Woodside Management System – our Journey

IOGP OMS workshop, Oslo

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29 October 2019
Purpose of Management System

How to deliver business objectives and effectively “understand, take and manage” risks

Assurance of Management System

3 lines of defence:

- 1st line: application in business entities
- 2nd line: Functional (Control and Process) oversight
- 3rd line: Audit
The CSB determined that the cause of the highly toxic methyl mercaptan release was the flawed engineering design and the lack of adequate safeguards. Contributing to the severity of the incident were numerous safety management system deficiencies, including deficiencies in formal process safety culture assessments, auditing and corrective actions, troubleshooting operations, management of change, safe work practices, shift communications, building ventilation design, toxic gas detection, and emergency response. Weaknesses in the DuPont La Porte safety management systems resulted from a culture at the facility that did not effectively support strong process safety performance.

Source: www.csb.gov

**Purpose of Management System**

How to deliver business objectives and effectively
“understand, take and manage” risks

**Assurance of Management System**

3 lines of defence:
- 1st line: business entities
- 2nd line: Functional (Control and Process) owners
- 3rd line: Audit
How to deliver business objectives and effectively "understand, take and manage" risks

Purpose of Management System

CONTEXT

Risk management
“What could go wrong?”

Control framework
“What are we meant to be doing?”

Assurance Model
“Are we actually doing it?”

Assurance of Management System

How to deliver business objectives and effectively “understand, take and manage” risks

3 lines of defence:
- 1st line: Business Entities
- 2nd line: Functional (Control and Process) Owners
- 3rd line: Audit
Woodside Management System (WMS)

WMS describes our Ways of Working to deliver business objectives and effectively manage our risks.

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<th>VALUE STREAM BUSINESS ACTIVITIES</th>
<th>SUPPORT BUSINESS ACTIVITIES</th>
<th>MANAGEMENT BUSINESS ACTIVITIES</th>
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<td>Acquire</td>
<td>Commercial Analysis and Agreements</td>
<td>Management Accountability</td>
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<td>Explore</td>
<td>Drilling and Well Services</td>
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<td>Appraise and Develop</td>
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**WMS Hierarchy**

Values (Compass) and Policies

KBA Expectations, Processes, Mgt System Procedures, Controls

Local practices such as operating work instructions, tools, guides

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**IOGP OMS Hierarchy**

Source: IOGP report 511; June 2014
Establishing and Sustaining OMS

**CONTENT**
- develop or upgrade

**GOVERNANCE**
- deploy and maintain

**ASSESSMENT**
- implement self-assessment

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**DEVELOP**
- Company has yet to establish an OMS and existing systems are not fully established or integrated

- Engage leadership
- Understand context
- Identity risk & controls
- Set objectives & criteria
- Define applicability & scope
- Implementation plan/MoC

**CONFIRM**
- Company has an established/mature OMS or equivalent system(s)

- Review & gap analysis
- Document framework
- Document processes
- Define success criteria
- Implement OMS

**Establish OMS at the corporate level**

**Cascade OMS to the business, asset or project level**

**Sustain & Improve at all levels**
- Assurance
- Review performance
- Communicate progress

**LONG TERM REVIEW**
- Define improvement actions
- Ensure PDCA

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Source: IOGP report 511; June 2014
WMS Self Assessment Structure

- Aligning Processes key-controls with Expectations
- Self assessment to drive clarity of “key controls” (and control measures) and organisational “accountabilities”
GRC (Governance, Risk, Compliance) Integration

Integrated view of:

our business **Expectations** and delivery **Objectives**, and the management of **risks** and **obligations**, through effective and efficient **Processes** and **culture**.
Takeaways

Four key points:

- **Management System** framework provides **common taxonomy** for Governance, Risk and Compliance

- Whilst there are “3 lines of defence”, **integrated assurance** brings together

- **Ownership is critical**: local, functional, corporate

- **Enable the business** to provide confidence (assurance), don’t provide it for them
Questions?