Woodside Petroleum Ltd.
ACN 004 898 962
Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Australia
www.woodside.com.au

ASX Announcement

Thursday, 14 March 2013

2012 SUSTAINABLE DEVELOPMENT REPORT

Woodside released its 2012 Sustainable Development Report today.

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

Contacts:

MEDIA	**INVESTORS**
Laura Lunt	**Mike Lynn**
W: +61 8 9348 6874	W: +61 8 9348 4283
M: +61 418 917 609	M: +61 439 691 592
E: laura.lunt@woodside.com.au	E: investor@woodside.com.au

2012 SUSTAINABLE DEVELOPMENT REPORT

woodside

SUCCESS IS DOING WHAT'S RIGHT, EVEN WHEN IT'S NOT EASY.

Through our employees' participation in Conservation Volunteers Australia's Coastal Guardians programs, we are helping rehabilitate and protect coastal and estuarine environments.

FEEDBACK

For more information or to provide feedback, contact:

Woodside Petroleum Ltd
Woodside Plaza, 240 St Georges Terrace
Perth WA 6000 Australia

t: +61 8 9348 4000
f: +61 8 9214 2777

e: sustainabledevelopment@woodside.com.au
www.woodside.com.au

greenreports

We have partnered with Green Reports ™ in an initiative that ensures communications minimise environmental impact and creates a more sustainable future for the community.

ISO 14001

ECF chlorine free

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C113956
SCS-COC-004440

ABOUT THIS REPORT

This report reflects Woodside's commitment to working sustainably and reporting transparently.

SCOPE

This report is a summary of Woodside's sustainability approach, actions and performance for the 12 month period ending 31 December 2012. The report was approved by the Woodside Board of Directors on 14 March 2013.

Woodside Petroleum Ltd (ABN 55 004 898 962) is the parent company of the Woodside group of companies. In this report, unless otherwise stated, references to 'Woodside', the 'Company' and the 'Group' refer to Woodside Petroleum Ltd and its controlled entities.

The information in this report covers all sites and production facilities wholly owned and operated by Woodside or which have been 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 as appropriate, and does not include non-operated assets and international exploration activity.

All dollar figures in this report are expressed in US currency, unless otherwise stated.

REPORTING APPROACH

Woodside reports in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.0. We self-declare that this report complies to a B+ level of application. Where possible, we have also provided data in accordance with the G3.1 guidelines and the GRI Oil and Gas Sector Supplement. The GRI guidelines provide a globally accepted framework of principles and indicators for reporting an organisation's economic, environmental and social practices and performance.

A GRI content index which cross references the GRI indictors to the relevant sections of this report, the Annual Report and other web based information is available *on our website*.

In determining report content, we have applied the criteria of the AA1000 Accountability Principles Standard, which covers the principles of 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 pages 10-13.

Materiality

A materiality assessment was carried out in accordance with the AA1000 standard to identify and rank material issues for inclusion in this report. Issues are considered 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. The materiality assessment process and material issues identified are discussed on pages 12-13.

Responsiveness

The report aims to respond to the issues identified as material for the company. Information on our responses to stakeholder concerns about specific material issues can be found on pages 12-13.

EXTERNAL ASSURANCE

Ernst & Young has conducted reasonable assurance over our 2012 Sustainable Development Report. A copy of Ernst & Young's assurance statement is on page 58.

OUR 2012 ANNUAL REPORT

Our 2012 Annual Report is a summary of Woodside's operations, activities and financial position as at 31 December 2012. Copies of the 2012 Annual Report are available on request or from the company's website.

CONTENTS

INFORMATION AVAILABLE ONLINE

You can find out more about Woodside and sustainable development online at www.woodside.com.au.

In this report, we have indicated where additional information is available online *like this.*

ABOUT WOODSIDE

Woodside is Australia's largest independent oil and gas company, with a proud history of safe and reliable operations spanning decades.

As the largest operator of oil and gas in Australia, Woodside produces around 900,000 barrels of oil equivalent each day from a portfolio of facilities which we operate on behalf of some of the world's major oil and gas companies.

We have been operating our landmark Australian project, the North West Shelf, for 28 years and it remains one of the world's premier liquefied natural gas (LNG) facilities.

With the successful start-up of the Pluto LNG Plant in 2012, Woodside now operates six of the seven LNG processing trains in Australia, helping to meet the demand for cleaner energy from our pipeline customers in Australia and LNG customers in the Asia Pacific region and beyond.

Woodside also operates four oil floating production storage and offloading (FPSO) vessels in the Exmouth Basin, North West Shelf and Timor Sea.

The proposed development of Browse LNG near James Price Point remains under evaluation, with a final investment decision to be considered in the first half of 2013.

In 2012, we realised early value from our Browse assets by selling a minority portion of our equity in the development.

We continue to engage with the Timor-Leste and Australian governments on the proposed Sunrise LNG Development.

Woodside's international assets include deepwater production facilities in the Gulf of Mexico plus acreage in the USA, Brazil, Peru, Republic of Korea and the Canary Islands. In 2012 we expanded our international presence through conditional agreements to take equity in the Leviathan gas field in offshore Israel and exploration acreage in offshore Myanmar.

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 pages 130 to 132.

Woodside has almost 4,000 employees and is supported by approximately 600 third party contractors.

We strive for excellence in our safety and environmental performance and continue to strengthen our relationships with customers, co-venturers, governments and communities to ensure we are a partner of choice.

NUMBER OF BARRELS OF OIL EQUIVALENT EACH DAY (APPROX) FROM OPERATED FACILITIES

900,000

NUMBER OF LNG TRAINS OPERATED BY WOODSIDE

6 of the 7 in Australia

DELIVERED IN 2012 BY THE NORTH WEST SHELF PROJECT

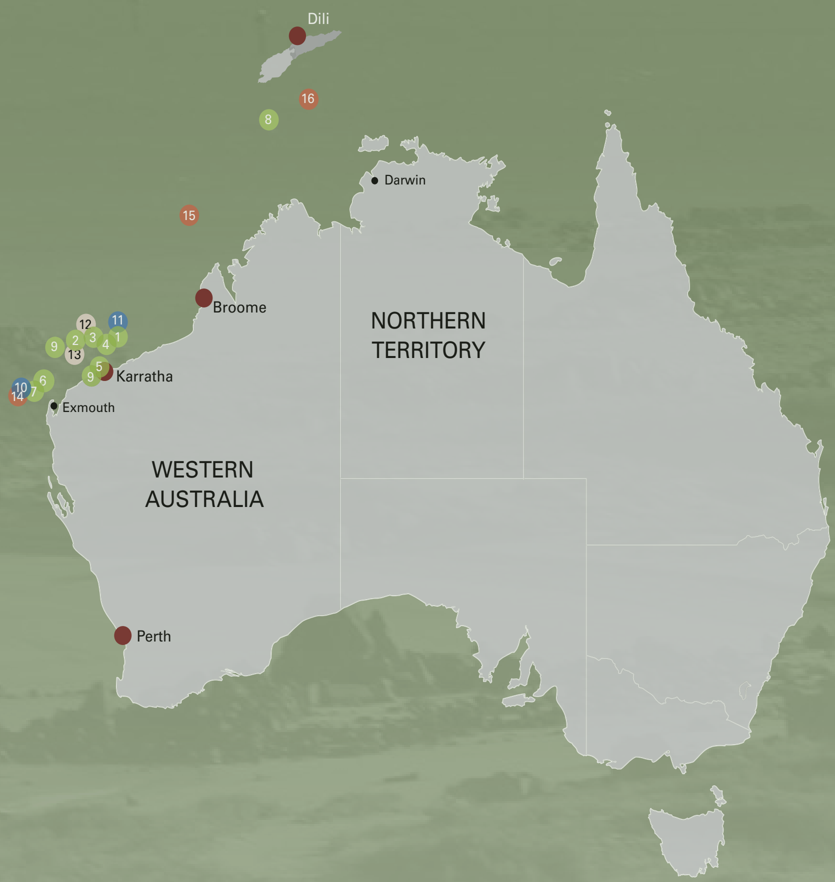
3500th LNG cargo

OUR AREAS OF ACTIVITY

	Our producing assets (operated)	Approximate location
1	Angel platform (NWS)	135 km north-west of Karratha
2	Goodwyn A platform (NWS)	
3	North Rankin A and B platforms* (NWS)	
4	Okha FPSO (NWS)	
5	Karratha Gas Plant (NWS)	28 km north-west of Karratha
6	Ngujima-Yin FPSO (Vincent oil)	45 km north-west of Exmouth
7	Nganhurra FPSO (Enfield oil)	40 km north-west of Exmouth
8	Northern Endeavour FPSO (Laminaria-Corallina oil)	550 km west north-west of Darwin
9	Pluto LNG Plant and platform (Pluto LNG)	27 km north-west of Karratha 180 km north-west of Karratha
	Our producing assets (non-operated)	
10	Stybarrow Venture MV16 FPSO (Stybarrow oil)	50 km north-west of Exmouth
11	MODEC Venture II FPSO (Mutineer-Exeter oil**)	147 km north of Karratha
	Our projects	
12	North Rankin Redevelopment (NWS)	135 km north-west of Karratha
13	Greater Western Flank Phase 1 (NWS)	130 km north-west of Karratha
	Our developments	
14	Laverda oil	50 km north-west of Exmouth
15	Browse LNG	425 km north of Broome
16	Sunrise LNG	150 km south-east of Timor-Leste and 450 km north-west of Darwin
	Woodside offices and representative offices	

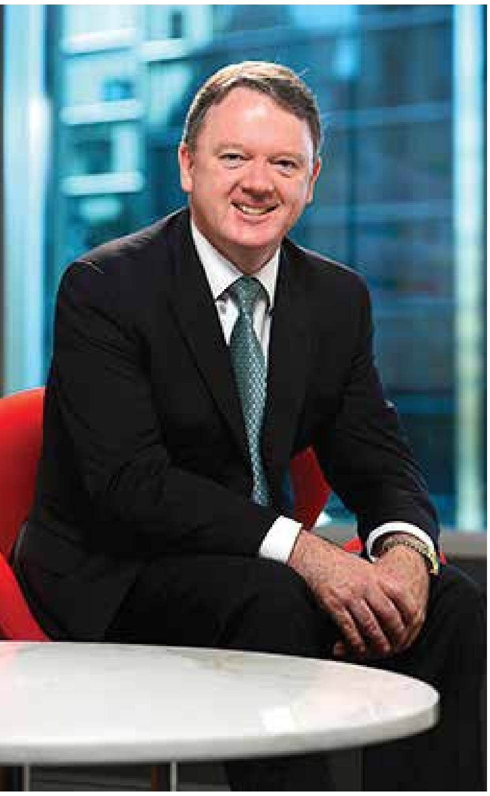
* North Rankin B platform is scheduled to start-up in 2013.

** Woodside signed a sale and purchase agreement with Santos on 21 December 2012 to sell the company's 8.2% interest in the Santos operated Mutineer-Exeter oil project with effect from 1 July 2012.



- Woodside offices and representative offices
- International production and/or exploration
- Israel and Myanmar subject to conditions

A MESSAGE FROM PETER COLEMAN



Peter Coleman
Chief Executive Officer
and Managing Director

The safe start-up of our Pluto LNG Plant and delivery of its first cargoes to foundation customers marked 2012 as a milestone year for Woodside.

Pluto LNG cements our status as a leader in Australian oil and gas, and a major supplier of cleaner energy to the Asia-Pacific region. Just as importantly, it also demonstrates Woodside's strong commitment to working sustainably.

Not only did we take Pluto LNG safely from discovery to first production within seven years, we also created more than 15,000 Australian jobs during the construction phase, including hundreds of Indigenous employment opportunities.

We committed to the largest single investment by an Australian company in a National Heritage place, through the Pluto LNG Conservation Agreement with the Australian Government.

In these and many other ways, Pluto LNG has demonstrated that success for Woodside is measured not only by what we do, but how we do it.

It has also helped to identify ways in which we can improve further to safely and sustainably deliver major growth projects including Browse and Sunrise, and expand our international portfolio.

This commitment to continuous improvement underpins the Woodside Compass, established in 2012 as part of a company-wide review of our organisational effectiveness and workplace culture. The Woodside Compass guides us towards our vision of becoming a global leader in upstream oil and gas. By connecting Woodside's core values to our mission, vision and strategic direction, it articulates our belief that ethical behaviour is inseparable from commercial success – or put more simply, it is our 'values' that deliver 'value'.

The Woodside Compass establishes Working Sustainably as one of our core values. This reflects our priority to look after our communities and the environment, and to keep each other safe.

As I reflect on how we have performed against this commitment over the past year, it is clear that we are doing well in a number of areas.

OUR COMPASS

WHO WE ARE

INTEGRITY

We are open, honest and fair. We do what we say we will do. We have the courage to do the right thing.

RESPECT

We give everyone a fair go. We listen.

WORKING SUSTAINABLY

We are here for the long term. We look after each other, our communities and the environment. We keep each other safe.

WORKING TOGETHER

We are on the same team. We build long-term partnerships.

DISCIPLINE

We play by the rules. We set goals and we hold ourselves to account.

EXCELLENCE

We achieve great results. We learn. We get better.

For example, we have met or exceeded the vast majority of targets set under Woodside's Reconciliation Action Plan, and delivered more than 100 Indigenous employment and training opportunities through the Browse Indigenous Employment and Training Strategy.

Our people continue to go above and beyond in supporting local communities through volunteering and workplace giving programs, with employee volunteering rates well above most of our peers.

In 2012 we grew our business with no significant environmental incidents during the commissioning of Pluto LNG, as well as securing State Government environmental approval for the proposed Browse LNG Development following more than four years of detailed environmental studies and impact assessments.

While recognising these and other sustainable development achievements in this report, we are also open and transparent about the areas where we need to improve.

In health and safety, we were pleased with the improvement in our Total Recordable Case Frequency but disappointed we were not able to sustain recent good results in other key indicators. When measured against global benchmarks, our health and safety performance falls short of our expectations. It's our strong belief that everyone at Woodside has a right to go home in the same condition as they started the day.

In the year ahead we must also continue striving for greater diversity within Woodside's workforce. In 2012 we achieved gender balance in Woodside's graduate intake and also improved the gender balance of our senior management succession planning. Despite this, the total percentage of women in our organisation has not increased.

In both of these areas we are focused on improving our performance. In 2012 we launched a three-year Gender Diversity Strategy, and in 2013 we will begin implementing measures to achieve global top quartile health and safety performance by 2017.

As we look ahead to 2013 and beyond, it is clear that Woodside will be operating in an increasingly dynamic and competitive oil and gas industry, both in Australia and internationally. This makes it more important than ever that sustainability underpins all aspects of our business.

A key element of this is our renewed focus on technology which has the potential to not only improve Woodside's profitability and competitiveness, but also provide greater returns to the community through a smaller environmental footprint, more efficient resource use and greater export revenue.

It is Woodside's ability to differentiate ourselves as a values-led company, and a partner of choice that looks after our people, local communities and the environment, that will create new opportunities for us to deliver superior shareholder value. In order to grow our international presence and attain our vision of being a global leader in upstream oil and gas, we must strive to meet and exceed the highest regulatory and ethical standards at home and abroad.

Collectively, Woodside and our industry peers must work harder than ever to understand and address the cumulative social and environmental impacts that our growing industry faces, and the enormous potential for us to work cooperatively in delivering benefits to the broader community.

I hope you find this report useful in understanding Woodside's approach to sustainability and our detailed performance over 2012. I would like to thank the many partners who have helped Woodside advance towards our sustainability goals over the past year, and demonstrated once again that long-term success for our company depends not simply on the oil and gas we produce, but on doing what's right.

Peter Coleman
14 March 2013

WHERE WE'RE GOING

OUR MISSION

To deliver superior shareholder returns.

OUR VISION

Our aim is to be a global leader in upstream oil and gas.

OUR STRATEGIC DIRECTION

Maintain our leading Australian position by optimising our producing assets and commercialising our growth projects and other premium opportunities.

Grow our portfolio by leveraging our core capabilities for global upstream growth.

HOW WE'LL GET THERE

PARTNER OF CHOICE

We are the premium choice for partnerships based on our distinctive capabilities, culture and track record as a great partner.

ENGAGED PEOPLE

We work for a highly regarded and successful company. We are part of a team working together for great results and have opportunities to contribute and grow.

FUNCTIONAL EXCELLENCE

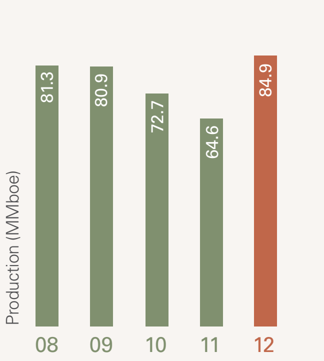
We leverage our core capabilities and the latest technology to create new opportunities and sharpen our competitive edge.

DECISION EFFECTIVENESS

We make and execute decisions in line with our business priorities and our values.

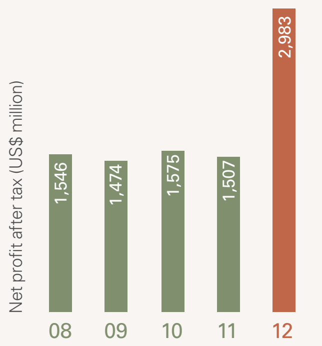
PERFORMANCE SUMMARY

Production



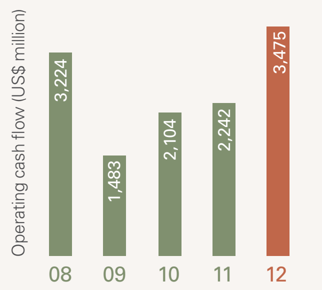
Record annual production was underpinned by the outstanding performance of the Pluto LNG Plant, together with ongoing reliability of the foundation business.

Reported net profit after tax



Record reported net profit after tax was achieved primarily due to increased 2012 production volume and the sale of a minority portion of Woodside's Browse equity.

Operating cash flow



Record operating cash flow was largely driven by increased receipts following Pluto LNG start-up.

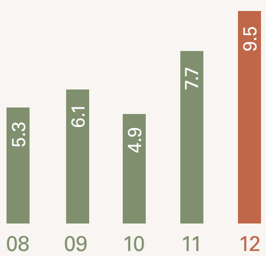
▲31%

Incease in annual production to a record of 84.9 million barrels of oil equivalent (MMboe).

▲98%

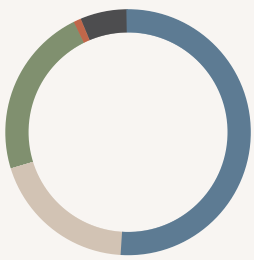
Increase in reported net profit after tax to a record of $2,983 million.

Voluntary social investment spend (A$million)



We contributed A$9.5 million worth of voluntary social investment to the communities in which we operate.

Social investment by region 2012



	%
Pilbara	20
Kimberley	6
Western Australia (other)	51
National	22
International	1

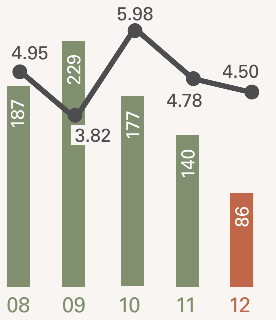
▶ 5,800 hours

Our employees contributed 5,800 volunteering hours.

▶ Two key social impact assessments completed for Browse and Pluto

With effect from 1 January 2010 Woodside adopted US dollar functional currency. All figures in this report are in US dollars unless otherwise stated. Where appropriate, comparative financial information prior to 2010 in this report has been converted from Australian dollars to US dollars using the relevant historical exchange rate.

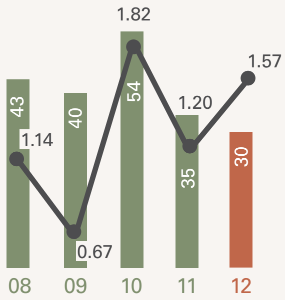
Total recordable cases



Total recordable cases

Total recordable case frequency (per million hours worked)

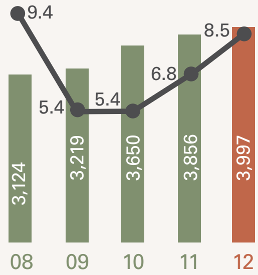
High potential incidents



High potential incidents

High potential incident frequency (per million hours worked)

Number of employees and voluntary turnover



Total employees

Voluntary turnover ratio (%)

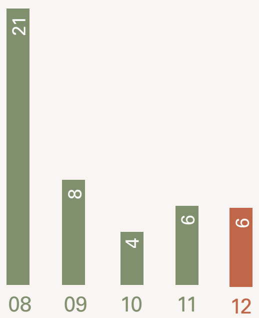
▼ 6%

Reduction in total recordable case frequency.

▲ 188%

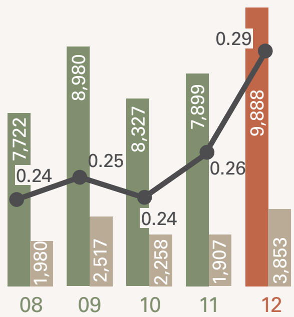
Increase in Indigenous employment since start of 2009.

Environmental incidents



Six environmental incidents were reported to regulators in 2012. Since 2008 there has been a significant decline in the number of incidents.

Greenhouse gas emissions and intensity

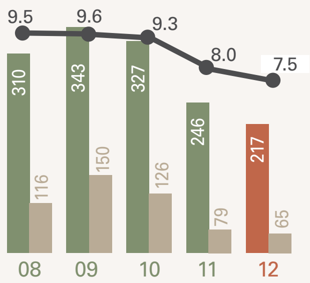


CO_2e emissions intensity (tonne/tonne hydrocarbon production)

Total annual CO_2e emissions (kilotonnes)

Woodside portion of CO_2e emissions (kilotonnes)

Flare gas and intensity
(excludes commissioning)



Flared gas intensity (tonne/kilotonnes hydrocarbon production)

Total gas flared for operated ventures (kilotonnes)

Woodside portion of flaring (kilotonnes)

▲ 11.5%

Increase in CO_2e intensity due to the commissioning of two new facilities.

▼ 6.5%

Reduction in flared gas intensity from operated ventures (excluding commissioning).

OUR APPROACH TO SUSTAINABILITY

Sustainability at Woodside is about being here for the long term. It's about respecting the environment and the communities we work in and keeping each other safe.

Sustainable development is core to Woodside's business strategy. It involves balancing short and long-term interests and integrating health and safety, environmental, social and economic considerations into our decision-making.

In 2012 we refreshed our mission, vision and values. Working Sustainably is now one of our six core values. The others are Integrity, Respect, Working Together, Discipline and Excellence.

Our recently revised Manual of Authorities (MoA), through which the Chief Executive Officer delegates authority for key financial and non-financial decisions at Woodside, emphasises the importance of our values in decision-making. Authority to make decisions must be exercised in accordance with our values.

Our approach to sustainability is incorporated in our policies and Code of Conduct. It is also integrated into the Woodside Management System (WMS).

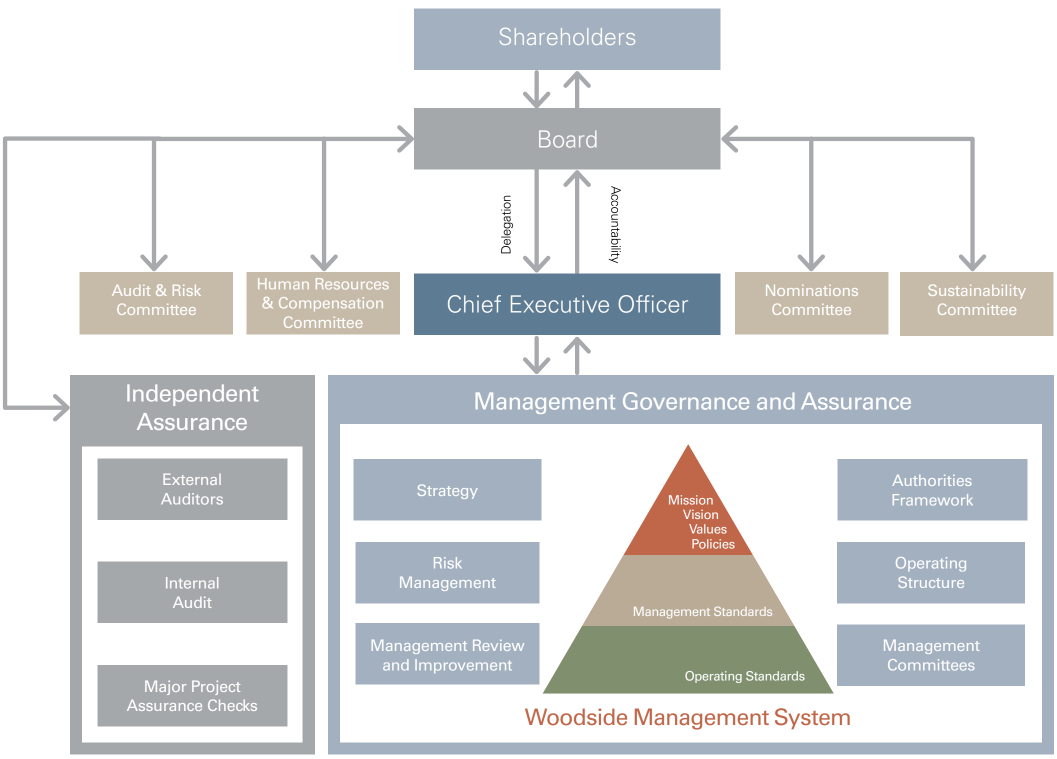
The WMS provides a structured governance framework across all Woodside sites and locations with defined accountabilities and performance requirements for Woodside's managers, employees and contractors.

Woodside's policies and Code of Conduct are available *on our website*.

Woodside's sustainability performance in 2012 was linked to remuneration through the Good Day Frequency performance indicator which accounted for 25% of the company scorecard and helped determine the annual short-term incentive award for employees and executives. The Good Day Frequency took into consideration injuries and occupational health, the potential for major accident events, environmental incidents and any overdue corrective actions arising from audits.

Woodside Corporate Governance Model

The Woodside Management System sets out mandatory minimum performance requirements and the boundaries within which our managers, employees and contractors are expected to work.



OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Woodside's Board of Directors has oversight of the company's management and business activities. The Board's Sustainability Committee assists it to meet its oversight responsibilities in relation to the company's sustainability policies and practices. The duties of the Committee include reviewing and making recommendations to the Board on Woodside's policies and performance in relation to health, safety, process safety, the environment, heritage and land access, security and emergency management and community relations.

The Sustainability Committee is comprised of five independent, non-executive directors. The Committee met six times in 2012. Information on the Sustainability Committee and key activities undertaken by the Committee during the year are provided on page 45 of Woodside's 2012 Annual Report which is available *on our website*.

The Sustainability Committee reviewed this 2012 Sustainable Development Report before recommending it to the Board for approval. The report was approved by the Board of Directors.

Woodside's management team is accountable for implementation of sustainability-related processes and delivering against our sustainability targets and goals.

Woodside's internal audit program is designed to ensure that the design and operation of Woodside's risk management and internal control system (including the Woodside Management System) is effective. A risk-based audit approach is used to ensure that the higher risk activities are targeted by the audit program. In 2012, 54 audits and reviews were conducted by our internal audit team across key areas of our business in seven locations. Key findings from audits and assurance reviews are reported to Woodside's Audit & Risk Committee at each meeting.

IDENTIFYING AND MANAGING OUR RISKS

By understanding and managing our risks, we provide greater protection to our people, communities, environment and assets, and increased certainty and confidence for our shareholders, customers and suppliers. We recognise that risk is inherent to our business and effective management of risk is vital to the success and growth of the Group.

Woodside's Audit & Risk Committee oversees our Risk Management Policy and is responsible for ensuring that management has developed and implemented a sound risk management system.

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

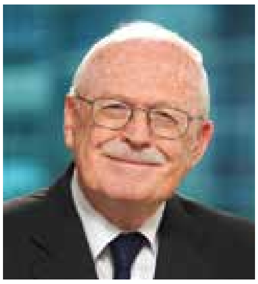
Our Risk Management Operating Standard is part of the Woodside Management System and sets out clearly defined criteria to guide the evaluation and reporting of all material risks. We systematically assess the consequences of risks in areas such as: health and safety, environment, social and cultural, reputation and brand, legal and compliance and financial.

The success of our risk management system relies on our employees, at all levels, proactively identifying, managing, reviewing and reporting on risk. Key risk performance requirements are included in executive performance agreements. Risk management activities are detailed in annual business plans and performance against these plans is reviewed regularly by senior management and the Board.

Our most significant risks, and how they are being managed, are continually reviewed and summarised in a corporate risk profile. This includes risks 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 2012 Annual Report on pages 20 and 47. A copy of our Risk Management Policy is available *on our website*.

Sustainability Committee members



David McEvoy
(Committee Chairman)

Melinda Cilento

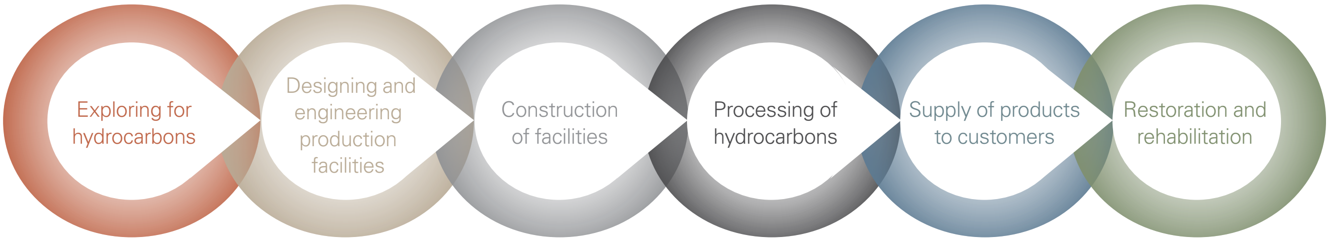
Christopher Haynes

Andrew Jamieson

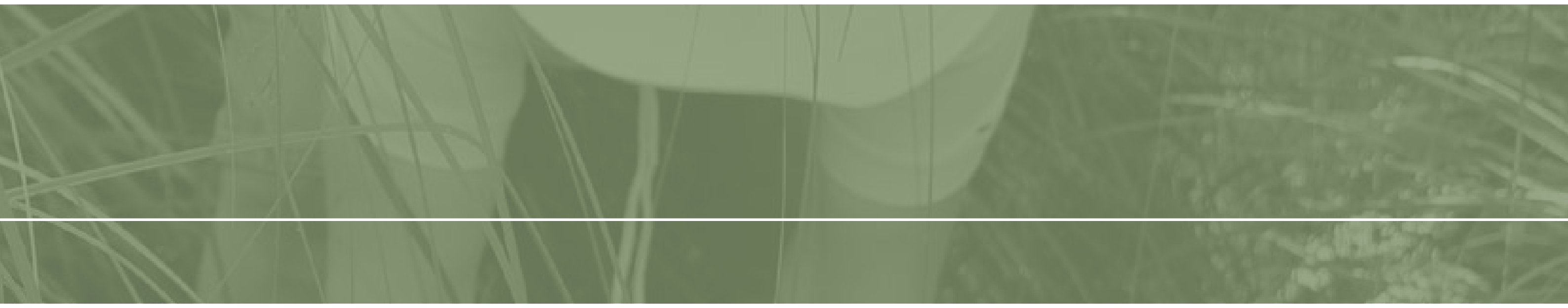
Sarah Ryan

UNDERSTANDING OUR STAKEHOLDERS

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



OUR STAKEHOLDERS	KEY INTERESTS AND CONCERNS	2012 STAKEHOLDER ENGAGEMENT / RESPONSE
EMPLOYEES 	Health and safety, working conditions, organisational culture, benefits and career development opportunities.	‣ Daily emailed newsletter, quarterly internal magazine and Woodside intranet site ‣ Staff briefings in Perth and Karratha with the CEO and executive management ‣ Performance reviews and personal development plans for all employees. Employee development system (We Learn) implemented in 2012 ‣ Woodside Awards which recognise outstanding achievement ‣ Organisational effectiveness project focused on improving engagement and enablement of staff ‣ Campaign to reinforce Our Safety Culture ‣ Refer to pages 34-37 for more information on our engagement with employees.
CUSTOMERS 	Reliability and safety of supply, product quality, cost and delivery.	‣ Regular communications and meetings ‣ In-country representatives ‣ Annual delivery plans for LNG supply ‣ Site visits, operations overviews and presentations ‣ Reciprocal secondments of staff to promote understanding of respective businesses ‣ Quality control of our hydrocarbon production ‣ Refer to page 52 for more information on our engagement with customers.
INVESTORS AND FINANCE PROVIDERS 	Delivery of financial returns, mitigation and management of financial and non-financial risks and high quality corporate governance.	‣ Investor briefings which are webcast and archived *on our website* ‣ Regular meetings with financiers, institutional shareholders and investor representatives ‣ Annual General Meeting ‣ Australian Securities Exchange (ASX) announcements ‣ Regular printed and electronic communications.



OUR STAKEHOLDERS	KEY INTERESTS AND CONCERNS	2012 STAKEHOLDER ENGAGEMENT / RESPONSE
JOINT VENTURE PARTICIPANTS 	Ensuring that suitable governance mechanisms are in place, financial returns are delivered and risks are assessed and managed.	• Regular meetings with joint venture board and operating committees • Participation in business reviews and audits • Assurance programs • Site visits and operations overviews.

GOVERNMENTS: COMMONWEALTH, STATE, LOCAL AND INTERNATIONAL 	Development of oil and gas resources through the whole project lifecycle. Environmental, social and fiscal performance and compliance.	• Regular engagement and consultation with regulators throughout the year
		• Meetings and workshops with Timor-Leste government representatives
		• Submissions to the Federal Government in 2012 included:
		  • Business Tax Working Group proposals
		  • Energy White Paper
		  • Commonwealth Government Marine Parks proposals.

LOCAL AND INDIGENOUS COMMUNITIES 	Potential environmental and social impacts associated with operations. As most of our operations are located in remote locations we have a broad range of local and Indigenous community interests and concerns such as: • Local content, employment and business opportunities • Cost of living • Access to community services and amenities • Investment in social infrastructure • Culture and heritage impacts • Land access.	• Community consultation and engagement • Reconciliation Action Plan • Social investment. Refer to pages 14-27 for a discussion of community engagement activities undertaken in 2012, and responses to community concerns.
NON-GOVERNMENT ORGANISATIONS (NGOs) 	Ethical, social and environmental performance of operations and proposed operations such as: • Revenue transparency • Efficient use of resources • Mitigation and management of financial and non-financial risks.	• NGO participation in social and environmental impact assessments • Recognition of the Extractive Industries Transparency Initiative.

More information on stakeholder engagement is provided on pages 16-17 and *on our website*.

KEY ISSUES

Each year we conduct a materiality assessment to identify the sustainability issues of significance to our stakeholders and our business. The outcomes of this process guide the content of our Sustainable Development Report.

An overview of our key issues, and where to find information in relation to them in this report, is set out below.

Major accident prevention and response

ISSUE:

The oil and gas industry works with high pressure flammable and toxic fluids in a variety of operating environments, both onshore and offshore. The effects of an incident can be catastrophic. It is essential that preventative controls are in place and that we are prepared for a rapid response in the event of a loss of containment.

RESPONSE:

During 2012 we continued to take steps to strengthen our approach to the prevention and mitigation of a loss of containment event.

Managing process safety, which includes the integrity of our facilities and the safety of our people, is a priority for Woodside. Information on our process safety framework is on page 31.

We have undertaken a thorough review of well control management to ensure the learnings and recommendations resulting from recent industry incidents are incorporated into our risk management processes. In addition we have developed an oil spill response plan which enhances our ability to competently and rapidly respond to an oil spill.

See page 33 for more information.

Economic, social and environmental impacts of the proposed Browse LNG Development

ISSUE:

The proposed development of Browse LNG near James Price Point remains under evaluation, with a final investment decision to be considered in the first half of 2013. The development has the potential to bring significant economic and employment benefits to the local business community, Indigenous people and the wider community. The benefits of the proposed development need to be balanced with concerns about the potential impacts on the environment, local community and Indigenous heritage.

RESPONSE:

Community discussion of the proposed Browse LNG Development underpinned the Browse Social Impact Assessment which involved, among other engagement strategies, a series of community workshops to consider the potential social impacts of the development.

Feedback from these workshops has informed the Browse Social Impact Management Plan. It identifies the actions Woodside and its contractors would undertake to manage potential social impacts arising from the proposed Browse LNG Development.

Woodside must demonstrate that the potential environmental impacts arising from the development of onshore LNG processing facilities within the Western Australian Government's proposed LNG Precinct near James Price Point can be minimised and managed effectively.

We believe that the range of management plans and strategies outlined in the Browse LNG Development Strategic Assessment Report and reflected in the Western Australian Environment Minister’s strict environmental conditions would ensure the development could co-exist with the environmental, cultural and heritage values of the Dampier Peninsula.

See pages 26-27 and page 45 for more information.

Indigenous engagement and protecting cultural heritage

ISSUE:

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 land access, business participation, social investment and heritage.

RESPONSE:

Woodside’s 2011-2015 Reconciliation Action Plan underpins the company’s efforts to advance reconciliation within our business and the wider community. It captures the range of activities where we are focusing our energies to drive real outcomes for Indigenous people and communities in the areas where we operate and beyond.

The Reconciliation Action Plan outlines 30 commitments in areas such as education, training, employment, business participation, cultural heritage and social investment. The Conservation Agreement for the Burrup Peninsula also provides a unique opportunity for Woodside to work with local Indigenous people to support their aim of protecting their cultural heritage.

In accordance with our Social Impact and Cultural Heritage Management Operating Standard, Woodside ensures that all practicable and reasonable measures are taken to prevent disturbances to sites of significance. We are assisted in identifying and assessing sites of cultural significance by traditional custodians and archaeologists.

See pages 24-25 for more information.

Cumulative social, environmental and economic risks and impacts of large-scale resource projects on the communities and regions where we operate

ISSUE:

We recognise that we are one of several major resource companies operating large-scale projects in the Pilbara. Resource development projects inject millions of dollars into regional areas, but with this economic benefit comes a number of social and environmental impacts that need to be managed. Each operation in itself may not represent or create a substantial impact. However, the cumulative effect on social, environmental and economic factors of a region may be significant and needs to be considered.

RESPONSE:

Woodside's activities have the potential to contribute to cumulative impacts in areas such as accommodation and housing, workforce and training, social and cultural management, community infrastructure and service provision, and environment impacts.

We work closely with stakeholders to understand the impacts of our own projects and to minimise these impacts where possible through the development of Environmental and Social Impact Assessments and associated management plans. We continue to develop regional strategies such as the Karratha Infrastructure Strategy, with the aim of improving community infrastructure and services, in the Shire of Roebourne. Additionally, Woodside has partnered with other operators in the region to form the Pilbara Industry Community Council. The Council, in collaboration with the State Government, has supported various initiatives such as the Pilbara Health Initiative funding medical specialists, emergency department equipment and transport, and Indigenous employment.

Further examples of our collaborative approach to managing cumulative impacts are incorporated throughout this report.

Workforce capability and shortages

ISSUE:

Ongoing investment in major resource projects in Western Australia and Queensland drove pressure in the labour market in the first three quarters of 2012. Construction activity led to shortages across common disciplines such as engineering and trades.

RESPONSE:

Woodside continues to be successful in attracting talented and experienced people to deliver its business strategy, due to its many projects, safe operations and ongoing employee development and career opportunities. With the startup of Pluto LNG, Woodside's workforce is currently largely operational (not construction) supplemented by short-term maintenance workforces at specific periods during the year.

In 2012, following a review of organisational effectiveness, a number of initiatives have been implemented to promote an engaging and enabling workplace climate that motivates and retains employees.

Our focus remains on developing the capability of our current and future workforce. In 2012, we invested A$20 million on learning and development. Additionally, we continue to develop current and future talent through our traineeships, apprenticeships, Indigenous employment pathways and graduate recruitment.

Woodside is committed to increasing workforce participation, and engaging under-represented groups so our workforce becomes more diverse and sustainable, ultimately mirroring the communities in which we operate.

An easing of the issue was seen in the second half of 2012 following announcements by resource companies of the deferral or cancellation of projects.

See pages 34-37 for more information.

Other issues identified as material that have been addressed in our report include:

- Stakeholder engagement and communication (pages 16-17)
- Health, safety and process safety (pages 30-32)
- Governance and transparency (pages 38-39)
- Biodiversity and ecosystems (pages 44-45)
- Competition, costs, productivity and technology (pages 52-53).

ABOUT THE MATERIALITY ASSESSMENT

Our materiality assessment is aligned with the AA1000 Assurance Standard. Issues are considered 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. In 2012 a list of potential issues was compiled from reviewing our stakeholder registers, peer reports and an independent review conducted by Ernst & Young of issues raised by non-government organisations and electronic and print media. We were assisted in assessing and prioritising the issues by an internal panel of employees drawn from a wide cross-section of our business operations and an external panel comprised of people with leadership roles and expertise in economic, social and environmental disciplines.

Members of the external panel who participated in the materiality assessment in October 2012 were:

Michelle Adams, Traditional Owner and Pilbara resident

Hon. Richard Court AC, former Premier of Western Australia

Dr Wally Cox PSM, Director, The Ardross Group

Prof Paul Flatau, Director, UWA Business School Centre for Social Impact

Paul Gamblin, Policy Manager, WWF-Australia

Toby Hall, Chief Executive Officer, Mission Australia

Liz Ritchie, State Director, WA, Committee for Economic Development of Australia

Nicole Roocke, Director, Chamber of Minerals and Energy of Western Australia

Tim Shanahan PSM, Director, Energy and Minerals Institute, UWA

Susan Worley, Branch Manager, Water Allocation Planning, WA Government Department of Water

Panel members did not draft or review this report and members were not paid for their contribution to the panel. Neither the panel members nor their organisations endorse the contents of this report.

WE ARE ON THE SAME TEAM. WE BUILD LONG-TERM PARTNERSHIPS.

Woodside has partnered with Surf Life Saving Australia since 2010. As its Sun Protection Partner, we are supporting the health and wellbeing of volunteer surf lifesavers around the country.

COMMUNITY

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

Our goal is to understand what is important to the community and working with it to achieve lasting benefit.

KEY COMMUNITY TARGETS 2012	HOW WE PERFORMED		KEY COMMUNITY TARGETS 2013
Appoint a third and final, tier one partner in the Creative Energy (arts and education) category.	After a review of Woodside's social investment strategy in 2012 a decision was taken to not appoint a final tier one partner. This provides us increased flexibility to refocus our social investment program in 2013.	● Not achieved	Launch a refreshed social investment strategy which includes a collaborative focus on identifying and addressing one key area of social need.
Audit compliance with social investment operating standard.	An audit of our social investment operating standard commenced in December 2012.	● Underway	Improved communications to stakeholders and the wider community about our social investment activities.
Social investment of 0.35% of profit before tax (PBT) for 2012. Target of 0.5% of PBT by 2015.	2012 social investment contribution equivalent to 0.34% PBT, slightly under target for the year.	● Not achieved	Social investment of 0.4% of PBT for 2013. Target of 0.5% of PBT by 2015.
All operating locations have dedicated community and employee engagement programs.	All operating locations have dedicated community and employee engagement programs.	● Achieved	Identify community organisations and key stakeholders in our new areas of activity and plan for implementation of agreed programs, where appropriate.
Achieve our aspiration set in 2009 to triple Indigenous employment at Woodside from a base of 32 people.	At December 2012 we had 92 Indigenous employees, just short of our target of 96 employees.	● Not achieved	Our target now moves to having Woodside's Australian based workforce reflecting by 2015 the demographics of the Western Australian Indigenous population, which is currently 3.3%.
100% increase in Woodside employee Reconciliation Interest Group (RIG) between 2011 and 2015.	At the end of 2012, Woodside's RIG membership was 195 people up from 152 at the start of 2011.	● Underway	100% increase in Woodside's RIG membership and evidence of active participation by 2015.
750 Woodside employees to attend cultural awareness training by 2015.	We have achieved our target of 750 Woodside employees attending cultural awareness training three years ahead of schedule. Our focus now is on extending and deepening cultural learning opportunities.	● Achieved	Continue with cultural awareness programs to increase cultural competency including placing ten employees on the Jawun Program in 2013.

● Achieved ● Underway ● Not achieved

Community engagement and communication

Community relations booth for the proposed Browse LNG Development at the North West Exposition, in Broome.

Managing social impacts and engaging key stakeholders is critical to Woodside maintaining its licence to operate and grow. Local communities can be significantly impacted by resource sector activities. Understanding and minimising our impacts is fundamental to establishing positive relationships with stakeholders and communities.

▶ Two key social impact assessments completed for Browse and Pluto

OUR APPROACH

We value and encourage community input into our decision making process. Woodside has developed a Sustainable Communities Policy and Indigenous Communities Policy to support the economic and social development of local communities and help develop trust and long-term relationships. Copies of these policies are *on our website*.

We promote and encourage community, and broader stakeholder input and feedback on all of our activities by:

- Locating and operating a public visitors' centre and/or community office near main sites
- Community liaison groups and networks and dedicated regionally-based community liaison officers
- Project and exploration-specific stakeholder engagement
- Ongoing direct and indirect community consultation
- Participating in community events
- Community dialogue as part of our social investment programs.

We aim to manage our operations and projects in a way that benefits the community, our employees, our shareholders and our partners.

Social impacts are considered in our project planning processes utilising our Social Impact and Cultural Heritage Management Operating Standard. This standard mandates that social, reputational and cultural risks are factored into project development. It ensures that stakeholder and social impact management plans are developed and implemented.

Our External Stakeholder Engagement Operating Standard mandates how we engage with communities and stakeholders. All our operations manage local-level processes to receive feedback and, if necessary, facilitate resolution of complaints. Where possible we seek to resolve grievances directly with affected parties.

When engaging with stakeholders we aim to ensure that all relevant stakeholders are identified and communicated with in a timely and effective manner; that we develop communication materials in response to stakeholder needs; and analyse stakeholder feedback to inform decision making and planning.

Our Reconciliation Action Plan (RAP) outlines our approach to consultation with Indigenous community members and Woodside's plan to advance reconciliation. Information on our RAP performance is provided on page 24 and in our Annual RAP Report *on our website*.

OUR PERFORMANCE

In 2012 we liaised with stakeholders on a range of matters including accommodation management, offshore operations and associated maintenance activities, flaring, environmental management practices, site development studies, safety procedures, Indigenous and heritage issues, employment, local content policies and social investment opportunities.

In 2012 we completed two key social impact assessment activities, for Pluto LNG and the proposed Browse LNG Development. These assessments help us to understand the issues that are most important to those local communities and the impacts of our activities, and assist us to develop the plans to mitigate and manage both the impacts and opportunities. Pages 22 and 27 provide information on stakeholder engagement and the social impact assessments for Pluto LNG and Browse.

During 2012 there was ongoing engagement with the Shire of Roebourne community on North West Shelf Project and Pluto LNG activities. Regular meetings were held throughout the year with key stakeholders including Shire representatives, community associations, not-for-profit organisations and government agencies on a range of a topics of mutual interest.

The annual FeNaCING Festival, Karratha and Districts Chamber of Commerce and Industry Sundowner, the North West Shelf Visitors Centre, Karratha town office and Woodside's Karratha public enquiry phone line provided opportunities for community engagement on both the NWS Project and Pluto LNG.

In 2012 significant efforts were made to reinvigorate community engagement in Exmouth. Quarterly meetings of the Exmouth Community Reference Group (CRG) were held where updates on our Enfield and Vincent operations, vessel maintenance programs, exploration and drilling activities, environmental plans and social investment activities were presented and discussed. CRG members include representatives from the Exmouth Shire Council, North West Cape Exmouth Aboriginal Corporation, Western Australian government agencies, Exmouth Chamber of Commerce and environmental non-government organisations. One-to-one meetings were also held with CRG members and local stakeholders.

Meetings and workshops were held in 2012 with government representatives in Timor-Leste with an emphasis on building a shared understanding of the technical aspects of the Sunrise Project and strengthening relationships. Meetings were also held with various Timor-Leste NGOs to discuss local content and social investment.

In 2012 Woodside responded to new offshore environment regulations in Australia with the development of a pan-company stakeholder engagement framework to support proposed petroleum activities. The new framework seeks to improve stakeholder identification, deliver consistency in engagement approach and provide transparency of information to assist stakeholders in having a say about Woodside's proposed activities.

More information on our stakeholder engagement is *on our website*.

BUILDING CAPABILITY: TIMOR-LESTE

The Woodside-led Sunrise Joint Venture's social investment and sponsorship program is focused on Timor-Leste communities developing capability through education and training initiatives and progressing health and wellbeing programs.

The Sunrise Joint Venture is supporting Timorese staff at the Instituto Catolico para Formacao Professores Baucau Timor-Leste Teacher Training College to complete a Master of Education. The program aims to enhance the delivery of teacher training and education opportunities across Timor-Leste.

We also support Ba Futuru's ('For the Future') early childhood education initiative, providing assistance for the construction of a childhood development centre and training for Timorese early childhood educators.

The Sunrise Joint Venture is helping Hiam Health's family and community nutrition garden initiative to educate the parents of malnourished children on nutrition, health and growing fruits and vegetables sustainably.

The Rotary Youth Leadership Award, funded by the Sunrise Joint Venture, aims to enhance the leadership qualities of Timor-Leste youth.

It provides a series of presentations and practical exercises creating a network of peers and mentors for young Timor-Leste professionals.

Woodside's Timor-Leste Professional Development Program also supports capability development, by offering five young Timor-Leste nationals currently studying at Australian universities the opportunity to gain valuable technical, business and career development skills through a 12-week vacation placement at Woodside.

The East Timor Rotary Youth Leadership Award aims to enhance the leadership qualities of Timorese youth.

Social investment

Woodside is the principal partner of West Australian Ballet. This was showcased during a regional tour of Karratha.

Each of our operating locations has local community engagement and development programs. We recognise we are part of the community; we make commitments for the long-term and look after each other and our communities.

A$9.5 million

We contributed A$9.5 million worth of social investment to the communities in which we operate.

5,800 hrs

Our employees contributed 5,800 volunteering hours valued at A$963,090.

OUR APPROACH

Our strategic and integrated approach to corporate social investment is guided by our Sustainable Communities Policy which is available *on our website*. Our Social Investment Operating Standard provides the governance structure for our social investment expenditure.

Our Social Investment Strategy (2009-2012) was based on a three tiered funding model with a theme of contributing to health and well-being on a personal, community and environmental level. Specifically, our focus was to contribute to communities at a regional (tier three), state (tier two) and national level (tier one), as well as investing in supporting communities internationally, with a particular focus on building capability and capacity.

OUR PERFORMANCE

Woodside is a member of the London Benchmarking Group (LBG) and uses its methodology to track, measure, benchmark and report our social investment performance (see page 61). Our voluntary social investment contribution in 2012 (including cash value, in-kind and voluntary hours) was A$9.5 million, up 23% from 2011. This equates to 0.34% of a three-year averaged profit before tax (2010-2012). We are on track to meet our social investment target of 0.5% profit before tax by 2015.

During 2012 we commissioned a corporate social investment review to determine whether key outcomes of our 2009-2012 Social Investment Strategy had been achieved.

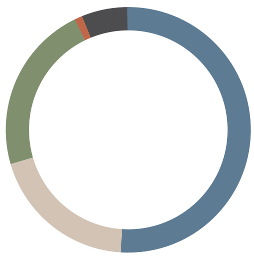
The review outcomes were positive. Opportunities that were identified to improve our performance were focused on improving communication of the impact and outcomes achieved by community partners and their programs.

The social investment review also assessed emerging trends and identified an opportunity for Woodside to evolve our social investment strategy to a collaborative issues-based approach for a major social contribution.

A key outcome of the review was the company's decision not to appoint a third national tier one program partner. Instead, in 2013, Woodside will identify a key issue of social importance on which to collaborate with peers, government, the not-for-profit sector and other individual philanthropists and foundations who share our values and want to make a collective contribution to the community in a particular focus area.

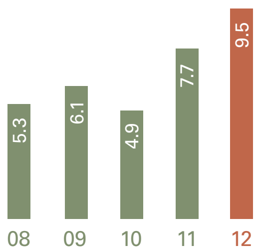
More information on our community partnerships and our social investment criteria is available *on our website*.

Social investment by region 2012



	%
Pilbara	20
Kimberley	6
Western Australia (other)	51
National	22
International	1

Voluntary Social Investment Spend (A$million)



The following table outlines a selection of Woodside's major social investment contributions in 2012:

Organisation	Program	Region	Amount per annum (A$)	Objective
Conservation Volunteers Australia	Coastal Guardians	Australia	$500,000 + $252,811 (in hours)	Increase coastal rehabilitation and improve environmental emergency response preparedness.
Surf Life Saving Australia	Sun Protection	Australia	$500,000	Provide sun protection awareness and prevention tools for patrol members.
West Australian Museum	Marine Biodiversity	Western Australia	$400,000	Improve understanding and classification of marine species in North West Australia.
Scitech	Aboriginal Education Program, Woodside Science Awards, Science After School and other programs	Western Australia	$300,000	Recognise and attract young people studying science as a future career path.
Clontarf	Aboriginal Boys Academy	Western Australia	$250,000	Improve young Aboriginal males' retention and completion of high school.
Volunteering WA	Corporate Volunteering	Western Australia	$100,000 + $502,135 (in hours)	Improve the profile and participation of volunteering with a focus on Woodside employee volunteering.

YIRIMAN PROJECT

One of the Browse Joint Venture's social investment partners, the Yiriman Project, has been recognised in the 2012 Reconciliation Australia awards. The project received the Indigenous Governance Award for an outstanding example of Indigenous governance in a non-incorporated initiative or project.

The concept for the Yiriman Project arose out of the concern Kimberley elders had for their young people, who were facing increasingly serious issues such as self-harm, substance abuse and the loss of cultural identity. Believing in the power of their own culture and of Country to heal their young people, the elders began taking young people out on to Country.

The project is designed and run by Aboriginal elders and is aimed at passing on Indigenous knowledge to younger generations. The project involves teaching and speaking in language, visiting ancestral sites, storytelling, engaging in traditional song and dance, preparing young people for ceremony and law practices, teaching traditional crafts, tracking, hunting and preparing traditional bush tucker and practicing bush medicine.

"The program addressed a vital community need in an innovative, well-structured and cost effective manner."
Indigenous Governance Award Chair, Professor Mick Dodson

Senior elders in the Kimberley have received national recognition for their involvement with the Yiriman Project.

EMPLOYEE VOLUNTEERING AND ENGAGEMENT

Our contribution to communities through social investment is complemented by our employee engagement and corporate volunteering program. The program is run in collaboration with Volunteering WA which offers participation in social programs and Conservation Volunteers which offers participation in environmental programs.

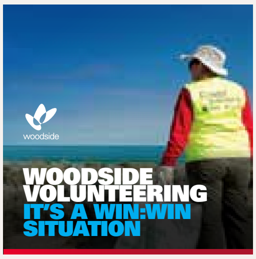
Our corporate volunteering program provides employees with the opportunity to contribute 12 hours of paid volunteering leave each year to support community-based organisations.

The LBG 2012 Benchmarking Report indicates that Woodside is a leader in corporate volunteering and engagement in Australia and New Zealand. Our 2011[1] volunteering rate was 11.3%, exceeding both the resource (4.3%) and general (7.5%) LBG membership groups.

In 2012 our employees contributed 5,800 volunteering hours, valued at A$963,090, compared to 2011 in which our employees contributed 3,484 volunteering hours, valued at A$574,860.

In addition to volunteering, our employees donated A$110,534 through workplace giving in 2012. This was down from A$242,328 in 2011, in the main part due to our employees' response to the 2011 Queensland floods. Our 2011[1] employee workplace giving rate was 51%, far exceeding both the resource (7.5%) and general (2.4%) LBG membership groups.

Examples of our 2012 social investment programs are provided throughout this report and the LBG verification statement is on page 61.



Read more on Woodside's volunteering partnerships online at www.woodside.com.au

WORKING TOGETHER CONSERVATION VOLUNTEERS

We recognise our success is dependent on long-term and meaningful relationships with the communities in which we operate and we know our employees are critical in creating and maintaining these relationships.

Since 2005 we have partnered with Conservation Volunteers with our employees contributing over 10,000 hours to coastal conservation. The average annual value of their volunteering efforts is about A$390,000.

Since 2011 we have supported the Coastal Guardian's program, a national initiative which supports Conservation Volunteers to build its capability for coastal disaster recovery (cyclone, flood, tsunami), marine species monitoring and coastal rehabilitation. This is a three year program with financial contribution totaling A$1.5 million.

Coastal Guardians comprises three important elements – understand, rehabilitate and protect. It works to engage the community in addressing the data deficiencies for marine species of Australia, address threats to priority hotspots of the Australian coastline and build both Conservation Volunteer's and the community's capacity to respond immediately to disasters and assist recovery.

"One of the reasons we like working with Woodside is the approach they've taken in sitting down and designing the program with us... By designing the program from the outset, we are able to track our success on an ongoing basis and for longer term outcomes."
Conservation Volunteers Australia.

Woodside volunteers working with Coastal Guardians in Perth.

[1] *Woodside's data is collected on a calendar year basis. Our 2011 data was used in the LBG June 2012 benchmarking report.*

CAPABILITY AND CAPACITY: MANY RIVERS

Many Rivers Microfinance is a not-for-profit organisation that provides microenterprise development support to Indigenous and non-Indigenous Australians. The goal of the program is to see the potential of people and communities realised through access to microfinance and enterprise development services to enable people to start sustainable businesses.

In 2011, Woodside partnered with Many Rivers through Pluto LNG to deliver its program into the Pilbara. In 2012, with our support, Many Rivers expanded into the Perth metropolitan region. The success of the program has led to additional Woodside corporate support enabling Many Rivers to operate in the West Kimberley in 2013. Contributing to the success has been the leverage Many Rivers has secured through other corporate funding arrangements.

Woodside selected Many Rivers as its community partner organisation because of its capacity to work with Indigenous communities and in particular help the development of Indigenous businesses.

In addition to financial support, Woodside is directly involved in the delivery of the program, seeking to support start-up businesses in these regions to access small contracting opportunities through our projects. This helps us to meet our Reconciliation Action Plan commitments and increase local content. We also provide in-kind support including hosting events, providing executive advisory input and assisting the project to expand its profile.

"Woodside's involvement has gone far beyond providing funding for our program. They have been a major influence getting other corporations to come on board to support the program. Also, the Woodside communities team have been very involved in our program on a day-to-day basis, identifying opportunities for Indigenous clients who are starting businesses to gain contract opportunities and supporting them in establishing their business."

David Bagheri, National Development Manager, Many Rivers.

Outcomes achieved in Perth and the Pilbara through Woodside's partnership with Many Rivers 2011-2012:

INPUTS	
Cash	A$225,000
In kind	Mentor
	Advocacy and advisory assistance
OUTPUTS AND IMPACTS	
Leverage	$525,000
New businesses created*	41
Existing businesses expanded*	9
Full-time jobs created*	75
Part-time jobs created*	45
Increase in household income, reduced welfare dependence	
Positive role models for young people	
Contribution to social outcomes including improved health and education	
Increased availability of locally produced goods and services	

** Outcomes achieved by the entire Pilbara and Perth programs.*

Mobile Cuisine, a small business supported by Woodside in the Pilbara through the Many Rivers initiative.

Impacts on regional communities

The social impacts created by resource developments on regional towns in the Pilbara continue to be an important issue for Woodside and our stakeholders. In recognition of this, our Social Impact and Cultural Heritage Management Operating Standard requires all our employees to consider the social impacts of their decisions.

956

Operational staff employed in Karratha.

65%

65% of staff employed in Karratha are permanent residents.

Woodside is one of a number of major resource companies operating in the Pilbara region. Our operated projects in the Pilbara are:

- The North West Shelf Project, which has been operating for 28 years and has a production capacity of 16.3 million tonnes of LNG a year
- Pluto LNG, which achieved first LNG production in April 2012 with a forecast production capacity of 4.3 million tonnes of LNG a year.

These two facilities employ 956 operational staff in Karratha. More than 65% of these are permanent residents. In 2012, the North West Shelf Project engaged more than 1,500 contractors on site during its annual maintenance campaign.

Additionally in 2012, the North West Shelf Project delivered the majority of Western Australia's domestic gas production and about A$800 million in local content.

During the five year construction phase of Pluto LNG, more than 15,000 Australian jobs were created and more than A$7.6 billion delivered in local content.

MANAGING OUR IMPACTS

The social impacts of Woodside's Pilbara operations include:

- Physical – housing and accommodation, road and marine management, and cultural heritage
- Service integration – security, emergency services, medical, community services, use of local infrastructure and utilities
- Community – local employment and business opportunities, Indigenous participation, recreation, hospitality and workforce behaviour and integration.

In 2012 we have maintained particular focus in the Pilbara on:

- Cultural heritage management and protection (see page 25)
- Working with the community on key infrastructure and investment (see page 23)
- Delivering on environment and greenhouse commitments (see pages 41-47).

Pluto LNG social impact study

As Pluto LNG Plant commenced start-up in 2012, we completed an independent review to determine whether social impacts anticipated at the start of construction actually occurred, and the level of success of our impact management strategy. The review involved interviews with internal and external stakeholders.

Overall, many of the social impacts identified in the Social Impact Study were considered to be well managed through the implementation of the Pluto Social Impact Management Plan. However, impacts in a few key areas were underestimated including accommodation, housing and road traffic. It was noted that there was a reduction in the availability and affordability of permanent and temporary accommodation and housing in and around Karratha as a result of construction. Other project activity within the Shire of Roebourne (not within Woodside's control) was regarded to have compounded the impacts in these areas. These particular impacts have been resolved with the substantial completion of construction.

In terms of positive outcomes our strategies to respond to cultural heritage management, economic development, community infrastructure and services are considered successful. The areas where we over-estimated possible impacts were education, tourism and recreation.

The review has assisted in framing ongoing discussions with key stakeholders in the Pilbara. The lessons learned are being shared across the company to avoid repetition of issues in current or future Woodside projects.

Workforce and accommodation

During construction of the Pluto LNG Plant, Woodside engaged a significant workforce of up to 4,000 people during the peak construction phase. With the ongoing transition from commissioning to normal operations, the workforce is moving to a long-term operational profile and at steady state operations will remain relatively constant.

Woodside has a mixed workforce model to support its operations in Karratha which is critical to attracting and retaining staff. Employees are offered a choice between residential and fly-in-fly-out (FIFO) roles, subject to operational requirements. The operational workforce is supplemented by large, short-term maintenance workforces at specific periods during the year.

Karratha Infrastructure Strategy

The Karratha Infrastructure Strategy outlines Woodside's ongoing contribution to communities within the Shire of Roebourne through the North West Shelf Project and Pluto LNG. The strategy outlines our active commitment to support initiatives that focus on improving health, education, town amenity, recreation and childcare for residents.

A key element of the strategy is to work collaboratively with government and other resource companies to fund a number of significant projects in leveraged partnerships. It is important that these projects are consistent with community needs and government planning.

Projects supported in 2012 include:

- Youth Shed. This facility was opened in early 2012 offering an indoor play centre, a skate park, dedicated youth space (audio-visual, computers, climbing wall, pool table and table tennis), cafe and a performing arts centre.
- Baynton Adventure Playground. The playground was completed in 2012 and provides an all-ages outdoor recreation park with a climate-appropriate design.
- Pilbara Health Initiative. The initiative, a partnership between the Pilbara Industry Community Council and the West Australian Government, continues to fund critical health equipment and services in the Pilbara. It has delivered a range of equipment and services including new medical specialists, emergency department equipment, emergency transport and Indigenous employment. The initiative was awarded a 2012 Premier's Award, as the category winner for Revitalising the Regions.
- Pilbara Institute and Woodside Mechanical Apprentice Project. The project, which commenced in 2012, is designed to lift the training outcomes for mechanical apprentices through the provision of new teaching equipment at the Pilbara Institute Karratha Campus.

Karratha Education Initiative

Education is a key focus for Woodside and we provide considerable support to this area through our social investment program.

The Woodside-operated North West Shelf Project's Karratha Education Initiative is focused on developing sustainable programs that participating schools can continue to run successfully without the need for on-going direct funding support. In 2012 we focused on capacity building in addition to program delivery. Programs funded in 2012 included professional development for teachers and teaching practice scholarships; career awareness for teachers and students and higher education counselling; tutoring and revision courses; improving curriculum range; and primary to secondary transition programs.

Over the year Woodside continued to contribute to Indigenous education through high school scholarships, and after-hours support and tutoring for high achieving students in the Shire of Roebourne.

Apprentices at the Karratha-based Pilbara Institute training facility.

Indigenous engagement and cultural heritage

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

▲ 188%

Increase in Indigenous employment since start of 2009.

▶ A$34 million

Value of the Pluto LNG Conservation Agreement.

RECONCILIATION ACTION PLAN

Our approach

Our 2011-2015 Reconciliation Action Plan (RAP) outlines the company's approach to progressing our reconciliation efforts. It outlines 30 commitments in areas such as education, training, employment, business participation, cultural heritage and social investment.

The key to achieving meaningful outcomes from our RAP is not simply meeting or exceeding the targets. Success is achieved when our actions progress in partnership with Indigenous communities and organisations, when we build cultural competency for individuals within our organisation and develop the skills and capabilities of Indigenous people and organisations. This is important to Woodside because we recognise that we must develop in a way that ensures the community benefits from our activities.

Our performance

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

At the end of our current RAP's second year it is clear we will exceed some of the targets we set, for example, in the areas of cultural awareness training for employees.

For other targets, substantial progress has been made over the past three years in increasing the number of Indigenous employees, but sustaining growth is a continuing challenge.

Where targets have been exceeded we will identify new opportunities and goals. We will continue to be proactive in developing new and innovative strategies to address areas where we are unable to achieve full success through our current practices.

Key achievements in 2012:

- Three new Indigenous university students were identified to participate in Woodside's cadetship program. The program currently has six students working in areas such as finance, electrical engineering, environment and information technology.
- The expansion of Woodside's partnership with Many Rivers Microfinance from the original Pilbara sponsorship to include a new Perth program in April 2012 and a Kimberley program in 2013 (refer page 21).
- Participation in and support for the Jawun Community Partnerships program which places Woodside staff into Indigenous communities to work on specific projects (refer page 36).
- Facilitated and funded the formation of the Pilot Ranger Project in the Pilbara with the Murujuga Aboriginal Corporation as part of the Pluto LNG Conservation Agreement. The rangers, currently comprising eight local Indigenous men, are trained to work on the identification, recording and data management of petroglyphs on the Burrup Peninsula and to conduct land management activities.

CULTURAL HERITAGE

Our approach

Woodside aims to support the sharing of cultural heritage knowledge and to minimise the physical impacts posed by our operations or projects. By developing relationships with Indigenous people and their broader communities, including heritage specialists, we will continue to improve heritage protection management, identify opportunities to collaborate on projects that promote the sharing of heritage knowledge, and continue to gain access to the land required for our activities with support from local communities.

In accordance with our Social Impact and Cultural Heritage Management Operating Standard, Woodside ensures that all practicable and reasonable measures are taken to prevent disturbances to sites of significance. We are assisted in identifying and assessing sites of cultural significance by Traditional Custodians and archaeologists.

Our performance

Prior to Woodside undertaking any ground disturbing activities, a heritage due diligence process is undertaken. This process involves determining if archaeological and ethnographic surveys have been conducted with Traditional Custodians; confirming the presence of known heritage sites; and considering the existing protection measures in place.

Where Woodside's activities are conducted in the vicinity of cultural heritage sites, we develop Cultural Heritage Management Plans with Traditional Custodian representatives, to ensure activities comply with heritage legislation, commitments and cultural directions.

Woodside continues to work closely with Traditional Custodians to carefully manage Aboriginal cultural heritage located on its leases. Regular meetings are conducted with Traditional Custodian representatives to discuss ongoing and proposed activities, to ensure the Traditional Custodians are actively engaged in on-site activities and have the opportunity to provide cultural and heritage advice.

In 2002 the Western Australian Government established the independent Burrup Rock Art Monitoring Management Committee. In 2009 the committee concluded that there was no scientific evidence to indicate that there is any measurable impact of emissions on the rate of deterioration of the Aboriginal rock art at the Burrup. Since the rate of deterioration of rock surfaces is very time-dependent, the present results act as a base-line for continued and future monitoring programs.

This committee has been replaced by the Burrup Rock Art Technical Working Group. Woodside is continuing to support the group's research into air quality, microclimate, dust deposition and colour change.

Woodside has demonstrated the ability to co-exist in close proximity to places of cultural and environmental significance such as the Dampier Archipelago. We believe that our proposed Browse LNG Development can successfully co-exist with the cultural heritage values of the Dampier Peninsula.

As operator of the Browse Joint Venture, Woodside supports the Yiriman Project, an initiative aimed at passing on Indigenous knowledge to the younger generation (refer page 19).

Woodside also provides ongoing funding support for cultural heritage projects through the Pluto LNG Conservation Agreement with the Australian Government to recognise, promote and conserve the National Heritage values of the Burrup.

PLUTO LNG CONSERVATION AGREEMENT

In 2007, Woodside signed a Conservation Agreement with the Australian Government committing up to A$34 million over ten years for the recognition, protection and conservation of the National Heritage values of the Dampier Archipelago. This is the largest single investment by an Australian company in a National Heritage place.

To date we have invested more than A$7 million in local community projects including:

- Big hART's Yijala Yala Project which provides local community members with capacity-building, mentoring and supported work opportunities in the communication, arts and technology fields. The positive results delivered through the partnership between Pluto LNG and Big hART were recognised with the Toyota Community Award of the 2012 Australian Business Arts Foundation Awards
- Weerianna Street Media's Digital Dreamtime Project which helps fund an innovative, unique series of 13 interwoven Indigenous cultural heritage and history works that blend ancient Aboriginal knowledge of the Dampier Archipelago with the latest digital technologies
- Murujuga Pilot Ranger Project (refer page 24).

The local Indigenous community has advised Woodside that Conservation Agreement funded projects need to ensure one or more of the following outcomes to obtain community support:

- Country is cared for
- Economic and social indicators are improved within the community
- Cultural knowledge is transferred from the elders to the young.

Woodside will continue to work collaboratively with the community and the Australian Government to deliver these outcomes.

The 'Love Punks' from Big hARTs Yijala Yala Roebourne Project.

Economic, social and environmental impacts of the proposed Browse LNG Development

The proposed development of Browse LNG near James Price Point remains under evaluation, with a final investment decision to be considered in the first half of 2013. The development has the potential to bring significant economic and employment benefits to the local business community, Indigenous people and the wider community. The benefits of the proposed development need to be balanced with concerns about the potential impacts on the environment, local community and Indigenous heritage.

Woodside has engaged senior Traditional Owners to complete detailed anthropological and archaeological surveys of the proposed Browse LNG Precinct.

The proposed Browse LNG Development seeks to commercialise three gas fields in the Browse Basin – Brecknock, Calliance and Torosa – located approximately 425 kilometres offshore north of Broome.

The development would include offshore extraction facilities, pipelines to shore, onshore LNG and condensate production facilities, and associated export infrastructure.

The Browse Joint Venture, with Woodside the major equity holder and operator of the development, has selected the State Government's proposed LNG Precinct near James Price Point as its preferred location for an onshore gas processing facility.

The development has the potential to make a significant difference to the local economy, and in particular, would bring substantial economic and social development opportunities for Kimberley Indigenous people.

Under an historic Native Title Agreement between Woodside, the Western Australian Government and the Goolarabooloo Jabirr Jabirr claim group, Woodside will aim to meet a target whereby at least 300 Indigenous people are to be employed during construction of the onshore facilities with at least 15% of the workforce being Indigenous during normal operations.

The initiatives in the Native Title Agreement, including milestone and annual payments to the claim group, job targets, education, training and employment initiatives, support for Indigenous rangers, Indigenous contracting opportunities and capacity building support, are estimated to be worth more than A$1 billion over the life of the project (subject to a positive final investment decision).

Through the year, more than 100 Indigenous people were directly employed by Woodside, its contractors and host companies or undertook traineeships under the Browse Indigenous Employment and Training Strategy.

The strategy also links Indigenous people with companies including Farstad and Toll Mermaid, who between them employed eight Indigenous trainees after they completed TAFE studies and obtained their qualifications.

Woodside met the education, travel and accommodation costs of the trainees while also providing some on the job training and a salary before they commenced employment.

Woodside has also been working with Waardi Limited, an autonomous Indigenous administrative body established in 2012 to oversee the implementation of certain elements of the Native Title Agreement for the claim group and manage any financial and social benefits arising from the Browse LNG Development. On 6 February 2013 the Goolarabooloo Jabirr Jabirr Native Title Claim Group voted to discontinue their joint claim over land north of Broome, including the area for the proposed Browse LNG Precinct. Woodside will continue to engage with Kimberley Indigenous communities to progress heritage activities and training and employment opportunities.

In 2012, all primary State environmental approvals for the development were secured after the State Government's LNG Precinct underwent a rigorous environmental assessment through the Strategic Assessment process.

The approvals followed the Environmental Protection Authority's review of more than four years of detailed environmental studies and impact assessments.

For information on environmental impacts of the proposed development refer to page 45.

Local community debate on the suitability of locating an LNG Precinct near James Price Point continued in 2012. Discussion centred on the potential economic and employment benefits for the local business community, Indigenous people and the wider community arising from the development versus the potential impacts on the marine environment, local community and Indigenous heritage.

Protest activity by environmental activists and local community groups occurred in the second half of 2012. Traditional Owners, including signatories to the Native Title Agreement, publicly opposed the involvement of professional activists and asked them to respect their wishes and end their action.

Community discussion underpinned the work done through the Browse Social Impact Assessment which involved a series of workshops held with a wide range of Broome community members to consider the potential social impacts of the Browse LNG Development.

During 2012 face-to-face household, business and Indigenous surveys were also conducted along with cognitive mapping interviews.

This extensive stakeholder engagement assisted Woodside to prepare 12 management plans that identify the actions Woodside and its contractors would undertake to manage potential social impacts arising from the proposed Browse LNG Development.

Among these plans are management strategies for worker behaviour, recreation, transport, health and accommodation.

These plans require approval by the State Government's LNG Precinct Governance Structure in early 2013.

The Browse Marine Users Working Group, established in 2010, continues to be the key consultation mechanism for users of the marine waters in the Kimberley. The group has worked with Woodside to identify issues and opportunities in relation to marine use, and is helping shape plans that will enable the proposed Browse LNG Development to coexist with active marine industries.

In 2012, the Browse Joint Venture committed to a social investment budget of A$800,000 with a focus on programs linked to tourism, education, sustainable Indigenous communities and the environment.

The Browse social investment strategy successfully enhanced the profile and presence of the Browse LNG Development in the community and the reputation of the Browse Joint Venture participants as socially and environmentally responsible corporate citizens.

SUCCESS COMES TO THOSE WHO DON'T ALWAYS TAKE THE EASY ROUTE.

At Woodside, we believe that in order for us to succeed, we must rise to every challenge. In 2012 we achieved the successful, safe and reliable start-up of our Pluto LNG Plant near Karratha. This was a true testament to the determination and high-performance capabilities of our people, our contractors and our partners.

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 2012	HOW WE PERFORMED		KEY PEOPLE TARGETS 2013
HEALTH AND SAFETY			
Target a Good Day Frequency (GDF) of 0.960.	Our GDF for 2012 was 0.948 which was below our target.	Not achieved	GDF will be replaced by specific measures for process and personal safety, that can be benchmarked globally.
Ensure full compliance with revised operating standards and procedures through assurance and audit.	Company-wide assurance process implemented. A total of five assurance reviews have been completed in 2012. A compliance score of over 70% was recorded.	Not achieved	Commence implementation of measures to achieve global top quartile health and safety performance by 2017.
Share high potential incident learnings externally and support industry and contractor initiatives to improve safety training.	Eleven high potential incident learnings shared with industry, ongoing participation in industry working groups and annual Stand Together for Safety event.	Achieved	Implement a revised health and safety service delivery model to support global operations.
PEOPLE			
Conduct an organisational effectiveness review and implement actions.	Review completed and actions implemented.	Achieved	Execute the organisational effectiveness implementation plan. Conduct a company-wide employee survey.
Deliver resource planning tools and process.	Revised resource planning tools and process implemented.	Achieved	
Develop and implement behavioural framework.	Guide to Our Values and Behaviours developed and implemented.	Achieved	Further embed values and expected behaviours into the way we do business.
Achieve gender balance in Woodside's graduate intake.	50% of the graduates recruited in 2012 for 2013 intake are female.	Achieved	Maintain gender balance in graduate intake.
Increase the representation of women in senior management roles to 11%.	Female representation in senior roles remained stable at 10% but falls short of 11% target.	Not achieved	Increase the representation of women in senior management roles to 12%.
Remuneration equity between men and women on salary line and job level basis.	Review conducted in 2012 concluded equality of remuneration.	Achieved	Annual review of remuneration equity between men and women.
Female turnover levels no greater than organisational turnover levels.	Female voluntary turnover remained on par with organisational turnover.	Achieved	Female turnover levels no greater than organisational turnover levels.
Increase overall percentage of women employed by Woodside to 28%.	Overall percentage of female employees at Woodside remained stable at 27%.	Not achieved	Increase overall percentage of women employed by Woodside to 29%.

● Achieved ● Not achieved

Health and safety

We focus on health and safety because we believe that everyone has a right to go home in the same condition as they started the day. We expect all our employees and contractors to give paramount importance to their health and safety, and that of others.

Our managers are required to set high safety expectations and to constantly promote a safety culture. We ask all our employees to contribute to building and sustaining a culture that delivers a healthy, safe and productive work environment, to achieve our aspiration of 'no-one gets hurt, no incidents'.

▼ 6%

Reduction in total recordable case frequency continuing a downward trend.

▶ Implemented Our Safety Culture campaign

OUR APPROACH

Our goal is to be in the top quartile globally in the way we deliver health and safety performance. This is reflected in our Health and Safety Policy, operating standards, supporting processes and other controls in place throughout our company.

Woodside's 'Our Safety Culture' framework, along with the Woodside Management System, defines our approach to ensuring the health and safety of our employees and contractors, and the integrity of our facilities.

We have six strategic imperatives:

- Strengthen 'Our Safety Culture' and implement other high impact human factors tools and techniques
- Understand the consequences of major accident events and manage preventative and mitigative controls
- Consistently implement health, safety and security standards, procedures and rules
- Improve learning, the communication of lessons learnt and the recognition of warning signs from incidents in order to avoid repeat incidents
- Design new and modified facilities to be inherently safer and assure the integrity of existing assets
- Engage with contractors and government agencies to achieve excellent health, safety and security performance.

Woodside's health and safety performance in 2012 was linked to remuneration through the Good Day Frequency (GDF) performance indicator, which took into consideration injuries and occupational health, the potential for major accident events, environmental incidents and overdue corrective actions from audits. It was one of four indicators used to measure Woodside's corporate performance and determine employee and executive remuneration.

OUR PERFORMANCE

Our total recordable case frequency (TRCF) of 4.50 was a slight improvement on 2011.

Our GDF rate was impacted by a total of 83 events (105 in 2011) of which 45 were due to significant injuries or illnesses (63 in 2011), 30 to high potential incidents (35 in 2011), five environmental incidents that met the GDF criteria (one in 2011), and three days with a corrective action overdue (six in 2011). While the total number of inputs to the GDF have reduced compared with 2011, our GDF rate equates to 0.948, which is below our 2012 target of 0.960 and our 2011 result of 0.957.

There were no work-related fatalities recorded in 2012.

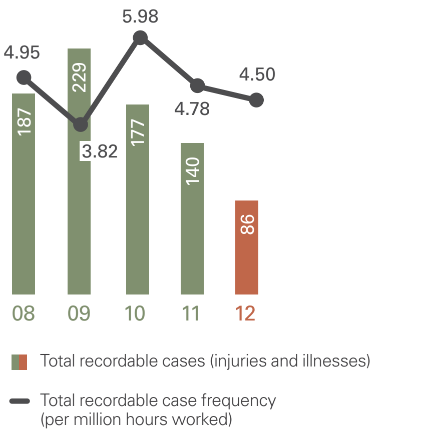
When compared against global benchmarks, such as the top quartile of the International Association of Oil and Gas Producers, there is room for significant improvement in Woodside's health and safety performance. In 2013 we will begin implementing measures to achieve global top quartile health and safety performance by 2017. This includes adopting a new corporate performance indicator with specific measures for process and personal safety, that can be benchmarked globally.

OUR SAFETY CULTURE

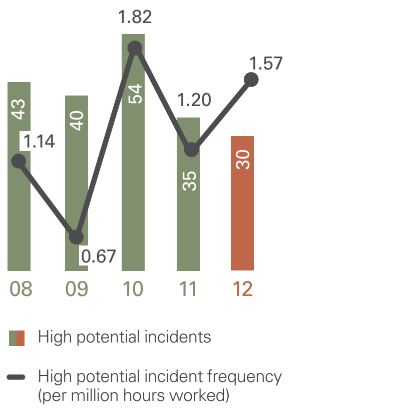
In 2012, as part of our 'Reinforcing Our Safety Culture' initiative, safety culture workshops were held across the organisation and 6,000 participant packs distributed to Woodside staff and key contractors.

We also launched a company-wide safety culture survey, providing an opportunity for our staff and key contractors to assess strengths and identify areas for development.

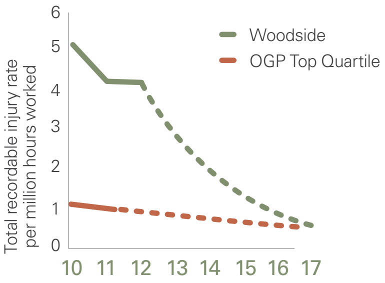
Total recordable cases



High potential incidents



Total recordable injury rate



Total recordable injury rate (injuries only) for Woodside benchmarked against top quartile performance of the International Association of Oil and Gas Producers (OGP). Woodside is targeting significant improvement to achieve top quartile performance by 2017.

PROCESS SAFETY

We work in a high risk industry where the effects of an incident can be catastrophic. The effective management of process safety risks is essential to our operations.

Process safety involves the engineering and management practices, which focus on preventing high consequence, low frequency events.

Woodside's process safety framework provides a common understanding of requirements for all levels in the organisation - from senior management through to operational staff.

Our process safety requirements are defined in policies, standards and procedures and are an integral part of the Woodside Management System (WMS).

Each of our operating facilities has a safety case. The safety case demonstrates that the process safety requirements defined in the WMS are applied to reduce the residual risks to be tolerable and 'as low as reasonably practicable'. In the safety case, we describe the assurance that is undertaken to check that the major accident events preventative and mitigative controls remain effective.

To improve the implementation of our process safety management requirements, in 2012 we implemented new safety case training modules for Woodside leaders. These provide a better understanding of the consequences of major accident events and assist in managing preventative and mitigative controls.

Process safety during design

A major focus of the proposed Browse LNG Development is the opportunity to maximise safety in the design phase - to increase overall safety standards and performance.

The Browse Central Processing Facility (CPF) will be the 'hub' of the proposed Browse offshore development. The CPF is a very large gas and condensate processing facility which has provided an opportunity to apply inherently safer principles to reduce the residual risks from fire and explosion.

Key safety in design goals were adopted for the front end engineering and design (FEED).

Computer technology enabled greater insight into how best to design the CPF to guard against fire. It also ensured the detailed design meets our escape, evacuation and rescue requirements.

The design of the proposed Browse CPF leverages from our experience from recent Woodside projects - the Angel platform and the North Rankin B platform. The resulting design is a configuration of two separate platforms linked by a bridge. This enables separation of the hydrocarbon processing hazards from the living quarters where most people will be located.

STAND TOGETHER FOR SAFETY

"Keep it contained: What's your responsibility?"

In 2012, Woodside was again a lead participant in the Australian Petroleum Production Exploration Association's (APPEA) annual stop-work safety event, Stand Together for Safety. This year's event focused on the theme 'Keeping it contained: what's your responsibility?'

The event provided a timely opportunity to take a step back to consider the role we each have in minimising the risk from a loss of containment. The theme highlighted that no matter whether you work in an office or at one of our facilities, each and every one of us has a role to play in 'keeping it contained'. Woodside's senior leaders joined staff in activities at our facilities.

Stand Together for Safety activities in Karratha.

HEALTH AND WELLBEING

A healthy and productive workforce remains an important factor in Woodside's continuing success. We understand that the health of our workforce is influenced by many factors, both in the workplace and at home, so our focus extends beyond occupational factors for injuries or illnesses. This means offering health and wellbeing programs tailored to the needs of workers, depending on their work group and location.

In 2012 we released our first health and wellbeing report, summarising the findings of our 2011 Pit Stop health screening program. The report has helped us better understand the health and wellbeing issues affecting our workforce and provides a way forward for targeting future initiatives to improve workforce health, wellbeing and productivity. It has also provided a baseline from which to evaluate the impact of health initiatives.

As part of a comprehensive approvals process for the proposed Browse LNG Development, a Health Impact Assessment has been undertaken in accordance with Woodside's Health and Hygiene Operating Standard and to meet requirements identified in the Browse LNG Precinct Strategic Assessment Report. The proposed management measures will be consolidated into a Health Management Plan.

ADOPTING SAFER PRACTICES: REMOTE VIDEO INSPECTION

Woodside is always looking for ways to use the latest information and technologies to improve our systems and make our activities inherently safer.

Traditionally, process vessel inspections are performed by people entering the vessels with a confined space entry. Technological advancement has now introduced the option of performing internal vessel inspections by remote video inspection (RVI). Removing the need to create a breathable atmosphere and physically enter vessels, removes the risk to personnel and also significantly reduces inspection preparation time and plant downtime.

In 2012, the Angel platform conducted a major shutdown where all process vessels required internal inspection. RVI technology was deployed via robotic crawler units, significantly reducing risks to personnel and equipment. It also enabled the Angel platform to return to production eight days earlier than if manned vessel entry had been used.

The success of the technology has been incorporated into vessel inspection design work during the front-end engineering and design phase for the proposed Browse LNG Development to ensure that all vessels, where appropriate, can be inspected by RVI removing the risks associated with confined space entry and reducing plant downtime.

COLLECTIVE IMPACT: RFDS, LIONS CANCER INSTITUTE AND WOODSIDE

Feedback from our employees show that skin cancer awareness, protection and prevention is a key health issue. It was a driving factor for Woodside to support Surf Life Saving Australia as that organisation's National Sun Protection Partner.

In 2012, Woodside partnered with the Royal Flying Doctor Service (RFDS) and the Lions Cancer Institute (LCI), to deliver the first free skin cancer screening service for people in the Kimberley region of Western Australia.

Woodside provided A$100,000 to support the program which enabled a skin cancer screening team to visit Derby, Fitzroy Crossing, Halls Creek, Wyndham, Kununurra and Broome. Our funding was matched by the Western Australian Government and in-kind support through specialist volunteers from the LCI.

Alarmingly, 58% of the participants screened through the program had never been screened for skin cancer before. Of those screened over 18% had suspected skin lesions and were referred to other medical practitioners.

A clear message through the program's delivery is the need for regional people to have improved access to regular health and disease screening, as well as a continued focus on sun safety. Sunscreen and hats are an essential part of our employees' personal protective equipment.

MAJOR ACCIDENT PREVENTION AND RESPONSE

The oil and gas industry works with high pressure, flammable and toxic fluids in sometimes challenging operating environments.

The Macondo and Montara incidents demonstrated the catastrophic impacts of a major loss of containment on people, communities and the environment. Woodside has undertaken a thorough review of its well control management to ensure that the learnings and recommendations resulting from such events are incorporated into our risk management processes.

Multiple levels of control are in place to prevent the uncontrolled release of hydrocarbons during drilling operations and production. In the unlikely event that a loss of containment occurs, we have a number of mitigation measures in place to enable a rapid and effective response.

Woodside has a Marine Oil Spill Preparedness Operating Standard that outlines requirements for oil spill response plans, accountabilities and an integrated response with regional and national agencies.

Over the last two years, Woodside has developed its oil spill response capabilities by providing training in this specialised skill set through the Australian Marine Oil Spill Centre (AMOSC).

AMOSC operates Australia's major oil spill response equipment stockpile on 24 hour stand-by, for rapid response anywhere around the Australian coast.

Oil Spill Response

Woodside has developed a Corporate Oil Spill Response Plan which enhances our ability to competently respond to an oil spill. The purpose of the Oil Spill Response Plan is to provide an outline of Woodside's proposed operational response strategies for hydrocarbon discharges to the marine environment.

The plan primarily addresses spills that are within Woodside's capabilities to deal with using locally available resources. In the event of a situation where a spill is considered to be beyond our response capability, both industry and Government support will be activated in a tiered response with Woodside providing necessary support.

Woodside, along with 11 other major oil and gas companies operating in Australian waters, are contributing over A$2 million each over five years for the development, maintenance and deployment of a Subsea First Response Toolkit. The toolkit will be located in Australia and will contain specialised equipment to better enable the well-head and surrounding area (including the seabed), to be cleaned up and made safe for the installation of a 'capping' device in the unlikely event of a well failure. The toolkit is expected to be available in Australia from September 2013.

Crisis and emergency management

Our Emergency Management Operating Standard ensures that crisis and emergency management procedures and competencies are consistent across all our operations. Crisis and emergency management training exercises are conducted throughout the year.

In 2012, four company-wide level three[1] crisis exercises were conducted. Three of the four exercises involved the activation of the crisis management team and two of the exercises focused on an oil spill response and recovery. Each of the exercises was independently assessed and a capability rating provided.

Eighteen level two exercises[2] were also conducted across Woodside's offshore and onshore facilities. All exercises involved major accident events outlined in the facility safety case. Two of these scenarios involved activation of oil spill plans.

In addition to the exercises, Woodside provides in house training in incident management systems. A total of 183 employees achieved competency certification in nationally accredited incident management training in 2012.

A company-wide emergency response exercise at the Pluto LNG Plant involving Western Australian Police and Fire and Emergency Services (FESA).

[1] *Level three events are those that can have a catastrophic impact on people, places or the environment involving state level emergency agencies and resources.*
[2] *Level two events are those events that require additional operational support outside of that immediately available at the incident site.*

Working at Woodside

Woodside understands that delivery of superior shareholder returns is dependent upon our ability to attract and retain an engaged, diverse and high performing workforce.

▲ 3.6%

Woodside global workforce grew to 3,997 in 2012, a 3.6% increase from 2011.

▲ 535

Recruitment activity remained high in 2012, with 535 new staff being employed.

OUR APPROACH

Woodside has extensive human resources and compensation policies and practices in place, overseen by Woodside's Human Resources & Compensation Committee on behalf of the Board.

Information on the Human Resources & Compensation Committee and its activities in 2012 is provided on page 44 of Woodside's 2012 Annual Report which is available *on our website*.

Our attraction and retention strategy continues to focus on:

- Recruiting for future technical and leadership capability requirements
- Maintaining competitive remuneration
- Employee engagement, learning and development
- Promoting our organisation externally.

Woodside remains committed to the development and retention of its local workforce to develop, build and operate our assets within Australia. We have about 4,000 employees of which 98% are based in Western Australia and approximately 97% are Australian. Temporary skilled migration arrangements are used to supplement skills that are in short supply during large scale developments.

Woodside uses contract construction workforces for large scale developments. Our operating standards contain processes to identify, assess and mitigate against risks associated with each contractor work scope and contract. Contractor capability and labour shortage is assessed on a case-by-case basis.

Where there is a perceived risk that labour or skills shortages may impact on a contractor's overall capability to execute a planned scope of work, the contractor is required to prepare a job-specific human resources management plan for the duration of their contract.

OUR PERFORMANCE

The Woodside global workforce grew to 3,997 in 2012, a 3.6% increase from 2011. Woodside's global voluntary turnover rate increased from 6.8% in 2011 to 8.5% in 2012, primarily driven by local competition for talent. Recruitment activity remained high in 2012, with 535 new staff being recruited.

Staff and graduate recruitment processes were reviewed in 2012 to ensure that Woodside continues to be well placed to attract high quality candidates. This review resulted in implementation of a number of improvements including a focus on proactive workforce planning and strategic sourcing activities.

Woodside maintains competitive market remuneration and flexible working conditions, and provides employees with the opportunity to share in our future growth through a Woodside equity plan.

Learning and development

Woodside invests significantly in learning and development activities, with A$20 million spent in 2012 (A$19 million in 2011). Additionally, we continue to invest heavily in developing current and future talent through our traineeships, apprenticeships, Indigenous employment pathways and graduate programs.

Leadership and climate

In 2012, we continued to develop our leadership capability by offering development programs to support and improve leadership and management skills aimed at improving employee engagement.

In 2012 our Leadership Development curriculum programs were attended by 864 leaders. A further 710 leaders attended workshops on Our Values and Behaviours, accountabilities and decision effectiveness.

Organisational Effectiveness

As a result of the 2011 employee engagement survey feedback, we implemented a CEO-led review of organisational effectiveness which delivered key recommendations to improve workplace climate through improved employee engagement and enablement.

A key output was the establishment of the Woodside 'Compass', to help steer Woodside into the future. Our Compass describes who we are – our values; where we're going – our strategic direction; and how we'll get there – the focus areas that will enable us to deliver.

We believe that values drive value, and this is at the heart of our Compass journey. Our aim is to live by the Compass and for our values to become part of our organisational DNA.

We have sought to bring the Compass to life in 2012 by embedding our values through a guide on expected behaviours. This guide enables managers to lead ongoing discussions with their teams on the values and behaviours.

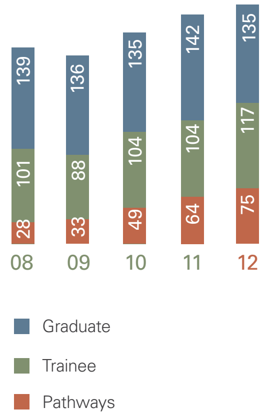
We are also improving our decision effectiveness. This includes a review of who makes key decisions and is involved in the process, and how we make and execute those decisions, ensuring decisions are aligned with our values.

In 2013 we will continue our journey towards becoming a values-led organisation by embedding the values into employee inductions, measuring how our values are reflected through our performance management system and aligning the values with leadership development activities.

A strong monitoring and evaluation program will run in parallel to our Compass journey. Success will be measured using internal staff surveys, measures of decision effectiveness, stakeholder feedback and other external assessments.

Number of employees and voluntary turnover

Number of training participants



WOODSIDE'S TRAINING ACADEMY

Woodside recognises that we are operating in an environment where there is sustained competition for skilled workers as a result of growth in the resource sector in Western Australia. We therefore remain committed to ensuring that we have the right development programs in place to deliver short and long-term capability needs.

Woodside's Training Academy, based at the Karratha Gas Plant, delivers technical training to safety critical operations and maintenance roles across all our onshore and offshore production facilities. Our Training Academy offers core skills development for our trainees and apprentices.

A highlight of 2012 has been the introduction of panel operator simulator training. The use of simulators enables more comprehensive training by presenting participants with high risk and high pressure situations which are not a common occurrence in their day-to-day work.

It means that our panel operators are better equipped to respond to a variety of situations, and skills development for each panel operator can be targeted to suit individual needs.

[1] *In 2012, reporting of voluntary turnover is based on global employee turnover rather than Australian employee voluntary turnover, resulting in minor changes to the ratios reported in prior years.*

Diversity and equal opportunity

Woodside is working to develop a workplace climate that reflects the diverse communities in which we operate.

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*.

▲188%

Increase in Indigenous employment since start of 2009.

▶ 27%

Of our workforce are women.

Increasing Indigenous participation

Woodside is focused on long-term sustainable employment for Indigenous Australians. In 2009 we set an aspiration to triple our Indigenous employment at Woodside to 96 employees by 2012. We have achieved a great deal of success over that period with graduates and Indigenous training pathways participants transitioning into full time employment and we have almost achieved our aspiration of 96 employees.

We have had a 9.5% increase in our Indigenous direct employment workforce from 2011 and a 188% increase since the beginning of 2009. Currently we have 92 Indigenous employees. In addition we had 75 participants in our pathways training program throughout the year and, overall, Indigenous employees make up 2.3% of our workforce.

Our cumulative conversion rate of 70% since 2009 has seen 49 Indigenous pathways participants convert to full time employment. Turnover for Indigenous employees was 11% in 2012, higher than organisational turnover, and retention efforts will continue to be a focus for Woodside in 2013.

Woodside's Indigenous mentoring program was established in 2011 and continued in 2012. Additional support has been provided in the areas of life skills programs, various soft skill training programs and pastoral services for our Indigenous trainees which further supports their transition into the work environment. This holistic approach is proving effective in supporting retention, engagement and development of Indigenous trainees in Woodside.

In 2013 we will implement a three-year Indigenous employment strategy to support our Reconciliation Action Plan.

Cultural Awareness

Woodside is committed to providing cultural awareness training across the organisation to raise awareness and understanding of Indigenous traditional societies and contemporary issues.

In 2012, 356 employees attended cultural awareness sessions. A total of 854 employees have attended since 2011 which exceeds our aspiration of having 750 Woodside employees attend cultural awareness training by 2015.

GROWING CULTURAL COMPETENCY

In 2012 Woodside participated in the Jawun Community Partnerships program with four of our employees each working on specific projects for five weeks, in different Indigenous communities. Jawun was established in 2001 to help Indigenous people and communities build their capabilities by drawing on the expertise and support of corporate and philanthropic Australia.

Woodside's 2012 placements included assisting with the establishment of the school library at the Cape York Hope Vale Primary Campus; assisting with the development of a five-year business plan for the Cape York Land Council; providing executive assistant support to the Wunan Land Council chairman in the East Kimberley; and human resources support at the Halls Creek childcare centre.

The Jawun program is not simply about our employees providing their skills into Indigenous communities, it also presents a unique opportunity for our people to experience cultural immersion and to build their own cultural competency. Jawun enables individuals to progress beyond cultural awareness and incorporate cultural considerations into key decisions and strategic thinking. The building of cultural competency within our organisation will enhance our ability to work in new countries with diverse and complex cultures and histories.

Gender diversity

In 2012, Woodside implemented a three-year Gender Diversity Strategy which focuses on leadership, process and practice, education, and government and community engagement to improve our ability to attract and retain talented women.

Key activities carried out to support the strategy included process improvements to the graduate program to improve gender diversity. Of the 2013 graduate intake, 50% were female with 43% of our technical intake being female.

We have also improved our gender balance in senior management succession planning with a doubling of the number of women ready to move into executive roles. The annual remuneration review demonstrated effective pay parity for males and females doing similar roles.

Community engagement continued to be a focus with corporate scholarships for talented women established with university partners, promotion of female speaking engagements at various internal and external forums and continued support to industry bodies to advocate for and raise the profile of women in the resources sector.

Despite this activity, females comprise only 26.7% of our workforce. This is a slight decrease from 26.8% in 2011. In 2012, women held approximately 10% of middle and senior management roles.

The percentage of females leaving the organisation is equal to the percentage of males at 8.5%.

Gender diversity on the Woodside Board has increased with female representation moving from 12.5% in 2011 to 22.2% in 2012.

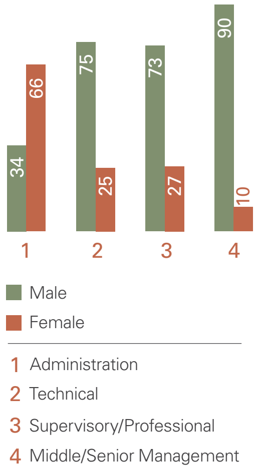
Woodside remains committed to creating a more inclusive and engaging environment, and in 2013 will continue to deliver its Gender Diversity Strategy. Focus will be on establishment of a specific development program for high talent females, the development of a job design toolkit to increase part-time and flexible working, and competency development to continue career progression.

More information on Woodside's approach to gender diversity is provided on pages 49-50 of Woodside's 2012 Annual Report which is available *on our website*.

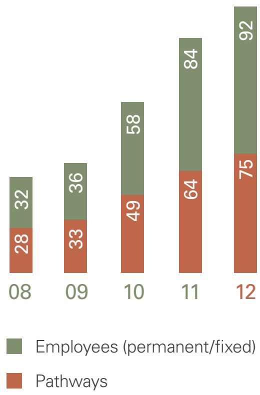
Employment practices

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) such as freedom of association and banning the use of forced and child labour. Our Employee and Industrial Relations Operating Standard defines our approach to managing employee and industrial relations. It is available to all employees through the company intranet. Woodside also has a Contractor Implementation Procedure which 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.

2012 Workforce Gender Diversity Profile (%)



Indigenous employment and pathway participants



FAMILY MATTERS

A trip to Roebourne to visit his sisters set Nic Gagliano on a career course that has changed his young family's life.

After a stint in construction on the Pluto LNG Project, Nic was offered an apprenticeship as a mechanical fitter at the Karratha Gas Plant (KGP). The young father is now a qualified maintenance technician, happy with what he has achieved and keen to make the most of his skills.

"I've still got a lot to learn," he says. "But I have had so much support to get where I am that it builds my confidence in what I can do in the future."

The key support has come from his mentors and co-workers at KGP in addition to his partner Krystal Jones. Krystal has been working hard to develop her own career as the pair seek to provide a strong foundation for their family, which includes their four-year-old, Tia and two-year-old, Nicholas.

Krystal recently took part in Woodside's Indigenous business administration program and states that she is determined to do well in her chosen field.

She has recently commenced in the role of operations administration assistant at the Pluto plant which is a big step forward in her career journey.

Woodside has helped Nic and Krystal get established in the area, finding housing and assisting with childcare placement. This combined with the progress they have made in their careers sets Nic and Krystal in a good position for the future.

Family life in Karratha.

Governance and transparency

We believe that to be a highly regarded, successful company and partner of choice, it is essential we are committed to high standards of governance and transparency, and fostering a culture that values ethical behaviour, integrity and respect. We believe that by doing what's right, we can perform to our very best.

OUR APPROACH

Woodside Compass and Code of Conduct

In 2012 we refreshed our mission, vision and values and gave them increased visibility through the Woodside Compass. Our six core values are Integrity, Respect, Working Sustainably, Working Together, Discipline and Excellence. The Woodside Compass is being integrated into our workplace culture through extensive training and incorporation in performance agreements, performance reviews and our decision making framework with the objective that our employees will live our values every day (refer pages 4-5 and 35).

Our Code of Conduct (the Code) is consistent with our values. It sets out our commitment to ethical principles and describes the personal and corporate behaviour Woodside expects from its employees in daily business activities.

As we expand our business internationally, our Code of Conduct provides that we will, as a minimum, comply with the local laws and regulations of the countries in which we operate or do business. If a higher standard is required under Woodside's policies or the Code, or is otherwise adopted by Woodside for that particular operation or business, we will comply with that higher standard.

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

Compliance with the Code of Conduct

All directors, officers and employees are required to comply with the Code. Additionally managers are required to take all reasonable steps to 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 where people feel free to speak openly about business ethics and integrity.

Code of Conduct training is required to be completed by employees at induction and annually thereafter. Records of training are maintained electronically and monitored by Woodside's General Counsel. Directors and managers are asked to provide annual certification of their compliance with the Code and related policies.

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 formal warnings through to termination of employment.

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, without fear of intimidation or reprisal.

An externally managed, confidential helpline can be used to report unacceptable conduct. All calls received by the independent helpline are referred to Woodside's Chief Executive Officer, General Counsel and Vice President Internal Audit, who respond to the matter and, if appropriate, organise an investigation into the matter. In 2012 there were 14 calls to the confidential helpline.

Woodside's Audit & Risk Committee reviews reports on breaches of the Code and matters raised through the external helpline.

There were 27 investigated reports of improper behaviour or breaches of the Code in 2012. These resulted in one verbal warning, 23 written warnings, and three contract terminations. Of these, five warnings and three terminations were fraud related and three warnings were in respect of harassment or inappropriate behaviour.

There were no legal findings against Woodside in relation to harassment, discrimination or equality in employment in 2012.

Anti-corruption

Woodside has a zero tolerance stance toward fraud and corruption. We comply with all relevant Australian and international anti-bribery and corruption laws. Our Code of Conduct and recently adopted Anti-Bribery and Corruption Policy prohibit bribery and corruption in any form, whether direct or indirect, in the private or public sector. Facilitation payments are expressly prohibited by the policy.

In 2012 we developed and commenced implementation of a fraud and corruption control program, aligned with AS 8001-2008, aimed at prevention, detection and response to fraud and corruption within or upon Woodside. The program incorporates communication and training, risk assessment, proportionate procedures, due diligence, monitoring and review. The program will be rolled out throughout 2013.

Fraud and corruption is included as part of the annual Code of Conduct training for all employees. Under the fraud and corruption control program employees operating in areas of higher fraud and corruption risk, such as supply chain, social investment and those working in high risk countries, are required to undertake extended anti-corruption awareness training. The training program is tiered, proportionate to the risks faced by the individual or their area of business.

In 2012 a company-wide fraud and corruption risk assessment was undertaken together with an independent anti-corruption gap analysis focusing specifically on the Woodside-operated Browse LNG Development. Fraud and corruption risk assessment forms part of any new country entry risk analysis.

Our Code of Conduct requires appropriate due diligence to identify and mitigate bribery and corruption risks when engaging third parties who undertake work for or on behalf of Woodside.

Woodside's Code prohibits donations to any political party, politician or candidate for public office in any country without prior Board approval. In certain circumstances staff may, with appropriate internal approvals, attend political party functions. Donations to Australian political parties, together with the costs of attending functions, have been disclosed publicly in accordance with the *Commonwealth Electoral Act 1918* and can be viewed on the Australian Electoral Commission's webpage at www.periodicdisclosures.aec.gov.au. No donations were made to any overseas politician or candidate for public office or to any overseas political party.

Woodside's Social Investment Operating Standard prohibits the provision of charitable donations or corporate philanthropy to influence an individual, organisation or government to make a business decision in Woodside's favour.

Financial transparency

Companies operating in countries implementing the Extractive Industries Transparency Initiative (EITI) are required to publish what they pay to the government. The EITI is a standard for improved governance adopted by certain resource-rich countries which provides for the verification and publication of company payments and government revenues from oil, gas and mining. As a supporter of the EITI since 2005, Woodside is committed to reporting our petroleum tax and fee payments in respect of operations in implementing countries.

Timor-Leste is the only country in which Woodside currently has an operating interest that has implemented the EITE.

In 2007, Woodside sold its shares in subsidiary, Woodside Petroleum (Timor Sea 1) Pty Ltd. Sale proceeds totalled A$26 million. Woodside's capital investment had been A$52 million and the transaction resulted in a A$26 million loss. The Timor-Leste revenue authorities raised an assessment for A$25 million as a result of the transaction. Woodside has paid the A$25 million in full but is pursuing its legal rights for recovery of the amount through the Timor-Leste legal system.

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 of Conduct 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.

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.

Security

Woodside applies its Security Operating Standard with the aim of protecting our people, assets and information according to the Woodside Risk Management Standard and ISO 31000. Security risks are identified though a hazard identification process supported by research and engagement with government and other stakeholders. Our security arrangements are designed to comply with applicable international and Australian laws.

All security service providers are subject to appropriate due diligence. Woodside has strict procedures in respect of the use of armed security guards requiring the highest levels of justification and approval by the Chief Executive Officer. No such services were engaged in 2012.

EASY PLAYS IN THE SHALLOWS AND NEVER VENTURES DEEP.

Understanding and protecting the environment in which we operate is essential to our success and continued growth. In 2012, Woodside on behalf of the Browse Joint Venture, conducted several marine research programs to further understand the ecosystems of Scott Reef. This research has informed the design of key infrastructure for the proposed Browse LNG Development to minimise our impact on the environment.

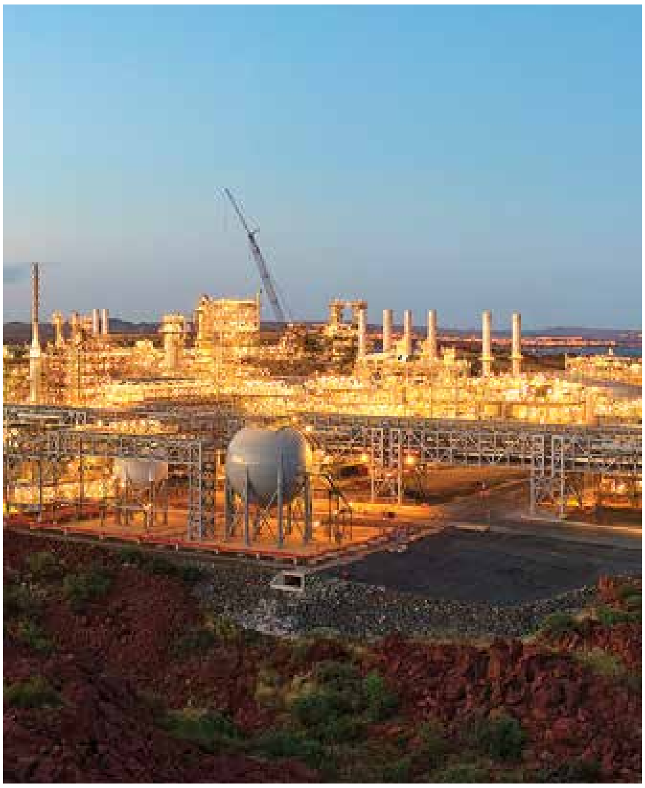
ENVIRONMENT

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 ENVIRONMENTAL TARGETS 2012	HOW WE PERFORMED		KEY ENVIRONMENTAL TARGETS 2013
Continue to implement the environment strategy.	2012 planned strategy actions were implemented.		Continue to implement the environment strategy.
Implement Good Day Frequency environment measures.	Five environmental incidents contributed to the Good Day Frequency in 2012.		Maintain a low level of environmental incidents. Achieve a flaring intensity of less than 8.5t/kt for operating facilities.
Finalise the Woodside water management strategy by December 2012.	Water efficiency evaluation completed leading to a draft position on water.		Commence implementation of the water management strategy.

Achieved Underway Not achieved

Our environmental performance



Our environmental framework provides a systematic approach to identifying, assessing, mitigating and managing environmental risks. Understanding the environments in which we operate and minimising our environmental footprint is critical to maintaining our licence to operate.

Zero

No reportable or recordable environmental incidents from Pluto LNG commissioning and start up activities.

103

Energy efficiency opportunities identified across all facilities over five years.

OUR APPROACH

Woodside's expectations for environmental management and performance are outlined in our Environmental Policy, available *on our website*, and our mandatory environmental operating standards. These standards set performance requirements for managing environmental risks through the lifecycle of our projects for environmental aspects such as waste, biodiversity impacts and air emissions.

We have six environment strategic imperatives and these have been integrated into our company-wide business plans:

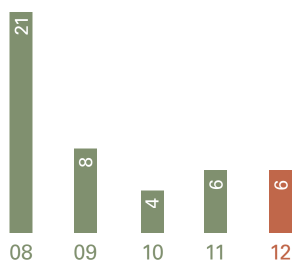
- Maximise resource efficiency
- Design to minimise lifecycle costs
- Maintain compliance and integrity
- Control environmental impacts
- Facilitate effective approvals
- Work with stakeholders.

Woodside's environmental performance in 2012 was linked to remuneration through the Good Day Frequency (GDF) performance indicator which took into consideration injuries and occupational health, the potential for major accident events, environmental incidents and overdue corrective actions from audits. It was one of four indicators used to measure Woodside's corporate performance and determine employee and executive remuneration.

OUR PERFORMANCE

We reported six incidents to regulators in accordance with legal requirements, of which five negatively impacted our GDF. Of these, four resulted in no measurable environmental impact. Three incidents related to flaring events at the Karratha Gas Plant that resulted in the release of dark smoke for longer than 30 minutes. Losses of 120 litres and 200 litres of hydraulic oil occurred in separate incidents from two offshore facilities. Woodside did not receive any environmental fines or penalties in relation to environmental incidents occurring in 2012.

Environmental incidents



Six environmental incidents were reported to regulators in 2012. Since 2008 there has been a significant decline in the number of incidents.

Maximising resource efficiency

Woodside seeks continual improvements in resource use efficiency, which are achieved through both design and operating practices.

Energy

Woodside's operations are energy intensive, consuming 126,514TJ in 2012. We continue to seek opportunities to improve the efficiency of our facilities to yield both environmental and economic benefits.

An example of this was a trial project undertaken in 2012 to replace older style 'orifice plate' meters, which are used to measure gas flows, with less intrusive devices. The new meters cause less disruption to gas flows reducing energy consumption. A full scale roll out of the project is being considered which is expected to increase LNG production by more than 150t of LNG per day with little additional energy consumption.

This is one of the many opportunities reported by Woodside under the *Energy Efficiency Opportunities Act 2006* (EEO). Woodside completed the first five-year cycle of EEO assessments in mid-2011, with 103 potential opportunities identified across all facilities, accounting for 12% of total energy use. Our public report can be viewed *on our website*. While no new assessments have been conducted in 2012, we updated our 2012 report on 24 opportunities that have recently been progressed.

Water

Our current operations and future growth rely on access to water of appropriate quality and quantity. Water is used through all aspects of our value chain from exploration through to production. Woodside recognises the value of this shared resource and is committed to using water efficiently.

During 2012, we conducted a workshop to assess water availability as a risk to Woodside and to guide our approach to water management.

Our current sources of water include saline water from the ocean for our reverse osmosis plants and fresh water from the Water Corporation. The reverse osmosis plants desalinate the ocean water to a quality that can be used in our processes.

During 2012 we withdrew 417,245m^3 of fresh water from municipal supplies. This was a decrease from 2011, and was predominantly due to the completion of construction work at Pluto LNG. All water at Pluto LNG is currently sourced from reverse osmosis, whereas water had to be drawn from municipal supplies during construction.

Once commissioning is complete, the Pluto LNG site wastewater treatment plants will enable industrial-treated wastewater to be reused for site use and domestic sewage to be treated, monitored and reused on site for irrigation.

Wastewater from our Karratha Gas Plant and King Bay Supply Base onshore facilities is monitored before discharge to the ocean in accordance with approved licence conditions.

Waste

During 2012, the total waste produced from our facilities was 12,512 tonnes of which 28% was recycled. Of the waste that was not recycled or evaporated, 29% was disposed to landfill and 8% was incinerated at an offsite waste management facility.

Natural gas contains a naturally occurring trace amount of mercury which is removed as part of the gas treatment process using a catalyst separation process. In 2012 we organised the transport of 368 tonnes of 'spent' mercury removal catalyst to Switzerland for treatment and disposal. Mercury is considered hazardous under the Basel convention and all transport occurred in accordance with Australian and international regulations.

The highest volume of liquid discharge generated during the production of oil and gas is produced formation water. This naturally occurring water accumulates underground with oil and gas deposits. When a well is drilled formation water is brought to the surface where it is separated from our products, treated and discharged to the marine environment in accordance with requirements in our environmental approval conditions. In 2012, we discharged 7,005,566m^3 of produced formation water. The volume and quality of produced formation water varies between wells and over time.

In early 2012 there was an accumulation of produced formation water on one of our floating storage and production offtake vessels beyond which could be managed on board. The produced formation water, which is not considered hazardous, was transported, treated and disposed at an approved facility in Singapore in accordance with relevant legislation.

Woodside continued to support the iCARE (Industrial Communities Against Rubbishing Our Environment) program in 2012. Woodside staff participated in four clean-ups in the suburbs of Karratha, monthly clean-ups of the Withnell Bay Road and three comprehensive clean-ups of Burrup Road which resulted in the collection of 1,100kg of rubbish throughout the year.

Roadside bags of rubbish being collected by volunteers from organisations participating in the Woodside-initiated iCARE program.

Protecting biodiversity and ecosystems

Understanding the biodiversity of the environments in which we operate or wish to operate is an important aspect of environmental management.

A$100 million

Approximately A$100 million invested in Kimberley biodiversity and ecology studies by Woodside on behalf of the Browse Joint Venture since 1993.

APPEA Environment Award

Environmental Award won by Woodside in recognition of our collaborative approach to research through partnerships.

OUR APPROACH

The assessment of potential environmental risks for any new development or significant change to a facility are determined through environmental impact assessments (EIA). These EIAs are conducted in accordance with operating standards, procedures and assessment tools. This systematic approach includes the identification and evaluation of potential impacts on species, habitat and ecosystem function and the development of biodiversity protection measures. The results of the EIA inform our decision making and enable environmental management practices to be integrated through the design, construction, operation and decommissioning of our activities.

Through our EIA process, biodiversity risks are assessed for all of our activities and facilities. One of our facilities and a proposed exploration program are located adjacent to recently established Commonwealth Marine Reserves. Both reserves are recognised by the International Union for Conservation of Nature as areas of environmental significance. Environmental management plans are developed and implemented to minimise potential impacts to these sensitive areas to as low as reasonably practicable.

As part of the EIA process, we communicate the potential environmental impacts of our operations in an open and transparent manner. Although the regulatory environmental approvals process supports active stakeholder engagement, much of the stakeholder engagement we undertake is additional to that required under any regulatory regime. We have long-standing relationships with stakeholders in the areas in which we operate. The mechanisms we use for this engagement include meetings, briefing sessions and fact sheets.

For specific projects, reference groups are established such as the Browse Marine Users Working Group and Exmouth Community Reference Group. For developments such as the proposed Browse LNG Development, we engage a range of independent experts to review our planned work scopes and the subsequent results.

OUR PERFORMANCE

In 2012 we completed three marine seismic surveys, one geophysical survey and one geotechnical survey in connection with our exploration and development activities in the North West of Australia. Examples of environmental management measures identified through our environmental risk management process and implemented during these surveys include:

- Assessments of the timing and location of survey activities and, where possible, making modifications to minimise potential for disturbance to listed threatened and migratory species
- Implementation of invasive marine species risk assessment processes to minimise the likelihood of invasive marine species being introduced or spread within Australian waters.

In 2012 we continued our annual marine monitoring program for the North West Shelf Project in which a range of physical and biological parameters are sampled to identify any longer-term impacts from operations. The program has been in place for more than 21 years and has continued to show that there are no significant impacts on the broader ecosystem from Woodside's operations.

An important part of the EIA process is working with leading research and education institutes to obtain robust data to support decision-making and the ongoing monitoring of our operational footprint. Woodside received the APPEA Environment Award in 2012 recognising our collaborative approach to research through partnerships with the Australian Institute of Marine Science and the Western Australian Museum. The research has improved scientific and industry knowledge and improved the broader community's understandings of biodiversity and ecological function in Western Australia's tropical marine areas.

Environmental impacts of potential Browse Development

In 2012, Woodside completed front-end engineering design of the upstream and downstream facilities for the proposed Browse LNG Development. The designs reflect contemporary best practice to minimise our environmental footprint of the Browse LNG Development. These included reduction of artificial light sources to minimise potential impacts on turtles, commitments and measures to manage liquid residues, and measures to reduce the potential for accidental hydrocarbon spills and mitigate potential impacts in the event that a hydrocarbon spill were to occur.

Our Environment in Design Standard ensures that environmental considerations are integrated into the design of all new facilities. Key changes to design that have been driven by this internal standard include a reduction in venting of hydrocarbon vapour returned from ship-loading, use of a ground flare to reduce light impacts, a focus on energy efficiency and the use of waste heat recovery.

Browse studies

Woodside on behalf of the Browse Joint Venture has conducted research into the ecosystems of Scott Reef for almost 20 years and onshore for the last five years. Further studies were undertaken in 2012 to understand the offshore, nearshore and onshore environments within the area of the proposed development. These studies have increased our understanding of the terrestrial and marine environments and served to improve the robustness of the datasets that have been used in the State and Commonwealth environmental approval processes. This research has informed the design of the key infrastructure to minimise our impact on the environment.

Studies included:

- Scott Reef research project
- Vegetation and flora assessment and targeted priority flora survey
- Water quality monitoring including benthic habitat assessment
- Ground and surface water monitoring
- Modelling of potential impacts of worst case scenarios for events such as hydrocarbon spills
- Humpback whale monitoring program.

HUMPBACK WHALE RESEARCH

As part of our environmental assessment for the proposed Browse LNG Development, Woodside commissioned a comprehensive study of humpback whales off the Kimberley coast.

Between 2009 and 2012, various research methods were employed to improve our understanding of humpback whales including line transect vessel surveys, vessel-based behavioural surveys, photo identification, aerial transect surveys, sea noise loggers and satellite tagging.

The results of these studies are consistent with those undertaken in previous years and show that 95% of migrating humpback whales swim past James Price Point at distances of more than eight kilometres offshore as they travel to and from the main breeding and calving grounds at Camden Sound, located about 350 kilometres north of James Price Point. The vast majority of humpback whales migrating through the area are outside the immediate construction footprint of the Browse LNG Precinct.

Since 2011, the aerial survey program has incorporated an Indigenous training component which provides marine mammal observer training for Traditional Owners.

The collection of extensive data sets spanning multiple years exceeds environmental regulatory expectations and requirements, and in conjunction with longer-term datasets of this group of humpback whales, is considered best practice for species level research in the oil and gas industry.

The program gives Woodside a thorough understanding of whale distribution, abundance and behaviour in the North West of Western Australia. Data from the research program has allowed Woodside to provide robust scientific data to support environmental approvals in both State and Commonwealth jurisdictions.

Humpback whale research involves marine mammal observer training for Traditional Owners.

Climate change and reducing emissions

As Australia's largest exporter of natural gas, Woodside is contributing to the reduction of greenhouse gas emissions in customer countries, as natural gas is the lowest emitting fossil fuel.

When used for power generation, natural gas results in emissions reductions of between 20% and 50% when compared to coal fired technologies.

▲ 25 million

Trees planted as part of the Pluto LNG carbon offset program.

▼ 6.5%

Reduction in flared gas intensity from operated ventures (excluding commissioning).

OUR APPROACH

Woodside continually strives to reduce the greenhouse emissions from its operations. We have also made significant investment into offsetting emissions and strive to provide transparent information about our emissions to stakeholders.

Reducing emissions

The most significant opportunity for emissions reductions are realised during the design phase of an LNG facility. At the Pluto LNG Plant, Woodside is implementing a number of emissions reducing initiatives. Pluto LNG is designed to produce only $0.37tCO_2$ for each tonne of LNG produced, in comparison to the Australian industry average of $0.442tCO_2$. In addition, 15% of these emissions have been offset by planting trees, through Australia's largest carbon offset project.

Other initiatives being implemented at the Pluto LNG Plant include the use of a waste heat recovery system, which eliminates the need for 100MW of energy by using excess heat from certain processes, to generate steam. Pluto's Greenhouse Gas Abatement Program is available *on our website*.

Flaring is one source of emissions which Woodside actively seeks to minimise through ongoing management during normal operations. Woodside has set a flaring reduction target, supported by a flaring reduction plan, at all operational facilities. Performance against this target is measured each month, with the results reported to management.

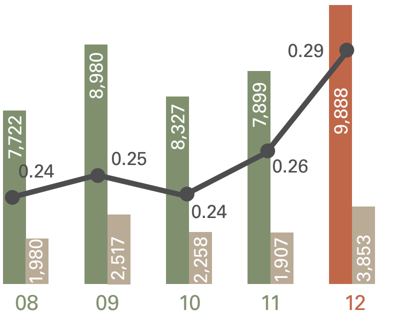
Investment in offsets

As part of delivering Pluto LNG, Woodside has invested approximately A$100 million to plant native trees in locations across Western Australia and New South Wales. Plantings have occurred for the past four years, and more than 25 million trees have now been planted across more than 7,000 hectares. This is the largest commercial tree planting offset program in Australia and is projected to offset an average of $240,000tCO_2e$ per annum over the life of Pluto LNG.

Carbon Disclosure Project

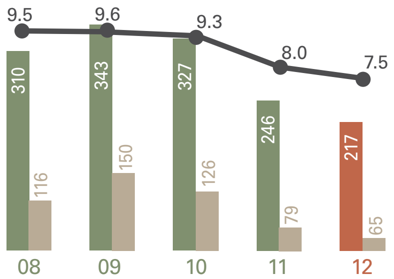
Woodside recognises the importance of keeping stakeholders informed on action being taken on climate change, and in 2012 we again responded to the Carbon Disclosure Project (CDP). The CDP is a global survey of over 3,500 companies, conducted by an independent not-for-profit organisation. In 2012, Woodside received a disclosure score of 79%, the second highest disclosure result for an ASX listed company in the CDP Energy sector. Woodside continued to achieve a solid performance ranking of 'B+'. 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.

Greenhouse gas emissions and intensity



- CO_2e emissions intensity (tonne/ tonne hydrocarbon production)
- Total annual CO_2e emissions (kilotonnes)
- Woodside portion of CO_2e emissions (kilotonnes)

Flare gas and intensity
(excludes commissioning)



- Flared gas intensity (tonne/kilotonnes hydrocarbon production)
- Total gas flared for operated ventures (kilotonnes)
- Woodside portion of flaring (kilotonnes)

OUR PERFORMANCE

The majority of Woodside's greenhouse gas emissions arise from the combustion of natural gas. This is used in compressor turbines, which are used to run operating assets, as well as flaring, which is required for the safe operation of our facilities.

In 2012, greenhouse gas emissions from Woodside-operated facilities increased by about 2.0mtCO_2e or 25% to 9.9 million tonnes CO_2e. The main source of this increase has been the commissioning of both Pluto LNG and the Okha floating production storage and offloading (FPSO) vessel. This represents an emissions intensity of approximately 0.29tCO_2 per tonne of hydrocarbon, an increase of 11% from 2011.

Reducing emissions associated with flaring, which represented 23% of total emissions in 2012, is a continued focus for Woodside, in line with our principle of maximising resource efficiency. As a result of flaring reduction initiatives, Woodside continued to reduce the flaring intensity of operational facilities, achieving a flaring rate of 7.5t/kt, excluding flaring related to facilities undergoing commissioning. This is a decrease of flaring intensity of 6.5% on 2012 and 22% since 2008.

The nature of LNG production means that during the commissioning of facilities it is necessary to flare higher rates of gas in order to maintain the safety and integrity of new facilities. As equipment is commissioned and tested, there is often excess gas produced which must be safely disposed of through the use of the flare relief system.

Woodside's rate of flaring for all facilities, including those in commissioning, was 22.9t/kt. This rate is due to commissioning flaring at both the Okha FPSO and Pluto LNG Plant. Once fully operational, it is expected that both these facilities will operate at significantly lower flaring rates, due to mitigation measures incorporated into the design of the facilities.

Carbon price

In 2012, Woodside prepared for the introduction of a price on greenhouse gas (carbon) emissions through the *Clean Energy Act 2011*. Under the Act, Woodside is required to purchase carbon units for each tonne of emissions released from facilities it has an interest in. LNG production qualifies for assistance due to its status as an emission intensive and trade exposed industry. Woodside will be allocated a certain number of carbon units for free and will be required to purchase the remainder at a price of A$23 per tonne.

While Woodside is not required to purchase any permits until June 2013, it is estimated that emissions released from operated facilities in 2012 will incur carbon price liabilities of approximately $17 million. This is higher than originally anticipated due to commissioning activities undertaken at both Pluto LNG and the Okha FPSO.

Despite the introduction of the carbon price, the nature of Woodside's operations is that intrinsic drivers exist to reduce our consumption of energy, the main source of greenhouse emissions. This is because the energy used to run our facilities is the same energy we sell. Any decrease in energy consumption internally will therefore lead to greater production rates and associated financial returns.

BY DOING WHAT'S RIGHT, WE CAN PERFORM TO OUR VERY BEST.

At Woodside, we are on a journey to be a global leader in upstream oil and gas. To achieve this, we aspire to do what's right, even when it's not easy.

ECONOMIC

Woodside is committed to delivering superior shareholder returns by optimising our producing assets and commercialising our growth projects and other premium opportunities. Our ongoing aim is to benefit the communities in which we work and live.

KEY ECONOMIC TARGETS 2012	HOW WE PERFORMED	KEY ECONOMIC TARGETS 2013
Meet 2012 production target guidance of between 73-81 MMboe.	2012 production was 84.9 MMboe, exceeding target guidance.	Meet 2013 production target guidance of between 88-94 MMboe.
Deliver first cargo from Pluto LNG.	First cargo delivered in May 2012.	Fully ramped up and stable production.
Maintain product quality.	100% (2011: 98.8%) of all NWS gas products were on specification. 100% of all Pluto gas products were on specification.	Maintain product quality.
Award 50 contracts with year-on-year growth in value to Indigenous enterprises between 2011 and 2015.	At the end of 2012, a total of 25 contracts had been awarded to Indigenous enterprises.	Demonstrated growth in value of contracts awarded to Indigenous enterprises and continued progress toward target of 50 contracts by 2015.

Achieved Underway Not achieved

Our economic contribution

Woodside delivers broad community benefits by employing almost 4,000 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.

▲ 25%

Increase in underlying net profit before tax.

▲ 18%

Increase in dividends to shareholders.

OUR APPROACH

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 goals through the annual business planning process. The plans include key performance indicators against a range of financial and non-financial measures, and set the expected level of performance.

OUR PERFORMANCE

Financial performance

With the start-up of Pluto LNG in 2012 and continued strong pricing, Woodside recorded its highest ever annual sales revenue of $6.22 billion.

The 2012 reported net profit after tax was a record at $2.98 billion. This included a $974 million gain on the sale of a minority share of our Browse equity. Underlying net profit after tax[1] rose to $2.06 billion, a 25% increase on 2011.

We invested $1.76 billion in our business activities in 2012, down from $3.83 billion in 2011. The 2012 spend comprises $1.50 billion in capital expenditure and $0.26 billion in exploration. Woodside's total expenditure in 2012 was $2.7 billion.

The lower investment expenditure and robust cash flow from Pluto LNG, combined with the sale of the minority portion of our Browse equity, strengthened our balance sheet in preparation for new growth opportunities while also returning value to shareholders through increased dividends.

The 2012 annual dividend totalled 130 cents per share ($1.07 billion) – the highest achieved in the company's history. In August 2012 the Board announced a dividend policy in which Woodside will aim to maintain a minimum payout ratio of 50% of underlying net profit after tax.

Total production in 2012 was 84.9 million barrels of oil equivalent (MMboe) of which 99% was from our Australian assets. 69% of production was natural gas (LNG, LPG and pipeline gas) and the balance oil and condensate.

At year end, 49% of our proved plus probable reserves were categorised as developed, up from 20% in 2011. This increase is due to the start-up of Pluto LNG. Our three year organic reserves replacement ratio for proved plus probable reserves was 82%.

Detailed information on Woodside's financial performance is available in our 2012 Annual Report. Our 2012 Reserves Statement is at page 16 of the Annual Report.

Economic contribution

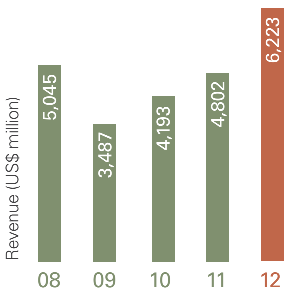
In 2012, approximately 75% of expenditure on capital and exploration, materials, goods and services purchased was spent in Australia.

During the five-year construction phase of Pluto LNG, more than A$7.6 billion was delivered in local content.

In 2012, we paid approximately $1.35 billion in royalties, excise and taxes to governments, most of which was paid to the Australian Government.

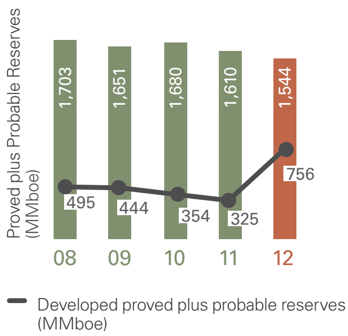
[1] *Woodside's Financial Report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The underlying (non-IFRS) profit is unaudited but is derived from audited accounts by removing the impact of non-recurring items from the reported (IFRS) audited profit. Woodside believes the non- IFRS profit reflects a more meaningful measure of the company's underlying performance.*

Sales revenue



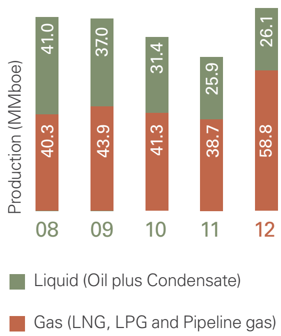
Record annual sales revenue was largely a result of record production and, to a lesser extent, continuing strong commodity prices.

Proved plus probable reserves



Due to Pluto LNG start-up, developed proved plus probable reserves increased 430.3 MMboe.

Production profile



FOSTERING A RESPONSIBLE 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 of health, safety and environmental management, human rights and local Indigenous employment.

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 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 require suppliers to develop and deliver:

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

We carry out compliance audits on our supply chain on an ad hoc basis. These audits require 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 2012 our Finance Function completed five major contract audits and five contracts over $50 million were reviewed by our Commercial Function.

Woodside's Internal Audit Function conducted audits of Supply Chain's Transactional Procurement and Inventory Management Systems during 2012 as well as a health and safety focused audit of one of our major logistics contractors.

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. We do this by working closely with Federal and State Governments to identify early contract packages that match local industry capabilities.

Our Local Industry Participation Policy, which is available *on our website*, outlines our approach to local industry participation.

A Local Industry Participation Plan is developed for all major projects. The plan outlines how the project will provide local industry contracting and procurement opportunities. This plan is cascaded to principal and secondary contractors who are required to develop their own local industry participation plans for the project.

Our Local Content Procedure requires contractors to define local content targets and obligations in their tenders and to report on how effectively they meet their local content obligations.

Woodside advertises opportunities for local industry participation on the West Australian Chamber of Commerce and Industry website. The contact details of successful contractors are also provided to assist smaller, second tier contractors and suppliers identify opportunities to participate in a project.

Woodside's 2011-2015 Reconciliation Action Plan, which is available *on our website*, includes a range of Indigenous business participation commitments. Key achievements since the start of 2011 include the award of 25 contracts to Indigenous-owned businesses.

PRODUCT QUALITY

Liquefied natural gas quality control is a key consideration for Woodside and our customers. In 2012 we achieved an LNG 'on specification' rate of 100% for both the North West Shelf Project and Pluto LNG. Domestic gas supplied to the Western Australian market has to meet a strict specification and Woodside's quality compliance rate in 2012 was 100%. Oil products are sold 'as produced' and are therefore not bound by a specification.

Customers, market and technology

Woodside is committed to delivering superior shareholder returns by optimising our producing assets and commercialising our growth projects and other premium opportunities.

Pluto LNG received the 2012 Sir William Hudson Award – Australia's top engineering honour.

28 years

Of safe, reliable product supply and delivery from the North West Shelf Project.

3500th

LNG cargo delivered by North West Shelf Project.

MARKET OUTLOOK

Global demand for LNG to 2025 is anticipated to continue growing at an average of 4 to 5% a year, equating to an increase of about 200mtpa (million tonnes per annum). The largest regional LNG market is Asia Pacific, representing about two-thirds of global trade, based around the core markets of Japan, Korea and Taiwan. Growth is expected to be driven by the key markets of China and India, with a range of emerging import countries expected to play an increasingly important role.

The outlook for Japanese demand is a key uncertainty. Following a rapid increase in demand for LNG in the wake of the 2011 Fukushima nuclear incident, demand steadied in 2012. The recently elected Liberal Democratic Party has a more positive view on nuclear and is in favour of restarting idle reactors once their safety has been confirmed. However, the future primary energy mix of nuclear power generation for the country remains unclear.

There is minimal new supply of LNG due on-line before the middle of the decade, when from 2016 to 2019 approximately 90mtpa of new capacity under construction is expected to be phased into the market. Start-up delays may extend the period of supply tightness.

Towards the end of the decade new supply will be required to meet expected growth in demand and replace the decline in some legacy projects. Globally there are many proposed projects that are competing to secure new long-term sales beginning around 2020. While there are many North American export projects currently proposed, most are speculative at this stage.

The general view is that United States exports of LNG are expected to make up less than 10% of global supply by 2025. East Africa is also emerging as a new supply region, but will likely face a range of greenfield development risks and other country challenges. Australia is home to seven of 13 projects globally that are under construction.

CUSTOMER RELATIONS

Woodside has built strong relationships with its customers over 28 years of safe, reliable product supply and delivery from the North West Shelf Project. As an Australian supplier, Woodside's key strengths are its long-term relationships with key buyers, proximity to premium Asian markets, and the stable political and fiscal regime in which it operates.

With the start-up of Pluto LNG this year, Woodside now operates six of the seven LNG trains in operation in Australia and through that generates valuable export revenue for Australia.

LNG and domestic gas is typically supplied to customers under long-term sale and purchase agreements, some of which are up to 25 years in duration. These contracts lead to the development of long-term customer relationships, which can be leveraged into new opportunities.

Gas from the North West Shelf Project is sold jointly through agencies that act on behalf of all the joint venture participants, both internationally and domestically. The North West Shelf LNG agency has offices in Perth, Beijing and Tokyo.

Woodside markets its own LNG produced by the Pluto LNG Plant. It also manages the marketing of LNG produced on behalf of its two co-venturers, Tokyo Gas Co., Ltd, and Kansai Electric Power Co., Inc, who are also foundation LNG buyers from Pluto LNG.

We have a diverse range of international customers, which include a number of the region's leading power and gas utilities. 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 customer countries and this allows us to develop a close relationship with our customers and a deeper understanding of their business requirements.

The majority of Western Australian domestic gas production is produced by the North West Shelf Project. Our domestic gas customers are gas distribution/aggregation companies, electricity producers, major industrial enterprises and gas traders.

While LNG is the core platform of Woodside's business, liquids (oil and condensate) contribute about 46.5% of overall group sales revenue.

Woodside has an expanding LNG trading and shipping business, building on the company's oil and condensate marketing capabilities. Woodside currently manages an integrated fleet of three ships on behalf of Pluto LNG, with a dedicated fourth ship commencing mid-2013 which will materially improve fleet efficiencies.

Our approach to customer relations is based on understanding their changing needs and working with them to minimise the impact of unexpected production outcomes or unforeseen changes in demand. To support ongoing relationships, we are in regular communication with customers and 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 North West Shelf Project and Pluto LNG.

TECHNOLOGY, COSTS AND PRODUCTIVITY

Rising costs and stalling productivity, together with increasing international supply competition, provide Australian oil and gas companies with a major incentive to innovate.

Our industry is characterised by capital-intensive projects in which technology advantages are locked in at the design phase. Game-changing breakthroughs are important, but so are incremental innovations that boost efficiency and output from existing designs.

Led by our new Technology Division, Woodside is working hard to position itself as a market and cost leader through technology and innovation. The division is responsible for the development and adaptation of new technologies across the different phases of our projects and developments.

To adapt to the new market realities we are taking significant steps to drive down the cost of developing LNG facilities, with a focus on construction technologies. Woodside's Next Generation LNG™ technology takes modular construction of onshore LNG plants to a new level, enabling a 2.5 to 3mtpa LNG train to be constructed and installed by joining just five self-contained modules.

This intelligent design has the potential to greatly reduce construction costs and risks, with potential cost reductions of up to 20% compared to conventional LNG train designs. The improved liquefaction efficiency of the next generation design is also expected to reduce CO_2 emissions by up to 35%.

This is an example of technology that can not only improve Woodside's profitability and international competitiveness, but also provide greater returns to the community through a smaller environmental footprint, more efficient resource use and greater export revenue.

Our website provides information on some of our other recent technological innovations.

TOP ENGINEERING HONOURS FOR PLUTO

In 2012, Pluto LNG was awarded Australia's top engineering honour, the Sir William Hudson Award at the National Engineering Excellence Awards. Pluto LNG claimed the national award after first winning the West Australian divisional prize.

From discovery of the gas field in 2005 to the delivery of first LNG in 2012, Pluto LNG is recognised as the fastest developed LNG project worldwide. This is an extraordinary demonstration of Woodside's offshore and onshore capability.

The recognition is seen as a testament to Woodside's focus on quality outcomes and the innovation and determination it employs to achieve them.

"A fine integration of engineering with community consultation and consideration for the environment has been exhibited throughout project activity."
Ian Pedersen, National Engineering Excellence Awards Chair

A few of the many people who contributed to Pluto LNG winning Australia's highest engineering honour, the Sir William Hudson Excellence Award.

DATA TABLES

ENVIRONMENTAL PERFORMANCE

	2012	2011	2010	2009	2008
HYDROCARBON PRODUCTION					
Total hydrocarbon production (t)	34,483,850	30,931,704	35,019,658	35,851,818	32,447,281
Woodside-share of hydrocarbon production (t)	10,235,338	6,556,460	9,070,200	9,887,859	9,356,885
EMISSIONS[1]					
Greenhouse gas emissions					
Total CO_2 equivalent (t)	9,889,254	7,898,603	8,326,529	8,979,762	7,722,314
Woodside-share of CO_2 equivalent (t)	3,853,622	1,907,332	2,258,013	2,516,990	1,979,544
Intensity (CO_2e (t) per t of hydrocarbon production) (total operated)	0.29	0.26	0.24	0.25	0.24
Flared gas					
Total flared gas (t)	790,258	246,170	326,500	343,224	309,741
Woodside-share of flared gas (t)	542,605	78,945	125,838	149,783	115,744
Intensity (flared gas (t) per kt of hydrocarbon production) (total operated)	22.9	8.0	9.3	9.6	9.5
Volatile organic compounds					
Total VOCS (t)	11,113	25,116	17,674	17,364	13,617
Woodside - share of VOCS (t)	4,927	4,683	3,593	3,763	2,980
Oxides of nitrogen emissions					
Total NOx emissions (t)	19,342	15,397	18,295	19,120	15,333
Woodside - share of NOx emissions (t)	7,074	3,790	5,042	5,645	4,398
Oxides of sulphur emissions					
Total SOx emissions (t)	534	476	381	525	445
Woodside - share of SOx emissions (t)	326	332	153	241	294
Ozone depleting emissions					
Total CFC11 equivalent (t)	0.12	0.12	0.18	0.12	0.02
Woodside share of CFC11 equivalent (t)	0.06	0.04	0.03	0.02	0
RESOURCE USE					
Energy consumption					
Total energy consumption (TJ)	126,514	110,814	115,660	114,948	105,302
Woodside-share of energy consumption (TJ)	35,399	25,495	26,043	26,127	22,935
Intensity (energy consumption (TJ) per kt of hydrocarbon production) (total operated)	4.4	3.6	3.3	3.2	3.2
DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (TJ)					
Gas	123,321	107,862			
Oil	3,158	4,094	Not previously reported		
Total direct energy consumption	126,479	111,956			
INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE (TJ)					
Electricity	35	68	Not previously reported		
Total indirect energy consumption	35	68			
WATER USAGE					
Ground water (m^3)	0	Not previously reported			
Surface water (m^3)	0				
Municipal water supply (m^3)	417,245	493,616	351,325	347,600	423,762
Total	417,245	493,616	351,325	347,600	423,762
PRODUCED FORMATION WATER					
Volume discharged (m^3)	7,005,566	Not previously reported			
Oil load (kg)	45,024				
TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL[2]					
Hazardous waste:					
Recycled (t)	2,078	2,568	1,407	716	250
Incinerated (t)	976				
Evaporated (t)	4,311	1,178	1,839	1,107	4,260
Landfill (t)	353				
Total	7,718	3,746	3,246	1,823	4,510
Non-hazardous waste:					
Recycled (t)	1,410	1,242	1,979	2,217	466
Incinerated (t)	0				
Evaporated (t)	121	4,466	2,165	5,040	1,684
Landfill (t)	3,263				
Total	4,794	5,708	4,144	7,257	2,150
ENVIRONMENTAL INCIDENTS					
Total number of environmental incidents reported to regulators	6	6	4	8	21
Oil spills (litres)[3]	320	800			
Other spills (e.g. chemical) (litres)[3]	0	4,100			
FINES					
Total number of environmental fines and penalties	0	0	0	0	0

1 *Includes emissions from facilities in commissioning.*

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

3 *Previously reported by number of spills.*

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.

HEALTH AND SAFETY PERFORMANCE

	2012	2011	2010	2009	2008
Workforce exposure (hours)					
Employees	8,153,514	8,320,623	7,563,720	7,170,520	7,026,240
Contractors	10,952,768	20,937,696	22,035,351	52,781,386	30,748,010
Total	19,106,282	29,258,319	29,599,071	59,952,906	37,774,249
Number of incidents					
Fatalities	0	0	0	0	0
Total recordable cases[1]	86	140	177	229	187
Lost workday cases[1]	19	20	28	41	39
High potential incidents	30	35	54	40	43
Total recordable occupational illnesses	7	18	26	30	23
Frequency rates[2]					
Total recordable case frequency	4.50	4.78	5.98	3.82	4.95
Lost workday case frequency	0.99	0.68	0.95	0.68	1.03
High potential incident frequency	1.57	1.20	1.82	0.67	1.14
Total recordable occupational illness frequency	0.36	0.62	0.88	0.50	0.61
Total recordable case frequency by region[2]					
Australia	4.58	4.82			
Asia	0	5.09	Not previously reported		
Overall frequency	4.50	4.78			
Total recordable occupational illness frequency by region[2]					
Australia	0.37	0.63	Not previously reported		
Overall frequency	0.36	0.62			
Lost days by region					
Australia	513	1,027	Not previously reported		
Total	513	1,027			
Lost days by gender					
Male employees	336	94			
Female employees	6	0			
Male contractors	170	932	Not previously reported		
Female contractors	1	1			
Total	513	1,027			
Number of injuries by gender					
Male employees	21	15			
Female employees	2	2			
Male contractors	52	98	Not previously reported		
Female contractors	4	7			
Total	79	122			
Occupational illness by gender					
Male employees	0	2			
Female employees	1	0			
Male contractors	5	11	Not previously reported		
Female contractors	1	5			
Total	7	18			
Training time spent on health and safety by region (hours)					
Australia	4,553	6,908			
Asia	0	344	Not previously reported		
Total	4,553	7,252			
Significant Loss of Containment (LOC) events					
Total	6	2	8	47	Not previously reported
Major LOC events[3]					
Total	0	1	1	4	
Process safety events[4]					
Tier 1	0	Not previously reported			
Tier 2	5				
Good Day Frequency (GDF)					
	0.948	0.957	Not previously reported as GDF adopted in late 2010		

[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.*

[2] *Frequency rates are calculated per million hours worked.*

[3] *As defined by the Reporting of Injuries Diseases and Dangerous Occurrences Regulations (RIDDOR) hydrocarbon release classification.*

[4] *Classified in accordance with American Petroleum Institute Recommended Practice 754 (API RP 754).*

DATA TABLES

PEOPLE

	2012	2011	2010	2009	2008
NUMBER OF EMPLOYEES					
Male	2,929	2,822	2,688	2,341	2,242
Female	1,068	1,034	962	878	882
Total	3,997	3,856	3,650	3,219	3,124
NUMBER OF CONTRACTORS	590	734	1,198	1,139	1,491
Number of staff by employment type					
Permanent	3,481	3,375	3,166	2,782	2,601
Fixed term	283	276	308	276	388
Part time	233	205	176	161	135
Total	3,997	3,856	3,650	3,219	3,124
Number of staff by employment category					
Administration - Male	121				
Administration – Female	234				
Technical – Male	1,076				
Technical – Female	366				
Supervisory/Professional – Male	1,089				
Supervisory/Professional – Female	395				
Middle Management – Male	602				
Middle Management – Female	69				
Senior Management - Male	41				
Senior Management – Female	4				
Total	3,997				
Board Members – Male	7				
Board Members – Female	2				
Number of staff by region					
Australia	3,934	3,679	3,499	3,058	2,829
Middle East	0	0	0	1	2
Africa	0	0	4	21	125
Asia	8	72	62	34	27
Europe	4	21	3	18	37
USA	51	84	82	87	104
Total	3,997	3,856	3,650	3,219	3,124
WOODSIDE STAFF AGE DISTRIBUTION (YEARS)					
≤ 30 Male	406	391			
≤ 30 Female	316	315			
31 - 50 Male	1,841	1,774			
31 - 50 Female	649	618		Not previously reported	
51+ Male	682	657			
51+ Female	103	101			
INDIGENOUS WORKFORCE					
Employees	92	84	58	36	32
Pathways	75	64	49	33	28
Contractors construction	0	83	128	137	109
Total	167	231	235	206	169
EMPLOYEE TURNOVER (NUMBER)					
Male employees	256	243		Not previously reported	
Female employees	91	136			
Total	347	379	204	201	296
VOLUNTARY TURNOVER (NUMBER)	334	262	189	155	254
Turnover by region (number)					
Australia	340	335			
Africa	0	4		Not previously reported	
Asia	1	2			
USA	6	38			
Employee turnover by age group (years)					
≤30	53	102			
31 - 50	202	192		Not previously reported	
51+	92	85			
RETURNING FROM MATERNITY LEAVE (PERCENTAGE)	89	92	90	81	80
TRAINEESHIP AND APPRENTICESHIP PROGRAM (NUMBER)	117	104	104	88	101
EMPLOYEES IN GRADUATE PROGRAM (NUMBER)	135	142	135	136	139
SOCIAL INVESTMENT					
Social investment (A$)	9,484,494	7,711,306	4,912,333	6,088,074	5,286,603

NOTES AND DEFINITIONS

ENVIRONMENT

Total hydrocarbon production	Includes gross liquid and gas products but does not include re-injected hydrocarbons.
Total energy consumption	Comprises direct and indirect energy consumption.
Fresh water use	Supplied by water utility.
Produced formation water	Water that is brought to the surface during the production of hydrocarbons.
Incidents	Environment incidents reported to regulators and/or those that contributed to our Good Day Frequency measure.
Ozone depleting emissions	The values represent the amounts of ozone depleting emissions purchased in the reporting period for replacement and not the actual emissions. This accounts for the variation between reporting periods.

HEALTH AND SAFETY

Frequency rates	Frequency rates are calculated per million hours worked
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. All injuries are classified for work-relatedness and severity in accordance with OSHA Regulations – Record Keeping Standard No: 1904.
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. All illnesses are classified for work-relatedness and severity in accordance with OSHA Regulations – Record Keeping Standard No: 1904.
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 work 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 Work Cases and Medical Treatment Cases. It does not include first aid cases. There were seven occupational illness cases in 2012 comprised of four heat stress cases and three occupational overuse cases.
Lost days	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 due to injuries and illness. It does not include days lost for one case where information on number of lost days was not available at the time of reporting. For purposes of calculation this has been counted as one day lost. In 2012 there were 19 Lost Workday Cases which contributed to 513 days being lost.
Training time spent on health and safety	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	The figure expressed in the report is the number of recordable injuries only – it does not include first aid cases or illnesses.
Occupational diseases by gender	The figure expressed in the report is the number of recordable illnesses only – it does not include first aid cases or injuries.
Good Day Frequency (GDF)	GDF 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. $\text{GDF} = \frac{\text{\# '000 days worked} - \text{\# incidents}}{\text{\# '000 days worked}}$

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	Social investment data has been verified by the London Benchmarking Group (LBG) methodology. The LBG verified data includes donations, community investment and commercial initiatives. For more information please visit www.lbg-australia.com.

ASSURANCE STATEMENT

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE DIRECTORS OF WOODSIDE PETROLEUM LTD

Scope

We have performed a reasonable assurance engagement in relation to the subject matter contained in Woodside Petroleum Ltd's ('Woodside') 2012 Sustainable Development Report ('the Report') in order to state whether the subject matter has been performed and presented, in all material respects, in accordance with the criteria described below for the year ended 31 December 2012.

Subject Matter and Criteria

We have applied the Global Reporting Initiative's (GRI) G3.1 Principles for Defining Report Content of materiality, stakeholder inclusiveness, sustainability context and completeness and the Principles for Defining Report Quality of balance, and clarity ("the criteria") to the qualitative and quantitative statements relevant to the year ended 31 December 2012 contained in the printed report ("the subject matter").

In addition we have applied the GRI G3.1 Principles for Defining Report Quality of balance, comparability, accuracy, timeliness, clarity and reliability ("the criteria") to the following five material areas ("the subject matter"):

- Economic, social and environmental impacts of the proposed Browse LNG Development at James Price Point;
- Major accident prevention and response;
- Cumulative social, environmental and economic risks and impacts of large-scale resource projects;
- Workforce capability and shortages; and
- Indigenous engagement and protecting cultural heritage.

Management Responsibility

The management of Woodside ('Management') is responsible for the collection, preparation and presentation of the subject matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance opinion on whether the subject matter is presented in accordance with the criteria. Our reasonable assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ASAE 3000').

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.

Our Approach

Our assurance procedures performed included, but were not limited to:

- Assessing Woodside's process to determine material issues;
- Determining whether material topics and performance issues identified during our procedures had been adequately disclosed;
- Interviewing selected corporate and site personnel to understand the key sustainability issues related to the subject matter 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;
- Reviewing selected management information and documentation supporting assertions made in the subject matter;
- Site visit to Broome in the Kimberley;
- 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.

Limitations

There are inherent limitations of any assurance engagement arising from the evidence on which the assurance practitioner draws conclusions upon being persuasive, as it relies on selected data to be representative, rather than conclusive. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions that are developed by the reporting entity. Finally, principles of materiality, inclusiveness and completeness are subjective and will be interpreted differently by different stakeholder groups.

Our assurance was limited to the Sustainable Development Report 2012 only and did not include any forward looking statements of Management; nor whether the report met the GRI application level self-assessed by Woodside. Whilst our reasonable assurance procedures included reviewing information contained on Woodside's website at the date of this assurance report, our opinion does not extend to statements, data or information presented therein.

Use of Report

Our responsibility in performing our reasonable assurance activities is to the 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 any 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 its own risk. No statement is made as to whether the criteria is appropriate for the purposes described above.

Our Independence and Assurance Team

The firm and all professional personnel involved in this engagement have met the independence requirements of Australian or International professional ethical requirements. Ernst & Young has provided a range of services to Woodside including but not limited to the provision of certain statutory financial audit services. We believe the provision of these services has not impaired our impartiality with respect to this work. Our team has the required competencies and experience for this assurance engagement.

Assurance conclusions

Based on our reasonable assurance procedures as described in this statement, the subject matter as presented in the Woodside 2012 Sustainable Development Report is presented, in all material respects, in accordance with the criteria detailed above.

Ernst & Young

Ernst & Young

Perth
14 March 2013

GLOSSARY

GLOSSARY

APPEA	Australian Petroleum Production and Exploration Association Ltd.
ASX	Australian Securities Exchange.
Board	Woodside's governing body – the Board of Directors.
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.
KGP	Karratha Gas Plant.
LBG	London Benchmarking Group.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas.
NWS	North West Shelf.
PBT	Profit before tax.
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.
bn	Billion.
boe	barrel of oil equivalent.
CFC	chlorofluorocarbon.
CO_2e	carbon dioxide equivalent.
GJ	gigajoules.
kt	kilotonne.
L	litres.
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

IN 2012 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
- International Gas Union
- London Benchmarking Group.

WOODSIDE PROVIDES PERFORMANCE DATA FOR:

- Carbon Disclosure Project (CDP) – Since 2006 Woodside has participated in the CDP climate change program, 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 in the leader group for the oil and gas producers sector and achieved a bronze class sustainability distinction from RobecoSAM
- 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.

LONDON BENCHMARKING GROUP

Verification Statement from LBG Australia & New Zealand – 2013

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, we can confirm that we have worked with Woodside Energy to verify its understanding and application of the LBG model with regard to the wide range of community programs supported.

Our aim has been to ensure that the evaluation principles have been correctly and consistently applied and we are satisfied that this has been achieved. It is important to note that our work has not extended to an independent audit of the data.

We can confirm that Woodside Energy has invested the following amounts in the community in this 2013 reporting year as defined by LBG methodology.

Cash	$ 8,459,628
Time	$ 963,173
In-kind	$ 61,693
Management Costs	$ 3,166,889
TOTAL	$12,651,383

Verified by Kate Robinson
On behalf of LBG Australia & New Zealand
January 2013

woodside

2012 SUSTAINABLE DEVELOPMENT REPORT

Head Office:
Woodside Petroleum Ltd
240 St Georges Terrace
Perth WA 6000 Australia

Postal Address:
GPO Box D188
Perth WA 6840 Australia

t: +61 8 9348 4000
f: +61 8 9214 2777
e: companyinfo@woodside.com.au

Visit us at
www.woodside.com.au

expo design