

**CORPORATE  
GOVERNANCE  
STATEMENT**

**2017**



**Woodside**

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## Our Annual Report 2017

The Annual Report 2017 is a summary of Woodside's operations, activities and financial position as at 31 December 2017. Copies of the Annual Report 2017 are available from the Company's website.

[Further information at woodside.com.au](http://www.woodside.com.au)



## Our Sustainable Development Report 2017

The Sustainable Development Report 2017 is a summary of Woodside's sustainability approach, actions and performance as at 31 December 2017. The report will be available on 8 March 2018.

[Further information at woodside.com.au](http://www.woodside.com.au)

## Additional Information

In this report, we have indicated where additional information is available online like this: [🔗](#)

# 1. Corporate Governance at Woodside

Woodside is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect. We believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

This Statement reports on Woodside’s key governance principles and practices. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and developments in corporate governance.

Woodside’s Compass is core to our governance framework. It sets out our mission, vision and strategic direction and core values of integrity, respect, working sustainably, working together, discipline and excellence. It is the overarching guide for everyone who works for Woodside.

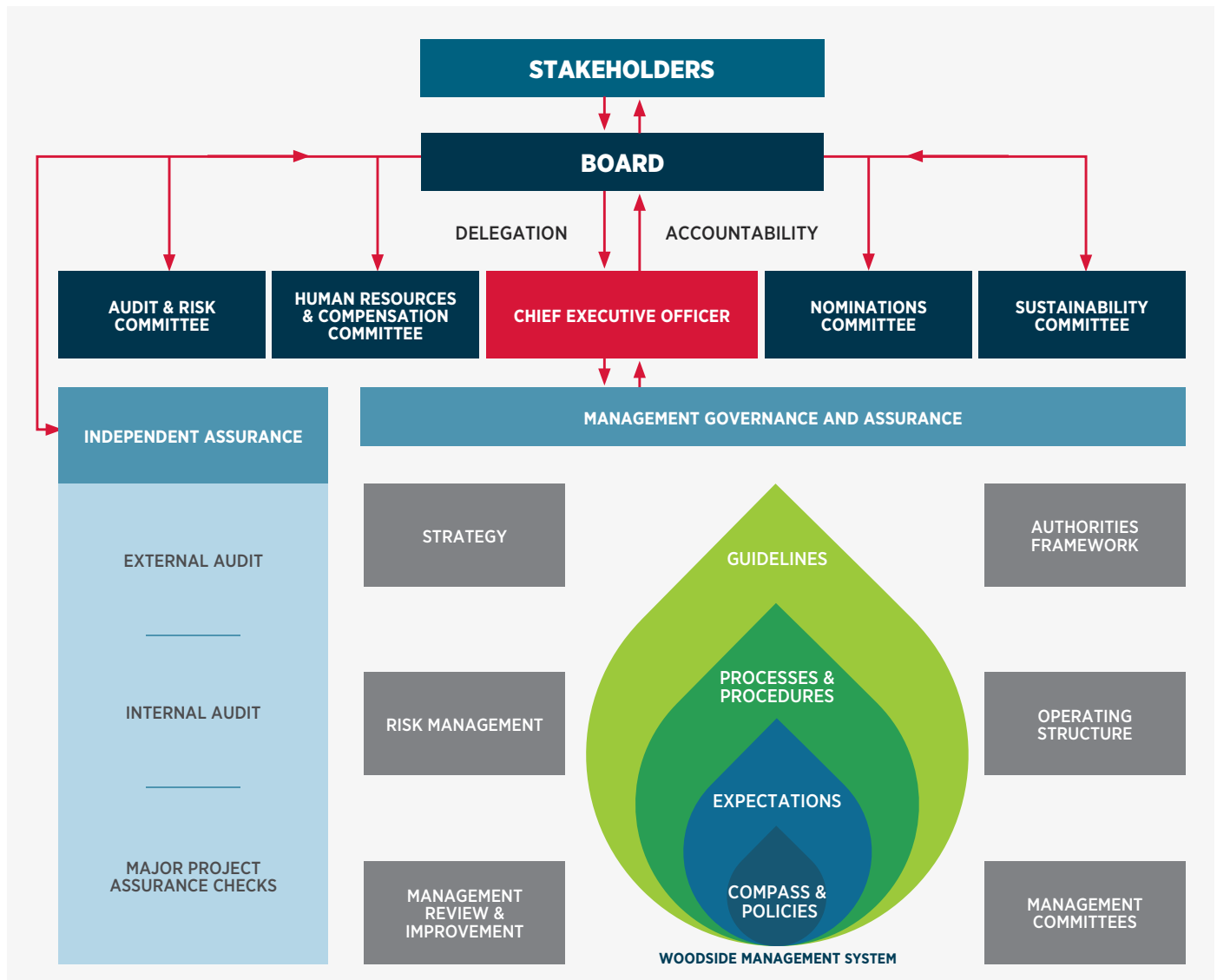
Woodside’s corporate governance model is illustrated below. The Woodside Management System (WMS) describes the Woodside way of working, enabling Woodside to understand and manage its business to achieve its objectives. It defines the boundaries within which Woodside employees and contractors are expected to work. The WMS establishes a common approach to how we operate, wherever the location.

The company, as a listed entity, must comply with the Corporations Act 2001 (Cth), the ASX Listing Rules, and other Australian and international laws. The ASX Listing Rules require the company to report on the extent to which it has followed the Corporate Governance Recommendations contained in the ASX Corporate Governance Council’s third edition of its Corporate Governance Principles and Recommendations (ASXCGC Recommendations). Throughout the year, Woodside complied with all the ASXCGC Recommendations.

A checklist cross-referencing the ASXCGC Recommendations to the relevant sections of this Statement and the 2017 Remuneration Report is provided on pages 17-19.

Information on Woodside’s governance framework is also provided in the Governance and Compliance section of Woodside’s website.

The website contains copies of Board and committee charters and copies of many of the policies and documents mentioned in this Statement. The website is updated regularly to ensure it reflects Woodside’s most current corporate governance information.





## 2. Board of directors

### 2.1 Board role and responsibilities


The Constitution provides that the business and affairs of the company are to be managed by or under the direction of the Board. The Board has approved a formal Board Charter which details the Board's role, powers, duties and functions. Other than as specifically reserved to the Board in the Board Charter, responsibility for the management of Woodside's business activities is delegated to the Chief Executive Officer (CEO) who is accountable to the Board. The Board Charter and the delegation of Board authority to the CEO are reviewed regularly.

The central role of the Board is to set the company's strategic direction, to select and appoint a CEO and to oversee the company's management and business activities.

In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for decision:

- + the appointment and removal of the CEO, any other executive directors and the Company Secretary and determination of their remuneration and conditions of service;
- + approving senior management succession plans and significant changes to organisational structure;
- + authorising the issue of shares, options, equity instruments or other securities;
- + authorising borrowings, other than in the ordinary course of business, and the granting of security over the undertakings of the company or any of its assets;
- + authorising expenditures which exceed the CEO's delegated authority levels;
- + approving strategic plans and budgets;
- + approving the acquisition, establishment, disposal or cessation of any significant business of the company;
- + approving dividends;
- + approving annual and half-year reports and disclosures to the market that contain or relate to financial projections, statements as to future financial performance or changes to the policy or strategy of the company;
- + approving policies of company-wide or general application;
- + appointing the Chairman of the Board;
- + appointing directors who will come before shareholders for election at the next annual general meeting (AGM); and
- + establishing procedures which ensure that the Board is in a position to exercise its powers and to discharge its responsibilities as set out in the Board Charter.

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 The Board Charter is available in the Governance and Compliance section of Woodside's website.

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### 2.2 Board composition

The Board is comprised of ten non-executive directors and the CEO. Details of the directors, including their qualifications, experience, date of appointment and independent status, are set out in Table 1 on page 3. Detailed biographies are available in the Annual Report 2017 on pages 70-72.

The Board and its committees actively seek to ensure that the Board continues to have the right balance of skills, knowledge, experience and diversity necessary to direct the company in accordance with high standards of corporate governance and to oversee Woodside's management and business activities.

In assessing the composition of the Board, the directors have regard to the following principles:

- + the Chairman should be non-executive and independent;
- + the role of the Chairman and the CEO should not be filled by the same person;
- + the CEO should be a full-time employee of the company;
- + the majority of the Board should comprise directors who are both non-executive and independent; and
- + the Board should represent a broad range of qualifications, diversity, experience and expertise considered of benefit to the company.

The directors on the Board collectively have a combination of skills and experience in the competencies set out in Table 2 on page 3. These competencies and the extent to which they are represented on the Board are set out in the skills matrix that the Board uses to assess the skills and experience of each director and the combined capabilities of the Board. The skills matrix is updated regularly to ensure it remains appropriate for Woodside's operations, strategy and risk.

The Board considers that collectively the directors represent the skills, knowledge and experience necessary and desirable to direct the company. The non-executive directors contribute operational and international experience, an understanding of the industry in which Woodside operates, knowledge of financial markets and an understanding of the health, safety, environmental and community and other sustainability matters that are important to the company. The CEO brings an additional perspective to the Board through a thorough understanding of Woodside's business.

The Board supplements its expertise with internal and external subject matter experts as appropriate (for example, regular attendance at Board meetings by relevant executives).

The directors on the Board represent a diverse range of nationalities and backgrounds. There are three women on the Board. The Board recognises that opportunities exist to consider diversity upon future retirements of non-executive directors. The Board achieved its objective of maintaining at least 30% female representation on the Board.

Table 1 – Details of directors

Name of director	Term in office	Qualifications	Status (Independent or Executive)
M Chaney (Chairman)	Director since November 2005 Chairman since July 2007	BSc, MBA, Hon LLD (UWA), FAICD	Independent
P Coleman (CEO and Managing Director)	Director since May 2011	BEng, MBA, FTSE	Executive
L Archibald	Director since February 2017	MBA, BSc (Geosciences), BA (Geology)	Independent
M Cilento	Director since December 2008	BA, BEc (Hons), MEc	Independent
F Cooper	Director since February 2013	BCom, FCA, FAICD	Independent
C Haynes	Director since June 2011	BSc, DPhil, FEng, CEng, FIMechE	Independent
R Goyder <sup>1</sup> (Chairman-elect)	Director since August 2017	BCom, FAICD	Independent
I Macfarlane	Director since November 2016	FAICD	Independent
S Ryan	Director since December 2012	PhD (Petroleum and Geophysics), BSc (Geophysics) (Hons 1), BSc (Geology), FTSE	Independent
A Pickard	Director since February 2016	BA, MA	Independent
G Tilbrook	Director since December 2014	BSc, MBA, FAICD	Independent

1. Mr Michael Chaney is retiring with effect from the 2018 AGM on 19 April 2018. Mr Richard Goyder will succeed Mr Chaney as Chairman.

Table 2 – Areas of competence and skills of the Board of directors

Area of Competence and Skills	Representation on Board
<b>Leadership and Culture</b>	
<b>Compass, Values &amp; Behaviours</b> Demonstrated embodiment of our Compass	100%
<b>Business Leadership</b> Demonstrated effective senior leadership including a record of senior leadership in a public listed company or other large and complex organisation	100%
<b>Finance</b>	
<b>Financial acumen</b> Exhibits a high level of financial acumen, has senior executive or equivalent experience in financial accounting and reporting and internal financial controls and/or professional qualifications in finance disciplines	100%
<b>Business Strategy</b>	
<b>Corporate financing and capital projects</b> Professional qualifications in finance disciplines or senior executive or equivalent experience or background in corporate financing and/or treasury management, and/or senior executive or equivalent experience or background in capital intensive and long-term projects and investments	82%
<b>Business Strategy</b> Successful record of development and oversight of business strategy and competitive business analysis	91%
<b>Commercial</b>	
<b>Gas/LNG Marketing</b> Relevant experience in marketing of oil and gas products including an understanding of Woodside's value chain	45%
<b>Legal and regulatory compliance</b> Relevant experience in ensuring compliance with laws and regulations applicable to Woodside business activity, including the value stream, financial and corporate business activities	54%
<b>Mergers and acquisitions</b> Relevant experience in merger and acquisition transactions raising complex financial, regulatory and operational issues	82%
<b>Risk management</b> Experience in recognising and managing risks which have the potential to materially impact the achievement of business objectives in a public listed company or large and complex organisation, including relevant experience in material insurance activities and strategy	82%
<b>Taxation</b> Demonstrated acumen in understanding material taxation implications in the oil and gas industry, or similarly complex industries	45%

Sustainability and Stakeholder Management	
<b>Corporate governance</b>	
Demonstrated commitment to the highest standards of corporate governance including board or senior executive or equivalent experience or background which demonstrates a commitment to a high level of corporate governance	100%
<b>Community relations</b>	
Track record of overseeing successful engagement with a range of key stakeholders at national, regional and local levels, including government, community and non-government organisations	82%
<b>Environment and climate change</b>	
Relevant experience in environmental performance management including managing resources and emissions and/or experience in managing climate change risks including changes in product demand, carbon pricing and uncertainty surrounding future regulatory frameworks	91%
<b>Public and regulatory policy</b>	
Experience in government affairs and public and regulatory policy	91%
<b>Health and safety</b>	
Relevant experience in workplace health and safety and process safety including controlling risks and impacts across the value stream	91%
People and Capability	
<b>Human resources</b>	
Board or senior executive or equivalent experience in people management and succession planning, performance and/or remuneration policy and application including linking remuneration to strategy	100%
<b>Industrial relations</b>	
Board or senior executive or equivalent experience in industrial relations	73%
Industry	
<b>Technology and digital</b>	
Track record of successfully delivering technology strategy to maintain competitive advantage in the oil and gas industry or similarly complex industries, and/or experience in management of business information	45%
<b>Oil and gas</b>	
Experience in identifying reserves including professional qualifications or significant experience in geosciences and deep-water exploration and/or successful delivery of producing facilities, and/or track record of safety, reliability and integrity in production and delivery of hydrocarbon products	54%
International	
Relevant Board or senior executive or equivalent experience in regions and countries related to Woodside's strategy and activities, including oil and gas exploration, development and operations	54%

\*Percentage of directors that have direct, practical experience, or a high level of knowledge and experience in the area of competence and skills (rounded to nearest percentage).

Section 2.6 on Board succession planning provides further information on the mix of skills and diversity the Board seeks to achieve in membership of the Board.

The Constitution provides that the company is not to have more than 12, nor less than three, directors.

### 2.3 Chairman

The Chairman of the Board, Mr Michael Chaney, is an independent, non-executive director and a resident Australian citizen.

The Chairman is responsible for leadership and effective performance of the Board and for the maintenance of relations between directors and management that are open, cordial and conducive to productive cooperation. The Chairman's responsibilities are set out in more detail in the Board Charter.

- ☛ The Board Charter is available in the Governance and Compliance section of Woodside's website.

Mr Chaney is also chairman of Wesfarmers Limited. The Board considers that neither his chairmanship of Wesfarmers, nor any of his other commitments (listed in the Annual Report 2017 on page 70), interfere with the discharge of his duties to the company. The Board is satisfied that Mr Chaney commits the time necessary to discharge his role effectively.

### 2.4 Director independence

The independence of a director is assessed in accordance with Woodside's Policy on Independence of Directors.

Mr Chaney has indicated his intention to retire at the 2018 AGM and will be succeeded by Mr Richard Goyder.

- ☛ The Policy on Independence of Directors is available in the Governance and Compliance section of Woodside's website.

In accordance with the policy, the Board assesses independence with reference to whether a director is non-executive, not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a director:

- + is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- + is employed, or has previously been employed in an executive capacity by the company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- + is, or has within the last three years been, a partner, director or senior employee of a material professional adviser to the company or another Group member;
- + is, or has been within the last three years, in a material business relationship with the company or another Group member, or an officer of, or otherwise associated with, someone with such a relationship;
- + has a material contractual relationship with the company or another Group member other than as a director;
- + has close family ties with any person who falls within any of the categories described above; or
- + has been a director of the company for such a period that his or her independence may have been compromised.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of the company and its Group members, the persons or organisations with which the director has an affiliation, and the director.

To assist in assessing the materiality of a supplier or customer the Board has adopted the following materiality thresholds:

- + a material customer is a customer of Woodside which accounts for more than 2% of Woodside's consolidated gross revenue; and
- + a supplier is material if Woodside accounts for more than 2% of the supplier's consolidated gross revenue.

The Board reviews the independence of directors before they are appointed, on an annual basis and at any other time where the circumstances of a director change such as to require reassessment. The Board has reviewed the independence of each of the directors in office at the date of this report and has determined that ten of the eleven directors are independent. Mr Peter Coleman is not considered independent as he is an executive director and a member of management.

Dr Christopher Haynes was nominated to the Woodside Board by Shell and was previously an executive of Shell. Dr Haynes retired from Shell on 31 August 2011 and continues to serve on the Woodside Board. Shell ceased to be a substantial shareholder of Woodside in November 2017 and will no longer nominate a director to the Woodside Board. Dr Haynes will retire by rotation at the 2018 AGM and the Board intends to recommend the re-election of Dr Haynes as a Board-nominated independent director.

Dr Haynes serves on the board of directors of WorleyParsons Limited, a supplier of engineering services to Woodside. The value of services provided by the WorleyParsons Limited group of companies to Woodside in 2017 exceeded the Board's materiality threshold relating to suppliers. The Board, having regard to the nature and value of the commercial relationship between Woodside and WorleyParsons Limited, is satisfied

that Dr Haynes remains independent. Where a matter involving WorleyParsons Limited comes before the Board, the Directors' Conflict of Interest Guidelines apply (refer section 2.5 below).

Certain non-executive directors hold directorships or executive positions in companies with which Woodside has commercial relationships. Details of other directorships and executive positions held by non-executive directors are set out in the Annual Report 2017 on pages 70–72.

Three of the non-executive directors have been employed by Woodside in the past and a significant period of time has elapsed since they ceased employment. Dr Haynes was seconded to Woodside as General Manager of the North West Shelf Venture from 1999 to 2002. Dr Ryan was employed by Woodside as a member of the North West Shelf petroleum production team from 1993 to 1996. Mr Chaney was employed by Woodside as a petroleum geologist in the 1970s.

The independent status of directors standing for election or re-election is identified in the notice of AGM. If the Board's assessment of a director's independence changes, the change is disclosed to the market.

## 2.5 Conflicts of interest

The Board has approved Directors' Conflict of Interest Guidelines which apply if there is, or may be, a conflict between the personal interests of a director, or the duties a director owes to another company, and the duties the director owes to Woodside. Directors are required to disclose circumstances that may affect, or be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

A director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and when the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussions or decision-making process.

Minutes reporting on matters in which a director is considered to have a conflict of interest are not provided to that director. However, the director is given notice of the broad nature of the matter for discussion and is updated in general terms on the progress of the matter.

## 2.6 Board succession planning

The Board manages its succession planning with the assistance of the Nominations Committee. The committee annually reviews the size, composition and diversity of the Board and the mix of existing and desired competencies across members and reports its conclusions to the Board. In conducting the review, the skills matrix referred to in section 2.2 is used to enable the committee to assess the skills and experience of each director and the combined capabilities of the Board.

Recognising the importance of Board renewal, the committee takes each director's tenure into consideration in its succession planning. As a general rule, a director would not usually be expected to nominate for re-election once he or she has served ten years on the Board.

Exceptions to this principle may be made where the Nominations Committee considers that an individual director brings special skills to the Board which are difficult to replace at the time, or to

facilitate the orderly changeover of directors having regard to anticipated retirements, and the Board has assessed the director as remaining independent.

The Nominations Committee is responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The committee evaluates prospective candidates against a range of criteria including the skills, experience, expertise and diversity that will best complement Board effectiveness at the time. The Board may engage an independent recruitment firm to undertake a search for suitable candidates.

In its evaluation of candidates for the Board, the Nominations Committee will have regard to normally accepted nomination criteria, including:

- + honesty and integrity;
- + the ability to exercise sound business judgement;
- + appropriate experience and professional qualifications;
- + absence of conflicts of interest or other legal impediments to serving on the Board;
- + willingness to devote the required time; and
- + availability to attend Board and committee meetings.

In considering overall Board balance, the Nominations Committee will give due consideration to the value of a diversity of backgrounds and experiences among the members, and to having some of the directors based in the centres of operation of Woodside.

Changes to the composition of the Board in 2017 were designed to facilitate appropriate Board renewal and ensure the Board maintains an appropriate mix of skills, experience and diversity at all times. Mr Larry Archibald was appointed to the Board on 1 February 2017. Mr Richard Goyder joined the Board on 1 August 2017 as Chairman-elect. Mr Chaney has indicated his intention to retire at the 2018 AGM.

With the exception of the Managing Director, directors appointed by the Board are subject to shareholder election at the next AGM.

Woodside undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

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🔗 The Nominations Committee Charter and a description of Woodside's procedure for the selection and appointment of new directors and the re-election of incumbent directors are available in the Governance and Compliance section of Woodside's website.

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## 2.7 Directors' retirement and re-election

With the exception of the Managing Director, directors must retire at the third AGM following their election or most recent re-election. At least one director must stand for election at each AGM. Any director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM.

Board support for a director's re-election is not automatic and is subject to satisfactory director performance (in accordance with the evaluation process described in section 2.9).

## 2.8 Directors' appointment, induction training and continuing education

All new non-executive directors are required to sign a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

Executive directors and senior executives enter into employment agreements which govern the terms of their employment.

Induction training is provided to all new directors. It includes a comprehensive induction manual, discussions with the CEO and senior executives and the option to visit Woodside's principal operations either upon appointment or with the Board during its next site tour. The induction materials and discussions include information on Woodside's strategy, culture and values; key corporate and Board policies; the company's financial, operational and risk management position; the rights and responsibilities of directors; the role of the Board and its committees; and meeting arrangements.

All directors are expected to maintain the skills required to discharge their obligations to the company. Woodside provides professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. Directors attend continuing professional education sessions including industry seminars and approved education courses which are paid for by the company, where appropriate. In addition, the company provides the Board with regular educational information papers and presentations on industry related matters and new developments with the potential to affect Woodside.

## 2.9 Board performance evaluation

The Nominations Committee is responsible for determining the process for evaluating Board performance. Evaluations are conducted annually and have produced improvements in Board and committee processes and governance practices and overall efficiency.

The Board performance evaluation process is conducted by way of questionnaires appropriate in scope and content to effectively review:

- + the performance of the Board and each of its committees against the requirements of their respective charters;
- + the individual performance of the Chairman and each director; and
- + the interface between Board and management.

The questionnaires are completed by each director and the responses compiled by an external consultant.

The Board performance evaluation process may also involve interviews with directors and senior management and observation of Board and committee meetings by an external consultant.

The reports on Board and committee performance are provided to all directors and discussed by the Board.

The report on the Chairman's performance is provided to the Chairman and two committee chairmen for discussion.

The report on each individual director is provided to the individual and copied to the Chairman. The Chairman meets individually with each director to discuss the findings of their report.



The performance of each director retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the director. The directors seeking re-election will be asked to reconfirm that they have sufficient time to meet their responsibilities.

The Human Resources & Compensation Committee reviews and makes recommendations to the Board on the criteria for the evaluation of the performance of the CEO. The Board conducts the evaluation of the performance of the CEO.

The 2017 Remuneration Report on pages 78-83 discloses the process for evaluating the performance of senior executives, including the CEO. In 2017, performance evaluations for the Board, its committees, directors and senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

## 2.10 Board access to information and independent advice

Subject to the Directors' Conflict of Interest Guidelines referred to in section 2.5, directors have direct access to members of company management and to company information in the possession of management.

The Board has agreed a procedure under which directors are entitled to obtain independent legal, accounting or other professional advice at the company's expense. Directors are entitled to reimbursement of all reasonable costs where a request for such advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by a majority of the non-executive directors.

## 2.11 Directors' remuneration

Details of remuneration paid to directors (executive and non-executive) are set out in the 2017 Remuneration Report on pages 76-95. The Remuneration Report also contains information on the company's policy for determining the nature and amount of remuneration for directors and senior executives and the relationship between the policy and company performance.

Shareholders will be invited to consider and approve the 2017 Remuneration Report at the 2018 AGM.

## 2.12 Board meetings

During the year ended 31 December 2017, the Board held six Board meetings.

# 3. Committees of the Board

## 3.1 Board committees, membership and charters

The Board has the ability under the company's constitution to delegate its powers and responsibilities to committees of the Board. This allows the directors to spend additional and more focused time on specific issues.

The Board has four standing committees to assist in the discharge of its responsibilities. These are the:

- + Audit & Risk Committee;
- + Nominations Committee;
- + Human Resources & Compensation Committee; and

In addition, a strategic planning session was held in conjunction with the May Board meeting. The June 2017 Board meeting was held in one of Woodside's key international markets. Details of directors' attendance at Board meetings are set out in Table 3 on page 9.

The Chairman, in conjunction with the CEO and the Company Secretary, sets the agenda for each meeting. Any director may request matters be included on the agenda.

Typically at Board meetings the agenda will include:

- + minutes of the previous meeting and matters arising;
- + the CEO's report;
- + the CFO's report;
- + reports on major projects and current issues;
- + specific business proposals;
- + reports from the chairs of the committees on matters considered at committee meetings; and
- + minutes of previous committee meetings.

The Board works to an annual agenda encompassing periodic reviews of Woodside's operating business units and site visits; approval of strategy, business plans, budgets and financial statements; and review of statutory obligations and other responsibilities identified in the Board Charter.

The CFO and the Company Secretary attend meetings of the Board by invitation. Other members of senior management attend Board meetings when a matter under their area of responsibility is being considered or as otherwise requested by the Board.

At each scheduled Board meeting there is a session for non-executive directors to meet without management present. This session is led by the Chairman.

Board papers are circulated in advance of the meetings. Directors are entitled to request additional information where they consider further information is necessary to support informed decision-making.

## 2.13 Company secretaries

Details of the Company Secretaries are set out in the Annual Report 2017 on page 74. The appointment and removal of a Company Secretary is a matter for decision by the Board. The Company Secretaries are responsible for ensuring that Board procedures are complied with and that governance matters are addressed. All directors have direct access to the Company Secretaries who are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

- + Sustainability Committee.

The committees operate principally in a review or advisory capacity, except in cases where powers are specifically conferred on a committee by the Board.

Each committee has a charter, detailing its role, duties and membership requirements. The committee charters are reviewed regularly and updated as required. Prior to the commencement of each year, the committees set an annual agenda for the coming year with reference to the committee charters and other issues the committee members or Board consider appropriate for consideration by the committees.

Each committee's charter is available in the Governance and Compliance section of Woodside's website.

Membership of the committees is based on directors' qualifications, skills and experience. Each standing committee is comprised of:

- + only non-executive directors;
- + at least three members, the majority of whom are independent; and
- + a chairman appointed by the Board who is one of the independent non-executive directors.

The Audit & Risk Committee and the Human Resources & Compensation Committee have additional membership requirements which are discussed in sections 3.2 and 3.4.

The composition of each committee and details of the attendance of members at meetings held during the year are set out in Table 3 on page 9.

All directors are entitled to attend meetings of the standing committees. Papers considered by the standing committees are also available to all directors who are not on that committee. Minutes of the standing committee meetings are provided to all directors and the proceedings of each meeting are reported by the chairman of the committee at the next Board meeting.

Each committee is entitled to seek information from any employee of the company and to obtain any professional advice it requires in order to perform its duties.

Each standing committee participates in regular review of its performance and effectiveness. As a result of the 2017 review, the Board is satisfied that the committees have performed effectively with reference to their charters.

Ad hoc committees are convened to consider matters of special importance or to exercise the delegated authority of the Board.

### 3.2 Audit & Risk Committee

The role of the Audit & Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management and insurance procedures and the internal and external audit functions.

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🔗 The Audit & Risk Committee's charter, which sets out further details on the role and duties of the committee, is available in the Governance and Compliance section of Woodside's website.

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Members of the Audit & Risk Committee between them should have the accounting and financial expertise, and a sufficient understanding of the industry in which Woodside operates, to be able to effectively discharge the committee's responsibilities.

The chairman of the Audit & Risk Committee cannot be the Chairman of the company.

Members of the Audit & Risk Committee are identified in Table 3 on 9 which sets out their attendance at meetings. Their qualifications are listed in the Annual Report 2017 on pages 70-72.

Key activities undertaken by the Audit & Risk Committee during the year included:

- + monitoring developments in accounting, financial reporting and taxation relevant to Woodside;
- + reviewing significant accounting policies and practices;
- + reviewing and making recommendations to the Board for the adoption of the Group's half-year and annual financial statements;
- + approval of the scope, plan and fees for the 2017 external audit;
- + reviewing the independence and performance of the external auditor;
- + reviewing Internal Audit reports and approval of the 2017 Internal Audit plan;
- + reviewing the Group's key risks and risk management framework and confirming that the framework was sound;
- + reviewing reports from management on the effectiveness of the Group's management of its material business risks;
- + reviewing the Company's annual insurance plan and maintaining oversight of the Company's insurance activities
- + monitoring matters arising under the Code of Conduct and the Anti-Bribery and Corruption and Whistleblower Policies; and
- + reviewing and making recommendations to the Board on amendments to company policies.

The external auditors, the Chairman, the CEO, the CFO, the Group Financial Controller, the head of Internal Audit, the head of Risk and Compliance and the head of Taxation are regular attendees at Audit & Risk Committee meetings. At each committee meeting, time is scheduled for the committee to meet without management present, and to meet with the external auditors without management present.

The committee meets at least semi-annually with Woodside's internal auditors without management present.

### 3.3 Nominations Committee

The role of the Nominations Committee is to assist the Board to review Board composition, performance and succession planning. This includes identifying, evaluating and recommending candidates for the Board.

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🔗 The Nominations Committee's charter, which sets out further details on the role and duties of the committee, is available in the Governance and Compliance section of Woodside's website.

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All non-executive directors are currently members of the Nominations Committee.

Table 3 on page 9 sets out their attendance at committee meetings.

Key activities undertaken by the Nominations Committee during the year included:

- + review of the size and composition of the Board;
- + Board succession planning;
- + making recommendations to the Board regarding the directors seeking re-election at the 2018 AGM; and
- + approval of the process for the annual Board performance evaluation.

### 3.4 Human Resources & Compensation Committee

The role of the Human Resources & Compensation Committee is to assist the Board in establishing human resources and compensation policies and practices which:

- + enable the company to attract, retain and motivate employees who achieve operational excellence and create value for shareholders; and
- + reward employees fairly and responsibly, having regard to the results of Woodside, individual performance and general remuneration conditions.

Table 3 – Directors in office, committee membership and directors' attendance at meetings during 2017

Director	Board		Audit & Risk Committee		Human Resources & Compensation Committee		Sustainability Committee		Nominations	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
<b>Executive director</b>										
P Coleman	6	6		6		7		4		3
<b>Non-executive directors</b>										
M Chaney	6	6		6		7		4	3	3
L Archibald <sup>3</sup>	6	6	6	6	6	6	4	4	3	3
M Cilentio	6	6		6	7	7	4	4	3	3
F Cooper	6	6	6	6	7	7		4	3	3
R Goyder <sup>4</sup>	3	3		2		2		1	2	2
C Haynes	6	6	6	6		7	4	4	3	3
I Macfarlane	6	6		6	7	7	4	4	3	3
D McEvoy <sup>5</sup>	2	2	2	2		3	2	2	1	1
A Pickard	6	6		5	7	6	4	4	3	2
S Ryan	6	6	6	6		7	4	4	3	3
G Tilbrook	6	6	6	6	7	7		3	3	3

#### Legend:

<span style="background-color: #0056b3; color: white; padding: 2px;"> </span>	Current Chairman
<span style="background-color: #0070c0; color: white; padding: 2px;"> </span>	Current Member
<span style="background-color: #add8e6; color: white; padding: 2px;"> </span>	Prior Chairman
<span style="background-color: #d3d3d3; color: white; padding: 2px;"> </span>	Prior Member

#### Notes:

1. 'Held' indicates the number of meetings held during the period of each director's tenure. Where a director is not a member but attended meetings during the period, then only the number of meetings attended, rather than held, is shown.
2. 'Attended' indicates the number of meetings attended by each director.
3. Mr L Archibald was appointed a director effective 1 February 2017.
4. Mr R Goyder was appointed a director effective 1 August 2017.
5. Mr D McEvoy retired as a director effective 5 May 2017

The Human Resources & Compensation Committee's charter, which sets out further details on the role and duties of the committee, is available in the Governance and Compliance section of Woodside's website.

The committee's charter requires at least one member to have been a director of Woodside for not less than three years and states that it is desirable that at least one member has an understanding of remuneration policies and practices.

Members of the Human Resources & Compensation Committee are identified in Table 3 which sets out their attendance at meetings.

Key activities undertaken by the Human Resources & Compensation Committee during the year included:

- + considering changes to Woodside's executive remuneration framework to better align with shareholder experience and expectations;
- + monitoring legislative and corporate governance developments in relation to employment and remuneration matters relevant to Woodside;
- + reviewing the company's remuneration policies and practices, approving the use of remuneration consultants to provide recommendations in respect of the remuneration of Woodside's key management personnel and considering advice on the remuneration of Woodside's key management personnel;
- + reviewing the company's recruitment and retention strategies;

- + approval of the appointment and remuneration packages of executives reporting directly to the CEO;
- + reviewing progress against the 2015-2017 inclusion and diversity strategy and endorsing the 2018-2020 inclusion and diversity strategy for Board approval;
- + monitoring progress against measurable objectives in respect of gender diversity; and
- + reviewing and making recommendations to the Board on:
  - » remuneration for non-executive directors;
  - » the remuneration of the CEO;
  - » the criteria for the evaluation of the CEO's performance;
  - » incentives payable to the CEO;
  - » employee-equity based plans; and
  - » the annual Remuneration Report.

Review of the 2017 performance of the CEO and executive succession planning was conducted by the Board.

Woodside's approach to align the executive remuneration framework with shareholder experience and expectations is outlined in the 2017 Remuneration Report on pages 78-83 of the Woodside Annual Report, available on our website.

The Human Resources & Compensation Committee assists the Board to ensure that Woodside's remuneration arrangements

are equitable and consistent with the delivery of superior performance that is aligned to the creation of value for shareholders. To ensure it is fully informed when making remuneration decisions, the committee draws on services from a range of external sources, including remuneration consultants where appropriate.

Woodside's guidelines on the use of remuneration consultants set out requirements to ensure the independence of remuneration consultants from Woodside's management, including the process for the selection of consultants and their terms of engagement.

Remuneration consultants are engaged by, and report directly to, the committee.

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Further information on the activities of the Human Resources & Compensation Committee in relation to the use of remuneration consultants during 2017 is provided in the 2017 Remuneration Report on page 88 of the Woodside Annual Report, available on our website.

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The Chairman, the CEO and the head of the People and Global Capability function are regular attendees at the Human Resources & Compensation Committee meetings. The CEO was not present during any committee or Board agenda item where his remuneration was considered or discussed.

### 3.5 Sustainability Committee

The role of the Sustainability Committee is to assist the Board to meet its oversight responsibilities in relation to the company's sustainability policies and practices. This includes the Climate Change Policy and the Human Rights Policy approved by the Board during 2017.

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The Sustainability Committee's charter, which sets out further details on the role and duties of the committee, is available in the Governance and Compliance section of Woodside's website.

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## 4. Shareholders

### 4.1 Shareholder communication

Directors recognise that shareholders, as the ultimate owners of the company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares. Woodside has an investor relations program to facilitate effective two-way communication with investors.

Woodside's Continuous Disclosure and Market Communications Policy encourages effective communication with the company's shareholders by requiring:

- + the disclosure of full and timely information about Woodside's activities in accordance with the disclosure requirements contained in the ASX Listing Rules and the Corporations Act;
- + all information released to the market to be placed on Woodside's website promptly following release;
- + the company's market announcements to be maintained on Woodside's website for at least three years; and
- + that all disclosures, including notices of meetings and other shareholder communications, are drafted clearly and concisely.

Members of the Sustainability Committee are identified in Table 3 on page 9 which sets out their attendance at meetings. In 2017, Ms Ann Pickard commenced as the committee's chairman, following Mr David McEvoy's retirement effective 5 May 2017.

Key activities undertaken by the Sustainability Committee during the year included:

- + review of the Group's environmental, health, safety and process safety performance, risks, incidents and improvement plans;
- + consideration of heritage and land access matters affecting the company;
- + consideration of security and emergency management performance;
- + review of delivery against Woodside's Reconciliation Action Plan commitments;
- + review of community relations activities and social investment themes and planned expenditure;
- + consideration of Woodside's climate change response; and
- + approval of the annual Sustainable Development Report.

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Further information on the activities of the Sustainability Committee will be provided in the Sustainable Development Report to be released in March 2018, which will be available in the Working Sustainably section of Woodside's website.

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The Chairman, the CEO, the Chief Operating Officer, the Senior Vice President Corporate & Legal, the head of the Health, Safety, Environment and Quality function, the head of the Corporate Affairs function and the head of the Security and Emergency Management function are regular attendees at Sustainability Committee meetings.

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The Continuous Disclosure and Market Communications Policy is available in the Governance and Compliance section of Woodside's website.

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Briefings on the financial results, and other briefings with institutional investors and analysts relating to new material information that is released to the market prior to the briefing, are webcast and made available on Woodside's website. Shareholders are notified in advance of the date of investor briefing webcasts.

Presentation material for briefings or speeches containing new material information is first disclosed to the market via ASX and posted to the website before it is discussed at a briefing. Transcripts of material briefings are provided to the market via ASX and posted to the website shortly following the briefing.

The Annual Report and the Sustainable Development Report are available on the company's website, or shareholders can elect to receive hard copies. Shareholders can elect to receive email notification when these reports are posted to the website. Shareholders can also receive email notification of Woodside's ASX announcements and media releases.

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Any person wishing to receive email alerts of significant market announcements can subscribe through Woodside's website.

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Woodside encourages direct electronic contact from shareholders – Woodside’s website has a “Contact Us” section which allows shareholders to submit an electronic form with questions or comments directly, as well as a “Shareholder Services” section which, among other things, clearly sets out the email address for Woodside’s share registry, Computershare, so that Computershare can be contacted directly.

The company recognises the importance of shareholder participation in general meetings and supports and encourages that participation. The company has direct voting arrangements in place, allowing shareholders unable to attend the AGM to vote on resolutions without having to appoint someone else as a proxy. Shareholders are also able to register their voting instructions electronically.

The company’s AGM is webcast live and is archived for viewing on Woodside’s website. Copies of the addresses by the Chairman and the CEO are disclosed to the market and posted to the company’s website immediately prior to the AGM. The outcome of voting on the items of business are disclosed to the market and posted to the company’s website after the AGM.

All of Woodside’s directors attended the company’s 2017 AGM and are expected to attend the 2018 AGM.

The company’s external auditor attends the company’s AGM to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the company and the independence of the auditor in relation to the conduct of the audit.

In addition to the AGM, the Board uses a range of formal and informal communication channels to ensure that the Board understands and represents shareholder views. We regularly engage with institutional shareholders and investor representative organisations in Australia, the United Kingdom, Asia and the United States, to discuss Woodside governance and strategy. We also meet regularly with retail shareholder representatives.

## 5. Promoting responsible and ethical behaviour

### 5.1 Woodside Compass, Code of Conduct, Anti-Bribery and Corruption Policy (ABC Policy) and Whistleblower Policy

Woodside’s Compass sets out the company’s core values of integrity, respect, working sustainably, working together, discipline and excellence. Everyone who works for Woodside is expected to behave in a manner consistent with the values.

The Compass is promoted through many communication channels, including posters, intranet campaigns, booklets and key messaging, to maintain its visibility and encourage self-reflection. Behaviour and conduct is formally assessed with respect to the Compass values during performance reviews for each employee.

Woodside has a Code of Conduct and an ABC Policy which outline Woodside’s commitment to appropriate and ethical corporate practices. The Code of Conduct and the ABC Policy cover matters such as compliance with laws and regulations, responsibilities to shareholders and the community, sound

### 4.2 Continuous disclosure and market communications

Woodside is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by Woodside.

A Disclosure Committee manages compliance with market disclosure obligations and is responsible for implementing and monitoring reporting processes and controls and setting guidelines for the release of information. The Disclosure Committee is comprised of senior executives.

The Disclosure Committee reported to the Board on the performance of Woodside’s reporting processes and controls twice in 2017. Continuous disclosure matters are considered at each Board meeting.

The Board approves any announcement relating to the annual and half year financial reports and any other information for disclosure to the market that contains or relates to financial projections, statements as to future financial performance or changes to the policy or strategy of the company (taken as a whole).

Woodside’s Continuous Disclosure and Market Communications Policy, referred to in section 4.1, and associated guidelines reinforce Woodside’s commitment to continuous disclosure and outline management’s accountabilities and the processes to be followed for ensuring compliance.

The policy also describes Woodside’s guiding principles for market communications. Each Woodside employee is required to ensure potentially price-sensitive information concerning Woodside is assessed with reference to the Continuous Disclosure and Market Communications Policy and associated guidelines as soon as the employee becomes aware of the information. Employees considered to hold higher risk roles are required to attend annual continuous disclosure training.

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🔗 The Continuous Disclosure and Market Communications Policy is available in the Governance and Compliance section of Woodside’s website.

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employment practices, confidentiality, privacy, conflicts of interest, giving and accepting business courtesies and the protection and proper use of Woodside’s assets.

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🔗 The Woodside Compass, Code of Conduct and ABC Policy are available in the Governance and Compliance section of Woodside’s website.

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All directors, officers and employees are required to comply with the Code of Conduct and the ABC Policy. Managers are expected to take reasonable steps to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Code and the ABC Policy to foster an environment that encourages ethical behaviour and compliance with the Code and the ABC Policy.

Employees are required to complete online Code of Conduct training upon appointment and thereafter annually. Employees considered to hold higher-risk roles are also required to complete annual advanced anti-bribery and corruption online training.

Failure to comply with the Code of Conduct and the ABC Policy is a serious breach of Woodside's policy and will be investigated. Breaches may result in disciplinary action ranging from a formal warning through to termination of employment. All breaches are required to be recorded. The Board reviewed and approved changes to the Code of Conduct, ABC Policy and Whistleblower Policy in December 2017 to support the continuous improvement of Woodside's processes to ensure appropriate and ethical corporate practices.

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🔗 The Sustainable Development Report, which will be released in March 2018 and made available in the Working Sustainably section of Woodside's website, provides further information on the Woodside Compass, Code of Conduct and ABC Policy.

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Directors and all employees are required to provide annual certification of their compliance with the Code of Conduct and the Securities Dealing Policy (see section 5.2). In addition, all executives and key finance managers complete a questionnaire from the directors on a half-yearly basis which includes questions on compliance by the managers and all employees and contractors within their area of responsibility with the Code of Conduct, the Securities Dealing Policy, the ABC Policy, the Whistleblower Policy, the Continuous Disclosure and Market Communications Policy and the Risk Management Policy.

The responses to the questionnaire, together with a report on breaches of the Code of Conduct and matters raised through the whistleblower helpline (refer below), are considered by the Audit & Risk Committee.

Woodside's Whistleblower Policy documents Woodside's commitment to maintaining an open working environment which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

The purpose of the Whistleblower Policy is to:

- + help detect and address unacceptable conduct;
- + help provide employees and contractors with a supportive working environment in which they feel able to raise issues of legitimate concern to them and to Woodside;
- + provide an external confidential helpline which can be used for reporting unacceptable conduct; and
- + help protect people who report unacceptable conduct in good faith.

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🔗 A summary of the Whistleblower Policy is available in the Governance and Compliance section of Woodside's website.

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## 5.2 Securities ownership and dealing

Woodside's Securities Dealing Policy applies to all directors, employees, contractors, consultants and advisers. This policy provides a brief summary of the law on insider trading and other relevant laws; sets out the restrictions on dealing in securities by people who work for, or are associated with, Woodside; and is intended to assist in maintaining market confidence in the integrity of dealings in the company's securities. The policy is aligned with the ASX Listing Rules on trading policies and associated ASX guidelines.

The policy prohibits directors and employees from dealing in the company's securities when they are in possession of price-sensitive information that is not generally available to the market. It also prohibits dealings by directors and certain restricted employees during "black-out" periods, including during the periods between the end of the financial half-year and the day following the announcement of the half-year results and the end of the financial full-year and the day following the announcement of the full-year results. Directors are required to seek the approval of the Chairman (or in the case of the Chairman, the CEO) before dealing in the company's securities or entering into any financial arrangement by which Woodside securities are used as collateral. Restricted employees are required to notify their manager and the General Counsel before dealing in the company's securities. In addition, executives reporting directly to the CEO, and the Company Secretaries, have notification requirements in respect of entering into any financial arrangement by which Woodside securities are used as collateral.

Employees considered to hold higher risk roles are required to complete annual securities dealing training.

The Board has adopted a requirement for non-executive directors to have acquired Woodside shares for a minimum total purchase price of at least 50% of their pre-tax base annual fees after four years on the Board. Non-executive directors who have less than the minimum holding are required to direct 25% of their net fees to the purchase of shares in Woodside until the minimum holding requirement is satisfied.

Non-executive directors are eligible to participate in Woodside's Non-Executive Directors' Share Plan. Under the plan a proportion of the director's after tax remuneration is applied to the purchase of shares in Woodside. These shares are acquired on market at market value at pre-determined intervals.

Any dealing in Woodside securities by directors is notified to the ASX within five business days of the dealing. It is a condition of the Securities Dealing Policy that directors, and executives participating in an equity-based incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any person the risk of any fluctuation in the value of any unvested entitlement in Woodside securities. This prohibition is also contained in the terms of the Executive Incentive Plan.

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🔗 The Securities Dealing Policy is available in the Governance and Compliance section of Woodside's website.

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### 5.3 Payments to political parties

Woodside's Code of Conduct prohibits donations to any political campaign, politician or candidate for public office in any country where Woodside operates.

Woodside engages in policy debate and shares its views on policy matters. In certain circumstances Woodside representatives may attend an Australian party political function in Australia which charges an attendance fee. Attendance at these functions is subject to approval by the head of Corporate Affairs, and a register of attendances and the cost of attending each function is maintained. Woodside representatives are not permitted to attend non-Australian party political functions.

Woodside maintains annual subscriptions to the Federal Liberal Party Australian Business Network and the Australia Labor Party Federal Business Forum. Woodside complies with the Australian Electoral Commission's (AEC) reporting requirements for payments to political parties with respect to annual subscriptions and attendance at conferences and other business events associated with political parties.

Details of Woodside's payments to political parties are available on the AEC's website.

Woodside notified the AEC that Woodside made the following payments to political parties for the year ending 30 June 2017 (being the relevant reporting period with the AEC):

	Value (A\$)
Australian Labor Party	110,000
Australian Labor Party (Western Australia Branch)	25,500
Liberal Party of Australia	110,000
Liberal Party (WA Division) Inc	17,700
National Party of Australia	12,100
National Party of Australia (WA) inc	4,500
<b>Total</b>	<b>279,800</b>

## 6. Risk management and internal control

### 6.1 Approach to risk management and internal control

The Board recognises that risk management and internal compliance and control are key elements of good corporate governance.

Woodside's Risk Management Policy describes the manner in which Woodside:

- + provides a consistent process for the recognition and management of risks across Woodside's business; and
- + confers responsibility on Woodside staff at all levels to proactively identify, manage, review and report on risks relating to the objectives those staff are accountable for delivering.

The Risk Management Policy is available in the Governance and Compliance section of Woodside's website.

Woodside recognises that risk is inherent to its business and that effective management of risk is vital to delivering on its objectives, success and continued growth. Woodside is committed to managing all risk in a proactive and effective manner. Woodside's approach to risk enhances opportunities, reduces threats and sustains Woodside's competitive advantage.

The Woodside Group operates a standardised enterprise-wide risk management process which provides an over-arching and consistent framework for the identification, assessment, monitoring and management of material business risks. Woodside has a Risk and Compliance function, separate to Internal Audit, and aligns the company's risk management process with the International Standard for risk management (ISO 31000 Risk Management). Risks are identified, assessed and prioritised using a common methodology. Assessed risk is escalated to increasingly senior levels of management based on corporate materiality thresholds.

More information on Woodside's risks are set out in the Annual Report 2017 on pages 62 and 63.

### 6.2 Risk management roles and responsibilities

The Board is responsible for reviewing and approving Woodside's risk management strategy, policy and key risk parameters, including determining the Group's appetite for country risk and major investment decisions.

The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Board has delegated oversight of the Risk Management Policy, including review of the effectiveness of Woodside's internal control system and risk management process, to the Audit & Risk Committee.

Management is responsible for promoting and applying the Risk Management Policy. This responsibility involves identifying and assessing business and operational risks, developing and implementing appropriate risk treatment strategies and controls including insurance strategy and activities, monitoring the effectiveness of risk controls and reporting on risk management capability and performance.

Within each major business and functional area there is a designated risk role, with specific responsibilities to ensure appropriate application of Woodside's risk management process and regular risk review and reporting.

The Risk and Compliance function is responsible for Woodside's risk management process, development of risk management capability, and providing risk management reports to the executive team and the Audit & Risk Committee on the corporate risk profile and the Group's risk management performance.

In 2017, the Audit & Risk Committee reviewed the risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

The reported risks considered Woodside's health and safety, environmental, financial, reputation and brand, legal and compliance, and social and cultural exposures.

In 2017, the Audit & Risk Committee reviewed the company's risk management framework and confirmed that the framework was sound.

### 6.3 Internal Audit

Internal Audit provides independent assurance that the design and operation of the Group's risk management and internal control system is effective. A risk-based audit approach is used to ensure that higher risk activities are prioritised in the audit program. Audits are conducted in a manner that conforms to international auditing standards. Internal Audit is independent of both business management and of the activities it reviews and has all necessary access to management and information to fulfil its role. Internal Audit is staffed by industry professionals including qualified accountants and engineers.

The Audit & Risk Committee oversees Internal Audit's activities and reviews Internal Audit's performance. It approves the annual audit program and receives reports from Internal Audit concerning the effectiveness of internal control and risk management. The Audit & Risk Committee approves the appointment of the head of Internal Audit. The head of Internal Audit is jointly accountable to the Audit & Risk Committee and the Senior Vice President Corporate & Legal.

The committee members have access to Internal Audit without the presence of other management. Internal Audit has unfettered access to the Audit & Risk Committee and its chairman.

Internal Audit and external audit are separate and independent of each other.

## 7. External auditor relationship

In accordance with Woodside's External Auditor Policy, the Audit & Risk Committee oversees detailed External Auditor Guidance Policy covering the terms of engagement of Woodside's external auditor. The guidance policy includes provisions directed to maintaining the independence of the external auditor and assessing whether the provision of any non-audit services by the external auditor that may be proposed is appropriate. Such provisions are referenced to the Code of Ethics published by the International Federation of Accountants.

The External Auditor Guidance Policy contains a set of controls which address threats to the independence of the external auditor including, in particular, any threat which may arise by reason of self-interest, self-review, advocacy, familiarity or intimidation.

The External Auditor Guidance Policy classifies a range of non-audit services which could potentially be provided by the external auditor as:

- + acceptable within limits;
- + requiring the approval of the CFO;
- + requiring the approval of the Audit & Risk Committee; or
- + not acceptable.

The services considered not acceptable for provision by the external auditor include:

- + internal audit;
- + acquisition accounting due diligence where the external auditor is also the auditor of the other party;
- + transactional support for acquisitions or divestments where the external auditor is also the auditor of the other party;

### 6.4 CEO and CFO assurance

The Board receives regular reports on the Group's financial and operational results.

Before the adoption by the Board of the 2017 half-year and full-year financial statements, the Board received written declarations from the CEO and the CFO that the financial records of the company have been properly maintained in accordance with section 286 of the Corporations Act, and the company's

Financial statements and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and performance for the financial period.

The CEO and the CFO have also stated in writing to the Board that the statements relating to the integrity of Woodside's financial statements are founded on a sound system of risk management and internal control which is operating effectively.

In addition, all executives and key finance managers complete a questionnaire from the directors on a half-yearly basis. The questions relate to the financial position of the company, market disclosure, the application of company policies and procedures (including the Risk Management Policy), compliance with external obligations and other governance matters. This process assists the CEO and the CFO in making the declarations to the Board referred to above.

- + book-keeping and financial reporting activities to the extent such activities require decision-making ability and/or posting entries to the ledger;
- + the design, implementation, operation or supervision of information systems and provision of systems integration services;
- + independent expert reports;
- + financial risk management; and
- + taxation planning and taxation transaction advice.

The External Auditor Guidance Policy requires rotation of the audit partner and audit review partner at least every five years and prohibits the re-involvement of a previous audit partner in the audit service for two years following rotation.

In addition to incorporating safeguards to ensure compliance with sections 324CI and 324CK of the Corporations Act in respect of employment of a former partner of the audit firm or member of the audit team as a director or senior employee of Woodside, the External Auditor Guidance Policy also requires assessment of the significance of a potential threat to the external auditor's independence before any employment of a former partner or audit team member.

Any employment of a member of the audit team or a partner of the audit firm requires the approval of the Audit & Risk Committee.

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- Information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is available in the Governance and Compliance section of Woodside's website.
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## 8. Inclusion and diversity

Respect is one of Woodside's core values. We recognise that a key contributor to our success is an inclusive culture that promotes diversity and a sense of belonging. Our Inclusion and Diversity Policy outlines our commitment to an inclusive workplace culture that values diversity and promotes equal opportunities.

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➤ For further information on our Inclusion and Diversity Policy and Reconciliation Action Plan commitments, visit our website.

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Woodside aims to drive inclusion and diversity by, among other things:

- + Respecting the unique attributes that each individual brings to the workplace and fostering an inclusive values-led culture
- + Providing diversity education and training as well as undertaking diversity initiatives and measuring their effectiveness;
- + The Board approving and reviewing progress against Woodside's Inclusion and Gender Diversity Strategy;
- + The Board annually reviewing the measurable objectives it has set for achieving improvement in Woodside's diversity mix and the progress in achieving those objectives.

In 2017 we advanced our strategy to drive sustainable improvements in gender diversity at all levels of the workforce. Female representation remains steady, 29% versus 28.4% in 2016, significantly higher than the industry average of 22% (The World Petroleum Council and The Boston Consulting Group, 2017). Voluntary turnover of women is 4.5% and return rates from parental leave is 95%, which is our highest rate recorded. Executive and senior female representation have continued to increase since 2016 from 19.6% to 23.9% and 15.9% to 17.6% respectively.

We continue to build our female talent pool through our development programs. Our Production Training Academy continues to develop our female trainees and apprentices. The 2017 intake was 40% women. The overall percentage of offers and acceptances for the 2018 graduate development program for women was 50%.

Woodside is committed to creating opportunities for Australian Aboriginal and Torres Strait Islander peoples. In 2017 we commenced the second year of our third Reconciliation Action Plan (RAP), which Reconciliation Australia awarded its highest rating of 'Elevate'.

Over the past 12 months, Woodside has:

- + Increased our directly employed Indigenous workforce from 103 employees (3% of total workforce) to 117 employees (3.3% of the total workforce).
- + Increased our retention of Indigenous employees. Voluntary turnover reduced from 2.9% in 2016 to 1.7% in 2017.

- + Continued to strengthen our talent pool through our pathways programs. In 2017 we made offers to eight Indigenous candidates to join the graduate development program. We have 27 Karratha-based Indigenous apprentices and trainees and ten cadets undergoing tertiary study and work placement.
- + Provided greater high school and university opportunities to Indigenous people.

Woodside recognises that cultural awareness is a key enabler to maintaining a respectful and inclusive workplace culture. In 2017, 494 participants attended cultural learning sessions, a 55% increase compared to 2016. This included coaching workshops, Noongar language classes and on-country cultural learning walks in Perth and Karratha.

### 2018 measurable objectives

- + Increase the percentage of women employed by Woodside in mid-level professional roles, senior roles, executive roles and overall
- + Maintain female turnover in mid-level professional roles, senior roles, executive roles and overall that is equal to or less than organisational turnover;
- + Achieve gender balance in Woodside's graduate intake and trainee and apprentice pathways;
- + Increase the number of senior women who are ready to move into executive leadership roles;
- + At least maintain the percentage of women on the Board;
- + Increase the percentage of Indigenous employees employed by Woodside;
- + Maintain Indigenous employee turnover that is equal to or less than organisational turnover;
- + Provide education opportunities in inclusive leadership and unconscious bias; and
- + Increase engagement and membership levels of Woodside's diversity community groups.

Woodside will report on progress against these objectives in its 2018 Corporate Governance Statement.

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➤ Further information regarding Woodside's commitment to inclusion and diversity will be available in Woodside's Sustainable Development Report 2017 which will be released in March 2018 and made available in the Working Sustainably section of Woodside's website.

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2017 measurable objectives	Progress
Increase the percentage of women employed by Woodside in mid-level professional roles, senior roles, executive roles and overall	The percentage of women at Woodside increased to 29% (from 28.4%)
Maintain female turnover that is equal to or less than organisational turnover in mid-level roles, senior roles and overall	Female turnover 4.5% was higher than organisational turnover 3.2%
Achieve gender balance in Woodside's graduate intake and increase female representation in trainee and apprentice pathways	Of the total offers made for the 2018 graduate intake, 50% were to women, and of the offers made for technical roles, 53% were to women. Trainee and apprentice pathways had 40% female participation
At least maintain the percentage of women on the Board;	The Board has achieved its objective of maintaining at least 30% female representation on the Board. The Board recognises that opportunities exist to consider diversity upon future retirements of non-executive directors
Increase the number of senior women who are ready to move into executive leadership roles	The number of women assessed as ready for executive roles remained steady at 19
Maintain Indigenous employee turnover that is equal to or less than organisational turnover.	Indigenous turnover 2.9% was lower than organisational turnover 3.2%

Table 4 – Woodside workforce gender profile

	Female	Female %	Male	Male %
Administration	146	58.2	105	41.8
Technical	401	29.6	956	70.4
Supervisory/Professional	351	28.6	878	71.4
Senior Management	105	17.1	509	82.9
Executive Management	11	23.9	35	76.1
Total	1,014	29	2,483	71
Board Members <sup>1</sup>	3	30	7	70

Senior management and other categories above are defined by reference to Woodside's internal remuneration bands.

1. Mr Michael Chaney is retiring with effect from the 2018 AGM on 19 April 2018 and is not included in the Board Members gender profile.

## 9. ASX Corporate Governance Council recommendations checklist

The Corporate Governance Statement was approved by the Board and is current as at 14 February 2018.

This table cross-references the ASXCGC Recommendations to the relevant sections of this Corporate Governance Statement and the 2017 Remuneration Report.

ASX Corporate Governance Council Recommendations	Reference	Comply
<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1 A listed entity should disclose: a. the respective roles and responsibilities of its board and management; and b. those matters expressly reserved to the board and those delegated to management.	2.1	✓
1.2 A listed entity should: a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	2.6	✓
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	2.8, Remuneration Report on page 86	✓
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	2.13	✓
1.5 A listed entity should: a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; b. disclose that policy or a summary of it; and c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	8	✓
1.6 A listed entity should: a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	2.9	✓
1.7 A listed entity should: a. have and disclose a process for periodically evaluating the performance of its senior executives; and b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Remuneration Report on pages 78-83	✓
<b>Principle 2: Structure the board to add value</b>		
2.1 The board of a listed entity should: a. have a nomination committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	3.1, 3.3	✓

<b>ASX Corporate Governance Council Recommendations</b>	<b>Reference</b>	<b>Comply</b>
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	2.2	✓
2.3 A listed entity should disclose: <ul style="list-style-type: none"> <li>a. the names of the directors considered by the board to be independent directors;</li> <li>b. if a director has an interest, position, association or relationship of the type described in Box 2.3 (which appears on page 16 of the ASXCGC Recommendations and is entitled “Factors relevant to assessing the independence of a director”), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>c. the length of service of each director.</li> </ul>	2.2, 2.4	✓
2.4 A majority of the board of a listed entity should be independent directors.	2.2, 2.4	✓
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	2.2, 2.3, 2.4	✓
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	2.8	✓
<b>Principle 3: Act ethically and responsibly</b>		
3.1 A listed entity should: <ul style="list-style-type: none"> <li>a. have a code of conduct for its directors, senior executives and employees; and</li> <li>b. disclose that code or a summary of it.</li> </ul>	5.1	✓
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
4.1 The board of a listed entity should: <ul style="list-style-type: none"> <li>a. have an audit committee which: <ul style="list-style-type: none"> <li>i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>ii. is chaired by an independent director, who is not the chair of the board, and disclose:</li> <li>iii. the charter of the committee;</li> <li>iv. the relevant qualifications and experience of the members of the committee; and</li> <li>v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	3.1, 3.2	✓
4.2 The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	6.4	✓
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	4.1	✓
<b>Principle 5: Make timely and balanced disclosure</b>		
5.1 A listed entity should: <ul style="list-style-type: none"> <li>a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b. disclose that policy or a summary of it.</li> </ul>	4.2	✓
<b>Principle 6: Respect the rights of security holders</b>		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	4.1	✓
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	4.1	✓
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	4.1	✓
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	4.1	✓



**Principle 7: Recognise and manage risk**

<p>7.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>a. have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent directors; and</li> <li>ii. is chaired by an independent director, and disclose:</li> <li>iii. the charter of the committee;</li> <li>iv. the members of the committee; and</li> <li>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b. if it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	3.1, 3.2	✓
<p>7.2 The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>b. disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	3.2, 6.2	✓
<p>7.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>a. if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	6.3	✓
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Annual report on pages 62-63 and 6.1, 6.2, 6.4	✓

**Principle 8: Remunerate fairly and responsibly**

<p>8.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>a. have a remuneration committee which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent directors; and</li> <li>ii. is chaired by an independent director, and disclose:</li> <li>iii. the charter of the committee;</li> <li>iv. the members of the committee; and</li> <li>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	3.1, 3.4	✓
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Remuneration Report on pages 78-83 and 87	✓
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>b. disclose that policy or a summary of it.</li> </ul>	5.2	✓