

## Audit & Risk Committee Charter

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## 1 ROLE

### 1.1 The role of the Committee

The Audit & Risk Committee (**Committee**) will assist the Board to meet its oversight responsibilities in relation to the Company's corporate reporting, compliance with legal and regulatory requirements, internal control structure, risk management procedures, and the internal and external audit functions. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee and the External Auditor, the internal auditors and the management of the Company.

## 2 DUTIES

### 2.1 Internal control and risk management

The Committee will keep under review the effectiveness of the Company's corporate reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks. The Committee will review the Company's risk management framework at least annually to satisfy itself that it continues to be sound.

### 2.2 Internal audit

The Committee will:

- approve the appointment of the head of internal audit. Any proposed change of the post holder should be considered first by the Committee;
- approve the terms of reference of the internal audit department;
- approve the planned programme of internal audits and major changes or material delays to the approved programme;
- review the management of financial matters and focus upon the freedom allowed to the internal auditors; and
- review promptly reports on the Company from the internal auditors.

The head of internal audit will be given the right of direct access to the Chairman of the Committee.

### 2.3 External audit

The Committee will:

- (a) consider and make recommendations to the Board as regards the appointment and termination of the Company's External Auditor, and will ensure that key partners within the appointed firm are rotated from time to time in accordance with Woodside's External Auditor Policy;
- (b) meet with the External Auditor at least twice each year, once at the audit planning stage and once post audit at the reporting stage, and will ensure that any auditor's management letters and management's responses are reviewed;
- (c) approve the scope of the audit, the terms of the annual engagement letter and audit fees; and
- (d) keep under review the Company's relationship with the External Auditor, including (but not limited to):
  - (i) the appointed firm's independence and objectivity;
  - (ii) the External Auditor's performance;
  - (iii) the audit fees;
  - (iv) the nature and quantum of non-audit services provided by the External Auditor, including the amount of fees paid for such services; and
  - (v) compliance with accounting standards and any proposals which the External Auditor has made vis-à-vis the Company's internal auditing standards.

### 2.4 Financial statements

The Committee will:

- (a) keep under review the consistency of accounting policies both on a year to year basis and across the Company and the Group; and
- (b) review and challenge where necessary the Company's financial statements taking into account:
  - (i) critical accounting policies and practices and any changes in them;
  - (ii) decisions requiring a major element of judgement;
  - (iii) the extent to which the financial statements are affected by any unusual transactions;
  - (iv) the clarity of disclosures;
  - (v) significant adjustments resulting from the audit;
  - (vi) the going concern assumption;
  - (vii) compliance with accounting standards;
  - (viii) compliance with securities exchange and other legal requirements; and
  - (ix) the Managing Director and Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) statements to the Board made pursuant to the requirements of Recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* 3rd edition.

### 2.5 Reporting responsibilities

The Chairman of the Committee will report to the Board, at the following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee which require Board endorsement or approval.

### 2.6 Other matters

The Committee will:

- (a) be responsible for:
  - (i) co-ordination of the internal and External Auditors and for reviewing and approving the annual and forward integrated audit plans;
  - (ii) reviewing the Company's arrangements for provision of employee superannuation, and in particular its financial exposure to any defined benefit elements; and
  - (iii) oversight of the Company's ethical complaints process;

- (b) review the Company's annual insurance plan and maintain oversight of the Company's insurance activities;
- (c) oversee any investigation of activities which are within its terms of reference and act as a court of last resort; and
- (d) on a regular basis, review its own performance and Charter to ensure that it is operating effectively.

### **3 COMPOSITION**

#### **3.1 Composition of the Committee**

The Committee will be appointed by the Board and shall be composed of:

- (a) only non-executive Directors;
- (b) at least three members, the majority of which are independent;
- (c) a Chairman, also appointed by the Board, who is one of those independent Directors and who is not the Chairman of the Board;
- (d) Directors who are financially literate, with at least one Director possessing accounting or related financial expertise and qualifications; and
- (e) at least one Director who has experience in and an understanding of the oil and gas industry.

### **4 ATTENDANCE**

#### **4.1 Attendance**

Members of the Committee, and any other Directors wishing to attend, are entitled to be present at Committee meetings (except in circumstances where there is a conflict of interest).

The Committee may extend an invitation to any person to attend all or part of any meeting which it considers appropriate. In particular the Committee may meet with external advisers, any executive or other employee, any other non-executive Director, and may do so with or without management present.

The CEO, the CFO, the Group Financial Controller, the head of internal audit, the head of risk, the Company Secretary and representative(s) of the External Auditor will normally be invited to attend meetings.

### **5 MEETINGS**

#### **5.1 Frequency**

The Committee will hold at least five regular meetings a year (two are specifically held to review the half year and annual accounts) and such additional meetings as the Chairman of the Committee shall decide in order for the Committee to fulfil its duties.

#### **5.2 Meeting Planner**

The Committee will approve at its last meeting each year, a meeting planner for the next year which identifies and allocates to a planned meeting on a set date in that year items of Committee business considered essential to the due performance of its role and discharge of its duties.

#### **5.3 Agenda**

The Company Secretary (or nominee as secretary to the Committee) will:

- (a) in conjunction with the Chairman of the Committee and the CFO, settle agendas for and arrange meetings of the Committee so as to ensure timely coverage of all the Committee's business and specifically the business covered by the current meeting planner;

- (b) distribute agendas and supporting papers to members of the Committee at least seven (7) days in advance of the relevant meeting; and
- (c) keep and distribute minutes of each meeting.

#### **5.4 Minutes**

Minutes of the meetings of the Committee are distributed first to the Chairman of the Committee for confirmation and then to members as soon as practicable, and distributed to all Directors with their Board papers (unless circumstances otherwise require, for example where there is a conflict of interest).

#### **5.5 Quorum**

The quorum for a meeting of the Committee will be a majority of the members.

## **6 AUTHORITY**

### **6.1 Authority of the Committee**

The Committee is authorised to:

- (a) resolve any disagreements between management and the External Auditor regarding the Company's corporate reporting;
- (b) seek any information it requires from any employee of the Company and from the External Auditor in order to perform its duties;
- (c) obtain, at the Company's expense, outside legal or other professional advice on any matters within its Charter;
- (d) call any member of staff to be questioned at a meeting of the Committee as and when required; and
- (e) approve accounting policies and procedures and auditing methodology. Issues of material importance however will be referred to the Board with the Committee's recommendation.

*Revised by the Woodside Petroleum Ltd Board on 18 October 2017*