



## Audit Committee Charter

### 1.1 The role of the Audit Committee

This Audit Committee Charter (the "Charter") has been adopted by the Board of Directors (the "Board") of Seadrill Partners LLC (the "Company") and this Charter governs the operation of the Audit Committee of the Board (the "Audit Committee").

The Audit Committee of the Board acts by a Board delegation and in connection with the Board's supervisory responsibility to the unitholders, potential unitholders, the investment community and others. The Audit Committee provides assistance to the Board in fulfilling its oversight responsibilities relating to: (i) the integrity of the Company's financial statements; (ii) the financial reporting process; (iii) the adequacy of internal controls and the Company's risk assessment and risk management policies; (iv) the handling of accounting complaints, (v) oversight of the relationship with its independent registered public accountants (the "external auditor"); (vi) the independence and qualifications of the external auditor; and (vii) supervision of the Company's internal audit function.

The Audit Committee shall consist, prior to one year after the date of the closing of the initial public offering of the Company's common units representing limited liability company interests, of at least two Board members, and of at least three members thereafter. Each member shall be appointed by the Board, and the Board shall designate one person as the chairperson or delegate the authority to designate a chairperson to the Audit Committee. Audit Committee members may be replaced by the Board. All members of the Audit Committee shall be financially literate and at least one member shall be an "audit committee financial expert" as defined by the United States Securities and Exchange Commission (the "SEC").

In fulfilling its purpose, it is the responsibility of the Audit Committee to maintain free and open communication between the Audit Committee, independent registered public accountants and management of the Company, and to determine that all parties are aware of their responsibilities.

The Audit Committee is to assist the Board in exercising its oversight responsibility with respect to the following areas:

***a) Oversight of the integrity of the Company's financial statements and reporting process and internal controls***

The Audit Committee shall:

- Monitor and supervise:
  - a) the Company's financial reporting process, practices and requirements,
  - b) the quality, adequacy and effectiveness of the Company's disclosure controls and procedures; and
  - c) the Company's internal controls over financial reporting.

- Discuss with management and the external auditor the annual audited financial statements and quarterly financial statements (when relevant), including disclosures made in management's discussion and analysis.
- Review with the external auditor:
  - a) Critical accounting policies and practices to be used by the Company; and
  - b) Alternative accounting treatments.
- Review the results of the annual audit and quarterly reviews carried out by the external auditor, including Audit management letters. Audit management letters shall be addressed to the Audit Committee member(s), after a review by the management. If the letter is addressed to management, the Audit Committee members shall be copied.
- Discuss with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's annual and quarterly financial statements, including any significant changes in the Company's selection or application of accounting principles, the Company's internal controls over financial reporting (including any major issues as to the adequacy of such controls) and, if needed, any.
- Discuss with management and the external auditor regarding the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- Discuss with management and the external auditors management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes Oxley Act, including any significant deficiencies or material weaknesses identified.
- Review the Company's Chief Executive Officer's and Chief Financial Officer's sign off and certification of the Company's annual report.
- Discuss with the Company's legal counsel and external auditor the process to ensure compliance with relevant standards of conduct and legal matters that could have a significant impact on the Company's annual and quarterly financial statements or accounting policies.
- Review significant disagreements between management and the external auditor on financial reporting.
- Review all earnings press releases including profit warning releases and other ad-hoc releases with financial reporting relevance prior to release.
- The Audit Committee shall receive and review any reports from the Company's attorneys relating to legal matters that may have a material impact on the financial statements or the Company's compliance policies.

***b) The Company's risk assessment and risk management policies***

The Audit Committee shall:

- Discuss management's policies with respect to risk assessment and risk management as they relate to financial reporting.
- Discuss and take all oversight actions required of, or deemed necessary by, the Committee under the Company's policies with respect to risk assessment and risk management, including the risk of fraud. Annually, the Committee shall discuss the

Company's major risk exposures and the steps management has taken to monitor and control such exposures.

- The Audit Committee shall inquire of the external auditors if they have detected or become aware of information regarding the occurrence of an illegal act as defined in Section 10A (b) of the Securities Exchange Act of 1934 (the "Exchange Act").

**c) Handling complaints**

The Audit Committee shall:

- Establish and maintain procedures for the receipt, retention, and handling of complaints about accounting, internal controls or auditing matters, as well as other matters regarded as being in breach of the Company's ethical rules or statutory provisions.
- Ensure that tips can be sent anonymously and confidentially to the Audit Committee via the Company's integrity hotline regarding the above mentioned issues with assurance of no retaliation.
- Ensure that any misconduct, done by management or employees, which the Committee has knowledge of, will be investigated and necessary actions/sanctions will be taken.

**d) Oversight of the relationship with the external auditor**

The Audit Committee shall:

- Select, appoint, retain, evaluate and, if appropriate, terminate the external auditor, and resolve any disagreements between management and the external auditor concerning financial reporting, with the understanding that the external auditor shall report directly to and be directly overseen by the Audit Committee. These duties are direct responsibilities of the Audit Committee.
- Pre-approve the retention of the external auditor for all audit and such non-audit services as the external auditor is permitted to provide the Company, and approve the fees for such services, other than any *de minimus* non-audit services allowed by applicable law or regulation. The Audit Committee may pre-approve services by establishing detailed pre-approval policies and procedures as to the particular service, provided that the Audit Committee is informed of each service pre-approved and that no pre-approval shall be delegated to management. In considering whether to pre-approve any non-audit services, the Audit Committee or its delegates shall consider whether the provision of such services is compatible with maintaining the independence of the auditor.
- Supervise the work performed by the external auditor on audit related matters or other review or attest services.
- Evaluate the qualifications, performance and independence of the external auditor and ensure that the external auditor meets the requirements set by the authorities in (relevant jurisdictions, e.g. Norway and in the United States).
- Oversee the external auditor's compliance with the audit engagement team "rotation off" requirements.
- Ensure that the external auditor's lead partner and reviewing partner are replaced or regularly rotated as required by law or as otherwise deemed appropriate by the Audit Committee.

- Consider, from time to time, whether a rotation of the external auditor would be in the best interests of the Company and its unitholders.
- Discuss with the external auditor the matters required to be discussed by Statement on Auditing Standards No. 61 as then in effect.
- Oversee compliance with the policy limiting the Company's ability to hire employees or former employees of the external auditor (the "cooling off" policy).

**e) *Supervision of the internal audit function***

The Audit Committee shall:

- Initially, advise the Board on the establishment and staffing of the Internal Audit department, and annually, review and advise the Board on the adequacy of the Internal Audit department of the Company.
- Ensure that the Internal Audit department acts independently of the Company's management.
- Review and approve the yearly internal audit plan and the risk assessment which formed the basis for the internal audit plan.
- Review and follow up on emerging controls themes and issues, and serious or significant findings, conclusions and recommendation in internal audit reports.
- Receive a written report from internal audit on the Company's internal controls, risk management process, and any non-compliance with governing documents including the Code of Conduct and General Statement on Ethics and Business Principles.
- Oversee employment decisions related to the Director of Internal Auditor, including decisions related to appointment, dismissal, position category and remuneration.

## **1.2 Functions of the Audit Committee**

The Audit Committee shall provide regular reports to the Board. The Audit Committee members are answerable only to the Board in connection with the fulfillment of their tasks. The Board retains full responsibility for the Audit Committee's tasks.

The Chief Executive Officer is responsible for preparing and presenting to the Board of Directors the Company's annual and quarterly financial statements, and the external auditor is responsible for auditing and/or reviewing these financial statements. While the Audit Committee is entrusted with the tasks set out in this Charter, it is not the responsibility of the Audit Committee to plan or conduct audits or to determine whether the Company's statements of financial position, results of operations, cash flows and members' equity present fairly, in all material respects, the financial position of the Company in conformity with accounting principles generally accepted in the United States of America. In carrying out its tasks, the Audit Committee does not provide any expert or particular confirmation of the Company's financial statements or any professional certification of the external auditor's work.

The Audit Committee shall base its work on the assumption that the external auditors and internal audit have brought to the Audit Committee's attention any issue that they, in their best judgment, regard as important for the exercise of the Audit Committee's responsibilities.

The Company's Chief Financial Officer and Finance department shall provide support to the Audit Committee as necessary, and the Chief Financial Officer shall act as its secretary.

The meetings and proceedings of the Audit Committee shall be governed by the requirements for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board. In addition, the Audit Committee shall adhere to the following requirements:

- The Audit Committee shall meet in connection with the quarterly and annual financial reporting and otherwise as often as it considers necessary. The CFO will prepare and propose an annual meeting plan and is responsible for preparing and giving notice of meetings and for follow-up of the Audit Committee's work.
- The Audit Committee chooses who shall represent the Company at its meetings. It is assumed that the Chief Financial Officer of the Company will attend all meetings.
- The external auditor and the internal auditor shall participate in relevant agenda points at all meetings.
- The Audit Committee shall meet with each of the external auditor and the internal auditor at least once a year without the presence of corporate management.

The Audit Committee may examine all activities and circumstances connected to the operations of the Company in the execution of its tasks. In this connection, the Audit Committee may request the Chief Executive Officer provide access to information, facilities and personnel.

The Audit Committee is authorized to investigate all matters relating to the operations of the Company and may carry out the investigations that it deems necessary to fulfill its tasks, and may use the Company's internal audit, external audit and external advisors, or, if the Audit Committee deems it necessary, to retain independent legal, accounting or other advisors in carrying out these tasks. The Audit Committee shall have the sole authority to retain, terminate and approve the fees and other retention terms of any such third party service providers. The Company shall provide funding necessary for the Audit Committee for its third party service providers.

### **1.3 Minutes and follow-up of Audit Committee meetings**

The Audit Committee shall meet as often as it determines is necessary, but at least quarterly. A majority of the Audit Committee's members shall constitute a quorum. The Audit Committee shall act on the affirmative vote of a majority of the members present at a meeting at which a quorum is present. Members of the Audit Committee may participate in and hold meetings by means of conference telephone, videoconference or similar communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in such meetings shall constitute presence in person at the meeting.

The Audit Committee shall cause minutes to be made and books kept for the purpose of recording. The minutes shall state the following:

- time and venue of the Audit Committee meeting
- the names of the members and other person (if any) present at each meeting of the Audit Committee;
- all proceedings at meetings of the Audit Committee;
- all discussions and resolutions adopted, stating the number of votes in each case.

The minutes of committee meetings shall be signed at the next meeting. The minutes shall be signed by all members who participated at the meeting.

Audit Committee meetings where quarterly and annual financial reporting is discussed shall be coordinated with the Board meetings on these issues. The Audit Committee may give an oral report from these meetings to the Board through the Audit Committee chairperson.

The notice of the meetings, the material submitted to committee members before the meeting and minutes of committee meetings must be retained at the Company's premises in accordance with applicable rules and regulations for filing of this type of documentation.

## **1.4 Independence and qualifications**

All members of the Audit Committee must meet the independence standards established by the Board, the United States Securities and Exchange Commission (the "SEC"), the NYSE and any other applicable laws and regulations governing independence from time to time. Each member shall be unconnected to any relations that could, in the opinion of the Board of Directors, interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

All Committee members shall be financially literate and at least one member shall have accounting or related financial management expertise necessary to be considered a "financial expert" as defined by the applicable rules of the SEC.

## **1.5 Annual evaluation of performance and effectiveness**

The Audit Committee shall be subject to an annual evaluation by the Board of Directors which determines whether the Audit Committee is functioning effectively.

The yearly assessment will include but not be limited to the following aspects:

- the Audit Committee members' independence from management, including how they're nominated and selected, and whether they act independently from management.
- the clarity of the Audit Committee's responsibilities and how well the Audit Committee and management understand them.
- the level of involvement and interaction with external auditors, including appointment, retention, and compensation role.
- the level of involvement and interaction with internal audit, including line of authority and role in appointing and compensating employees in the internal audit function.
- the Audit Committee's compliance with applicable listing standards adopted pursuant to Sarbanes-Oxley.
- whether the Audit Committee includes one or more "audit committee financial experts".
- amount of time the Audit Committee devotes to control issues and Committee activity.

The Audit Committee will on a yearly basis evaluate the adequacy of this Charter and recommend any changes to the Board of Directors.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Kate Blankenship  
(Committee Chairperson)