

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2015

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Origin's Board and management are committed to the creation of shareholder value and meeting the expectations of stakeholders to practice sound corporate governance.

Origin aspires to the highest standards of integrity, personal safety and environmental performance. To achieve this, every employee and contractor is required to act in accordance with Origin's governance and business conduct standards across its operations in Australia and internationally.

### **Compliance with the 3<sup>rd</sup> edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles)**

This statement has been approved by the Board and summarises the Company's governance practices which were in place throughout the financial year ended 30 June 2015. During the financial year and to the date of this Report, Origin has complied with all of the ASX Principles.

#### **Principle 1: Lay solid foundations for management and oversight**

The Board's roles and responsibilities are formalised in a Board Charter, which is available on the Company's website. The Charter sets out those functions that are delegated to management and those that are reserved for the Board. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Before a Director is appointed, the Company undertakes appropriate evaluations. These include independent checks of a candidate's character, experience, education, criminal record, bankruptcy history, and any other factors which may affect the Company's or the individual's reputation.

Where a candidate is standing for election or re-election as Director, the notice of meeting will set out information on the candidate including biographical details, qualifications and experience, independence status, outside interests and the recommendation of the rest of the Board on the resolution.

At the time of joining the Company, Directors and senior executives are provided with letters of appointment, together with key Company documents and information, setting out their term of office, duties, rights and responsibilities, and entitlements on termination.

The performance of all key executives, including the Managing Director, is reviewed annually against:

- a set of personal financial and non-financial goals;
- Company goals; and
- adherence to the Company's Compass, which reflects the role that Origin's Purpose, Principles, Values and Commitments play in everyday decision making.

The Remuneration Committee and the Board consider the performance of the Managing Director and all members of the Executive Management Team (EMT) when deciding whether to award performance-related remuneration through short-term and long-term incentives for the year completed and when assessing fixed remuneration for future periods. Further information on the outcomes of the FY2015 assessment of executive remuneration is set out in the Remuneration Report.

Each year, the Directors review the performance of the whole Board, Board committees and individual Directors. This year, a full review was undertaken with assistance from an independent external consultant, covering individual Director performance, the Board and Committees' activities and work program, time commitments, meeting efficiency and Board contribution to Company strategy, monitoring, compliance and governance. The results of the review were discussed by the whole Board, and initiatives to improve or enhance Board performance and effectiveness were considered and recommended.

## Diversity

The Company encourages diversity and expression of ideas and opinions whilst requiring alignment with the Origin's Principles, Values and Commitments and the policies established to implement them. The Company is committed to providing equality of opportunity and a rewarding workplace for all employees, and has policies and procedures in place to:

- prevent and eliminate unlawful discrimination and harassment;
- promote a culture, through communication and visible leadership, where managers and employees proactively apply the Company's diversity policies and program;
- maintain workplace flexibility policies suitable for a leading Australian company; and
- maintain a process to deliver gender pay equity at all job levels across the Company.

## Gender Diversity

Increasing gender diversity, especially in senior roles, is an ongoing policy priority.

Accordingly, the Company committed in FY2015 to:

- continue to deliver equal average pay for men and women at each job grade;
- increase the number of women in senior roles, with a target to improve our rate of appointment of women to senior roles by 15 per cent; and
- improve our retention of women in senior roles, with a target to improve our turnover rate among women in senior roles by 15 per cent.

Progress against these targets is reported internally on a quarterly basis to the Diversity Council, comprising the EMT and chaired by the Managing Director. Performance against the targets in FY2015 is described in the following three paragraphs.

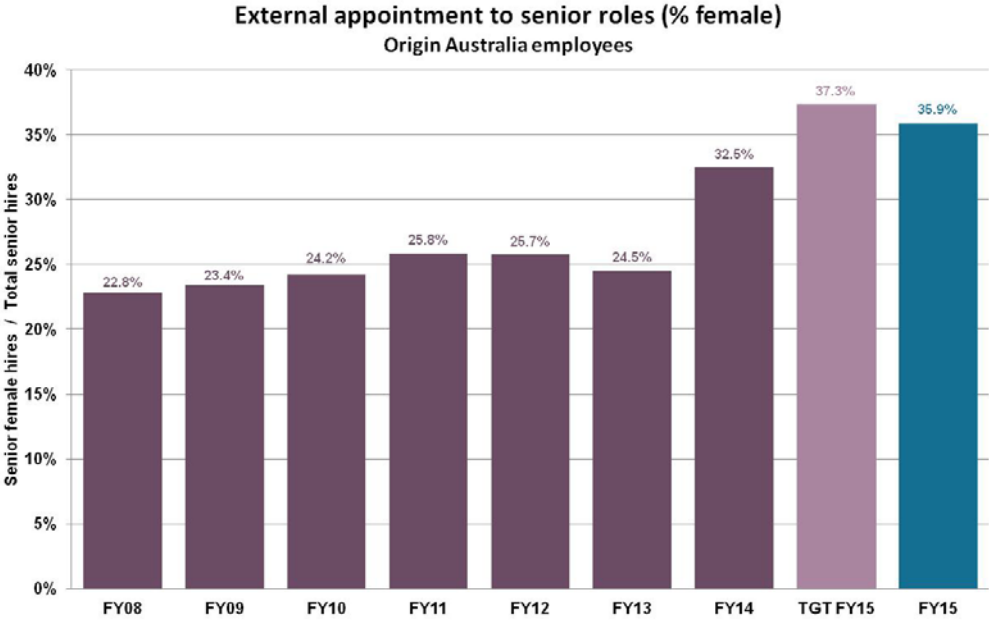
### **Target to deliver equal average pay for men and women at each job grade**

Average pay for men and women at each job grade fluctuates through the year with turnover, recruitment and promotions, but once a year the Company undertakes a comprehensive review of all aspects of remuneration. In FY2015 average female pay was higher at some grades than average male pay and lower at others. The average difference between male and female pay across all job grades was within our targeted <1%. Job grades are defined using standard Hay Pay Scales.

### **Target to improve our rate of appointment of women to senior roles by 15 per cent versus the prior year**

This target was achieved and substantially surpassed in the year. In fact the percentage of women recruited into senior roles (35.9 per cent) was comfortably the highest ever, as shown

in the chart following. Key policies and actions to drive this result include: every interview panel for a senior role must be made up of both men and women; where possible<sup>1</sup> every shortlist must have at least one woman; and progress versus target for each Business Unit is reported to and reviewed by the Diversity Council each quarter.

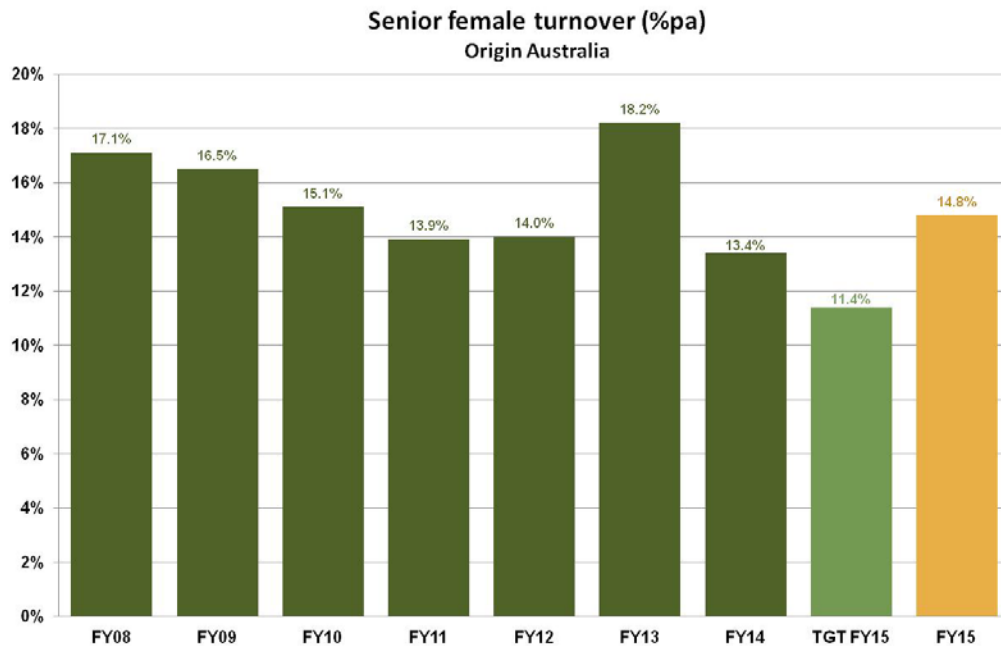


**Target to improve our turnover rate among senior women by 15 per cent vs the prior year**

The rate of senior female turnover actually increased this year. Like FY2014, which included a significant downsizing program in Energy Markets, both male and female turnover increased in FY2015.

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<sup>1</sup> Some senior roles, mainly engineering and technical, receive no female applicants or no candidates are able to be identified.



### Identify targets for FY2016

Origin's targets for equal pay and for senior appointments will remain the same as last year.

However Origin's turnover target will change. In recent years Origin has targeted a 15 per cent year on year reduction in turnover of senior women. However the turnover rate for senior women, as for men, has been mainly driven by economic factors unrelated to differential treatment by gender.

For FY2016, the Company will instead measure the difference in male turnover and female turnover rates among our senior employees, with a target to reduce the gap between female and male turnover to zero. While male and female turnover are strongly correlated, female turnover in senior roles has on average been higher than male turnover for most of the last ten years. In FY2015 the turnover rate for women in senior roles was 1.8 percentage points higher than the male rate.

In summary Origin's targets for FY2016 are:

- continue to deliver equal average pay for men and women at each job grade;
- improve the proportion of senior roles occupied by women, with targets to:
  - improve Origin's rate of appointment of women to senior roles by 15 per cent compared to FY2015; and
  - reduce the gap between female and male turnover rates to zero.

The Board oversees the Company's strategies on gender diversity, including monitoring the Company's achievements against gender targets set by the Board. The Board has set itself a target of having at least 40 per cent females by 2020.

## Define seniority in a meaningful way

For the purpose of setting gender diversity targets, we define seniority by reference to standard Hay Pay Scale job grades rather than by reference to reporting relationship to the CEO. We do this for two reasons:

- to make genuine comparisons of seniority. Executives leading four support functions report to the CEO. A large number of people in areas such as legal, company secretary, human resources and communications are therefore only two or three steps below the CEO, whereas many roles with significant line management responsibility, large teams or bottom line accountability are not.
- to make analysis comparable over time. Any restructure that changes EMT roles also changes the reporting relationship of hundreds of people at lower levels, making it impossible to accurately compare progress on gender pay equality at those levels before and after the restructure.

The cohort we define as “senior roles” includes all people in Hay Pay Scale job grades that pay approximately \$150,000 per year or more in total remuneration.<sup>1</sup> As at 30 June 2015 there were 1,861 people in senior roles, of which 28.1 per cent were women.

## Monitor gender breakdown by reporting relationship to the CEO

While the Company does not use reporting relationship to the CEO to define Origin’s gender diversity targets, the gender profile of these cohorts is of interest to some external stakeholders and is presented in the table below.

### *Selected cohorts by gender, 30 June 2015*

Cohort <sup>2</sup>	# people in cohort	percentage female
Board	9	33%
CEO-1 EMT	9	11%
CEO-2	51	29%
CEO-3	158	34%
Senior roles (see discussion above)	1,861	28.1%

## Principle 2: Structure the Board to add value

The Board is structured to facilitate the effective discharge of its duties and to add value through its deliberations.

In FY2015, the Board had 10 scheduled meetings, including a two-day strategic planning meeting. The Board also had two separate scheduled workshops to consider matters of particular relevance. Directors also conducted visits of Company operations and met with operational management during the year.

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<sup>1</sup> The number can only be approximate because exact remuneration varies by individual by year according to their assessed performance under the Short Term Incentive Scheme.

<sup>2</sup> Definitions for CEO-1, CEO-2 and CEO-3 are as per Workplace Gender Equality Agency guidelines. That is, they do not include clerical and administrative staff or other staff that do not themselves manage other people. With all staff included, CEO-3 at Origin was 49 per cent female out of a total cohort of 269 as at 30 June 2015.

From time to time, the Board delegates its authority to non-standing committees of Directors to deal with transactional or other urgent matters. In the 12 months to 30 June 2015, three such additional Board Committee meetings were held.

At each scheduled Board meeting, Directors receive reports from executive management, risk, financial and operational reports, a health, safety and environment report and reports on major projects or initiatives in which the Company is involved. In addition, the Directors receive reports from Board Committees and, as appropriate, presentations on opportunities and challenges for the Company.

Non-executive Directors also meet without the Executive Directors and management to address such matters as succession planning, key strategic issues, and Board operation and effectiveness.

All Directors have access to Company employees, advisers and records. In carrying out their duties and responsibilities, Directors have access to advice and counsel from the Chairman, the Company Secretary and the Group General Counsel, and are able to seek independent professional advice at the Company's expense, after consultation with the Chairman.

New Directors undergo an induction program which includes meetings with members of management, Chairman of the Board, and Chairmen of each relevant Board Committee, and visits to key operations to familiarise them with the Company's business and administration. Directors also receive continuing education through ongoing briefings and workshops on industry, regulatory or other relevant topics.

The Board's size and composition is determined by the Directors, within limits set by the Company's Constitution, which requires a Board of between five and 12 Directors. As at 30 June 2015, the Board comprised nine Directors, including seven Non-executive Directors, all of whom are considered independent by the Board, and two Executive Directors. Of the nine Directors, three are women. Directors' profiles, duration of office and details of their skills, experience and special expertise are set out in the Directors' Report.

The Board seeks to have an appropriate mix of skills, experience, expertise and diversity to enable it to discharge its responsibilities and add value to the Company. The Board values diversity in all respects, including gender and differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills.

Together, the Directors contribute the following key skills and experience:

Skills & experience	Board representation (out of 9 Directors)
<b>Diversity</b> Diversity in gender, background, geographic origin, experience (industry and public, private and non-profit sectors).	9
<b>Executive &amp; strategic leadership</b> Senior executive and directorship experience.	9
<b>Financial &amp; risk management</b> Senior executive experience in financial accounting and reporting, corporate finance, risk and internal controls.	9
<b>Governance &amp; Board</b> Prior experience as a Board member or membership of governance bodies.	9
<b>HSE &amp; sustainability</b> Experience related to health, safety, environment, social responsibility and sustainability.	9
<b>Industry (oil &amp; gas, exploration)</b> Experience in the oil and gas industry, or upstream or integrated exploration and production company.	6
<b>International</b> Experience working in an organisation with global operations, or understanding of different cultural, political, regulatory and business requirements.	9
<b>Regulatory &amp; public policy</b> Legal background or experience in regulatory and public policy.	9
<b>Remuneration</b> Remuneration Committee membership or experience in relation to remuneration, including incentive programs.	9
<b>Retail &amp; marketing</b> Experience in retail or marketing industry.	7

The Company's policy on the Independence of Directors requires that the Board is comprised of a majority of independent Directors. In defining the characteristics of an independent Director, the Board uses the ASX Principles, together with its own consideration of the Company's operations and businesses and appropriate materiality thresholds. Further details of the matters considered by the Board in assessing independence are contained in the Independence of Directors Policy which is part of the Board Charter and is available on the Company's website.

The Board reviews each Director's independence annually. At its review for the FY2015 reporting period, the Board formed the view that Mr Gordon Cairns, Chairman, and Directors Mr John Akehurst, Ms Maxine Brenner, Mr Bruce Morgan, Sir Ralph Norris, Dr Helen Nugent and Mr Steve Sargent were independent.

The Board selects and appoints the Chairman from the independent Directors. The Chairman, Mr Cairns, is independent and his role and responsibilities are separate from those of the Managing Director.

Five Committees assist the Board in executing its duties relating to audit, remuneration, health, safety and environment (HSE), nomination and risk.

Each Committee has its own Charter which sets out its role, responsibilities, composition, structure, membership requirements and operation. These are available on the Company's website. Each Committee's Chairman reports to the Board on the Committee's deliberations



at the following Board meeting where the Committee meeting minutes are also tabled. Additional and specific reporting requirements to the Board by each Committee are addressed in the respective Committee Charters.

Additional information about the Audit Committee, Risk Committee, HSE Committee and Remuneration Committee is provided in response to Principles 4, 7 and 8 respectively.

A list of the members of each Board Committee as at 30 June 2015 is set out below and their attendance at Committee meetings during FY2015 is set out in the Directors' Report.

**Board Committee membership as at 30 June 2015**

	Audit	Remuneration	Health, Safety & Environment	Nomination	Risk	Tenure
<b>Independent Non-executive Directors</b>						
John Akehurst			Chairman	Member	Member	6 years 4 months
Maxine Brenner <sup>1</sup>	Member				Member	1 year 9 months
Gordon Cairns	Member	Member	Member	Chairman	Chairman	8 years 2 months
Bruce Morgan	Chairman		Member	Member	Member	2 years and 9 months
Ralph Norris	Member	Member			Member	3 years and 4 months
Helen Nugent	Member	Chairman		Member	Member	12 years and 5 months
Steve Sargent		Member	Member		Member	3 months
<b>Executive Directors</b>						
Grant King			Member		Member	15 years 6 months
Karen Moses					Member	6 years 5 months

The Nomination Committee is comprised of the Chairman of the Board and the Chairman of each other Board Committee, and is Chaired by Mr Cairns. It met three times during FY2015, and provides support and advice to the Board by:

- assessing the range of skills and experience required on the Board and of Directors as part of the Company's continued consideration of Board renewal and succession planning;
- reviewing the performance of Directors and the Board;
- establishing processes to identify suitable Directors, including the use of professional intermediaries;
- recommending Directors' appointments and re-elections; and
- considering the appropriate induction and continuing education provided for Directors.

<sup>1</sup> Ms Brenner became the Chairman of the Risk Committee and a member of the Nomination Committee on 1 July 2015.

When identifying potential candidates, the Nomination Committee considers the current and future needs of the Company and desired attributes and skill sets for a new Director. Where a candidate is recommended by the Nomination Committee, the Board will assess that candidate against a range of criteria including background, experience, professional qualifications and the potential for the candidate's skills to augment the existing Board and his/her availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a Director, that Director will stand for election by shareholders at the following Annual General Meeting.

Each year the performance of the Directors retiring by rotation and seeking re-election under the Constitution is reviewed by the Nomination Committee (other than the relevant Director), the results of which form the basis of the Board's recommendation to shareholders. The review considers a Director's expertise, skill and experience, along with his/her understanding of the Company's business, preparation for meetings, relationships with other Directors and management, awareness of ethical and governance issues, independence of thought and overall contribution.

The Board reviewed the performance of Mr John Akehurst, Ms Karen Moses, and Dr Helen Nugent, who are standing for re-election at the Annual General Meeting in October 2015. The Board found that each of the Directors seeking re-election had been high performing Directors and concluded that each of them should be proposed for re-election. Individual Directors were not present for his or her own review.

Mr Steve Sargent joined the Board in May 2015 and will be standing for election at the Annual General Meeting in accordance with the ASX Listing Rules. The Board (with Mr Sargent absent) has reviewed the performance of Mr Sargent in the three months since his appointment and concluded that he should be proposed for election.

### **Principle 3: Act ethically and responsibly**

All Directors and employees are expected to comply with the law and act with a high level of integrity. The Company has a Code of Conduct and a number of policies governing conduct in pursuit of Company objectives in dealing with shareholders, employees, customers, communities, business partners, suppliers, contractors and other stakeholders. The Code of Conduct is based on the Company's Statement of Purpose, Principles, Values and Commitments (Origin Compass), which serves as a guide to Origin's decision making, behaviours and actions for its employees.

The Origin Compass and a summary of the Code of Conduct is available on the Company's website.

The Company encourages individuals to report known or suspected instances of inappropriate conduct, including breaches of the Code of Conduct and other policies and directives. There are policies in place to protect employees and contractors from any reprisal, discrimination or being personally disadvantaged as a result of their reporting a concern.

### **Principle 4: Safeguard integrity in corporate reporting**

The Board has an Audit Committee which comprises five Non-executive Directors, all of whom are independent. The Chairman of the Board cannot chair the Audit Committee. The Chairman of the Audit Committee, Mr Bruce Morgan, is an independent Director with significant financial expertise. All members of the Committee are financially literate and the

Committee possesses sufficient accounting and financial expertise and knowledge of the industry in which the Company operates.

Prior to approval of the Company's financial statements for each financial period, the Managing Director and the Executive Director, Finance & Strategy gave the Board a declaration that, in their opinion, the financial records have been properly maintained, that the financial statements complied with the accounting standards and gave a true and fair view, and that their opinion had been formed on the basis of a sound system of risk management and internal compliance and control which was operating effectively.

The Audit Committee oversees the structure and management systems that are designed to protect the integrity of the Company's corporate reporting. The Audit Committee reviews the Company's half and full year financial reports and makes recommendations to the Board on adopting financial statements. The Committee provides additional assurance to the Board with regard to the quality and reliability of financial information. The Committee has the authority to seek information from any employee or external party.

The internal and external auditors have direct access to the Audit Committee Chairman and, following each scheduled Committee meeting, meet separately with the Committee without Executive Directors or management present.

The Committee reviews the independence of the external auditor, including the nature and level of non-audit services provided, and reports its findings to the Board every six months.

The names of the members of the Audit Committee are set out in the table under Principle 2 and their attendance at meetings of the Committee is set out in the Directors' Report.

The external auditor attends the Company's Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

## **Principle 5: Make timely and balanced disclosure**

The Company has adopted policies and procedures to ensure compliance with its continuous disclosure obligations and accountability of senior management for that compliance.

The Company is committed to providing timely, full and accurate disclosure and to keeping the market informed with quarterly releases detailing exploration, development and production, and half and full year reports to shareholders including through interactive web portals.

All material matters are disclosed to the ASX immediately (and subsequently to the media, where relevant), as required by the ASX Listing Rules. All material investor presentations are released to the ASX and are posted on the Company's website. Other reports or media statements that are not material enough to be an ASX announcement are also included on the Company's website. Shareholders can subscribe to a free email notification service and receive notice of any announcements released by the Company.

Both the Continuous Disclosure Policy and the Communications with Shareholders Policy are available on the Company's website.

## Principle 6: Respect the rights of shareholders

The Company respects the rights of its shareholders and has adopted policies to facilitate the effective exercise of those rights through participation at general meetings and providing them with information about the Company and its operations.

The Company is committed to providing a high standard of communication to shareholders and other stakeholders so that they have all available information reasonably required to make informed assessments of the Company's value and prospects.

Shareholders are able to review the financial and non-financial performance of the Company via a half year report, annual Shareholder Review, a full Annual Report, Sustainability Report and annual general meeting materials. These reports are also available on the ASX and in online digital format via Origin's website.

Sustainability reporting is guided by the Global Reporting Initiative and includes disclosures of material environmental, social and governance (ESG) aspects of the Company's business activities.

The Company also discloses other ESG information via regulated National Greenhouse Emissions Reporting, as well as voluntary disclosure platforms such as the Carbon Disclosure Project and the Dow Jones Sustainability Index. ESG disclosures are also made to meet FTSE4Good requirements.

All communications from, and the majority of communications to, the Company's share registry are available electronically, including the publication of company reports, and shareholders are encouraged to take up the option of e-communications.

The Company's website contains a list of key dates and all recent announcements, presentations, past and current company reports and notices of meetings. Shareholder meetings and results announcements are webcast and an archive of these meetings is published on the Company's website.

The Company welcomes and encourages shareholders to attend and participate at its AGM, either in person, by proxy or attorney or by other means adopted by the Board. At each AGM, the Chairman will allow a reasonable opportunity for shareholders to ask questions of the Board. Shareholders who are unable to attend the AGM will be able to view a webcast of the meeting (and certain past AGMs) on the Company's website.

The Company has a dedicated investor relations function to facilitate effective two-way communication with investors. This is in conjunction with a wider stakeholder engagement program.

The Communications with Shareholders Policy is available on the Company's website.

In addition to shareholders, the Company's projects and operations necessitate interaction with a range of stakeholders including local communities, business partners, government, industry, media, suppliers and NGOs. The Company has a program to support these stakeholder interactions and facilitate constructive relationships. These include:

- dedicated community advisors to help facilitate and implement the Company's engagement with local communities and regular dialogue with the communities in which we operate;

- regular interaction with policy makers within the jurisdictions of its operations, particularly to help develop sound and stable policy to ensure business certainty;
- engagement with policy makers, media and NGOs to promote mutual understanding; and
- contribution to the formulation of energy policy through public submissions to various enquiries (public submissions the Company has made in these areas are available on the Company's website).

Customers are a central part of Origin's engagement, innovation and value creation. The Company continues to adapt processes, introduce new products and invest in technology, to provide customers with greater choice and an improved customer experience. In October 2014, the Company introduced the strategic Net Promoter Score (NPS) as a primary measure of customer advocacy. At the end of the 2015 financial year, Origin's strategic NPS was -39 which represents a 9 point improvement over the prior year. This year also saw a significant reduction in overall customer complaint levels, including to Ombudsmen.

## Principle 7: Recognise and manage risk

The Board has an overarching policy governing the Company's approach to risk oversight and management and internal control systems.

The Company has established a Risk Committee to oversee its policies and procedures in relation to risk management and internal control systems. Up to 30 June 2015, the Risk Committee comprised the full Board and was chaired by the Chairman of the Board. From 1 July 2015, the Board has decided to restructure the Risk Committee to comprise the Chairman of other Board Committees and is chaired by another independent Non-executive Director. As such, Ms Maxine Brenner was appointed Chairman of the newly restructured Risk Committee. The Chief Risk Officer has direct access to the Chairman of the Risk Committee.

The Company's risk policies are designed to identify, assess, address and monitor strategic, operational (including risks to health, safety and the environment), legal, reputational, commodity, environmental, social and financial risks to achieve business objectives. Certain specific risks are covered by insurance and the Board has also approved policies for hedging interest rates, foreign exchange rates and commodities.

Management is responsible for the design and implementation of the risk management and internal control systems to manage the Company's business risks. Management reports to the Risk Committee on how those risks are being managed effectively. The highest potential exposure risks are reported to the Risk Committee and the Board, along with associated controls and risk mitigation plans. The Risk Committee also reviews the Company's risk management framework annually to satisfy itself that it continues to be sound. Management has reported to the Risk Committee and the Board that, as at 30 June 2015, its material business risks are being managed effectively.

In addition to reports from the Risk Committee, the Board receives monthly reports on key risk areas such as, but not limited to, health and safety, project development, commodity exposures and exchange rates. General Company-wide reviews of major risks are undertaken on a regular basis for corporate, operational and development activities.

The Company also has an internal audit function which utilises both internal and external resources to provide an independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. The internal audit function has

direct access to the Audit Committee Chairman and management, and has the right to seek information.

The names of the members of the Risk Committee are set out in the table under Principle 2 and their attendance at meetings of the Committee is set out in the Directors' Report.

The Risk Management Policy and information on Origin's policies on risk oversight and management of material business risks is available on the Company's website. The Risk Committee Charter is also available on the Company's website.

The Board has also established a Health, Safety & Environment (HSE) Committee which supports and advises the Board on HSE matters and HSE related risks arising out of the activities and operations of Origin and its related companies. The HSE Committee comprises the Managing Director and four Non-executive Directors, all of whom are independent. The Chairman, Mr John Akehurst, is an independent Director. The Board considers that the direct impact that the deliberations of the HSE Committee can have on the day-to-day operations of the Company makes it appropriate for the Managing Director to be a member of that Committee.

The names of the members of the HSE Committee are set out under Principle 2 and their attendance at meetings of the Committee is as set out in the Directors' Report.

Beyond the financial results, the Company is witnessing changes in community attitudes and increased focus on local and global environmental challenges. The Company recognizes the need for disclosure to help investors assess both short term and long term risks and prospects.

Origin assesses the environmental and social risks associated with all projects and operations. Projects are developed with precautionary engineering and management measures in place to mitigate or manage key environmental and social risks, and operations are managed using policies and procedures to control remaining environmental and social risks. Environmental and social risk management is subject to periodic audits and assurance.

Given the importance and scale of the Company's investment in the Australia Pacific LNG project, it receives particular attention by the Board. The Board, and its relevant Committees, have a number of mechanisms through which they maintain appropriate oversight of the Australia Pacific LNG project related risks. These include a comprehensive assurance program, ongoing management briefings and detailed monthly reports, participation in CSG workshops, and evaluating progress in the field by undertaking visits to both the gasfields in the Surat and Bowen basins and the LNG facility under development at Curtis Island.

Detailed and documented approvals exist in respect of environmental and social regulations associated with Australia Pacific LNG. These approvals have been issued by regulatory bodies following extensive consultation with community and other stakeholders. Australia Pacific LNG's and Origin's processes and internal compliance monitoring activities are designed to ensure activities are conducted in accordance with regulatory approvals.

The Company makes commitments that extend beyond the law. Australia Pacific LNG, in partnership with the CSIRO, established a research partnership called Gas Industry Social & Environmental Research Alliance (GISERA). Among other socio-economic and environmental impacts, GISERA conducts research to better understand the impacts of CSG development and make public its results.

It is also imperative that Origin maintains a respectful relationship with landholders and local communities for decades to come. In addition to mandatory requirements, the Company has its own best practice guidelines which include consideration of the landholders' requirements, as well as environmental, native title and cultural heritage aspects.

Effective and responsible management of water resources is also important for Origin's business. The management of water resources is governed by external Federal and State laws and regulations. The GISERA research referenced above also refers to impacts on groundwater of CSG development. The Company has formal water management plans, and strategies and monitoring programs to guide how we use, re-use or dispose of water.

As one of Australia's largest power generators, Origin closely measures, manages and reports on the emissions associated with its generation operations. A large proportion of these are governed by laws and regulations. In addition, the Company voluntarily reports its emissions, and management of this extends to the active development of a low carbon power generation portfolio including natural gas, wind and solar.

The Australian Government's legislated Large-scale Renewable Energy Target (RET) requires that 33 TWh of electricity come from renewable sources by 2020. Notwithstanding that the Australia power generation market is currently oversupplied, substantial investment will be required in large scale renewable energy projects over the next five years to achieve the target, which requires approximately 5,000 MW of new generation. Origin is currently considering the potential development of wind and large scale solar to contribute to the target.

Origin measures its reputation, or how the Company is perceived by Australians (including shareholders) through the implementation of an independent benchmark using RepTrak® methodology. Origin's reputation performance and reputation risk management activities are reported to the Board on a semi-annual basis. The RepTrak results were incorporated into corporate affairs strategies throughout the year.

In addition to stakeholder measurement through RepTrak, Origin engages a range of suppliers to provide real-time mainstream and social media monitoring to evaluate the external operating environment and ensure emerging risks, issues and shifting public and policy debates are identified and addressed accordingly. Quarterly quantitative and qualitative mainstream media analysis is undertaken to better understand external trends, sentiment and key public influencers. This insight influences and informs Origin's external affairs, public policy, and sustainability approaches as well as stakeholder engagement strategies.

## **Principle 8: Remunerate fairly and responsibly**

**The Remuneration Report sets out details of the Company's policies and practices for remunerating Directors, key management personnel and employees.**

The Board has a Remuneration Committee which comprises four Non-executive Directors, all of whom are independent. The Chairman, Dr Helen Nugent, is an independent Director. The names of the members of the Remuneration Committee are set out under Principle 2 and their attendance at meetings of the Committee is as set out in the Directors' Report.

Further information about the Remuneration Committee's activities is provided in the Remuneration Report.

The remuneration of Non-executive Directors is structured separately from that of the Executive Directors and senior executives. Information on remuneration for Non-executive Directors is in the Remuneration Report.

The Company has established a policy which governs dealings in its securities. This precludes any Origin personnel from engaging in short-term dealings in the Company's securities and margin loans should not be entered into if they could cause a dealing that is in breach of the general insider trading provisions of the Corporations Act or the Policy. Origin personnel are prohibited from entering into hedging transactions which operate to limit the economic risk of any of their unvested equity-based incentives. The Dealing in Securities Policy is available on the Company's website.

The Code of Conduct, Dealings in Securities Policy and other relevant policies are supported by appropriate training programs and regular updates.

*Information referred to in this Corporate Governance Statement as being on the Company's website may be found at the web address: [www.originenergy.com.au](http://www.originenergy.com.au) under the section "Investor Centre" - "Corporate Governance".*