



# **LIQUEFIED NATURAL GAS LIMITED**

## **Clawback Policy**

**25 September 2015**

# Liquefied Natural Gas Limited

## **Clawback Policy**

This policy is a key part of Liquefied Natural Gas Limited's ("LNGL" or the "Company") strategy and reflects the Company's values and expected behaviors contained in our Business Principles.

Everyone who works for and with LNGL - employees, directors, contractors, partners or suppliers ("**Workforce**") - has responsibility for adhering to our Business Principles and, thus, this Policy. Read this Policy in conjunction with LNGL's Business Principles, other policies and related guidance, which establish governance of the Company.

### **1. Policy**

The Company's Clawback Policy is intended to satisfy the requirements of Principle 8 of ASX Corporate Governance Council's Principles and Recommendations, Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and Section 304 of the Sarbanes-Oxley Act of 2002.

The Company's Remuneration Policy contains the following statement:

*Remuneration arrangements are designed to strike an appropriate balance between fixed and variable components. "At risk" incentive awards, both annual performance-based payments and long-term equity-based grants, are designed to promote alignment between employees and LNGL's shareholders. On the advice of the Remuneration Committee ("RC"), the Board considers, and as appropriate adopts, measures designed to increase this alignment, which may include but are not limited to (i) retention periods for vested incentive awards to KMP, (ii) guidelines for share ownership by KMP and Directors and (iii) clawback provisions in the event of behaviours causing significant loss of shareholder value or damage to the Company's reputation. Some of these measures may be mandated in the jurisdictions in which we operate.*

Clawback is therefore regarded by the Board as one of the measures to help align outcomes between employees and LNGL's shareholders.

### **2. Policy development**

This Clawback Policy and how it is implemented will be reviewed and updated by the Board on advice from the RC in the light of the Company's remuneration risk management assessment, evolving market practice, implementation of rules by the U.S. Securities and Exchange Commission and other regulators, and other relevant factors. Policy changes will be posted on the website and notified to employees.

### **3. Policy implementation**

Any plan, program, or agreement providing for the payment of Incentive-Based Compensation to Covered Employees, including offer letters under the Company's Incentive Rights Plan, commencing July 1, 2015, will be subject to the following provision:

*Incentive Compensation Recoupment:*

"However, in the event any Covered Employee engages in Gross Misconduct, the Company shall recover from the Covered Employee, any Incentive-Based Compensation realized and the value of any Performance Share Units vesting over the one year period before the discovery or

the occurrence of the Gross Misconduct. Additionally, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under applicable law or regulation, including Section 10D of the Exchange Act, the Company shall recover from each Covered Employee, any Incentive-Based Compensation received during the three completed fiscal years immediately preceding the date that the Company is required to prepare a restatement of its previously issued financial statements to correct a material error. Notwithstanding the foregoing, in the event the recoupment is based on the preceding sentence, the amount of recovery shall be limited to the incentive compensation received in excess of what would have been paid absent the restatement. Further notwithstanding the foregoing, the Company shall not be required to recover Incentive-Based Compensation in accordance with this Policy to the extent that the Board or RC determines that it would be impracticable to do, including when the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, or if recovery would violate home country law.

The Board has sole discretion to change the Clawback Policy and its implementation through changes to this provision.”

For purposes of this Policy, the following terms shall have the following meanings:

“**Covered Employee**” includes any current or former employee of the Company or an Affiliate who has been issued Incentive-Based Compensation.

“**Executive Officer**” has the meaning given in Section 10D of the Exchange Act, the rules thereunder, and any listing standards applicable to the Company.

“**Gross Misconduct**” shall have the meaning set forth in any then-applicable employment, consulting, or other written agreement between the Covered Employee and the Company or an Affiliate.

If there is no employment, consulting, or other written agreement between the Company or an Affiliate and the Covered Employee or if such agreement does not define “Gross Misconduct,” then “Gross Misconduct” will mean, the Covered Employee’s (i) commission or omission of any activities constituting a violation or breach under any Federal, state or local law or regulation applicable to the activities of the Company or an Affiliate, (ii) fraud, breach of fiduciary duty, dishonesty, misappropriation or other action that causes material damage to the property or business of the Company or an Affiliate, (iii) admission or conviction of, or plea of *nolo contendere* to, any felony, or to any other crime that, in the reasonable judgment of the Board, adversely affects the Company’s or an Affiliate’s reputation or the Covered Employee’s ability to carry out the obligations of his or her employment or Service, or (v) act or omission in violation or disregard of the Company’s Code of Conduct then in effect, in such a manner as to cause material loss, damage or injury to the property, reputation or employees of the Company or an Affiliate.

For purposes of the above definition, no act or failure to act on the Covered Employee’s part will be considered “wilful” unless it is done, or omitted to be done, by him or her in bad faith or without reasonable belief that his or her action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company will be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company.

“**Incentive-Based Compensation**” shall have the meanings given in Section 10D of the Exchange

Act, the rules thereunder, and any listing standards applicable to the Company [or its Affiliates].

***Equal remuneration opportunity***

The Company does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, marital or family status, pregnancy disability – or any other status that is covered by legal protections applicable to the jurisdictions in which LNGL conducts business.

All employment-related decisions, including decisions on remuneration, are based on an individual's qualification, performance, and behaviour, or other legitimate business considerations. Legitimate business considerations may include (though need not be restricted to) Company profitability, the strategic needs of the Company as well as any other considerations that the Company deems legitimate to its business interests.

***4. Management responsibility***

The Board and RC delegate to the MD/CEO responsibility for insuring the implementation and maintenance of this Policy. Any demand for recovery shall be sent by the MD/CEO to the Covered Employee. The Board shall be duly and promptly informed of any demand for recovery sent and actual recovery made pursuant to this policy.

***5. Applicability***

Every current or former employee of the Company or an Affiliate who has been issued Incentive-Based Compensation is covered by this Clawback Policy.