

risk management policy



objectives

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

The objective of our risk management system is to foster a risk-aware decision making culture that achieves shareholder value growth through developing and protecting our people, our assets, our environment and our reputation.

principles

Woodside achieves these objectives by:

- Implementing a structured and comprehensive risk management system across Woodside which establishes common risk management understanding, language and methodology
- Applying risk management to all parts of Woodside's business by following the requirements set out in its Risk Management standards
- Identifying, assessing, monitoring and reporting risks to provide management and the Board with the assurance that business risks are being identified and managed
- Developing, and annually reviewing, a corporate risk profile for Audit & Risk Committee review
- Ensuring risks consider Woodside's health and safety, financial, environmental, legal/ compliance, social and cultural, reputational, and security exposures
- Embedding risk management into our critical business activities and processes
- Understanding our tolerance to risk and applying this to our decision making
- Ensuring the Woodside Management System captures our internal controls
- Assuring the effectiveness of material business risk controls management and of the risk management system through a process of testing and reporting
- Building our internal resilience to the effects of adverse business impacts in order to sustain performance

application

Management is responsible for designing, implementing, reviewing and providing assurance as to the effectiveness of the Risk Management Policy. Management will regularly report to the Audit & Risk Committee on the effectiveness of the systems in place for managing business risks.

The Enterprise Risk function will report the corporate risk profile to the Audit & Risk Committee at least annually, and ensure it reflects material risks identified in the business.

The Chief Executive Officer and the Chief Financial Officer will provide assurance statements to the Board on the integrity of Woodside's financial statements and on the status of the risk management and internal control system upon which they are founded.

Internal Audit is responsible for providing an independent appraisal of, and reports on, the effectiveness of the risk management system and internal controls.

The Audit & Risk Committee will report to the Board at least annually its findings on the effectiveness of the implementation of this policy and the effectiveness of Woodside's risk management system.

Don Voelte
Managing Director & CEO

December 2009