

## Delegation of Board Authority to CEO

### Contents

1	<b>INTRODUCTION</b> .....	1
2	<b>LEGAL FRAMEWORK</b> .....	1
3	<b>DELEGATION TO CEO</b> .....	1
4	<b>LIMITATIONS</b> .....	1
5	<b>EXPENDITURE AUTHORITY</b> .....	2
6	<b>PRODUCT SALES CONTRACTS</b> .....	2
7	<b>ASSET DISPOSALS</b> .....	3
8	<b>FURTHER DELEGATION AND SUBSIDIARIES</b> .....	3
9	<b>CHANGES TO DELEGATION</b> .....	3

### 1 INTRODUCTION

Woodside's corporate governance is based upon a series of delegations emanating from the shareholders of Woodside Petroleum Ltd. (**Woodside**) to the board of directors of Woodside (**Board**) and from the Board to the Managing Director and Chief Executive Officer (**CEO**).

### 2 LEGAL FRAMEWORK

Under rule 88 of the Constitution of Woodside, the shareholders vest the management and control of the business and affairs of Woodside in the Board.

Under rule 76(2) of the Constitution of Woodside, the Board may delegate any of its powers to the Managing Director.

### 3 DELEGATION TO CEO

The Board hereby delegates to the CEO responsibility for the conduct of, and all necessary powers to conduct, the management of the business and affairs of Woodside.

### 4 LIMITATIONS

The authority delegated to the CEO pursuant to section 3 above is subject to the following limitations:

- (a) **Board Charter and other reservations:** The CEO does not have authority in relation to the matters set out in section 2.1 of the Board Charter and any other matters which are from time to time specifically reserved to the Board for decision.
- (b) **Law:** The CEO does not have authority in relation to those matters which are required by law to be approved by the Board.
- (c) **Policies:** The CEO's delegated authority must be exercised in accordance with:
  - (i) the duties imposed on directors and officers of Woodside by the Corporations Act 2001 (Cth) and all other applicable laws; and

(ii) all Board approved policies.

- (d) **Corporate Strategy:** The CEO’s delegated authority must be exercised in accordance with and guided by Woodside’s strategic plan. Woodside’s strategic plan and budget is approved by the Board at least annually.

Notwithstanding the express authorities granted pursuant to sections 5, 6 and 7 below, the CEO is expected to review with the Board any expenditure or disposal within the CEO’s delegated authority where the proposal involves extraordinary sensitivities or exposure to a greater than normal level of economic, environmental or political risks (assessed by reference to commonly accepted petroleum industry standards).

## 5 EXPENDITURE AUTHORITY

Subject to the limitations above, the CEO may authorise all commitments and expenditure necessary to discharge their role, with the exception of the following items which require prior Board approval:

- (a) Items requiring expenditure or financial commitment in excess of US\$250 million (Woodside share) including but not limited to:
- Projects and developments;
  - Other investments (including asset/entity acquisitions and farm-in transactions);
  - Exploration permit commitments; and
  - Contractual commitments (such as rig commitments) that do not fall within the scope of the above.

Individual items of expenditure or commitment must not be sub-divided to avoid the obligation to obtain Board approval.

For the avoidance of any doubt, the CEO has the authority to commit Woodside to any contract or expenditure required to execute on a Board approved project or development.

- (b) Investment in public companies;
- (c) Investments or acquisitions that fall outside the scope of exploration, development or production activities relating to hydrocarbons;
- (d) Sponsorship or donation payments in excess of US\$1 million;
- (e) New country entry or re-entry into a country previously exited. Entry into a new country or re-entry into a country means establishing a presence in a country for the purpose of conducting exploration, development or production activities relating to hydrocarbons located in that country, or marketing of hydrocarbons into that country.

## 6 PRODUCT SALES CONTRACTS

The CEO has authority to commit Woodside contractually within the marketing strategy and plan approved by the Board from time to time and the authority levels set out below:

Type of Contract	Authority
<b>Domgas Contracts</b>	
Term of more than ten years	No authority
Term of ten years or less	US \$100 million
<b>LNG &amp; Liquids Contracts</b>	
Term of more than one year	No authority
Term of less than one year	US \$500 million
Purchase and on sale of LNG and Liquids Cargo	US\$ value equivalent of three cargoes per transaction

## 7 ASSET DISPOSALS

Subject to the disposal considerations set out below, the CEO has authority to commit Woodside contractually to:

- (a) the sale, transfer or other disposal of all or part of Woodside's interest in any inventory, materials or equipment or any petroleum title by way of lapse, surrender, abandonment or farm-out; or
- (b) the sale, transfer or other disposal of all or part of Woodside's interest in any contract, securities, petroleum title or other right or asset of any kind provided that the book value of the right or asset to be disposed of, or the value of any consideration or benefit to be received by Woodside in respect of such disposal, is not more than US\$250 million.

### **Disposal Considerations:**

The CEO may exercise the delegated authority to dispose of assets provided:

- the disposal will not result in an exit from a particular country;
- the asset is not of a strategic nature; and
- the disposal is in accordance with Woodside's business plan.

## 8 FURTHER DELEGATION AND SUBSIDIARIES

The CEO may delegate aspects of the management of Woodside and its operations to members of the management team, or may provide for any part of the interests, activities, business or operations of Woodside to be held and operated by legal entities such as subsidiary companies established in various jurisdictions, subject to:

- (a) Woodside's policies, procedures, standards and guidelines from time to time; and
- (b) the CEO being satisfied that:
  - any person to whom a power or responsibility is delegated is reliable and competent in relation to the subject-matter of the delegation; and
  - appropriate mechanisms are in place for the governance, management and administration of any such legal entity in a manner that is consistent with the principles of the delegation and limitations set out in this document.

Notwithstanding any delegation to individuals subordinate to the CEO, the CEO retains accountability regardless as to whom authority is delegated or the amount of delegation delegated.

## 9 CHANGES TO DELEGATION

The delegation may be amended, qualified or withdrawn by the Board.

*Approved by the Woodside Petroleum Ltd Board on 6 December 2005.  
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