

Group Treasury Policy

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1 INTRODUCTION

Under the Group Treasury Policy the Board retains authority for approving key principles and the governance framework for Treasury. Authority for managing operational type activities is delegated to management. [Group Treasury Operating Procedures](#) must be premised upon, and be consistent with, the Board approved Group Treasury Policy.

2 FINANCIAL RISK MANAGEMENT

The purpose of financial risk management is to identify, evaluate and manage the financial risk exposures associated with fluctuating commodity prices, carbon prices, exchange rates and interest rates. Treasury will regularly monitor Woodside's exposure to financial market risk and take appropriate mitigating action, including hedging, when Woodside's financial risk management objectives would be threatened by a period of low oil prices, high carbon prices, high exchange rates or unfavourable interest rates.

A hedging strategy may be recommended to mitigate the negative impacts of adverse commodity prices, carbon prices or foreign exchange rates on Woodside's cash flows. Specifically, a hedging strategy is premised on protecting Woodside's cash flows so that they will be sufficient to comply with the following measures:

- meet all of Woodside's commitments as and when they fall due;
- maintain the capacity to fund Woodside's forecast project developments and exploration strategy;
- pay a reasonable dividend; and
- maintain a long-term credit rating of not less than "investment grade".

A hedge program may only be entered into with the approval of the Board.

A hedge program may only be established to mitigate the financial risk of an existing or future exposure and cannot be of a speculative nature.

3 CAPITAL MANAGEMENT

Treasury must present all capital management strategies, including debt, equity and the dividend recommendation, to the Board for approval in accordance with the Woodside Petroleum Ltd. Constitution and Board Charter.

4 GOVERNANCE

4.1 Treasury Operating Guidelines

Treasury will maintain the [Group Treasury Operating Procedures](#) which establish the parameters in which Treasury must operate. The Operating Procedures must be consistent with Group Treasury Policy and be approved by the Chief Financial Officer. Treasury must comply with the Operating Procedures and, on a monthly basis, provide positive confirmation to the Board of Operating Procedure compliance by means of the Treasury Report. Where a treasury related activity is undertaken outside of the Operating Procedures, the activity is classed as either an “Exception” or “Breach”. The Board is advised of all exceptions and breaches on a monthly basis by means of the Treasury Report.

Treasury is responsible for the centralised management of treasury activities across the Woodside Group of Companies.

4.2 Operational Controls

In relation to the control of treasury activities, Treasury will:

- employ a combination of organisational and operational controls aimed at ensuring that all activities are undertaken within a robust internal control framework;
- require management to regularly assess the above controls in terms of their suitability and effectiveness;
- establish a reporting framework designed to provide Board and management with regular information on treasury activities; and
- contract independent treasury advisers to conduct periodic control reviews and specialised audits of Woodside’s financial risk management and funding activities. These are to be undertaken no longer than two years apart.

5 OPERATIONAL ACTIVITIES

The Board delegates authority to management to manage operational treasury activities including:

5.1 Liquidity Management

The liquidity position of Woodside needs to be managed to ensure sufficient liquid funds are available to meet Woodside’s financial commitments in a timely and cost-effective manner.

5.2 Currency Management

Australian and foreign currency requirements must be purchased for operational liquidity purposes.

5.3 Credit Risk Management

Treasury must undertake credit management to ensure that investment and derivative transactions and customer sales are undertaken with creditworthy counterparties within appropriate parameters.

5.4 Relationship Banks

Woodside seeks to establish and maintain long-term mutually beneficial relationships with a group of “Relationship Banks” to ensure financial support and advice is available on an ongoing basis.

5.5 Credit Rating

Woodside will maintain an investment grade credit rating.

5.6 Carbon Trading

Woodside will trade and surrender carbon permits to comply with statutory and contractual requirements in a timely manner.

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