Woodside Petroleum Ltd.
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Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Australia
www.woodside.com.au

ASX Announcement

Thursday, 23 February 2012

2011 SUSTAINABLE DEVELOPMENT REPORT RELEASE

Woodside released its 2011 Sustainable Development Report today.

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

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COLLECTIVE COMMITMENT

SUSTAINABLE
DEVELOPMENT
REPORT 2011

CONTENTS

WHAT'S AVAILABLE ONLINE

In addition to our Sustainable Development Report, supplementary information and additional data is also available *on our website.*

Where possible, we have indicated specific online information sources and links throughout the report *like this.*

Copies of the 2011 Sustainable Development Report and the 2011 Annual Report and previous reports are available on request or from *the company's website.*

FEEDBACK

For more information or to provide feedback, contact:

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On the cover (outside to inside): Jason Mills – Trainee, Woodside Production Training Academy; Elizabeth Kalms, daughter of Shelley and Daniel Kalms – Woodside staff members based in Karratha, Western Australia; Tegan Box – Woodside Environmental Advisor; Naoki Fukuda, Tokyo Gas Co,. Ltd and Nobuhiro Fujii, Kansai Electric Power Co,. Inc – Pluto LNG Project Joint Venture participants.

ISO 14001 ECF chlorine free FSC

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.

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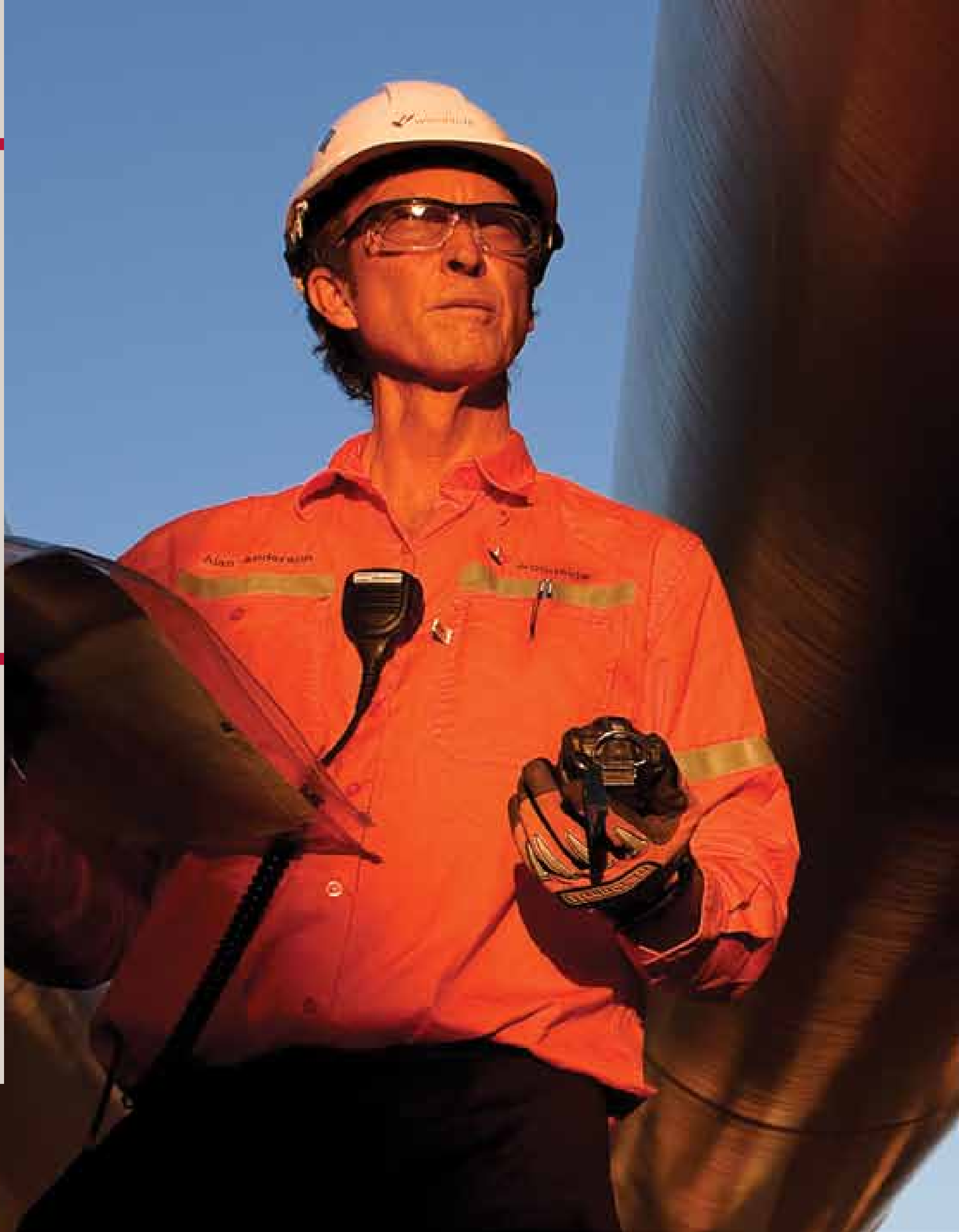


THIS REPORT REFLECTS WOODSIDE'S COMMITMENT TO WORK SUSTAINABLY, TO CONSIDER HOW WE CONDUCT OUR BUSINESS ACTIVITIES, THE POTENTIAL IMPACT OF THESE ACTIVITIES ON OUR COMMUNITIES, AND THE VIEWS OF OUR STAKEHOLDERS IN FULFILLING OUR BUSINESS STRATEGY.

SCOPE

This report is a summary of Woodside's sustainability approach, actions and performance for the 12 month period ending 31 December 2011.

The information in this report covers all sites and production facilities wholly owned or operated by Woodside in a joint venture.

Our share of production and revenues from non-operated assets is reported on an equity share basis (Woodside interest only). Other performance data is reported on both a total and Woodside equity share basis where appropriate, and does not include non-operated assets and international exploration activity.

GLOBAL REPORTING INITIATIVE

Woodside has applied the Global Reporting Initiatives (GRI) G3.0 guidelines, which provide a framework of principles and indicators that organisations can use to measure and report their economic, environmental and social performance. Where possible, we have also provided data in accordance with the additional requirements of the GRI 3.1 guidelines.

We report against 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 where it has not been possible to accurately measure certain performance areas. Where this is the case, it is indicated in the report.

Based on the GRI G3.0 Guidelines, we self-declare that this report complies with Application Level B+. A supplementary GRI index to our disclosures is available *on our website.*

APPROACH

We have applied the AA1000 Accountability Principles Standard, which covers inclusivity, materiality and responsiveness.

INCLUSIVITY

We acknowledge the importance of stakeholder participation in developing and implementing our response to sustainability reporting.

More information on our diverse stakeholders, their issues and our responses can be found on page 18.

Each year we seek feedback on our public sustainability reporting from an independent external panel. The Sustainable Development Advisory Panel (the Panel) is made up of people with leadership roles and expertise in economic, social and environmental disciplines. The Panel is representative of our stakeholders.

Our 2011 Panel members are listed on page 19.

The Panel members take part in our annual materiality assessment. This does not mean that they or their organisations endorse the contents of this report. Panel members did not draft or review this report and members were not paid for their contribution to the Panel.

MATERIALITY

A materiality assessment was conducted in late 2011 to identify and rank material issues for inclusion in the 2011 Sustainable Development Report. In our view, issues are material if they have the potential to impact our ability to achieve our business strategy or our reputation, or are of material concern to our stakeholders.

Material issues were identified through an external sources review undertaken by Ernst & Young. These issues were then presented, assessed and prioritised by:

» An internal panel of Woodside employees drawn from a wide cross-section of our business operations; and

» A number of Panel members.

An overview of our material issues, and where to find them in this report, is outlined in the summary on pages 12 and 13.

RESPONSIVENESS

We have outlined our approach to stakeholder engagement on pages 18 and 19. Additional information on our responses to stakeholder concerns about specific material issues can be found on pages 14 to 17.

EXTERNAL ASSURANCE

Ernst & Young has conducted reasonable assurance of our 2011 Sustainable Development Report. A copy of its assurance statement is on page 69.

> New growth opportunities for Woodside will be determined by us being a preferred partner for industry, government and communities. Executing these opportunities will depend on our ability to operate in an economically, socially and environmentally responsible manner.
>
> PETER COLEMAN
> CHIEF EXECUTIVE OFFICER
> AND MANAGING DIRECTOR

A MESSAGE FROM PETER COLEMAN

IN 2011 I WAS PRIVILEGED TO JOIN WOODSIDE AS CEO, TAKING LEADERSHIP OF A COMPANY WITH ATTRACTIVE ASSETS AND ADVANCED EXPLORATION, DEVELOPMENT AND PRODUCTION CAPABILITIES.

Woodside's economic fundamentals are strong, and our revenue will be boosted in 2012 with first production from Pluto LNG. This leaves us well placed to expand our business through existing growth projects and other opportunities.

But we understand that the future of our company is not just about economics. New growth opportunities for Woodside will be determined by us being a preferred partner for industry, government and communities. Executing these opportunities will depend on our ability to operate in an economically, socially and environmentally responsible manner.

That is why continuous improvement in sustainable development is fundamental to Woodside's strategy for growth. Whereas high standards in this area provide Woodside with our licence to operate, only sustained excellence will underwrite our licence to grow.

My first nine months at Woodside have confirmed that we are making good progress towards embedding sustainable development values across all aspects of our business.

This is demonstrated in a number of measurements, including our improved ranking in the 2011 global Dow Jones Sustainability Index. This was a pleasing outcome that puts Woodside on a par with the world's leading oil and gas companies in sustainability performance.

It is further reflected throughout the 2011 data presented in this report, including our growing number of Indigenous employees and trainees and our declining number of workplace injuries.

Excellence in sustainable development also involves less tangible aspects, such as the values that underpin our work and the quality of our relationships with external stakeholders.

At Woodside we share an aspiration to be a company known for our reliability and integrity, delivering on our commitments and being open and transparent in our dealings. We believe these principles are increasingly evident in the way we do business on a daily basis.

2011 HIGHLIGHTS

When we talk to governments, communities or industry peers about what we plan to do in the sustainable development space, we understand that we will be judged on the number of runs we already have on the board.

This report sets out our achievements over the course of 2011, and makes a compelling case for Woodside's success and growth translating into wider benefits for the Australian and local communities.

Woodside's sustainable development highlights for 2011 include:

» Reduction in recordable workplace injuries and exceeding our safety and environmental 'Good Day Frequency' target;

» More than US$1 billion paid in State and Federal taxes and royalties, benefiting the WA and Australian communities;

» A$7.7 million dedicated to our social investment program in 2011, putting us on track to reach our social investment target of 0.5% of Profit Before Tax by 2015;

» Increasing our Indigenous workforce by 45%, and launching our second Reconciliation Action Plan featuring comprehensive commitments over a five-year time frame;

» A Native Title Agreement with the Goolarabooloo Jabirr Jabirr native title claim group and the Western Australian Government in support of our proposed Browse LNG Development, including a significant package of employment, education, training and business development initiatives for the Kimberley Indigenous people, subject to a positive final investment decision; and

» An extensive range of environmental studies in support of our proposed Browse LNG Development, contributing to the Draft Environmental Impact Statement for the upstream component of the development.

LOOKING AHEAD

As well as outlining our achievements to date, this report looks ahead to sustainable development challenges facing our company and industry, and outlines the strategies we have in place to deal with these.

At Woodside we are fully aware of the challenges posed to the growth of our business by trends such as rising costs and skilled labour shortages, and an increasingly carbon-constrained economy.

We are also mindful of the cumulative social, environmental and economic impacts of large-scale resources projects on the communities and regions in which we operate, and the need for careful management of Australia's resources boom.

Woodside recognises that we are only one of a number of major resource companies developing large-scale projects in our region. Wherever possible we take a cooperative approach to managing these cumulative risks and impacts. We have provided examples of these throughout this report as well as measures we are taking to address our other key material issues.

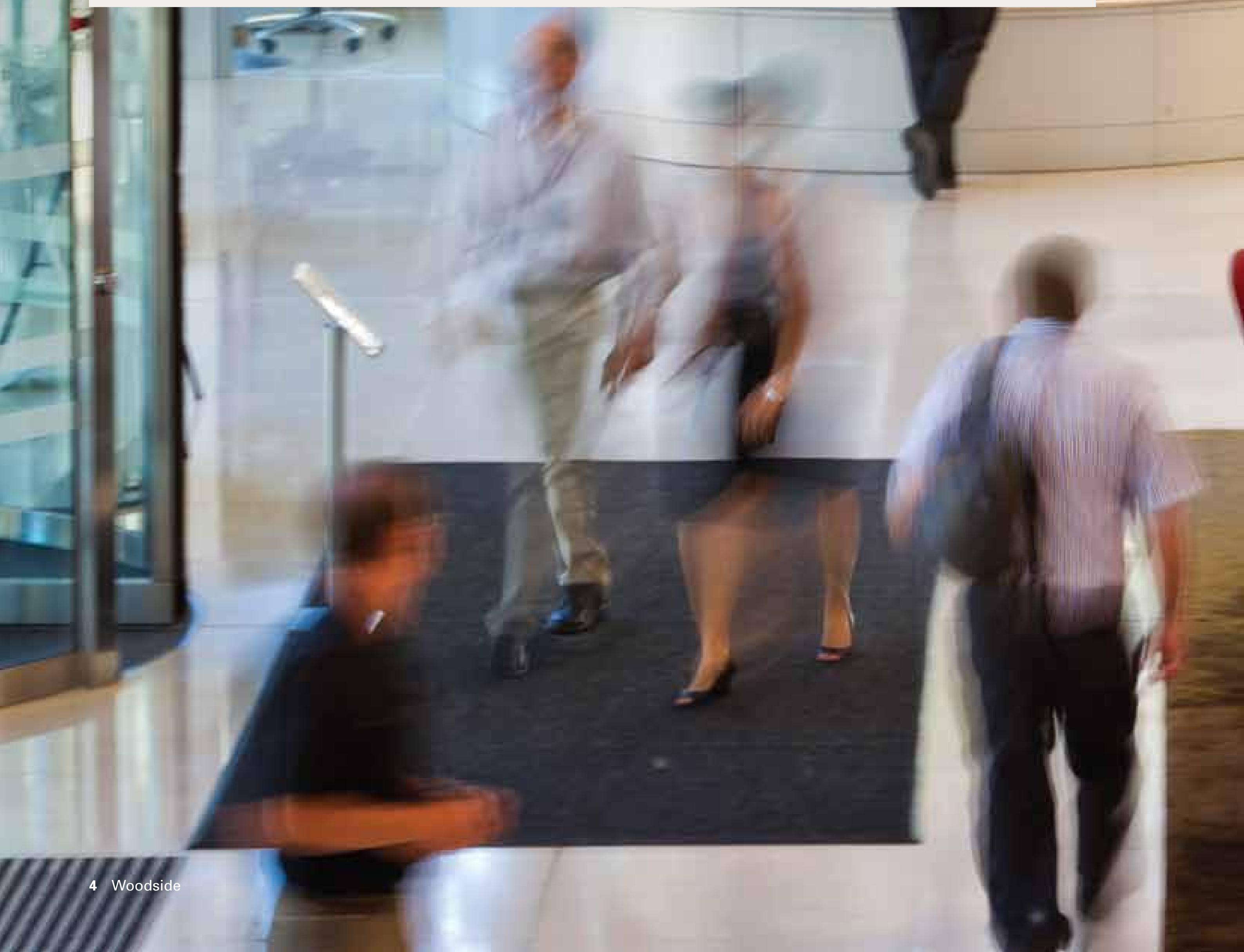
I believe we have built a strong foundation on which to deliver sustainable growth. We have much more to do to improve in this area and to support our aspiration to be a partner of choice and our mission to deliver outstanding, sustained growth in shareholder wealth.

Peter Coleman
CEO and Managing Director

PERFORMANCE SUMMARY

	2011	2010	2009	2008	2007
ECONOMIC					
Production (MMboe)	64.6	72.7	80.9	81.3	70.6
Sales revenue from continuing operations (US$ million)	4,802	4,193	3,487	5,045	3,361
Operating cash flow (after tax) (US$ million)	2,242	2,104	1,483	3,224	2,082
Capital expenditure (US$ million)	3,429	3,636	4,265	4,449	2,412
Exploration and evaluation expensed (US$ million)	587	329	253	301	440
Reported net profit after tax (US$ million)	1,507	1,575	1,474	1,546	864
Expense on materials, goods, services, employees (US$ million)	726	597	521	589	402
Royalties, excise, taxes (US$ million)	1,143	1,116	1,099	1,708	915
Gearing (%)	28.6	26.3	29.8	29.6	14.9
CLIMATE CHANGE					
Greenhouse gas emissions (tonnes CO_2e)	1,907,332	2,258,013	2,516,990	1,979,544	1,643,829
Greenhouse gas intensity (tonne CO_2e/tonne production) (total operated)	0.26	0.24	0.25	0.24	0.23

All data in this table is reported on a Woodside equity share basis. The exception is greenhouse gas emissions intensity, which is reported on a total operated basis.



	2011	2010	2009	2008	2007
ENVIRONMENT					
Total number of incidents reported to regulators	6	4	8	21	20
Woodside-share flared gas (t)	78,945	125,838	149,783	115,744	102,444
Intensity (flared gas (t) per kt of hydrocarbon production) (total operated)	8.0	9.3	9.6	9.5	9.5
Environment fines and prosecutions	0	0	0	0	1
HEALTH AND SAFETY					
Fatalities	0	0	0	0	1
Good day frequency	0.957			Not previously reported	
Total recordable case frequency rate[1]	4.78	5.98 (5.1)	3.82 (3.3)	4.95 (4.3)	4.82 (4.1)
Total recordable occupational illnesses frequency rate	0.62	0.88	0.50	0.61	0.81
Lost workday case frequency rate[1]	0.68	0.95 (0.7)	0.68 (0.6)	1.03 (0.9)	0.78 (0.8)
High potential incident frequency rate	1.20	1.82	0.67	1.14	1.31
PEOPLE					
Total workforce	3,856	3,650	3,219	3,124	2,981
– Female Employees	1,034	962	878	882	802
Total Indigenous workforce[2]	231	230	206	169	118
– Employees	84	58[3]	36	32	29
– Pathways	64	49	33	28	15
Indigenous contractors (construction)	83	128	137	109[4]	74[4]
Voluntary turnover	262	189	155	254	288
Graduate program	142	135	136	139	134
Trainee and apprentice program	104	104	88	101	81
Reports under Whistleblower Policy	6	0	0	6	2
COMMUNITY					
Social investment (voluntary) (A$)[5]	7,711,306	4,912,333	6,088,074	5,286,603	7,600,000
EXTERNAL ASSESSMENT					
Dow Jones Sustainability Index (oil and gas)	80	75	74	76	71

1 In 2011 Woodside adjusted the way we calculated total recordable cases (TRC) and lost workday cases (LWC) to include illnesses. All figures reported for TRC, LWC and their respective frequencies use the new methodology. The figures in parentheses reflect the previously publicly reported data. Frequency rates are calculated per million hours worked.

2 Total Indigenous workforce numbers include Indigenous contractors (construction). Indigenous employment data is based on declarations provided by employees and contractors.

3 Indigenous employee numbers for 2010 and 2011 have been reclassified to include Indigenous cadets.

4 Categorisation of workforce type was reviewed in 2009.

5 2011–2008 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 data is presented on an estimate basis. The LBG verified data includes donations, community investment and commercial initiatives. The 2007 data was inclusive of expenditure that does not meet LBG definitions. For more information, please visit www.lbg-australia.com.

Data definitions are provided on pages 67 and 68.

All data in this table is reported on a Woodside equity share basis. The exception is greenhouse gas emissions intensity, which is reported on a total operated basis.

WOODSIDE IS AUSTRALIA'S LARGEST INDEPENDENT DEDICATED OIL AND GAS COMPANY AND ONE OF THE WORLD'S LARGEST NON-GOVERNMENT OPERATORS OF LNG PLANTS.

WE CURRENTLY PRODUCE AROUND 700,000 BARRELS OF OIL EQUIVALENT EACH DAY FROM AN EXTENSIVE PORTFOLIO OF FACILITIES WHICH WE OPERATE ON BEHALF OF SOME OF THE WORLD'S MAJOR OIL AND GAS COMPANIES, OFTEN IN REMOTE AND ENVIRONMENTALLY SENSITIVE REGIONS.

THE NATURAL GAS WE PRODUCE AND MARKET HELPS MEET THE DEMAND FOR CLEANER ENERGY FROM OUR CUSTOMER COUNTRIES, INCLUDING AUSTRALIA, JAPAN, CHINA, THE REPUBLIC OF KOREA AND OTHER COUNTRIES IN THE ASIA PACIFIC REGION.

The Woodside group of companies is made up of a number of subsidiaries. The main operating subsidiary is Woodside Energy Ltd, wholly owned by Woodside Petroleum Ltd. Our key joint ventures include the North West Shelf, Pluto, Browse and Sunrise. Our subsidiary information and our interests in jointly controlled entities and joint ventures are set out in the Woodside Annual Report on page 136.

Woodside currently has 3,856 employees and is supported by approximately 734 third party contractors.

OUR BUSINESS STRATEGY

Woodside's strategy is to continually improve our existing base business of world class assets, develop our substantial portfolio of discoveries and pursue new opportunities which leverage our capabilities. This strategy is guided by a strong focus on sustained growth in shareholder value. Sustainable growth is supported by the enduring LNG developments that characterise our portfolio.

Our base business is comprised primarily of the North West Shelf (NWS) Project and four oil floating production storage and offloading (FPSO) vessels. Safe and reliable operation of these existing assets provides us with the capacity to grow our business.

	OUR OPERATED ASSETS & PROJECTS	FIELD
1	Angel platform	NWS
2	Goodwyn A platform	NWS
3	North Rankin A platform	NWS
4	North Rankin Redevelopment	NWS
5	Greater Western Flank Phase 1 Project	NWS
6	Okha FPSO	NWS
7	Karratha Gas Plant	NWS
8	Pluto LNG Plant	Pluto
9	Pluto A platform	Pluto
10	Nganhurra FPSO	Enfield
11	Ngujima-Yin FPSO	Vincent
12	Northern Endeavour FPSO	Laminaria-Corallina
	NON-OPERATED ASSETS	
13	Stybarrow Venture MV16 FPSO	Stybarrow
14	MODEC Venture II FPSO	Mutineer-Exeter
	OUR DEVELOPMENTS	
15	Browse	Browse
16	Sunrise	Sunrise
	OUR COMMUNITIES	

We have been operating the landmark Australian NWS Project for more than 27 years. Representing an investment of more than A$27 billion, the NWS Project facilities constitute Australia's largest producing oil and gas development. The NWS Project currently accounts for more than 40% of Australia's oil and gas production. The NWS Project also contributes more than A$5 billion each year in State and Federal taxes and royalties[1]. We have developed local LNG capability in Western Australia. Since we began operations, almost half our total infrastructure has been sourced or manufactured in Australia.

Our oil fields (operated and non-operated) off the North West Cape, the North West Shelf, the Timor Sea and the Gulf of Mexico produced 16.8 million barrels in 2011 – about 26% of Woodside's total production. We operate four FPSO vessels, including the Okha FPSO vessel. Once fully commissioned, the Okha is expected to produce around 30,000 barrels per day.

Our international assets include deepwater production facilities in the Gulf of Mexico, USA and exploration acreage in the USA, Brazil, Peru and the Republic of Korea.

We hold more offshore exploration permits in Australia than any other oil and gas company, with a total acreage of more than 95,000 km^2.

Woodside's growth comes through the development of discovered oil and gas volumes, including Pluto LNG, which will begin production in 2012.

At full capacity Pluto LNG will add more than 100,000 barrels of oil equivalent a day to our operated production.

The revenues from Pluto LNG and our base business will enable Woodside to pursue the significant Browse and Sunrise LNG developments and other opportunities, such as expanding our Pluto facilities. Capturing select, value-add opportunities will leverage depth of experience in building and operating large oil and gas projects and our strong track record of successfully partnering with many of the world's major oil and gas companies.

OPERATING STRUCTURE

Woodside has six business units, responsible for the implementation of our business strategy. Our business units are Australia Oil, Browse, International (including our USA business), North West Shelf, Pluto and Sunrise.

The business units are supported by distinct functions, which facilitate the delivery of our strategy.

Our functions are Exploration, Development, Projects, Production, Commercial and Legal, Corporate, Finance and Information Services and Solutions, Strategy and Planning, and Administration.

1 *Nation Builder – How the North West Shelf Project has driven economic transformation in Australia*, ACIL Tasman, Perth, 2009, p.27.

CONTRIBUTION BY THE NORTH WEST SHELF PROJECT TO AUSTRALIA'S TOTAL OIL AND GAS PRODUCTION

40%

APPROXIMATE NUMBER OF JOBS CREATED BY THE PLUTO LNG PROJECT BY THE END OF 2011

15,000

VALUE OF CONTRACTS AWARDED TO AUSTRALIAN COMPANIES FOR THE PLUTO LNG PROJECT BY THE END OF 2011

A$7.6 BILLION

SUSTAINABILITY AT WOODSIDE IS ABOUT DELIVERING SHAREHOLDER WEALTH BY OPERATING OUR EXISTING BUSINESS AND DEVELOPING NEW BUSINESS OPPORTUNITIES IN AN ECONOMICALLY, SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE WAY.

Woodside's Board (the Board), has oversight responsibilities over our sustainability policies and practices.

The Board established a Sustainability Committee (the Committee) in 2007 to review and deliver recommendations on Woodside's policy and performance in relation to health, safety, technical integrity, the environment, Indigenous affairs and community relations. The Committee met six times in 2011.

Woodside's management team is accountable for delivering our sustainability goals. Our approach to sustainability is reflected in our Sustainable Development Policy and the Woodside Management System (WMS). The Sustainable Development Policy is available *on our website.*

DELIVERING OUR SUSTAINABILITY APPROACH

The WMS is Woodside's overarching governance framework across all sites and locations. It provides the basis for mandatory sustainability performance requirements, and management and assurance over our work processes. It defines how Woodside will deliver its business objectives and the boundaries within which our managers, employees and contractors are expected to work.

RISK MANAGEMENT

Woodside's Audit & Risk Committee oversees our risk management policy and is responsible for ensuring we have a sound risk management system.

We operate a standardised enterprise-wide risk framework aligned to ISO 31000. It provides a consistent process for the recognition and management of material risks across Woodside's business.

Our Risk Management Operating Standard is part of the WMS and sets out clearly defined criteria to guide the evaluation and reporting of all material risks that may impact our performance in the following areas – health and safety, environment, financial, reputation and brand, legal compliance, projects/production, social and cultural.

> "Through the Sustainability Committee, the Board takes a deep interest in the plans and outcomes of this critical aspect of our business. The scope and quality of the processes and initiatives we have reviewed through the year are impressive."

DAVID MCEVOY,
SUSTAINABILITY
COMMITTEE CHAIRMAN

Sustainability Committee (left to right): David McEvoy, Christopher Haynes, Andrew Jamieson, Erich Fraunschiel and Melinda Cilento.

The success of our risk management process lies in the responsibility placed on management at all levels to proactively identify, manage, review and report on risks relating to the objectives they are accountable for delivering. Key risk requirements are included in executive performance agreements. Risk activities are detailed in annual business plans and performance against these plans is reviewed regularly by senior management and the Board.

Our most significant material risks, and how they are being managed, are summarised in the corporate risk profile. These risks include issues relating to the resourcing and safe delivery of our business projects, the integrity of our operating assets, and the potential impact of our activities on the environment and our communities. The corporate risk profile is reviewed at least twice a year by the executive management team and the Audit & Risk Committee. These reviews consider the maximum foreseeable exposure if the risk were to be realised, the current residual level of exposure with risk controls applied, and the effectiveness of the risk controls.

Further information on risk management is available in our 2011 Annual Report on page 49.

AUDIT AND COMPLIANCE

Compliance with the WMS is monitored in a number of ways:

» Code of Conduct (the Code) certification – Employees, including senior managers, are required to undertake annual certification and training on the Code – it is a condition of employment;

» Internal Audits – Woodside's internal audit program is designed to ensure that the design and operation of the risk management and internal control system is effective. Higher risk activities are generally those targeted by the audit program. In 2011, 39 audits and reviews were conducted by our Internal Audit team across key areas of our business across nine locations;

» External assurance – We seek independent verification of our reserves, remuneration and financial reporting, and of our National Greenhouse and Energy Reporting data. The independent assurance of this report was conducted by Ernst & Young (page 69). Our social investment expenditure is verified by the London Benchmarking Group (page 71); and

» Woodside's 2011 employee survey.

Key findings from audit and compliance activities are reported to our executive management team and the Board on a regular basis.

Our Code of Conduct (the Code) defines our commitment to appropriate and ethical corporate practices. The Code describes our mission, vision and values together with the business principles approved by the Woodside Board. It sets out the principles and standards of personal and corporate behaviour Woodside expects in daily business activities.

The Code and related policies are available *on our website.*

COMPLIANCE WITH THE CODE

All directors, officers and employees are required to comply with the Code. Senior managers are expected to not only comply with the Code but also ensure that employees, contractors, consultants, agents and partners under their supervision are aware of and compliant with the Code. They are expected to foster an environment that encourages ethical behaviour and compliance with the Code.

Failure to comply with the Code is a serious breach of Woodside's policy and will be investigated. All breaches are recorded and reported. Breaches may result in disciplinary action ranging from a verbal warning through to termination of employment. We had 45 reported breaches of the Code in 2011.

The Code is supported by Woodside's Whistleblower Policy. The policy documents our commitment to maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct, including safety-related issues, without fear of intimidation or reprisal.

Woodside's externally managed confidential helpline can be used for reporting unacceptable conduct. All calls received by the independent helpline are referred to a senior Woodside compliance manager, who responds to the matter and, if appropriate, undertakes an investigation.

A questionnaire requires directors and executive management to provide annual certification of their compliance with the Code and related policies. Woodside's Audit & Risk Committee reviews responses to the questionnaire and breaches of the Code or matters raised through the helpline.

In 2011 Woodside received six calls through our helpline. Woodside's internal processes investigated and dealt with 45 alleged cases of improper conduct that came to our attention through other channels. These investigations resulted in four verbal warnings, 36 written warnings, and the termination of five contracts of employment.

There were nine matters involving complaints of harassment or inappropriate behaviour that were formally investigated and resulted in disciplinary action in 2011. Of those nine matters, one employee was terminated, five received written warnings and three individuals were formally counselled. All reports were investigated. There were no legal findings against Woodside in relation to harassment/discrimination or equality in employment in 2011.

Employees and contractors may escalate issues to senior management and the CEO through a confidential email address if they are not satisfied with the outcome of any investigation.

WE RECOGNISE THAT RISK IS INHERENT TO OUR BUSINESS. WE ARE COMMITTED TO MANAGING ALL RISKS PROACTIVELY AND EFFECTIVELY, INCLUDING THOSE IMPACTING PEOPLE, THE ENVIRONMENT AND OUR COMMUNITIES. MANAGEMENT, AT ALL LEVELS, CARRIES THIS RESPONSIBILITY.

ANTI-CORRUPTION

Woodside's commitment to ethical business practices is enshrined in our Code which states that:

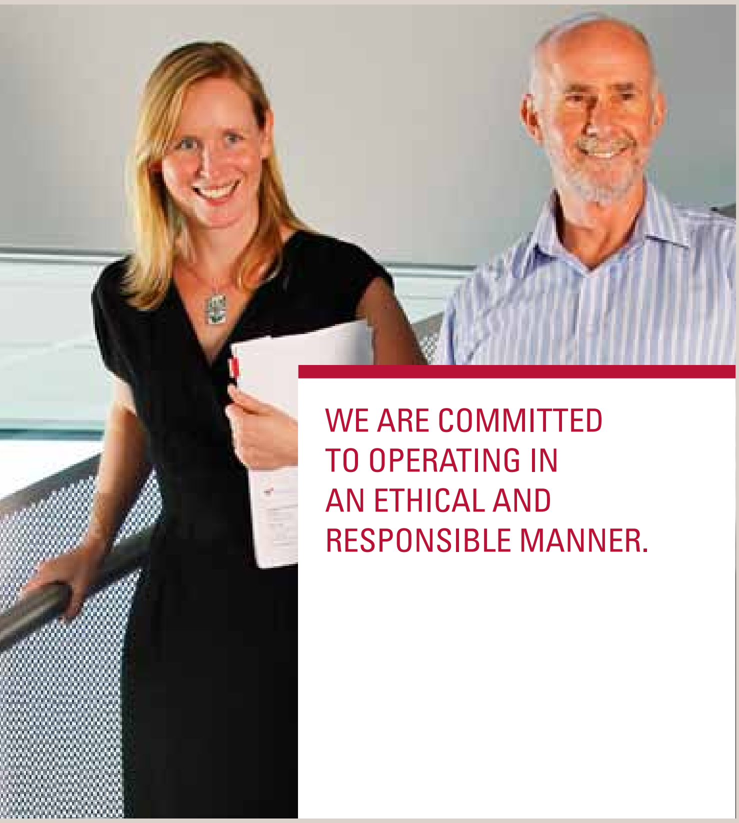
"We do not offer, pay or accept bribes, nor participate in other corrupt business practices".

This Business Principle is supported by our Code (and other policies, procedures and guidelines).

Historically the Code permitted Woodside's employees to make facilitation payments to a government employee or official in certain limited circumstances, which were permitted by law. In 2011, we strengthened our commitment to tackle corruption by:

- Removing the ability for Woodside employees to pay facilitation payments to government officials even in those limited circumstances permitted by law; and
- Appointing a fraud and corruption control coordinator to help ensure a consistent and focused approach to combatting fraud and corruption.

In 2011, in accordance with the Code, Woodside did not donate funds to any political party, politician or candidate for public office in any country. Woodside attended political party functions for the major Australian political parties in Western Australia and at a Federal level. We complied with our disclosure obligations under the *Commonwealth Electoral Act 1918*.



Companies operating in countries implementing the Extractive Industries Transparency Initiative (EITI) have to publish what they pay to the government. The EITI promotes improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining. As a signatory company to the EITI since 2005, Woodside is committed to reporting our petroleum tax and fee payments in respect of any operations in implementing countries.

Timor-Leste is the only EITI-compliant country in which Woodside currently has an operating interest.

HUMAN RIGHTS

Woodside recognises and respects the basic human rights of all people and seeks to ensure that we are not complicit in human rights abuses committed by others.

Our values, Code and policies reflect and support this commitment. We comply with Australian legislation enacted to uphold human rights treaties and declarations, such as the Universal Declaration of Human Rights.

During 2011 we completed a human rights risk review of our organisation, against peer companies and relevant treaties and declarations, taking into account our predominantly Australian operating context and the geographical extent of our supply chain. The review concluded that, although Woodside's policies are consistent with Australian human rights legislation, we should continuously improve our internal policies and processes, in line with increasing stakeholder expectations.

Woodside is not aware of any incidents of human rights violations with respect to people, communities, contractors or suppliers under our supervision, over the reporting period.

RESPONSIBLE PRODUCT STEWARDSHIP

Woodside is a leading supplier of oil and gas to our customers predominantly in the Asia Pacific region.

We are an upstream oil and gas company, and our activities are limited to the exploration and production of oil and gas.

Our products are not traded directly with the general public. Instead they are delivered to our commercial customers by ship or pipeline and do not require conventional product labelling.

All of our products have material data safety sheets, which outline health, safety and environment considerations. These are provided to our customers and our shipping providers.

We do not advertise, market or sponsor oil and gas products in the public domain, and as a result, we did not have any breaches of any related regulations during 2011.

CUMULATIVE SOCIAL, ENVIRONMENTAL AND ECONOMIC RISKS AND IMPACTS OF LARGE-SCALE RESOURCE PROJECTS ON THE COMMUNITIES AND REGIONS IN WHICH WE OPERATE

WOODSIDE RESPONSE:

We recognise that we are one of several major resource companies developing large-scale projects in the region. Resource development projects inject millions of dollars into regional areas. There are social and economic impacts requiring management across multiple projects. Woodside works closely with stakeholders to understand the impacts of our own projects and to minimise them where necessary.

We have incorporated examples of our approach to the collaborative management of our risks and impacts throughout this report.

PILBARA

WOODSIDE RESPONSE:

Through the Woodside-operated North West Shelf Project and Pluto LNG, we employ 1,009 people in Karratha, half of whom are permanent residents, representing approximately 4% of the local population.

Woodside contributes resources to improve and increase infrastructure, services, heritage protection and community cohesion. Investment through these two projects includes about A$30 million under the 2008–2013 Karratha Infrastructure Strategy, which drives our contribution to local communities in the Shire of Roebourne.

MORE INFORMATION: PAGE 14

INDUSTRY LABOUR SHORTAGES AND WOODSIDE'S ATTRACTION AND RETENTION OF STAFF

WOODSIDE RESPONSE:

There is increasing competition for skilled workers as a result of growth in the resource sector in Western Australia and Queensland. Woodside recognises the importance of being a great and safe place to work in order to attract and retain a high calibre workforce and deliver on our long-term growth strategy. Our focus remains on developing the capability of our current and future workforce. We invested almost A$19 million in learning and development in 2011.

MORE INFORMATION: PAGE 41

CLIMATE CHANGE

WOODSIDE RESPONSE:

A WorleyParsons study indicates that for every tonne of carbon dioxide emitted in the production of LNG in Australia, at least four tonnes of carbon dioxide emissions in customer countries are avoided when LNG is used to displace coal-fired power generation.

During 2011 Woodside worked with government and industry on developing Australia's carbon price framework. The company is focused on being ready to meet its obligations under the clean energy legislation, when it comes into effect in 2012.

MORE INFORMATION: PAGE 50

OTHER MATERIAL ISSUES THAT WE HAVE ADDRESSED IN OUR REPORT INCLUDE:

- PERFORMANCE AGAINST THE WOODSIDE RECONCILIATION ACTION PLAN (PAGE 26);
- REGIONAL EDUCATION (PAGE 31);
- HEALTH, SAFETY AND ENVIRONMENT WITHIN WOODSIDE (PAGES 34 TO 38 AND PAGES 46 TO 53);
- BIODIVERSITY (PAGE 46); AND
- LOCAL (AUSTRALIAN) CONTENT IN OUR SUPPLY CHAIN (PAGE 59).

KIMBERLEY

WOODSIDE RESPONSE:

Woodside is committed to a socially and environmentally responsible development of the Browse Basin gas resources. Since 2004 we have engaged in regular consultations with environment, conservation and community groups, non-government organisations, Indigenous communities, all three tiers of government, tourism operators, fishing and pearling groups and community members about the proposed Browse LNG Development.

The project is expected to create up to 7,500 jobs during the peak construction phase and is estimated to generate up to A$50 billion in gross domestic product for the Australian economy.

In 2011, Woodside signed a Native Title Agreement with the Goolarabooloo Jabirr Jabirr Peoples and the Western Australian Government, which provides consent to access the site near James Price Point for Woodside's proposed onshore LNG facilities and associated infrastructure.

Should the proposed Browse LNG Development near James Price Point receive a positive final investment decision, the agreement provides for an estimated A$1 billion worth of financial, employment, education, training and business development initiatives for Kimberley Indigenous people over the life of the project.

MORE INFORMATION: PAGE 16

THE PILBARA

THE RESOURCES SECTOR IS A MAJOR CONTRIBUTOR TO DEVELOPMENT IN THE PILBARA REGION OF WESTERN AUSTRALIA, CREATING THOUSANDS OF NEW JOBS AND SIGNIFICANT INVESTMENT IN THE AREA.

CASE STUDY:

iCARE

2011 WOODSIDE SUSTAINABLE DEVELOPMENT AWARD WINNER FOR THE SUSTAINABLE COMMUNITIES CATEGORY

In December 2009, Woodside initiated the formation of the iCARE (Industrial Communities Against Rubbishing Our Environment) group. It comprises the Dampier Port Authority, Woodside, Rio Tinto Iron Ore and Rio Tinto Dampier Salt. This innovative partnership is a demonstration of industry stakeholders working together to take ownership of the growing issue of roadside litter in Karratha.

iCare helps develop education programs to raise community and business awareness of the importance of securing loads on vehicles and not littering.

Throughout 2011 over 450 large bags of rubbish were collected by volunteers from the participating organisations.

iCARE is registered with the Keep Australia Beautiful Council of Western Australia ‘Adopt a Spot’ program. Information on the rubbish collected is provided to the local council after each clean up.

Woodside is one of a number of major resource companies investing in the Shire of Roebourne. Our projects in the Pilbara are:

- The North West Shelf (NWS) Project, which has been operating for more than 27 years and is responsible for more than 40% of Australia’s oil and gas production; and
- Pluto LNG, which will begin delivering LNG cargoes in 2012.

As a result of these major projects, we employ 1,009 operational staff in Karratha. More than half of these are permanent residents, representing approximately 4% of Karratha’s population. During the construction of the Pluto LNG Plant we engaged a large fly-in-fly-out construction workforce on a short-term basis. This workforce peaked at about 4,000 personnel.

Through our Pilbara-based projects we contribute the following:

- Production from the NWS Project accounts for more than A$5 billion each year in State and Federal taxes and royalties[1];
- The NWS Project injects almost A$600 million a year directly into Australian businesses through operating costs;
- Since late 2007 when construction began on the Pluto LNG Project, Woodside has created approximately 15,000 Australian jobs. It has provided opportunities for local businesses by delivering more than A$7.6 billion in contracts to Australian companies; and
- Town-based offices in Karratha and Roebourne.

1 *Nation Builder – How the North West Shelf Project has driven economic transformation in Australia*, ACIL Tasman, Perth, 2009, p.27.

DEVELOPMENT IN THE PILBARA

We recognise that we have a responsibility to the communities in which we operate and work in partnership with government in planning for the future of the north-west of Western Australia (WA).

Under the WA Government’s Royalties for Regions program, 25% of the royalties paid by resource companies are to be invested in regional areas. This will help underpin the future development of many regional towns and will contribute directly to the State Government’s Pilbara Cities initiative.

The Pilbara Cities initiative builds on a series of projects by the Shire of Roebourne, which Woodside has directly supported and co-funded as part of the Karratha Infrastructure Strategy (2008–2013). More information is on page 15.

The Federal Government is also engaging in regional development through both Infrastructure Australia, which has identified the further development of the Pilbara as a key initiative, and the Regional Development Australia Fund, which provides funding to projects that address regional issues and priorities.

CASE STUDY:

KARRATHA INFRASTRUCTURE STRATEGY

The Karratha Infrastructure Strategy (2008–2013) outlines our contribution to communities within the Shire of Roebourne.

Under the Strategy, we have allocated about A$30 million to support initiatives that focus on improving health, education, town amenity, recreation and childcare for residents of Karratha.

A key element of the strategy is to partner with government and other resource companies to maximise the benefits of funding and ensure projects are consistent with community needs and government planning. Projects we have contributed to through the Karratha Infrastructure Strategy include:

- Tambrey Early Learning and Care Centre and the extension of the Millars Well Daycare Centre. These projects resulted in almost 200 additional childcare places in Karratha;
- Pilbara Health Initiative. The initiative funds critical health needs in the Pilbara through a partnership between the Pilbara Industry Community Council (consisting of Woodside, the NWS Project, Chevron, Rio Tinto, BHP Billiton) and the WA Government. Specific projects have included funding for medical specialists, emergency department equipment, emergency transport and Indigenous employment;
- Baynton Adventure Playground. When completed in 2012, the playground will provide an all-ages outdoor recreation park with a climate-appropriate design;
- Pilbara Institute and Woodside Mechanical Apprentice project. This will provide new teaching equipment and improve the training outcomes of mechanical apprentices and tradespeople; and
- Youth Shed. This will comprise an indoor children's play space and cafe, a youth resource room and outdoor skate park. It is due to open in 2012.

Through the NWS Project, Woodside also provides a limited number of houses for use by not-for-profit community partners and essential services. This housing is used by doctors and child care workers, enabling key services to be delivered in Karratha.

Woodside will continue to work collaboratively with governments on all levels and other resource companies to fund a number of significant projects throughout the Pilbara region in leveraged partnerships.

MANAGING OUR IMPACTS

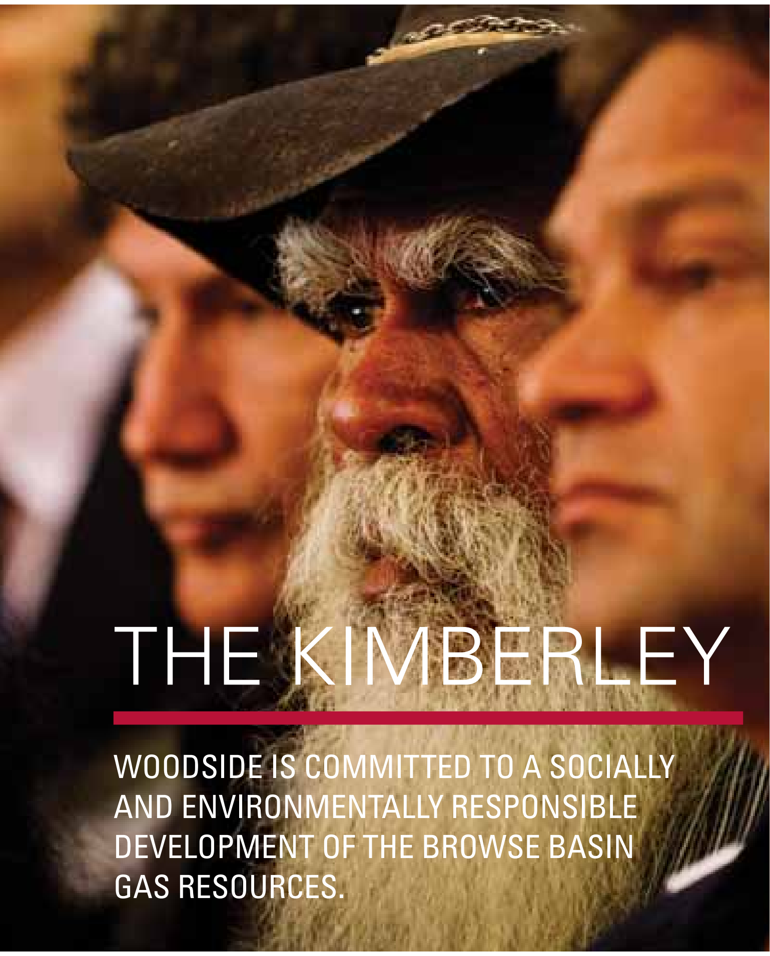
The social impacts of resource development on regional towns in WA continues to be an important issue for Woodside and our stakeholders.

In recognition of this, our operating standards require all our employees to consider the social impacts of their decisions. Social impacts of our operations in the Pilbara include:

- Physical impacts – including housing and accommodation, road, environment and marine management and cultural heritage;
- Service integration – including security, emergency services, medical and welfare; and
- Community cohesion – including local employment and business opportunities, Indigenous participation, recreation, hospitality and workforce behaviour and integration.

In 2007 Woodside commissioned a social impact assessment for the construction of the Pluto LNG Project. It anticipated the project's most significant impacts would be on housing and accommodation availability and affordability, and community cohesion.

As 2011 ended, an independent review commenced to determine whether the anticipated impacts actually occurred. The findings of this review will inform business planning and decision making for any future expansion of Pluto LNG.



THE KIMBERLEY

WOODSIDE IS COMMITTED TO A SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT OF THE BROWSE BASIN GAS RESOURCES.

CASE STUDY:

NATIVE TITLE AGREEMENT

2011 WOODSIDE SUSTAINABLE DEVELOPMENT AWARD WINNER FOR THE LEADERSHIP AND CAPABILITY CATEGORY

A significant development in 2011 was the signing of an agreement by Woodside, the Western Australian Government and the Goolarabooloo Jabirr Jabirr Peoples after four years of negotiation.

This agreement provides consent to access the site for Woodside's onshore LNG facilities and associated infrastructure. It provides an estimated A$1 billion of financial, employment, education, training and other business development initiatives for Indigenous people in the Kimberley over the life of the project, should the proposed Browse LNG Development at James Price Point receive a positive final investment decision. We have already begun implementing aspects of the agreement such as training and business initiatives for Kimberley Indigenous people.

This agreement was negotiated with the Kimberley Land Council and the Traditional Owners Negotiating Committee and approved by the Goolarabooloo Jabirr Jabirr native title claim group.

Woodside is the major equity holder and operator of the proposed Browse LNG Development, which seeks to process gas and condensate resources from three fields in the Browse Basin, off the northern coast of Western Australia (WA).

The Development will include offshore extraction facilities, a pipeline to shore, onshore LNG and condensate production facilities, and associated export infrastructure.

The project is expected to create up to 6,000 onshore jobs and 1,500 offshore jobs[1] during the peak construction phase and generate up to A$50 billion in gross domestic product for the Australian economy.

The proposed site for the downstream facilities is within the WA Government's proposed LNG Precinct near James Price Point, approximately 60 kilometres north of Broome.

The WA Government selected the site for the Precinct after two years of consultation and an evaluation of 43 different sites in the Kimberley, as well as sites in the Pilbara and the Northern Territory, with input from Woodside, Indigenous communities and other stakeholders.

The chosen site was preferred over others by the WA Government because it offered the best outcome when assessed against environmental, social and economic criteria.

The Browse LNG Development became the subject of community debate during 2011, particularly on three key issues:

- Where the gas should be landed and processed;
- The benefits and impacts of the project, including economic, environmental, social and heritage; and
- Indigenous community opportunities, benefits and impacts.

In the second half of 2011, protest activity by a number of environmental activists and community groups at James Price Point attracted media attention.

The WA Government's commissioned Strategic Assessment of the proposed Browse LNG Precinct was released for public comment in December 2010.

The Government will make a final decision on the plans for the Precinct based on the findings of the Strategic Assessment Report and a range of other studies. If the Precinct is approved, Woodside will then have to demonstrate that the impact of the Browse LNG Development within the Precinct is consistent with the approval conditions for the Precinct.

The upstream or offshore component of Browse requires a separate environmental review to the downstream component. In December 2011 Woodside issued for public comment a draft Environmental Impact Statement which covered the Browse offshore activities and infrastructure, including pipelines, wells and production platforms. The final document will be assessed by the Australian Government Department of Sustainability, Environment, Water, Population and Communities, before being submitted to the Federal Environment Minister for approval.

1 The employment forecasts are derived from the *'Local economic impacts of the proposed Browse LNG Development'* Report, prepared by Economic Consulting Services. The report is one of the modules of the Browse Social Impact Assessment.

WOODSIDE HAS BEEN ENGAGING WITH STAKEHOLDERS ON THE PLANNED BROWSE LNG DEVELOPMENT SINCE 2005.

CASE STUDY:

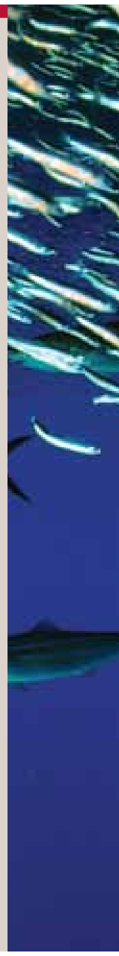
CONSULTATION PROMPTS PIPELINE ROUTE CHANGE

Gas from the Browse Basin will be piped 425 kilometres to the proposed Browse LNG Precinct for processing. In 2011 Woodside changed the planned pipeline route to address concerns from stakeholders such as commercial fishing operators and recreational fishers, represented on the Browse Marine Users Working Group (MUWG).

The MUWG recognised that the pipeline route intersected with a significant recreational fishing area near to shore. Woodside worked with the MUWG to undertake an alternate pipeline route survey. This resulted in Woodside changing the pipeline design to avoid certain fishing spots.

MUWG member Jeff Cooper said the original, proposed pipeline route might have impacted a unique sailfish fishery situated off James Price Point at a location known locally as the 'Peanut'.

"The pipeline realignment was very well received by the recreational fishing community. It was fantastic to see that our comments were taken on board and our concerns addressed in an appropriate and timely manner," Mr Cooper said.



Further information on our environmental performance and biodiversity research is available on page 46.

Woodside's engagement with stakeholders on the proposed Development dates back to 2005 when we began talking to local commercial fishing operators and other stakeholders. Engagement programs increased in 2007 as we considered different development options, including a number of possible locations for the LNG processing facilities.

Since 2009, Woodside has been working with Indigenous and non-Indigenous stakeholders in Broome and surrounding communities to minimise impacts and maximise benefits from the Browse LNG Development.

We have been engaged in regular consultations with environment, conservation and community groups, non-government organisations, Indigenous communities, all three tiers of government, tourism operators, fishing and pearling groups and community members.

During 2011 community and stakeholder engagement continued, spearheaded by Woodside's community relations team and an Indigenous affairs team based in Broome.

A Community Advisory Committee established in 2010 meets regularly with Woodside and Environment and Behaviour Consultants, the organisation carrying out the Browse Social Impact Assessment (SIA) for the proposed Development. The assessment will help Woodside and the community determine the best plans to address potential social impacts.

The SIA and Browse Social Impact Management Plan will be completed in 2012.

KEY ACHIEVEMENTS IN 2011

- Agreement signed with Goolarabooloo Jabirr Jabirr native title claim group, securing their consent to land access for the site for the proposed LNG Precinct at James Price Point near Broome;
- The Browse Social Impact Assessment process is near completion and a summary is scheduled for publication in 2012;
- The Draft Environmental Impact Statement for offshore components of the proposed Browse LNG Development was released for public review in November 2011;
- Public comment continued on the Strategic Assessment of the Browse LNG Precinct by the WA and Commonwealth Governments. The assessment report was published in December 2010; and
- Continuing environmental and site evaluation programs saw Woodside and its partners inject more than A$20 million into the Broome local economy over 12 months. More than 100 local businesses have benefited.

WOODSIDE'S PRODUCT DEVELOPMENT LIFECYCLE

Woodside's business activities have potential impacts and benefits for our stakeholders across our product development lifecycle.

Exploring for hydrocarbons	Assessing and designing production facilities	Construction of facilities	Processing of hydrocarbons	Supply of products to customers	Restoration and rehabilitation

- 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 including our operating standards
- Develop oil and gas resources in a responsible way
- Maintain high standards of product quality and supply
- Provide revenue transparency

We actively seek to understand and respond to stakeholder interests or concerns through social impact management and regular stakeholder engagement in all of our business activities. More information about our stakeholder groups, their key interests and concerns, and some of our engagements in 2011 is available *on our website.*

ENGAGEMENTS IN 2011	WHAT WAS DISCUSSED
EXMOUTH, WESTERN AUSTRALIA (WA)	
Three community reference group meetings	Updates on Enfield and Vincent oil field operations, vessel maintenance programs, drilling activities environmental performance, social investment, and community development
KARRATHA AND ROEBOURNE, WA	
Regular meetings with Indigenous representatives	Heritage management and matters of concern including employment, cultural heritage and other land management issues
Karratha and Districts Chamber of Commerce and Industry forum	Update on community activity, social investments and progress on the North West Shelf (NWS) Project and Pluto LNG
Regular meetings with local stakeholders within the Shire of Roebourne	Impacts arising from Woodside-operated facilities in the Shire of Roebourne, including accommodation, community impacts and social investment
Pilbara Industry Community Council meetings (PICC) consisting of Woodside, the NWS Project, Rio Tinto Iron Ore, BHP Billiton Iron Ore, Chevron Australia, Fortescue Metals Group	Common issues, such as health, education, land and housing and government engagement, related to resource operations in the Pilbara
KIMBERLEY REGION, WA	
Browse Marine Users Working Group	Marine impacts arising from LNG development at James Price Point
Browse LNG Development Community Advisory Committee	Browse Social Impact Assessment process and outcomes – specifically sought feedback on management plans
Regular engagements with local stakeholders, including Indigenous representatives	Potential environmental and social impacts and opportunities arising from the the Browse LNG Development

CASE STUDY:

EXMOUTH COMMUNITY REFERENCE GROUP

The Exmouth Community Reference Group (CRG) was established almost nine years ago during the early development of the Enfield oil field and continues to provide valuable feedback.

CRG members include representatives from the Shire of Exmouth, North West Cape Exmouth Aboriginal Corporation, Government agencies and environmental non-government organisations. The CRG meets with Woodside for round-table discussions up to three times a year in Exmouth.

During our meetings, community members provide comment and feedback on a wide range of topics from our vessel maintenance programs, drilling activities and environmental performance, to community partnership programs and local community needs and concerns.

"Cape Conservation Group participates in the CRG to advocate Woodside reducing their environmental impact," explains Cape Conservation Group representative Jack Hine.

"The Exmouth Gulf hosts the world's highest density of humpback whales. Our request that vessel use in the Exmouth Gulf be minimised was met with a commitment from Woodside to use the Exmouth Navy Pier for emergencies only."

ENGAGEMENTS IN 2011	WHAT WAS DISCUSSED
DILI, TIMOR-LESTE	
CEO meetings with government representatives and stakeholders	Sunrise LNG Development, with an emphasis on strengthening relationships with the Timor-Leste Government
HOUSTON, UNITED STATES OF AMERICA	
Participation and membership in peak organisations, employees associations: Australian American Chamber of Commerce, Outer Continental Shelf Advisory Board, Landmen Associations	Woodside's economic participation in the USA, environmental management and professional development

SUSTAINABLE DEVELOPMENT ADVISORY PANEL MEMBERS WHO PARTICIPATED THROUGHOUT 2011

Michelle Adams
Traditional Owner

Kim Bridge
Indigenous Consultant

Alec Coles
Chief Executive Officer, WA Museum

Hon. Richard Court AC
former Premier of Western Australia

Dr Wally Cox
Director, The Ardross Group

Professor Paul Flatau
Director University of Western Australia (UWA) Business School Centre for Social Impact, UWA

Paul Gamblin
Program Leader West, World Wildlife Fund

Toby Hall
Chief Executive Officer, Mission Australia

Professor Colleen Hayward
Head of Kurongkurl Katitjin, Centre for Indigenous Australian Education and Research, Edith Cowan University

Warren Pearce
Executive Officer of the North West, Chamber of Minerals and Energy of Western Australia

Tim Shanahan
Director Energy and Minerals Institute, UWA

Susan Worley
Manager, Water Allocation Planning, Western Australian Government Department of Water

More information on the Sustainable Development Advisory Panel is available on page one.

COMMITTED TO COMMUNITIES

A CRITICAL FACTOR CONTRIBUTING TO OUR SUCCESS IS THE EXTENT AND STRENGTH OF OUR RELATIONSHIPS WITH STAKEHOLDERS AND COMMUNITIES. WE VALUE THEIR OPINIONS AND ACTIVELY SEEK THEIR INPUT TO THE DECISIONS WE MAKE. BY LISTENING AND RESPONDING WE BELIEVE WE CAN CREATE TRUSTING AND RESPECTFUL RELATIONSHIPS. THESE WILL HELP US DELIVER POSITIVE OUTCOMES FOR OUR STAKEHOLDERS, OUR EMPLOYEES, OUR CUSTOMERS AND OUR COMMUNITIES.

“My little girl Elizabeth says she loves going to the Tambrey Early Learning and Care Centre in Karratha to see all her friends. She talks about all the fun stuff she gets to do while I'm at boring old work. Little does she realise that my job is actually very interesting. It's a win-win.”

SHELLEY KALMS, WOODSIDE STAFF MEMBER AND MUM TO ELIZABETH KALMS (PICTURED)

KEY COMMUNITY TARGETS 2011	HOW WE PERFORMED	KEY COMMUNITY TARGETS 2012
Appoint a second Tier One partner	Conservation Volunteers Australia announced as our second tier one partner. The Coastal Guardians program is a holistic approach to national marine eco-system conservation and environmental citizenship.	Appoint a third, and final, tier one partner in the Creative Energy (arts and education) category – program to focus on education outcomes
Develop standards for social impacts, social investments and stakeholder engagement	Operating standards for social impact and cultural heritage management and external stakeholder engagement finalised and implemented	Audit compliance with social investment operating standard
Social investment equivalent to 0.30% of Profit Before Tax[1] (PBT)	2011 target met. On track with incremental increase in social investment to achieve long-term target of 0.5% of PBT[1] by 2015	Social investment of 0.35% of PBT[1]
All operating locations have dedicated community/ employee engagement programs	100% of operating locations have formalised community/ employee engagement programs	All operating locations have dedicated community/ employee engagement programs
To increase direct Indigenous employment by 45% in 2011	45% increase in directly employed Indigenous staff from 58 to 84 in 2011	Achieve our aspiration set in 2009 to triple Indigenous employment at Woodside
Ten contracts to be awarded to Indigenous enterprises	Awarded 11 contracts to Indigenous enterprises in 2011	Award 50 contracts with year on year growth in value to Indigenous enterprises by 2015
Increase Reconciliation Interest Group (RIG) membership across the organisation	We currently have 178 RIG members in 2011, up from 152 at the start of the year	100% increase in Woodside employee RIG by 2015
150 Woodside staff per annum to attend cultural awareness training	465 Woodside staff attended cultural awareness training in 2011	750 Woodside employees to attend cultural awareness training between 2011 and 2015

1 Rolling three year average.

WOODSIDE HAS BEEN A PART OF THE WESTERN AUSTRALIAN COMMUNITY FOR MORE THAN 40 YEARS. OUR OPERATIONS MAKE SIGNIFICANT ECONOMIC AND SOCIAL CONTRIBUTIONS TO LOCAL COMMUNITIES.

Woodside's social investment strategy is focused on improving health and wellbeing at a personal, community and environmental level. Our social investment approach is focused on connecting community partners and leveraging their efforts through collaboration with other corporations and community organisations working for similar outcomes.

Woodside's head office is located in Perth, the capital of Western Australia (WA). Our other major operational centre is the Pilbara, home to the North West Shelf (NWS) Project and Pluto LNG, where we have offices in both Karratha and Roebourne. We also have an office in Broome, which engages with the community on the proposed Browse LNG Development.

We have two oil assets off the North West Cape, which connects us to that community.

Internationally, we have offices in Dili, Timor-Leste supporting our Sunrise LNG Development and in Houston, USA supporting our Gulf of Mexico operations. We recognise the needs and aspirations of the communities in which we operate can differ significantly.

On this basis we have dedicated teams that engage with community members and stakeholders to shape community development programs and select social investment initiatives which bring maximum benefits to our stakeholders, employees, customers and the broader community.

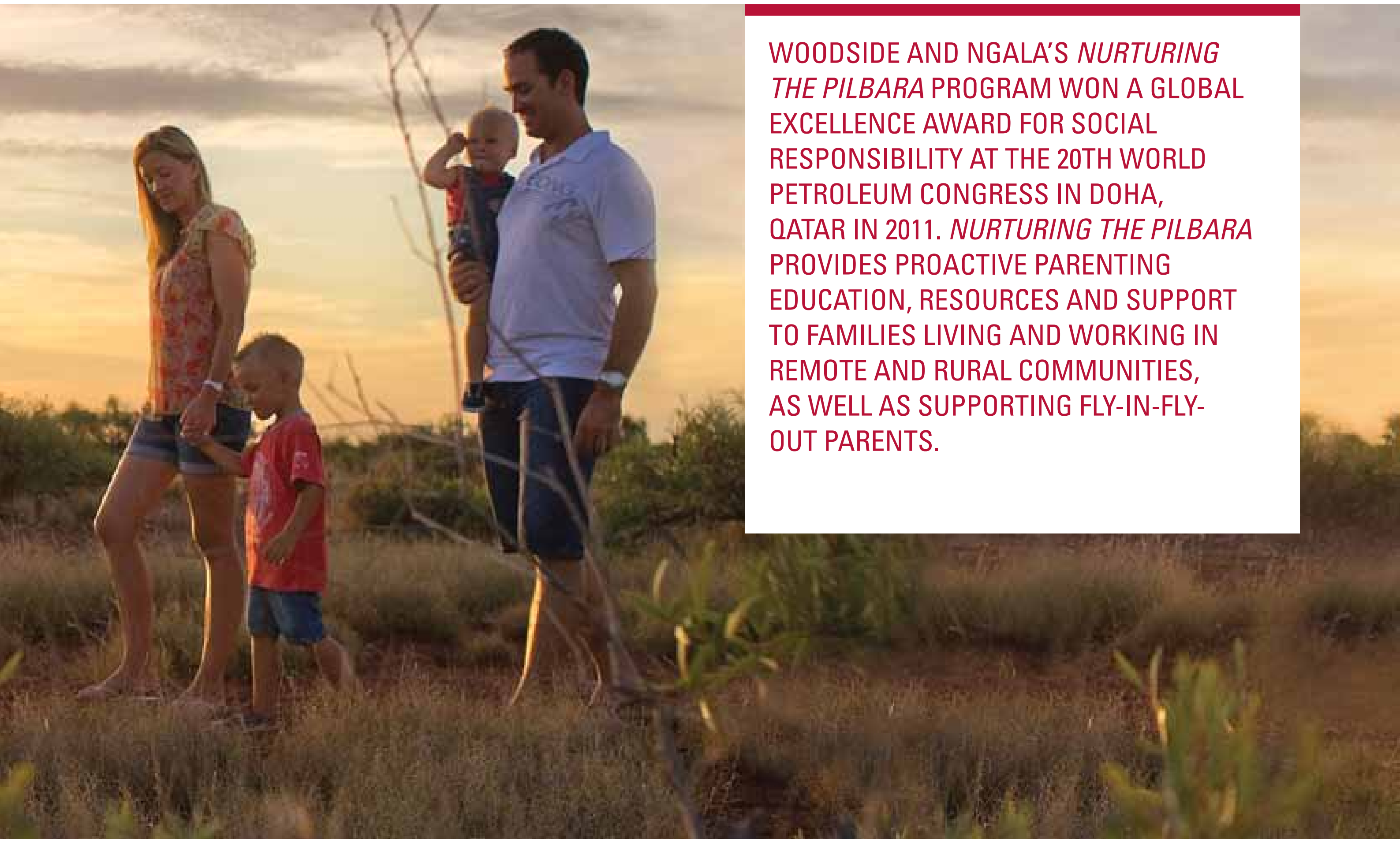
COMMUNITY ENGAGEMENT

OUR APPROACH

Local communities can be significantly impacted by resource sector activities. Understanding our impacts and minimising them is critical to maintaining positive relationships with stakeholders and communities.

We promote and encourage community input and feedback on all of our activities through:

- Locating and operating a public visitors centre and community offices near main sites;
- Community liaison groups;
- Dedicated community liaison officers;
- Project-specific stakeholder engagements and consultations;
- Our website; and
- Promotion of toll-free 1800 numbers.



WOODSIDE AND NGALA'S *NURTURING THE PILBARA* PROGRAM WON A GLOBAL EXCELLENCE AWARD FOR SOCIAL RESPONSIBILITY AT THE 20TH WORLD PETROLEUM CONGRESS IN DOHA, QATAR IN 2011. *NURTURING THE PILBARA* PROVIDES PROACTIVE PARENTING EDUCATION, RESOURCES AND SUPPORT TO FAMILIES LIVING AND WORKING IN REMOTE AND RURAL COMMUNITIES, AS WELL AS SUPPORTING FLY-IN-FLY-OUT PARENTS.

We aim to manage our operations and projects in a way that delivers benefits to Woodside, our shareholders, employees and communities. Our Sustainable Communities and Indigenous Communities policies ensure we conscientiously contribute to the economic and social development of local communities and develop trust and long-term relationships.

All of our operations, regardless of their stage of development, have implemented local community engagement and development programs. We believe communities should be part of our decision making process.

Social impacts are considered in our project planning processes through our Social Investment Operating Standard and our Social Impact and Cultural Heritage Management Operating Standard. These standards mandate that social, reputational and cultural risks are factored into project development. They guarantee stakeholder and social impact management plans are developed and implemented. These cover:

- Physical impacts – housing and accommodation, road and marine management, and cultural heritage;
- Service integration – security, emergency services, medical and welfare; and
- Community cohesion – local employment and business opportunities, Indigenous participation, recreation, hospitality, and workforce behaviour and integration.

In 2010 we implemented our External Stakeholder Engagement Operating Standard which mandates how we engage with communities and stakeholders and how grievances are managed.

All our operations are currently implementing local-level processes to facilitate resolution of complaints and grievances. Where possible we seek to resolve grievances directly with affected parties.

Our stakeholder engagement in 2011 included queries about our accommodation management, offshore operations and associated maintenance activities, environmental management practices, safety procedures, Indigenous and heritage affairs, and local content policies. More information on our stakeholder engagement is provided on page 18.

Our Reconciliation Action Plan (RAP) outlines the consultation process for our Indigenous community members. More information on our RAP is provided on page 26.

IN 2011, WE SUPPORTED THE DILI MARATHON. THE IMPORTANCE OF THE DILI MARATHON IS ITS CONTRIBUTION TO THE 'DILI CITY OF PEACE' INITIATIVE, A SUITE OF EVENTS AIMED AT PROMOTING SOCIAL, SPORTING AND CULTURAL ENGAGEMENT.

CASE STUDY:

OUR COMMUNITIES ABROAD

Woodside's approach to contributing to social development extends to our current international operations in the United States, as well as the Greater Sunrise gas fields located in the Timor Sea.

We, and our Sunrise Joint Venture participants, are committed to delivering a range of social investment projects in Timor-Leste. The focus of these initiatives is to deliver positive and sustainable community development outcomes for the Timor-Leste people. Several examples of initiatives supported in 2011 are detailed below.

For the past three years we have supported the Be'e Ba Moris 'Water for Life' program through World Vision Timor-Leste. The Sunrise Joint Venture's contribution in 2011 totalled US$500,000 which has significantly improved sanitary conditions in the Baucau district.

The program improves water quality and sanitation by providing:

» Water systems: Ten community water systems in eight villages/sub villages in the Baucau district;

» Hygiene education: Implementation of a hygiene education program 'Health Clubs' in three villages, coordinated in conjunction with the Timor-Leste Government's primary health system, the local 'Community Water, Sanitation and Hygiene Management Committees' and the District Health Service; and

» Community Leadership: Greater participation of community leaders in promoting the Community Water, Sanitation and Hygiene Management Committees, helping to increase awareness of the importance of maintaining and valuing safe 'Water, Sanitation and Hygiene' (WASH) behaviours and practices.

In 2011, we also supported the Dili Marathon. While a significant international sporting event, the importance of the Dili Marathon is its contribution to the 'Dili City of Peace' initiative, a suite of events aimed at promoting social, sporting and cultural engagement which in turn contributes to Timor-Leste's status as a peaceful country.

The Sunrise Joint Venture contributed US$40,000 to support the Timorese National Squad's training for the event.

In 2011, we also supported the Chamber of Commerce and Industry Timor-Leste (CCIT-L), via sponsorship of the CCIT-L anniversary dinner.

Our overseas employees also contribute to local communities. In Houston, USA we support our employees through donation matching and corporate volunteering in community events.

In 2011, our total employee contribution to the local community was more than US$60,000, which Woodside matched. Our 65 employees in the Houston office raised almost US$6,000 for the Houston Food Bank. This meant almost 6,000 children, adults or seniors will benefit as Food Bank provides a full day of meals with just US$1 per day.

OUR PERFORMANCE

Woodside has a wide range of stakeholders: government, local communities, investors, shareholders, staff, non-government organisations, customers, suppliers and special interest groups. We interacted with all of these groups throughout 2011, in accordance with our stakeholder engagement standard. More information is available on page 18 and *on our website.*

In 2011 we also progressed two key social impact assessments, for the Pluto LNG Project and the proposed Browse LNG Development. The assessments help us to understand the issues that are most important to those local communities and the impacts of our activities.

PLUTO LNG

As Pluto LNG prepares to deliver its first LNG cargo in 2012, we are undertaking an independent review to determine whether social impacts anticipated at the start of project construction actually occurred, and the level of success of our impact management strategy. The review involves interviews with internal and external stakeholders and the findings will inform business planning and decision making for any future expansion of the Pluto LNG Project. The review will also assist in framing ongoing discussions with key stakeholders of the Project. More information on regional development in the Pilbara is available on page 14.

BROWSE LNG DEVELOPMENT

We will complete our social impact assessment for the proposed Browse LNG Development near James Prince Point in the Kimberley region of WA in 2012. This assessment has been undertaken in conjunction with the WA Government's program of social, environmental, Native Title and Indigenous heritage studies to support the Browse LNG Precinct.

Input from a broad range of stakeholders has been included. We have also spoken directly with hundreds of Broome and Dampier Peninsula residents. Local input is helping us to develop plans and strategies to manage potential social impacts associated with our proposed Development. More information is available on page 16.

"Like everyone at the RFDS, I am genuinely thrilled that the Program has been given the opportunity to expand into the Kimberley thanks to Woodside's support. It's really exciting for us to be taking this important health service into a new area."

NORM CRANE,
RFDS KIMBERLEY PROJECT OFFICER

THE ROYAL FLYING DOCTOR SERVICE 'RFDS ON THE ROAD PROGRAM IN THE KIMBERLEY' LAUNCHED IN MAY 2011, IN PARTNERSHIP WITH WOODSIDE. THE INITIATIVE BRINGS MUCH-NEEDED HEALTH EDUCATION AND TRAINING TO THE DOORSTEPS OF PEOPLE LIVING AND WORKING IN REMOTE PARTS OF THE REGION.

2011–2015 RECONCILIATION ACTION PLAN

Woodside operates in regions with large Indigenous populations, and Indigenous people are a key stakeholder group. We engage, on an ongoing basis, on issues relating to employment, business participation, social investment and heritage with the aim of developing long-lasting, positive relationships with Indigenous communities. Woodside has Indigenous staff working at our regional offices in Karratha, Roebourne and Broome.

Our first Reconciliation Action Plan (RAP) was launched in 2009. The inaugural RAP outlined our public commitments to Indigenous Australians under a framework of respect, relationships and opportunities. Woodside, along with our community partners, has been able to achieve a vast majority of the 2009 RAP commitments. A key lesson learnt from the 2009 RAP was that the one year timeframe was constraining for some community partners as it limited the ability to provide the resources required to gain longer-term outcomes.

In 2011, we released our updated RAP which outlines and underpins our commitments over the next five years. This timeframe allows for longer-term commitments, deeper relationships with partner organisations and better outcomes for Indigenous communities. The 2011–2015 RAP was developed through extensive engagement with Indigenous communities in each of our main areas of operation. The RAP outlines 30 commitments in areas such as education, training, employment, business participation, cultural heritage and social investment.

We report achievements against our RAP commitments in an Annual RAP Report which is made available *on our website* and that of Reconciliation Australia.

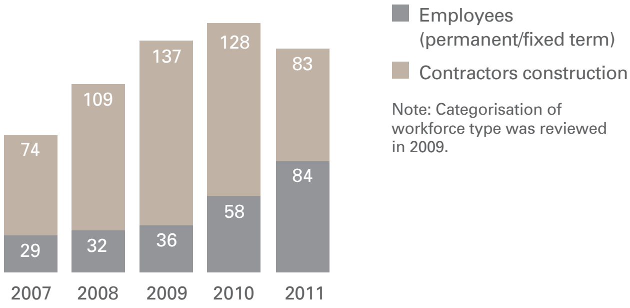
KEY ACHIEVEMENTS IN 2011

- Increasing our Indigenous workforce by 45% from 58 to 84 employees;
- 465 Woodside staff participating in cultural awareness training;
- Supporting 120 Indigenous students participating in the Clontarf Foundation educational programs in Roebourne and Karratha;
- Being an inaugural major sponsor for the WA Aspiration Initiative and contributing towards an increase of Indigenous students entering University; and
- Providing support for more than 60 Indigenous students currently participating in the education program, Follow the Dream, in the West Pilbara and Kimberley regions.

More information on Indigenous participation in our workforce is available on page 42. More information on our Woodside RAP is available *on our website.*

OUR VISION FOR RECONCILIATION IS TO WALK ALONGSIDE THE LOCAL INDIGENOUS COMMUNITY IN A RELATIONSHIP OF MUTUAL RESPECT, TO PROVIDE OPPORTUNITIES THAT CONTRIBUTE TOWARDS THE COMMUNITY'S ASPIRATION OF A SUSTAINABLE FUTURE.

INDIGENOUS WORKFORCE



Note: Categorisation of workforce type was reviewed in 2009.

CASE STUDY:

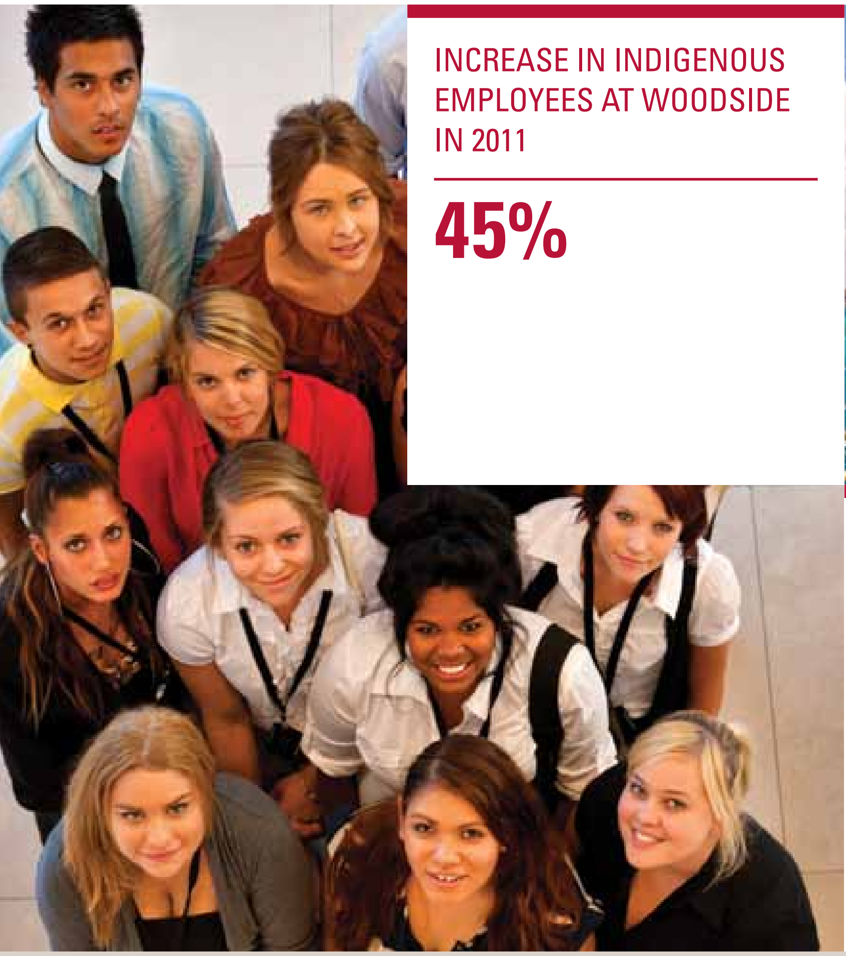
BUILDING A CAREER – OUR INDIGENOUS CADETSHIP PROGRAM

While most students spent their summer on holidays, Trevor Armstrong and Nicole Grubb joined Woodside to gain valuable hands-on experience as participants in the National Indigenous Cadetship Program.

Perth-born Trevor is in his first year of a double major in cyber forensics, information security and management at Murdoch University. He came to the program through his links to the Clontarf Foundation. His cadetship entailed working in Woodside's Information Services and Solutions department and dealing with IT risks and security.

Nicole, who moved from Kalgoorlie to Perth for her studies at Edith Cowan University, finished honours in biological science last year and has a degree in forensic and biomolecular science. She spent her cadetship working in the environmental studies team for the proposed Browse LNG Development. "The people in the team have the same values about the environment as I do," said Nicole. "We need energy but we want to make sure we have as small a carbon footprint as possible."

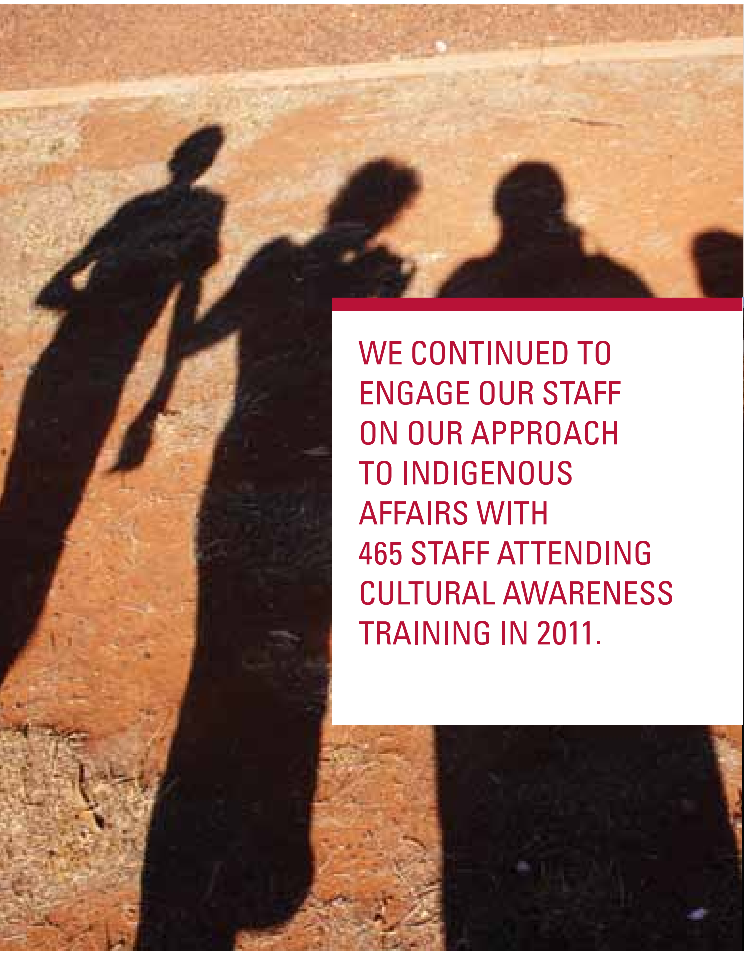
The pair, both graduates of the Woodside supported Follow the Dream program, say the cadetship has given them valuable work experience and invaluable life skills.



INCREASE IN INDIGENOUS EMPLOYEES AT WOODSIDE IN 2011

45%

WE LAUNCHED OUR SECOND RECONCILIATION ACTION PLAN WHICH OUTLINES OUR COMMITMENTS FOR THE NEXT FIVE YEARS.



WE CONTINUED TO ENGAGE OUR STAFF ON OUR APPROACH TO INDIGENOUS AFFAIRS WITH 465 STAFF ATTENDING CULTURAL AWARENESS TRAINING IN 2011.

ENGAGING OUR PEOPLE WITH INDIGENOUS AFFAIRS INITIATIVES

We have over 2,000 staff working in Perth, WA and are a significant local employer. Our head office is in close proximity to the Swan River and Kings Park, which are areas of cultural significance for the Noongar people. As such, we believe it is important to make our employees aware of Noongar culture. To facilitate this we have programs aimed at increasing Indigenous cultural awareness and engagement amongst our employees.

Our Reconciliation Interest Group is open to all Woodside employees and aims to connect the passions and interests of our staff to our various Indigenous affairs projects and reconciliation initiatives. As well as attending cultural awareness events, employees are able to support Indigenous community organisations and projects through our Employee Volunteering and Engagement Program.

The Pilot Leaders Cultural Competency program aims to take senior staff beyond cultural awareness to a point where cultural considerations are a key element of decision making. The program was piloted in 2011 with one of our senior managers participating on a five week secondment in North Queensland through the Jawun Community Partnerships Program.

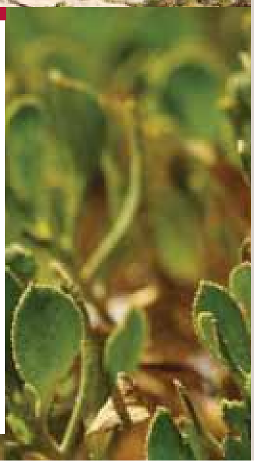
CULTURAL HERITAGE

Woodside's Cultural Heritage Management strategy aims to develop relationships with Indigenous people and the broader community to understand key concerns and to identify opportunities to collaborate on heritage projects. Current initiatives include:

» Providing support for a further five years for the WA Government's Burrup Rock Art Monitoring Management Committee research. It includes studies that measure air quality, microclimate, dust deposition and colour change on the Burrup Peninsula;

» Ongoing funding support for heritage projects through the Conservation Agreement to recognise, promote and conserve the National Heritage values of the Burrup; and

» Providing support to the Kimberley Aboriginal Law and Culture Centre for a significant repatriation project and an intensive cultural camp project to help youth avoid repeat interactions with the justice system.



WE ANNOUNCED OUR SECOND TIER ONE PARTNER, CONSERVATION VOLUNTEERS AUSTRALIA.

CASE STUDY:

CONSERVATION VOLUNTEERS AUSTRALIA

Our relationship with Conservation Volunteers Australia (CVA) dates back to 2005. We have worked closely with community coast care groups and conservationists to rehabilitate and protect coastal and estuarine environments.

United with a common goal of rehabilitating severely degraded pockets of Perth's coastline, the Woodside Coastal Conservation Program has injected over 10,000 community volunteer hours into priority coast conservation areas. Woodside employees alone contributed more than 500 employee engagement days, representing over 4,500 volunteer hours.

Throughout 2011 we worked closely with CVA to develop the Coastal Guardians program. Through this program, community volunteers assisted in the Queensland Flood Recovery and on rehabilitation efforts at Lake Macquarie in New South Wales, the Great Ocean Road in Victoria and Kangaroo Island in South Australia.

SOCIAL INVESTMENT

OUR APPROACH

Woodside's social investment focus is to contribute to health and wellbeing at a personal, community and environmental level in the communities in which we operate. Our three tiered funding structure supports not-for-profit and community-based organisations at a regional, state and national level, across three themes.

SOCIAL INVESTMENT PARTNERS

Living Energy personal health and wellbeing	**Natural Energy** environmental health and wellbeing	**Creative Energy** community health and wellbeing

Tier 1	National and iconic organisations
Tier 2	Organisations operating across a whole region
Tier 3	Organisations operating in local communities

Our investment strategy provides for three tier one national partners. Surf Life Saving was appointed in 2010 as our Living Energy partner. In 2011, we appointed Conservation Volunteers Australia (CVA) as our second Tier One partner for Natural Energy.

In 2012 we intend to appoint our third and final tier one partner in the area of Creative Energy – with a focus on education outcomes.

In addition to our Tier One partners, we have a number of Tier Two and Tier Three community partners.

More information on our community partnerships and our social investment criteria is available *on our website.*

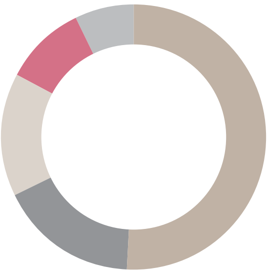
EMPLOYEE VOLUNTEERING AND ENGAGEMENT

Woodside's Employee Volunteering and Engagement Program gives our employees the opportunity to contribute 12 hours of paid volunteering leave each year, to support community-based organisations. We have two formal volunteering partners: Volunteering WA which offers participation in social programs and CVA which offers participation in environmental programs.

SOCIAL INVESTMENT BY CATEGORY 2011

Creative energy	45%
Living energy	37%
Natural energy	18%

SOCIAL INVESTMENT BY REGION 2011



Western Australia	51%
Pilbara	17%
National	15%
International	10%
Kimberley	7%

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

OUR PERFORMANCE

In 2011 Woodside's equity-only voluntary social investment contribution was A$7.7 million, up from A$4.9 million in 2010. Our total social investment, inclusive of management costs was A$13.8 million, which was A$5.1 million more than 2010. We are on track to achieve our target of 0.5% profit before tax (PBT) by 2015.

In addition to Woodside's financial contribution to community organisations, our employees donated A$242,328 during 2011. In 2010 our employees contributed A$192,600.

Our social investment contribution is verified through the London Benchmarking Group (LBG).

The LBG 2011 Benchmarking Report has benchmarked Woodside as a leader in corporate volunteering and engagement. Our 2010 volunteering rate was 14.8%, exceeding both our resource sector peers (9%) and the general LBG membership at 7.8%. Our 2010 employee participation rate was 51%, far exceeding both our resource sector peers (30.7%) and the general LBG membership at 9.8%.

In 2011 our employees contributed 3,484 volunteering hours, valued at A$574,860, a significant increase on the 2010 figure of A$151,000. In 2010 we undervalued employees' time. The revised employee hourly volunteering rate has been agreed and verified by the LBG.

NUMBER OF HOURS VOLUNTEERED BY WOODSIDE STAFF DURING 2011

3,484 HOURS

CASE STUDY:

REGIONAL EDUCATION

Education is a key concern for Woodside and we provide considerable support through our social investment program. Specifically, recent community surveys of Pilbara residents identified that the quality of local secondary education had a significant influence on the retention of a residential workforce.

There are a number of issues associated with the delivery of education in regional or remote communities throughout Australia.

The regional communities in which we operate have identified a need for greater investment and resources in local education. In response, we are committed to helping improve the standard of secondary education in Karratha and Roebourne.

Between 2008–2012 the NWS Project has allocated more than A$5 million to education programs in Karratha and Roebourne. Woodside's equity share is about A$835,000.

The Pilbara Education Initiative (PEI) aims to improve educational opportunities and outcomes within the Shire of Roebourne. The initiative commenced in 2008 under the banner of the Karratha Education Initiative (KEI) and was focused on secondary schooling. Woodside is partnering with Rio Tinto and the WA Department of Education to develop a strategic direction for Roebourne schools.

KARRATHA EDUCATION INITIATIVE

Since 2010, the KEI has focused on developing sustainable programs that participating schools can continue to run successfully without direct on-going funding support.

The following KEI programs were funded in 2011:

» Professional development for teachers;

» Career awareness for teachers and students and higher education counselling;

» After-school programs on student growth and personal development;

» Tutoring and revision courses;

» Improving curriculum range;

» Annual teaching practice scholarships;

» Motivational seminars; and

» Primary to secondary transition programs.

Woodside also contributes to Indigenous education through high school scholarships, an Indigenous cultural studies program for year nine students at Karratha Senior High School and after-hours support and tutoring for high achieving students in Roebourne.

SOCIAL INVESTMENT CONTRIBUTION TO THE COMMUNITIES IN WHICH WE OPERATE THROUGH PROGRAMS IN 2011

A$7.7 MILLION

> “I value the opportunity to draw on the expertise of the trainers at the Production Training Academy and put my class-based learning into practice at the Karratha Gas Plant. By working alongside experienced technicians, my skills and competency level have considerably developed.”

JASON MILLS, TRAINEE, WOODSIDE PRODUCTION TRAINING ACADEMY (PICTURED)

FOCUSED ON OUR PEOPLE

WE ARE COMMITTED TO MAKING WOODSIDE A GREAT AND SAFE PLACE TO WORK. WE FOCUS ON GETTING THE RIGHT PEOPLE INTO THE RIGHT JOBS, AND KEEPING THEM ENGAGED AND MOTIVATED TO OBTAIN HIGH PERFORMANCE.

KEY PEOPLE TARGETS 2011	HOW WE PERFORMED	KEY PEOPLE TARGETS 2012
Improve total recordable case frequency (TRCF) performance compared to 2010	Reduced by 20% since 2010	The TRCF has been replaced by the GDF as our principle company health, safety and environment performance measure
Implement GDF as the key measure of health, safety and environmental performance	Exceeded our 2010 GDF target	Target a GDF of 0.960
Revise and implement health, safety and security operating standards	Complete	Ensure full compliance with revised operating standards and procedures through assurance and audit
Engage contractors on health and safety and participate in initiatives focused on improving industry and contractor safety performance	Ongoing	Share high potential incident learnings externally and support industry and contractor initiatives to improve safety training
Conduct employee engagement survey	Complete	Conduct an organisational effectiveness review and implement actions
Roll out the talent attraction and retention program across all businesses	Ongoing We conducted our bi-annual capability review and introduced a new Woodside Equity Plan in 2011	Deliver the resource planning tool and process
Roll out diversity plans across all businesses	Partially achieved Developing and Leading Diverse Teams and Indigenous Leadership training programs were implemented	Deliver Gender Diversity Plan
Provide coaching and feedback to drive behaviours and performance	Ongoing A panel of qualified external coaches is in place Feedback and Development Conversations Workshops continue	Develop and implement behavioural framework
To increase direct Indigenous employment by 45% in 2011	45% increase in directly employed Indigenous staff from 58 to 84 in 2011	Achieve our aspiration set in 2009 to triple Indigenous employment at Woodside

THE HEALTH AND SAFETY OF OUR PEOPLE IS PARAMOUNT IN ALL OUR DECISIONS. OUR ASPIRATION IS 'NO-ONE GETS HURT, NO INCIDENTS'.

WE CONSISTENTLY LOOK FOR WAYS TO IMPROVE OUR SYSTEMS AND ARE WILLING TO SHARE WHAT WE LEARN WITH OTHERS.

HEALTH AND SAFETY

OUR APPROACH

We seek to be recognised by our people and peers as a leader in the management of health and safety. This includes ensuring the integrity of our assets throughout their lifecycle so that they are operated without jeopardising our people's health and safety, or our assets' value.

In late 2010 we adopted a new performance indicator, which provides a more balanced evaluation of our overall health, safety and environmental performance. The Good Day Frequency (GDF) is one of four indicators used to measure Woodside's corporate performance and determine employee and executive remuneration. GDF[1] is calculated as the number of days worked per thousand without any of the following occurring:

» Significant injuries including all lost work day cases and restricted work day cases lasting more than four days caused by injury or occupational illness;

» High potential safety incidents;

» Environmental incidents meeting the GDF criteria; and

» Overdue corrective actions arising from investigations of the incidents above, and health, safety and environmental audits.

In 2011 Woodside's CEO launched a company-wide approach to creating a common understanding of how 'Our Safety Culture' behaviours apply to everyone. The 'Reinforcing Our Safety Culture' initiative emphasises operating standards and procedures and the mandatory requirements for safety in our workplace.

In 2011 we implemented revised operating standards, reinforcing the positive behaviours of 'Our Safety Culture' framework and learning from incidents. Through these activities we aim to better engage with our major contractors, reduce hydrocarbon releases (loss of containments) and reduce high potential incidents.

OUR PERFORMANCE

Our health and safety performance improved in 2011, when measured in terms of comparable hours worked. Improvements have ranged between 20% and 34% across a range of indicators. This reflects our increased focus on contractor engagement and a company-wide focus on improving process safety.

1 Calculation of GDF = $\frac{\text{\# '000 days worked} - \text{\# incidents}}{\text{\# '000 days worked}}$

CASE STUDY:

PIT STOP HEALTH PROGRAM

Pit Stop involves qualified health professionals providing free information and advice to our staff and contractors about how to maintain a healthy and balanced lifestyle.

Pit Stop is helping Woodside to understand the major health issues for our workforce.

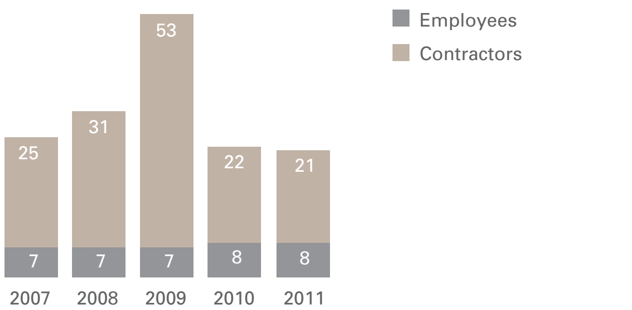
Approximately 29.26 million hours were worked in 2011 compared with 29.60 million hours in 2010. Our GDF was impacted by a total of 105 events of which 63 were due to significant injuries or illnesses, 35 to high potential incidents, one to an environmental incident which met the GDF criteria, and six days with a corrective action overdue. This equates to a GDF of 0.957, which exceeds our 2011 target of 0.950. In 2012 we have set a target for GDF of 0.960.

The frequency of injuries and illnesses, as measured by total recordable case frequency (TRCF), has dropped to 4.78 in 2011, compared to 5.98 in 2010[2], representing a 20% improvement.

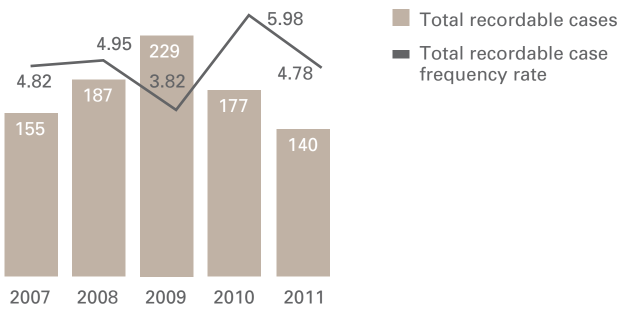
Improvements in the identification and reporting of occupational illnesses have led to more accurate and reliable reporting in this area. There were 18 reported occupational illnesses in 2011 compared with a mean over the last four years of 26, a significant improvement on previous years.

No work-related fatalities were recorded in 2011.

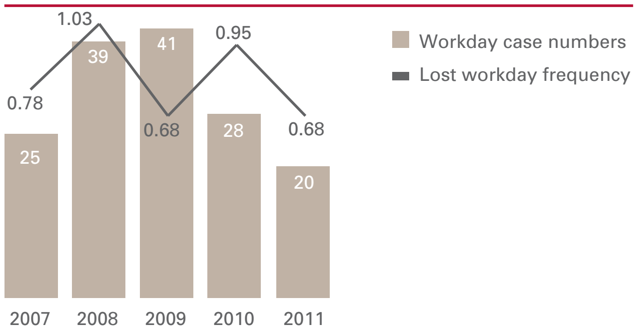
TOTAL HOURS WORKED (millions)



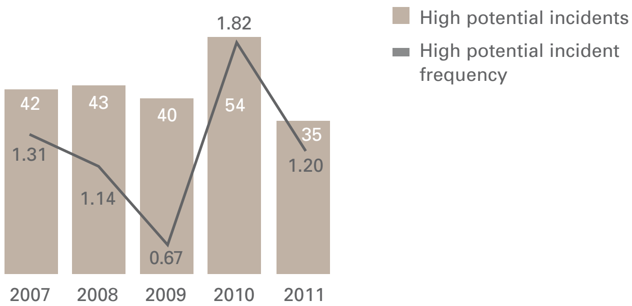
TOTAL RECORDABLE CASES* (per one million work hours)



LOST WORKDAY CASE INJURIES* (per one million work hours)



HIGH POTENTIAL INCIDENTS (per one million work hours)



2 In 2011, Woodside adjusted the calculation of TRC and lost workday cases (LWC) to include illnesses. All figures reported for TRC, LWC and their respective frequencies use the new methodology.

DELIVERING AGAINST OUR STRATEGIC IMPERATIVES

With respect to delivering against our imperatives, we have implemented a number of activities in 2011. Our imperatives are available *on our website*.

- **Reinforcing 'Our Safety Culture'.** We launched our new 'Our Safety Culture' framework as detailed on page 34.
- **Understand and manage risk of major accident events.** We introduced a suite of new engineering standards for health and safety in the design of our new facilities and modifications to existing facilities. The new standards have been applied during the front-end engineering and design phase for the proposed Browse LNG Development.
- **Apply health, safety and integrity processes, standards, procedures and rules.** All health, safety and security standards and supporting documentation were reviewed and updated to reflect the higher standards and continuous improvement required by the Woodside Management System. This was supported by a 23% overall increase in attendance of health and safety training courses.
- **Improve learning.** We implemented a company-wide campaign focused on process and mechanical isolation, designed to safeguard our people and the environment against the uncontrolled release of hazardous materials.
- **Understand and control occupational health risks.** Approximately 23% of Woodside's onshore employees and contractors received health evaluations through our Pit Stop health program in Perth and Karratha. A new training course was introduced to improve understanding of the requirements of our occupational health and hygiene operating standards and procedures.

HEALTH AND SAFETY TRAINING ATTENDANCE

CASE STUDY:

MAJOR LOSS OF CONTAINMENT IMPROVEMENT ACROSS THE PRODUCTION DIVISION

2011 WOODSIDE SUSTAINABLE DEVELOPMENT AWARD WINNER FOR THE HEALTH AND SAFETY CATEGORY

The uncontrolled or unplanned release of gas or liquid hydrocarbons from process or storage equipment is referred to as loss of containment (LOC). Significant LOC events pose a threat to safety, integrity and environmental performance and can have long-lasting impacts. In 2009 Woodside introduced a new initiative focused on reducing LOC events. This involved a unified organisational approach to incident analysis, standardised reporting, improvement planning, and workforce training and engagement.

As a result, over the last three years Woodside has achieved a sustainable reduction in hydrocarbon LOC events across its operating facilities.

- **Working with industry and contractors.** We participated in a number of industry-wide safety events including Stand Together for Safety, an event led by the Australian Petroleum Production Exploration Association (APPEA), and the 2011 APPEA CEO Safety Leadership Forum to review industry-wide focus areas for 2012.

Through these events we supported the development and roll-out of two new safety programs: the Safe Supervisor Competence Program, addressing safety training requirements for offshore supervisors, and the Common Safety Training Program for personnel working on offshore projects, production and drilling facilities.

iSSoW PROGRESS

The Integrated Safe System of Work (iSSoW) is a formal safe work management system. Incorporating leading practice from permit to work systems around the world, iSSoW ensures work is controlled, authorised and performed safely, by assisting users to make important decisions when planning and executing activities, and by managing the permit process.

In 2011 the implementation of iSSoW was completed for all of our production facilities. The system was successfully used in the safe management of major shutdowns at the Karratha Gas Plant, the Goodwyn A and North Rankin A platforms, and in the commissioning of the Pluto and Okha facilities. In 2012 we aim to introduce mobile technology to further increase the system's robustness while targeting gains in user efficiency.

The iSSoW software, developed jointly by Woodside and Sage Technology, has been adopted by several other companies in Australia, particularly those in the mining and utilities sectors. Woodside is working with other industry sectors to develop an Australian Permit to Work Standard through the National Permit to Work Committee.

GOOD DAY FREQUENCY

0.957

IMPROVED ON OUR 2011 TARGET OF 0.950

TOTAL RECORDABLE CASE FREQUENCY (FREQUENCY OF INJURIES)

4.78

REDUCED FROM 5.98 IN 2010

CASE STUDY:

SAFE SUPERVISOR TRAINING

In December 2011 Woodside joined with industry to congratulate the first graduates of the Safe Supervisor Competence Program, which provides offshore construction supervisors with the skills necessary to ensure the safety of their teams. The training is supported by companies at all levels of the supply chain, including operators, contractors and suppliers.

The Australian Federal Minister for Resources and Energy, the Hon. Martin Ferguson AM, MP, launched the program in June 2011. He acknowledged the role of supervisors as custodians of a company's safety culture.

"Through supervisors, the value of safety – that all companies must implacably stand for – flows to the rest of the team," the Minister said. "This project will ensure that it is done consistently. With so many workers moving from job to job, consistency across the industry is vital. The Safe Supervisor Competency Project is another tangible sign of industry's commitment to safety."

SECURITY AND EMERGENCY MANAGEMENT

OUR APPROACH

Our Security and Emergency Management Operating Standard ensures that procedures and competencies are consistent across all our operations and specifies mandatory performance requirements. Crisis and emergency management training exercises are conducted and reported on an annual basis.

OUR PERFORMANCE

A significant review of crisis management was undertaken in 2011 following analysis of recent oil and gas industry accident events and exercises. A new Crisis Management Governance Framework has been established to improve our ability to respond in a crisis situation.

Four level three[3] exercises, which required the activation of company-wide crisis management arrangements, were conducted during 2011. In addition 22 level two[4] exercises involving all operating facilities were conducted. A number of exercises were also conducted on the North West Shelf Project. These related to natural emergencies, including the potential for cyclones.

New Incident Coordination Centres (ICCs) were established in Busan, Republic of Korea for the Jujak-1 drilling campaign and in Broome for the proposed Browse LNG Development. Training and extensive exercises for these and other existing ICCs were conducted over the year.

Woodside has been actively involved in an Australian parliamentary inquiry led by the Inspector of Transport Security, Mick Palmer AO, into the Security of the Offshore Oil and Gas Sector which will in future years re-establish a regulatory framework for both onshore and offshore industry.

A new initiative focused on fraud and corruption control was introduced in 2011 to improve Woodside's resilience to internal and external fraud and corruption risks. A fraud and corruption control plan will be developed in 2012 following the completion of a company-wide risk assessment.

There have been significant security preparations made for the Pluto LNG Project commissioning, including regulatory engagement.

3 As defined in the Woodside Emergency Management Operating Standard, a level three incident requires actions to be taken by the organisation to respond to and recover from critical events which seriously threaten the organisation's people, environment, assets, reputation or livelihood.

4 As defined in the Woodside Emergency Management Operating Standard, a level two incident requires organisational and management support, with emergency management support provided via the activation of part or all of an Incident Control Centre.

WOODSIDE HAS A DEDICATED SECURITY, EMERGENCY AND CRISIS MANAGEMENT TEAM FOCUSED ON THE PROTECTION OF OUR EMPLOYEES, INFORMATION AND ASSETS.

OUR PEOPLE

OUR APPROACH

Woodside recognises that creating sustainable shareholder wealth will depend on our ability to attract and retain a highly engaged, skilled and motivated workforce.

GOVERNANCE

The Human Resources & Compensation Committee assists the Woodside Board in establishing human resources and compensation policies and practices which:

» Enable Woodside to attract, retain and motivate employees who achieve operational excellence and create value for shareholders;

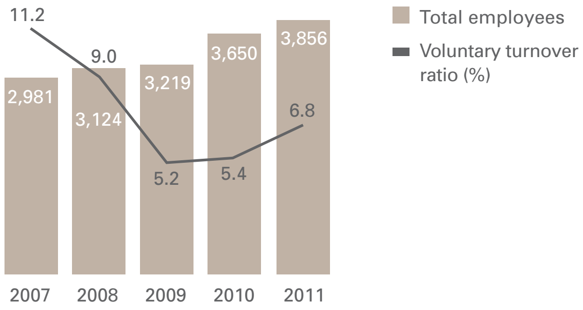
» Reward employees fairly and responsibly, having regard to the results of the Woodside Group, individual performance and general remuneration conditions;

» Reflect best practice in people development while meeting Woodside's business needs; and

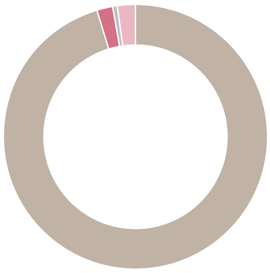
» Comply with relevant disclosure obligations relating to remuneration matters contained in the *Australian Securities Exchange Listing Rules* and the *Corporations Act 2001* in Australia.

Management reports to the Committee six times a year.

NUMBER OF EMPLOYEES AND VOLUNTARY TURNOVER



WORKFORCE BREAKDOWN BY REGION



Australia	3,679
Middle East	0
Africa	0
Asia	72
Europe	21
USA	84

NUMBER OF SENIOR LEADERS PARTICIPATING IN THE DEVELOPING AND LEADING DIVERSE TEAMS PROGRAM

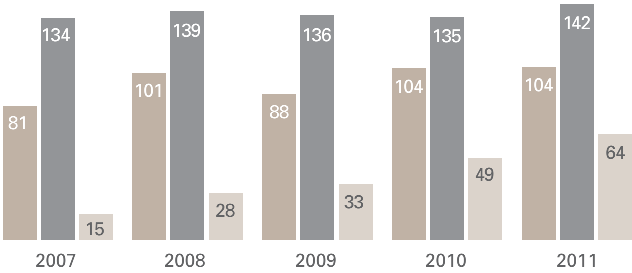
275

2011 EMPLOYEE SURVEY RESPONSE RATE

82%

OUR HIGHEST EVER RESPONSE RATE HIGHLIGHTING HIGH EMPLOYEE ENGAGEMENT AND CLEAR IMPROVEMENT FOCUS AREAS

NUMBER OF TRAINING PARTICIPANTS



Trainee and Apprenticeships
Graduate
Indigenous Pathways

OUR PERFORMANCE

LEADERSHIP AND CLIMATE

Woodside's organisational improvement strategy has focused on equipping our leaders to create an engaging climate for people to work in.

Our Leadership for High Performance program has been in place since 2005. Complementary to the program, line managers are offered a suite of other development programs which aim to support and improve leadership and management skills, including effective performance feedback and career development conversations and our new 'developing and leading diverse teams' program. In 2011, 867 leaders completed workshops within our Leadership Development suite.

In 2011 Woodside conducted an employee engagement survey. Previous surveys were carried out in 2007 and 2008.

Our 2011 survey attracted a top quartile response rate of 82%, highlighting high employee engagement as well as clear improvement focus areas.

On the basis of our survey results, we have implemented a CEO-led, company-wide review of organisational effectiveness. The review is expected to be completed in March 2012. The recommendations will be rolled out through 2012 and beyond.

CASE STUDY AND MATERIAL ISSUE:

INDUSTRY LABOUR SHORTAGES AND WOODSIDE'S ATTRACTION AND RETENTION OF STAFF

There is increasing competition for skilled workers as a result of growth in the resource sector in Western Australia and Queensland.

To date Woodside has not been directly impacted by labour shortages. Regardless, we remain committed to supporting future growth through graduate recruitment, apprenticeships, traineeships, Indigenous employment pathways and significant investment in employee career development.

Woodside's attraction and retention strategy is focused on:

» Recruiting for future technical and leadership capability requirements;

» Promoting our organisation externally;

» Maintaining competitive remuneration; and

» Employee learning and development.

The Woodside workforce grew to 3,856 in 2011, a 5.6% increase from 2010. Woodside's voluntary turnover rate whilst increasing from 5.4% in 2010 to 6.8% in 2011 remains healthy in a challenging external labour market.

Recruitment activity continued at a high level in 2011 with 531 new staff being recruited.

Supporting the development of our technical capability, 53 graduates were recruited to join our graduate program in 2011, bringing the total number of current participants in the three year program to 142 staff across the organisation.

External promotion of Woodside as an employer of choice continued in 2011 through our presence at conferences, industry expos, and school events.

We maintain a competitive remuneration position by inviting our staff to participate in the Woodside equity plan and share in our future growth. A new plan was rolled out in 2011.

Employee development is critical for the attraction and retention of a talented workforce. Woodside's 70/20/10 approach to development provides employees with the opportunity to develop through a mix of experiences (70%), relationships such as mentoring (20%) and formal training or education (10%) based activities. Skillpools manage our supporting development curriculums which are aligned to competency frameworks. Skillpools support people development, workforce planning and resource optimisation by coordinating the company's people resources in functional or discipline areas. They are responsible for ensuring we have the right level of skills to resource our workforce in both the short and long term.

Further support for employee development in 2011 was provided through the continued roll out of our Feedback and Development Conversations programs for line managers, with 188 managers attending.

In 2011 we commenced the WeLearn project, an employee development system which will enable greater visibility and monitoring of employee development plans and activities. This will be implemented in 2012.

Woodside invested almost A$19 million in learning and development in 2011.

NUMBER OF PARTICIPANTS IN OUR APPRENTICESHIP AND TRAINEE PROGRAMS IN 2011

104

INCLUDING 19 FEMALE AND 33 INDIGENOUS STUDENTS

DIVERSITY AND EQUAL OPPORTUNITY

A talented and diverse workforce is a key competitive advantage. Woodside is working toward developing a workplace culture that promotes diversity.

Our policy is to recruit and manage our employees on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. Our Diversity Policy is available *on our website.*

In 2010, Woodside piloted the Leading Diverse Teams program with our executive management team. This program provides leaders with a framework and tools for appreciating differences in the workplace and understanding how they can contribute to improved team effectiveness and increased business performance. In 2011 we continued to roll out the program to the next tier of management and 275 senior leaders have now participated.

The Woodside Diversity Guideline, which supports the Diversity Policy, details line manager and employee responsibilities relating to non-discrimination, bullying and harassment and complaints procedures.

GENDER

In 2011, women represented 26.8% of our workforce, which is a slight increase on 26.4% in 2010. Women held approximately 10% of middle and senior management roles. Our focus in 2012 will continue to be on building a stronger pipeline of female talent who can move into senior roles in the future.

The following activity supports the corporate diversity objective:

- Review human resources processes and practices to support gender diversity outcomes;
- Develop and roll out education programs including Equal Opportunity Employment training and Diversity Awareness training;
- Review attraction and development approaches to increase female representation at all levels; and
- Raise awareness of opportunities for females in the resources sector.

INDIGENOUS PARTICIPATION

There are currently 84 Indigenous employees at Woodside and a further 64 were on Indigenous training pathway programs over the year. This represents an increase of 45%. Indigenous employees make up 2.2% of our workforce.

We are working to build the understanding of Indigenous culture and customs within our workforce and have implemented the following programs:

- Cultural awareness for employees;
- Cultural competency program for senior managers;
- Leadership Program to better help our leaders understand Woodside's commitments regarding Indigenous participation;
- Training program for supervisors of Indigenous employees;

> When I was preparing to return to work after parental leave, it was suggested that Richard and I both consider working part-time. We decided to give it a go and it has turned out to be a very good option for our family.

SARAH CARTER, WOODSIDE PRINCIPAL RESERVOIR ENGINEER

CASE STUDY:

WORKING TO ACHIEVE GOOD BALANCE

Richard Osbon and Sarah Carter use Woodside's flexible work practices to nurture a happy home life with their son Henry, while maintaining healthy careers.

Richard, principal development geologist for the proposed Browse LNG Development, is one of 18 men at Woodside who work part-time. Sarah, a senior reservoir engineer for the Pluto LNG Project, is one of 185 women. Both work four days a week.

"We decided to give it a go and it has turned out to be a very good option for our family. If anything, I have become more efficient and much better at prioritising since going part-time," Sarah says.

Richard agrees, saying that the support of colleagues, particularly managers, makes for a relatively smooth transition from full-time to part-time.

The couple say they can contribute well at work, even progress their careers, while still having lots of quality time and energy for Henry and his soon-to-arrive sibling.

"The bottom line is that it makes for a happier life," says Sarah.

» Indigenous employee mentoring program; and

» Engage staff in our approach to Indigenous Affairs by promoting membership in the Reconciliation Interest Group.

More information on our Reconciliation Action Plan and Indigenous affairs is available on page 26.

EMPLOYMENT PRACTICES

Woodside complies with all Federal and State Government industrial relations legislation and respects and upholds all labour-related human rights (captured in our Code of Conduct and Business Principles) such as freedom of association and banning the use of forced and child labour.

Our Employee and Industrial Relations Operating Standard was approved in December 2011. It defines our approach to managing employee relations and industrial relations. It is available to all employees through the company intranet. Woodside also has a Contractor Implementation Procedure, which was approved in October 2011.

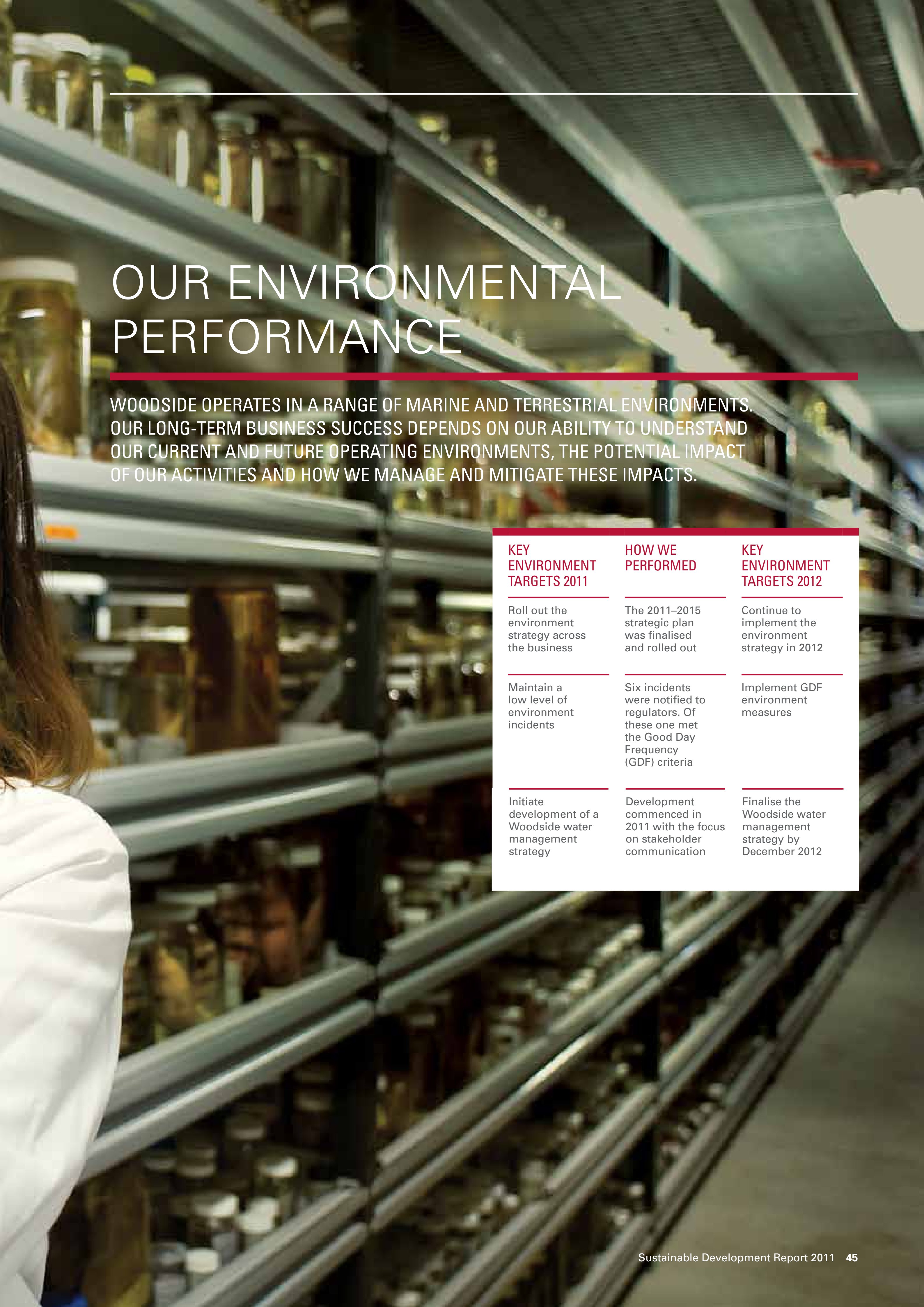
It specifies minimum requirements for contractors in all human resources and industrial relations matters on Australian-based projects. In addition, contractors must demonstrate how they will comply with employment-related legislation and Woodside's Diversity Policy.

2011 WORKFORCE GENDER PROFILE

	FEMALE	FEMALE (%)	MALE	MALE (%)
Administration	254	67.0	125	33.0
Technical	347	25.2	1,031	74.8
Supervisory/Professional	368	26.2	1,037	73.8
Middle Management	63	9.7	587	90.3
Senior Management	2	4.5	42	95.5
Total	1,034	26.8	2,822	73.2
Board Members	1	12.5	7	87.5

> It is great that through our partnership with the Western Australian Museum, scientists can continue to learn about the amazingly rich and diverse tropical marine communities of Western Australia. The Woodside Collection now has over 10,700 recorded species, which includes information on where they live and how common they are. This knowledge on the distribution and abundance of marine species helps us develop the best and most sustainable approach to managing our marine environment.

TEGAN BOX, WOODSIDE ENVIRONMENTAL ADVISER (PICTURED)



OUR ENVIRONMENTAL PERFORMANCE

WOODSIDE OPERATES IN A RANGE OF MARINE AND TERRESTRIAL ENVIRONMENTS. OUR LONG-TERM BUSINESS SUCCESS DEPENDS ON OUR ABILITY TO UNDERSTAND OUR CURRENT AND FUTURE OPERATING ENVIRONMENTS, THE POTENTIAL IMPACT OF OUR ACTIVITIES AND HOW WE MANAGE AND MITIGATE THESE IMPACTS.

KEY ENVIRONMENT TARGETS 2011	HOW WE PERFORMED	KEY ENVIRONMENT TARGETS 2012
Roll out the environment strategy across the business	The 2011–2015 strategic plan was finalised and rolled out	Continue to implement the environment strategy in 2012
Maintain a low level of environment incidents	Six incidents were notified to regulators. Of these one met the Good Day Frequency (GDF) criteria	Implement GDF environment measures
Initiate development of a Woodside water management strategy	Development commenced in 2011 with the focus on stakeholder communication	Finalise the Woodside water management strategy by December 2012

OUR APPROACH

Woodside is committed to excellence in environmental performance. This is embedded in our Environment Policy and is integrated into our business decision making and management.

Our activities are conducted in accordance with an environmental management framework that aligns to the international standard on environmental management (ISO 14001). This framework is also part of the broader Woodside Management System.

We have six strategic imperatives which are integrated into our company-wide business plans:

» Maximise resource efficiency;

» Design to minimise lifecycle costs;

» Maintain compliance and integrity;

» Control environmental impacts;

» Facilitate effective approvals; and

» Work with stakeholders.

OUR PERFORMANCE

MAINTAINING OUR BIODIVERSITY

Highlights of our 2011 biodiversity program include:

Understanding the environment in which we operate:

» Continue to monitor the migration pathways of humpback and blue whales through the areas in which we currently operate or may, in the future, operate. In 2011, using satellite tags, we tracked 28 humpback whales and 12 pigmy blue whales through the waters of north-west Australia. Whales were tracked from one to 162 days for a total of over 49,000 kilometres of tracked distance. A single blue whale was tracked from Rottnest Island (off Perth) to the Indonesian Archipelago;

» Finalised the collation of data and information on Scott Reef biodiversity and ecology. Since 1993, Woodside, on behalf of the Browse Joint Venture Partners, has invested over A$80 million to understand the marine and terrestrial environments of the Kimberley region. Many of the marine studies have been summarised in the 2011 Scott Reef Status Report, which is available *on our website;*

» Continued to map and document the marine habitats of the Dampier Peninsula. Since 2008, over 171 kilometres of video transects have been recorded to understand the distribution and abundance of corals, seagrasses and sponges in the area; and

» Continued to undertake flora and fauna surveys of the James Price Point area to assess local biodiversity and habitat. In 2011, faunal surveys included targeted bilby and frugivorous fauna assessments.

DURING 2011 WE SPONSORED A SYMPOSIUM ON KIMBERLEY MARINE AND COASTAL SCIENCE. SEVEN PAPERS WERE PRESENTED BASED ON WOODSIDE-SPONSORED RESEARCH.

Understanding the potential impacts of our activities:

- Under a Joint Industry Program, we are undertaking a large-scale research project to understand the potential impacts of seismic surveys on humpback whale migration and behaviour. This program is being conducted over four years and involves over 50 researchers from five research organisations; and
- As part of Pluto LNG, Woodside has contributed A$3.2 million to the Western Australian (WA) Marine Science Institute to undertake research into the better management of potential environmental impacts of dredging activity on tropical marine eco-systems. This research program commenced in 2011.

Monitoring our approved environmental footprints:

- Ongoing monitoring of the water quality and ecological communities surrounding the Karratha Gas Plant, a program which commenced in 1985;
- Ongoing monitoring of the terrestrial vegetation of the James Price Point Area; and
- Final compliance monitoring of the environmental footprint for the Pluto LNG Project dredging program was completed. It showed no impact on marine habitats that could be contributed to the Pluto LNG Project dredging works.

IMPROVING RESOURCE-USE EFFICIENCY

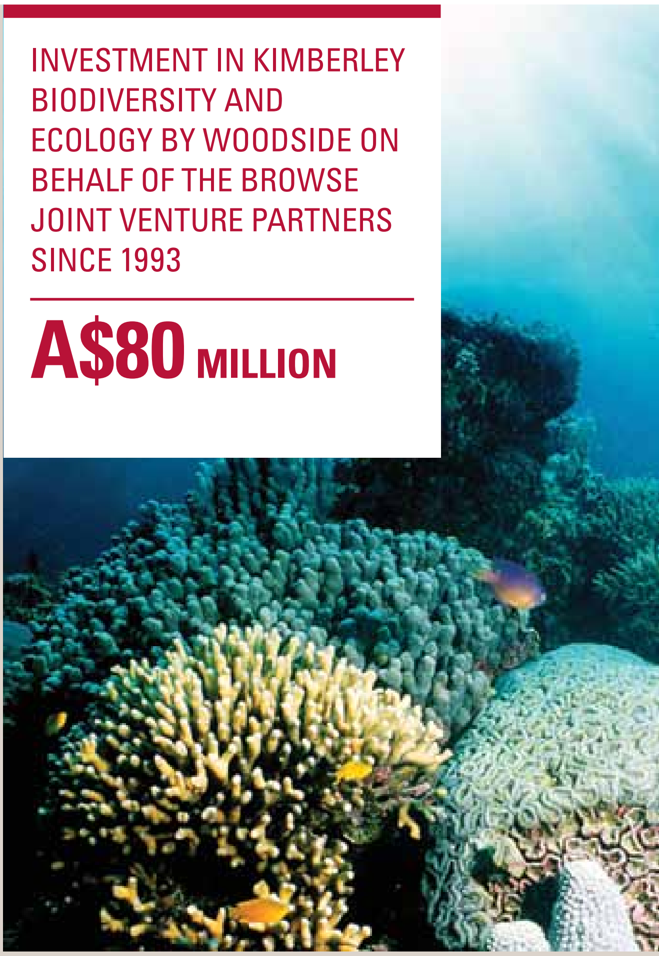
ENERGY

Most of the energy we use in our business is generated from the hydrocarbons we produce. Energy efficiency therefore provides Woodside with multiple benefits, including reduced operating costs, lower environmental emissions and additional products for sale to customers. These intrinsic drivers make reducing our energy use a top priority in our business and as a result, we are continually seeking opportunities to enhance the efficiency of the hydrocarbon production processes we operate.

An opportunity to improve the performance of the LNG liquefaction process was identified and in 2011 this opportunity was trialled at the Karratha Gas Plant. The production of LNG involves the liquefaction of methane through the use of a series of refrigerants. One of the main stages of this liquefaction process is condensing the gas against a series of refrigerants in order to cool the gas to approximately –135°C.

The mixed refrigerant composition includes methane, ethane and propane gases. A review of the performance of this process with different refrigerant mixtures was undertaken, with the aim of defining the optimum refrigerant composition. This project has been identified as having potential to reduce the energy intensity of the LNG production process by 0.5–1%. This is equivalent to the average energy use of 100,000 households[1].

1 Department of the Environment, Water, Heritage and the Arts (2008) – Energy use in the residential sector 1990 to 2020 (Figure 14).



INVESTMENT IN KIMBERLEY BIODIVERSITY AND ECOLOGY BY WOODSIDE ON BEHALF OF THE BROWSE JOINT VENTURE PARTNERS SINCE 1993

A$80 MILLION

INVESTMENT IN WESTERN AUSTRALIAN MARINE SCIENCE INSTITUTE TO IMPROVE ENVIRONMENTAL MANAGEMENT AND MITIGATION OF DREDGING ACTIVITIES

A$3.2 MILLION

NUMBER OF FINES OR PENALTIES RELATED TO ENVIRONMENTAL INCIDENTS IN 2011

0

PERCENTAGE OF TOTAL WASTE PRODUCED FROM OUR OPERATING FACILITIES THAT WAS RECYCLED IN 2011

40%

Woodside reports on the energy consumption and efficiency opportunities identified for all of the facilities we operate, as part of our obligations under the Federal Government's *Energy Efficiency Opportunities Act 2006* (EEO).

In 2011, Woodside published our fifth EEO report, the final in the first cycle of the program. While no new energy efficiency assessments were conducted in 2011, we provided an update to previous assessments conducted at a number of facilities. This report is available *on our website,* while the outcomes are summarised below and on page 63.

Since the commencement of the EEO in 2006, we have reported on assessments at eight operated facilities, and implemented 45 of the opportunities for energy improvements. These initiatives have resulted in annual energy savings of approximately 4.8 million gigajoules, equivalent to approximately 3.5% of Woodside's energy consumption in 2011.

WASTE

Effective waste management can contribute to reduced resource consumption, cost savings and improved environmental outcomes.

Our waste management initiatives during 2011 included minimising our packaging waste, and conducting toolbox sessions on waste management at our offshore facilities.

Total waste produced from our operating facilities in 2011 was 9,454 tonnes of which 40% was recycled.

WATER

Water is used in Woodside's LNG production processes.

In 2011 we used about 493,616 kilolitres of fresh water in our onshore operations, the majority at the Karratha Gas Plant. The increase from 2010 was related to Pluto LNG. Water management initiatives conducted in 2011 included investigations on wastewater reuse.

Our offshore production facilities desalinate seawater using reverse osmosis units. Throughout the construction of Pluto LNG, Woodside has sourced water from the scheme supply and from on-site reverse osmosis units. During its operation, Pluto LNG will aim to source all of its water through reverse osmosis and reuse of treated wastewater.

"The partnership between the WA Museum and Woodside demonstrates how effective cooperation between industry, science and cultural organisations can deliver real outcomes for environmental management, leading to the conservation of our State's unique marine biodiversity for future generations."

ALEC COLES
WA MUSEUM, CHIEF EXECUTIVE OFFICER

CASE STUDY:

WESTERN AUSTRALIAN MUSEUM

2011 WOODSIDE SUSTAINABLE DEVELOPMENT AWARD WINNER FOR THE ENVIRONMENT CATEGORY AND THE CHAIRMAN'S EXCELLENCE AWARD

Woodside has partnered with the WA Museum since 1995 on an extensive research project about the marine biodiversity of north-west WA. This research has identified 10,700 species, and discovered 495 new species. In 2011, the Exploring the Marine Biodiversity of Northern WA project won the 2011 Premier's Award for Excellence in Public Sector Management.

"In addition to the published findings, this work has been presented to the community through the creation of four major exhibitions, an internationally released documentary, a suite of educational and curriculum based resources available to schools and the development of two websites," says Alec Coles, WA Museum, Chief Executive Officer.

REDUCING EMISSIONS

Producing LNG is energy intensive due to the need to cool the gas to required temperatures in order for it to become liquified.

Most of our emissions to air consist of exhaust gases from the fuel consumed to power the liquefaction process. The carbon dioxide released from reservoirs also contributes to Woodside's emissions. We monitor and report on these emissions internally and externally and our data is reported on pages 62 and 63.

Flaring rates are indicative of production reliability across our operated facilities. During 2011 flare reduction initiatives included the re-commissioning of the re-injection compressor on the Ngujima-Yin that had been damaged by fire in 2009 allowing excess gas to be injected into the reservoir rather than being flared.

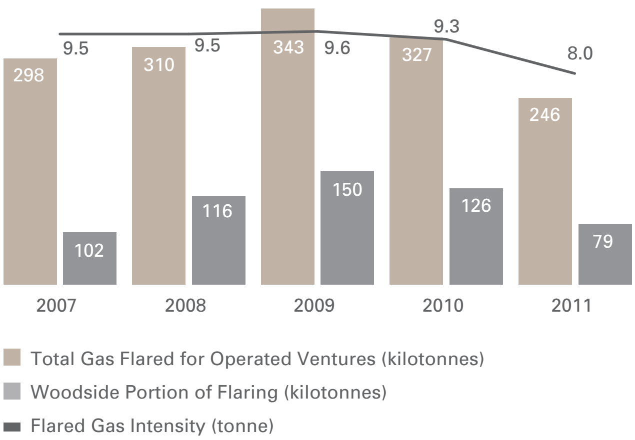
During 2011 our flared gas intensity decreased to 8.0[2]. Total gas flared was 246,170 tonnes, of which Woodside's share was 78,945 tonnes. Flaring accounts for approximately 8% of emissions to air by source.

ENVIRONMENTAL COMPLIANCE

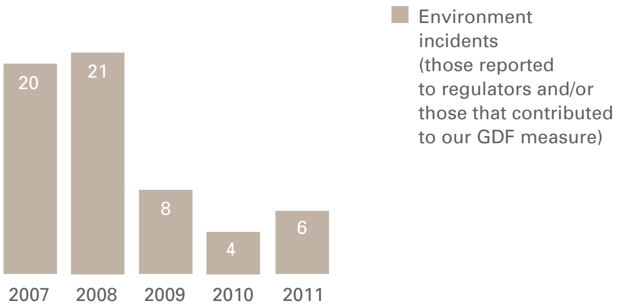
Woodside did not receive any environmental fines or penalties related to environmental incidents in 2011. We reported six incidents to regulators in accordance with our legal requirements. Of these, five resulted in no measurable environmental impact. One incident contributed to the Good Day Frequency (GDF). The incident involved a release of diesel from a line at the Karratha Gas Plant, which was contained to site.

2 Flared gas intensity is measured at tonnes of gas flared per kilotonne of hydrocarbon produced.

FLARE GAS AND INTENSITY



ENVIRONMENT INCIDENTS



CLIMATE CHANGE

OUR APPROACH

During 2011, Woodside managed the climate change issue by:

- **Pursuing opportunities to reduce greenhouse gas emissions.** Emissions arising from facilities in which Woodside has an interest are significant and our priority is to reduce them through technical opportunities that improve efficiency in our design and operating practices. Where this is not feasible, we investigate opportunities to offset some of our emissions through other sources.
- **Maintaining dialogue with policy-makers.** During 2011, the focus of our engagement was on the development of the Clean Energy legislation.
- **Promoting the use of natural gas as a cleaner energy source than other fossil fuels.** The combustion of natural gas is less emissions intensive than all other fossil fuels. Woodside's supply of LNG to global markets is helping to reduce global greenhouse gas emissions where LNG displaces higher emitting fossil fuels such as coal and oil. For every tonne of carbon dioxide emitted in the production of LNG in Australia, at least four tonnes of carbon dioxide emissions in customer countries are avoided when LNG is used to displace coal-fired power generation[3].
- **Disclosure to key stakeholders.** Woodside responded to a number of disclosure requests during 2011 in relation to the impacts of the Australian Government's proposed carbon price. We also achieved significantly improved rankings under the 2011 Dow Jones Sustainability Index and the Carbon Disclosure Project.

OUR PERFORMANCE

In 2011, the greenhouse gas emissions from Woodside-operated facilities decreased by about 428,000 tonnes CO_2e to 7.9 million tonnes CO_2e. The decrease was due to planned maintenance events at the Karratha Gas Plant, retirement of the Cossack Pioneer and improvements in production reliability across the facilities we operate. Woodside's equity share of emissions was about 1.9 million tonnes CO_2e.

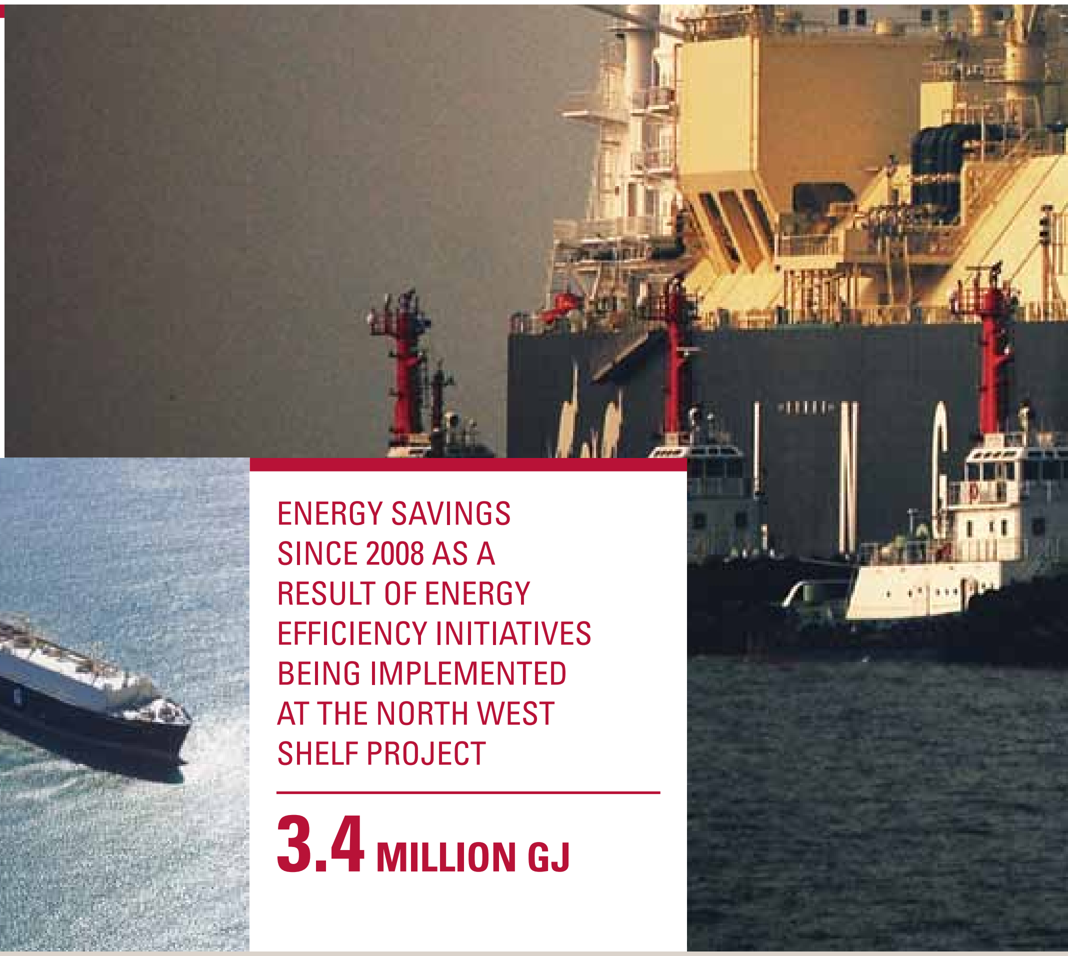
Our lower annual hydrocarbon production rates also meant that our emissions intensity increased slightly from 0.24 tonnes CO_2e per tonne of hydrocarbon production in 2010 to 0.26 in 2011.

3 WorleyParsons (2008) Greenhouse Gas Emissions Study of Australian LNG available at http://www.woodside.com.au/Our-Approach/Climate-Change/Pages/Benefits-of-LNG.aspx.

GREENHOUSE GAS EMISSIONS FROM WOODSIDE-OPERATED FACILITIES IN 2011 DECREASED BY ABOUT

428,000 T CO_2E

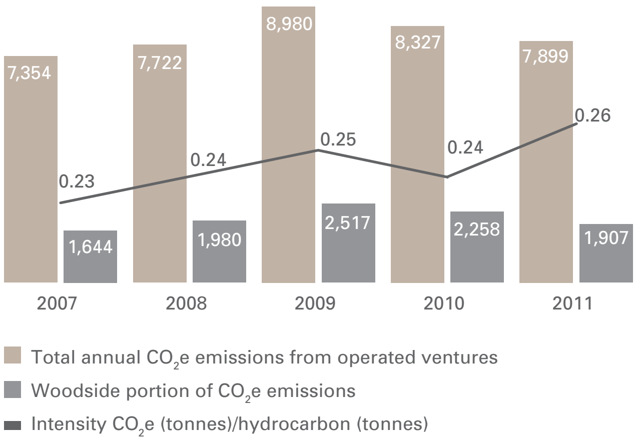
TO 7.9 MILLION T CO_2E



ENERGY SAVINGS SINCE 2008 AS A RESULT OF ENERGY EFFICIENCY INITIATIVES BEING IMPLEMENTED AT THE NORTH WEST SHELF PROJECT

3.4 MILLION GJ

CO_2e EMISSIONS INTENSITY



CASE STUDY:

AUSTRALIA'S CLEAN ENERGY LEGISLATION

The Clean Energy legislation passed through the Australian Parliament during November 2011 and will apply a price to carbon emissions in Australia from 1 July 2012. Woodside expects to have obligations under this legislation, related to carbon emissions arising from facilities in which we have an interest. Australian Government regulations to be published by July 2012 will help quantify these obligations and the corresponding financial impact to Woodside.

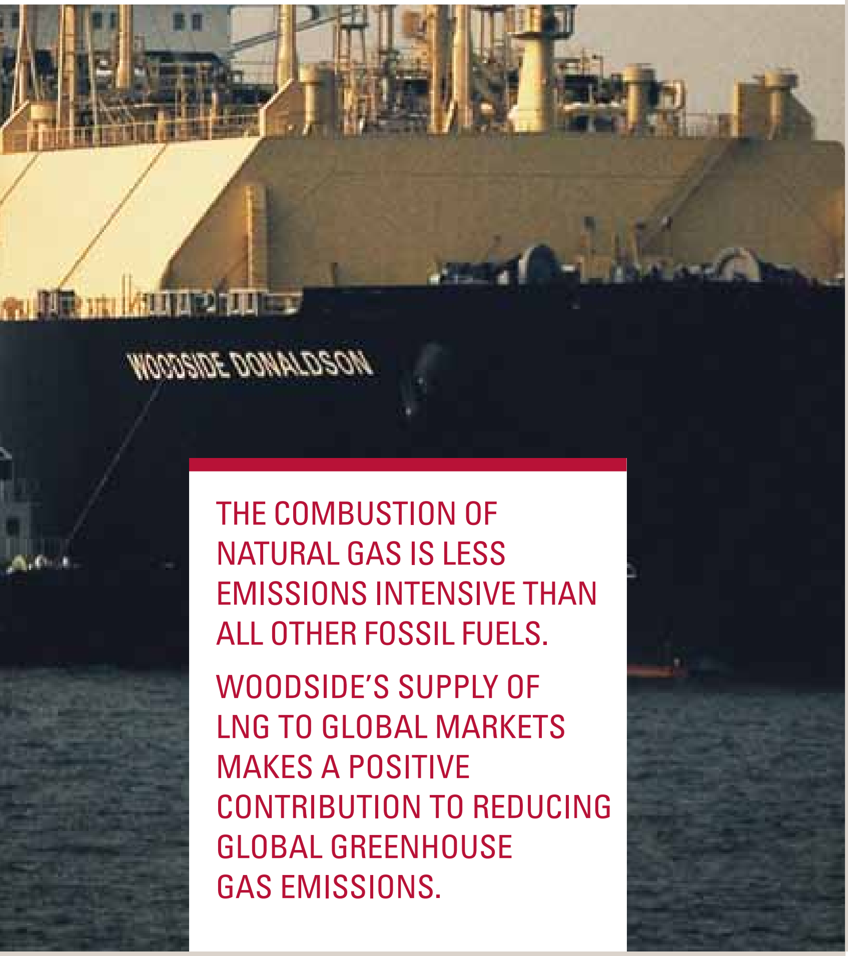
Woodside was an active participant in both the Business Roundtable on Climate Change and Industry Transitional Assistance Working Group (ITAWG) discussions that helped inform development of the Clean Energy legislation during 2011.

Woodside supports a national carbon price that:

- Streamlines existing mechanisms for regulating greenhouse gas emissions into a single, national approach;
- Reduces greenhouse gas emissions at lowest cost to the Australian economy;
- Recognises investments that have already been made to reduce emissions;
- Re-invests revenue raised from the carbon price mechanism into emissions-reducing technologies; and
- Preserves the competitiveness of Australian LNG exports.

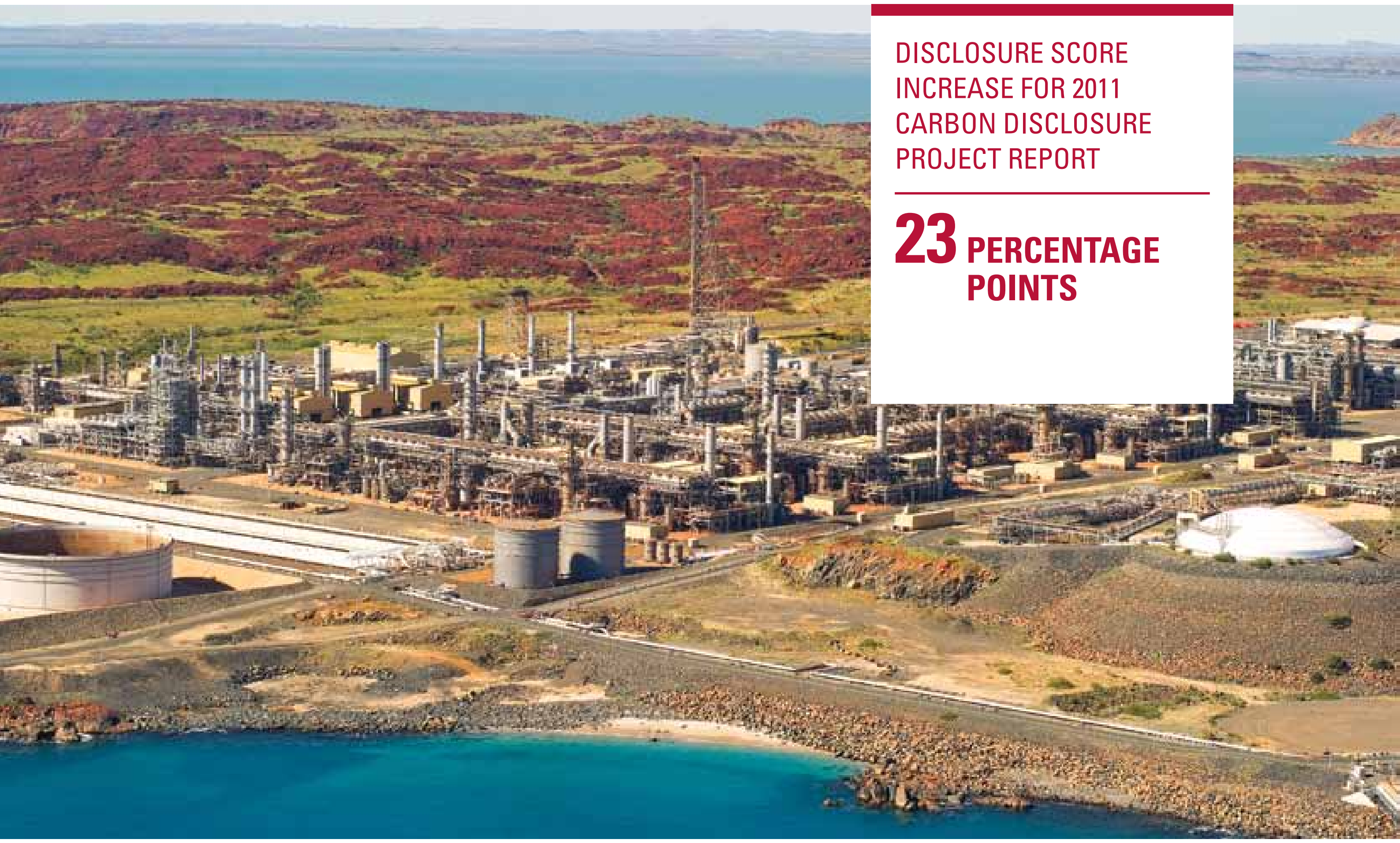
We are continuing to work with the Australian Government to ensure these principles are reflected in the carbon price framework.

Woodside is focused on being ready to comply with the legislation when it comes into effect.



THE COMBUSTION OF NATURAL GAS IS LESS EMISSIONS INTENSIVE THAN ALL OTHER FOSSIL FUELS.

WOODSIDE'S SUPPLY OF LNG TO GLOBAL MARKETS MAKES A POSITIVE CONTRIBUTION TO REDUCING GLOBAL GREENHOUSE GAS EMISSIONS.



DISCLOSURE SCORE INCREASE FOR 2011 CARBON DISCLOSURE PROJECT REPORT

23 PERCENTAGE POINTS

STAKEHOLDER DIALOGUE AND DISCLOSURE

The Climate Advocacy Shareholder Group's resolution to alter Woodside's constitution was tabled at our 2011 Annual General Meeting. The resolution would require Woodside to report on our assumptions about future carbon prices and emissions regulations, and on auditor considerations regarding asset impairment resulting from a carbon price.

The Board considered the proposed resolution would involve the disclosure of confidential, commercially sensitive information such as Woodside's carbon pricing assumptions, which would be likely to have a significant adverse effect on Woodside and our shareholders. The resolution did not receive sufficient votes to be carried.

Woodside's carbon price assumptions, which are used for investment decisions and planning purposes, are based on prices set by government, likely scenarios of government requirements and associated fiscal impacts. These assumptions are reviewed and updated on a regular basis.

We already consider current and anticipated regulatory risks related to climate change as material to our business and are committed to making significant public disclosure on our carbon emissions and our management of emissions.

CASE STUDY:

CARBON DISCLOSURE PROJECT PERFORMANCE

The Carbon Disclosure Project (CDP) holds the largest database of primary corporate climate change information in the world. Thousands of organisations across the world disclose their greenhouse gas emissions, water use and climate change strategies through the CDP.

In 2011 Woodside achieved a significant improvement in our CDP result relative to its 2010 submission. The CDP assesses participants on both their disclosure and performance. We received a CDP disclosure score of 68% in 2011, up from 45% in 2010. This improvement reflects our increased disclosure relative to our 2010 report.

We received a Performance Ranking of 'B', with an 'A' being the highest possible ranking. Performance scores assess actions taken by companies to reduce emissions and respond to emerging climate change policies. A copy of our public report is available at www.cdpproject.net.

CASE STUDY:

OKHA FLARE REDUCTION INITIATIVE

The most significant opportunity to affect the emissions arising from a facility is during its design.

This principle was put into practice while designing the Okha, a Floating Production Storage and Offloading (FPSO) facility which replaced the Cossack Pioneer FPSO in September 2011.

Resource efficiency and emissions-reduction initiatives implemented on the Okha, such as flare reduction, mean that this facility is up to 30% more emissions efficient than the FPSO it replaced.

To eliminate all continuous flaring, the Okha has been fitted with a Flare and Vent Recovery System. This system avoids the need for constant burning of gas through a pilot flame. Instead gas which would otherwise be flared is contained, compressed and recycled back into the product stream.

In addition to reductions in greenhouse gas emissions that will be equivalent to 10,000 tonnes CO_2e per annum, the avoidance of flaring has led to improvements in product recovery and reduced emissions of other environmental pollutants such as oxides of nitrogen, oxides of sulphur, and particulates.

EMISSIONS EFFICIENCY IMPROVEMENT IN DESIGN OF OKHA FPSO RELATIVE TO THE COSSACK PIONEER FPSO, WHICH IT REPLACED

UP TO 30%

OUR ECONOMIC CONTRIBUTION

WOODSIDE IS COMMITTED TO DELIVERING SUPERIOR, SUSTAINABLE SHAREHOLDER WEALTH BY MAXIMISING VALUE FROM THE EXISTING FOUNDATION BUSINESS, DELIVERING VALUE FROM OUR GROWTH OPTIONS AND CAPTURING VALUE FROM SELECT OPPORTUNITIES. THE PROSPERITY OF A COMPANY SHOULD OVERFLOW TO SOCIETY THROUGH EMPLOYMENT, TRAINING, PARTNERING AND CONTRIBUTING TO THE COMMUNITY. OUR ONGOING AIM IS TO BENEFIT THE COMMUNITIES IN WHICH WE WORK AND LIVE.

KEY ECONOMIC TARGETS 2011	HOW WE PERFORMED	KEY ECONOMIC TARGETS 2012
Meet our 2011 production target guidance	2011 production of 64.6 MMboe from the foundation business was above our mid-year target guidance of 63–64 MMboe	Meet 2012 production target guidance of between 73–81 MMboe Deliver first cargo from Pluto LNG
Maintain product quality	98.8% of all gas products were on specification	Maintain product quality
Progress Indigenous participation in commercial contracting and procurement	Solid progress made during 2011, including embedding Indigenous business participation in project strategies and expansion contracts	Meet or exceed Indigenous contracting Reconciliation Action Plan commitments

Kansai Electric Power Co., Inc has 5% equity in Pluto LNG and frequently meets with Woodside to discuss cost, schedule and other matters. "We are impressed by the sincere effort Woodside puts into the issues of health, safety and the environment and trust that such effort will continue through the production phase."

Tokyo Gas Co., Ltd has been working with Woodside as a foundation upstream partner of Pluto LNG since the final investment decision was made in 2007. "Working cooperatively with this experienced operator, we have been able to overcome unexpected difficulties faced by the project. We are now looking forward to celebrating the first production of LNG with our project partners, buyers and all other stakeholders."

NAOKI FUKUDA, TOKYO GAS CO., LTD
AND NOBUHIRO FUJII, KANSAI ELECTRIC POWER CO., INC
PLUTO LNG PROJECT JOINT VENTURE PARTICIPANTS (PICTURED)

OUR APPROACH

Woodside is committed to delivering superior, sustainable shareholder wealth by maximising value from the existing foundation business, delivering value from our growth options and capturing value from select opportunities. We also deliver broad community benefits by employing high quality people, paying their wages and investing in their skills, paying taxes to governments, purchasing goods and services through our supply chain and producing products that satisfy the needs of our customers.

Our approach to economic management is broad. Our diversified portfolio of operations and products ensures that we are not reliant on any single project. We either directly operate or hold equity stakes in a wide range of operations and our product range is varied.

Our business units and functions set their goals through the annual business planning process. These plans include key performance indicators against a range of financial and non-financial measures, and set the expected level of performance. The consolidated plans provide a company-wide view of non-financial and financial goals, including production, expenditure and financial targets.

MARKET OUTLOOK

Global demand for LNG is growing strongly, with broad estimates that the world needs approximately 15 million tonnes of new LNG supply each year to meet expected growth in demand and to replace declining production from some legacy projects.

The Asia-Pacific region will continue to be our core regional market. Japan, the Republic of Korea and Taiwan are expected to make up more than 50% of total LNG consumption until around 2015, with China and India taking an increasing proportion. New customers are likely to emerge in the region, including in Indonesia and Malaysia, which have traditionally been LNG exporters.

Global demand growth accelerated in 2011 following the Fukushima nuclear crisis in Japan. It dramatically reduced nuclear power generation capacity and triggered an immediate increase in demand for LNG from Japanese customers. It also led to energy policy reviews in many countries that are expected to reduce the role of nuclear energy and further increase demand for gas and LNG.

Australia is widely recognised for its potential to play a large role in meeting the global requirement for new supply. During 2011 and early 2012, six new LNG projects received final investment approval in response to the strong outlook for demand. Five of these are in Australia and one is in Indonesia. LNG projects take many years to construct and this new supply is not expected to come on-line before 2015.

NORTH WEST SHELF PROJECT DEVELOPMENT MILESTONES INCLUDE THE GREATER WESTERN FLANK PHASE 1 FINAL INVESTMENT DECISION, FIRST PRODUCTION FROM THE OKHA FPSO AND LAUNCH OF THE NORTH RANKIN B JACKET.

OFFSHORE START-UP AND ONSHORE COMMISSIONING MILESTONES WERE ACHIEVED FOR PLUTO LNG.

Additional new supply is required and Woodside is well placed to take advantage of long-term growth in the market. Woodside is established as a supplier of LNG from the North West Shelf (NWS) Project and Pluto LNG will start supplying LNG in 2012. Thanks to our Australian LNG production facilities, our proximity to Asia-Pacific markets and our relationships with customers in the region, we expect to consolidate our role as a leading operator of LNG projects in the region.

Woodside's overall marketing performance in 2011 was strong, with the NWS Project delivering 255 cargoes of LNG. Marketing of new volumes from the NWS Project during 2011 confirmed that it continues to have some of the most sought after supply in the region because of its exceptional track record for reliable supply and delivery. During 2011 we also saw growth in both LNG trading and shipping for Woodside.

2011 SALES REVENUE

US$4,802 MILLION

INCREASE OF 14.5% ON 2010

OUR PERFORMANCE

FINANCIAL PERFORMANCE

In 2011, Woodside recorded a net profit of US$1,507 million, slightly lower than our record 2010 profit of US$1,575 million. We recorded sales revenue of US$4,802 million, which represents a 14.5% increase on 2010, largely due to higher realised prices.

Total production from our base business in 2011 was 64.6 million barrels of oil equivalent (MMboe). Although 11.1% lower than last year's production, less than one-third of this was due to natural field decline from Woodside-operated fields with the remainder due to divestments, contract expiry, project redevelopment shut-ins, higher maintenance activity and higher than normal cyclone activity. These declines were partially offset by increased reliability from NWS and Australia Oil assets.

With the landmark Pluto LNG Project due to commence production in 2012, we are very well positioned to invest in our growth strategy, which includes expansion of Pluto LNG and the Browse and Sunrise LNG developments. Gearing and debt remain at moderate levels. The additional production and cash flow from Pluto LNG will further strengthen the balance sheet.

Woodside sold its interest in the Gulf of Mexico Shelf gas assets in May 2011 and its involvement in the Ohanet Risk Sharing Contract came to an end in October 2011.

We invested US$3.8 billion in capital and exploration expenditure over 2011 and our operating cash flow increased by 6.6% from the previous year to US$2,242 million.

An interim dividend of US55 cents per share was paid in September 2011 and a final dividend of US55 cents per share was recently declared by the Board, resulting in a record full year dividend of US110 cents per share. The final dividend will be paid on 4 April 2012.

Further information on our financial performance is available in our 2011 Annual Report.

ECONOMIC CONTRIBUTION

Woodside's total expenditure in 2011 was approximately US$4.7 billion. While a large majority of this was attributable to the Pluto LNG Project, there was also significant expenditure on exploration, various NWS Project developments and on the proposed Browse LNG Development.

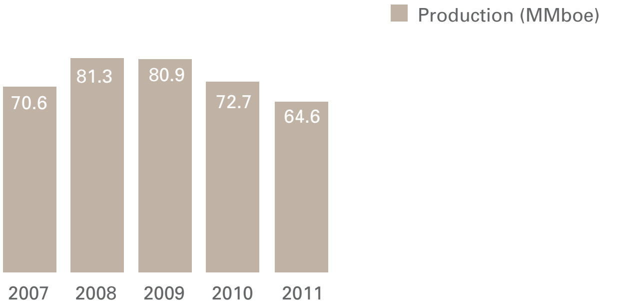
About 70% of this amount was spent in Australia on materials, goods and services purchased, employee payroll and training, and capital and exploration expenditure. An improved method of calculating local expenditure was developed in 2011. Our 2010 Australian expenditure using the same calculation methodology was 71%.

In 2011, we paid approximately US$1 billion in royalties, excise and taxes to governments, most of which was paid to the Australian Government.

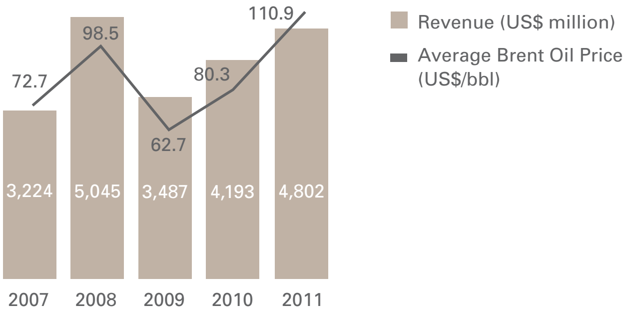
Dividends to the value of about US$866 million were paid to shareholders in 2011.

Woodside did not receive significant financial assistance from any governments in 2011.

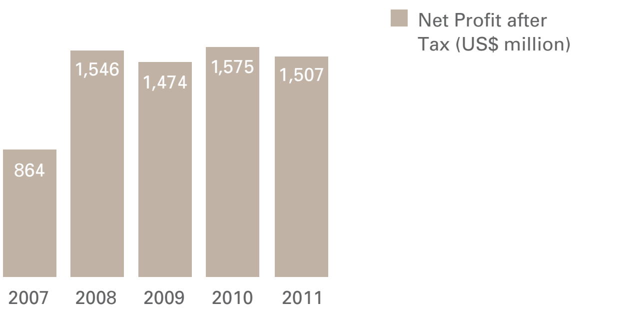
PRODUCTION VOLUMES



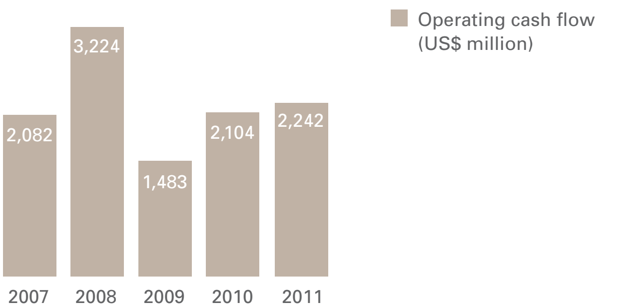
SALES REVENUE AND AVERAGE OIL PRICE

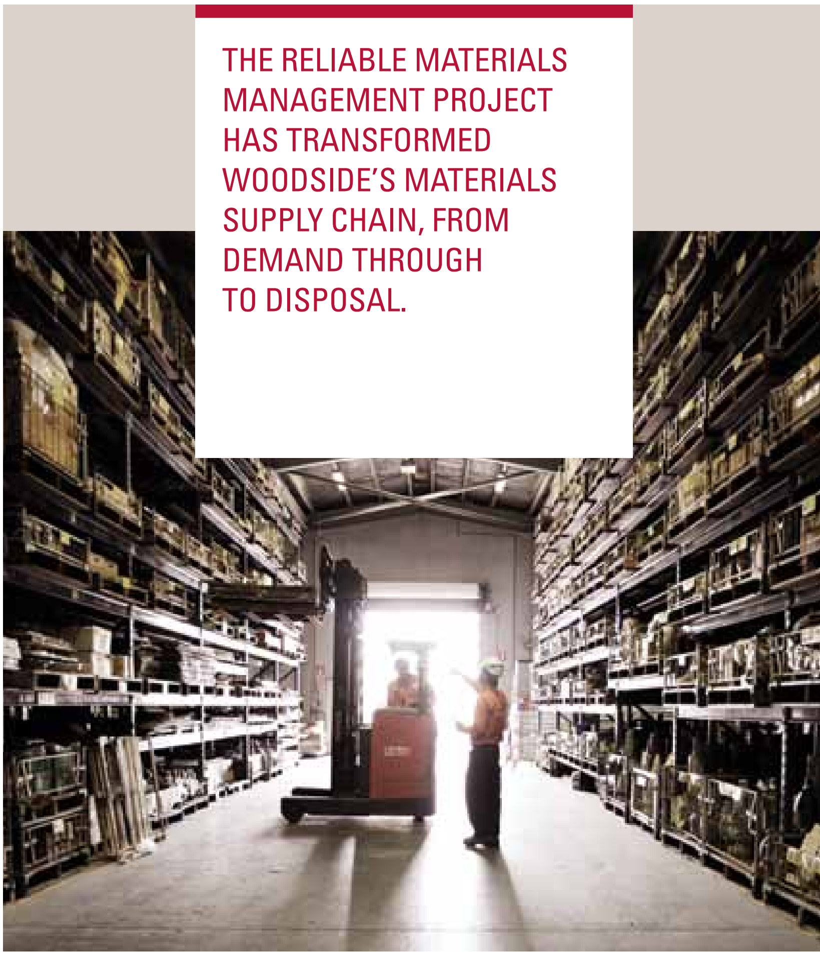


REPORTED NET PROFIT AFTER TAX



OPERATING CASH FLOW





THE RELIABLE MATERIALS MANAGEMENT PROJECT HAS TRANSFORMED WOODSIDE'S MATERIALS SUPPLY CHAIN, FROM DEMAND THROUGH TO DISPOSAL.

SUPPLY CHAIN

Working alongside suppliers who operate sustainably is integral to Woodside's success. We seek to develop long-term relationships with our suppliers that further enhance our reputation, support our licence to operate and benefit our communities. Our suppliers are required to meet high standards in terms of human rights, health, safety and environmental management and local and Indigenous employment.

FOSTERING A RESPONSIBLE SUPPLY CHAIN

Our suppliers are bound by our Code of Conduct. Failure to comply may result in consequences, which can include suspension and termination of contracts or agreements.

Before beginning work on major contracts, suppliers may be required to produce an approved Employee Relations Management Plan. These plans have to cover discipline and termination procedures and wage rates and conditions. We also require that suppliers have a health, safety and environmental management system.

Where relevant, we also require suppliers to develop and deliver:

- Local industry participation plans;
- Indigenous employment strategies;
- Effective, job-specific environment management plans; and
- Contract-specific health and safety management plans.

We carry out compliance audits on our supply chain on an ad hoc basis. These audits required that our suppliers demonstrate they are meeting required standards. Contractors who fail to meet these standards are subject to dispute mechanisms and must rectify any deficiencies.

In 2011 our internal audit team completed two major contract audits and one in-house contract review. An audit of contractor implementation procedures was also undertaken during the reporting period.

More information on our supply chain is available *on our website.*

LOCAL PROCUREMENT

Woodside is able to deliver significant economic benefits to the communities and regions in which we operate by supporting local businesses. Our policy is to maximise local industry participation where it proves capable and competitive on the basis of health, safety, environment, quality, cost and delivery.

A Local Industry Participation Plan is developed in the planning stage for all major projects, and cascaded down to specific plans for major work packages.

We are developing a new Local Industry Participation procedure that will:

- Clearly define to our employees and suppliers what we mean by local content;
- Document how the local content process works;
- Require contractors to define local content targets and obligations in their tenders; and
- Introduce new reporting requirements for contractors on how effectively they meet their local content obligations.

New procedures are being developed for the proposed Browse LNG Development in 2011 and 2012, which will then be rolled out to the rest of our business.

CASE STUDY:

RELIABLE MATERIALS MANAGEMENT

2011 WOODSIDE SUSTAINABLE DEVELOPMENT AWARD WINNER FOR THE ECONOMIC CONTRIBUTION CATEGORY AND PEOPLE'S CHOICE AWARD

The Reliable Materials Management (RMM) Project, which transformed Woodside's end-to-end materials management process and delivered significant financial and environmental benefits, has won a series of awards in 2011 including:

- Merit Award – Logistics Association of Australia (Innovation Category);
- Delegate's Choice Award – New Generation Supply Chain Summit; and
- Runner-up – Supply Chain and Logistics Association of Australia – National Awards (Innovation Category).

The project achieved substantial results including:

- Estimated one-off savings of A$53.9 million and further savings of A$88.2 million over the next ten years; and
- A clean-up of warehouses and other sites and the removal of thousands of tonnes of potentially dangerous chemicals and waste.

The RMM Project was actually comprised of 47 interdependent projects and more than 250 discrete activities, implemented between July 2009 and December 2010. The project's overall objective was to provide standardisation, simplification and stability in four major focus areas: supply chain strategy, warehousing and distribution, inventory management and demand management.

With almost 400 people simultaneously involved at its peak, RMM required significant coordination and cooperation to deliver end-to-end improvement.

CASE STUDY:

ADVANCED THREE-DIMENSIONAL WAVE BASIN MODELLING FOR OPTIMISATION OF PIPELINE ROCK BERM DESIGNS

2011 WOODSIDE SUSTAINABLE DEVELOPMENT AWARD WINNER FOR THE INNOVATION AND TECHNOLOGY CATEGORY

Stabilising the export pipelines for the proposed Browse LNG Development poses quite a challenge, given the extreme cyclonic and tidal conditions the field is subject to. Our engineers have been looking at ways to reduce the social and environmental impact, as well as the cost, of this work. Advanced three-dimensional wave basin modelling has set the scene for increased efficiency. Additional testing will be conducted this year to further optimise the rock berm designs.

OUR PRODUCTION FACILITIES ACHIEVED OUR TARGET AVERAGE RELIABILITY RATE

95.2%

A MEASURE OF PLANT PERFORMANCE

PRODUCT QUALITY AND RELIABILITY

LNG quality control is a key consideration for Woodside and our customers. In 2011 we achieved an LNG 'on specification' rate of 100%.

Domestic gas supplied to the WA market has to meet a strict specification. Woodside's quality compliance rate in 2011 was 100%. Oil products are sold 'as produced' and are therefore not bound by a specification.

Reliability of supply is managed through annual delivery plans agreed with LNG customers. In 2011, we missed one LNG cargo from the NWS Project due to cyclone activity in the Pilbara region. All accepted nominations from domestic gas customers were delivered.

Woodside did not receive any fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2011.

Customer feedback and satisfaction is monitored by the account managers who liaise directly with customers. The management of customer complaints is a key accountability of account managers. Customers can escalate complaints if required. Customer feedback on product quality and reliability of supply is provided to Woodside as the operator, both formally through review meetings, and informally on a regular basis.

INNOVATION AND TECHNOLOGY

The challenge of finding and producing hydrocarbons is significant. Meeting that challenge sustainably requires smart technology, systems and people.

Each year we spend more than A$165 million on technology and innovation-related activities as part of everyday business. Our technology capabilities are world-class and we are one of only a handful of global companies with LNG expertise.

CASE STUDY:

CUSTOMER RELATIONS

Woodside has built strong relationships with its customers over 27 years of safe, reliable product supply and delivery.

We operate the NWS Project on behalf of all joint venture participants. Gas is sold jointly through agencies that act on behalf of all the participants, both internationally and domestically. The NWS Project agencies have offices in Perth, Beijing and Tokyo. Liquids are sold separately to customers by our own sales team.

Our LNG sales from our other projects are negotiated by our own sales team. The team is made up of account managers responsible for geographically based accounts across WA and many Asia-Pacific countries. Woodside has its own offices in Perth, Beijing, Seoul and Tokyo. We are the only independent Australian LNG company with direct representation in all these countries.

Our WA gas customers are gas distribution/aggregation companies, electricity producers, major industrial enterprises and gas traders. Our international gas customers are widespread and include a number of the region's leading power and gas utilities.

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 the development of long-term customer relationships.

The Pluto LNG Project start-up will extend the relationship we have with some of our key Japanese customers. Tokyo Gas Co., Ltd and Kansai Electric Power Co., Inc are joint venture participants with us in Pluto LNG as well as being the foundation customers.

While LNG is a growing part of our business, liquids (LPG, oil and condensate) currently contribute about 61% of overall group revenue. Our liquids marketing team has well developed relationships with international oil majors, national oil companies, independent refiners and petrochemical producers worldwide to facilitate the sales and deliveries.

Our approach to customer relations is based on meeting their changing needs and working with them to minimise the impact of unexpected production outcomes or unforeseen changes in demand.

Following the earthquake and tsunami that struck Japan in March 2011, rapid assistance was able to be provided to Japanese customers through flexible cargo re-scheduling and the provision of extra volumes where possible. We continue to work with our customers to help manage the situation.

To support ongoing relationships, we host customer visits to Woodside operated sites and regularly visit customers at their own facilities. Formalised exchange programs also allow customers to learn first-hand about the production and supply of LNG from the NWS Project. Companies that have participated in these programs include Tokyo Gas Co., Ltd, Kansai Electric Power Co., Inc, Osaka Gas and Korea Gas Corporation.

Woodside complies with Australian legislation regarding consumer privacy, including appropriate and lawful collection, use, disclosure and maintenance of personal information. We did not receive any complaints about breaches of privacy by our customers, or loss of data, during 2011. Our privacy guidelines are available *on our website*.

ENVIRONMENTAL PERFORMANCE

	2011	2010	2009	2008	2007
HYDROCARBON PRODUCTION					
Total hydrocarbon production (t)	30,931,704	35,019,658	35,851,818	32,447,281	31,393,815
Woodside-share of hydrocarbon production (t)	6,556,460	9,070,200	9,887,859	9,356,885	8,455,202
EMISSIONS					
GREENHOUSE GAS EMISSIONS					
Total CO_2 equivalent (t)	7,898,603	8,326,529	8,979,762	7,722,314	7,354,273
Woodside-share of CO_2 equivalent (t)	1,907,332	2,258,013	2,516,990	1,979,544	1,643,829
Intensity (CO_2e (t) per t of hydrocarbon production) (total operated)	0.26	0.24	0.25	0.24	0.23
FLARED GAS					
Total flared gas (t)	246,170	326,500	343,224	309,741	297,509
Woodside-share of flared gas (t)	78,945	125,838	149,783	115,744	102,444
Intensity (flared gas (t) per kt of hydrocarbon production) (total operated)	8.0	9.3	9.6	9.5	9.5
VOLATILE ORGANIC COMPOUNDS					
Total VOCS (t)	25,116	17,674	17,364	13,617	15,707
Woodside-share of VOCS (t)	4,683	3,593	3,763	2,980	3,433
OXIDES OF NITROGEN EMISSIONS					
Total NOx emissions (t)	15,397	18,295	19,120	15,333	13,296
Woodside-share of NOx emissions (t)	3,790	5,042	5,645	4,398	3,313
OXIDES OF SULPHUR EMISSIONS					
Total SOx emissions (t)	476	381	525	445	301
Woodside-share of SOx emissions (t)	332	153	241	294	108
OZONE DEPLETING EMISSIONS					
Total CFC11 equivalent (t)	0.12	0.18	0.12	0.02	0.10
Woodside-share of CFC11 equivalent (t)	0.04	0.03	0.02	0	0.02
RESOURCE USE					
ENERGY CONSUMPTION					
Total energy consumption (TJ)	110,814	115,660	114,948	105,302	85,200
Woodside-share of energy consumption (TJ)	25,495	26,043	26,127	22,935	19,104
Intensity (energy consumption (TJ) per kt of hydrocarbon production) (total operated)	3.6	3.3	3.2	3.2	2.7
WATER USAGE					
Fresh water use (m^3)	493,616	351,325	347,600	423,762	400,399
DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (TJ)					
Gas	107,862	Not previously reported			
Oil	4,094				
Total direct energy consumption	111,956				
INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (TJ)					
Electricity	68	Not previously reported			
Total indirect energy consumption	68				
TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL[2]					
HAZARDOUS WASTE					
Total disposed waste (t)	1,178	1,839	1,107	4,260	2,527
Total recycled waste (t)	2,568	1,407	716	250	554
NON-HAZARDOUS WASTE					
Total disposed waste (t)	4,466	2,165	5,040	1,684	1,319
Total recycled waste (t)	1,242	1,979	2,217	466	312

	2011	2010	2009	2008	2007
ENVIRONMENTAL INCIDENTS					
Total number of environmental incidents reported to regulators	6	4	8	21	20
Oil spills (litres)[2]	800				
Other spills (e.g. chemical) (litres)[2]	4,100				
FINES					
Total number of environmental fines and penalties	0	0	0	0	1

1 In 2009 our understanding of disposed and recycled waste improved through vendor record keeping.

2 Previously reported by number of spills.

NOTES AND DEFINITIONS

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	Environment incidents reported to regulators and/or those that contributed to our Good Day Frequency measure.
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.
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

Woodside has completed assessments for each of the facilities it operated during the first five-year cycle of the EEO program, covering the period 2006–2011. The total energy saved from implemented opportunities across our facilities is approximately 4.8 million gigajoules a year. This is approximately 3.5% of Woodside's total energy consumption. The table below details the energy use of facilities at the end of the Energy Efficiency Opportunities final reporting period. Additional details can be found in Woodside's 2011 public EEO report available *on our website.*

NAME OF GROUP MEMBER, BUSINESS UNIT, KEY ACTIVITY OR SITE ASSESSED	PERIOD OVER WHICH THE ASSESSMENT WAS UNDERTAKEN	ENERGY USE ASSESSED (GJ)	ENERGY USE IN CURRENT REPORTING PERIOD (GJ)
Cossack Pioneer FPSO	March 2007 – June 2008	2,388,000	3,126,351
Northern Endeavour FPSO	September 2007 – June 2008	1,946,000	2,236,346
Nganhurra FPSO	January 2008 – December 2008	2,991,000	3,407,202
Goodwyn A Platform	December 2007 – December 2008	2,727,000	3,008,871
North Rankin A Platform	February 2008 – March 2009	2,487,000	2,408,574
KGP	September 2007 – June 2011	99,098,000[3]	120,747,573
Angel Platform	January 2010 – December 2010	353,000	406,942
Ngujima-Yin FPSO	January 2010 – December 2010	8,788,000	4,841,896
Corporate offices	N/A	Nil	36,898
TOTALS		**120,778,000**	**140,222,653**

3 Accounting for representative assessments at KGP.

SOCIAL PERFORMANCE

	2011	2010	2009	2008	2007
HEALTH AND SAFETY					
WORKFORCE EXPOSURE (HOURS)					
Employees	8,320,623.05	7,563,720	7,170,520	7,026,240	7,316,938
Contractors	20,937,695.90	22,035,351	52,781,386	30,748,010	24,851,572
Total	29,258,318.95	29,599,071	59,952,906	37,774,249	32,168,510
NUMBER OF INCIDENTS					
Fatalities	0	0	0	0	1
Total recordable cases[1]	140	177 (151)	229 (199)	187 (164)	155 (131)
Lost workday cases[1]	20	28 (21)	41 (33)	39 (34)	25 (24)
High potential incidents	35	54	40	43	42
Total recordable occupational illnesses	18	26	30	23	24
FREQUENCY RATES[2]					
Total recordable case frequency	4.78	5.98 (5.1)	3.82 (3.3)	4.95 (4.3)	4.82 (4.1)
Lost workday case frequency	0.68	0.95 (0.7)	0.68 (0.6)	1.03 (0.9)	0.78 (0.8)
High potential incident frequency	1.20	1.82	0.67	1.14	1.31
Total recordable occupational illness frequency	0.62	0.88	0.50	0.61	0.81
TOTAL RECORDABLE CASE FREQUENCY BY REGION[2]					
Australia	4.82				
Middle East	0				
Africa	0				
Asia	5.09				Not previously reported
Europe	0				
USA	0				
Overall frequency	4.78				
TOTAL RECORDABLE OCCUPATIONAL ILLNESS FREQUENCY BY REGION[2]					
Australia	0.63				
Middle East	0				
Africa	0				
Asia	0				Not previously reported
Europe	0				
USA	0				
Overall frequency	0.62				
LOST DAYS BY REGION					
Australia	1,027				
Middle East	0				
Africa	0				
Asia	0				Not previously reported
Europe	0				
USA	0				
Total	1,027				
LOST DAYS BY GENDER (NUMBER OF CALENDAR DAYS UNABLE TO BE WORKED)					
Male employees	94				
Female employees	0				
Male contractors	932				Not previously reported
Female contractors	1				
Total	1,027				

	2011	2010	2009	2008	2007
NUMBER OF INJURIES BY GENDER					
Male employees	15				
Female employees	2				
Male contractors	98	Not previously reported			
Female contractors	7				
Total	122				
OCCUPATIONAL ILLNESSES BY GENDER					
Male employees	2				
Female employees	0				
Male contractors	11	Not previously reported			
Female contractors	5				
Total	18				
TRAINING TIME SPENT ON HEALTH AND SAFETY BY REGION (HOURS)					
Australia	6,908.5				
Middle East	0				
Africa	0				
Asia	344	Not previously reported			
Europe	0				
USA	0				
Total	7,252.5				
SIGNIFICANT LOSS OF CONTAINMENT (LOC) EVENTS					
Total	2	8	47	Not previously reported	
MAJOR LOC EVENTS					
Total	1	1	4	Not previously reported	
GOOD DAY FREQUENCY (GDF)	0.957	Not previously reported because the GDF was adopted as a new performance indicator in late 2010. Refer to page 34 for information about how GDF is calculated.			

All injuries and illnesses are classified for work-relatedness and severity in accordance with OSHA Regulations – Record Keeping – Standard No: 1904.

1 In 2011 Woodside adjusted the calculation of total recordable cases (TRC) and lost workday cases (LWC) to include illnesses. All figures reported for TRC, LWC and their respective frequencies use the new methodology. The figures in parentheses above reflect the previously publicly reported data.

2 Frequency rates are calculated per million hours worked.

SOCIAL PERFORMANCE continued

	2011	2010	2009	2008	2007
PEOPLE					
NUMBER OF EMPLOYEES					
Male	2,822	2,688	2,341	2,242	2,179
Female	1,034	962	878	882	802
Total	3,856	3,650	3,219	3,124	2,981
NUMBER OF CONTRACTORS	734	1,198	1,139	1,491	1,075
NUMBER OF STAFF BY EMPLOYMENT TYPE					
Permanent	3,375	3,166	2,782	2,601	2,484
Fixed term	276	308	276	388	381
Part time	205	176	161	135	116
Total	3,856	3,650	3,219	3,124	2,981
NUMBER OF STAFF BY REGION					
Australia	3,679	3,499	3,058	2,829	2,537
Middle East	0	–	1	2	4
Africa	0	4	21	125	278
Asia	72	62	34	27	22
Europe	21	3	18	37	29
USA	84	82	87	104	111
Total	3,856	3,650	3,219	3,124	2,981
WOODSIDE STAFF AGE DISTRIBUTION (YEARS)					
≤ 20 (male)	8	Not previously reported			
≤ 20 (female)	8				
21–30 (male)	383				
21–30 (female)	307				
31–40 (male)	886				
31–40 (female)	383				
41–50 (male)	888				
41–50 (female)	235				
51–60 (male)	568				
51–60 (female)	86				
60+ (male)	89				
60+ (female)	15				
INDIGENOUS WORKFORCE[1]					
Employees	84	58[2]	36	32	29
Pathways	64	49	33	28	15
Contractors construction	83	128	137	109[3]	74[3]
Total	231	230	206	169	118
EMPLOYEE TURNOVER (NUMBER)					
Total	379	204	201	296	333
Male employees	243	Not previously reported			
Female employees	136	Not previously reported			
VOLUNTARY TURNOVER (NUMBER)	262	189	155	254	288
TURNOVER BY REGION (NUMBER)					
Australia	335	Not previously reported			
Middle East	0				
Africa	4				
Asia	2				
Europe	0				
USA	38				

	2011	2010	2009	2008	2007
EMPLOYEE TURNOVER BY AGE GROUP (YEARS)					
≤20	5	Not previously reported			
21–30	97				
31–40	104				
41–50	88				
51–60	68				
60+	17				
RETURNING FROM MATERNITY LEAVE (PERCENTAGE)	92	90	81	80	81
TRAINEESHIP AND APPRENTICESHIP PROGRAM (NUMBER)	104	104	88	101	81
EMPLOYEES IN GRADUATE PROGRAM (NUMBER)	142	135	136	139	134
SOCIAL INVESTMENT					
SOCIAL INVESTMENT (A$)	7,711,306	4,912,333	6,088,074	5,286,603	7,600,000

1 Indigenous employment data is based on declarations provided by employees and contractors.

2 Indigenous employee numbers for 2010 and 2011 have been reclassified to include Indigenous cadets.

3 Categorisation of workforce type was reviewed in 2009.

NOTES AND DEFINITIONS

HEALTH AND SAFETY	
Total Recordable Case Frequency (TRCF)	This frequency rate includes Total Recordable Injuries + Total Recordable Illnesses and is calculated using the following formula: Total # Injuries + Total # of Illnesses x 1,000,000/Total # of hours worked. Total Recordable is defined as the sum of all Fatalities, Lost Workday Cases, Restricted Workday Cases and Medical Treatment Cases. It does not include First Aid Cases.
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 (HPI)	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.
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 such as inhalation, absorption, ingestion of, or direct contact with, as well as exposure to, physical and psychological situations.
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. Lost workdays are counted as the total number of calendar days 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 i.e. work activities regularly performed at least once a week. Restricted workdays are counted as the total number of calendar days from the day of the injury/occupational illness where the person was unable to return to work in their full capacity.
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 workday duties but undergoes treatment beyond first aid by a doctor or other licensed health care professional.

Occupational illness frequency by region	This frequency rate includes Total Recordable Illnesses ONLY i.e. the sum of all occupational illness related Fatalities, Lost Workday Cases, Restricted Workday Cases and Medical Treatment Cases. It does not include First Aid Cases. Total number of occupational illness cases = 18 4 x heat stress cases 3 x skin exposure to chemicals cases 1 x decompression illness 10 x occupational overuse cases
Lost days by region	The count of lost days begins on the day immediately after the day of injury/illness. It includes the total number of calendar days that were not able to be worked for injuries and illnesses. It does not include days lost for two cases where information on number of lost days was unavailable at the time of reporting. For the purposes of calculation each of these has been counted as one day lost. There were 20 Lost Workday Cases which contributed to 1,027 days being lost.
Training time spent on health and safety by region (hours)	Includes Woodside in-house training courses only. Training records for third party contractors have not been collated by Woodside. Does not include health and safety site or office inductions. Does not include Helicopter Underwater Escape Training (HUET) or external training courses.
Number of injuries by gender	Rates of injury are not able to be calculated by gender as Woodside does not collect exposure hours by gender. The figure expressed in this report is the number of recordable injuries only – it does not include First Aid Cases or illnesses.
Occupational illnesses by gender	Rates of illness are not able to be calculated by gender as Woodside does not collect exposure hours by gender. The figure expressed in this report is the number of recordable illnesses only – it does not include First Aid Cases or injuries.

PEOPLE

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.
Social investment	2011–2008 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 data is presented on an estimate basis. The LBG verified data includes donations, community investment and commercial initiatives. The 2007 data was inclusive of expenditure that does not meet LBG definitions. For more information please visit www.lbg-australia.com.

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INDEPENDENT REASONABLE ASSURANCE STATEMENT TO THE MANAGEMENT AND DIRECTORS OF WOODSIDE ENERGY LTD ('WOODSIDE')

We have performed reasonable assurance procedures in relation to Woodside's 2011 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 reasonable 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 reasonable 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's Sustainability Reporting Guidelines Version 3.1 ('GRI G3.1') in conducting our reasonable assurance procedures, as described below.

These procedures have been undertaken to provide a conclusion as to whether the subject matter detailed below, and as presented in the Woodside 2011 Sustainable Development Report, is presented, in all material respects, in accordance with the criteria as presented below for the period 1 January 2011 to 31 December 2011 (within the boundaries described in the Report). Our responsibility did not include:

- Any work in respect of information reported outside of Woodside's 2011 Sustainable Development Report (printed version), such as Sustainable Development information published on Woodside's website;
- Review of Management's forward looking statements; or
- Assessing whether the Report is in accordance with all of the requirements of GRI G3.1 or whether any application level prescribed by the GRI G3.1 has been achieved.

LEVEL OF ASSURANCE

A reasonable assurance engagement consists of making enquiries and applying analytical and other reasonable assurance procedures. 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 the subject matter detailed below, and as presented in the Woodside 2011 Sustainable Development Report, is presented, in all material respects, in accordance with the criteria as presented below for the period 1 January 2011 to 31 December 2011 (within the boundaries described in the Report).

SUBJECT MATTER

The subject matter for the Woodside 2011 Sustainable Development Report reasonable assurance engagement includes published information relevant to the year ending 31 December 2011 for the activities of the Woodside group of companies specifically related to the following five material areas as they relate to performance claims relevant to the 2011 calendar year:

- Cumulative social environmental and economic risks and impacts of large scale-resources projects in the communities and regions in which Woodside operates
- Industry labour shortages and Woodside's attraction and retention of staff
- Woodside's contribution to the regional development of the Pilbara
- Climate Change
- Economic, social and environmental impacts in the Kimberley

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

Ernst & Young

CRITERIA

In relation to the determination of appropriate report content we have evaluated the subject matter against Woodside's application of the GRI G3.1 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 contribution to the improvement or deterioration of economic, environmental, and social conditions, developments, and trends at the local, regional, or global level?

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?

We have evaluated the subject matter against Woodside's application of the GRI Principles for Ensuring Report Quality of: balance; comparability; accuracy; timeliness; clarity; and reliability; to the relevant metrics of the five material areas.

PROCEDURES UNDERTAKEN

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

» Assessing Woodside's process to determine material issues and reporting against these;

» 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;

» Assessing the organisation's responsiveness and awareness of material issues, through reviewing Woodside's policies, processes and targets, and communication of responses to stakeholders;

» Where relevant, performing walkthroughs of systems and processes for data aggregation and reporting;

» Performing tests of details and substantive testing for the five material areas identified;

» Checking the accuracy of calculations performed;

» Comparing year on year data;

» 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.

We have performed a site visit at Woodside's Karratha and Roebourne offices.

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 reasonable assurance procedures as described in this statement, the subject matter as presented in the Woodside 2011 Sustainable Development Report, is presented, in all material respects, in accordance with the criteria detailed above.

Ernst & Young

Ernst & Young
22 February 2012
Perth

INDEPENDENT ASSURANCE

ERNST & YOUNG

Ernst & Young provided limited assurance over our 2010 Sustainable Development Report, with no qualifications. Their scope was limited to the material issues covered in our 2010 Report. They found that nothing came to their attention that caused them to believe that the subject matter of the report was not presented fairly, and calculated in all material respects in accordance with their scope of assurance.

In 2011 we requested that Ernst & Young expand their independent reporting oversight to provide reasonable assurance over our report. Reasonable assurance is a higher level of assurance which requires Ernst & Young to obtain sufficient and appropriate evidence to reduce the risk of material misstatement across the whole report to an acceptably low level. The risk of material misstatement is lower in a reasonable assurance engagement than in a limited assurance engagement and is designed to enhance the intended users' confidence about the sustainability report.

LONDON BENCHMARKING GROUP

STATEMENT OF VERIFICATION

LBG AUSTRALIA & NEW ZEALAND

LBG AUSTRALIA/NEW ZEALAND 2012

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. As managers of LBG Australia/New Zealand, Haystac has worked with Woodside Energy Ltd to verify 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 and LBG Australia/New Zealand Director

Yvonne Choong
LBG Australia/New Zealand benchmarking manager

CONTINUOUS IMPROVEMENT

We have taken into account the evolving expectations of our stakeholders in preparing this report. We engaged sustainability reporting specialists Net Balance, to review our 2010 report and to benchmark us against our peers. That review informed production of this report. Net Balance assisted us in drafting the report and in applying international reporting guidelines to it.

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 kilometres 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.*
iSSoW	Integrated Safe System of Work.
KGP	Karratha Gas Plant.
KPI	Key Performance Indicators.
LBG	London Benchmarking Group.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas.
NGER	The *National Greenhouse and Energy Reporting Act 2007* (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.
RAP	Woodside's Reconciliation Action Plan.
WMS	Woodside Management System. This is the company's structured governance framework.

UNITS

A$	Australian dollars unless otherwise stated
bbl	barrel
boe	barrel of oil equivalent
CFC	chlorofluorocarbon
CO_2e	carbon dioxide equivalent
GJ	gigajoules
kt	kilotonne
ML	megalitres
MMbbl	million barrels
MMboe	million barrels of oil equivalent
Mtoe	million tonnes of oil equivalent
Mtpa	million tonnes per annum
NOx	oxides of nitrogen
SOx	oxides of sulphur
t	tonne
TJ	terajoules
US$	US dollars unless otherwise stated
VOCs	volatile organic compounds

OUR NETWORKS AND DISCLOSURE

IN 2011 WE WERE MEMBERS OF:

» Australian Petroleum Production and Exploration Association;

» Business Council of Australia;

» Chamber of Minerals and Energy of Western Australia.

» Extractive Industries Transparency Initiative;

» International Association of Oil & Gas Producers;

» International Petroleum Industry Environmental Conservation Association;

» London Benchmarking Group; and

» World Economic Forum – Partnering Against Corruption Initiative.

WOODSIDE PROVIDES PERFORMANCE DATA FOR:

» Carbon Disclosure Project (CDP) – Since 2006 Woodside has participated in the CDP, a voluntary program which collects information about how companies are responding to the challenges posed by climate change, on behalf of institutional investors.

» 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 a gold class reporter 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.

SUSTAINABLE DEVELOPMENT REPORT 2011

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