



To	Company Announcements Office	Facsimile	1300 135 638
Company	ASX Limited	Date	22 October 2014
From	Helen Hardy	Pages	57
Subject	ORIGIN ENERGY SUSTAINABILITY REPORT 2014		

In accordance with Listing Rule 3.17, please find attached the 2014 Sustainability Report which is being sent to Origin Energy shareholders who have elected to receive it.

Further detail on how Origin manages Sustainability is contained in its Sustainability website which can be accessed at www.originenergy.com.au/sustainability.

Regards

A handwritten signature in grey ink, appearing to read "Helen Hardy".

Helen Hardy
Company Secretary

02 8345 5000 – helen.hardy@originenergy.com.au

MADE BY ORIGIN



COOKED BY CHRIS

...to deliver today's
energy needs and
search and innovate
to create tomorrow's
energy solutions.

SUSTAINABILITY BY ORIGIN

Our decisions,
actions and
behaviours
are guided by
Our Compass...

SUSTAINABILITY REPORT 2014

Strategy Performance Growth

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DISCOVER MORE ONLINE

CREATING VALUE FOR OUR STAKEHOLDERS

Origin has been reporting on its sustainability performance since 2001, and this report is a summary of our activities, operated assets and performance between 1 July 2013 and 30 June 2014. Where significant events occur after the close of this period, these may also be referenced in our reporting.

Our reporting includes Australia Pacific LNG, in which Origin has a 37.5 per cent shareholding and is the Upstream operator. All monetary amounts are in Australian dollars unless otherwise stated.

Our online sustainability reporting provides more detailed information on our management processes and performance. This can be viewed at originenergy.com.au/sustainability.

This printed report and our online sustainability reporting are complementary and are structured around the Global Reporting Initiative (GRI) framework.

AT ORIGIN, WE BELIEVE THAT ENERGY NEEDS TO BE PROVIDED RELIABLY, AT AN AFFORDABLE COST AND IN AN ENVIRONMENTALLY RESPONSIBLE WAY.



From paddock to project: Fourth generation farming family the Wickhams are among the thousands of businesses providing local goods and services to the Australia Pacific LNG project. (Left to right) Peter Wickham, Tye Wickham, Bryce Lamb and Haydn Lamb.

OUR PERFORMANCE

ENERGY DEVELOPMENTS

ECONOMIC

\$21 BILLION

expenditure on the Australia Pacific LNG project as at 30 June 2014.

COMMUNITY

\$20 MILLION

upgrade to the Miles Aerodrome to reduce the number of project-related vehicles on the road, completed by Origin on behalf of Australia Pacific LNG.

\$90 MILLION

for road infrastructure agreements by Australia Pacific LNG with state and local governments.

WATER

75%

4,906 ML of CSG water was treated, of which 75 per cent was redirected for beneficial use.

AUSTRALIA PACIFIC LNG PROGRESS

75% complete

76 per cent complete for Upstream and 75 per cent complete for Downstream.⁽¹⁾

LANDHOLDERS

309

compensation agreements were signed in FY 2014. Access to the majority of wells required for Phase 1 of the Australia Pacific LNG project are now agreed.

DELIVERING ENERGY

CUSTOMERS

4.3 MILLION
customer accounts
across Australia

70%

customer satisfaction up from 65 per cent in the prior year.

99.8%
bills issued on time

Ombudsmen complaints
6.6 PER 1,000 CUSTOMERS

down from 9.0⁽²⁾ in the prior year.

CONTACT ENERGY

568,000
customer accounts
across New Zealand

approximately 22 per cent of New Zealand's total retail electricity market.

RENEWABLE ENERGY

1,213MW

renewable energy portfolio across Origin and Contact Energy.

MANAGING OUR BUSINESS

SAFETY

5.0 TRIFR

23 per cent improvement in Total Recordable Injury Frequency Rate in FY 2014.

PEOPLE

6,700+

employees across geographies in which we operate, plus several thousand contractors working on our various energy developments.⁽³⁾

FINANCIAL PERFORMANCE

\$530M **\$713M**

Statutory Profit increased by 40 per cent.

Underlying Profit⁽⁴⁾ decreased by 6 per cent.

VALUE DISTRIBUTION

\$15 BILLION

a decrease of 3 per cent on prior year.

ORIGIN FOUNDATION

PHILANTHROPY

\$14 MILLION

gifted to support good causes in education and help Australians reach their potential since 2010.

(1) As at 30 June 2014.

(2) Revised from 8.0 reported in FY 2013 following completion of the Retail Transformation Program.

(3) Excludes Contact Energy.

(4) Refer to Glossary on page 52.

OUR COMPASS



OUR PURPOSE

We aspire always to lead.

We deliver today's energy needs, and we search and innovate to create tomorrow's energy solutions.

We honour our principles and values, and they are evident in all we do.

We live our commitments to our shareholders, to our customers, to our people, to our communities and to our business partners.

OUR PRINCIPLES

Origin's Principles provide guidance for making the right decisions:

- We conduct ourselves and our business with **due care** and in accordance with relevant laws and regulations. We have an overriding duty to ensure the health and safety of our employees, and to minimise the health, safety and environmental impacts on our customers and the communities in which we operate.
- We will **add value** to the resources that come under our control.
- The value we create will be distributed to stakeholders, recognising the need to ensure the **sustainability** of our business, and its impact on the environment and the communities in which we operate.
- We encourage **diversity** and expression of ideas and opinions but require **alignment** with the company's Principles, Values and Commitments and the policies established to implement them.
- When faced with choices, we make decisions knowing they will be subject to **scrutiny**. We should be able to demonstrate the soundness of our decisions to all stakeholders.

OUR VALUES

Origin's Values describe good behaviour:

Caring: We care about our impact on customers, colleagues, the community, environment and shareholders.

Listening: We listen to the needs of others, knowing that an unfulfilled need creates the best opportunities.

Learning: We constantly learn and implement new and better ways, sharing information and ideas effectively.

Delivering: We deliver on the commitments made in all areas of performance.

OUR COMMITMENTS

Origin's Commitments define the outcomes we strive to achieve for key stakeholders.

We commit to:

- Deliver market leading performance for **shareholders** by identifying, developing, operating and growing value-creating businesses.
- Create value for our **customers** by understanding their needs and delivering relevant and competitive energy solutions to meet those needs both today and into the future.
- Create a rewarding workplace for **our people** by valuing everyone's contribution, encouraging personal development, recognising good performance and fostering equality of opportunity.
- Respect the rights and interests of the **communities** in which we operate, by listening to them, understanding and managing the environmental, economic and social impacts of our activities.
- Respect the rights and interests of our **business partners** by working collaboratively to create valued and rewarding partnerships.

Origin supplies energy to markets in Australia, New Zealand and the Asia Pacific region.

Origin's strategy is to invest in the contestable segments of energy production, power generation and energy retailing. This strategy is designed to provide opportunities to grow the value of the Company by connecting energy resources to customers, while allowing for the effective management of the risks that arise across an increasingly competitive energy supply chain. The successful pursuit of this strategy will lead Origin to:

► BE A REGIONAL LEADER IN ENERGY MARKETS

8,369 MW
generation portfolio

4.9 MILLION
customer accounts

Large and diverse gas portfolio which, together with flexible gas transport arrangements, support a strong domestic gas production and supply business.

Generation portfolio of approximately 6,010 MW in Australia, providing flexibility and diversity across fuel, generation type and geography.

Leading energy retailer servicing 4.3 million customer accounts, representing approximately 29 per cent⁽¹⁾ share of customers in Australia's eastern and southern states, with a diverse portfolio of energy products and solutions including electricity, gas, LPG and green energy products.

In New Zealand, Origin holds a 53.1 per cent interest in Contact Energy.

Contact Energy owns and operates a generation portfolio of 2,359 MW, the majority of which comes from renewable hydro and geothermal generation, and supplies approximately 24 per cent⁽²⁾ of New Zealand's electricity.

Contact Energy is the second largest energy retailer in New Zealand, supplying electricity, gas and LPG to approximately 568,000 commercial and residential customers with approximately 22 per cent⁽³⁾ of New Zealand's total retail electricity market.

► HAVE A REGIONALLY SIGNIFICANT POSITION IN NATURAL GAS AND LNG PRODUCTION

6,473 PJ_e⁽⁴⁾
Origin 2P reserves position including Origin's share of APLNG

14,091 PJ_e⁽⁵⁾
APLNG 2P reserves position

Holds a 37.5 per cent shareholding in Australia Pacific LNG, a large-scale CSG-to-LNG project that will produce LNG for export to supply growing demand in Asia.

Australia Pacific LNG has the largest 2P CSG reserves position in Australia⁽⁶⁾ with 14,091 PJ_e⁽⁷⁾.

Upstream operator of Australia Pacific LNG.

Significant capabilities in natural gas production and a substantial reserves position in the Asia Pacific region with 6,473 PJ_e 2P reserves, which includes Origin's share of Australia Pacific LNG.

Continuing to develop Origin's gas production portfolio over the medium term, including Yolla 5 and 6 wells in Bass Basin and Halladale/Black Watch in the Otway Basin.

Strengthened portfolio of gas resources within Australia with new exploration interests in the Beetaloo, Bonaparte, Browse and Cooper basins.⁽⁸⁾

► HAVE A GROWING POSITION IN RENEWABLE ENERGY IN THE ASIA PACIFIC REGION

RENEWABLE OPTIONS

Australia, New Zealand, Chile and Indonesia

Significant renewable position through ownership of a wind farm at Cullerin Range; geothermal and hydro generation owned by Contact Energy in New Zealand, including the recently commissioned Te Mihi Geothermal Power Station; and wind power purchase agreements.

A number of wind development opportunities including Stockyard Hill in Victoria; consents for up to 250 MW of geothermal generation at Tauhara in New Zealand; and geothermal and hydro development opportunities in Chile and Indonesia.

Seeking new opportunities such as solar technologies where market structures provide attractive and sustainable value for renewable resources.

(1) Based on Origin natural gas and electricity customer accounts as at 30 June 2014 and estimated market customer accounts as at 30 June 2013.

(2) Based on New Zealand's total annual electricity generation for the year ended 30 June 2014.

(3) By electricity customer accounts as at 30 June 2014.

(4) As at 30 June 2014 including hydrocarbon liquids. Includes Origin's 37.5 per cent share of Australia Pacific LNG.

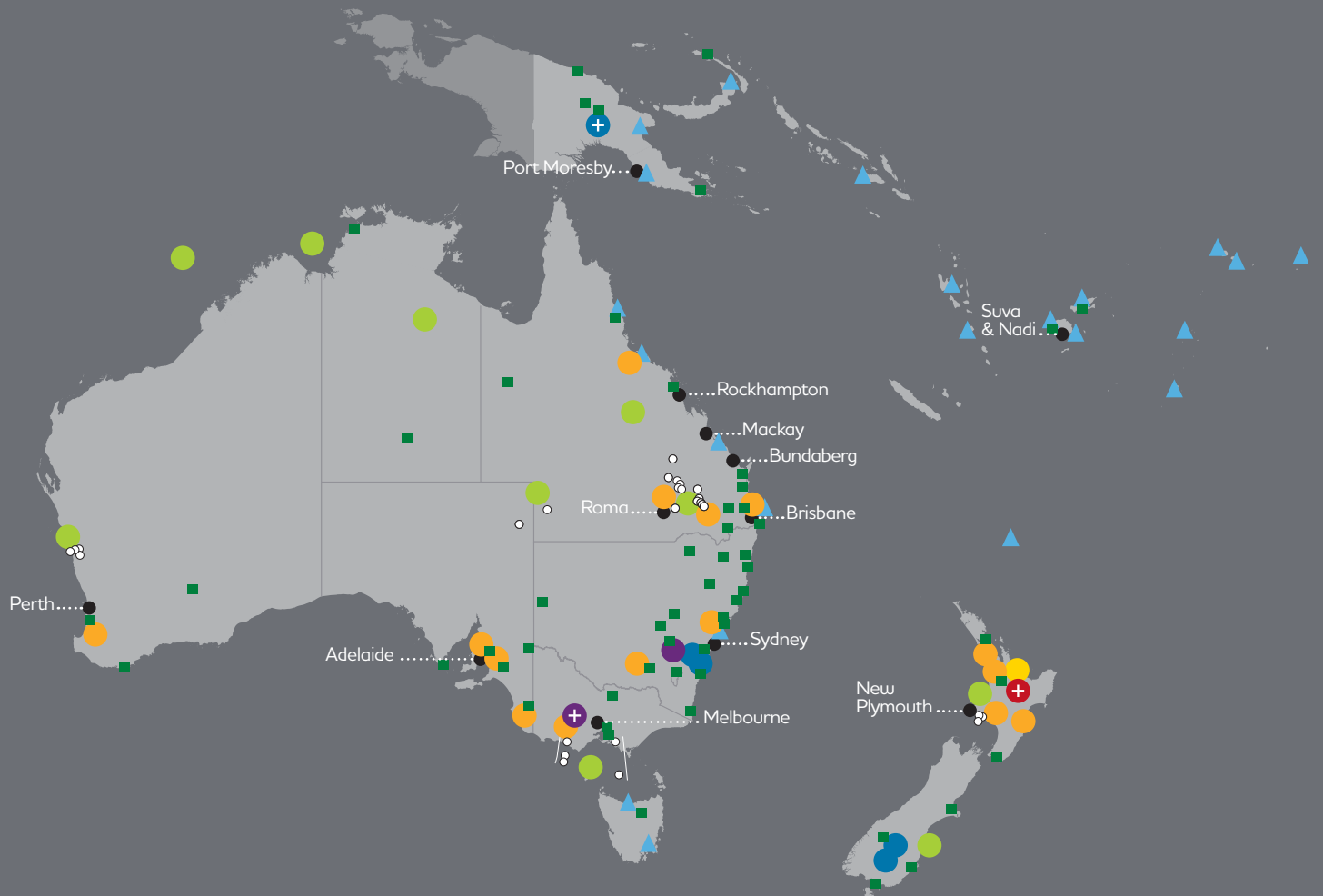
(5) 100 per cent Australia Pacific LNG.

(6) EnergyQuest, May 2014.

(7) Refer to the information on reserves and resources disclosures on page 52.

(8) Beetaloo, Bonaparte and Browse completed after 30 June 2014.

WHERE WE OPERATE



KEY

- Exploration acreage
- Exploration acreage – Geothermal
- Power station
- Wind generation
- Geothermal generation
- Hydro generation
- Office
- ▲ LPG seaboard terminal
- LPG terminal
- Production facility
- + Development proposal



DISCOVER OUR
INTERACTIVE MAP
ONLINE

OUR YEAR AT A GLANCE

2014 FINANCIAL YEAR

1 July

Announced acquisition of Eraring Energy from the New South Wales Government. Eraring Power Station is on the western shore of Lake Macquarie, 30km south-west of Newcastle in New South Wales and the Shoalhaven Scheme (acquired by Origin as part of the Eraring Energy acquisition) consists of two pumped storage hydro power stations at Bendeela and Kangaroo Valley in the Southern Highlands, New South Wales.

29 July

Commenced production at the newly developed Otway Gas Project's Geopraphe gas field in Bass Strait.

1 August

Completed acquisition of Eraring Energy. Cancelled Cobbora Coal Energy Supply Agreement and entered into a coal supply agreement with Centennial Coal.

22 August

Refinanced a \$7.4 billion bank loan facility with a syndicate of domestic and international banks.

19 September

Signed a Gas Supply Agreement with ESSO and BHP Billiton to purchase up to 432 PJ of natural gas over nine years from 2014 from Longford in Victoria.

27 September

Australian Competition and Consumer Commission (ACCC) commenced proceedings against Origin and one of its third-party service providers in relation to alleged residential door-to-door selling practices.

23 October

Kevin McCann, Chairman, retired; Gordon Cairns appointed Chairman.

25 October

Australia Pacific LNG and GLNG signed gas swap and infrastructure connection agreements enabling more efficient development and transport of gas resources between the two Surat Basin gas field projects in Queensland.

15 November

Maxine Brenner joined the Origin Board as an Independent Non-executive Director.

28 November

Signed conditional agreement with QGC joint venture for up to 30 PJ of gas in calendar years 2014 and 2015.

19 December

Signed a major agreement to sell up to 194 PJ of gas over five years to GLNG.

24 February

Signed farm-in agreements with Senex Energy and Planet Gas to acquire exploration interests in two unconventional gas blocks in South Australia's prospective Cooper-Eromanga Basin.

13 March

Suspended drilling operations across 12 rig sites in Queensland to allow for an investigation into a supply incident. An imported product (NUTPLUG) sometimes used in drilling fluids and provided by Origin's drilling fluid supplier at the time, was found to contain asbestos. Following a comprehensive and systematic testing process, the rigs were verified as safe and cleared to return to operations in the following weeks.

24 March

Launched "We're changing" campaign to highlight improvements in customer service – such as longer call centre hours, flexible payment options and the elimination of exit fees for consumers and door knocking at homes.

7 April

Announced reduction of electricity prices for residential customers on regulated tariffs in New South Wales from July 1 following the New South Wales Government's decision to deregulate electricity prices.

11 April

Australia Pacific LNG published the results of a detailed scientific investigation into natural gas seeps in the Condamine River which recommended an ongoing program of monitoring and further study.

2 May

Announced a conditional farm-in agreement with Sasol and Falcon Oil & Gas for three onshore exploration permits in the Northern Territory's Beetaloo Basin.

5 May

Contact Energy's 166 MW Te Mihi Geothermal Power Station commissioned.

8 May

Australia Pacific LNG launched its *Water to Landholders* project to increase agricultural productivity in the Chinchilla region through the treatment and beneficial use of water.

8 May

ACCC action in South Australia against Origin for alleged false or misleading representations regarding the quantum of available discounts for its Daily Saver energy plan.

18 May

Launched new brand campaign *Energy Made Fresh Daily* to demonstrate the integrated nature of Origin's business.

19 May

Launched *littleBIGidea* – a competition to find one of Australia's brightest young inventors.

20 May

Queensland Government introduced two legislative bills that will result in significant changes to the regulation of the electricity market, including the removal of retail price regulation in South East Queensland from 1 July 2015. This legislation was passed on 10 September 2014.

30 May

Disclosed intention to have 40 per cent of women on its Board by FY 2020 in its submission to the Workplace Gender Equality Agency.

2 June

Signed a conditional Sale and Purchase Agreement with Karoon Gas to acquire its entire 40 per cent interest in two offshore exploration permits in Western Australia's Browse Basin. Acquisition completed August 12.



Jane McWilliam, Organisational Development Manager, and Antony Cotic, Administration Manager Eraring Operations at Eraring Power Station.

MANAGING DIRECTOR'S MESSAGE



Energy is a topic which dominates public and political debate around the world, and attracts a breadth and diversity of opinion like few others. It is not hard to see why.

Energy underpins economic growth, and economic growth is fundamental to improving living standards. The United Nations estimates that today's world population of approximately seven billion will grow by 27 per cent to reach more than 9.5 billion by 2050. Global demand for energy is increasing, driven particularly by emerging economies and developing countries as they pursue economic growth in order to lift standards of living.

In an energy abundant nation such as Australia, growing global energy demand presents many opportunities for Origin, as long as we can get the balance right. At Origin, we believe that energy needs to be provided reliably, at an affordable cost and in an environmentally responsible way. These are often competing objectives, therefore finding the right balance between them can be challenging.

The decisions Origin makes to balance these objectives affects a wide range of stakeholders and often in different ways. We commit to using forums like our Sustainability Report to explain our choices, to acknowledge their impact on different stakeholders, and disclose how we manage those impacts.

Improving our safety culture

Origin is committed to achieving our ultimate objective of a zero-harm workplace for all contractors and employees.

Importantly, this year we achieved a 23 per cent improvement in our safety performance with our measure of safety, Total Recordable Injury Frequency Rate, down from 6.5⁽¹⁾ to 5.0.

CREATING VALUE FOR OUR STAKEHOLDERS

One of the key principles which guides decision-making at Origin is the value we create for distribution to stakeholders. This recognises not only the need to ensure the sustainability of our business but also its impact on the environment and the communities in which we operate.

In the 2014 financial year, Origin distributed \$15.0 billion to its stakeholders, a 3 per cent decrease on the prior year. The largest component, \$12.8 billion, represents our net expenses. We distributed \$1.1 billion to our capital providers and \$783 million to our employees through wages. Royalties and tax expense totalled \$299 million, a significant increase of \$167 million on the prior year. In addition, we distributed \$6.7 million to communities in the form of investment programs, charitable donations, as well as grants provided by the Origin Foundation.

OUR CUSTOMERS

Meeting the needs of our customers

Following significant investment in our customer service systems, we are now better placed to improve customer satisfaction and encourage customers to stay with Origin.

As part of continuing to improve our customer service offering, in early 2014 Origin commissioned research to find out what energy consumers wanted and how we could improve.

We changed how and when we engage with existing and potential customers. For example, we removed exit fees from our residential plans, extended call centre hours, and stopped door knocking and cold calling by Origin for residential sales.

We have seen an improvement in customer retention on the back of these initiatives and an increased number of customers taking up new product offerings and payment options.

We continue to monitor the satisfaction of our customers to learn how we can do better and act on their responses.

(1) Revised from 6.7 previously reported due to retrospective data updates.

Helping customers use energy more efficiently

We know that the price of energy is a key concern for Australian households. In response, we have increased our efforts to explain to customers the structure of the energy industry, what drives costs and the reasons behind any price increases.

To assist those customers who may have issues paying their energy bills, we continue to work with them to make provisions and develop payment arrangements over the short term as well as helping them manage electricity costs over the longer term.

Better informing consumers has been a recent focus of Origin, and this year we continued this work. To help our customers better understand how their choices impact the cost and use of energy we developed a number of educational initiatives. In particular, our online information portal, Energy Explorer and the *Energy for Schools* program, contain a range of easy to understand information about the world of energy.

OUR COMMUNITIES

Minimising the impact on communities

We acknowledge that our developments can impact stakeholders, and this is an area where we are constantly listening to and learning from stakeholders so that we can minimise our impact. We understand our duty of care to those in the communities in which we operate. Embedded in every project we undertake is community engagement, where we listen to community concerns, respond to their needs and take action to help mitigate the impact of our operations.

Traffic has been a key concern in communities surrounding our CSG-to-LNG project, and while this is not a challenge we can easily solve alone, Australia Pacific LNG has invested in regional infrastructure upgrades. Australia Pacific LNG entered into road-upgrade agreements with state and local governments in major development areas with contributions to the value of approximately \$90 million. Australia Pacific LNG also completed a \$20 million upgrade of the Miles Aerodrome to provide regular flights for project employees, removing the need for a substantial amount of road travel.

Some forms of energy development, such as wind farms and CSG, also continue to generate public debate. We understand that it is incumbent on industry to prove the value and benefits of CSG, and to do this we must provide robust, scientific evidence about the key areas of concern.

To that end, we supported a CSG fugitive emissions study undertaken by Australia's leading science research body, CSIRO. The results of this study were released on 31 July 2014 by the Department of the Environment.

The study confirmed that the emissions range is consistent with the current emission estimates for general equipment leaks and that equipment leaks comprise only a very small proportion of greenhouse gas emissions from CSG production.

Currently, CSG provides more than 90 per cent of Queensland's natural gas needs and 15 per cent of the state's electricity generation. It is also accepted that gas typically releases less than half the carbon emissions of coal when used in a power plant to generate baseload electricity.

Continuing to focus on achieving beneficial outcomes

We understand that the way we conduct ourselves in the communities in which we operate is fundamental to our business success. As we undertake large, capital intensive projects such as the Australia Pacific LNG project, we create substantial economic and social benefits, and we aim to share these with our local communities.

At 30 June 2014, expenditure on the Australia Pacific LNG project had reached \$21.0 billion. A significant proportion of Australia Pacific LNG's expenditure has been incurred on goods and services in Australia, including local communities and infrastructure.

Delivering the best outcomes to those impacted by our operations often involves listening to and working closely with them to understand their needs. An example of this is the introduction of the *Water to Landholders* program in April 2014, which has been designed in a way that profits landowners. The Fairymead Road Irrigation project commenced delivering treated water to 13 properties across an estimated 4,000 hectares of land.

OUR EMPLOYEES

In FY 2014, we continued to embed Life Saving Rules as mandatory behaviour for our entire workforce, including contractors. The rules are now clearly entrenched in Origin's health, safety and environment systems and processes and are taught in day-one inductions for all new employees.

Increasing gender diversity is an ongoing priority

We are committed to providing equality of opportunity and creating a rewarding workplace for all employees.

Increasing female representation, especially in senior roles, is an ongoing priority. As at 30 June 2014, 40 per cent of Origin's employees were female. Eleven per cent of the Executive Management Team and 27 per cent of senior roles were filled by women.

The addition of Maxine Brenner to our Board in November 2013 lifted female representation on our Board to 33 per cent.

Origin is developing work practices to accommodate a diverse workforce such as flexible work and we are pleased to see these are being adopted by men as well as women.

OUR INVESTORS

Overall, we are pleased with the improvements in the operational performance of our existing businesses and the progress made on Australia Pacific LNG during the year.

We believe that the 2015–16 financial years will be a transitional period for Origin with the commencement of LNG production by Australia Pacific LNG in mid-2015.

The Australia Pacific LNG project will deliver a step change in Origin's earnings and cash flow from the 2016 financial year when the project begins to deliver LNG under its existing long-term contracts.

The first full year of earnings and cash flow from two LNG trains at Australia Pacific LNG is expected in the 2017 financial year, with distributable cash flow⁽¹⁾ of around US\$1 billion (Origin's 37.5 per cent share) on average per year thereafter. The step change in cash flow will allow Origin to increase shareholder distributions, maintain an investment grade credit rating and reinvest cash in growing businesses.

CLIMATE CHANGE POLICY

Public policy is an important area for our business. Continued change and uncertainty in policy can be very challenging when making large, long-term investments for the future.

One of the key policy responses of particular importance to energy companies is that of climate change, which is widely recognised as a global challenge.

Origin maintains its long-term support of measures to progressively reduce carbon emissions. With the recent change in Australia's key climate change policies, our business has needed to adjust accordingly.

The Australian Government's carbon price repeal in July 2014 provided the energy industry with policy certainty on carbon pricing, and we are passing on the savings to our customers as quickly as possible. In line with the legislation, we will backdate the carbon-free portion of customers' bills to 1 July 2014.

During the past year, the Australian Government also commenced a review of the Renewable Energy Target. Throughout the debate our position has been clear – Origin supports renewable energy. We have consistently stated that a true 20 per cent target, one that takes into account reduced energy demand, strikes the right balance between encouraging the development of renewables with recognising the cost on households and businesses.

As we look ahead to another year, we can be sure it will bring more change for the energy industry and an equally challenging set of choices for Origin. As always, we do not shy away from these challenges. We will stay focused on balancing the economic, social and environmental aspects of our business, which we believe will help us move towards a more reliable, affordable and sustainable energy future.



Grant King
Managing Director

(1) Distributable cash flow after Australia Pacific LNG revenues, operational expenditure, ongoing capital expenditure, project finance interest and repayments, and taxation. Based on current market conditions.

The world, and in particular the global energy landscape, is constantly changing, creating new opportunities and challenges. We cannot predict the future, but we can analyse global trends and data to ensure Origin is best placed to leverage its skills and expertise to deliver energy to people in Australia and New Zealand, and further afield.

INCREASING POPULATION & URBANISATION

The United Nations estimates that today's world population of approximately seven billion will grow by 27 per cent to reach over 9.5 billion by 2050.⁽¹⁾ Ensuring people have access to a secure, affordable energy supply and clean cooking fuels will enable people to achieve sustainable development, helping break the cycle of poverty.

As well as a growing population, an increasing number of people are moving from rural to urban areas with the number expected to rise to 60 per cent of the population by 2030.⁽²⁾ In comparison, a century ago only two out of 10 people lived in cities. Even with this move to urbanisation, one in five people today still live without electricity while two in five use wood, charcoal, dung or coal to cook and to heat their homes. These fuels are known to contribute to respiratory illnesses, in some cases resulting in more than four million premature deaths each year.⁽³⁾ A diverse mix of energy sources can provide the solution to these ongoing issues of population growth and economic development.

THE ASIAN CENTURY

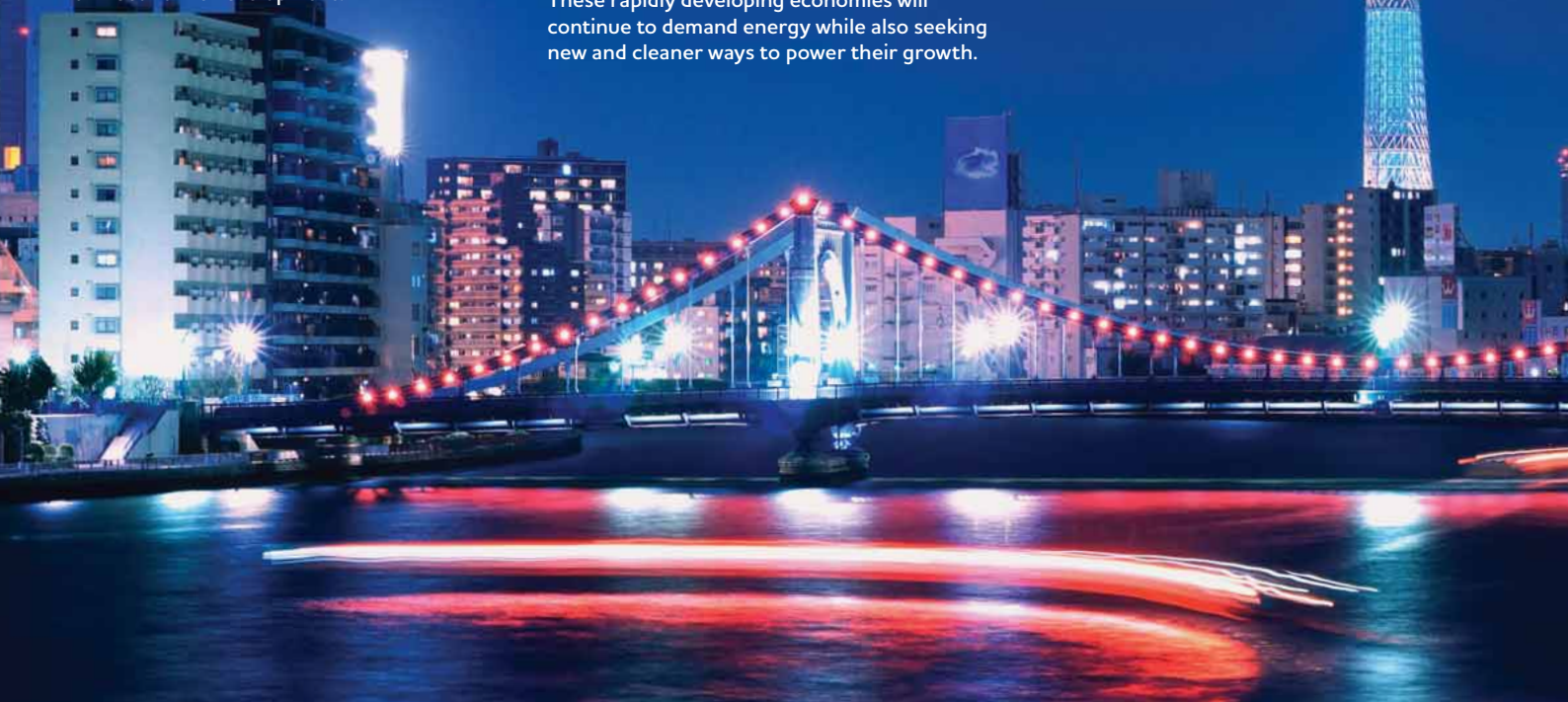
Many social, political and economic commentators have dubbed the 21st century 'The Asian Century', due to Asia's projected political and cultural dominance. The growth of Asian economies has lifted hundreds of millions of people from poverty into a new middle class.

It is understood that if Asia continues to follow its recent growth trajectory, by 2050 its per capita income could rise six fold in purchasing power parity and it would make some 3 billion additional Asians affluent by current standards.⁽⁴⁾

An emerging middle class, particularly in China, has created new aspirations and desires resulting in higher living standards. The expected growth in prosperity in Asia will be led by seven countries, comprising China, India, Indonesia, Japan, Republic of Korea, Thailand and Malaysia. It is predicted that by 2050 these nations will have a 75 per cent share of the Asian population and contribute to 90 per cent of Asia's GDP.⁽⁵⁾ These rapidly developing economies will continue to demand energy while also seeking new and cleaner ways to power their growth.

ENVIRONMENTAL CONCERNS & CLIMATE CHANGE

Climate change and minimising the environmental impact of human activity remain global concerns. We face this multi-faceted challenge amid the added complexities of a rapidly expanding global population, water scarcity and ever-increasing energy demands. Governments and the commercial sector are developing new ways to maintain and improve current living standards in ways that also minimise potential impacts on the environment. The challenge for energy providers is to ensure a reliable energy supply at an affordable cost, and in the most sustainable way.



CREATING A RENEWABLE FUTURE THROUGH INNOVATION

Renewable energy sources including wind, geothermal and hydro are integral to the world's energy mix, helping address climate change and deliver a cleaner energy future.

Over the past 150 years, rapid advances in technology have been instrumental in improving living standards but more recently the focus has shifted to developing technology to provide cleaner energy.

Specifically over the past decade, solar technology has advanced, bringing significant cost reductions. By the end of 2012, solar PV generation expanded 50 per cent per year worldwide to 100 terawatt hours. By the end of 2013, installed solar capacity increased 43 per cent, representing 15 per cent of the total growth in global generation capacity⁽⁶⁾ and 0.66 per cent of all generation capacity.⁽⁷⁾ According to the International Energy Agency, this rate is set to almost double by 2017 to 1.1 per cent.⁽⁸⁾

Innovation in energy storage has also resulted in graphene technology use in batteries, which may be able to store more energy than existing lithium batteries. With further research, the world is one step closer to storing energy from renewable energy sources cost effectively.

GAS & GROWING ENERGY DEMAND

In 2013, according to the World Energy Investment Outlook, \$1.6 trillion was invested to provide energy to people, doubling the investment made in 2000.⁽⁹⁾ People expect governments and the private sector to actively seek to cut greenhouse gas emissions and improve air quality in major cities.

Due to its lower carbon profile, enormous global reserves and cleaner burning qualities, the demand for gas continues to rise. Natural gas not only heats homes and cooks meals, it also powers mining and construction equipment, trains, trucks and ships.

GOVERNMENT POLICY

Changes in both government policy and regulation can stimulate or restrict investment in any sector. In a highly regulated industry such as energy, changes in government policy can also affect pricing, reliability and investment in new energy solutions.

For Australian consumers, the federal and state governments have taken policy steps to reduce the cost burden for consumers and encourage resource development.

For Australian LNG exporters, there is a significant competitive advantage due to our location to Asian buyers. It is estimated that between 2011 and 2030, China is expected to increase LNG imports tenfold.⁽¹⁰⁾

- (1) United Nations, viewed July 2014, esa.un.org/wpp/unpp/panel_population.htm
- (2) World Health Organisation, viewed August 2014, who.int/gho/urban_health/situation_trends/urban_population_growth_text/en/
- (3) The World Bank, viewed September 2014, worldbank.org/en/results/2013/04/10/sustainable-energy-for-all-results-profile
- (4) Asia 2050: Realising the Asian Century, adb.org
- (5) Asia 2050: Realising the Asian Century, adb.org
- (6) International Energy Agency, 'World Energy Outlook 2013', page 211
- (7) International Energy Agency, viewed September 2014, iea.org/etp/tracking/renewables/index.html
- (8) International Energy Agency, viewed September 2014, iea.org/etp/tracking/renewables/index.html
- (9) World Energy Investment Outlook May 2014, iea.org/publications/freepublications/publication/weio2014.pdf
- (10) Deloitte, 'Building the Lucky Country #3: Positioning for Prosperity', 2014

APPROACH TO MATERIALITY

We continually identify and monitor the risks to our business and listen closely to our stakeholders to understand from these two perspectives what is important to the sustainability of Origin’s business.



DISCOVER
MORE
ONLINE

Origin’s approach to sustainability is anchored in Our Compass.

The decisions we make, the actions we take and the behaviours we display as an organisation are guided by Our Compass. We believe we must demonstrate how we are meeting the needs and expectations of those who are most interested in our business – our customers, investors, our people and the communities in which we operate.

Defining what is material to our performance

We continually identify and monitor the risks to our business and listen closely to our stakeholders to understand from these two perspectives what is important to the sustainability of Origin’s business. We use the Global Reporting Initiative’s terminology, Material Aspects, to report on what is important.

We believe if we manage these Material Aspects well, we can be confident of a successful and sustainable business. Our reporting covers their management, and the performance achieved through this management.

HOW WE REPORT

In everything we manage, our first principle is our Duty of Care. This requires us to, at a minimum, comply with the relevant laws, regulations and contractual obligations imposed on us by others. Where practical and desirable, we choose to impose on ourselves additional standards to create better outcomes. This may be because these additional standards help us manage risk better, or because our engagement with our stakeholders shows us how, by imposing additional standards, we can create better outcomes and meet their expectations more fully.

Our reporting this year comprises more detail on our Duty of Care for each of the Material Aspects, because our stakeholders have indicated this is what interests them most.

When our Duty of Care is fulfilled, we then strive to create value in how we manage our Material Aspects, from improved delivery and efficiencies; to better, innovative and value-enhancing outcomes. Where possible, we seek to distribute this created value so that our customers, investors, our people, business partners and the communities in which we operate benefit.

We continue to listen to our stakeholders to help determine whether our management of Material Aspects is appropriate and, from this interaction, we learn where we can improve and deliver to their expectations.

How we report Material Aspects

Energy developments	— Delivering Australia Pacific LNG
	— Land access and coexistence
	— Protecting water resources
	— CSG-to-LNG as a cleaner fuel
	— Impact on communities
	— Sharing economic benefits
Delivering energy	— Biodiversity
	— Customer care
	— Setting sustainable tariffs
	— Addressing energy affordability
Managing our business	— Emissions
	— Keeping our people safe
	— Ensuring sound and stable policy
	— Our financial performance
	— Achieving gender diversity
Future energy solutions	— Corporate Governance
	— Natural gas
	— Renewable energy opportunities

Image right From left, Origin Landowner Relations Adviser Damien Morris with Dulacca landowners Tom and Alex Nixon.



LAND ACCESS AND COEXISTENCE AT A GLANCE

OUR PURPOSE

Build landowner relationships based on trust and mutual respect that support project delivery and operations, leaving a positive social legacy.

Laws and regulations

Our development activities follow the Queensland Government's Land Access Code plus many other regulations.

Our additional actions

We work with landowners to write specific Property Management Plans which assist with compensation calculations.

Our approach

We follow a rigorous, formal process from planning through to post-activity land rehabilitation.

Our performance

During FY 2014, we signed 309 compensation agreements. Access to the majority of the wells required for Phase 1 of the Australia Pacific LNG project are now agreed.

To create tomorrow's energy solutions we design, construct and operate large energy projects. Across these projects we respect the rights and interests of the communities in which we operate, by listening to local people, by understanding and managing the environmental, economic and social impacts of our activities, and by sharing the benefits of our operations.

DELIVERING AUSTRALIA PACIFIC LNG

The project is 75 per cent complete at 30 June 2014 and on track to deliver first LNG in mid-2015

Origin holds a 37.5 per cent shareholding in Australia Pacific LNG. The other shareholders are ConocoPhillips (37.5 per cent) and Sinopec (25 per cent). Australia Pacific LNG owns extensive CSG reserves, predominantly in the Surat and Bowen basins in Queensland. Australia Pacific LNG's CSG-to-LNG project will supply growing demand for natural gas in Asia under its existing long-term supply contracts.

Origin is the Upstream operator of the Australia Pacific LNG project, responsible for development of the CSG resources and the processing and transportation of gas to the LNG Facility on Curtis Island, near Gladstone. ConocoPhillips is the Downstream operator, responsible for the construction and operation of the LNG Facility and export terminal on Curtis Island.

At the end of June 2014, the Upstream was 76 per cent complete and the Downstream was 75 per cent complete and \$21.0 billion had been spent on the project. Based on overall progress of work finished to date and the project plan to completion, the project is on track to accomplish the key milestone of first LNG in mid-2015.

In the Upstream part of the project, drilling and gathering operations are progressing to plan with 821 wells drilled at year end. The first train of the Condabri Central Gas Processing Facility was commissioned in June 2014, while Condabri Central Train 2, Reedy Creek Train 1, Condabri South Train 1 and Orana Train 1 also reached mechanical completion. The Condabri water treatment facility is in commissioning while construction of the remaining gas and water treatment processing facilities remain on plan.

Construction of the 530-kilometre main gas transmission pipeline from the gas fields to Curtis Island is complete, with commissioning progressing to plan.

In the Downstream part of the project, all Train 1 modules are in place. Train 2 modules are also being delivered, with all modules expected to be set by the end of calendar year 2014. Piping and cable installation is progressing, as are preparations for commissioning.

Conversion of gas into liquid form requires refrigeration in large cooling tanks. Construction continued within schedule with welding complete on all inner tank rings. Roof module installation was completed on Tank A and commenced on Tank B. Tank A was hydrostatically tested. Construction of the LNG jetty, loading platform, formworks and concreting for berthing dolphins continued.

The FY 2015–16 years will be a transitional period for Origin with the commencement of LNG production by Australia Pacific LNG in mid-2015 after a seven-year development phase. The LNG project will deliver a step change in Origin's earnings and cash flow from the 2016 financial year when the project begins to deliver LNG under its existing long-term contracts. The first full year of earnings and cash flow from two LNG trains at Australia Pacific LNG is expected in the 2017 financial year, with distributable cash flow⁽¹⁾ of around US\$1 billion (Origin's 37.5 per cent share) on average per year.

LAND ACCESS AND COEXISTENCE

Why coexistence and land access is important

In Australia, the rights to minerals and resources below the land surface, including natural gas, are held by the state and territory governments on behalf of all Australians. Companies such as Origin apply and pay for the rights to explore and ultimately develop these resources across defined geographical tenures. Royalties are also payable to the state on gas extracted when production occurs.

Conduct and Compensation Agreements (CCAs) are negotiated between companies and landowners to define how both parties will work together during development.

When seeking to access or locate our facilities on a property, we carry out extensive consultation with landowners. We apply a fair, transparent and well-regulated process so our stakeholders understand that while our operations can cause change, they are compensated for that change.

A rigorous process underpinned by strong relationships

When we access land for the Australia Pacific LNG project we comply with a range of laws, regulations, standards, codes of practice and guidelines (see inset on page 15).

To ensure we meet our obligations under these various laws, regulations, standards, codes of practice and guidelines – and maintain a respectful relationship with landholders – we have developed the Origin Disturbance Approval Process.

(1) Distributable cash flow after Australia Pacific LNG revenues, operational expenditure, ongoing capital expenditure, project finance interest and repayments, and taxation. Based on current market conditions.



This is our formal process for managing access to and the disturbance of land. It ensures we meet our obligations before commencing operations, and helps maintain respectful relationships with landholders and the communities in which we operate.

We assign Landholder Relations Advisers (LRAs) to individual landholders. These advisers build and maintain long-term relationships with landholders.

Disturbance approval process

Scoping	Property Management Plans are developed by LRAs with landholders to identify considerations unique to each property.
Scouting	We use site visits to verify any constraints identified during the scoping stage. LRAs liaise with the landholder during this process.
Defining Layout	We work with the landholder to identify infrastructure locations and the supporting activities required for construction and operation.
Approval	We verify the layout with the landholder and ensure compliance with relevant policies, regulations and codes of practice.

In the 12 months to 30 June 2014 we negotiated and signed 309 compensation agreements with landholders. Four of these were concluded through alternative dispute resolution mechanisms such as mediation.

This year we registered three Indigenous Land Use Agreements (ILUA) with Traditional Owners, bringing the total number of registered ILUAs for the project to seven. We also have nine Cultural Heritage Management Plans in place.

This year we received 12 complaints from landholders related to land access and compensation issues. These were managed by LRAs through our complaints handling process and resolved during the financial year.

Creating shared value

Where possible, we work with local landowners to create shared value by generating economic value in a way that benefits landowners as well as Origin.

As the Upstream operator of Australia Pacific LNG, we launched the innovative *Water to Landholders* program in April 2014. This program provides beneficial use of treated CSG water to increase agricultural productivity and provide economic certainty for those participating landholders. As part of this program, the Fairymead Road Irrigation Pipeline began delivering treated water to 13 properties across an estimated 4,000 hectares of land. The purpose-built 22 kilometre pipeline can deliver up to 15 gigalitres of treated water per year.

In addition, we continued our cattle grazing program in Miles and Spring Gully, where we work with local landholders to run cattle on project-owned properties. We currently have approximately 5,400 cattle grazing on our properties, which are managed in conjunction with local farmers.

Our *Working Together* program provides landowners with an opportunity to carry out basic maintenance around gas infrastructure on their properties. This program is reaching the end of the pilot phase. Eight participants achieved a Certificate III in Rural Operations through training partly funded by the Australia Pacific LNG project. Certified Working Together participants are now equipped to undertake future project-related maintenance on their properties and create additional on-farm income.

Image above [The Fairymead Road Irrigation Pipeline project](#) – an innovative program providing treated water to local farmers to increase agricultural productivity.

KEY LEGISLATION, PROJECT CONDITIONS AND CODES GUIDING OUR DISTURBANCE APPROVALS

- ▶ Coordinator-General's Report
- ▶ Environmental Authorities
- ▶ Environment Protection and Biodiversity Conservation (EPBC) Act 1999 (Cth)
- ▶ Nature Conservation Act 1992 (Qld)
- ▶ Petroleum & Gas (Production and Safety) Act 2004 (Qld)
- ▶ Land Access Code, Queensland Government, November 2010
- ▶ Aboriginal Cultural Heritage Act 2003 (Qld)
- ▶ Native Title Act 1993 (Cth)
- ▶ Water Act 2000 (Qld)
- ▶ CSG Water Management Policy, Queensland Government

WATER AT A GLANCE

OUR PURPOSE

Appropriately manage our impacts on water resources and ensure water security for our business and other water users.

Laws and regulations

Water management is governed by extensive federal and state laws and regulations, including the Water Act 2000, EPBC Act and Queensland's CSG Water Management Policy.

Our additional actions

Origin developed an integrated water distribution system linking the Talinga and Condabri water treatment facilities to supplement existing irrigation and provide water for new irrigation across 13 properties.

Our approach

Our management program for water is governed by strict conditions imposed by law, and we make additional commitments that extend beyond the law.

Our performance

As at 30 June 2014, we treated a total of 4,906 ML of CSG water, of which 75 per cent was redirected to beneficial uses.

Origin, as the Upstream operator of Australia Pacific LNG, has consulted widely with local communities and governments to determine the preferred uses for treated water in our area of operation.

PROTECTING WATER RESOURCES

In Australia, water use attracts great interest, focus and discussion. We understand the importance of safe and efficient management of this resource in our project development and operations.

In addition, Origin manages water as a valuable resource in its fuel and electricity generation businesses and activities, including gas production and power generation. The way we use, re-use and dispose of water is of considerable interest to our stakeholders and we take our responsibilities for water management seriously.

Our management program for water is governed by conditions imposed by law. Further, we collaborate with stakeholders on water management to help maximise the value of the water we use and produce. We engage with concerned parties, and listen, inform, and provide appropriate evidence of our water use and associated impacts. We work closely with governments and scientific organisations to develop and implement ongoing research and monitoring programs to quantify and predict the potential for environmental risks associated with our water use.

The vast majority of our water use and management at Origin takes place in our LNG and Energy Markets divisions, and specifically in our extraction of CSG and at our Eraring Power Station near Lake Macquarie.

Coal seam gas and water

The production of CSG requires the lowering of water pressure within the coal seams through the extraction of some groundwater to allow gas to flow to the surface. The water naturally contains elevated salt levels, which generally means that it needs to be treated before it can be considered for other potential uses. A small portion of the extracted water is used for project purposes while the vast majority is treated and supplied for beneficial use.

Drawing on our extensive CSG experience of over 16 years, and incorporating science-based investigations and assessments, we manage water for the Australia Pacific LNG project by:

- studying underground water systems;
- drilling wells which extract water and gas from coal seams;
- pumping extracted water, which is typically brackish, up the wells and via gathering pipelines to our water treatment facilities;
- treating the extracted water at our water treatment facilities to remove the salt and purify it to Australian drinking water standards; and
- providing the majority of the treated water for beneficial use.

Hydraulic fracture stimulation

Hydraulic fracture stimulation technology, or fraccing, as it is commonly referred, is used to improve the flow of gas from coal seams.

It is a well established, tightly regulated technology that has been used safely to improve production around the world for several decades.

It involves pumping a fluid mixture of predominantly water and sand under pressure through the wells to open up existing rock fractures and create better pathways for gas to flow to the surface.⁽¹⁾

In areas of low permeability in the rock, this process can unlock productivity potential, convert a non-productive well into a productive one and increase the drainage area of each well.

The Queensland Government regulates this process and the additives used in fraccing fluids. We comply with regulated processes and implement specified monitoring conditions. To ensure compliance, we have developed and apply stringent procedures for this process.

Make Good agreements

Government legislation has established a process to monitor groundwater impacts associated with the CSG extraction process. CSG related water extraction is not expected to significantly impact on farm groundwater supplies, as those supplies are typically separated from coal seams by hundreds of metres of low permeability rock. However, in some cases CSG activity could affect bore water levels in specific areas.

As a result, we are required to rectify or "Make Good" in advance any impact on landholders' water supplies and their operations. This is done on the basis of water modelling projections.

As at 30 June 2014, five Make Good agreements have been signed and 17 were being negotiated with landholders.

Water treatment

Water brought to the surface as part of producing CSG is separated from the natural gas and pumped to our water treatment facilities.

The water sent to a water treatment facility is treated via filtration and Reverse Osmosis (RO) to remove dissolved salts and impurities. RO is a process that pushes water at high pressure through very fine membranes. The membranes essentially trap salt and other impurities on one side and allow clean water to pass through. RO is also used to purify drinking water in Australia.

Origin pioneered the adaptation of RO technology to treat water that comes to the surface from CSG production and was the first company to apply it in Australia's CSG industry.

The treatment process recovers approximately 85 per cent of produced water volume as clean water, which is suitable for a range of beneficial uses. In FY 2013, there was 4,632 ML of produced water from 269 operating wells.

In FY 2014, we more than doubled our operating wells to 546 and increased our total produced water by just over 44 per cent to 6,691 ML.

Beneficial use

Origin, as the Upstream operator of Australia Pacific LNG, has consulted widely with local communities and government to determine the preferred uses for treated water in our area of operation. A combination of water management solutions is used across our operations. In the existing Talinga and proposed Condabri water treatment facilities, the majority of treated water is being supplied for irrigation. In the western fields, the existing Spring Gully and proposed Reedy Creek water treatment facilities overlie beneficial aquifers which will be replenished with treated water through injection. A portion of the treated water is also used for project purposes.

(1) For a full listing of fluid mixtures, please refer to Origin's online Sustainability Report: originenergy.com.au/sustainability

In FY 2014, we treated a total of 4,906 ML of CSG water, of which 75 per cent⁽¹⁾ was redirected to beneficial uses including irrigation, construction activities and potable drinking water in our accommodation facilities.

Water to landholders

Origin has constructed an integrated water distribution system, working with local landholders near our Talinga and Condabri operations, which links the Talinga and Condabri water treatment facilities. The purpose-built Fairymeadow Road Irrigation Pipeline supplies treated water to local participating landholders which supplements both existing and new irrigation and stock watering. This scheme was commissioned in April 2014 and provides irrigation water to an estimated 4,000 hectares.

In FY 2014, the volume of treated water provided for agricultural purposes was 2,927 ML, an increase of 2,338 ML, almost four times more than the previous reporting period.

Aquifer injection

Aquifer injection offers the potential to replenish aquifers using treated water and potentially offset some groundwater level declines that have occurred over the last 100 years.

Prior to injection, this water is treated by RO or filtration, or a combination of both, to a standard where the quality is equivalent to that of the groundwater in the aquifer.

The Australia Pacific LNG project is currently undertaking injection trials in various aquifers to understand the feasibility of aquifer injection at selected locations.



Releases to local waterways

Our beneficial use schemes are also designed to meet the CSG water policy and our regulatory obligations while protecting environmental values of local watercourses. Our beneficial use schemes are also designed to minimise any discharges to creeks or waterways.

At present, we have approval for releases to waterways which take into account a number of factors including available facility capacity, facility upset, weather, environmental flows in the water course and beneficial use availability.

We monitor creeks quarterly at sections upstream and downstream of our release points under a Receiving Environment Monitoring Program regulated under the Environmental Authority. This program is designed to protect ecological values and offer baseline data to monitor trends over time.

To date, no harmful site impacts have occurred. In FY 2014, releases to rivers reduced by 38 per cent to 1,224 ML.

on local roads by reducing water truck movements in and around local communities.

In the 12 months to 30 June 2014, 696 ML or 14 per cent of the treated water from CSG production was used in construction activities. This compares with 553 ML in the previous reporting period.

Brine management

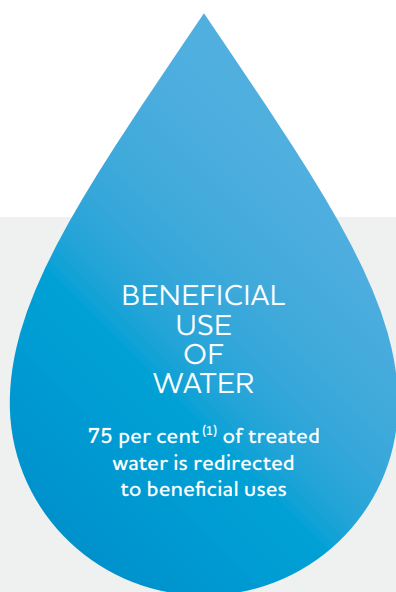
The brine that is separated from treated water during the RO process is stored in specifically designed and lined brine ponds. The base case for the management of brine generated from our water treatment process, as identified in our approved Environmental Impact Statement (EIS), is the crystallisation of salts and disposal of the salt in a suitably designed landfill which is disposed of under strict regulations. We continue to evaluate other brine management options. While these investigations are underway, brine ponds provide a stable solution.

Re-use of water in construction and operations

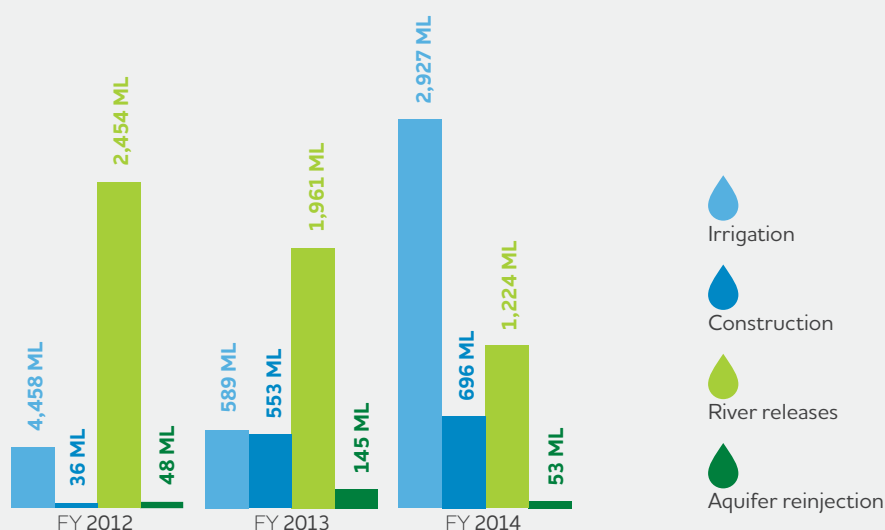
As Australia Pacific LNG facilities come online, we can use groundwater or treated water from our facilities to minimise use of water sourced from local communities. This beneficial use minimises the impact of the development on local water resources, and minimises transport

Image above [David Fry, Deputy Project Director, Integrated Water Delivery at the Condabri Water Treatment Facility.](#)

(1) Excludes treated CSG water used in camp accommodation facilities.



Water Management



Electricity produced from gas produces 50-70 per cent less greenhouse gas emissions than current coal-fired power generation facilities.⁽¹⁾

GLOBAL ENERGY DEMAND WILL INCREASE BY

50%

in the next 30 years due to strong economic growth.

- (1) Data sourced from apea.com.au/industry-in-depth/policy/greenhouse/how-natural-gas-can-minimise-greenhouse-emissions.
- (2) eia.gov/forecasts/ieo/world.cfm (International Energy Outlook 2013)
- (3) ipcc.ch/publications_and_data/ar4/wg3/en/ch4s4-3-1.html (IPCC Climate Change 2007: Working Group III: Mitigation of Climate Change).
- (4) Data sourced from Greenhouse Gas Emissions: Study of Australian CSG-to-LNG, WorleyParsons, April 2011 and Origin estimates, April 2012.

Generation

In our electricity generation business, water is used in the operation of our coal and gas fired power plants. We have regulated licences for the extraction of water from aquifers or rivers.

Within our generation business, the Eraring Power Station (Eraring) in New South Wales accounts for the majority of our water use.

Eraring is located approximately two kilometres north of the town of Dora Creek on the western shores of Lake Macquarie. It has a generation capacity of 2,880 MW and is the largest power station in Australia.

Eraring uses water for operations, fire services and domestic use, and utilises lake water for cooling. It was one of the first power stations in the world to use recycled water, which is further treated to become ultra pure water used in the production of electricity.

The power station was designed to take salt water from Lake Macquarie as cooling water, minimising the impact on municipal or other fresh water sources. Following its use, this water is returned to Lake Macquarie with minimal evaporative losses. This design becomes particularly important during periods of water scarcity and, as a result, the power station has comparatively lower impact on the community compared with inland power stations reliant on other water supplies.

Water at Eraring is managed in accordance with a documented Water Management Plan.

Water consumption

While some potable water is sourced from the domestic water supply, Eraring also utilises waste water from the Dora Creek Wastewater Treatment Works, the onsite sewerage treatment plant and the Myuna Bay Sport and Recreational Club, which is treated before its use onsite for plant washdown or in the power station units high pressure boilers.

Eraring was transferred to Origin operational control in August 2013. During this period, the volume of water consumed remained in line with that under previous management. We target a maximum water use on site of 100 kL/GWh generated. This year on average, water use on site was 139 kL/GWh, 3.5 per cent lower than the previous year's performance of 144 kL/GWh, reflecting an improvement in production efficiency. In FY 2014, total water consumption at Eraring was 1584.2 ML, representing a 1.8 per cent increase on FY 2013 volumes despite 6 per cent growth in electricity production.

Also, the reliance on potable water decreased as the volume of reclaimed water generated on site increased by 80 per cent from 1.4 ML per day to 2.4 ML per day.

Managed water from Lake Macquarie

The power station sources water for cooling purposes from Lake Macquarie. Once this water has passed through the power station it is returned to the lake. Our licence conditions permit the return of a maximum of 11,000 ML of salt water per day to Myuna Bay via the outlet canal, with a maximum temperature of 37.5 degrees Celsius. In 2014, we operated under that maximum every day of the year and returned an average of 6,684 ML per day, up from an average 6,252 ML per day to Myuna Bay.

CSG-TO-LNG AS A CLEANER FUEL

Strong economic growth in the next 30 years is predicted to increase global energy demand by over 50 per cent,⁽²⁾ with world natural gas consumption expected to increase by 1.7 per cent per year. Increasingly, natural gas supplies will come from unconventional sources, such as shale formations and coal seams. Natural gas is used for electricity generation, industrial applications (as a heat source and for raw materials), for transportation and domestically for heating and cooking.

CSG provides 90 per cent of Queensland's gas needs and 15 per cent of the state's electricity. Origin has worked in regional Queensland for more than 30 years, and for 16 of those years we have been developing and producing CSG.

Electricity produced from gas produces 50-70 per cent less greenhouse gas emissions than current coal-fired power generation facilities.⁽¹⁾ According to the Intergovernmental Panel on Climate Change (IPCC), "natural gas is the fossil fuel that produces the lowest amount of greenhouse gas (GHG) per unit of energy consumed and is therefore favoured in mitigation strategies".⁽³⁾

While the majority of GHG emissions that result from natural gas will occur during the combustion of the gas (78 per cent), there are also some minor sources of GHG emissions that occur as the gas is extracted and processed in both the upstream (11 per cent) and downstream (11 per cent) parts of the process (see diagram below). In this process, only a small proportion of emissions will occur in Australia during the extraction and processing stages.

Lifecycle emissions produced during the CSG-to-LNG process⁽⁴⁾

Upstream: 11%

1 Extraction of the gas from well

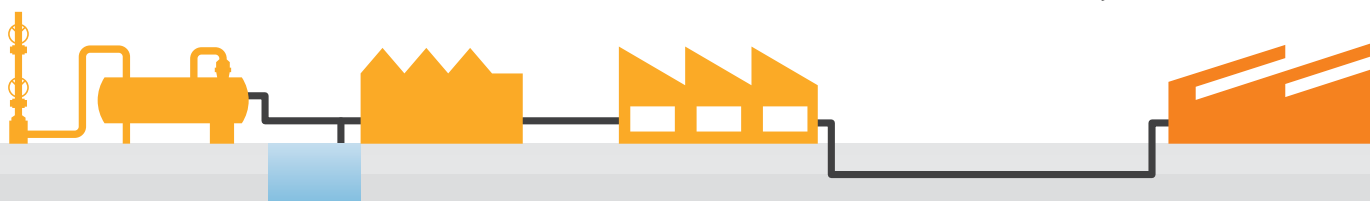
2 Gas and water gathering, and treating water

3 Gas processing plant

4 Main transmission pipeline from gas fields to domestic customers or LNG facility

Downstream: 11%

5 Successive stages of refrigeration cool the gas turning it into LNG



Fugitive emissions

Research from the United States shale gas industry has been reported in a way that has created some uncertainty around the amount of GHG gas emissions resulting from CSG extraction and processing.

As a result, Origin, as the Upstream operator for Australia Pacific LNG, supported a joint Australian CSG fugitive emissions study undertaken by CSIRO to conduct research specific to Australian CSG development. As part of this study, the CSIRO surveyed 43 wells – six in New South Wales and 37 in Queensland – operated by a range of CSG companies including Origin.

The work focused on CSG wells to better understand how asset integrity or activities through the CSG process influence emission volumes. This is the first study of its kind on emission rates from Australian CSG production.

The results of this study were released on 31 July 2014 by the Department of the Environment.⁽¹⁾

The study confirmed that the emissions range is consistent with the current emission estimates for general equipment leaks, and confirms that equipment leaks comprise only a very small proportion of GHG emissions from CSG production. The evidence suggests GHG emissions from CSG production and processing are broadly in line with previous estimates. This confirms that our current approach to estimating minor emissions sources around wells is appropriate and that the uncertainty of the overall emissions from CSG production and processing is relatively low.

Methane seeps in the Surat Basin

Methane seepage from oil and gas basins is a natural phenomenon that has been historically used by oil and gas explorers to identify potential production areas. There is historical evidence of methane seepage in Australia Pacific LNG development areas in Queensland. We are collaborating with the Gas Industry Social & Environmental Research Alliance (GISERA) on an innovative research program to better understand the emissions rate from methane sources in the Surat Basin. This two-year project began in 2013 and focuses on methane detection and measurement methodology, and the development of a pilot site for detection and measurement.

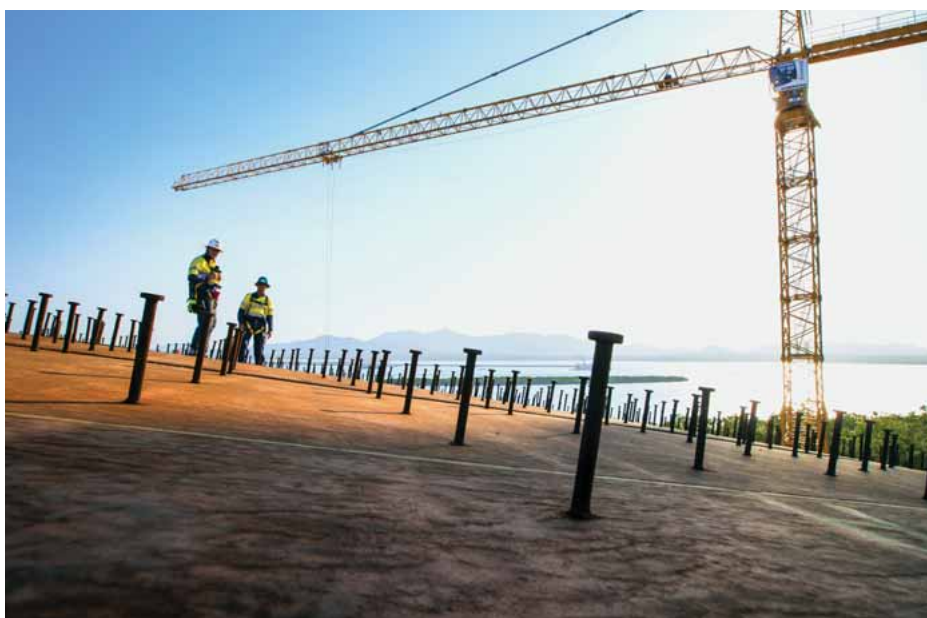


Image above Progress on Curtis Island – working on the roof of the LNG storage tank.

We are also investigating seeps occurring along the Condamine River at four locations along a five-kilometre stretch of the river. These seeps were identified by local landholders after heavy flooding on the Condamine River subsided. Discussions with landholders suggest that at least one of these seeps may have existed for decades. In early 2013, the Queensland Government released its Technical Report into the Condamine River Gas Seep Investigation.⁽²⁾ This report found no evidence of safety risk or detrimental environmental harm.

On behalf of Australia Pacific LNG and in conjunction with QGC, Origin is managing a multi-stage investigation to learn more about possible causes of the seeps. The investigation is supported by the Queensland Government's CSG Compliance Unit and our own team of sub-surface specialists.

- (1) This report can be viewed at csiro.au/Outcomes/Energy/Fugitive-emissions-from-coal-seam-gas.aspx
(2) dnrm.qld.gov.au/mining/coal-seam-gas/compliance/investigations/condamine

CSIRO's fugitive emissions study, which included sampling of Australia Pacific LNG's wells, operated by Origin, confirmed the overall emissions from CSG is relatively low.

6

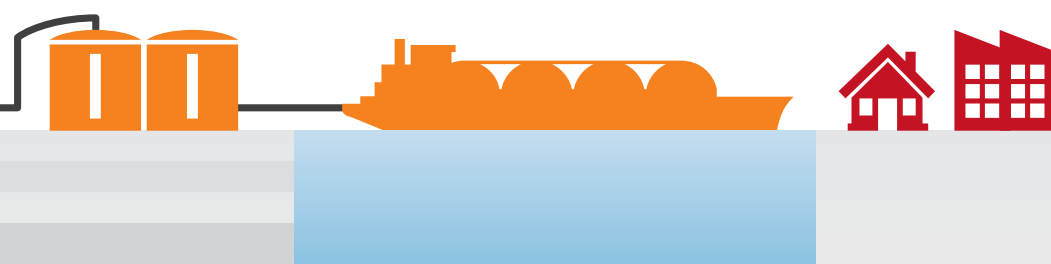
LNG is stored in tanks

7

LNG is exported in purpose-built ships

8

Overseas the LNG is regasified and used to fuel power stations, industrial and residential use



End use: 78%

COMMUNITY IMPACT AT A GLANCE

OUR PURPOSE

Minimise our impact on communities in association with the Australia Pacific LNG project.

Laws and regulations

The Queensland Coordinator-General approved Australia Pacific LNG's EIS and Social Impact Management Plan with strict conditions and these form the basis of our approach.

Our additional actions

Worked with CSIRO to establish GISERA, a major research project into the socio-economic impacts associated with the CSG industry.

Our approach

Followed a rigorous process outlined in our Community Directive which includes community engagement, impact assessment, mitigation strategies and ongoing monitoring and reporting.

Our performance

\$90 million for road infrastructure agreements with state and local governments have been executed.

\$20 million upgrade to the Miles Aerodrome completed.

Affordable housing project about to commence construction in Roma, following delivery of Miles housing project.

IMPACT ON COMMUNITIES

Managing our impact

Many of our operations are located in rural and regional areas and involve construction and operation of large-scale infrastructure such as gas processing facilities, pipelines and power stations, as well as smaller scale infrastructure such as CSG gas wells.

On every project, we listen to people living near our operations to address community concerns, respond to identified community needs and take action to mitigate the impact of our operations. Our Community Directive guides how we interact with local communities, manage impacts and contribute to development.

We actively seek feedback and provide formal mechanisms for recording and responding to complaints. Australia Pacific LNG received 195 complaints from the community relating to Upstream activities during the 12 months to 30 June 2014. Origin's separate Exploration & Production business unit received a further 67 complaints during the year.

Managing project impact on local communities

Finding out what matters to people

Before the Australia Pacific LNG project started, we conducted impact assessments to set the direction for our community impact management programs.

We established three Regional Community Consultative Committees in Maranoa, Western Downs and Banana Shire. These are our main forums for engaging with local communities about our operations.

We hold regular meetings with local governments, government departments and community organisations, attend community events and functions, and advertise in local media outlets to provide communities with information about our activities.

We also invest in research to understand the impacts of the CSG industry on local communities through GISERA, which Australia Pacific LNG established in 2011 with a commitment of \$10 million.

Traffic and transport

As the influx of workers and use of large transport vehicles increases traffic, one of the most visible impacts of the Australia Pacific LNG project is on local roads.

We implement road use management plans, enter into road infrastructure agreements to upgrade affected roads, and repair any infrastructure damage caused by traffic increases.

As at 30 June 2014, Australia Pacific LNG has entered into road-upgrade infrastructure agreements totalling approximately \$90 million with state and local governments.

We contributed \$20 million to upgrade the Miles Aerodrome, which reduces the need for project-related travel on local roads by the equivalent of 1.2 million journey kilometres per year.

Other road safety measures include restrictions on vehicle movements during school bus hours

and the Christmas holiday period, speed limits, and in-vehicle monitoring systems.

Our Land Transport Directive puts in place measures for employees, contractors and suppliers to minimise the risk of traffic incidents, and we contributed to a CSG industry Logistics Safety Code of Practice.

Housing affordability

The scale of the Australia Pacific LNG Upstream project workforce has increased the number of people living in surrounding communities, resulting in rising housing costs and rents.

To mitigate the project's impact on housing affordability, we committed \$1.75 million to a partnership between Horizon Housing and Maranoa Regional Council to develop additional housing in the town of Roma. The Miles Affordable Housing project, in partnership with Horizon Housing, is now fully occupied. In 2013, the project received an Urban Development Institute of Australia award for excellence for its strong community engagement, tenure options and commitment to sustainability.

The majority of our fly-in fly-out workforce is housed in purpose-built accommodation villages, which equates to 6,800 beds. This year approximately 50 workers moved from private rental accommodation in towns to our accommodation villages to reduce our impact on the local rental market.

Improving our performance

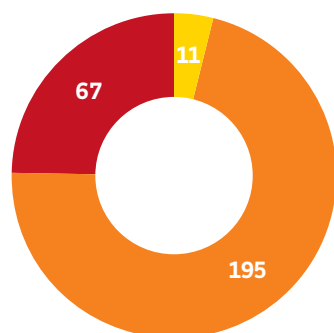
In the 12 months to 30 June 2014, we received 195 complaints relating to Australia Pacific LNG Upstream activities. Almost half of all complaints related to our construction operations, traffic and transport and driver behaviour, reflecting increased construction activity over a wider geographic region. During the reporting period, we achieved a resolution satisfaction rating of 94 per cent.

Ironbark – managing impacts on the community

In August 2013, we received complaints from residents at two properties near Tara in Queensland about an unknown black sticky substance falling on cars, water tanks and roofs. They were concerned this substance came from our Ironbark CSG project.

We engaged directly with the affected residents to fully understand their concerns and engaged third-party specialists to collect and analyse samples from local properties. Tests confirmed the substance was a naturally occurring by-product of insect activity – lerps. Further testing confirmed the quality of the surrounding soil. The soil tested meets the requirements of the National Environmental Protection Measure health based guidelines applied to soils used to grow vegetables or for outdoor playing areas. These tests have since been subject to a scientific peer review which confirmed the testing methodology and findings.

Community complaints per business unit FY14



- Energy Markets
- Australia Pacific LNG
- Exploration & Production

SHARING ECONOMIC BENEFITS

Creating value for communities

The Australia Pacific LNG project in Queensland is our largest project, and creates economic value for local communities by:

- employing a number of workers;
- procuring goods and services from local suppliers;
- investing in local infrastructure and regional development; and
- paying taxes and royalties.

Origin's approach to economic benefit distribution is outlined in our Community Directive. We tailor our investment to match the specific needs and aspirations of the communities in which we operate.

Local businesses and other community members are keen to participate in our projects through employment or as suppliers of goods and services. While we strive to meet these aspirations, we also recognise that businesses in small, regional communities cannot always meet the demands of large-scale energy projects.

Origin takes a sustainable and long-term approach to providing value to local communities. We want to ensure the regions in which we operate can sustain themselves as well as our operations during and after every project.

Procuring local goods and services

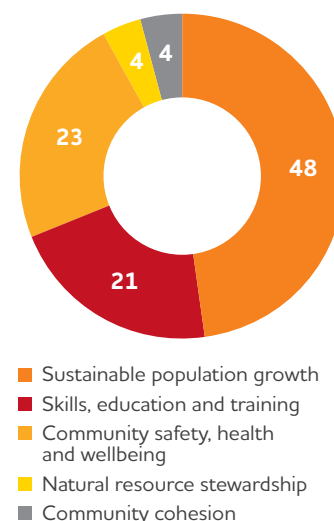
Australia Pacific LNG's Local Content Policy and associated strategy provide opportunities for local businesses to participate in the project. The strategy includes training and development initiatives to build capability in local businesses.

Australia Pacific LNG employs a dedicated team to implement our Local Content Strategy.

Since 2010, we have conducted 46 supplier information sessions in regional towns and capital cities in Australia, with a total of 5,787 attendees representing 1,658 different organisations. Of these, 690 (42 per cent) are registered as project vendors. At 30 June 2014, 980 suppliers had used the Tier Barometer Assessment Tool and 2,510 were registered on our supplier portal.

At 30 June 2014, expenditure on the Australia Pacific LNG project had reached \$21.0 billion. A significant proportion of Australia Pacific LNG's expenditure has been incurred on goods and services in Australia, including local communities and infrastructure.

Community investment by Australia Pacific LNG to 30 June 2014 (%)



Australia Pacific LNG's first choice of suppliers for goods and services are from local Surat Basin regions, as well as broader Queensland and Australia.

Family businesses, like fourth generation farming family the Wickhams, are among many thousands of local, regional and national businesses which directly and indirectly provide goods and services to the project.

Wickhams Farms Killarney, an Australian owned and family operated company, supplies fresh peeled and pre-cut vegetables to worker camps through the Compass Group.

Wickhams Farms Company Secretary, Kerri-Ann Lamb, said the family has been farming in Queensland since 1960 and has created a proud tradition that spans four generations.

"We pride ourselves on delivering the freshest produce. Our pre-cut locally grown vacuum sealed produce has a shelf life of up to 10 days which has been well received by the camps," Kerri-Ann said.

MAKING A DIFFERENCE IN THE COMMUNITY

Image above Checking the crop (left to right): Wickham farmers Haydn Lamb (in tractor), Peter Wickham and Bryce Lamb, key local suppliers, inspect potatoes destined for project workers' meals.

ECONOMIC BENEFIT DISTRIBUTION AT A GLANCE

OUR PURPOSE

Share economic value generated by our operations and development projects.

Laws and regulations

The Australia Pacific LNG EIS and the Queensland Government Coordinator-General's report on the EIS guide how we create value from our activities.

Our additional actions

We employ a dedicated Local Content Team, hold supplier Information Sessions, and our Tier Barometer Assessment Tool helps suppliers assess their capabilities and what they need to do to tender for work.

Our approach

A Local Content Strategy guides how we create opportunities for local businesses to participate in the Australia Pacific LNG project.

Our performance

As at 30 June 2014, expenditure on the Australia Pacific LNG project had reached \$21 billion. To date, approximately \$10 million has been spent on community investment in the Surat Basin region.

There are 765 Origin employees working on sites in the Surat Basin, and 222 of these people live locally.

Encouraging local employment

Origin is a major regional employer with around 765 Origin employees working on Australia Pacific LNG at sites in the Surat Basin.

Our Surat Basin Live Local financial incentive encourages permanent employees to relocate to the region. At 30 June 2014, 222 Origin employees lived in the region.

Creating lasting value through regional investment

Our regional community investment programs are designed to support sustainable population growth; the development of skills, education and training; and community safety and wellbeing, natural resource stewardship and community cohesion.

To date, we have spent approximately \$10 million on community investment in the Surat Basin region.

This year we committed to five major community investment projects with a total value of \$1.5 million.

Health Research Partnership with the Wesley Research Institute: This partnership, funded by Origin and Australia Pacific LNG, conducts research into regional health issues to better inform private and public investment in health improvement initiatives. As Upstream operator, Origin committed \$500,000 towards this partnership.

Queensland Fire and Emergency Services (QFES): There are communications black spots that QFES and other emergency services experience between the towns of Roma, Injune, Taroom, Wandoan and Mitchell. This initiative aims to address these black spots by installing communications equipment on existing towers across the region. Australia Pacific LNG has committed \$100,000 in funding to this initiative.

Roma Community Hub: Australia Pacific LNG is partly funding the construction of the Roma Community Hub to centralise the delivery of community services into one location, contributing \$500,000 to this initiative.

Community Support programs: These programs support community centres in Miles and Chinchilla. Australia Pacific LNG has contributed \$225,000 to this initiative.

Community Centre Capacity Building: To cater for increased demand for services during the project's period of peak impact, this initiative supports community centres in Chinchilla, Miles, Dalby and Tara. The program aims to build governance capability and funding sustainability. Australia Pacific LNG has committed \$188,000 in funding to this initiative.

In FY 2014, we continued to work with government, regional councils and local communities to deliver projects that we committed to in previous years.

Origin's long-running *Community Skills Scholarships* program has entered its eighth year. At 30 June 2014, we had supported more than 133 local apprentices by funding scholarships with a total value of \$1.8 million. We partner with local businesses to provide apprentices with financial support to retain skills needed in the gas fields and pipeline communities including Miles and Chinchilla. The program provides \$13,500 (before tax) in scholarship payments to local apprentices of all ages in non-energy related jobs.

The upgraded Chinchilla Community Kindergarten opened its doors in March 2014, doubling its intake capacity from 44 to 88 children per year. Australia Pacific LNG contributed \$400,000 towards construction costs for this upgrade.

Origin and the Queensland Government are also supporting the Western Downs Regional Council to deliver the Miles water and sewerage network upgrade. The project is expected to be completed in the final quarter of 2014. Australia Pacific LNG contributed \$1.29 million towards the \$4.3 million upgrade. The project provides additional capacity to meet population growth, and alleviates pressure on the town's treated drinking water supplies through a recycled water scheme. The Miles Golf Course will be the first local business to use the recycled wastewater.

Together with three other joint venture members and Education Queensland, *Origin's Schools* program aims to increase student interest in science, engineering, mathematics and technology. The \$400,000 schools program is in its first year of operation and is being delivered in 35 state schools and six independent schools throughout the Surat Basin, from Dalby to Roma and surrounding communities.

The program involves students working together on a science-based school research project, culminating in an all-schools science conference and competition in Toowoomba. Postgraduate research students and industry ambassadors, young technologists and engineers will visit schools to help students with their research projects, while university specialists will stage science demonstrations at participating schools.



Image left Community Skills Scholarship winner and Queensland School-based Apprentice of the Year Gemma Hartwig from Dalby.



ROMA AIRPORT AND MILES AERODROME

Image above First arrivals Origin operations workers Bob Foster (left) and John Downey are welcomed by Corporate Air Captain Eric Sharp as the first passengers to arrive at the upgraded Miles Aerodrome.

Improvements to both Roma Airport and Miles Aerodrome have played a key role in helping to minimise community concern about traffic impacts and road safety.

To deliver a significant reduction in the number of project-related vehicles on local roads, Origin (on behalf of Australia Pacific LNG) completed a \$20 million upgrade to Miles Aerodrome in October 2013.

We also committed additional funding of \$500,000 to Maranoa Regional Council for further upgrades to Roma Airport, taking the total contribution to \$1.5 million.

The Miles Aerodrome upgrade project involved extending, widening and strengthening the runway and adding a new pavement surface designed to handle larger aircraft. This allows larger commercial flights to operate from Miles and adds to the region's growing air transport infrastructure.

Western Downs Regional Council Mayor, Ray Brown, said the upgraded aerodrome provided the local community with valuable, high quality infrastructure that will support local regional economic development for many decades.



CHINCHILLA COMMUNITY KINDERGARTEN

Image above Five-year-old Cooper Scorgie enjoying the new Chinchilla Community Kindergarten opened by Australia Pacific LNG and Queensland Government.

Five-year-old Cooper Scorgie is one of around 80 children enjoying the new Chinchilla Community Kindergarten this year.

The new kindergarten opened in March, to the relief of local families who have had children on waiting lists for over two years.

The \$1.2 million kindergarten became a reality after the Queensland Government backed Australia Pacific LNG's funding commitment of \$400,000 with a further \$800,000.

Cooper's mum Tamara is enthusiastic. "The new kindy is fabulous," she said. "There's so much more space, it's really open and the outdoor area is just great."

Speaking on behalf of Australia Pacific LNG, Origin Community Relations Manager Scott Bird said the financial contribution was another tangible way the project was able to support local communities in the gas fields.

"We are delighted to play a role in bringing a bigger and better community kindergarten to Chinchilla, which will benefit families living and working in the region."

The new kindergarten is now located in a flood-free, dedicated education zone on land acquired from St Joseph's Catholic School on Colamba Street, Chinchilla.

Our business supported a number of ecological research programs during the year. We also continue to support terrestrial and marine biodiversity research through GISERA.

Image below Otway Gas Project (Thylacine), the location of the Astrolabe 3D seismic survey timed to occur outside of the marine animals calving and migration period.



BIODIVERSITY

Biodiversity refers to the variety of life forms in a particular area, including plants, animals, micro-organisms and the ecosystems they comprise.

We are committed to minimising impact to the biodiversity of the areas in which we operate. Our operations span a large geographical spread of marine and terrestrial environments. Biodiversity values in these areas are protected by government regulations and monitored by our stakeholders.

Biodiversity management at Origin

Prior to work starting, it is our standard practice to analyse the potential biodiversity impact of our projects. If risks to biodiversity are identified, we develop and implement mitigation measures or offsets to reduce the risk of biodiversity loss to an acceptable level guided by our environmental approvals.

Our 2014 performance

Exploration & Production

During the reporting period, our projects posed no material danger to threatened species and ecological communities, with regard to biodiversity impact (as determined by the *Environment Protection and Biodiversity Conservation Act 1999* (Cth); or International Union for Conservation of Nature (IUCN) Red List of Threatened Species.

In addition, there were no activities or incidents that materially impacted biodiversity in any project areas.

During the year, we undertook the Astrolabe 3D seismic survey in the offshore Otway Basin in Victoria. This area is a potential habitat for five threatened marine mammal species including the IUCN-listed blue whale (*Balaenoptera musculus*) and southern right whale (*Eubalaena australis*).

To reduce the potential for interactions with these marine animals, we timed the survey to start after the southern right whale calving season and finish before the peak of the blue whale migration period. As part of the survey,

four experienced marine mammal observers took part and were authorised to stop the survey if whales were sighted within defined distances from the acoustic source.⁽¹⁾

Our business has also supported a number of ecological research programs during the year. These included a study by the International Association of Oil and Gas Producers on the effects of sound generated by the offshore petroleum industry on marine life, and a study by the Fisheries Research and Development Corporation on the impact of marine seismic surveys on southeast Australian scallop and lobster fisheries.

Australia Pacific LNG

As the Upstream operator of the Australia Pacific LNG project, our operations cover approximately 570,000 hectares of the lower east corner of the Brigalow Belt in Queensland. The region includes a wide band of Acacia wooded grassland between coastal tropical rainforest and the semi-arid interior of Queensland. It is regarded as one of the most ecologically transformed areas in Australia due to varying historical land use and is active with agriculture, mining and transport.

The Brigalow Belt supports a wide variety of different vegetation communities which provide habitat for threat-listed flora and fauna species, as well as broader ecological communities. Through design and operation, Origin implements threatened species management plans for:

- 48 threatened fauna species;
- 18 threatened flora species; and
- 7 threatened ecological communities.

The most intensive and long-term impact of the project on terrestrial vegetation communities and associated fauna species will come from the clearing of remnant vegetation for wells and infrastructure.

The Australia Pacific LNG project operates in accordance with detailed and documented approvals relating to environmental and social regulation.

These approvals have been issued by regulatory bodies following an EIS process and extensive consultation with community and other stakeholders, and address identified environmental and social risks.

All disturbance activities associated with the Australia Pacific LNG project are subject to a rigorous assessment process which includes both desk-top and field-based activities. All disturbance is assessed for compliance against regulatory approvals and is also ground-truthed in the field to ensure that, where possible, impacts to identified environmental values are avoided or minimised to realise best-practice environmental outcomes. In terms of preserving biodiversity values, we aim to avoid, mitigate and, as a last resort, offset impacts.

(1) More information on our surveys can be found on our online fact sheets: originenergy.com.au/files/Otwayexplorationfactsheet.pdf

Fire management and protection of biodiversity

Fire-management regimes are critical to conserving the fire-prone vegetation covering most of Australia. Fire-prone grassy woodlands dominate the CSG development region, and the CSG industry has identified fire management as a main priority.

Australia Pacific LNG supports terrestrial and marine biodiversity research through GISERA. Current projects include:

- priority threat identification, management and appraisal (terrestrial biodiversity);
- fire ecology of grassy woodlands (terrestrial biodiversity); and
- towards an integrated study of the Gladstone marine system (marine environment).

A GISERA research project recently assessed the long-term effect of fire on regional biodiversity and how to best manage the impact of altered fire regimes associated with CSG developments on biodiversity. GISERA's research findings, due in 2015, will help Australia's CSG industry better manage the risks associated with the fire-prone grassy woodlands in which we operate.

Offset program

Australia Pacific LNG's offset program is strategic and in line with government recommendations.

As the Upstream operator of Australia Pacific LNG, Origin is creating a strategic offset site to compensate for the project's impact on threatened ecological communities (Brigalow and Semi-evergreen vine thicket), fauna habitat and *cycas megacarpa* (cycads).



To date, two direct offset sites (approximately 112 hectares) on properties owned by Australia Pacific LNG near Miles, Queensland, have been legally protected under the *Vegetation Management Act (1999)* as habitat for threatened plants, *Rutidosis lanata* (a vulnerable daisy) and *Eleocharis blakeana* (a near-threatened sedge).

Australia Pacific LNG has purchased leasehold interests for the 7,890 hectare Dukes Plain property, located near Theodore in Central Queensland, to strengthen areas of endangered Brigalow and Semi-evergreen vine thicket, threatened ecological communities and threatened fauna. The property includes the

3,190 hectare Shankeen Nature Refuge and Australia Pacific LNG is working towards legal protection for an additional 2,000 hectares.

We have finalised negotiations with a landholder regarding 190 hectares of habitat suitable for establishing at least 1,800 cycads.

Image above **Greening Australia Field Officer William Weir (left)** and **Senior Site Supervisor Craig Stokes** planting a cycad.



RAPID RESPONSE TO DRILLING MUD INCIDENT

Origin's rapid response to the discovery of white asbestos (chrysotile) in a drilling mud product in March involved a temporary suspension of drilling operations, environmental sampling, expert analysis of potential health risks and setting up a health surveillance program.

Drilling product supplier Australian Mud Company Pty Ltd (AMC) notified Origin that some imported product used in drilling muds could contain asbestos. The product – called NUTPLUG – is used during drilling to help seal the walls of a gas well to prevent drilling fluids moving sideways when the surrounding rock is porous. Origin took immediate precautionary actions to safeguard employees, contractors, landholders and the environment, suspending activity at 12 Australia Pacific LNG drill rig sites that were operating at the time and quarantining 160 well sites that had potentially used affected NUTPLUG during drilling activities.

Origin notified the government (including the Office of Workplace Health & Safety) of the incident and actions taken for the safe removal of all potential asbestos in line with the Queensland Code of Practice for asbestos removal.

A robust program of environmental sampling, testing and analysis was undertaken where asbestos-affected product may have been used. This included both atmospheric testing and soil testing of over 15,000 samples. Independent accredited third parties have assured various elements of the restoration program.

Medical advice from a range of external experts confirmed that the risk is very low for the vast majority of activities undertaken by our workforce (contractors and employees). Nonetheless, an expert provider in occupational medicine – Medibank Health Solutions – was engaged to implement an accredited and independent health surveillance program from April. All rigs and well sites have been returned to full operations.

Image left **Australia Pacific LNG drilling rigs return to operations having been cleared following a comprehensive and systematic testing process.**

The unique ecology and heritage of Curtis Island will be preserved and protected under a landmark conservation initiative developed by Queensland's natural gas sector.

Collaborative offsets on Curtis Island and Narrows Crossing

The unique ecology and heritage of Curtis Island will be preserved and protected under a landmark conservation initiative developed by Queensland's natural gas sector.

The proposed conservation initiative will cover more than 25,000 hectares of newly protected areas, and has been made possible by funding from Australia Pacific LNG, QGC, and Santos and GLNG.

Working in combination, the companies purchased a former Curtis Island grazing property and associated leases in order to transfer the titles to the Queensland Government and remove cattle from the island, enabling the long-term restoration of environmental values.

The property transfer adds to existing and newly declared areas of national park and conservation areas within the Curtis Island Environmental Management Precinct. It provides a habitat for state and Australian government-listed threatened fauna species including migratory shorebirds, and includes marine and fish habitats and declared wetlands.

The total area of Curtis Island being set aside for environmental protection will be 59 per cent, compared to the 3 per cent used by the LNG projects on the island's southern tip.

The property purchase meets Australia Pacific LNG's offset obligations for our activities on Curtis Island and the Narrows Crossing pipeline project.

Gladstone Healthy Harbour Partnership

In November 2013, Australia Pacific LNG joined the Gladstone Healthy Harbour Partnership (GHHP), along with more than 20 partners representing community, research and industry groups, and local, state and federal governments. GHHP aims to improve community engagement and confidence in health and management of Gladstone Harbour by communicating in plain English without compromising scientific rigour.

Fitzroy turtles

During the year, Australia Pacific LNG provided \$20,000 to extend the Fitzroy River turtle nest protection project. The project is managed by Greening Australia and the Fitzroy Basin Association, and forms part of our indirect offsets program.

The funds contributed to turtle nest coverage during the 12-week breeding season in spring and summer 2013. The project helped reduce predation of turtle eggs by approximately 35 per cent, recorded more than 400 hatchlings and assisted in filling an important funding gap for the project.

Images below **Extending the Fitzroy River turtle nest protection project to help reduce predation of turtle eggs.**



With 4.3 million customer accounts, Origin is the largest energy retailer in Australia. Our customers depend on us to provide a reliable, affordable and sustainable supply of energy to meet their individual demands.

DELIVERING ENERGY

During the year, we saw strong competition in our energy markets business, coupled with changing market dynamics and evolving customer expectations. In delivering customers' energy requirements, we have improved levels of service and engagement, while at the same time recognising that costs and sustainable energy practices also remain priorities.

CUSTOMER CARE

Managing our customer needs

Meeting customer needs is fundamental to Origin's success. Whether through frontline conversations, correspondence, online or other channels, we are committed to listening and managing our customers' questions, issues and concerns. To maintain trust and build the relationships we have with our customers, it is important that we stay responsive to their needs, and continue to invest in both the systems and people that help us provide excellent service.

Listening and responding

To improve and simplify the customer contracting experience, in March 2014 we started to make significant changes to our marketing and sales processes.

Helping to inform these changes were the findings of a survey we commissioned from Galaxy Research. This revealed that only 17 per cent of Australian bill payers felt the energy and utility sector was delivering adequate customer service – placing it behind many other industries. In response to this feedback, we've changed how and when we engage with customers, including:

- removed exit fees from all residential plans;
- extended call centre hours, now operating 7am to 9pm, Monday to Friday;
- opened a series of Customer Service Hubs and a dedicated webpage to listen to customer feedback;
- introduced more flexible payment options for our customers; and
- stopped door knocking and cold calling by Origin at homes for residential sales.

To understand the effect of our customer service improvements, we used email and advertising to proactively seek feedback from customers and received nearly 3,000 submissions via email and an online form. We received positive feedback from customers who appreciated Origin's customer service improvements, as well as some specific suggestions for additional steps we could take. There was also a proportion of respondents that reported issues around our billing and customer service experience. This tells us there is work still to be done, and we will continue to engage and take further steps to improve the way we serve our customers.

We have now completed the multi-year transition of customers to a new SAP customer management and billing system. This new system has enabled operational improvements, with 99.8 per cent of bills issued on time in FY 2014.

To measure customer satisfaction, we make monthly follow-up calls to a sample of customers with whom we have recently been in contact. A more relevant measure than market-based satisfaction surveys, it allows us to further underpin good practice by comparing the performance of different service teams. Customer satisfaction has increased to 70 per cent from 65 per cent in the prior year as our new systems and other customer service initiatives took effect – changes that have generated positive feedback and helped with customer retention.

When customers aren't satisfied, we tend to hear from them. However, this year we have seen a fall in our call volumes, with a substantial decline in customers making multiple calls compared with previous years. In turn, this has contributed to an improvement in our Grade of Service, which is the ratio of calls answered within 30 seconds. This is a key measure of customer service quality. During the year, Origin improved its performance against this measure.

Image below Providing reliable, affordable and sustainable supply of energy to power the appliances of millions of Australians.





Image above We are constantly striving to identify and meet our customers' expectations.

ACTIVE OMBUDSMAN COMPLAINTS DOWN

50%

from over 2,000 to below 1,000 this year.

We provide training to ensure our staff have the skills and knowledge necessary to engage with customers effectively.

Greater efficiency in our billing systems was reflected in the substantial decline in our late bills, which reduced more than 66 per cent from 24,000 at the start of the year to less than 8,000 by the year end.

Working with customers to resolve issues

Through interactions with customers, our staff seek to actively identify and resolve current or potential disputes. To support this, we provide training to ensure our staff have the skills and knowledge necessary to engage with customers effectively.

If customers aren't satisfied with the outcome of an interaction with Origin – or indeed at any time – they are free to refer the dispute to the Ombudsman in their state for enquiry or investigation. In the case of an enquiry, we will work closely with the customer to resolve the dispute. For more complex matters, the Ombudsman may initiate an investigation and seek a written resolution, from which point the process is directly managed by the Ombudsman acting under its charter.

In FY 2014, the level of Ombudsman complaints received about Origin fell to 6.6 per 1,000 customers, compared with 9.0⁽¹⁾ per 1,000 customers in FY 2013. This result reflects a number of recent improvements such as introducing a proactive benefit renewal process and our focus on case management and complaint resolution.

During the course of the year, we also managed to reduce the number of active Ombudsman complaints by more than 50 per cent from over 2,000 to below 1,000.

The major drivers of new Ombudsman complaints continue to be billing issues, including high bills, revised bills, and credit related complaints.

Overcoming barriers to contact

For customers from a non-English speaking background, or those who may have difficulty accessing or understanding information provided by Origin, we:

- provide access to independent and accredited translators. Within the hardship program *Power On*, we provide access to multi-lingual financial counselling and energy auditors;
- print interpreter service contact details on bills in seven languages; and
- provide large print and online versions of bills to assist low vision customers.

Compliance

In September 2013, the ACCC filed proceedings against Origin and one of its third-party service providers, Salmat subsidiary Sales Force Australia Pty Ltd, in relation to our door-to-door sales practices. It is alleged that the members of that company's sales force, on a number of occasions, while representing Origin, made false and misleading statements, breached provisions of the Australian Consumer Law, and alleged that there were several instances of unconscionable conduct and 'undue harassment and/or coercion'.

Origin takes these allegations seriously and the proceedings are ongoing.

SETTING SUSTAINABLE TARIFFS

An important factor in aspiring to meet our customers' expectations for affordable energy is the process by which we set energy tariffs. For mass market customers (households and small-to-medium enterprises or SMEs), energy tariffs are largely determined by retailers (deregulated tariffs).

(1) Revised from 8.0 reported in FY 2013 following completion of the Retail Transformation Program.

In May 2014, the New South Wales Government announced the removal of regulation on retail electricity prices from 1 July 2014. In September 2014, the Queensland Government passed legislation to remove retail price regulation in South East Queensland from 1 July 2015, subject to the legislation taking effect.

Therefore, during the year, the industry moved towards deregulated tariffs in New South Wales and South East Queensland, which brings those states into line with Victoria and South Australia.

In setting tariffs for business and household customers, several factors are taken into account, namely the cost to generate energy, the cost to distribute it across poles and wires and the cost to service customers. These tariffs are typically expressed as cents per kilowatt hour of electricity or cents per megajoule of gas used.

Customer bills also incorporate a supply charge expressed in cents per day. This includes the costs associated with the transmission and distribution of electricity via poles and wires networks, which make up approximately half of a household energy bill. For most network businesses the most they can recover from customers, via retailers, are regulated and set in five-year cycles by the Australian Energy Regulator (AER). To ensure appropriate returns on the long-term investments we make, we model future costs, market behaviour and levels of competition in the market.

We meet compliance requirements for communicating prices and price changes to customers and are proactive in keeping all key stakeholders informed of the amount, timing and reasons for price changes.

Energy prices vary across Australia from state to state and also within some states due to differences in the cost of sourcing and distributing energy within these locations. We forecast these costs when setting tariffs across various geographical zones. The products we offer to customers may then also involve discounts or other benefits to meet customer acquisition or retention objectives.

We understand that multiple and complex tariff sets can be confusing for customers. As a result, during the past few years we have undertaken a program to simplify and reduce the number of tariffs. During FY 2014, we looked carefully at our gas tariffs in South Australia, putting in place a new structure for FY 2015. We reduced the number of tariffs from 10 to two, which resulted in a single tariff for each of our household and SME customer segment.

We've also been progressively eliminating a number of discontinued tariffs that applied to customers that we acquired in New South Wales in 2011 via Country Energy. While some adjustments had been made to those tariffs over the years, some customers were effectively still being supplied with energy that was below cost.

From FY 2015, these discontinued tariffs will be adjusted to current rates, limiting increases to 10 per cent in any given year under a progressive approach, which is designed to help customers adjust to the change. We expect the overall process to take no more than three years.

Competitive discounting and customer experience

While we saw a reduction in volumes in our Energy Markets business during the year due partly to the impact of milder weather, our operational performance improved as demonstrated by an uplift in cash flow, stabilisation of customer numbers, enhanced customer experience and reduced rates of churn.

Compliance

During October 2013, the Queensland Minister for Energy requested that the Queensland Competition Authority (QCA) develop a proposal to amend Queensland's Electricity Industry Code. Subsequently, in June 2014, the QCA amended both the Electricity Industry Code and the Gas Industry Code. This amendment requires that somewhere between 20 and 40 days before the event, a retailer must advise the customer of the discount termination date and their future options. Origin has instituted processes to comply with this requirement. During FY 2014, there was one notable compliance event associated with discount advertising. In May 2014, the ACCC instituted proceedings in the Federal Court of Australia alleging that Origin made false or misleading representations and engaged in misleading or deceptive conduct.

The proceedings are ongoing.

ADDRESSING ENERGY AFFORDABILITY

Understanding energy costs

Historically, Australia has enjoyed some of the lowest cost energy in the world. However, prices have increased in recent years, driven by a range of factors, including investment in the networks of poles and wires and various state and federal government "green schemes".

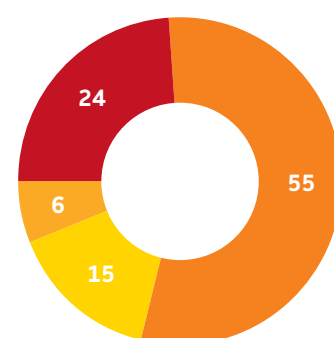
The rapid growth in electricity tariffs in recent years has begun to moderate in most states while at the same time we are witnessing an increase in gas tariffs, driven predominantly by network and wholesale energy costs.

Helping customers in need

We know that the cost of living is a priority for many Australian households. Furthermore, we understand that some customers will have difficulty paying their electricity or gas bills from time to time. In addition to making provisions and arrangements that help customers work through short-term difficulties, we also help customers manage their energy costs so they avoid uncontrollable levels of debt in the long term.

In part this is through putting control back into customers' hands. Through online education programs like *Energy Explorer*, community programs and energy efficiency education in schools, we are informing customers about the drivers of price increases, and showing how energy consumption affects bill amounts. Solutions and services like *My Account*, as well as a greater range of payment options, also give customers greater visibility of their energy use and costs. Meanwhile, Origin's *Power On* program helps identify and assist vulnerable customers who may be experiencing financial hardship.

Costs included in a typical New South Wales electricity bill⁽¹⁾ (%)



- **Networks** Maintenance and operation of the poles and wires
- **Generators** The cost of generating electricity
- **Retail Services** Managing accounts, billing and customer services
- **Government Green Schemes** The national renewable energy target and other state based schemes

(1) Data sourced from New South Wales Independent Pricing and Regulatory Tribunal (IPART) 'Review of regulated retail prices and charges for electricity,' Final Report June 2013 at ipart.nsw.gov.au/home/industries/electricity/reviews/retail_pricing. This data is based on a typical New South Wales bill as at June 2013. Note IPART's estimate of the cost of the carbon scheme has been removed and percentages adjusted accordingly.



CUSTOMER CARE

Image above We are changing the way we do business to better suit our customers.

As an energy provider, we know our customers expect more from us so we are determined to change the way we do business. We have listened to what our customers have said and we are putting them first and implementing a number of changes which are long overdue.

Customer Centricity is about putting the customer first. We ensure our decision making, operations, systems and processes are focused on meeting the needs of our customers.

The **We're changing** campaign will continue throughout 2014 and into 2015, letting our customers, and potential customers know we're changing the way we do business.

We've communicated a number of new initiatives that demonstrate how we're changing our business to better suit our customers – and, that these changes are just the first step.

Flexible payment options

With EasiPay, customers have the option of paying bills weekly, fortnightly or monthly.

No residential exit fees from 31 March 2014

Life can be unpredictable and our customers shouldn't be penalised if their energy needs change.

No door knocking or cold calling by Origin at home

We'll only turn up if customers ask us to.

Longer call centre hours

We're open 7am–9pm weekdays because we recognise our customers are busy.

Another key element in the campaign has been establishing mobile Customer Service Hubs serviced by agents from Origin's Contact Centre. The hubs provide customers with an opportunity to talk to us face-to-face as we visit major metropolitan and key regional areas over the next few months.

The hubs have travelled from Victoria to New South Wales and Queensland to South Australia with more than 500 people taking the opportunity to talk to us about their energy needs – some customers have even travelled more than an hour to talk to us in person.

As well as the hubs, we have invited our customers to share their comments or feedback through a dedicated page on our website.

We received thousands of pieces of feedback with everything from compliments about our customer focused campaign, to issues, complaints and even suggestions for further improvement.

Origin is focused on providing an experience that our customers want and deserve. We've made some changes and these have been well received, and we're committed to continuing to evolve and improve our service model.



DISCOVER
MORE
ONLINE

Raising awareness through energy education

In May 2014, Origin launched a new national brand campaign, *Energy Made Fresh Daily*. This campaign aims to help Australians gain a greater understanding of energy, the role it plays and how it's delivered, given a relatively low awareness of what's involved in delivering energy to households.

Origin also runs an *Energy for Schools* program. Initially focused on safety, the program has been broadened to cover energy reliability and energy efficiency. This program features an online curriculum-aligned resource for teachers and students, a schools competition and roadshow, and covers energy affordability and the basic history, science and economics of the energy industry in Australia.

Our approach to energy education is based on a simple proposition – the more people know and understand about a subject, the more likely they are to feel empowered in making decisions about it. In this case, the decisions can help customers better manage their energy consumption.

As an adjunct to the *Energy for Schools* program, Origin launched the new *littleBIGidea* schools competition during the year. This is a competition for Grades 3-8 that encourages students to create an original invention and win a trip to the USA. The competition closed on Friday 5 September 2014 and received 1,352 entries.

Towards the end of FY 2014, 4,873 teachers were registered with our online energy education resource. In addition, our schools roadshow was taken to 22 schools across the country during the financial year.

The impact of the schools program will be more thoroughly assessed through a teacher's survey which is currently under development. As a result, we will better understand how the information is used and the extent to which students are taking energy information home and sharing it with their families.

Solutions to control energy use and costs

In August 2012, we introduced a new mass market energy management solution *Origin Smart* in Victoria, based on the wide availability of smart meters in that state allowing for remote half-hourly recording of household electricity consumption.

Now accessible via our *My Account* online customer portal, and called *Origin Energy Manager*, the solution allows customers to view their energy use online in half hour intervals. By better understanding their energy use, and their unique household peaks and patterns, customers can make decisions or take steps to better manage their electricity use, and take more control over their bills.

My Account also includes a feature that allows customers to understand and manage energy use through the establishment of a home profile, and this feature is not dependent on smart metering technology, meaning it is available to Origin customers outside Victoria.

Collectively, these solutions are providing customers with unprecedented visibility of how and where they use energy in their home.

During FY 2014, 50 per cent of customers activated *My Account*. Since April 2014, we have been tracking customers who have been using *My Account* and found that 26 per cent of users accessed *My Account* at least once to the end of June 2014.

Our billing and payment options

This year, our focus has been on providing payment options and structured discounts that provide a customer benefit while encouraging them to pay their bills on time.

At any given time, a large proportion of our customers are searching for the best deal. We're able to meet our customer needs by offering competitive discounts. We also incentivise customers to pay bills online and set up automatic bill payments.

We've recently introduced several options to help customers manage their bills. For example, *EasiPay* helps take the surprise out of bills by averaging usage over a 12 month period and providing regular monthly payments instead of quarterly bills that can vary significantly and sometimes surprise customers. This process of bill "smoothing" helps to make household budgeting easier to manage.

The combination of energy management tools and education, discount incentives and multiple payment options provides customers with practical ways to feel more in control of their bills, and have better visibility of household cash flow.

As a result of increased promotion, *EasiPay* now has 235,422 customers. This is up from 171,675 last financial year, partly because we've incorporated the offer into standard call centre procedures so all customers have the opportunity to sign up.

In December 2013, we conducted a survey with our *EasiPay* customers. Over 96 per cent of 771 respondents believe it's less stressful to make smaller payments regularly than larger payments quarterly. Over half of those surveyed chose to make fortnightly payments, 46 per cent have already recommended *EasiPay* to others and 86 per cent say it has helped them budget better.

Towards the end of FY 2014, 4,873 teachers were registered with our online energy education resource. In addition, our schools roadshow was taken to 22 schools across the country during the financial year.

Support for customers experiencing hardship

By law, we're required to design, implement and maintain a customer hardship program. Approved by the Australian Energy Regulator, Origin's *Power On* program identifies and responds to customers experiencing financial difficulty.

We identify customers as potential *Power On* participants when they call us because they're unable to pay a bill or when we call them to discuss payment.

Power On offers payment flexibility, financial counselling, energy efficiency awareness and support and general guidance. We also ensure customers are aware of and able to access relevant government concessions and grants available in each state.

For customers to stay on the program, they must engage with us and keep the agreements we make with them. If they refuse to engage with us or repeatedly break the terms of our agreement, they no longer qualify for the program.

In recent years, the number of disconnections for non-payment has risen, but so too has the number of customers actively involved in payment support through *Power On*.

A customer will not be disconnected while engaged in and meeting the commitments of the *Power On* program.

Running the *Power On* program and dealing with vulnerable customers relies on strong community networks. We maintain close links

with relevant community and customer advocacy groups. These groups provide advice on our policies and processes, and help us understand the issues our customers face.

At 30 June 2014, 20,670 customers were being financially supported through *Power On*, up from 12,008 in the prior year.

During the year, 2,286 of our *Power On* customers reduced their debt to \$0 and graduated from the program.

During the next few years we'll be keeping in touch with customers who have successfully progressed through the *Power On* program, getting in touch with early intervention calls if they fail to meet their payment thresholds and helping them manage their ongoing energy costs with advice and assistance.

In some cases, customers in financial hardship are not aware of what causes high energy bills. During the year, we carried out more than 1,025 home energy audits at no cost to the customer. These audits help our customers identify energy saving opportunities and have provided \$151,070 worth of energy efficiency items including retrofits and replacement appliances.



**"ASK ANNE"
ANNE ARMANSIN**

At Origin, we recognise our customers may need advice on how to better understand and manage their energy use and costs. Origin provides energy efficiency advice and products via a number of channels but we also have a specialist energy expert – Anne Armansin.

As Origin's energy expert, Anne Armansin spends much of her time meeting Origin customers including small businesses, schools, community groups and individual residents, who can sometimes struggle to identify how they can better manage their energy use.

For more than fifteen years, Anne has been directly involved in providing practical, easy to understand advice for millions of customers on how to choose and use appliances and understand their energy usage.

She studies survey results, new and existing appliances, their standards and specifications, tariff details, government publications, energy consumption and weather data.

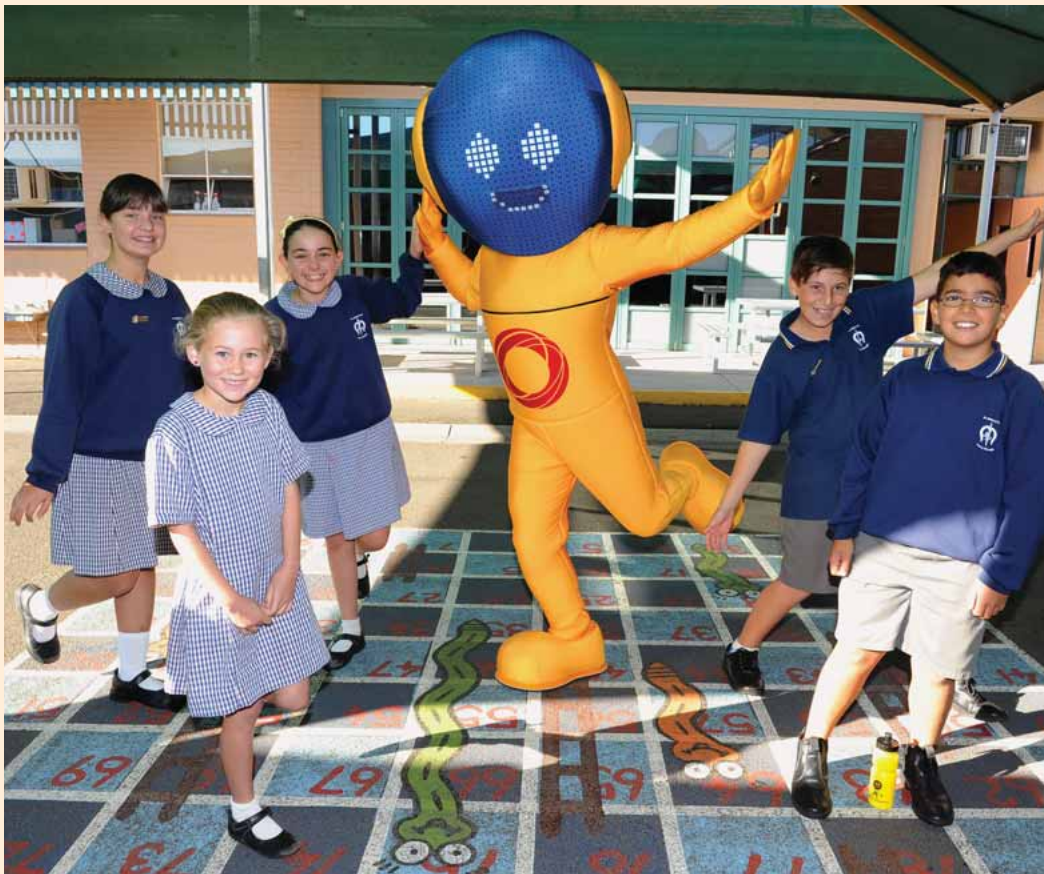
Anne visits customers to conduct on site energy audits as well as analysing customers' bills over a 12 month period, looking for consumption patterns and seasonal impacts so that she can offer advice about their usage and be on the lookout for solutions.

"My job is to help Origin's customers cut the waste. Many people have very old heating and cooling appliances which are very inefficient and they can cost a lot of money to maintain.

I help our customers identify where energy is being used and where they could make savings, for example with air-conditioning systems, hot water tanks, light bulbs, freezers and appliances running on standby."

Origin aims to provide information and solutions which allow customers to feel more in control of their energy use and make informed choices. These choices may mean improving efficiency, saving money or reducing their carbon footprint. In an environment where the average number of appliances per household has increased, and many use standby power at any point in time, Origin is providing consumers with the tools that can enable greater insight and understanding of their energy use and help them manage their bills.

Image above Origin's energy expert, Anne Armansin, advises how to better manage energy use.



ENERGY FOR SCHOOLS

In 2003, Origin realised there was little information available to schools in Australia about energy. We wanted to help people become energy aware and understand how important energy is to our lives, so we created a schools education program.

Now in its 12th year, Origin's *Energy for Schools* program is taught in nearly half of all Australian primary schools and has reached more than half a million students. As the only energy company that offers a free energy education resource that aligns with the national curriculum, Origin aims to inform and inspire our next generation to be more energy aware.

The program incorporates free online resources to educate students and their families on different energy sources, how to be more energy efficient, and how to minimise greenhouse gas emissions.

The success of *Energy for Schools* is evidenced by the 4,800 teachers and parents who subscribe to our website.

To bring the program to life in the community, we launched a schools show in 2011, featuring our mascot Energy Bob. The 30 minute show is now performed at many schools throughout the country.

Much has changed since the program was launched, which is why, in November 2013, we surveyed our database of teachers to hear their thoughts about the program. Based on the feedback we received, we have updated the program content and aligned it with the Australian schools curriculum while also extending the program to cater for three levels – grades three and four, grades five and six and years seven and eight – making it easier for students and teachers to find the information they need in a form that is appropriate to their particular class.

In February 2014, the updated *Energy for Schools* website was launched, providing free content for teachers, parents and students to learn how they can be energy smart around the home, as well as information about different types of energy sources.

Image above Students from St Gabriel's Primary School Reservoir Victoria learning about all things energy with Origin's *Energy for Schools* mascot, Energy Bob.

Now in its 12th year, Origin's *Energy for Schools* program is taught in nearly half of all Australian primary schools and has reached more than half a million students.

EMISSIONS AT A GLANCE

OUR PURPOSE

Manage, measure and report on emissions associated with our activities.

Laws and regulations

National regulation governing emissions reporting includes the *National Greenhouse and Energy Reporting Act 2007*, the *Clean Energy Act 2011* and National Environmental Protection Measures.

Our additional actions

Each year we voluntarily report our emissions to the Carbon Disclosure Project and have been doing so since 2007.

Our approach

We have built a portfolio of low carbon power generation assets including natural gas and renewables.

Our performance

Our GHG emissions performance data will be available on our website after 31 October 2014.

Image below Eraring Power Station – one of the most efficient and low carbon intensity coal-fired power stations in New South Wales, supplies one quarter of New South Wales power requirements, making it critical to maintaining a reliable supply of energy across that state.



EMISSIONS

In the process of providing customers with a reliable energy supply, Origin consumes energy. As a result, we produce and release emissions into the atmosphere. The impact of these emissions, how we manage them, and the steps we take to minimise emissions are of interest to some of our stakeholders.

In addition, customers are increasingly aware of how their patterns of energy consumption can impact emissions. We have a role to play in both managing our own emissions, and in helping our customers adopt more sustainable patterns of energy consumption through our products and services.

Our portfolio

Electricity generation

Origin operates seven natural gas-fired power stations across New South Wales, Queensland, South Australia and Victoria. When used for electricity production, natural gas produces less carbon emissions than a typical coal-fired power station. Combined cycle gas turbine technology, such as that used at Darling Downs Power Station produces less than half of the carbon emissions of a typical coal-fired power station.

We also operate Australia's largest power station, Eraring, which is one of the most efficient and low carbon intensity black coal-fired power stations in New South Wales. It supplies 25 per cent of the power in New South Wales, making it critical to maintaining a reliable supply of energy across that state.

In addition, under long-term contracts, we have a 50 per cent interest in three co-generation plants, a process that recovers wasted heat from natural gas-powered engines, to supply electricity and steam.

Origin has an extensive portfolio of more than 1,200 MW of owned and contracted renewable energy. In 2009, Origin completed its first wind farm at Cullerin Range in New South Wales. Stockyard Hill Wind Farm in Victoria is one of Origin's most significant wind development options. Origin also contracts a large amount of wind power from other wind generators to meet the green energy demands of our customers.

Gas production

Origin operates several major gas producing facilities in Australia (Bass Gas, Otway Gas, and Australia Pacific LNG) and New Zealand (Kupe Gas).

Other onshore production facilities in which Origin has an interest are located in the Surat and Bowen basins in Queensland, the Perth Basin in Western Australia and the Taranaki Basin in New Zealand.

Reporting our emissions

We measure and manage our emissions associated with power generation, as well as those from our exploration, production, processing and transport activities.

These emissions come from our 6,010 MW power generation portfolio, through our interest in Australia Pacific LNG, and our other exploration and production activities. We operate one of Australia's largest power generation portfolios, representing approximately 12 per cent of power generation capacity in the National Electricity Market,⁽¹⁾ and are one of the largest owners and developers of natural gas-fired power generation in Australia.

Emissions reporting in Australia is tightly regulated in line with the IPCC reporting framework. In addition to compliance with the reporting framework, our stakeholders expect us to meet societal and governmental standards.

Greenhouse gas emissions (GHG) from Origin's generation portfolio are calculated using the Australian Government's *National Greenhouse Emissions Reporting Act 2007 (Cth)* (NGER Act), with the exception of our Exploration & Production facilities in New Zealand. We engage third-party auditors to provide limited assurance over our GHG emissions data.

Under the National Pollutants Inventory, Origin also reports annually on polluting substances that are emitted into the environment during its activities, including oxides of nitrogen (NO_x) and oxides of sulphur (SO_x). In line with regulatory requirements, this reporting is provided to the Department of Environment on 30 September each year.

We have also undertaken voluntary reporting of our carbon emissions to the Carbon Disclosure Project (CDP) since 2007, with our responses to the CDP survey publicly available since 2008. These reports are available from CDP's website cdp.net.

Each year, we report our audited GHG emissions to regulators under the NGER Act by 31 October. After this date, our emissions performance data for the 12 months to 30 June 2014 will be available on our website originenergy.com.au.

(1) Based on National Electricity Market (NEM) registered capacity of scheduled market generation as at May 2014.

As the leading Australian integrated energy company, Origin's operations span many geographical locations and a diverse workforce of approximately 6,700⁽¹⁾ people. A business of this size, scale and complexity requires considered management to ensure its ongoing success.

In this section, we detail our performance across health and safety, how we contribute to government policy, our financial performance, our work toward improving gender diversity and corporate governance practices.

KEEPING OUR PEOPLE SAFE

Origin is involved in large-scale operating activities including oil and gas projects and production, power generation, LPG facilities and, through Australia Pacific LNG, construction of CSG-to-LNG processing facilities. This gives rise to a range of health and safety risks including risk to the safety of our employees and contractors. Safety remains our highest priority. It is central to our duty of care – to our people, our customers and the communities in which we operate.

Commensurate with the importance we place on safety, Origin devotes significant resources and management time to achieving our ultimate objective of a zero-harm workplace for all our contractors and employees.

We incorporate the issue of safety into all our corporate interactions – from large construction projects in remote fields and on offshore ocean platforms to small meetings in our office facilities.

To reinforce the importance of safety to our business and manage potential risk, we measure our company-wide Total Recordable Injury Frequency Rate (TRIFR), a measure of our success in reducing work-related injuries. It's vital that all employees and contractors understand what it is, why it's important and how we can all help reduce work-related injuries.

In FY 2014, we recorded a TRIFR of 5.0, a 23 per cent improvement on our previous year of 6.5⁽²⁾ and well ahead of our target of 6.0. This year there were no fatalities associated with our activities. Improvement in this measure demonstrates our progress towards the ultimate aspiration of a zero-harm workplace over a period where the total hours worked has continued to grow.

We also measure lost time cases to track the severity of injuries occurring to our people. This involves measuring the number of injuries resulting in an employee missing at least one full shift or work day. In FY 2014, there were 39 lost time cases and a total of 615 days of work lost, equating to a lost time severity rate of 16.7 (total days of lost time case per million hours worked). This represents an improvement of 9 per cent over the previous year's result of 18.4.

The issue of safety is tightly regulated in the vast majority of jurisdictions in which we operate. For example, the largest energy development in which we are currently involved, the Australia Pacific LNG project, is governed by Queensland's *Petroleum & Gas (Production & Safety) Act 2004* and *Work Health and Safety Act 2011*. There are relevant state and federal laws for all our sites and we take great care to comply with all relevant legislation and regulations.

We also go beyond this legislation by encouraging voluntary safety standards through our Directives and Toolkits. We created Origin's voluntary safety standards based on our extensive experience and in line with industry best practice.

Life Saving Rules

In 2013, we defined and implemented 11 Life Saving Rules, a set of mandatory "dos and don'ts" to address the causes of safety incidents in our business, representing the 35 per cent of those incidents in our business that potentially have the most serious or catastrophic consequences. These Life Saving Rules apply to our highest-risk activities where even the smallest deviation from procedure could result in serious injury or death.

To underscore the importance of these Life Saving Rules and to encourage people to take responsibility, they are designed to be self-enforcing, however violation can carry serious consequences, including termination of employment.

In FY 2014, we have continued to cement Life Saving Rules as mandatory behaviour for our entire workforce, including contractors. The rules are now clearly embedded in Origin's Health, Safety and Environment (HSE) systems and processes, taught in day-one inductions for new employees and continually reinforced through routine communication.

MANAGING OUR BUSINESS

SAFETY AT A GLANCE

OUR PURPOSE

To conduct our operations in a way that causes no harm to people.

Laws and regulations

Health and safety is tightly regulated in Australia, and we follow state and federal safety laws and regulations, and industry specific codes with respect to health and safety.

Our additional actions

Our Life Saving Rules are designed to protect our people against the highest risk activities and our employees have conversations to recognise safe behaviours and help prevent unsafe ones.

Our approach

We are building a culture that encourages transparency and ownership, rewards safe behaviours and strives for continual improvement.

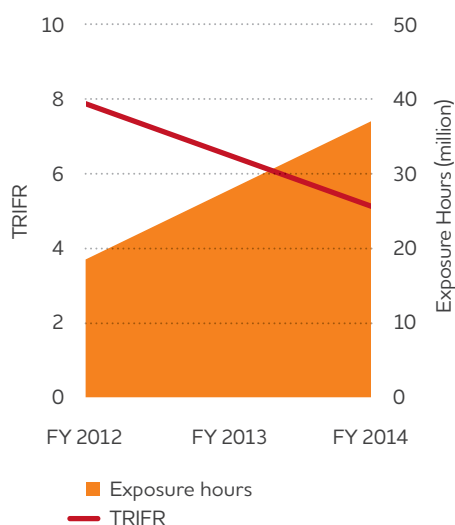
Our performance

70,688 safety observations recorded and closed out in FY 2014. TRIFR 5.0, a 23 per cent improvement on prior year and well ahead of our target of 6.0.

(1) Excludes Contact Energy.

(2) Revised from 6.7 previously reported due to retrospective data updates.

Total Recordable Injury Frequency rate



Observations

Safety observations help us to recognise safe behaviours and identify unsafe ones. They are an important way for everyone to contribute to improved HSE outcomes. Recording our observations about safety is vital for encouraging people to think about working safely, generate conversations about safe and unsafe work behaviours, and ensure we continue to learn and improve.

Observations are our leading indicator of safety performance, which is why since 2012 Origin has linked its performance on recording observations to an Employee Share Plan. If we meet or exceed our annual observations target, the Board will award each eligible employee with up to \$1,000 worth of Origin shares.

In FY 2014, our employees made 70,688 closed observations, well in excess of our target of 45,000. Reported observations covered diverse safety topics including behaviours that contribute to process safety, hand injuries, motor vehicles, risks associated with manual handling in the office, and recognising colleagues who model safe work practices.

Safety performance in FY 2014 reflects our continued focus on promoting safe work practices and reinforcing our safety culture throughout the business. Company-wide safety targets mean that everyone is involved in safety,

whether it's joining an HSE committee, participating at toolbox talks or making observations to recognise safe behaviours and help prevent unsafe ones.

2015 performance targets

Looking to the year ahead, we will continue to build on our achievements and improve our performance with our TRIFR, observations and closed HSE actions as key measures of our progress. To facilitate this, the Board has endorsed the following Origin-wide targets for the year:

- TRIFR of 4.5;
- 45,000 closed observations; and
- closed actions – to have 80 per cent of our HSE actions completed by the original due date.

A closed HSE action helps us to identify and complete initiatives that lead to better HSE outcomes. Our closed HSE actions target will further drive our safety culture, encouraging us to place a greater level of urgency and priority on completing actions. Completing 80 per cent of our actions by the original due date will be a significant improvement on our current performance of around 60 per cent. In FY 2015, the Employee Share Plan award of \$1,000 for all eligible employees is linked to achieving the 80 per cent target for closed actions.



DRIVING A SAFETY CULTURE IN LPG

One of Origin's most significant safety achievements this year has been in our LPG business, with a concerted focus on leadership, risk reduction and staff involvement resulting in a 33 per cent overall reduction in injuries and almost three consecutive months without a recordable injury.

Over the past 12 months, senior LPG leaders have increased their visibility and ownership for safety outcomes, with regular site visits and calls, involvement in incident investigations and championing investments in terminal upgrades to help make operations safer.

We've invested in our tools and systems, such as custom-designed trolleys to move cylinders safely, and journey management plans to identify and control risks on high-risk routes. We've installed electronic braking systems and rollover protection into our bulk fleet trucks.

We've also introduced IVMS across our bulk, cylinder and smaller trucks. IVMS is a GPS-based in-vehicle monitoring system that captures real time data about drivers and vehicles, and monitors it against a set of safety measures. As well as being able to provide quick response in driver emergencies, IVMS provides crucial data to identify causes of vehicle accidents and reward good driving behaviours to help stop accidents occurring. Encouragingly, over the past twelve months, motor vehicle accidents in LPG have reduced by more than 50 per cent.

A cultural transformation program called *Blue Bus* was also introduced at over 30 LPG sites, as well as with the leadership team, to encourage all employees to display increased ownership for the safety of themselves and their colleagues. That ownership is increasingly being demonstrated across the business, with employees speaking up to use their "authority to stop an unsafe task", make a record number of behavioural safety observations, and drive improvements in their local processes and procedures.

The leader of Origin's LPG business, Andrew Bills, says that there is still some way to go and the business will continue to apply the combined focus on leadership, risk reduction and staff involvement.

Priorities for the next twelve months include improving the capability of front line leaders, increasing their scrutiny of safety incidents and audits to ensure they capture the learnings from every mistake and simplifying and standardising processes and equipment.

Image above Origin's LPG Eden team delivers gas to Perisher customers.



Image left The 30 MW Cullerin Range Wind Farm was the first significant wind farm to become fully operational in New South Wales.

ENSURING SOUND AND STABLE POLICY

Origin operates in a tightly regulated environment and, as a result, the diversity of our business means our activities are subject to a range of government and jurisdictional policies and regulations.

We are cognisant of the inherent risks and opportunities associated with shifts in political mandates and policy decisions. To manage these risks, we work closely with relevant policy makers to ensure Origin invests and operates in areas defined by sound and stable policy.

We acknowledge the significance of global issues related to our business, such as the response to climate change and security of energy supply. Origin engages in constructive debate with policy makers to ensure we operate in a manner reflecting the best interests of our stakeholders, our industry and society at large.

Engaging with policy makers

Origin runs a broad engagement program with key policy makers across governments and regulatory authorities.

In Australia, we meet regularly with policy makers from the Australian Government and Opposition; state and territory governments and representatives from political parties including minor parties and relevant Non-Government Organisations (NGOs). While we understand that mutual agreement on policy cannot always be achieved, we pursue this level of engagement to develop a better understanding of all our stakeholders' positions and viewpoints.

In addition, Origin contributes to broad policy debate by participating in a wide variety of formal public review processes. We provide advice and support to industry associations of which we are a member. These include the Business Council of Australia, Australia Petroleum Production and Exploration Association, Queensland Resources Council, Energy Supply Association of Australia and Energy Retailers Association of Australia.

In our international markets such as Chile, our local government policy and community experts liaise with various levels of government and regulatory authorities.

Our advocacy work

Our advocacy work centres on the belief that energy policy should be assessed against the social imperatives of cost, reliability and environmental sustainability.

In Australia, the added challenge for energy policy is a market that is experiencing falling demand and the issue of how to efficiently use existing capacity in the National Electricity Market. This challenge is exacerbated by a rapid increase in distributed generation with installations of approximately 50 MW of rooftop solar photovoltaic systems per month in Australia.⁽¹⁾ We acknowledge and continue to maintain that climate change is a global societal challenge and as such, Origin continues to support measures to reduce carbon emissions.

We also note the Australian Government's view that previous carbon abatement policies were not effective in meeting their goals and resulted in increased costs for the community – in particular, businesses and vulnerable consumers.

Furthermore, given the significant investment required to bring our activities to market, we continue to advocate for a long-term integrated approach to carbon as it relates to energy policy.

Origin contributes to broad policy debate by participating in a wide variety of formal public review processes.

(1) Data sourced from Clean Energy Regulator at ret.cleanenergyregulator.gov.au/REC-Registry/Data-reports.

Origin continues to support the RET scheme. We believe any changes to the scheme must be cognisant of projects to which we have committed or are already under construction.

We firmly believe Australia needs a national energy vision to realise the full economic benefits of developing this nation's vast energy resources.



**DISCOVER
MORE
ONLINE**

Major policy reforms

The change of federal government in September 2013 has seen energy policy enter a period of change, in particular with regard to four major policy shifts in FY 2014 that affect our business:

- repeal of the carbon tax;
- review of the Renewable Energy Target;
- introduction of the Direct Action Plan that includes the Emissions Reduction Fund; and
- a broad vision for a national energy policy in the Department of Industry's Energy White Paper.

Carbon tax repeal

In Australia, the carbon pricing mechanism established as part of the *Clean Energy Act 2011* (Cth) was repealed on 17 July 2014 and is retrospectively effective from 1 July 2014. The repeal provides policy certainty on carbon pricing and means Origin has no liability for FY 2015 onwards. We will ensure the financial benefits of the repeal are passed on to our customers, backdated to 1 July 2014.

We continue to meet our obligation to report GHG emissions under the NGER Act. See *Emissions* on page 34.

Renewable Energy Target scheme review

The Australian Government is currently reviewing the Renewable Energy Target (RET) scheme and the review panel presented its findings in August 2014. Changes recommended by the review are likely to require legislative change.

Origin continues to support the RET scheme. We believe any changes to the scheme must be cognisant of projects to which we have committed or are under construction. Origin does not advocate for the removal of the RET scheme, however, we believe the scheme in its current form requires readjustment to changed circumstances. We have consistently stated that a true 20 per cent target, one that takes into account reduced energy demand, would strike the right balance between encouraging the development of renewables with recognising the cost on homes and businesses.

Direct Action plan

Direct Action is designed to reduce carbon emissions through federal government-funded incentives without the need for a carbon price. The policy is for industry and others to sell carbon abatement back to the Australian Government and allow for a range of possible abatement activities such as soil-carbon, forestry, electricity generation and energy efficiency improvements.

In April 2014, the Australian Government published a white paper on its Direct Action climate change plan, which provides general guidance on the design of baseline emissions measures and potential penalties for exceeding them. Some aspects of Origin's business activities may be affected by the proposed Direct Action policy, such as electricity generation and natural gas production. Direct Action is yet to be legislated, however the white paper indicates the policy's proposed penalty or "safeguard mechanism" will encourage businesses to keep emissions within historical baselines, and specific provision will be made

for new projects. The Direct Action White Paper also suggests the safeguard mechanism will not apply until 1 July 2015 at the earliest.

Energy White Paper

In an increasingly global economy, numerous jurisdictions compete for limited capital. We firmly believe Australia needs a national vision to realise the full economic benefits of developing our nation's vast energy resources. Australia's high cost of production has been a concern for both the energy industry and policy makers. We believe high production costs should be addressed to ensure development of the next wave of resource projects is not stifled.

With this in mind, Origin's submission to the Australian Government's Energy White Paper during the year included five principles which we believe will help guide the development of Australia's energy sector. These principles are:

- sound investment signals to ensure market viability;
- support for market mechanisms and continued market development;
- efficient pricing outcomes for consumers
- increased productivity; and
- governance and implementation.

The breadth of Origin's submission to the Australian Government's Energy White Paper demonstrates the importance of supporting the broader competitiveness of Australia's economy and investment climate.

The full text of our submissions to the Government can be viewed at originenergy.com.au

Domestic gas supply

Some people believe that the development of an LNG export industry on the east coast poses a threat to Australia's energy supply and that there will not be enough energy to meet domestic needs. In addition, these people believe that a portion of supply should be "reserved" for domestic consumption.

At Origin, we believe that the greatest benefit for Australia lies in allowing this country's resources, including natural gas, to flow to their highest value use.

We believe policies forcing producers to supply gas at specified volumes and prices are likely to decrease Australia's overall economic wealth. Such policies have the effect of distorting the market and discouraging future gas exploration and production, to the long-term detriment of domestic gas users.

We also believe a shortage of gas supply on Australia's east coast is unlikely given the large gas resources that exist in the region.

Our Energy White Paper submission also advocated for Origin's continued preference for market-based systems to promote investment.

OUR FINANCIAL PERFORMANCE

In FY 2014, Origin took significant steps to improve the operational performance of its existing businesses while also securing opportunities to drive the company's future growth.

In August 2014, we announced a Statutory Profit for the year of \$530 million, a 40 per cent increase on the prior year. Against that we saw a decrease in Underlying Profit⁽¹⁾ of 6 per cent to \$713 million, driven by a lower contribution from our Energy Markets business, which was partially offset by higher contributions from all other business segments.

Our Group Operating Cash Flow After Tax⁽¹⁾ was up 79 per cent from \$1.14 billion to \$2.04 billion primarily due to a positive change in working capital from improved billing and collections performance, and a reduction in taxes paid.

The Australia Pacific LNG project remains on track to deliver first LNG in mid-2015 achieving key milestones during the period. At year end, the Upstream component of the project was 76 per cent complete and the Downstream component 75 per cent complete. We are well placed to fund our commitment through to completion of this project, with \$5.1 billion⁽²⁾ of existing liquidity comprising undrawn debt facilities and cash as at 30 June 2014.

Also during the period, we announced the conditional acquisition of a 40 per cent interest in the Poseidon exploration permits in WA's prospective Browse Basin. We believe that acquiring these resources, when compared with greenfield exploration, substantially reduces the risk of securing opportunities to drive Origin's long-term growth. Origin subsequently undertook an issuance of a new Euro hybrid security on 9 September 2014 to finance this acquisition.

Overall, we are pleased with the improvements in operational performance of our existing businesses and the progress made on Australia Pacific LNG. This has been achieved together with a much improved safety result, evidenced by the movement in the TRIFR of 23 per cent, from 6.5⁽³⁾ to 5.0.

The total dividend payable to shareholders in FY 2014 was 50 cents per share⁽⁴⁾ in line with FY 2013.

Improved operational performance

During the year, our Energy Markets business faced challenging market conditions. We saw a reduction in volumes which stemmed primarily from a decrease in electricity sales to our domestic mass market customers, reflecting a reduction in average consumption and an historically mild year which reduced overall household energy consumption. Our customer accounts marginally declined by 0.05 per cent or 3,000 accounts, compared to a net decrease of 16,000 in the prior year.

Our cash cost of serving our customers reduced, reflecting operational improvements and in the second half of the year we saw some improvements in electricity margins, suggesting that our focus on improving the performance of our existing businesses is delivering results.

In addition, Energy Markets strengthened its gas portfolio by entering into a gas purchase agreement with Esso Australia and BHP Billiton during the year. This part of our business is well positioned to capture the benefits of rising

gas prices through oil price-linked gas sales agreements with Queensland LNG projects, as well as increasing its penetration of mass market gas customers.

The strong performance of our Exploration & Production business reflects record production as a result of the high level of availability from our main operating assets. In particular, investments made in prior periods to position the business have successfully delivered higher production volumes at Otway and BassGas.

Future priorities and outlook

The FY 2015–16 will be a transitional period for Origin with the commencement of LNG production in Queensland and in particular by Australia Pacific LNG in mid-2015.

Increasing LNG production will result in expanding gas margins and an improving supply/demand balance in electricity markets. Origin's Energy Markets businesses are maturing and operating in a consolidated, lower growth and more competitive environment. Investment in generation and retail systems is essentially complete. In view of these developments, Origin's priorities are changing.

During the next few years, Origin's key priorities are to:

- improve returns in the energy markets businesses;
- deliver growth in the natural gas and LNG businesses;
- grow capabilities and increase investment in renewables; and
- increase distributions to shareholders, manage capital allocation and funding.

The Australia Pacific LNG project will deliver a step change in Origin's earnings and cash flow from FY 2016 when the project begins to deliver LNG under its existing long-term contracts.

Our Group Operating Cash Flow After Tax⁽¹⁾ was up 79 per cent from \$1.14 billion to \$2.04 billion primarily due to a positive change in working capital from improved billing and collections performance, and a reduction in taxes paid.



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(1) Refer to Glossary on page 52.

(2) Excludes Contact Energy and bank guarantees.

(3) Revised from 6.7 previously reported due to retrospective data updates.

(4) As a result of utilisation of available tax losses and the impact of development projects, including Australia Pacific LNG, Origin does not expect to have sufficient franking credits to frank the final dividend.

Image above Origin is committed to increasing gender diversity across all aspects of employment and has a number of strategies in place.

The Origin Foundation, the philanthropic arm of Origin, provides grants towards education-related activities, as well as matching donations made by Origin employees.

VALUE DISTRIBUTED

\$15_b

▲ a 3 per cent decrease on the prior year.

- (1) Excludes capital expenditure.
- (2) Excludes capitalised interest.
- (3) Income tax includes only current income tax expense. GST and deferred taxes are excluded.
- (4) Includes all subsidiaries in Australia and overseas.
- (5) Community investment totals \$6.7 million in FY 2014 and \$5.6 million in FY 2013. Rounded to nearest million.
- (6) Distributable cash flow after Australia Pacific LNG revenues, operational expenditure, ongoing capital expenditure, project finance interest and repayments, and taxation. Based on current market conditions.

Economic value distributed (\$m)	2014	2013
Net Expenses (excluding stakeholders' payments) ⁽¹⁾	12,061	12,695
Depreciation and amortisation	732	695
Total operating costs	12,793	13,390
Employee wages and benefits net of taxes	783	748
Interest expense ⁽²⁾	453	468
Dividends paid to shareholders	634	610
Total payments to providers of capital	1,087	1,078
Current income tax expense ^(3,4)	210	57
Royalties to government	39	29
Other taxes	50	46
Total payments to government	299	132
Community investments ⁽⁵⁾	7	6
Total community contributions	7	6
Economic value distributed	14,969	15,354

The first full year of earnings and cash flow from two LNG trains at Australia Pacific LNG is expected in FY 2017, with distributable cash flow⁽⁶⁾ of around US\$1 billion (Origin's 37.5 per cent share) on average per year.

This step change in cash flow will allow Origin to increase shareholder distributions, maintain an investment grade credit rating and reinvest cash in growing businesses.

Dividends are expected to increase in line with Origin's targeted payout ratio of at least 60 per cent of Underlying EPS as Australia Pacific LNG contributes to earnings and cash flow.

We are committed to striving to deliver increasing returns to our shareholders.

More detail about Origin's performance can be found at originenergy.com.au

VALUE DISTRIBUTION

One of the key principles which guide decision making at Origin is the value we distribute to stakeholders. We strive to grow our business and share this value sustainably with all stakeholders.

As discussed in sections of this report, we create significant value through our operations and energy developments. This is represented in the form of interest and dividend payments to our capital providers, employee wages, taxes and royalties to state and federal governments, as well as initiatives that support the communities in which we operate.

The value distribution calculation and commentary is based on the income and expenses reported in the Income Statement of Origin Energy Limited.

In FY 2014, we distributed \$15.0 billion to our stakeholders, a 3 per cent decrease on the prior year. A total of \$1.1 billion was distributed to our capital providers through interest expense and dividends.

We also distribute value to employees through wages and other benefits. During the year this increased by 4.7 per cent to \$783 million. We met our annual safety performance target and as a result, eligible employees were awarded with up to \$1,000 worth of Origin shares.

Royalties and tax expenses totalled \$299 million, a significant increase of \$167 million on the prior year. This was primarily driven by the 40 per cent increase in Statutory Profit to \$530 million and corresponding increase in the current income tax expense of \$153 million to \$210 million.

This year we also distributed \$7 million to communities as defined by the methodology of the London Benchmarking Group. This expenditure represents various community investment programs, charitable donations, as well as grants provided by the Origin Foundation.

In FY 2014, our community investment programs included the *Community Skills Scholarship* program, the *Roma Community Housing Initiative* and the *Roma Community Hub*.

The Origin Foundation, the philanthropic arm of Origin, provides grants for education-related activities, as well as matching donations made by Origin employees. Approximately 50 per cent of the \$7 million was awarded through the Foundation, as well as matched donations by employees under the *Give2* program.

ADDITIONAL VALUE

Our operations and energy developments also create economic value for communities through investment in local infrastructure and procuring local goods and services from local suppliers.

At 30 June 2014, expenditure on the Australia Pacific LNG project had reached \$21.0 billion. A significant proportion of Australia Pacific LNG's expenditure has been incurred on goods and services in Australia, including local communities and infrastructure.

Our dedicated Local Content Team implements our Local Content Strategy. Since 2010, we have conducted 46 supplier information sessions and, at year end, 2,510 local suppliers were registered on our supplier portal.

ACHIEVING GENDER DIVERSITY

At Origin, we are committed to providing equality of opportunity and a rewarding workplace for all employees.

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

We believe the best business decisions are the result of the ideas and opinions of people selected from the widest available pool of talent.

The Board is responsible for overseeing Origin's strategies on gender diversity, including progress against those targets. Our Diversity Council is responsible for deciding and implementing our gender diversity strategy and consists of the Executive Management Team, chaired by the Managing Director.

Our Diversity and Inclusion Policy applies to all aspects of employment including recruitment, selection, promotion, training, remuneration, benefits, performance management and all other employment terms and conditions.

Measurement

Origin has adopted voluntary targets for recruiting and retaining senior women and for proactively ensuring that men and women in roles that are graded equally will, on average, receive equal pay.

These targets are to:

- continue to deliver equal average pay for men and women at each job grade;
- increase the number of women in senior roles,⁽¹⁾ 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.

Our performance in FY 2014

Every quarter, Origin's Diversity Council releases a Diversity Scorecard capturing the company's performance against our targets and internal performance indicators. Each executive is provided with the evidence they need to understand and address diversity in their business unit.

As at 30 June 2014, 40 per cent of Origin's employees were female. Eleven per cent of the Executive Management Team and 27 per cent of senior roles were filled by women.

Women represent 33 per cent of our Board. The Board has set itself a target of being at least 40 per cent female by FY 2020.

For several years Origin has been recognised as an Employer of Choice for Women by the Workplace Gender Equality Agency (formerly Equal Opportunity for Women Agency).

We also ranked as the ninth power and utility company worldwide for gender diversity according to a recent Ernst and Young report.⁽²⁾ Ranking was based on the number of women in leadership positions.

Equal average pay for women and men

Origin has developed a rigorous process through our annual central remuneration review to actively monitor and pursue gender pay equity for more than 14 years. This was initiated long before we had a diversity strategy in place.

We define work of equal value by reference to Hay Pay Scale Job Grades. Our commitment is that men and women in roles that are graded equally under this system will on average get equal pay.

Where the average difference between pay for men and women within each job grade in a business unit is more than 2 per cent, senior managers are directed to reconsider individual recommendations until the average is less than 2 per cent.

Average pay for men and women at each job grade fluctuates through the year with turnover, recruitment and promotions, but once a year we undertake a comprehensive review of all aspects of remuneration and then take steps to equalise any disparity that may have emerged. In FY 2014, average female pay was higher at some grades than average male pay and lower at others. The average difference between male and female pay at each job grade was within our target of +/- 2 per cent.

Appointment of women to senior roles

Our rate of appointment of women to senior roles jumped from 24.5 per cent in FY 2013 to 32.5 per cent this year. This is a 32.7 per cent increase – more than double our 15 per cent target increase.

This result is primarily driven by policies that require women to be represented on every recruitment interview process and, where possible (some senior roles, mainly engineering and technical, receive no female applicants), on every shortlist, as well as quarterly reporting to the Diversity Council of progress against the targets in each business unit.

Retention of women in senior roles

Turnover of women in senior roles dropped from 18.2 per cent in FY 2013 to 13.4 per cent in FY 2014. This is a 26.3 per cent decrease – almost double our 15 per cent target decrease.

Origin has returned turnover levels for women in senior roles to historically low levels after a peak in FY 2013, which coincided with a large-scale downsizing program.

The Company will pursue the same targets for FY 2015.

How we performed across our management processes

During FY 2014, we launched a new Origin careers website to attract a broader pool of applicants. The website includes diverse and inclusive images and language, profiles female employees across a range of roles and draws attention to opportunities for flexible work arrangements.

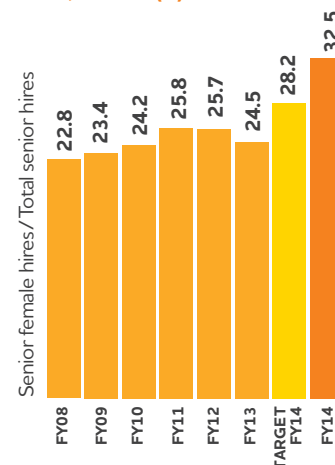
All job advertisements feature our Employer of Choice for Women certification and state that we are an equal opportunity employer.

Approximately 88 per cent of our selection panels for senior roles included one or more women and 30 per cent⁽³⁾ of all shortlists for senior roles included at least one woman. This is not easy in some areas, for example highly technical engineering roles where women are under-represented in the workforce generally.

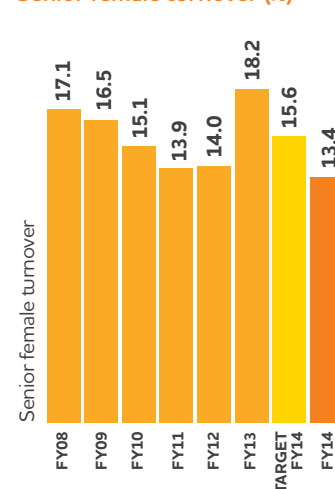
WOMEN BOARD MEMBERS REPRESENT

33%

Appointment to senior roles, female (%)



Senior female turnover (%)



- (1) 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. 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. As at June 30 2014, there were 1,777 people in senior roles, of which 27.2 per cent were women.
- (2) EY, 2014 "Talent at the Table: index of women in power and utilities", p.20.
- (3) Due to data entry issues, this number is considered conservative (~10 per cent lower than actual).

CORPORATE GOVERNANCE

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

In accordance with the ASX Corporate Governance Principles and Recommendations, Origin's Annual Report contains a statement which summarises our corporate governance practices throughout FY 2014.

The information on this page is an extract of Origin's FY 2014 Corporate Governance Statement, which is published in our Annual Report and available online at originenergy.com.au/investors/Governance.

Board structure

Origin's Board is accountable to shareholders for the performance of the Company. As at 30 June 2014, the Board comprised nine Directors, including two Executive Directors and seven Non-executive Directors, six of whom are considered independent by the Board. Full details on the number of meetings held by the Board this year is available in the Directors' Report.

Performance and remuneration

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. This year, a full review was undertaken covering the Board's activities and work program, time commitments, meeting efficiency and Board contribution to company strategy, monitoring, compliance and governance. Initiatives to improve Board performance and effectiveness were considered and recommended.

The Remuneration Committee of the Board considers the performance of the Managing Director and all members of the Executive Management Team when awarding performance-related remuneration through short-term and long-term incentives for the year completed and when assessing fixed remuneration for future periods.

The remuneration of Non-executive Directors is structured separately from that of the Executive Directors and senior executives. Detailed information on remuneration for Non-executive Directors is contained within the Remuneration Report in Origin's Annual Report.

Ethical and responsible decision making

The Company has a Code of Conduct and a number of policies governing conduct in pursuit of our objectives. 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. A summary of the Code of Conduct and the Origin Compass is available on our website.

Anti-bribery and corruption

Origin released a revised Anti-Bribery and Corruption Directive with supporting Guidelines in FY 2014 to help employees mitigate bribery and corruption risk. The Directive supports Origin's zero tolerance approach to bribery and corruption and further enhances our risk framework to align with key pieces of anti-bribery legislation globally such as the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977. The revised Directive provides additional guidance around critical elements such as Facilitation Payments, Gifts & Hospitality and Record Keeping responsibilities and an *Anti-Bribery and Corruption* program is being implemented to further support employees and third parties in complying with the Directive.

Diversity

Origin's Board and Executive Management Team are committed to workplace diversity and providing equality of opportunity and a rewarding workplace for all employees. Our diversity performance is discussed in detail in the *Gender Diversity* section on page 41.

Integrity in financial reporting

The Audit Committee oversees the structure and management systems that are designed to protect the integrity of the Company's financial reporting. The Chairman of the Audit Committee, Mr Bruce Morgan, is an independent Director with significant financial expertise. 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.

Recognise and manage risk

Our Board has an overarching policy governing Origin's approach to risk oversight and management and internal control systems. Origin's policies are designed to identify, assess, address and monitor strategic, operational (including risks to health, safety and the environment), legal, reputational, commodity and financial risks to achieve business objectives. Certain specific risks are covered by insurance and the Board has also approved policies for hedging of 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 Origin's material risks. Management has reported to the Risk Committee and the Board that, as at 30 June 2014, its material business risks are being managed effectively. Further detail on the management of risk is contained in the Annual Report.

Respect the rights of shareholders

The Company is committed to providing a high standard of communication to shareholders and other stakeholders.

The Company conducts a broad stakeholder engagement program, interacting with governments, regulators, consumers, industrial relations interest groups, environmental groups, local community and other stakeholders.

Shareholders may elect to receive an annual Sustainability Report. Sustainability reporting is guided by the Global Reporting Initiative and a disclosure of material economic, environmental and social aspects of the Company's business activities. The concise report is supplemented by a full online digital report providing performance against both our Material Aspects, aligning with the Global Reporting Initiative's G4 disclosure Guidelines.

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

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 relations advisers 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 reviews (public submissions are available on the Company's website).

Customers are a central part of Origin's engagement, innovation and value creation. The Company continues to develop ways of interacting that help to meet customers' energy needs and service demands. In particular, this year a program has been developed to reflect that innovation. The program is centred around putting the customer first by developing improved service delivery, responding more readily to customer feedback and creating easier ways to pay. As part of the Company's customer engagement strategy, Service Hubs were introduced to provide customers with an opportunity to discuss their accounts and the Company's products and services face-to-face. This year also saw a significant reduction in overall customer complaint levels, including Ombudsmen volumes.



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FLEXIBLE WORK

John Hancock is father to two-year old Holly and new born Matilda. He has found a flexible work arrangement is a successful way to make a difference in his work, his family and himself.

As General Manager, People and Culture, for Origin's corporate teams, part of John's responsibilities are providing support for Executive Director, Finance and Strategy, Karen Moses, and her management team.

John joined Origin in 2008 and is currently combining his People and Culture responsibilities with being the People and Culture process stream lead for Origin's SAP systems implementation project.

With the birth of John and wife Alison's first child, Holly, in October 2011, Alison initially took maternity leave and then in May 2012, John took a six-month parental leave career break. It was an opportunity to introduce Holly to his wife's family in England during a two-month family holiday and then to be a full-time dad to Holly over four months.

John returned to work three days a week on a flexible work arrangement in November 2012.

"You've got to operate differently to how you did before. In terms of organising yourself, being absolutely clear of priorities and what is important, managing your diary and being very purposeful about how you're spending your time.

"It's important to be clear with your stakeholders about your working arrangements. You need to set boundaries and be disciplined in terms of the expectations you create for your team and your colleagues, such as not being able to answer emails straight away on the days you don't work."

John says that changing from full-time to part-time work was a challenging personal shift with respect to changing his behaviour, mindset and way of operating, but it has paid off in terms of the benefits to his family and his work.

"I'd been working full-time for 20 years so I really had to reconsider the way I work, how I think about work and how I operate. I needed to be clear on my priorities when I'm not at work and focus on my primary role on those days I'm not in the office – which is being a great father and husband."

John has also found that the support and flexibility of his team has been fundamental to making the arrangement work. It has also provided his team with the opportunity to be more visible. John's advice to someone contemplating a flexible work arrangement is to talk to other people who have done it.

"Talking to other people that have been through it before is important. Learn what's worked well and what hasn't worked so well. It's got to be a 'whole of family' decision because it becomes a real team effort in terms of consulting each other on travel and after hours commitments and making sure it's really clear who's on childcare pick-up and drop-off duty.

"I think anyone with the opportunity to consider working flexibly should really embrace it. It's been a fantastic thing for me and my family and hopefully for Origin as well."

Karen Moses, Executive Director, Finance and Strategy, commented:

"I was delighted to have John return from his paternity leave and come home to the Finance and Strategy team.

"John and I have worked together on establishing our new working relationship, and how we both needed to contribute. Simple things like being clear on priorities and deadlines and being

mindful of scheduling meetings. We have become more purposeful in our face-to-face time, more thoughtful about how we work, and happily remind each other of what works.

"It would be great to see more conversations about meetings scheduled outside of core working hours to be the exception, and only if it works for everyone. We can all be clearer on deadlines – and help break the cycle of emails thought to require an immediate response regardless of when they are received."

Carl McCamish, Executive General Manager People and Culture added:

"The most rewarding result of the part-time work arrangement is that it has meant John has stayed with the team.

"There have also been two really positive flow-on effects that I hadn't considered. Working part-time has required John to operate in a different way, to get the same things done through his teams that he might have done himself in the past. And, as John says in his profile, the part-time arrangement has also created visibility and opportunity for his team to take on some of the more challenging tasks in working with senior managers in the business."

Image above **John Hancock, General Manager, People and Culture for Origin, found a flexible work arrangement to better achieve work-life balance.**

Creating sustainable sources of energy requires innovation. Origin invests in research and exploration into new energy sources that will enable us to continue providing our customers with affordable, efficient and cleaner energy.

We acknowledge the critical role energy affordability and reliability plays in human and economic development.

NATURAL GAS

Our extensive experience in developing conventional and unconventional natural gas resources means we are continuing to apply our knowledge to new opportunities domestically and internationally.

As stated by the IPCC, “natural gas is the fossil fuel that produces the lowest amount of greenhouse gas per unit of energy consumed”. Natural gas is therefore expected to play a critical role in satisfying the world’s future energy demands.

Unconventional gas production will continue to grow with most production occurring in Australia, China and the United States. North America’s shale gas boom and its expanding LNG trade have resulted in rapid growth in global near- and long-term gas supplies. Australian CSG projects such as Australia Pacific LNG are also contributing to the growth in global supply. Australia Pacific LNG has a nameplate capacity of nine million tonnes of LNG each year for export to supply the growing

demand in Asia under long-term supply contracts, and has the largest 2P CSG reserves position in Australia with 14,091 PJe.⁽¹⁾

As part of Origin’s strategy to be a regionally significant player in natural gas and LNG, we entered into several transactions during the year to strengthen our portfolio of potential medium- to long-term gas resource developments in Australia. These include two prospective unconventional gas opportunities in recent farm-ins in the Cooper and Beetaloo basins, and the acquisition of 40 per cent interests in the two exploration permits in the prospective Browse Basin.

Image below The sustained level of peak construction activity of recent months continues to deliver significant milestones for Australia Pacific LNG.

(1) 100 per cent Australia Pacific LNG. Refer to information on reserves and resources disclosures on page 52.





RENEWABLE ENERGY OPPORTUNITIES

As the energy industry continues to balance affordability and reliability with environmental sustainability, we believe solar, wind, hydro, geothermal and other renewable energy sources will play an important role in the global energy mix.

Origin has a significant renewable position through ownership of a wind farm at Cullerin Range, various wind power purchase agreements, and geothermal and hydro generation stations owned by Contact Energy in New Zealand, including the recently commissioned Te Mihi Geothermal Power Station.

Origin also has a number of wind development opportunities, most notably Stockyard Hill in Victoria, and geothermal and hydro development opportunities in Chile and Indonesia.

Given the integrated nature of Origin's business, we have unique insights not only into upstream energy sources but also to our customers' needs. We are well placed, and have a long history of offering and encouraging the uptake of a range of energy solutions for our customers. Origin for example, is Australia's largest provider of GreenPower and Green Gas products, one of the largest installers of residential rooftop solar panels, and a leading innovator introducing more efficient smart-meter based energy management technology and charging solutions for electric vehicles.

Origin will continue to build its renewable energy portfolio, and seek new opportunities such as solar technologies, where market structures provide attractive and sustainable value for renewable resources. We will also investigate options for electric vehicles, energy storage solutions and other customer specific innovations, building on our history of innovating and delivering products and services to market.

Image above Plugging into the future of motoring. The next generation of plug-in vehicles is now in Australia and Origin is at the forefront.



Image above The Origin Foundation supports the Australian Indigenous Mentoring Experience (AIME) to extend the reach of their education program to give Indigenous students the skills, opportunities, beliefs and confidence to finish school and succeed at the same rate as their non-Indigenous peers.

Through our ‘engaged philanthropy model’, we give financial grants, provide our partners with access to skilled volunteers and match the donations made by Origin’s employees to charities of their choice.

Since launching in 2010 to mark the tenth anniversary of Origin’s listing on the ASX, the Origin Foundation has been supporting good causes in education to break the cycle of disadvantage and help young Australians reach their potential.

Our focus spans the education lifecycle, from early childhood intervention to school reform, helping children engage in their education and stay at school, transitioning from school to further study or work and vocational training and life-long learning.

Through our ‘engaged philanthropy model’, we give financial grants, provide our partners with access to skilled volunteers and match the donations made by Origin’s employees to charities of their choice.

We also provide access to training and development for the not-for-profit sector to help build longer-term capacity and improve their social impact.

Since our inception, over \$14 million has been gifted to help Australians achieve in the following ways:

- 15,000 children receiving support with their education;
- 1,900 families learning critical early literacy and numeracy skills to better prepare their young children for school;
- 2,000 teachers accessing training and development to help their students achieve;

- Indigenous students succeeding, alongside their non-Indigenous peers; and
- 300 scholarships awarded to a range of talented Australians.

Origin’s employees play a critical role in our Foundation, donating their time, money and skills through our volunteering and matched giving programs.

Our *Give Time* volunteering program matches the needs of our community partners with the skills of Origin employees, through paid volunteer leave. During FY 2014, 923 Origin employees gave over 6,000 hours to our partners.

Through our *Give2* program, Origin employees regularly donate via payroll deductions or fundraising activities undertaken by their colleagues. Our Foundation matches donations to their charities of choice, dollar for dollar.

In FY 2014 Origin employees collectively donated more than \$310,000 through the *Give2* program. When matched by the Origin Foundation, over \$620,000 went to the not-for-profit sector, to support over 194 organisations.

This year, we introduced an additional way for Origin employees to engage with the work of our Foundation. In a workshop created especially for Origin employees, The Smith Family used their *Let’s Count* program to train parents and caregivers on how to encourage early numeracy skills in their young children. Over 140 Origin employees participated in the workshops, held throughout Australia.

The performance of the Origin Foundation is reported annually and can be read at Origin’s website.



VOLUNTEERING WITH GAWURA

Gawura is a school for Aboriginal and Torres Strait Islander children from kindergarten to year 6.

Gawura is based inside St Andrew's School in Sydney and offers a unique, culturally enriched educational journey to Indigenous students who live in the CBD's neighbouring suburbs.

Origin's digital team worked with Gawura to conduct a website review. They undertook a security and search engine optimisation audit to ensure the site was protected and allowed visitors to easily access information about the school.

In addition, two Sydney-based employees, Andres Aronsohn and Rommero Carrillo, volunteered their time to participate in a reading program at Gawura. The program is designed to assist primary school children in years 3 to 6 with their literacy skills.

Andres said: "The literacy gap between Indigenous and children in the broader community is very concerning. Education being the best opportunity to break socio-economic and social disparity was what drove me to volunteer at the Gawura School.

It was encouraging to see the children's interest in reading and it's satisfying to know the small time I gave to help them ultimately contributes to the broader goal of a more educated, engaged and successful Indigenous community."

Image above Origin employee Andres Aronsohn volunteering his time to help a young Gawura student with his reading.

**"The literacy gap between Indigenous children and other children in the broader community is very concerning. Education being the best opportunity to break socio-economic and social disparity was what drove me to volunteer at the Gawura School."
– Andres Aronsohn**



HOW WE'RE SUPPORTING TEACHERS

Image above The Origin Foundation proudly supports a number of education programs that help give young children the best start in life.

**“I get to help the children learn at a young age and work closely with the families to meet their children’s needs.”
– Ferizan Kus**

A flexible approach to gaining a Bachelor in Early Childhood Education is just another step in the career of Ferizan Kus, an educator at Mission Australia’s Mt Hutton Early Learning Centre.

Originally an engineer before moving to Australia from Turkey 16 years ago, Ferizan chose to move into education when her second daughter was in kindergarten. She is now half way through completing her degree through Charles Sturt University, thanks to a scholarship from the Origin Foundation.

“I thought early childhood education could be a good career for me as I really liked the school environment. I started this career path by gaining two qualifications and I’ve now been able to use these to gain credit for University study.”

Ferizan’s hard work and dedication is now being realised, recently passing the half-way mark of the Charles Sturt University degree.

“Having two teenage daughters means I’m kept busy, so the degree’s structure means I’m able to adapt my study load each semester if needed. Mission Australia has also offered support, as English is not my first language and I can access a study group as needed.

“I love this job as I get to help the children learn at a young age and work closely with the families to meet their children’s needs. It’s a very social career and this study is the last of a step-by-step process of being degree qualified in the field I chose eight years ago.”

During FY 2014, Origin participated in a number of surveys commissioned by different sustainability ratings agencies.

Origin also reports sustainability performance against the internationally recognised Global Reporting Initiative indicators. The selected indices and indicators cover a broad range of sustainability issues, allowing Origin's performance to be viewed by stakeholders against specific issues or holistically across the whole set of issues.

SUSTAINABILITY RATINGS AND BENCHMARKS

RATINGS AND BENCHMARKS

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Dow Jones Sustainability Index

We were included in the Dow Jones Sustainability Australia Index. This tracks the performance of the top 30 per cent of companies in the S&P/ASX 200 that lead the field in terms of sustainability.



CDP

Origin is a respondent to CDP's annual request for both climate change and water information. CDP is an international not-for-profit organisation providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information.



London Benchmarking Group

Our community investment data is independently verified by the LBG, which promotes a consistent set of criteria for determining community investment, donations and commercial initiatives in the community.



Energy Supply Association of Australia

Since 2009, Origin has been a signatory to the Energy Supply Association of Australia's (esaa) Sustainable Practice Framework, which is a major platform for the energy supply sector's work in improving sustainability in the industry.



FTSE4Good

FTSE4Good

Since 2004, Origin has been a member of the FTSE4Good Index Series, which is designed to identify companies that meet globally recognised corporate responsibility standards.

FEEDBACK CONTACT:

**originsustainability@
originenergy.com.au**

Origin Sustainability
Australia Square
Level 45
264-278 George Street
Sydney NSW
Australia 2000

ENGAGING WITH STAKEHOLDERS

The scale and breadth of Origin's business brings us into contact with a diverse range of stakeholders in Australia, New Zealand and increasingly, other parts of the world.

We define our key stakeholders as our Customers, Communities, Employees, Investors and Business Partners. What we learn through direct engagement we supplement with structured qualitative and quantitative stakeholder research. In FY 2014, we continued to focus on better understanding the needs and perspectives of our stakeholders.

Our commitment to, and engagement with, each of these stakeholders is detailed below, along with an overview of the issues raised during the year. Through engagement with these stakeholders we need to strike a balance between their differing needs, which are sometimes aligned and sometimes competing.

Stakeholder	Our Commitment	Key areas of interest	How Origin engages
OUR CUSTOMERS <p>Origin has 4.3 million customer accounts across Australia, which include households, businesses and major industry players.</p>	<p>Create value for our customers by understanding their needs and delivering relevant and competitive energy products and solutions to meet those needs both today and into the future.</p>	<p>Energy is an essential commodity used every day by our customers. As a result, energy reliability and affordability are key concerns for our customers. We help customers by providing more visibility on energy use and costs. The programs described in <i>Addressing Energy Affordability</i> on page 29 illustrate our programs in FY 2014.</p> <p>Origin also commissioned research to learn more about what customers wanted from their energy providers. We have responded directly by abolishing exit fees, extending call centre hours, and creating new mechanisms for customer feedback including a series of Customer Service Hubs.</p>	<p>Engagement with customers is guided by our Customer Charter. Customers provide us with feedback via letters and emails, contact with our Call Centre, as well as through social media. Origin uses advertising, marketing and news outlets to provide information about products and facts about the energy industry.</p> <p>We undertake qualitative and quantitative market research to better understand customer needs, priorities and perceptions. The Company measures its stakeholder (including shareholder) perceptions 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 the corporate affairs and brand strategies throughout the year.</p> <p>We engage with consumer protection regulators and Ombudsmen to help identify systemic problems, and also opportunities to better meet the needs of customers.</p>
OUR COMMUNITIES <p>Our activities bring us into contact with a wide range of communities in Australia and internationally. Origin engages with community representatives such as governments and media, Non-Government Organisations (e.g. charities, environmental agencies), local community groups and individuals.</p>	<p>Respect the rights and interests of the communities in which we operate by listening, understanding and working together to manage the environmental, economic and social impacts of our activities.</p>	<p>We communicate directly with: Local and Indigenous Communities around our operations and developments.</p> <p>We also work with intermediaries and influencers who reflect and represent the interests of the broader community. These include:</p> <p>Governments and regulators who are charged with representing community interests.</p> <p>Industry associations which represent the interests of the energy and business sectors.</p> <p>Non-Government Organisations (NGOs) which represent diverse interests including environmental, social and human rights.</p> <p>Media which play a key role in disseminating information to stakeholders and are critical in public debates of both local and national significance.</p>	<p>Local communities – Ongoing dialogue is underpinned by our Community Engagement Directive. We engage with communities through meetings with community organisations, targeted newsletters, public information centres in key project areas, project-specific websites and hotlines.</p> <p>In some locations we have Community Relations Advisors (CRAs) employed in the communities where we operate, and convene or participate in formal community reference groups. An example of a formal community reference group is that for the Halladale Black Watch gas development project in Victoria's South-West. It is chaired by the Moyne Shire Council and comprises representatives from Council, local residents and Origin. The CRAs receive regular project briefings and updates, and provide valuable advice and feedback to Origin.</p> <p>Governments – Regular dialogue and meetings are held with representatives from both state and federal governments, and ministerial departments, including our Managing Director, senior executives and members of Origin's Corporate Affairs team.</p> <p>We also make submissions on policy matters and attend key conferences to understand policy direction and ensure the Company's views are understood.</p> <p>Industry associations – We are a member of relevant industry and business associations including the Energy Retailers Association of Australia, Energy Supply Association of Australia, Australian Petroleum Production and Exploration Association and the Business Council of Australia.</p>

Stakeholder	Our Commitment	Key areas of interest	How Origin engages
OUR COMMUNITIES continued		We also conduct quantitative and qualitative research. On behalf of Australia Pacific LNG, we commissioned a survey to understand the issues of most concern to our communities in the gas fields. Our response to these concerns is detailed in the relevant sections of this report, particularly 'Protecting Water Resources' and 'Managing Impacts'.	<p>NGOs – Key Origin executives engage with major environmental and climate change-focused organisations to exchange views and information. In association with our projects and major activities, we engage with NGOs on topics such as management of impacts, sharing economic benefits, and future development of the energy sector.</p> <p>Media – We engage with Australian and international media through media releases; one-on-one interviews; background briefings and presentations; Boardroom events with key Origin executives; media tours of key assets and operations; and through conferences and events.</p>
OUR EMPLOYEES Origin's workforce includes approximately 6,700 ⁽¹⁾ employees and several thousand contractors, the majority of whom are based in Australia.	Create a rewarding workplace for our people by valuing everyone's contribution, encouraging personal development, recognising good performance and fostering equality of opportunity.	Employees and contractors require a safe and healthy workplace, fair and equitable remuneration by recognising good performance, career development and training to encourage personal development, and a diverse and inclusive work environment. Unions are represented at some of our operations and projects and are focused on worker rights and wages, collective bargaining, health and safety as well as working hours and rosters.	<p>We conduct culture and engagement surveys to understand the views of our employees.</p> <p>The findings from an Origin-wide employee engagement survey during FY 2014 showed our employees recognise the importance Origin places on safety, diversity and work-life balance and on setting clear direction through KPIs and delivery against those KPIs. The opportunities for greater focus were in better connecting employees to the vision and strategy of the organisation, and also in how we help employees manage change.</p> <p>We also talk to employees and listen to their feedback via twice yearly employee roadshows held by either the Managing Director or other senior executives in major office locations; senior leadership and Business Unit team meetings and conferences; a company-wide intranet; and operation-specific newsletters, communiqués and announcements.</p> <p>For our field employees, we favour face-to-face communication such as "toolbox talks" and visits from senior leaders. A twice yearly formal performance management process for all employees ensures roles are clear, skills are developed and opportunities provided.</p>
OUR INVESTORS Our investment community incorporates retail shareholders, institutional investors, debt providers, credit reporting agencies and analysts including Environmental Social and Governance advisers who rely on material information to make informed decisions on Origin's current and future performance.	Deliver market-leading performance for shareholders by identifying, developing, operating and growing value-creating businesses.	<p>Investors and the investment community measure how Origin is delivering shareholder value. It is important for our investors to be reassured that decisions are reached through sound leadership and governance so they can be confident the business is being managed sustainably.</p> <p>In response to the Morgan Stanley Capital International (MSCI) indexes Intangible Value Assessment for FY 2013, the areas of particular interest include carbon, biodiversity and land use, emissions, health and safety, and corporate governance. We continue to report on these topics in our FY 2014 Sustainability Report.</p>	<p>Engagement with investors is through a number of channels including our Annual General Meeting held each October; reports and portals including a Shareholder Review, Annual Report and Sustainability Report. The development of our new digital platform for sustainability reporting – introduced to coincide with the release of the FY 2014 Sustainability Report – is in part a response to investor demand for more efficient digital access to key information.</p> <p>Material information is distributed via the ASX. We also conduct analysis and investor briefings, local and international investor roadshows, respond to shareholder enquiries and give industry presentations.</p> <p>In addition, Origin participates in external benchmarking including the Dow Jones Sustainability Index, FTSE4Good Index, CDP Carbon (formerly the Carbon Disclosure Project), CDP Water, and community investment data verified by London Benchmarking Group (LBG).</p>
OUR BUSINESS PARTNERS Origin has a number of joint venture and investment partners, both domestically and internationally. This stakeholder group also includes businesses which provide goods and services for our projects and operations.	Respect the rights and interests of our business partners by working collaboratively to create valued and rewarding partnerships.	Business partners require an open and transparent relationship with Origin to assist joint ventures in delivering shareholder value.	Regular communication throughout daily operations, with additional engagement undertaken through formal meetings; representation on joint venture boards; and participation in operating committees. Origin's Code of Conduct and Supplier Selection and Engagement Directive provide guidance on fair and ethical dealings with suppliers.

(1) Excluding Contact Energy.

GLOSSARY

NON-IFRS FINANCIAL MEASURES

This document includes certain Non-IFRS Financial Measures. Non-IFRS Financial Measures are defined as financial measures that are presented other than in accordance with all relevant Accounting Standards. Non-IFRS Financial Measures are used internally by management to assess the performance of Origin's business, and to make decisions on allocation of resources. The Non-IFRS Financial Measures have been derived from Statutory Financial Measures included in the Origin Consolidated Financial Statements, and are provided in this report, along with the Statutory Financial Measures to enable further insight and a different perspective into the financial performance, including profit and loss and cash flow outcomes, of the Origin business. The key Non-IFRS Financial Measures included in this report are defined below.

Group OCAT Group Operating Cash Flow After Tax (OCAT) of the Consolidated Entity (including Origin's share of Australia Pacific LNG OCAT).

Underlying profit and loss measures:

- Profit
- EPS

Underlying measures are measures used internally by management to assess the profitability of the Origin business. The Underlying profit and loss measures are derived from the equivalent Statutory Profit measures disclosed in the Origin Consolidated Financial Statements and exclude the impact of certain items that do not align with the manner in which the Managing Director reviews the financial and operating performance of the business. Underlying Profit is disclosed in note 2 of the Origin Consolidated Financial Statements. Underlying EPS is disclosed in note 32 of the Origin Consolidated Financial Statements.

NON-FINANCIAL TERMS

1P reserves Proved Reserves are those reserves which analysis of geological and engineering data can be estimated with reasonable certainty to be commercially recoverable. There should be at least a 90 per cent probability that the quantities actually recovered will equal or exceed the estimate.

2P reserves The sum of Proved plus Probable Reserves. Probable Reserves are those reserves which analysis of geological and engineering data indicate are less likely to be recovered than Proved Reserves but more certain than Possible Reserves. There should be at least a 50 per cent probability that the quantities actually recovered will equal or exceed the best estimate of Proved Plus Probable Reserves.

3P reserves Proved plus Probable plus Possible Reserves. Possible Reserves are those additional Reserves which analysts of geological and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have at least a 10 per cent probability of exceeding the sum of Proved plus Probable plus Possible, which is equivalent to the high estimate scenario.

Availability The time a generation plant was available for use, after deducting planned and unplanned outage hours, compared with the total time under review.

Barrels (bbls) A measure used for oil production and sales. One barrel equals approximately 159 litres.

Capital expenditure Investment in acquisition or improvement of long-term assets, such as property, plant or equipment.

Climate change Any change in climate over time, whether due to natural variability or as a result of human activity.

Coal seam gas (CSG) Natural gas contained within coal seams.

Downstream Operations and activities that take place after gas has been delivered via pipeline to the LNG Facility. These operations and activities include dehydration and compression of gas into liquid form, storage in LNG tanks, transfer to LNG shipping tankers, which transport LNG to Asia, and end use customers for heating, cooking and generation of electricity.

EIS Environmental Impact Statement

Electricity measures

Watt (W) A measure of power when a one ampere of current flows under one volt of pressure.

Kilowatt (kW) One kW = 1,000 watts.

Kilowatt Hour (kWh) Standard unit of electrical energy representing consumption of one kilowatt over one hour.

Megawatt (MW) One MW = 1,000 kW or one million watts.

Gigawatt hour (GWh) One GWh = 1,000 megawatt hours or one million kilowatt hours.

Terawatt hour (TWh) One TWh = 1,000 gigawatt hours, or one million megawatt hours.

Gas measures

Joule Primary measure of energy in the metric system.

Gigajoule (GJ) A Gigajoule equals one billion joules.

Terajoule (TJ) A Terajoule is equal to 1,000 gigajoules.

Petajoule (PJ) A Petajoule is equal to one million gigajoules.

Petajoules equivalent (PJe) An energy measurement Origin Energy uses in its Annual Report to represent the equivalent energy in different products so the amount of energy contained in these products can be compared. The factors used by Origin Energy to convert to PJe are: one million barrels crude oil = 5.8 PJe; one million barrels condensate = 5.4 PJe; one million tonnes LPG = 49.3 PJe; one TWh of electricity = 3.6 PJe.

Geothermal Energy that is generated by converting hot water or steam from deep beneath the Earth's surface into electricity.

GISERA Gas Industry Social and Environmental Research Alliance.

Hydrocarbons Oil and gas, including condensate and gas liquids (LPG and ethane).

Kbbls Kilobarrels = 1,000 barrels.

Kt Kilotonnes = 1,000 tonnes.

LNG Liquefied natural gas.

LPG Liquefied petroleum gas.

NEM National Electricity Market.

NGOs Non-government organisations.

Offshore exploration The search for hydrocarbon deposits under the sea, such as natural gas or oil.

Onshore exploration The search for hydrocarbon deposits beneath the Earth's surface, such as natural gas or oil.

Photovoltaic (PV) Photovoltaic cells convert sunlight into electricity.

Power On Origin Energy's hardship program which provides payment options for customers experiencing financial difficulty.

QCA Queensland Competition Authority

RET The Federal Government implemented a Renewable Energy Target (RET), requiring 20 per cent of electricity to come from renewable energy sources by 2020.

Seismic survey A geophysical survey to understand rock formations beneath the Earth's surface.

The Company Origin Energy Limited and its controlled entities.

Total Recordable Injury Frequency Rate (TRIFR) The total number of fatalities and injuries resulting in lost time, restricted work duties or medical treatment per million hours worked.

Train A series of specialised equipment and machinery designed to purify, dewater and compress natural gas, either to high pressure for transport in a pipeline, or to liquid form for transport via ships.

Upstream Part of Origin Energy's business that is involved in the exploration and production of hydrocarbons.

Water measures

One kilolitre (KL) is equal to one thousand litres (1,000 L).

One megalitre (ML) is equal to one million litres (1,000,000 L).

INFORMATION ON RESERVES AND RESOURCES

This Sustainability Report includes disclosures of Origin and Australia Pacific LNG's reserves and resources as at 30 June 2014. These reserves and resources were announced on 31 July 2014 in Origin's Annual Reserves Report for the year ended 30 June 2014 (Annual Reserves Report).

Origin confirms that it is not aware of any new information or data that materially affects the information included in the Annual Reserves Report and that all the material assumptions and technical parameters underpinning the estimates in the Annual Reserves Report continue to apply and have not materially changed. Petroleum reserves and contingent resources are typically prepared by deterministic methods with support from probabilistic methods. Petroleum reserves and contingent resources are aggregated by arithmetic summation by category and as a result, proved reserves (1P reserves) may be a conservative estimate due to the portfolio effects of the arithmetic summation. Proved plus probable plus possible (3P reserves) may be an optimistic estimate due to the same aforementioned reasons. Some of Australia Pacific LNG's CSG reserves and resources are subject to reversionary rights to transfer back to Tri-Star a 45 per cent interest in Australia Pacific LNG's share of those CSG interests that were acquired from Tri-Star in 2002 if certain conditions are met. Origin has assessed the potential impact of reversionary rights associated with such interests based on economic tests consistent with these reserves and resources and based on that assessment does not consider that reversion will impact the reserves and resources quoted in the Annual Reserves Report.

DIRECTORY

Origin Energy Limited

Registered office

Level 45, Australia Square
264-278 George Street
Sydney NSW 2000

GPO Box 5376
Sydney NSW 2001

Telephone (02) 8345 5000
Facsimile (02) 9241 7377

www.originenergy.com.au
enquiry@originenergy.com.au

Secretaries

Andrew Clarke
Helen Hardy

Share register

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

T Australia 1300 664 446
T International (+61 2) 8016 2896
F (02) 9279 0664

www.boardroomlimited.com.au
origin@boardroomlimited.com.au



Further information about
Origin's performance can
be found on the website:
www.originenergy.com.au

