

# Corporate Governance Statement

The Board is responsible for establishing and maintaining the corporate governance framework of the Group and is guided by the ASX Corporate Governance Council (**CGC**) Principles and Recommendations (3<sup>rd</sup> Edition ASX Corporate Governance Council March 2014 (**3<sup>rd</sup> Edition Principles**)). The Principles and Recommendations set out corporate governance practices for entities listed on the ASX that in the CGC's view are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations.

The Board welcomes the changes in the 3<sup>rd</sup> Edition Principles that reflects global developments in corporate governance. This Corporate Governance Statement was current as at June 30, 2017 and has been approved by the Board.

This Corporate Governance Statement is an opportunity to demonstrate that the Board and management are attuned to the importance of having proper and effective corporate governance arrangements and to communicate the robustness of our approach to corporate governance.

During the fiscal 2017 (and 2016) financial year the Company's practices were compliant with the existing 3<sup>rd</sup> Edition Principles, except where noted in the following table:

<b>ASX Corporate Governance – Best Practice Recommendation</b>		<b>Comply Yes / No</b>	<b>Page Reference</b>
<b>Best Practice Recommendation</b>			
<b>Principle 1 – Lay solid foundations for management and oversight</b>			<b>Page 55</b>
1.1	A listed entity should disclose: a. The respective roles and responsibilities of its Board and management; and b. Those matters expressly reserved to the Board and those delegated to management	Yes Yes	
1.2	A listed entity should: a. Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b. Provide security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director.	Yes Yes	
1.3	A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	Yes	
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	Yes	
1.5	A listed entity should: a. Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; b. Disclose that policy or a summary of it; and c. Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: i. The respective proportions of men and women on the Board, in senior executive positions, and across the whole organization (including how the entity has defined "senior executive" for these purposes); or ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes Yes No Yes N/A	
1.6	A listed entity should: a. Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and b. Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes Yes	
<b>Principle 2 – Structure the board to add value</b>			<b>Page 56</b>
2.1	The Board of a listed entity should have a nomination committee which: a. Has at least three members, a majority of whom are independent directors; and b. Is chaired by an independent director. And should disclose: a. The charter of the committee; b. The members of the committee; and c. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively.	Yes Yes Yes Yes Yes N/A	
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes	

ASX Corporate Governance – Best Practice Recommendation			Comply Yes / No	Page Reference
Best Practice Recommendation				
2.3	A listed entity should disclose:			
	a. The names of the Directors considered by the Board to be independent directors;		Yes	
	b. If a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board believes it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and		Yes	
	c. The length of service of each Director.		Yes	
2.4	A majority of the Board of a listed entity should be independent directors.		Yes	
2.5	The chair of the Board of a listed entity should be an independent Director and should not be the same person as the CEO of the entity.		Yes	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		Yes	
<b>Principle 3 – Act ethically and responsibly</b>				<b>Page 59</b>
3.1	A listed entity should:			
	a. Have a code of conduct for its directors, senior executives and employees; and		Yes	
	b. Disclose that code or a summary of it.		Yes	
<b>Principle 4 – Safeguard integrity in corporate reporting</b>				<b>Page 59</b>
4.1	The Board of a listed entity should have an audit committee which:			
	a. Has at least three members, all of whom are NED's and a majority of whom are independent directors; and		Yes	
	b. Is chaired by an independent director, who is not the chair of the Board.		Yes	
	And should disclose:			
	a. The charter of the committee;		Yes	
	b. The relevant qualifications and experience of the members of the committee; and		Yes	
	c. In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.		Yes	
	If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		N/A	
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		Yes	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		Yes	
<b>Principle 5 – Make timely and balanced disclosure</b>				<b>Page 59</b>
5.1	A listed entity should:			
	a. Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and		Yes	
	b. Disclose that policy or a summary of it.		Yes	
<b>Principle 6 – Respect the rights of security holders</b>				<b>Page 60</b>
6.1	A listed entity should provide information about itself and its governance to investors via its website.		Yes	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.		Yes	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.		Yes	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.		Yes	

# Corporate Governance Statement

Continued

ASX Corporate Governance – Best Practice Recommendation			Comply Yes / No	Page Reference
Best Practice Recommendation				
<b>Principle 7 – Recognize and manage risk</b>				<b>Page 60</b>
7.1	<p>A Board of a listed entity should have a committee or committees to oversee risk, each of which:</p> <p>a. Has at least three members, a majority of whom are independent directors; and</p> <p>b. Is chaired by an independent director.</p> <p>And should disclose:</p> <p>a. The charter of the committee;</p> <p>b. The members of the committee; and</p> <p>c. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting.</p> <p>If it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>N/A</p>		
7.2	<p>The Board or a committee of the Board should:</p> <p>a. Review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>b. Disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Yes</p> <p>Yes</p>		
7.3	<p>A listed entity should disclose:</p> <p>a. If it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b. If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Yes</p> <p>Yes</p>		
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>		
<b>Principle 8 – Remunerate fairly and responsibly</b>				<b>Page 61</b>
8.1	<p>The Board of a listed entity should have a compensation committee which:</p> <p>a. has at least three members, a majority of whom are independent directors; and</p> <p>b. is chaired by an independent director.</p> <p>And should disclose:</p> <p>a. The charter of the committee;</p> <p>b. The members of the committee; and</p> <p>c. As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p> <p>If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>N/A</p>		
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive and the remuneration of executive directors and other senior executives.</p>	<p>Yes</p>		
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>a. Have a policy on whether participants are permitted to enter into transactions (whether using derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>b. Disclose that policy or a summary of it.</p>	<p>Yes</p> <p>Yes</p>		

Where the Company has not been compliant with the 3<sup>rd</sup> Edition Principles, the “if not, why not” explanation approach has been adopted.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. Responsibility for managing the business of the Company on a day-to-day basis has been delegated to the Managing Director and Chief Executive Officer and the management team. The Directors' responsibilities include:

- Setting the strategic direction and objectives of the Company and establishing defined goals to ensure these strategic objectives are met;
- Monitoring the performance of management against the established goals and overall strategic objectives of the Company;
- Ensuring that there are adequate internal controls and ethical standards of behavior adopted and complied with within the Company;
- Ensuring that the business risks of the Company are identified and understood, and that appropriate monitoring and reporting procedures and controls are in place to manage these risks, while acknowledging that all risks may not be eliminated; and
- Ensuring the risk management function includes mechanisms to review and monitor corporate performance across a broad range of risk and compliance issues affecting assets, business operations, capital expenditure, capital management, acquisitions, divestitures, finance, occupational health and safety, management, environmental issues, native title and heritage issues, and corporate governance.

The Compensation Committee monitors the performance of senior executives, which considers the performance of the executives over the year, and ensures that there are adequate procedures in place for recruitment, induction, training, remuneration (both short-term and long-term), and succession planning.

Directors clearly understand their corporate expectations at the time of their appointment and formal letters set out key terms and conditions.

Prior to consideration for appointment as a director of the Company, Directors, management and their delegates perform appropriate checks. The Company has used international executive search and Board consulting firms to support its board renewal process. Preferred candidates are shortlisted and recommendations passed to the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee then provides a recommendation to the Board.

Prior to a meeting of members, all shareholders receive material information relevant to a decision on whether to elect or re-elect a new or retiring director.

The Company has written agreements with all Directors and senior executives setting out the terms of their appointments and a review of such agreements occurs annually.

The Company Secretary is accountable directly to the Board, via the chair, on all matters of Board function. The Company Secretary and chair are in frequent communication to progress governance matters and execution of Board accountabilities.

The Company has issued corporate policies to guide its business execution. Policies relevant to the conduct of our people include: the Business Principles to guide our core values and behaviors, the Diversity Policy, the Human Resources Policy, the Health, Safety, Security and Environment Policy, the Anti-Bribery and Anti-Corruption Policy, the Remuneration Policy, the Information Management and Security Policy, the License to Operate Policy, and the Social Media Policy all establishing our sustainability protocol. The Duty to Report Policy manages approach to policy breaches.

These policies are made public through the Company's website at: <http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225>.

At June 30, 2017, the Company employed a total of 27 people (excluding Directors) in Australia and in the United States. The Company applies, among other considerations, diversity considerations and practices in the recruitment and development of its staff and Directors.

The gender diversity of the Company's employees (excluding consultants) and Board at June 30, 2017 follows.

Role	Number of Women	Total Number of Persons
Whole organization	13	32
Senior executive positions <sup>1</sup>	2	7
Board of Directors <sup>2</sup>	1	6

<sup>1</sup> "Senior Executive", for the purposes of the above table, is defined as those individuals who are responsible for planning, directing and controlling the activities of the Company as part of the Corporate Leadership Team

<sup>2</sup> Includes Executive and Non-Executive directors

# Corporate Governance Statement

## Continued

The Company is an equal opportunity employer. The internal approach to diversity is that the Company does not discriminate at any level or for any reason and always selects the most appropriate person for the job.

The Company is not a “relevant employer” under the Workplace Gender Equality Act.

The Board conduct an annual performance review using criteria outlined by the Australian Institute of Company Directors (AICD) and Sarbanes Oxley. This involves an online survey completed by all Directors considering Board performance against ‘good governance’ statements. The Board reviews the outputs of the survey in a subsequent roundtable discussion. The Board then develops action plans to support continuous improvement in Board processes and Company performance.

The composition of Board committees and individual directors are reviewed and evaluated at least annually.

The Board has established a process for periodically evaluating the performance of its senior executives. Evaluation of senior executives occurs twice a year based on agreed individual performance objectives against which the executive’s short-term and long-term incentive remuneration is determined. This includes compliance with the Company’s corporate governance principles and policies. More information is contained in the Remuneration Report.

## PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Directors’ Report contained in this annual report includes the Directors’ biographies as well as a summary skills matrix chart.

### Independence

Directors are considered independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In the context of director independence, “materiality” is considered from both the Company and individual director’s perspectives. The determination of materiality requires consideration of both quantitative and qualitative elements. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to influence the direction of the Company. An item is presumed to be quantitatively material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 5% of the appropriate base amount. The basis for the relevant amount depends on the nature of the item being considered. For example, if a director’s interest in a supplier is being considered, there would be two amounts to be assessed, the first being the Company’s total purchases from all suppliers and the second being the total sales to all customers by the relevant supplier.

In accordance with the definition of independence above, and the prescribed materiality thresholds, the following directors of the Company, with their disclosed term in office, are considered independent directors of the Company:

Name	Independent position	Term on Board
Paul J Cavicchi	Chairman	From Oct 2014
Richard J Beresford	Non-executive Director	From Feb 2004
Leeanne K Bond	Non-executive Director	From Oct 2009
Philip D Moeller	Non-executive Director	From Dec 2015
D Michael Steuert	Non-executive Director	From Feb 2015

Mr. Gregory M Vesey is the Managing Director and Chief Executive Officer at the date of this report. Mr. Vesey is not considered independent.

The Board has established a Corporate Governance and Nominating Committee that is required to meet at least annually, to ensure that the Board continues to operate within the established guidelines including, where necessary, selecting candidates for the position of director. The Corporate Governance and Nominating Committee is comprised of independent directors consisting of Mr. Philip D Moeller (Chairman), Mr. Paul J Cavicchi, and Mr. Richard J Beresford.

The number of meetings held by the Corporate Governance and Nominating Committee and the attendance is outlined in the Directors Report and a summary of the key accountabilities of the Corporate Governance and Nominating Committee may be found on the Company’s website within its Corporate Governance Policy at <http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225>.

### Board skills matrix

An appropriate mix of director skills and diversity is required to oversee the Company’s strategic direction, opportunities, and challenges at all stages of its development. When considering the appointment of new directors, the Board seeks to recruit individuals with complementary skills, professional qualifications, and experience. In support of this, the Board applies a skills assessment to guide its succession planning and director recruitment agenda.

When determining the appropriate mix of skills and diversity amongst directors, the Board considers LNG's strategic objectives and long term shareholder wealth drivers. The following strategy statements summarize the current direction of the business and influence the skills and experience required at Board level to oversee its implementation.

- To create wealth for shareholders through delivery of competitive LNG liquefaction projects in key markets throughout the world
- To be a leader in the mid-scale LNG sector by safely developing mid-scale, low cost, efficient, and reliable LNG liquefaction terminals to serve the international energy market's demand for natural gas
- To remain at the forefront of LNG processing technology to ensure that the Company's LNG plants are world competitive in operating efficiencies and capital and operating costs

These strategy statements imply a requirement for skills in the areas of energy markets, process technology, project management, and business development oversight at the Board level.

### Board renewal

The Board has regularly reviewed its need for renewal and succession planning considering the Company's direction, strategy, and challenges. As LNG continues to transition from 'development stage', where skills in project development are paramount, to a growth period involving the construction and operation of global LNG assets, the changing composition of the company Board will reflect this transition.

- The Board is currently comprised of a majority of NED's all of whom are classified as independent.
- With LNG's focus on North American asset development, the Board make-up is predominantly North American-based that strengthen the Board's skills and experience in energy infrastructure, finance, and regulatory matters having direct knowledge of the energy business in North America.

### Current Board Skills and Experience

#### BOARD SKILLS MATRIX

The skills and experience mix of the six current directors is summarized in the following table. The Board considers that those fields where fewer than three directors bring relevant skills and experience would necessitate external support to the Board from individuals or groups on a contractual basis. As the Company's projects move beyond development stage into the construction stage and then into production, the Board will review additional skills and experience to oversee those activities.





# Corporate Governance Statement

Continued

Skills and Experience	Description
Technology and innovation	Professional qualifications / experience in the research, development, and implementation of energy transportation and/or processing technologies.
International experience	Directors that have worked on energy projects in regions and countries where LNG is currently looking to invest, develop, and operate.
Engineering, construction, and execution	Practical experience with engineering design and project execution in an executive or senior manager capacity.
Project management	Individuals that carry relevant experience in project manager or executive director roles across large scale energy projects.
Finance	Those directors that carry professional qualifications in finance disciplines, exhibit a high level of financial acumen, and/or carry direct experience in capital market transactions.
Audit and accounting	Professional qualifications in accounting and risk management, or those directors with experience in audit chair, CFO, auditor or other senior financial manager positions.
Risk management	Prior exposure to risk management duties in a managerial or executive capacity and/or professional risk management qualifications.
Legal and regulatory	Professional qualifications in legal practice, regulatory approvals, and/or prior experience in corporate legal matters or regulator /industry relations in an executive or senior manager capacity.
Contracts and negotiation	Practical and relevant experience in global energy sector contracts, bids, and commercial negotiations.
Marketing and business development	Previous experience in a senior manager or executive director capacity supervising or directing corporate marketing or business planning and development initiatives, including key client relationship management responsibilities.
Business strategy	Directors that have extensive experience in executive strategy positions, including previous managing director, chief executive, and/or strategic senior manager roles.
Mergers and acquisitions	Directors that have participated in major corporate transactions, including the acquisition or sale of major energy projects, corporate takeovers, and/or the acquisition of interests in energy producing assets.
Corporate governance	Directors that are current or former board members of other publicly listed companies, with emphasis on individuals that currently or formerly chair an audit or remuneration sub-committee. Private company, not-for-profit and government sector boards are also considered.
Environmental and sustainability	Professional training or prior experience managing public company environmental and social responsibility risks.
Health and safety	Directors that have had management responsibility for the health and safety of personnel on construction and/or operating plant sites.
Government and community relations	Prior involvement in government/regulatory body engagement, or experience working on political action committees, or previous membership on any relevant state or federal government task force.

## Disclosure and engagement

The Board is charged with the responsibility of protecting the interests of LNGL's shareholders. Through the lens of this ongoing assessment of its skills, the Board continues to identify desired skills and experience attributes when reviewing the future director candidate pool. The Company welcomes engagement with shareholders around the composition of the Board to ensure that it has the skills and experience to oversee the successful execution of LNGL's strategy.

The Company has a formal program for inducting new directors. When a new director starts, they are provided with a Director's Information Kit which provides guides, policies and papers on:

- Duty of care, skill and diligence;
- Duty of loyalty and conflicts of interest;
- Dealing in the Company's securities;
- Market disclosure policy;
- Corporate governance policy;
- Anti-bribery and anti-corruption policy;
- A quick guide to the constitution;
- The Company's Constitution; and
- A copy of the 3rd Edition Principles.

Together with the Director's Information Kit, directors are formally supported by the Managing Director and Chief Executive Officer, the Company Secretary, and Chairman on all Board meeting related matters. During 2017, the Board expects to receive training on U.S. SEC governance issues and recent trends in mergers and acquisitions hosted by a U.S.-based law firm. During 2016, director development included in-house training on Corporate Governance from the National Association of Corporate Governance, which was conducted in Houston, Texas.

There are procedures in place, agreed by the Board, to enable directors to seek independent professional advice at the Company's expense, and directors are encouraged to attend relevant courses to maintain or expand their individual skills in areas supporting the Company's strategy.

### PRINCIPLE 3 – A LISTED ENTITY SHOULD ACT ETHICALLY AND RESPONSIBLY

The Board actively promotes ethical and responsible decision-making. The standard of ethical behavior required of directors is set out in the Director Code of Conduct (**Code**), which forms part of the Company's governance policies. The Board updates the Code as necessary, which ensures that it reflects an appropriate standard of behavior and professionalism.

The Code requires all directors to uphold the highest levels of integrity, conducting their business in accordance with the policy.

Please see <http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225> for the Director Code of Conduct Policy.

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

#### Audit Committee

The Board has established an Audit Committee that operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information, as well as non-financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control (including the maintenance of a risk register) for the management of the Company to the Audit Committee.

The Audit Committee provides the Board with assurance regarding the reliability of financial information for inclusion in financial reports.

The members of the Audit Committee follow.

Name	Position
D Michael Steuert	Chairman
Leeanne K Bond	Member
Philip D Moeller	Member

All the members are NEDs. Other Board members attend meetings periodically. Management attend meetings as appropriate, with the CFO attending as a standing invitee. The Board is satisfied that the Audit Committee is of sufficient size, independence, and technical expertise to discharge its mandate effectively and in line with CGC Principles.

Within the Directors' Report the qualifications of the members can be found together with details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings. The Company's Audit Committee charter can be found on the Company's website within its Corporate Governance Policy at <http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225>.

The external auditor was appointed by the Board. The Audit Committee, as part of its charter, is required to conduct a review, at least annually, in relation to the external auditor. The Audit Committee, amongst other things, reviews the independence of the auditor and the auditor's performance, in relation to the adequacy of the scope and quality of the annual statutory audit, half-year review, and the fees charged. The Company's auditors have an ongoing policy of audit engagement partner rotation every five years.

Section 295A of the Corporations Act requires the CEO and CFO function to declare that, in their opinion, the financial records of the entity, for a financial year have been properly maintained in accordance with the Act and that the financial statements and the notes for the financial year comply with the accounting standards, and give a true and fair view of the financial position and performance of the entity. This declaration was made during the year.

The Company's external auditors, Ernst & Young, attend the Company's annual general meeting and are available to answer questions relevant to the audit from shareholders.

### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company's corporate governance policies include a Market Disclosure Policy, which details the Company's commitment to ensuring compliance with market disclosure obligations.

The Company commits to:

- Ensuring that shareholders and the market are provided with timely and balanced information about its activities;
- Complying with the general and continuous disclosure principles contained in governing exchange rules; and
- Ensuring that all market participants have equal opportunities to receive externally available information issued by the Company.

Company ASX releases are reviewed by Executive Directors, NEDs, and where applicable senior management prior to release to ensure:

- All releases are factually accurate, balanced, and objective;
- There is no material omission of information;
- Announcements are released in a timely manner; and
- Announcements comply with practices and procedures of the ASX Company Announcements Platform.

The Company Secretary ensures that at every Board meeting, continuous disclosure is on the agenda and that all directors have an opportunity to put forward any information that may need disclosure. On a weekly basis, the Company Secretary contacts all directors to ensure that they do not have any information or matters that need disclosure.

Please see <http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225> for the Company's Market Disclosure Policy.



# Corporate Governance Statement

Continued

## PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company places significant importance on effective communication with shareholders and is committed to keeping them informed of all major developments that affect the Company. This information is communicated via:

- The Company's Annual Report and half yearly financial report;
- Quarterly cash flow reporting;
- Other Company announcements that comply with continuous disclosure obligations in accordance with ASX Listing Rules;
- Market briefings to assist shareholders and stakeholders to understand key issues;
- Postings on the Company's websites;
- The Chairman's address at the annual general meeting;
- Shareholder meetings; and
- Investor relations presentation/ roadshows.

The Company's website has a dedicated Investors and Media section that is updated regularly displaying all pertinent Company information including media releases and presentations.

Shareholders are encouraged to subscribe to the Company's electronic email alert that allows them to be updated with Company announcements at the same time the announcements are released to the ASX. Shareholders can access email alerts via a dedicated link on the "Investor Welcome" page of the website. The Company's announcements are also communicated via its twitter account.

Shareholders can contact the Company directly via an email link and are also able to lodge an "Information Request" electronically via the Company's website. Shareholders can receive communications from the Company's share registry, Link Market Services. Their contact details can be found within the "Investor FAQs within the "Investors & Media" section of the Company website.

The Company facilitates and encourages participation at meetings of shareholders and all shareholders are encouraged to attend in person. The Company holds its meetings in capital cities in Australia and provides adequate opportunity for shareholders to post questions in advance of a meeting or ask questions at the end of each meeting.

## PRINCIPLE 7 – RECOGNIZE AND MANAGE RISK

### Risk assessment and mitigation processes

The Company's business strategy is to become a leader in the development of mid-scale LNG liquefaction export terminals and at the forefront of LNG processing technology designed to ensure its LNG plants are safe and globally competitive. The technology, scale, and modular nature of LNGL's plant design seeks to enable development of low cost, efficient, and reliable LNG liquefaction terminals to serve the international energy market's demand for natural gas.

The Company's Business Principles guide our decisions, actions, and behaviors. Effective management and oversight of the Company's risks are critical to the successful implementation of our strategy in addition to protecting the interests of its shareholders and other key stakeholders, which include our employees, business partners, and the communities in which the Company operates.

### Risk assessment and mitigation processes

Risk management oversight is a key responsibility for the Board and a leading priority for senior managers, starting with the Managing Director and Chief Executive Officer. The Board oversees the risk appetite and profile of the Company, ensuring thorough assessment of business development opportunities within the context of its risk management framework.

The Company has a risk management process based on *Standards Australia AS/NZS ISO 31000:2009 Risk management – Principles and guidelines*. The Company's aim is to achieve best practice in identifying and assessing key business risks arising from operations and/or from the external business environment generally, and actively manage these key risks through mitigation plans. The risk management process enables the Company to make informed decisions on risk acceptance (or otherwise). The Board undertakes periodic comprehensive reviews and updates of the risk management process. A management prepared risk register is tabled periodically to the Board of Directors and updated on an ongoing basis.

With the prevailing objective of reducing business threats and sustaining competitive leadership, risk consequences are continually and consistently reviewed across the following categories, among others: health and safety; environment; social; financial; technical; commercial; regulatory; legal and compliance.

The Managing Director and Chief Executive Office and the Chief Financial

Officer, based on experiential data, inquiry, observation, and other actions, consider that the Company's business reporting is founded on a sound system of risk management and internal controls, and that the system is operating effectively in all material respects.

The Company does not currently have an internal audit function, but through the Company's risk management process, management is satisfied that it can evaluate and continually improve the effectiveness of its risk management and internal control processes. The need for an internal audit function is kept under review by the Audit Committee.

The number of meetings held by the Audit Committee and the attendees is outlined in the Directors Report and a summary of the key accountabilities of the Company's Audit Committee may be found on the Company's website within its Corporate Governance Policy.

<http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225>.

### Safety, sustainability, people and culture

The Safety, Sustainability, People, and Culture Committee (**SSPC**) oversees Company sustainability risks and opportunities, and reports these matters to the Board. The SSPC receives regular performance reports from management, confirms compliance, reviews the adequacy of sustainability management systems, and ensures appropriate improvement targets and benchmarks. It monitors potential liabilities, changes in legislation, community expectations, research findings, and technological changes. This information also feeds the risk management process overseen by the Board. In addition to feedback and monitoring by the SSPC, the Board receives monthly reports on key risk areas such as health and safety, project development, and potential environmental challenges.

LNGL recognize the need to take account of changing community attitudes and environmental challenges, and therefore the Company assesses the environmental and social risks associated with all its projects. Projects are developed with precautionary engineering and management measures in place to mitigate key environmental and social risks. On this basis, the Board has endorsed LNGL's Business Principles and associated Policies detailing the expectations and obligations applicable to LNGL's Board, senior management, and workforce.

### Safety

An important aspect of LNGL's risk management framework includes the

protection of our people and the people in surrounding communities in workplace health and safety. Our shared duty is to assure the health, security, and safety of people, the integrity and safe operation of our assets, and the protection of the environment. We accomplish this by setting clear expectations including target setting, training of our workforce, and empowering our workforce to stop work whenever they believe there is a danger to people, the environment, or the safe operation of our assets. The Company has in-house subject matter experts in process safety design, occupational safety design, and Occupational Safety and Health Administration (OSHA) regulation dealing with workplace safety and health in the US. This expertise is specific to the design, construction, and operation of LNG liquefaction facilities. Effective management of HSSE risk is vital to successful delivery of LNG's strategy, our long-term sustainability, and maintenance of our License to Operate in the communities where we conduct business.

### Environment

We work to avoid, mitigate, and minimize environmental impacts where we do business and we try to create mutually supporting economic and environmentally sustainable solutions. Our patented OSMR® Technology offers a range of economic, environmental, and social benefits, with the objective being reduced capital and operating costs, smaller footprint, and simple start-up and operation. OSMR® Technology is energy efficient, (e.g., combined cycle power generated from gas turbine waste heat used to drive the refrigeration compressors, use of the most efficient industrial coolant - ammonia rather than propane throughout the LNG production process, application of a closed-loop ammonia refrigeration circuit, pre-cooling refrigerant and gas turbine inlet air that increases production efficiency, etc.) and will operate at a lower GHG intensity compared with traditional LNG technologies (e.g., EPC guaranteed 92% feed gas production efficiency, LNG plant/utilities fuel gas consumption of 8% or less).

### Social

Community engagement is embedded in our projects. We listen to community concerns, respond to their needs, and take actions required to help to mitigate the impact of our planned operations. Examples of these activities include regular participation in local meetings of the Calcasieu Parish Local Emergency Planning Committee and Environmental Affairs Committee by MLNG personnel

in Lake Charles and establishment by BHLNG of Community Liaison and Fisherman Liaison committees in Port Tupper. The way LNG's business in local communities is critical to the overall success of the business and the long-term interests of our shareholders. As the Company continues to develop international LNG projects, we aim to manage the social impacts of our business activities to positive outcomes in affected local communities. We commit to strengthening the communities in which we live and work in enduring ways.

In satisfying future international energy demands, the Board and senior management will work to leave a positive social legacy wherever we operate. Our objective is for our LNG projects to create economic value for local communities by employing workers; procuring goods and services from local suppliers; investing in local infrastructure, and regional development.

### Regulatory Approval

Detailed and documented approvals exist in respect of the environmental and social regulations associated with our LNG projects. These approvals have been issued by regulatory bodies following extensive consultation with communities and other stakeholders. Progress on regulatory approvals and submissions made in support of these processes are available via LNG's website, or direct from the relevant regulators' websites.

The Company has yet to reach FID on any of its LNG projects, and therefore most of LNG's identified sustainability risks will only become material when project construction commences. Health and safety risks increase during the construction and operating phases, with a larger workforce in place and a commensurate increase in exposure to operational hazards. We are working with our contractors to ensure that appropriate training for employees and contractors across the workforce meets international standards. As the workforce grows, we are committed to maintaining equality of opportunity, encouraging diversity, and creating a rewarding work environment for all LNG's employees.

Continued change and uncertainty in public policy can be very challenging when making large, long-term investments for the future. Policy responses to climate change are of special interest to energy providers such as LNG. The Company is positioned to contribute to climate change solutions and we support measures to progressively reduce GHG emissions in line with established climate targets.

As LNG expands its international footprint, the Company is proactively managing its relationships with local, regional, and national governments and regulators. We will continue to monitor international and national policy debates and developments in climate change science to understand possible impacts on our business. In the medium term, we expect that LNG will benefit from the focus on reducing the emissions intensity of global energy production and supply due to our energy efficiency compared to other energy sources and LNG technologies.

### Policies relevant to sustainability

Corporate policies relevant to sustainability include the Business Principles to guide our core values and behaviours, the Health, Safety, Security and Environment Policy, the License to Operate Policy and the Duty to Report Policy for managing policy breaches.

These policies are made public through the Company's website.

<http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225>.

### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY Compensation Committee

The Board has established a Compensation Committee comprised of an independent Chairman, Mr. Paul J Cavicchi, Mr. Richard J Beresford, and Ms. Leeanne K Bond, who are all independent NEDs, to supervise employment management guidelines and policies, and assist in developing and recommending remuneration arrangements. The Company's Managing Director and Chief Executive Officer, Mr. Gregory M Vesey, also attends meetings by invitation. Mr. Vesey is not involved in developing remuneration policies or setting remuneration packages, nor does he commission research and recommendations provided to the Compensation Committee by independent remuneration consultants. The Compensation Committee is aware of the need to remain strictly independent.

A summary of the key accountabilities of the Company's Compensation Committee may be found on the Company's website within its Corporate Governance Policy.

<http://www.lnglimited.com.au/irm/content/corporate-governance.aspx?RID=225>.

Please refer to the Remuneration Report contained elsewhere in this Annual Report for additional remuneration disclosures.