investors, information about how companies are responding to the challenges posed by climate change.
- Dow Jones Sustainability Index (DJSI) – Woodside has been a member of the DJSI since 2002. The DJSI is an index that scores companies across a wide array of economic, environmental and social factors. Woodside is in the global leader group for the oil and gas sector.
- London Benchmarking Group (LBG) – Woodside became a member of the LBG in 2009, joining many other companies around the world who report, by way of a consistent methodology, on contributions to the community, including financial support, time, in-kind donations and management costs.



Climate Disclosure Leadership Index

CARBON DISCLOSURE PROJECT





Sustainable Development Report 2010

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