

# **Transocean Ltd.**

## **Audit Committee Charter**

### **Purpose**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Transocean Ltd. (the “Company”) is appointed by the Board to assist the Board in overseeing (1) the integrity of the financial statements of the Company, (2) the compliance by the Company with legal and regulatory requirements, (3) the independence, qualifications and performance of the Company’s independent auditors and (4) the performance of the Company’s internal audit function. Consistent with this oversight function, the Committee encourages continuous improvement of and fosters adherence to the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting process and internal control system.
- Review and appraise the performance of the Company’s independent auditors and internal audit function.
- Provide an open avenue of communication among the independent auditors, financial and senior management, the internal auditing department, and the Board.
- Prepare the audit committee report required by the rules of the Securities and Exchange Commission (the “Commission”) to be included in the Company’s annual proxy statement.
- Oversee the compliance by the Company with legal and regulatory requirements.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in the section on Committee Authority and Responsibilities.

### **Committee Membership**

The Committee shall consist of at least three active members of the Board, each of whom shall be independent directors, as defined by the New York Stock Exchange, the rules and regulations of the Commission and applicable law, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. In no event shall an active or retired officer or employee of the Company be a member of the Committee.

The members and the chair of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. Committee members and the chair may only be dismissed by the Board.

All members of the Committee shall meet any applicable legal requirements or New York Stock Exchange requirements and shall be financially literate, and at least one member of the Committee shall have accounting or related financial management expertise. Unless otherwise determined by the Board, no member of the Committee shall simultaneously serve on the audit committees of more than two other public companies, as defined by the New York Stock Exchange.

## **Meetings**

The Committee shall meet as often as it determines necessary but not less frequently than quarterly. The Committee should meet periodically with management, the internal auditors and the independent auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believe should be discussed privately.

The Committee may request any officer or employee of the Company or the Company's outside counsel or other advisors or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

## **Committee Authority and Responsibilities**

The Committee shall be responsible for recommending the selection, retention and termination of an independent auditing firm to the Board and to the shareholders of the Company for their approval at a general meeting of shareholders. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company. The Committee shall advise as necessary in the selection of the lead audit partner. The independent auditors shall report directly to the Committee.

The Committee shall pre-approve all auditing services, review or attest engagements and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee may establish policies and procedures for purposes of such pre-approval to the extent allowed by applicable law and regulations.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority to retain, dismiss or replace independent legal, accounting or other advisors (provided, for the sake of clarity, that the independent auditing firm is retained or, without prejudice to the Board's authority to terminate the auditing firm under certain circumstances in accordance with applicable law, terminated by the general meeting of shareholders of the Company). The Committee shall have

the sole authority to approve the fees and other retention terms for any advisors employed by the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### **A. With Regard to the Independent Auditors**

1. Review at least annually plans for the scope of the independent auditors' activities, including the auditors' performance of non-audit services, and expected fees to be incurred therefore, the auditors' report of findings resulting from examination of the Company's records and systems of internal accounting controls, and matters affecting their independence in the performance of the audit of Company accounts.
2. Review with internal audit and the independent auditors their annual audit plans, including the degree of coordination of the respective plans. The Committee should inquire as to the extent to which the planned audit scope can be relied upon to detect fraud or weaknesses in internal accounting controls.
3. Have a clear understanding with the independent auditors that the Committee shall be responsible for the compensation, evaluation and oversight of the independent auditors.
4. Prior to the engagement of and on an annual basis thereafter, obtain from the independent auditors a written communication delineating all relationships between the independent auditors or any of their affiliates and the Company or persons in a financial reporting oversight role at the Company that may reasonably be thought to bear on the independent auditors' independence as required by applicable law or regulations. In addition, discuss with the independent auditors the potential effects of any such relationships on their independence, assess the independent auditors' independence and take or recommend appropriate action to ensure the continuing independence of the auditors. Evaluate whether the provision of permitted non-audit services is compatible with maintaining the auditors' independence.
5. On an annual basis, obtain from the independent auditors a written communication delineating all their relationships and professional services as required by applicable law or regulations. In addition, review with the independent auditors the nature and scope of any disclosed relationships or professional services with the Company or others, assess the independent auditors' independence and take or recommend appropriate action to ensure the continuing independence of the auditors. Evaluate whether the provision of permitted non-audit services is compatible with maintaining the auditors' independence.
6. Evaluate the independent auditors' and their lead audit partner's qualifications, performance and independence, including considering

whether the independent auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent auditors' independence. In making this evaluation, the Committee shall take into account the opinions of management and internal auditors as well as the impact of changing auditors to the Company. The Committee shall present its conclusions with respect to the independent auditors to the full Board.

7. Obtain and review at least annually a report by the independent auditor describing the independent auditor's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
8. Review with the independent auditors the cooperation received from management during the course of the audit and extent of any restrictions that may have affected their examination.
9. Review and discuss reports from the independent auditors on:
  - All critical accounting policies and practices to be used;
  - All alternative treatments within Generally Accepted Accounting Principles for policies and practices related to material items that have been discussed with management, including ramification of the use of such alternative disclosures and treatments; and the treatment preferred by the independent auditors;
  - Other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences, any reports on observations and recommendations on internal controls and a listing of adjustments and reclassifications not recorded, if any, and any engagement or independence letters through consultations with the external auditor.
10. Discuss with the independent auditors the matters required to be discussed by applicable law or regulations relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work and management's response, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
11. Meet separately, periodically, with the independent auditors.
12. Set clear hiring policies for employees or former employees of the independent auditors.
13. Consider whether there should be regular rotation of the independent auditing firm and the lead audit partner.

14. Inquire with the independent auditor their view of the accounting treatment of significant new transactions or other significant events or matters not in the Company's ordinary course of business.

**B. With Regard to the Company's Earnings Releases and Guidance, Financial Statements and Footnotes, and Internal Accounting Control Systems**

1. Discuss the annual report and footnotes thereto prior to its publication and discuss with the independent auditors any significant transactions not a normal part of the Company's business, significant adjustments proposed by them, and comments submitted by the independent auditors concerning the Company's system of internal accounting control together with management's actions to correct any deficiencies noted.
2. Discuss with management and the independent auditors the Company's quarterly financial statements as well as disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" for both the Company's quarterly and annual reports.
3. Review and discuss with management and the independent auditors:
  - Major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles, any major issues concerning the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
  - Analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative methods of generally accepted accounting principles on the financial statements.

This review will include the quality, not just the acceptability, of the company's accounting principles as applied in its financial reporting in terms of clarity of disclosures, degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates and other significant decisions made by the Company in preparing the financial disclosures.

4. Review steps taken to assure compliance with the Company's policy regarding conflicts of interest and business ethics.
5. Review Related Person Transactions, as defined in and pursuant to the Committee's "Policy With Respect to Related Person Transactions".
6. Ascertain that appropriate reporting of such transactions or relationships is made to the Commission or other regulatory agencies.
7. Review the quality and depth of staffing of the Company's financial, accounting, and internal audit personnel.

8. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein or instances of fraud involving management or other employees who have a significant role in the Company's internal controls.
9. Review and discuss with management and the independent auditors the annual audited financial statements, and based upon the review and discussion decide whether to recommend to the Board that the audited financial statements and accompanying notes should be included in the Company's Form 10-K.
10. Discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
11. Review and discuss with management the Company's policies with respect to financial information and earnings guidance provided to analysts and rating agencies and any changes to such policies.

#### **C. With Regard to the Company's Internal Auditors**

1. Review the scope of the internal auditors' activities, their report of findings resulting from the examination of the Company's records, operations, and systems of internal accounting controls, and matters affecting their independence in the performance of the audit of Company accounts, including the cooperation and budgeting received from management during the course of any audit, and the extent of any restrictions that may have affected their examination.
2. Review with management and the Vice President of Internal Audit the charter, activities, staffing, and organizational structure of the internal audit function.
3. Have final authority to review and approve the annual audit plan and all major changes to the plan.
4. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Vice President of Internal Audit.
5. At least once per year, review the performance of the Vice President of Internal Audit.

#### **D. Other Responsibilities**

1. Review the summary of expense accounts and executive perquisites of the Company's senior officers prepared by internal audit.

2. Review legal matters involving claims by shareholders of wrongdoing by or against directors, officers, or independent auditors of the Company.
3. Review and reassess the adequacy of this Charter periodically, at least annually, as conditions dictate. Confirm annually that all responsibilities outlined in this Charter have been carried out.
4. On an annual basis, the Committee shall prepare and discuss a self-assessment of its own performance during the prior year.
5. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
6. Discuss the Company's guidelines and policies with respect to enterprise risk assessment and enterprise risk management and steps management has taken to monitor and control exposure to such risks.
7. Prepare and approve the Committee report as required by the Commission to be included in the Company's proxy statement for the annual meeting.
8. Meet separately, periodically, with the Company's General Counsel and Chief Compliance Officer to review any material legal and compliance matters that may affect the Company.
9. Review any reports from the independent auditors under Section 10A(b) of the Securities Exchange Act of 1934.
10. Review the findings of any examinations by regulatory agencies that may have a significant financial impact.
11. Make regular reports to the Board.
12. Perform such other functions as assigned by applicable law, the Company's Articles of Association, or the Board.

### **Approval of Financial Statements**

Based on its work, responsibilities and powers set forth in this Charter, the Committee shall propose to the Board the formal approval of the annual financial statements of the Company.

### **Limitation of Committee's Role**

While the Committee has the oversight responsibilities and related powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and

applicable rules and regulations. Subject to the Board's nondelegable duties under Swiss law, these are the responsibilities of Management and the independent auditors.

Unless he or she believes to the contrary (in which case, he or she will advise the Committee of such belief), each member of the Committee shall be entitled to assume and rely on (1) the integrity of those persons and organizations within and outside the Company that it receives information from and (2) the accuracy of the financial, legal and other information provided to the Committee by such persons or organizations.

<p>This Charter was adopted by the Board of Directors of Transocean Ltd. on December 8, 2008 and last amended on February 10, 2017.</p>
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