



LIQUEFIED NATURAL GAS LIMITED

Remuneration Policy

8 September 2015

Liquefied Natural Gas Limited

Remuneration 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 behaviours contained in our Business Principles.

Everyone who works for and with LNGL - employee, contractor, partner or supplier ("Workforce") - has responsibility for adhering to our Business Principles and, thus, this Policy. Read this Policy in conjunction with LNGL's Business Principles, Corporate Governance Policy, and related guidance, which together establish the broader corporate governance framework of the Company.

1 - Remuneration Approach

LNGL is committed to responsible remuneration practices that are focused on promoting alignment between employee interests with those of our shareholders.

The need to reward employees fairly and competitively for business performance is balanced with the requirement to do so within the context of principled behaviour and actions reflected in our Business Principles and Policies. There is particular emphasis on open and ethical approach to business conduct which supports the Company's long-term goals to create loyalty and trust in employees, our investors, clients, the community and other stakeholders.

Our remuneration approach:

- Supports a performance-focused culture based on merit, differentiates and rewards excellent performance (both in the short- and long-term) and recognises the Company's values;
- Enables the Company to attract and retain employees and motivate them to achieve results with integrity and fairness;
- Balances the mix of fixed and variable remuneration to appropriately reflect the value and responsibility of the role performed day-to-day, and to incentivise appropriate behaviours and actions;
- Is consistent with, and promotes, effective risk management practices and the Company's compliance and control culture;
- Fosters teamwork and collaboration across LNGL;
- Takes into account the long-term performance of the Company in order to create sustainable value for our shareholders;
- Recognises that remuneration regulations and practice vary between the different jurisdictions in which we operate; and
- Is approved by the Board of Directors (Board) and regularly monitored in terms of implementation by the Remuneration Committee (RC) of the Board which consists of a majority of independent Non-Executive Directors.

2 - Policy implementation

This Policy complies with applicable laws, regulations and guidelines in the jurisdictions in which we work, takes account of relevant stakeholder viewpoints in its design, and is supportive of the needs of our business.

The Company applies a pay-for-performance approach, balancing financial performance measures with non-financial objectives that are directly linked to the short- and long-term strategies of LNG. Key Policy attributes are contained in the following chart and apply to all LNG employees.

<p>Governance</p> <ul style="list-style-type: none"> • Remuneration Committee with a majority of independent non-executive directors • Independent remuneration consultancy • Clearly defined and documented governance procedure • Annual assessment of Remuneration policy <p>Remuneration Structure</p> <ul style="list-style-type: none"> • Set an appropriate mix between fixed and variable remuneration • Pay competitive, market-informed remuneration levels for comparable roles and experience • Promote meritocracy by recognizing individual performance with particular emphasis on contribution, ethics, and adherence to internal controls • Equal remuneration opportunity 	<p>Performance Alignment</p> <ul style="list-style-type: none"> • Annual performance measurement • Planned key performance indicators year-on-year • Key milestone delivery • HSSE performance • Championing of Business Principles • Recognize and reward teamwork • Award and differentiate based on individual performance and contribution <p>Individual Remuneration</p> <ul style="list-style-type: none"> • Balance fixed and variable remuneration consistent with the position and role in the Company • Align employee and shareholder interests by deferring appropriate portions of variable remuneration consistent with the position and role in the Company • Promote long-term value creation and ethical behaviour by not creating incentives that may expose the Company to inappropriate levels of risk
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The Board must approve any variation from the standard remuneration approach outlined in this Policy prior to its implementation.

Application of this Policy may vary for different categories of staff. This is particularly true for Key Management Personnel (KMP) and other defined senior managers (collectively “Senior Executives”) whose professional activities, collectively or individually, carry direct influence over the performance and risk profile of the Company, or where the inherent risk of an individual’s role differs from other Senior Executive roles. The RC carries responsibility for the oversight of remuneration of Senior Executives, which is further detailed in LNG’s Corporate Governance Policy.

All plans implemented under this Policy are subject to modification or termination at the Board’s discretion.

3 - Review, Recommendation and Approval of Remuneration Plans

This Policy establishes a clear definition of responsibilities for the review, recommendation and approval of remuneration plans to ensure that there is no undue influence by the KMP on the process of reviewing, recommending and approving KMP remuneration.

In developing its recommendations on KMP remuneration the RC will take into account:

- Exchange and other regulatory guidance;
- Shareholder feedback and the recommendations of governance advisers;
- Consultations with independent remuneration consultants (if applicable); and
- Independent legal, tax and other advice.

Review of Remuneration Plans is conducted at least annually. The RC makes recommendations to the Board for its consideration and approval.

The Board is responsible for the implementation of the Remuneration Policy as well as related guidance. It has overall responsibility for approving annual Business Plans, and thus approval of all remuneration expenses.

4 - Remuneration Communications and Disclosures

LNGL seeks to provide a high level of clarity around its remuneration policies and practices in its annual report and proxy statements. LNGL may also elect to make additional disclosures to the listing exchange(s) as required, which may detail the remuneration arrangements to Senior Executives on their appointment or renewal of employment. LNGL seeks and welcomes engagement with shareholders and governance advisers around the structure and implementation of its remuneration framework. The Company welcomes ongoing feedback from interested parties and seeks to continually refine the remuneration of its staff so that LNGL remains alert to corporate governance best practice, and ensures that actual pay outcomes are consistent with Company performance and shareholder value outcomes.

5 - Executive Remuneration Structure and Instruments

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 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.

5.1 - Remuneration Structure

The mix of fixed and variable remuneration is designed to ensure sufficient alignment between executive performance, LNGL's operating strategy and long-term shareholder wealth creation. The remuneration mix varies between employees depending on an individual's role and responsibilities. Senior Executives will generally have remuneration packages that are more 'at risk' than those of their subordinate colleagues.

5.1.1 - Fixed Remuneration

Fixed remuneration is most commonly paid in the form of base salary and, where applicable, statutory superannuation or pension payments. Remuneration provided to Senior Executives is set with reference to roles of a similar nature and required experience, with consideration for companies: of a similar size and complexity; comparable assets and operations; and that operate in similar regions and countries for which LNGL must compete for talent. This approach is designed to ensure that competent and experienced professionals are attracted and retained across business cycles.

5.1.2 - Variable Remuneration

Variable Remuneration payments are provided to eligible participants upon the achievement of predetermined absolute and relative performance hurdles approved by the Board. This forms the 'at risk' component of individual remuneration packages and is subject to Board discretion in instances where payment outcomes are determined to be misaligned with Company performance and shareholder interests over the relevant measurement period.

5.1.2.1 - Short-Term Incentive Plan (STIP)

A portion of employee variable compensation relates to an annual cash-based incentive (annual bonus) provided pursuant to the STIP. The maximum individual payment under this incentive scheme is determined by the Board on the advice of the RC and reviewed annually. Key performance indicators are finalised prior to the commencement of the performance period, with threshold, target and stretch levels of achievement made available to STIP participants. Such annual performance objectives are designed to reflect LNGL's immediate project and corporate development strategy and linked to key financial indicators and other drivers of shareholder value creation. Eligible recipients must remain employed with the Company at the time of the incentive award payment. The Board retains its discretion to determine that a portion of the annual STIP award is deferred into Company equity instruments such as performance rights to promote further alignment with the interests of shareholders.

5.1.2.2 - Long-Term Incentive Plan (LTIP)

The LTIP is designed so that a component of remuneration is equity-based and measured over a period of sufficient length to promote sustained performance that is aligned with the long term interests of shareholders. Consistent with corporate governance best practice, LTIP grants apply a minimum three year performance (measurement) period. Such incentives will most commonly take the form of performance (share) rights, but may take any form of equity (e.g. share options), with consideration for the taxation rules and corporate governance principles applicable to the jurisdictions in which LNGL staff are employed.

Performance hurdles (vesting conditions) pursuant to the LTIP may take the form of a relative market performance measure, an absolute (internal) measure, project delivery or other corporate milestones. Any awards that do not satisfy the vesting conditions at the end of the measurement period will lapse. The appropriateness of vesting conditions applied under the LTIP are reviewed annually and adjusted to reflect the growth and changing nature of LNGL's investments, business activities and long term strategic objectives.

5.1.3 - Termination Payments

Termination payments provided to departing employees will generally be limited to those

stipulated in the regulations of the relevant jurisdiction, including approval by shareholders where required to allow for the Company to honour the termination provisions in the LTIP. In all instances of termination the Board retains its discretion over the treatment of outstanding, unvested equity awards.

6 - Non-Executive Director Remuneration

Non-Executives Director (NED) remuneration is generally provided by way of fees and statutory superannuation, if applicable, within an aggregate NED fee cap. Any proposed increase to the NED fee cap must be approved by LNGL's shareholders. NEDs are also eligible to receive Committee member fees to recognise the additional responsibility and workload in providing specialist advice to the Board.

As part of their total remuneration NEDs are eligible to receive awards under the rules of the LNG Limited NED Rights Plan as approved by shareholders from time-to-time. NED Rights do not carry any performance conditions so as to protect the independence of the NEDs.

7 - 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 its business.

All employment-related decisions, including decisions on remuneration, are based on an individual's qualifications, 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.

8 - Management Responsibility

The Board and RC delegates to the MD/CEO responsibility for ensuring implementation and maintenance of this Policy. The performance and variable remuneration payments to reported KMP are assessed by the MD/CEO, who provides recommendations to the RC for review and approval by the Board. The performance and remuneration payments provided to the MD/CEO are assessed by the RC for recommendation to the Board. The Board retains the absolute discretion to assess achievement of all awards of executive remuneration.

9 - Applicability

Every employee, director or officer of every wholly owned LNGL company and in every joint venture company under LNGL control is covered by this Remuneration Policy. The Company applies this Policy in all joint operations where LNGL is the operator. When participating in joint venture companies that are not under LNGL control, the Company will encourage the adoption of the principles pursuant to this Policy.

Contractors and consultants are required to act consistent with this Policy when working for LNGL companies as our agent, on our behalf or in our name on any business activity including when delivering outsourced services.

Any breach of this Policy may result in disciplinary action, up to and including dismissal. LNGL reserves the right to amend or update this Policy as required.