



LIQUEFIED NATURAL GAS LIMITED

**Director Code of Conduct
Policy**

27 March 2015

Liquefied Natural Gas Limited

Director Code of Conduct 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. Read this Policy in conjunction with LNGL's Business Principles, other policies and related guidance, which establish governance of the Company.

1. Policy

Directors of the Company must uphold the highest levels of integrity, conducting their business in accordance with this Policy.

2. Policy implementation

2.1. Definitions

In this *Directors* Code of Conduct Policy:

- *Associated Person* in relation to a *Director* includes any spouse (including a de facto spouse), parent, child, brother or sister of the *Director* or any company, corporation, partnership, trust or other entity owned or controlled by the *Director* or in which the *Director* has a *Material Personal Interest*.
- *Director(s)* include all *Directors* of the Company whether executive or non-executive.
- *Executive Director* means a *Director* who is employed by the Company and is part of management.
- *Law* means any applicable law and the rule of any applicable stock exchange.
- *Material Personal Interest* means something that has the capacity to influence a *Director's* vote and where, in relation to that matter, the *Director* stands to benefit, either directly or indirectly.

2.2. Principles of the Code of Conduct:

- 2.2.1. *Directors* must act honestly, in good faith, and in the best interests of the Company.
- 2.2.2. *Directors* must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person might be expected to show in the role.
- 2.2.3. *Directors* must exercise their powers and discharge their duties for a proper purpose.
- 2.2.4. *Directors* must recognize that their primary responsibility is to the Company's shareholders as a whole but will, where appropriate, consider the interests of other stakeholders of the Company only as far as they are relevant to the shareholders' interests.
- 2.2.5. *Directors* must not use information acquired as a *Director* or as a result of their position to improperly gain advantage for the *Director* or an *Associated Person*, or to cause detriment to the Company.

- 2.2.6. *Directors* must not give preference to personal interests, or to the interests of an *Associated Person* or any other person, where to do so would be in conflict with the interests of the Company.
- 2.2.7. *Directors* have an obligation to be independent in judgment and action and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.
- 2.2.8. Confidential information received by *Directors* in relation to the Company in the course of performing Company duties remains the property of the Company, and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorized by the Company, or is required to be disclosed by *Law*.
- 2.2.9. *Directors* shall not engage in conduct likely to bring discredit upon the Company.
- 2.2.10. *Directors* have an obligation, at all times, to comply with the spirit, as well as the letter of the *Law* and with the principles of this Policy.
- 2.2.11. A *Director* must disclose to all other *Directors* any *Material Personal Interest* or any *Associated Person* may have in matters that relate to the affairs of the Company.
- 2.2.12. When making a business decision, a *Director* must make the decision in good faith, for a proper purpose, and without *Material Personal Interest* in the subject matter of the decision, and rationally believe the decision to be in the best interest of the Company.
- 2.2.13. *Directors* have a duty to account to the Company for business opportunities resulting through their role as a *Director* of the Company, and to use Company resources only for the benefit of the Company.
- 2.2.14. *Directors* may rely on information or advice from Company Board committees, officers, and competent experts and advisers provided they do so in good faith and make an independent assessment of the information or advice.
- 2.2.15. When delegating powers, a *Director* must inquire as to a delegates reliability and competency and must reasonably believe in good faith that the delegate will act in conformity with the *Director's* duties and the Company's policies and constitution.

2.3. Guidelines for the interpretation of the Principles of the Code of Conduct:

The following guidelines assist *Directors* in complying with the core principles of the Code of Conduct - the list is not exhaustive and may be amended over time to address issues of importance as they arise.

2.3.1. Duties to the Company

- 2.3.1.1. Each *Director* shall endeavor to ensure that the functions of the Board have been specified clearly, are properly understood, and are competently discharged in the interests of the Company
- 2.3.1.2. A *Director* shall endeavor to ensure that the management of the Company is competent and is devoting its best endeavors to the interests of the Company
- 2.3.1.3. In evaluating the interests of the Company, a *Director* shall take into account the interests of the shareholders as a whole, but where appropriate or

required by *Law* should take into account the interests of creditors and other stakeholders

2.3.2. Duties to Shareholders -

2.3.2.1. *Directors* shall endeavor to ensure that the Company is financially viable, properly managed, and constantly improved so as to protect and enhance the interests of the shareholders

2.3.2.2. *Directors* shall seek to ensure that all shareholders or classes of shareholders are treated fairly according to their rights

2.3.2.3. A *Director* shall consider whether any benefit to be received by the *Director* or an *Associated Person* is of sufficient magnitude that the approval of the shareholders should be sought, even if not required by *Law*

2.3.2.4. A *Director* appointed to the Board at the instigation of a party with a substantial interest in the Company, such as a major shareholder or a creditor, shall recognize the particular sensitivity of the position. Where obligations to other people or bodies preclude an independent position on an issue, the *Director* shall disclose the position and seriously consider whether to be absent or refrain from participating in the Board's consideration of the issue. Before taking the decision to be absent, a *Director* shall consider whether that absence would deprive the Board of essential background or experience. The matter shall be disclosed to and resolved by the rest of the Board.

2.3.3. Duties to Creditors -

2.3.3.1. While the obligations of a *Director* are primarily owed to the Company (that is to the shareholders as a whole), there are situations in which it is necessary to evaluate the interests of the Company's creditors. This is particularly important where the Company's financial position is uncertain or where insolvency may be pending. In cases of doubt, a *Director* may seek professional advice at the Company's expense.

2.3.4. Duties to Other Stakeholders -

2.3.4.1. The Company and its *Directors* and management must comply with the legal framework governing the Company's operations and be conscious of the impact of the Company's businesses on society. Without limiting in any way the nature of the issues with which the *Directors* must be concerned in the running of the Company's businesses, particular attention should be paid to the environment, questions of occupational health and safety, process safety, security, industrial relations, equal opportunity for employees, the impact of competition and consumer protection rules, and other legislative initiatives that may arise from time-to-time.

2.3.4.2. Although *Directors* owe a primary duty to the shareholders of the Company, as a whole, the responsibilities imposed on the Company and its *Directors* under various *Laws* and regulations clearly demand that the Company and its *Directors* take into account actions in a broader social context.

2.3.5. Due Diligence –

- 2.3.5.1. *Directors* shall attend all Board meetings (in person or by telephone or video conferencing) but where attendance at a meeting is in doubt, a Director shall take all reasonable measures to attend, including alternative timings.
- 2.3.5.2. *Directors* must acquire knowledge about the businesses of the Company, the statutory and regulatory requirements affecting *Directors* in the discharge of their duties to the Company, and be aware of the physical, political, and social environment in which the Company operates.
- 2.3.5.3. In the absence of a conflict of interest, *Directors* are entitled to full access to all relevant information under consideration by the Board and shall request further information, if necessary. In order to be fully effective, this information shall be made available by management in sufficient time to allow proper consideration of all relevant issues. If necessary, in circumstances where sufficient time and/or information is not provided, the *Director* shall ask that the decision be postponed to the next meeting to allow time for the matter to be properly considered and/or for further information to be provided and properly considered.
- 2.3.5.4. *Directors* shall endeavor to ensure that systems are established within the Company to provide the Board, on a regular and timely basis, with necessary current data to enable the Board to make a reasoned judgment, and so discharge their duties of care and diligence.
- 2.3.5.5. *Directors* shall endeavor to ensure that systems are established to identify, monitor and report to the Board all material risks of the Company, together with any mitigating actions taken.
- 2.3.5.6. *Directors* shall endeavor to ensure that relations between the Board and the auditors are open, unimpeded and constructive. Similarly, the auditors shall have direct and unimpeded access to the Board. *Directors shall* be satisfied that the scope of audits are adequate and that they are carried out thoroughly and with the full co-operation from management (and any internal auditors).
- 2.3.5.7. *Directors* shall endeavor to ensure that the Company complies with the *Law* and strives for the highest standards of business and ethical conduct.
- 2.3.5.8. *Directors* shall endeavor to ensure that the Company complies with the listing and business rules and in particular those rules relating to any benefits that may be received by a *Director* or an *Associated Person* from the Company including, without limitation, by way of an issue of shares or any other transaction of a similar nature.
- 2.3.5.9. *Directors*, from time-to-time, may need expert advice (whether it be legal, financial or some other professional advice and whether it is related to fiduciary or other duties) in order to discharge their duties properly. The *Directors* shall ensure, to the extent possible, that any advice obtained is independent of the Company. In that regard, the services of advisers independent of those advising the Company may be sought. In any case of doubt, separate independent advice shall be sought by the *Directors* on

matters that may impact their position. *Directors* are able to take reasonable independent professional advice, if necessary, at the Company's expense.

2.3.6. Conflicts of Interest –

2.3.6.1. *Directors* must not take improper advantage of the position as *Director* to gain, directly or indirectly, a personal advantage or an advantage for any *Associated Person*, irrespective of whether the matter may be of benefit to the Company.

2.3.6.2. The personal interests of a *Director*, and those of the *Director's* family, must not be allowed to prevail over those of the Company's shareholders generally. *Directors* shall seek to avoid conflicts of interest whenever possible. Full disclosure of any conflict, or potential conflict, must be made to the Board. In considering these issues, account should be taken by the rest of the Board of the significance of the potential conflict for the Company and the possible consequences if it is not handled properly.

2.3.6.3. Where a conflict does arise, a *Director* must consider whether to refrain from participating in the debate and/or voting on the matter, whether to be absent from discussion of the matter, whether to arrange for the relevant Board papers not to be issued or, in an extreme case, whether to resign from the Board. Where a *Director* chooses to be absent from the meeting, consideration shall be given as to whether expertise that would be contributed by the *Director* is otherwise available. In the case of a continuing material conflict of interest, a *Director* shall give careful consideration to resigning from the Board and consider the provisions of "Use of Information".

2.3.6.4. An *Executive Director* must always be alert to the potential for conflict of interest between management interests and the *Director's* fiduciary duties.

2.3.6.5. Dealing in the shares of the Company may give rise to dangers of breaching the duties of a *Director* and shall be undertaken with care. A *Director* should not engage in shorting the Company's stock or the short-term trading (within a year) of the Company's shares.

2.3.6.6. The payment of any "success fee", or such similar fee, or obtaining of some other form of personal benefit in a situation of potential conflict of interest is not permitted. In this regard, *Directors* shall refer to the Company's Anti-Bribery & Anti-Corruption Policy.

2.3.7. Use of Information -

2.3.7.1. *Directors* must not make improper use of information acquired by virtue of their position. This prohibition applies irrespective of whether the *Director* would gain directly or indirectly a personal advantage or an advantage for any *Associated Person* and irrespective of whether the improper use of information may be of benefit to the Company.

2.3.7.2. Matters such as trade secrets, processes, methods, advertising and promotional programs, sales and statistics effecting financial results are particularly sensitive and must not be disclosed except as required by *Law*

2.3.7.3. A *Director* who takes the serious step of resignation on a point of principle shall consider whether the reasons for resignation are disclosable to shareholders

or the appropriate regulator. In deciding whether or not to make public the reasons for resigning and composing any resignation statement, a *Director* shall have regard to the following:

- The duty not to disclose confidential information so as to damage the Company; and
- The duty to act bona fide in the interests of the Company.

2.3.7.4.A *Director* who has been nominated to the Board by outside parties shall recognize the particular sensitivity of the position and shall be especially careful not to disclose to the nominators matters that are confidential unless the prior agreement of the Board has been obtained

2.3.7.5. *Directors* shall ensure that procedures are in place to adequately and timely disclose all information that would in the opinion of a reasonable person be likely to materially affect the price or value of the Company's securities.

2.3.7.6. *Directors* must not buy or sell shares of the Company while in possession of information that, if disclosed publicly, would in the opinion of a reasonable person be likely to materially affect the price or value of the Company's securities.

2.3.7.7. *Directors* shall ensure that any information which is not publicly available and which would have a material effect on the price or value of the Company's securities is not provided to anyone who may be influenced to subscribe for, buy or sell shares in the Company.

Such information includes, but is not limited to:

- Profit forecasts;
- Proposed share issues;
- Borrowings;
- Impending takeovers, mergers or major asset divestitures;
- Impending litigations;
- Significant changes in operation;
- New products;
- New discoveries; and
- Solvency problems.

2.3.7.8. If a *Director* is required to disclose any confidential and/or sensitive Company information under any applicable *Law*, including any rules of an applicable stock exchange, the *Director* must only disclose the minimum information required to comply with such *Law* or stock exchange rule and where permitted under such *Law* or stock exchange rule will provide details of the information to be disclosed to the Board prior to disclosure.

2.3.8. Professional Integrity -

2.3.8.1. An *Executive Director* shall recognize that the position occupied is particularly

sensitive. An *Executive Director* must be prepared, if necessary, to express disagreement with colleagues including the Managing Director/CEO. However, in the absence of a need to express disagreement, an *Executive Director* shall be prepared to implement the decisions of the Board and the instructions of the Managing Director/CEO as a loyal member of the Board and employee of the Company.

2.3.8.2. If there is any doubt whether a proposed course of action is inconsistent with a *Director's* fiduciary duties, then the course of action shall not be supported. Independent advice shall be sought as soon as possible to clarify the issue.

2.3.8.3. When a *Director* feels so strongly as to be unable to accept a decision of the Board, some or all of the following steps should be considered:

- Making the extent of the dissent and its possible consequences clear to the Board as a means of seeking to influence the Board's decision;
- Asking for additional legal, accounting, or other professional advice;
- Asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion;
- Tabling a statement of dissent and asking that it be minuted;
- Writing to the Chairman, or all members of the Board, and asking that the letter be filed with the minutes; or
- If necessary, resign and, if applicable consider advising the appropriate regulator.

2.4. Management Responsibility

The Corporate Secretary is responsible for implementation and maintenance of this Policy.

2.4.1. Applicability -

This Policy applies to the LNGL Board members. When participating in joint venture companies whether under LNGL or not under LNGL control, we encourage the adoption of a similar policy.

Breach of a LNGL Policy may result in disciplinary action, up to and including dismissal. LNGL reserves the right to amend or update this Policy as required from time-to-time.