



LIQUEFIED NATURAL GAS LIMITED

Corporate Governance Policy

19 July 2018

Liquefied Natural Gas Limited

Corporate Governance 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 LNGL's Business Principles.

The Board recognizes that the long-term interests of shareholders are advanced by responsibly addressing the concerns of other stakeholders including employees, customers, suppliers, government and the communities in which LNG operates.

1. Policy

Shareholders elect the Board to oversee management and to assure that shareholder long term interests are served. Through oversight, review, and counsel the Board establishes and promotes LNGL's business and organizational objectives. LNGL operates within a structured set of internal controls designed to safeguard shareholders' investment; to ensure the safety and integrity of Company assets and operations; to ensure compliance with law and the reliability and accuracy of internal and external reporting; and to deliver and sustain long-term shareholder value in accordance with the Business Principles.

LNGL employees have the responsibility to ensure the effective application of the internal control structure in their areas of responsibility and to act in a way that safeguards assets from loss, inappropriate use and fraud.

Good corporate governance is an integral part of how LNGL conducts business. The Corporate Governance Policy ("**CGP**") outlines a hierarchy of principles, policies, procedures and guidelines that in aggregate define how we manage business decisions in a controlled manner.

To achieve high standards of corporate governance and adherence with the Business Principles, LNGL:

- Maintains the internal control framework, comprised of the Business Principles, Policies, related procedures and guidelines, and the internal control processes and procedures;
- Maintains a risk management system for identifying and assessing key business risks arising from operations and/or from the external business environment generally, and to actively manage these key risks through mitigation plans;
- Complies with legal, regulatory and License to Operate requirements and ensures appropriate plans and resources are in place to meet these requirements;
- Maintains proper accounting records and an appropriate professional relationship with LNGL's external auditors;
- Implements procedures to achieve appropriate segregation of duties between individuals;
- Maintains procedures designed to ensure the fair, timely and accurate disclosure of

information to the market; and

- Deals with partners, host governments and third-party contractors in a fair, ethical and honest manner.

2. Policy implementation

2.1. Internal Control Framework

The following chart discloses the hierarchy for decision-making within the Company.



2.2. Board of Directors

The Board is committed to maintaining high standards of corporate governance through application of a corporate governance framework enabling efficient and effective decision making with clear responsibilities. Key areas of focus for the Board include approving LNGL’s strategy, monitoring financial performance, and ensuring standards of conduct and accountability.

The Board organizes and directs the affairs of the Company in a manner that protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders as stipulated by the Company’s Business Principles, applicable laws, regulations, and relevant exchanges (e.g., ASX, NYSE, LSE, etc. – collectively “Exchange(s)”).

2.2.1. Board Composition

Board composition follows these principles.

- The Company’s shareholders elect Board members at the annual general meeting.
- A director shall seek re-election by shareholders at the annual general meeting at least 3 years since election or re-election.
- Director election and re-election shall be in accordance with applicable and governing Exchange rules.
- The directors may appoint a director as an addition to the existing directors or to fill a vacancy

for a period until the next annual general meeting.

- The Governance and Nominating Committee recommends director candidates to the Board for nomination and election at the annual general meeting or for appointment to fill vacancies or clear and present need. The Governance and Nominating Committee annually reviews with the Board the applicable skills and experience required of Board nominees in the context of current Board composition.
- Under the Company's Constitution, the minimum number of directors is three, inclusive of the Chairman. The maximum number of directors is 12 unless otherwise approved by shareholders. At least 2 directors must be Australian residents.
- The simple majority of directors shall be independent non-executive directors.
- The Board shall determine director independence using the guiding principle that an independent director is independent of management and free of 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 judgment, and applying relevant Exchange definitions and guidelines.
- The Chairman shall be independent, a non-executive, and be elected by the independent members of the Board.
- Non-executive directors shall maintain qualifications and experience that benefit the Company, that in combination provide the skills and capabilities to meet external governance requirements, and that bring an independent view to the Board's deliberations.
- Executive directors shall retire from the Board on the relinquishment of their executive position with the Company.
- Board member length of service shall be in accordance with applicable and governing Exchange rules.

2.2.2. Board's Role and Responsibilities

The relationship between the Board and management are through defined separation of responsibilities that are clear and respected.

The Board sets annual objectives for the business in line with current business strategies and monitors achievement of the Company's objectives through regular reports, which include updates from the Managing Director/CEO and Chief Financial Officer on material business matters. The Board has a standing agenda, which includes arising topical matters.

Matters reserved for the Board evaluation include:

- Approval of LNGL's vision, strategy, values, policies and overall governance framework as prepared and submitted by management;
- Approval of LNGL's Annual Report and Accounts, Remuneration Report, and periodic in-year financial statements as prepared and submitted by management;
- Approval and monitoring of key financial milestones as submitted by management including:

- Dividend distribution and payment plans;
- Annual business plan and budget;
- Material unbudgeted capital projects, investments, acquisitions, disposals and litigation or other formal arbitration proceedings; and
- Annual funding plan and annual total net debt targets / limits;
- Reviewing and ratifying systems that ensure:
 - Financial results are appropriately and accurately reported on a timely basis;
 - Application of policies, processes, and procedures associated with risk management, internal compliance and control, code of conduct, accounting standards and legal compliance;
 - Establishment of the Company's commitment to managing health, safety, security and environment (“**HSSE**”) risks in accordance with the HSSE Policy and for monitoring performance under the HSSE Management System Framework;
 - Shareholders and the market are fully and timely informed of material Company developments; and
 - Compliance with all applicable laws and regulations including, without limitation, Exchange listing rules and related regulation;
- The appointment and, where appropriate, the removal of the Managing Director/CEO (or equivalent) and ratifying the appointment of the Executive Management Team members;
- The appointment of the Company Secretary/ies is/are made or approved by the Board.
- Reviewing, approving and overseeing the implementation of Executive Service Agreements, and reviewing and approving any changes to said agreements;
- Monitoring the Managing Director/CEO’s performance and implementation of strategy, and assuring management’s resourcing plans for strategy delivery; and
- Reviewing and approving the remuneration of the Managing Director/CEO and executive management.

Each director has the right to seek independent professional advice at the Company’s expense on matters arising in the course of performing Board duties.

The number of Board meetings held each year and attendance at those meetings is set out within the Annual Report and Accounts.

2.2.3. Board Meetings; Involvement of Executive Management and Independent Advisors.

- The Board will generally hold up to twelve regularly scheduled meetings per year and holds additional special meetings as necessary.
- The Chairman coordinates with the CEO and Corporate Secretary to set an agenda for each Board Meeting taking into account suggestions from other members of the Board. Information relevant to the Board’s understanding of matters to be discussed at an upcoming

meeting shall be distributed before the meeting to all members whenever feasible and appropriate.

- The Board has full unfettered access to Employees to ensure that directors can ask all questions and gain all information to fulfil their duties.
- The Board may retain independent outside auditors, legal and other advisors.

2.2.4. Communication with Shareholders

The LNGL shareholders are invited to contact the Board about corporate governance or the Board of Directors. Inquiries meeting these criteria will be reviewed by management before being forwarded to the Board, the relevant committee or a director designated in the message.

Email: AskBoard@Inglimited.com.au

2.2.5. Annual Board Review and Requirements

The Governance and Nominating Committee conducts an annual evaluation of the performance of the Board and reports the results to the Board. In addition, each committee conducts an annual performance evaluation and reports the results to the Board.

The review shall include:

- Board membership taking account of length of service, age, qualifications and expertise relevant to the Company's then current strategy, together with other criteria considered desirable for composition of a balanced Board and the overall interests of the Company;
- The appropriate balance of skills and experience required to suit the Company's future strategies and compare the requirements against the skills and experience of current directors;
- The independence of each director;
- The effectiveness of the Board and Board's Committees;
- Any education requirements or opportunities for Board members;
- The effectiveness of management in supplying the Board with information in a form, timeframe, and quality that enables the Board to effectively discharge its duties; and

At least annually, the Board shall review and recommend any changes to procedures, committees or Board composition, and at least once a year the Board shall meet with the specific purpose of conducting a review of this Policy.

This review includes:

- Confirming the separation of responsibilities between itself and management;
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- Compliance by the Company and its employees with LNGL's Business Principles and Policies; and
- A non-executive session to discuss particular concerns regarding any or all Executive

Directors.

2.3. Board Committees

The Directors have delegated their powers to four standing Committees that comprise no less than three non-executive directors.

The four Committees are:

- Audit Committee;
- Compensation Committee;
- Corporate Governance and Nominating Committee; and
- Safety, Sustainability, People and Culture.

Committee Charters which outline the purpose, composition, duties, authority and responsibilities of each Committee are available on the Company's website.

2.4 Non-Executive Director Remuneration

Non-executive director remuneration is by way of Board fees within an aggregate limit, which limit is approved by shareholders from time-to-time. Each non-executive director is paid a fixed annual base fee and fixed fees for their roles on Company Board Committees. The Chairman is not paid any additional fees for roles on the Company's Committees, but is paid a higher fixed annual base fee rate than other non-executive directors.

Non-Executive Directors serve in accordance with a standard letter of appointment, drafted by the Company's lawyers, which sets out remuneration arrangements.

Retirement payments are determined in accordance with the rules set out in the governing exchange rules and associated or governing regulations as at the time of the director's retirement or termination.

Non-executive directors are entitled to receive awards under the rules of the Company's NED Rights Plan as approved by shareholders from time-to-time.

The Board believes that, to align the interest of directors and shareholders, directors should be encouraged to hold a significant financial stake in the Company. Each director should be encouraged to maintain shares equal in value to a minimum of three times the base annual retainer payable to a director. Each director is encouraged to retain 75% of all net shares (post tax) resulting from vesting of NED Rights until the minimum share ownership guideline is achieved. The Board will evaluate whether exceptions should be made for any director on whom this requirement would impose a financial hardship.

2.5 Executive Director Remuneration

Executive Directors do not receive any directors' fees in addition to their employment salary and remuneration arrangements.

2.6 Employees

The Company Employees are accountable for executing the business consistent with the Board

approved strategy in accordance with LNGL's Business Principles, and for providing the Board with information in a form, timeframe, and quality that enables the Board to effectively discharge its duties. Directors are entitled to request any information they deem warranted to inform their decision-making.

Management is responsible for the implementation and execution of the Board approved CGP. The CGP places accountability for the integrity and accuracy of the Company's financial and risk management reporting processes and procedures on executive management – specifically the Managing Director/CEO and the Chief Financial Officer. Annually, the Managing Director/CEO and Chief Financial Officer must certify in writing to the Board that:

- The Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards;
- The written statements above are founded on a sound system of risk management and internal compliance and control, inclusive of the policies adopted by the Board; and
- The Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

The Managing Director/CEO and the Chief Financial Officer are responsible for ensuring adequate due diligence throughout the organization is applied to form a basis for these written representations.

CGP processes include a risk management system having the goal of providing the Board (through the Audit Committee) assurance that the major risks facing the Company are identified, assessed by management, and that mitigation plans are developed and executed inclusive of measurement, monitoring, and reporting procedures.

When working for LNGL companies, the Workforce's responsibilities include:

- Conducting business in accordance with LNGL's Business Principles and Policies;
- Familiarizing themselves with the content of all relevant standards, guidelines, and procedures that apply to the activities in which they are engaged, ensuring that they act 2.7 in accordance with those standards, guidelines, and procedures, and seek guidance whenever they are unsure how to comply with them;
- Understanding the legal, regulatory and License to Operate requirements in their areas of responsibility and satisfy themselves that those requirements can and will be met;
- Not exceeding their designated authority levels as defined in the Authorities Approval Manual;
- Complying with the Approval for Signature ("**AFS**") process when making legal and contractual arrangements and commitments;
- Managing capital, operational, business development and overhead expenditures in line with approved business plans and budgets; and
- Treating third-party contractors in a fair, ethical and transparent manner.

2.7 Business Principles

LNGL's Business Principles, approved by the Board, express LNGL core values and expected behaviors. We believe an organization can only deliver outstanding performance over the long-term if corporate and employee behavior meets a set of standards and shared values.

The Business Principles set out LNGL commitment to the highest integrity in business relationships, including zero tolerance for corruption. They reinforce uncompromised commitment to providing safe and secure working environments, developing employees, and treating all people with fairness, respect, and decency. They express LNGL intention to make a positive contribution to economic, social and environmental development in the communities where we operate, and to ensure consistency of approach by service providers and contractors.

2.8 Policies, Standards, Guidelines and /or Procedural Documents

The Board approved Policies flow from Business Principles, which define how LNGL operates and set out expectations for business delivery. The Policies include:

- Anti-Bribery/Anti-Corruption
- Business Principles
- Clawback
- Corporate Governance
- Director Code of Conduct
- Diversity
- Duty to Report
- Health, Safety, Security and Environment
- Human Resources
- Information Management and Security
- License to Operate
- Market Disclosure
- Remuneration
- Securities Trading

In certain instances, internal use standards, guidelines, and/or procedural documents, including the Board approved Approving Authorities Manual, supplement the above policies. Such documents provide enhanced understanding of requirements, implementation expectations, and execution steps required by such policies.

2.9 Management Responsibility

The Company Secretary as directed by the Corporate Governance and Nominating Committee is responsible for implementation and maintenance of this Policy.

2.10 Applicability

Every employee, director or officer of every wholly owned LNGL company and in every joint venture company under LNGL control must follow this Policy. We apply this Policy in all joint operations where LNGL is the operator. When participating in joint venture companies not under LNGL control we encourage the adoption of a similar policy.

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

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.