Remuneration Report

For the year ended 30 June 2018

Letter from the Chairman of the Remuneration and People Committee

On behalf of the Remuneration and People Committee (RPC) and the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2018.

During the year we implemented a simpler remuneration framework geared to enhance executive share ownership and to better align the interests of the executives with our shareholders. The work of simplification and refinement is a continuing one in which the RPC regularly reviews both the operation and outcomes of the framework to assure its fitness for purpose in a constantly changing business context.

Significant progress has been made in FY2018 on our twin priorities of reducing debt and improving returns. The sale of Lattice Energy was successfully completed, contributing a net $1 billion towards debt reduction, and underlying profit increased substantially. Over the period, the Australia Pacific LNG project lenders' test was completed, production and revenue increased, and we began implementing a simpler lower cost operating model. Despite intense competition, our Energy Markets performance improved, with contributions to this growth by both our electricity and gas businesses. Our renewable energy supply increased, and we trialled new technologies and introduced new products to improve our customer experience. We continue to position the company for a cleaner and smarter energy future.

The company's share price rose by over 46 per cent in FY2018, and over two years has risen over 74 per cent, reflecting the strength of our recent progress against our priorities. Annual Short Term Incentive (STI) outcomes for FY2018 have climbed above their targets (as detailed in tables 3 and 4), reflecting this progress and improvement. At the same time, FY2018 represented the sixth successive year of zero vesting and forfeiture of all Long Term Incentive (LTI) awards. This reflects that while recent performance has been strong, the long-term performance (as shown in the 3-year Total Shareholder Return (TSR)) is still unsatisfactory. Our remuneration framework ensures that reward and performance are linked to both short and long-term outcomes.

Our Remuneration Report this year is more focused, reflecting the changes and simplifications being made to the remuneration framework.

Scott Perkins
Chairman, Remuneration and People Committee

Contents

The Remuneration Report for the 12 months ended 30 June 2018 (FY2018, the Period) forms part of the Directors' Report. Except as otherwise noted it has been prepared in accordance with the *Corporations Act 2001* (Cth) (the Act) and in compliance with AASB 124 *Related Party Disclosures*, and audited as required by section 308(3C) of the Act. The report is divided into the following sections:

1. People covered by the Remuneration Report

The Remuneration Report discloses the remuneration arrangements and outcomes for people listed in table 1, who are those individuals who have been determined as Key Management Personnel as defined by AASB 124 *Related Party Disclosures*.

Table 1: KMP

Name	Position and board committees	Term as KMP in FY2018
Non-executive Directors (NEDs)		
G Cairns	Independent Chairman Nomination (Chair); Audit; Risk; Remuneration and People; Health, Safety and Environment	Full year
J Akehurst	Independent Director Health, Safety and Environment (Chair); Risk; Nomination	Full year
M Brenner	Independent Director Risk (Chair); Audit; Nomination	Full year
T Engelhard	Independent Director Remuneration and People; Audit (since September 2017)	Full year
B Morgan	Independent Director Audit (Chair); Risk; Health, Safety and Environment; Nomination	Full year
S Perkins	Independent Director Remuneration and People (Chair); Audit; Risk; Nomination	Full year
S Sargent	Independent Director Origin Foundation (Chair); Remuneration and People; Health, Safety and Environment	Full year
Executive Director		
F Calabria	Chief Executive Officer (CEO)	Full year
Other KMP		
J Briskin	Executive General Manager, Retail	Full year
G Jarvis	Executive General Manager, Energy Supply and Operations	Full year
G Mallett	Acting Chief Financial Officer KMP role until 9 July 2017	To 9 July 2017
M Schubert	Executive General Manager, Integrated Gas	Full year
L Tremaine	Chief Financial Officer Appointed KMP Monday 10 July 2017	From 10 July 2017

The term Executive KMP is a reference to the Executive Director plus Other KMP.

Although focused on the remuneration arrangements and outcomes for the KMP listed in table 1, the report also provides a perspective across the broader Executive Leadership Team (ELT). The term ‘senior executives’ in this report is a collective reference to Other KMP plus non-KMP members of the ELT.

2. Remuneration outcomes for FY2018

This section summarises remuneration outcomes for FY2018 and provides commentary on their alignment with company outcomes.

2.1 Five-year company performance and remuneration outcomes

Table 2 summarises key financial and non-financial performance for the company from FY2014 to FY2018, grouped and compared with short-term and long-term remuneration outcomes.

Table 2: Five-year performance history

	2014	2015	2016	2017	2018
Earnings and cash flow					
Revenue $m	14,518	14,147	12,174	14,107	14,883
Revenue $m (continuing activities[1])	12,363	11,893	11,456	13,646	14,604
Statutory profit $m[2]	530	(658)	(628)	(2,226)	218
Statutory EPS cents[2,3]	42.1	(52.1)	(39.8)	(126.9)	12.4
Underlying profit $m	713	682	365	550	1022
Underlying profit $m (continuing activities[1])	604	603	286	400	838
Underlying EPS cents[3]	56.7	54.0	23.2	31.3	58.2
Underlying EPS cents[3] (continuing activities[1])	48.0	47.7	18.1	22.8	47.7
Net cash from/(used in) operating and investing activities (NCOIA)	(1,087)	(2,081)	1,215	1,378	2,645
STI award outcomes (table 5)					
Executive KMP outcome (% of $ target)	111.1	81.0	43.8	91.7	129.1
Returns					
Share price[3] (closing at 30 June, $)	12.79	10.47	5.75	6.86	10.03
Dividends (cents)	50.0	50.0	10.0	0.0	0.0
Annual TSR (%)	20.6	(15.0)	(42.0)	19.3	46.2
3-year rolling TSR[4] (CAGR % pa)	0.9	2.8	(18.5)	(14.2)	(2.6)
Underlying ROCE[5] (% pa)	na	na	na	6.0	9.3
LTI outcomes					
LTI vesting % in the year	0	0	0	0	0
LTI forfeit % in the year	100	100	100	100	100

1 Excludes Contact Energy (2014–2016) and Lattice Energy (2016–2018).

2 2016 statutory profit and statutory EPS have been restated to reflect adjustments as noted in 2017 financial statements.

3 EPS and share price have been re-stated for the bonus element of the rights issue completed in October 2015.

4 Using a three-month (60 trading days) volume weighted average price (VWAP) to 30 June, reflecting the LTI methodology for calculating TSRs for Origin and the comparator group companies.

5 Reporting for ROCE commenced FY2017.

Table 2 shows that overall awarded STI outcomes have varied from 43.8 per cent to 129.1 per cent of target over the last five years. The specific performance metrics supporting the Executive KMP results for FY2018 STI are provided in section 2.2.

There has been no vesting of LTI for any executive since 2011 (when vesting occurred for grants allocated in 2008). The forfeiture of this awarded remuneration reflects share price underperformance in recent years and underlines the strong linkage between company performance and remuneration outcomes. More recently performance has improved. The share price has increased by over 74 per cent over the last two years, and over 46 per cent over the last year.

2.2 STI awards and scorecard details for FY2018

The STI program operates on an annual financial year cycle, using a scorecard made up of key performance indicators (KPIs). Before the commencement of the performance year, targets are set for each KPI at three levels — threshold, target and stretch. Achievement at the target level is scored at 100 per cent, with threshold achievements at one-third (33 per cent) of target, and outperformance achieving the stretch level is scored at 167 per cent.[1]

Unless the threshold level is achieved, the award for the KPI is zero. The stretch performance level is set on the basis of significantly exceeding budget and operational targets. Between target and threshold, and between threshold and stretch, outcomes are calculated on a proportionate basis.

For FY2018 the scorecard was weighted 60 per cent to financial KPIs and 20 per cent each to Customer and People KPIs. Table 3 shows the CEO's scorecard, targets and outcomes for FY2018.

Table 3: CEO scorecard for FY2018

Target | **Actual**

CEO Scorecard KPIs	Threshold 33%	Target 100%	Stretch 167%	Weight %	Score % Target	Result %
Financial (60%)						
Underlying EPS (c)	41.6	46.3	50.9 **58.2**	15	167	25.1
Net cash from operating and investing activities (NCOIA) excluding Lattice net proceeds ($m)	608	675	743 **1,575**	10	167	16.7
Lattice net proceeds ($m)	934	983	1,032 **1,070**	5	167	8.3
Energy Markets EBITDA ($m)	1,679	1,745	1,810 **1,811**	15	167	25.0
FY18 APLNG operating breakeven ($m)	2,381	2,268	2,155 **1,493**	15	167	25.0
				60	**167.0**	**100.1**
Customer (20%)						
Strategic NPS (T1 refers to #1 Tier 1)	T1 or >-16 **-13**	T1 & -10	T1 & -6	10	67	6.7
Customer value – retail gross margin ($m)	880	940	990 **1,082**	7.5	167	12.5
Customer value – customer net movement	-50k	-35k	-20k **-15k**	2.5	167	4.2
				20	**105.0**	**23.4**
People (20%)						
People, culture and HSE Measures[2]		**100.9**		**20**	**100.9**	**20.2**
Business scorecard result (% target)				**100**	**143.7**	**143.7**
% Fixed Remuneration[3]						**123.0**

1 In earlier years this was expressed as threshold and target representing 20 per cent and 60 per cent of maximum respectively.

2 Measures include engagement and culture metrics, total recordable injury frequency rate, significant incidents, process safety and environmental reportable incidents.

3 The difference between target (100 per cent) and stretch (167 per cent) KPIs is 67 points, and the CEO's opportunity difference is 20 points (110 per cent FR at target, 130 per cent FR at maximum). Therefore, for a 143.7 per cent scorecard outcome, the calculation as per cent FR equals 110 + {20 x (143.7-100)/67)} = 123.0 per cent FR. Table 5 shows this represents 111.8 per cent of the dollar target opportunity. These conversions will not be necessary from FY2019 forward as the CEO's opportunity levels will be aligned with the rest of the organisation as detailed in table 9.

Scorecards for Other KMP follow the same structure, where financial KPIs represent at least 60 per cent of the overall weighting, customer KPIs represent between 15 per cent and 25 per cent, and business unit KPIs are incorporated in addition to the Group targets. Table 4 summarises the outcomes for Other KMP for FY2018.

Table 4: Other KMP scorecard summaries for FY2018

Other KMP Scorecards	Threshold 33%	Target 100%	Stretch 167%
J Briskin (EGM, Retail)		147.1	
G Jarvis (EGM, Energy Supply & Operations)		145.1	
M Schubert (EGM, Integrated Gas)		138.3	
L Tremaine (Chief Financial Officer)		142.1	

The scorecard outcomes range from 138.3 per cent to 147.1 per cent of target. These dollar results are summarised in table 5 which shows the STI outcomes for all Executive KMP.

2.3 LTI allocations for FY2018

LTI allocations for FY2018 have been set at the standard (target) level. In the absence of reasons to exercise its discretion to deviate from usual practice (which it has done from time to time when circumstances warranted), the Board has determined that 2018 allocations will be at the standard role-based level. Vesting outcomes depend on future performance against the performance hurdles.

The allocation of equity for the CEO is subject to shareholder approval.

As foreshadowed in the 2017 Remuneration Report, the 2018 and future allocations are wholly based on face value methodology. Previously the allocation was based on a mixture of fair and face value. Opportunity levels have been adjusted to reflect this change without materially altering the allocation value to the executive, as set out in table 11.

2.4 Variable pay outcomes

Table 5 summarises variable pay awards (STI and LTI) made to Executive KMP for FY2018 and FY2017, including the proportions between cash and conditional deferred elements.

The level of STI deferred has increased from 35.6 per cent to the 50 per cent level, reflecting one of the changes made for FY2018 to have all Executive KMP subject to deferral of half their STI award. Overall the proportion of deferred remuneration increased from 68.5 to 76.4 per cent.

2.5 Actual pay received

In line with general market practice a (non-AIFRS) presentation of actual pay received is provided in table 6 in addition to the statutory requirements (table 18). This gives shareholders another perspective of actual remuneration outcomes, albeit one that includes remuneration derived from prior years.

In addition to Fixed Remuneration (FR) and the cash component of STI, actual pay received includes equity that has vested from equity grants made in prior periods, whether from Deferred STI or from LTI vesting.

The value of Deferred STI that vests, even though it is not subject to further performance conditions, depends on the company's share price at the time of vesting. This ensures that the original award value is exposed to increases or decreases in share price over the deferral period.

With respect to LTI awards table 6 shows no value crystallised in FY2018 (or FY2017) from prior year LTI allocations, and those amounts previously reported as statutory remuneration were forfeited during the year. These remuneration outcomes reflect that the company's performance in recent years has not reached sustained levels at which executives derive any value from the LTI component of their remuneration package.

These results underline the strong alignment that exists between executive remuneration and both short-term and sustained long-term company performance.

Table 5: Variable pay (STI and LTI) awarded for the period

			STI								LTI			Deferral	
Name		**FR base ($)[1]**	**Target (% FR)**	**Target STI ($)**	**Scorecard (%)**	**STI Award (%FR)**	**STI Award (% Target)**	**STI Award ($)**	**Maximum STI (% FR)**	**STI Award (% of maximum)[2]**	**Target LTI (% FR)**	**LTI Award (%FR)**	**LTI Award ($)[3]**	**% of STI deferred**	**% of variable deferred**
Executive Director															
F Calabria	2018	1,700,000	110	1,870,000	143.7	123.0	111.8	**2,091,000**	130	94.6	180	180	**3,060,000**	50.0	79.7
	2017	1,700,000	110	1,870,000	128.2	118.5	107.7	**2,014,500**	130	91.2	180	165	**2,805,000**	50.0	79.1
Other Executive KMP															
J Briskin	2018	675,000	66	445,500	147.1	97.1	147.1	**655,331**	110	88.3	90	90	**607,500**	50.0	74.1
	2017	384,750	66	253,935	115.8	76.5	115.8	**294,142**	110	69.5	90	90	**346,275**	33.3	69.4
G Jarvis	2018	724,000	66	477,840	145.1	95.8	145.1	**693,346**	110	87.1	90	90	**651,600**	50.0	74.2
	2017	412,680	66	272,369	120.3	79.4	120.3	**327,580**	110	72.2	90	90	**371,412**	33.3	68.7
M Schubert	2018	724,000	66	477,840	138.3	91.3	138.3	**660,853**	110	83.0	90	90	**651,600**	50.0	74.8
	2017	108,650	56	60,844	115.0	64.4	115.0	**69,949**	92.5	69.6	90	90	**97,785**	33.3	72.2
L Tremaine	2018	980,769	100	980,769	142.1	142.1	142.1	**1,393,673**	167	85.1	120	120	**1,176,923**	50.0	72.9
	2017	–	–	–	–	–	–	**–**	–	–	–	–	**–**	–	–
Former Executive KMP															
G King	2018	–	–	–	–	–	–	**–**	–	–	–	–	**–**	–	–
	2017	760,000	90	684,000	0.0	0	0.0	**0**	150	0.0	180	0	**0**	–	–
G Mallett	2018	11,346	45	5,106	0	0	0	**0**	75	0	60	0	**0**	0.0	–
	2017	590,000	45	265,500	134.5	60.5	134.5	**357,098**	75	80.7	60	60	**354,000**	33.3	66.5
D Baldwin	2018	–	–	–	–	–	–	**–**	–	–	–	–	**–**	–	–
	2017	951,740	78	742,357	100.0	78.0	100.0	**742,357**	130	60.0	120	0	**0**	–	–
Total	**2018**	**4,815,115**		4,257,055			**129.1**	**5,494,203**		**88.7**	**128**	**128**	**6,147,623**	**50.0**	**76.4**
	2017	**4,907,820**		4,149,005			**91.7**	**3,805,626**		**63.3**	**137**	**81**	**3,974,472**	**35.6**	**68.5**

1 The FR base is the reference to Fixed Remuneration (FR) applicable for STI and LTI calculations, pro-rata for part year KMP periods. The FR base excludes acting and temporary allowances that may be included in FR more generally.

2 Where the STI award is less than 100 per cent of the maximum, the difference is forfeited. Awards are calculated with reference to the target. The ratio between maximum and target STI is 1.67 times, except for the CEO where the ratio is 1.18. Awards expressed relative to target are consistent between executives, but when expressed as a percentage of maximum the CEO appears proportionally higher relative to other executives because of his different ratio. This inconsistency will be eliminated from FY2019 (see table 9).

3 The LTI award allocation is conditional pay subject to performance hurdles over periods of 3-5 years. The awards may vest (partially or fully) or they may lapse without value in a future period. LTI for 2017 has been re-stated to align with the full face-value allocation commenced in 2018. The number of instruments held has not changed. The allocation value was originally expressed in a mixture of accounting fair value and face value and is now expressed wholly in terms of face value (see table 11 'Allocation Amount').

Table 6: Actual pay received in the period ($) – non-AIFRS

Name		Fixed Remuneration[1]	Variable pay (STI + LTI) received: STI cash[2]	Deferred STI vested[3]	LTI vested[4]	Total remuneration received[5]	Equity forfeited[6]
Executive Director							
F Calabria	2018	1,700,000	1,045,500	213,380	0	**2,958,880**	(157,741)
	2017	1,498,461	1,007,250	158,714	0	**2,664,425**	(1,755,705)
Other Executive KMP							
J Briskin	2018	675,000	327,666	101,870	0	**1,104,536**	(41,757)
	2017	339,225	196,095	0	0	**535,320**	0
G Jarvis	2018	724,000	346,673	156,882	0	**1,227,555**	(104,317)
	2017	373,209	218,387	0	0	**591,596**	0
M Schubert	2018	724,000	330,427	213,771	0	**1,268,198**	0
	2017	100,479	46,633	0	0	**147,112**	0
L Tremaine	2018	980,769	696,837	0	0	**1,677,606**	0
	2017	–	–	–	–	**–**	–
Former Executive KMP							
G King	2018	–	–	–	–	**–**	–
	2017	680,319	0	174,793	0	**855,112**	(6,245,275)
G Mallett	2018	71,346	0	0	0	**71,346**	0
	2017	849,078	238,065	48,968	0	**1,136,111**	(411,555)
D Baldwin	2018	–	–	–	–	**–**	–
	2017	942,484	742,357	162,567	0	**1,847,408**	(2,000,352)
Total	**2018**	**4,875,115**	**2,747,103**	**685,903**	**0**	**8,308,121**	**(303,815)**
	2017	**4,783,255**	**2,448,787**	**545,042**	**0**	**7,777,084**	**(10,412,887)**

1 F Calabria was in two different roles during FY2017. Pro-rata for KMP periods for L Tremaine and G Mallett (FY2018) and for G King and D Baldwin (FY2017). G Mallet's FR includes allowances paid for acting in the role of CFO.

2 For FY2018, STI cash represents half of the STI award (for FY2017, except for the CEO, it was two-thirds of the award, and for D Baldwin it was the whole award). The STI cash is allocated to the earning year even though it is physically paid after the end of that year.

3 Deferred STI vested in FY2018 was from grants awarded in 2013, 2014 and 2015; vests in FY2017 arose from grants in 2014 and 2015. The vested value is calculated as the number of vested securities multiplied by the closing price of Origin ordinary shares on the day of vesting.

4 LTI vested represents the value of LTI awards from prior years that vested wholly or partially during the year. No LTI awards vested in FY2018 or FY2017.

5 Total remuneration received is the sum of FR plus STI cash, plus the value of Deferred STI and LTI that vested during the Period.

6 The value of equity forfeited relates to previously awarded equity that was forfeited during the year (i.e. the relevant grants realised no benefit). The forfeited value represents original value that was attributed to remuneration in the year of the grant. Only one LTI tranche (October 2013 Options) was tested during FY2018 (resulting in 100 per cent forfeit).

3. Executive remuneration policy and structure

3.1 Key features

The key elements of the executive remuneration framework are summarised in table 7 and shown schematically in table 8.

Table 7: Key elements of the executive remuneration framework

Parameter	Details
Objectives	(1) To attract, motivate and retain high-calibre individuals from diverse backgrounds and industries. This is achieved by setting remuneration in two components. Fixed Remuneration is the first component and is set to be competitive in the broad market, and a Variable Remuneration component that offers attractive rewards when company and personal performance is high or outstanding; *and* (2) To align the interests of executives with those of shareholders through executive share ownership, thus exposing executives to company performance outcomes as experienced by shareholders generally. This is achieved by integrating performance benchmarks and equity elements into the Variable Remuneration structure such that reward levels reflect actual performance over time. The most senior executives (those who have the greatest influence on company outcomes) are exposed to proportionately higher levels of at-risk remuneration and higher proportions of equity.
Benchmark peer groups	Below executive level, the prime benchmarking reference is through job evaluation methodology matched to grade levels sourced through Korn Ferry Hay Group's market data. For more senior roles, positions are matched across relevant peer organisations (based on similar market capitalisation or operational scale and scope). When recruiting externally, the company has regard to wider industry comparisons and to the S&P/ASX-50 in order to access the best people from a diverse talent pool.
Fixed Remuneration (FR)	Fixed Remuneration (FR) comprises cash salary, employer contributions to superannuation and salary sacrifice benefits. Further details are provided in section 3.2.
Variable Remuneration (VR)	Variable Remuneration is awarded on a contingent basis depending on outcomes against defined targets. It is divided into two elements, a short-term incentive (STI) and a long-term incentive (LTI), which depend respectively on annual and long term performance measures. The STI program is described in detail in section 3.3. The LTI program is described in detail in section 3.4.
Total Remuneration (TR)	The sum of FR, STI and LTI represents total remuneration (TR). It is intended that when VR is awarded at target levels, the TR will reflect "at target" TR for the benchmark populations. Additionally, when performance is exceptional, it is intended that executives well established in their roles will have the potential for TR to be at or above the 75th percentile of the benchmark population.

Table 8: FY2018 remuneration framework and timelines (ELT)

	Grant	Year 1	Year 2	Year 3	Year 4
Fixed remuneration ASX-50 and other relevant benchmarks					
STI earning year 60% Financials (including EPS, NCOIA, EBITDA, opex) 20% Customer (strategic NPS etc) 20% People (safety, engagement, gender etc)		cash award (50% of STI)			
		equity award (50% of STI)			
		STI deferral (2 years)			> Ongoing minimum shareholding requirement
LTI Pre-grant service contribution		Performance share rights Half with 3-year ROCE hurdle Half with 3-year relative TSR hurdle		1-year post-vest holding lock	

Equity Grant Vest Conditional Vest

3.2 Fixed Remuneration

FR (cash salary, employer contributions to superannuation and salary sacrifice benefits) takes into account the size and complexity of the role, and the know-how, skills and experience required to be successful in it. To be market competitive, roles are benchmarked annually with reference to comparable roles in the peer groups and achieving median for FR over time.

FY2018 FR for Executive KMP is shown in tables 5 and 6. Following a benchmark review, FR for the CEO will increase from $1,700,000 to $1,800,000 effective for FY2019, and an average increase of 3.7 per cent will apply to other ELT roles. This review also took into account that the incumbents are becoming more established in the roles that were created in the executive team restructure of December 2016. The CEO's base remuneration is below the benchmark median of peer organisations and is intended to move closer to median over time subject to performance and prevailing benchmarks.

3.3 STI plan details

STI awards are calculated on the basis of achievement of various KPIs defined annually by the Board. These KPIs reference both annual financial results and other measures that reflect organisational health and predict superior long term performance. STI awards are delivered half in cash and half deferred into equity for two years which is contingent on ongoing employment with satisfactory service over that period. Any trading in the resulting shares is further subject to the Executive Minimum Shareholding Requirement (MSR) requirements described in section 3.6.

A detailed description of the STI plan operation is provided in table 9, with table 10 setting out the arrangements for the deferred element of STI awards.

Table 9: STI plan details

Parameter	Details
Name	Short Term Incentive Plan (STIP)
Objective	To align superior outcomes for shareholders with remuneration outcomes for executives and employees; to reward performance; to be competitive in the broad market and to offer attractive levels of reward for out-performance. STIP is a key element in the overall remuneration objective to attract, motivate and retain high-calibre individuals.
Type	Annual awards based on annual objectives delivered half in cash and half in deferred equity (see table 10).
Opportunity amount	The STI opportunity level varies according to the executive's role, generally increasing with role size and accountability and the capacity to influence business outcomes. For FY2018 the levels were:

	% of Fixed Rem		
Role	**Min**	**Target**	**Max**
CEO	0	110*	130*
CFO	0	100	167
Other Executive KMP	0	66	110
Next level executives	0	45-60	75-100

*See below for FY2019 changes for CEO

The opportunity levels are set with reference to the benchmarks in table 7 such that target outcomes align with median market outcomes, and when performance is at its highest there is opportunity to reach the 75th percentile of that market.

Parameter	Details
Deferral	The CEO and senior executives have one-half of their STI award deferred on the terms and conditions set out in table 10 below.
Approval	The KPIs and the outcomes for Executive KMP are approved by the Board on advice from the RPC. The CEO makes recommendations to the RPC in respect of his direct reports.
Payment and superannuation	The portion of an STI award that is not deferred (see table 10) is paid in cash (less applicable tax and required superannuation contribution) approximately three months after the end of the financial year in which it was earned.
Service and behavioural conditions	The award of STI is subject to ongoing employment with satisfactory performance throughout the performance period and, in addition, through to the end of any applicable deferral periods (see Deferral below). Adherence to Origin's values and behavioural standards is a requirement for achieving satisfactory performance. Failure to do so will result in disqualification from incentive awards and may jeopardise continued employment. A more formalised measurement of behaviours is being introduced for FY2019 and this will be incorporated more specifically into remuneration assessment. The Board retains discretion to vary formulaic outcomes to ensure all relevant matters are taken into account when determining appropriate levels of remuneration within the maximum prescribed levels.
Cessation and good leavers	No STI award is made where the Service Conditions have not been met in full, except in limited "good leaver" circumstances. "Good leaver" circumstances are those where cessation of employment arises in consequence of death, disability, redundancy, genuine retirement or other exceptional circumstances as approved by the Board. STI awards are settled wholly in cash (no deferral) where payment is in circumstances of a good leaver cessation. Previously awarded but unvested deferred awards vest at cessation of employment in good leaver circumstances, unless the Board determines otherwise.
Changes for FY2019	Following an extensive benchmarking exercise taking account of CEO tenure and performance, the STI range for FY2019 will be reduced to 100 per cent FR at target and increased to 167 per cent at maximum. This aligns with relevant benchmarks and accords with the desired balance between FR and variable remuneration, and the pay for performance principle that underscores the remuneration framework. Importantly, the benefit of this change is delivered only where outcomes are high (above target). This change will align the CEO and CFO opportunity levels. In addition, all Executive KMP will share the same outperformance opportunity (stretch at 1.67 times target).

Table 10: STI deferral details

Parameter	Details
Objective	There are two main objectives of deferral and the use of an equity instrument. The first is to subject a portion of awards based on annual results to a further time-test in the market, and the second is to align the interests of management and shareholders through share ownership. As deferred awards are forfeited on resignation during the deferral period, they also act as a retention mechanism.
Proportion	The CEO and all senior executives are currently subject to deferral of 50 per cent of their STI award. Deferral is triggered where the amount subject to deferral exceeds a threshold ($2000 for FY2018).
Deferral period	The deferral period is just over 2 years from the end of the financial year to which the STI award relates: **Grant date FY2018 STI awards** / **STI performance period** / **Vesting/release date** August 2018 (October 2018 for CEO*) / 1 July 2017 to 30 June 2018 / August 2020 (the second trading day after the release of the FY2020 full year results) *Subject to shareholder approval
Instrument	Deferred STI is awarded in the form of Deferred Share Rights (DSRs) and/or Restricted Shares (RS). A DSR is the right to a fully paid share in the company subject to the fulfilment of the Service Condition. A RS is a share subject to a holding lock which corresponds to the Service Condition. DSRs and RSs are granted to executives for no cost as they represent part of the recipient's remuneration package. The Board may award in alternative forms (including cash or deferred cash) where appropriate to do so.
Allocation basis and pricing period	Allocation of Deferred STI awards is at face value, calculated as the 30-day VWAP to the 30th of June immediately preceding grant. The number of DSRs or RSs allocated is the Deferred STI amount ($) divided by the face value, rounded to the nearest whole number.
Grant	The Board's recommendation for the CEO's Deferred STI equity award is submitted for approval[1] at the first AGM following the end of the financial year, and the equity grant is made as soon as practicable after shareholder approval has been obtained. Deferred STI equity grants to other executives are made as soon as practicable after Board approval, which is generally at the end of August following the end of the financial year.
Dividends and voting rights	DSRs carry no dividend entitlements or voting rights. Restricted shares carry dividend entitlements and voting rights.
Vesting, release and exercise	DSRs vest and Restricted Shares are released on meeting the Service Conditions (or as described in the Cessation and Good Leaver provisions above). Exercise of DSRs is automatic on vesting and there is no exercise price. Share disposals are subject to the minimum shareholding requirement (section 3.6).
Changes for FY2019	The preferred allocation vehicle for deferred STI equity granted after 1 July 2018 will be in the form of Restricted Shares. The intention will be to purchase the shares on market (unless circumstances arise where the Board determines otherwise), which ties the share award to current rather than future share price.

1 Where the CEO's Deferred STI equity allocation is purchased on market, which from 2018 is the Board's preferred approach, shareholder approval is not required. However, in the interests of good governance and to preserve flexibility to issue shares where it may be appropriate to do so, the Board's practice is to seek shareholder approval.

3.4 LTI plan details

LTI awards are provided in the form of equity allocations which are made annually according to role size and influence on long-term performance. The equity may vest in the future subject to the executive meeting service and performance obligations, **and** the company meeting or exceeding three-year performance hurdles. There is a further one-year holding lock such that the overall deferral period is four years. Any trading in vested equity is further subject to the Executive Minimum Shareholding Requirement (MSR) requirements described in section 3.6. A detailed description of the LTI plan operation is provided in table 11.

Table 11: LTI plan details

Parameter	Details
Name	Long Term Incentive Plan (LTIP)
Objective	The objective is to align the interests of executives with those of shareholders. If shareholders do well, executives are rewarded. Conversely, where shareholders do not do well, neither does the executive. In combination with the holding lock (see below) and the Minimum Shareholding Requirement (section 3.6), the plan achieves alignment through increased executive share ownership. Unvested equity is forfeited if the executive resigns before the end of the performance period, therefore the LTI also serves as a retention tool.
Type	LTI is conditional equity that may or may not vest (crystallise) in the future. Vesting is subject to the company meeting or exceeding long-term performance conditions (set out below), and, in addition, conditional on the executive meeting service and performance obligations.
Allocation basis and pricing period	The basis of LTI awards and allocation is on the face value of an Origin share calculated as the 30-day VWAP to and including the last trading day of the financial year immediately preceding the year the award is granted.
Grant	The Board's recommendation for the CEO's LTI equity award is submitted for approval at the first AGM following the end of the financial year, and the equity grant is made as soon as practicable after shareholder approval has been obtained. LTI equity grants to other executives are made as soon as practicable after Board approval, which is generally at the end of August following the end of the financial year.
Allocation amount	The value of the allocation is role-based reflecting role accountability and influence on long-term company performance. As foreshadowed in the 2017 Remuneration Report, Options were discontinued effective from FY2018 awards and the basis of allocation has been changed from partly Face Value (for PSRs) and partly Fair Value (for Options) to entirely Face Value. The Board, having taken external advice to ensure that the change was made on a remuneration-neutral basis, has applied an overall gross-up factor of 50 per cent to the previous standard or target allocation level.[1]

Role	% of Fixed Rem allocated on a *Face Value* basis
CEO	180
CFO	120
Other Executive KMP	90
Next level executives	60-75

Awards are considered soon after the end of each financial year, and take into account demonstrated performance and long-term commitment as assessed at that time (this is the "pre-grant service contribution" referred to in table 8). The Board may determine that the allocation should be varied up or down (including to zero).

The benchmarks used to determine the allocation levels are described in the Total Remuneration section of table 7.

Parameter	Details
Allocation approval	Annual LTI allocations for Executive KMP are approved by the Board on advice from the RPC. The CEO makes recommendations to the RPC in respect of his direct reports.
Instruments	Performance Share Rights (PSRs) are the standard vehicle for all LTI awards made after 18 October 2017. A PSR is a right to a fully paid ordinary share in the company, subject to the fulfilment of performance and service conditions. The PSRs are granted at no cost because they are awarded as remuneration.
Dividends and voting rights	PSRs carry no dividend entitlements or voting rights.
Performance and deferral period	The deferral period is approximately 4 years, made up of a 3-year performance period (three financial years) followed by a holding lock of approximately 13½ months:

Grant date FY2018 LTI awards	Base date (Start of performance period)	Test date (End of performance period)	Vested Shares Holding Lock
August 2018 (October 2018 for CEO*)	1 July 2018	30 June 2021	The second trading day after the release of the FY2022 full year results in August 2022

*Subject to shareholder approval

The pre-grant service contribution (see table 8 and Allocation Amount above) is additional to and not counted in the performance or deferral period.

1 The gross-up required for changing from fair value to face value allocation was determined to be approximately 100 per cent based on consideration of external advice. As this change applied to one-half of the original LTI structure (the Options tranche) the overall gross-up was set at 50 per cent. The CEO's LTI remuneration from appointment was expressed as an opportunity range with a target 110 per cent FR and a maximum cap of 130 per cent FR, on the basis of mixed allocations (face value and fair value). In moving to a standard allocation expressed wholly on the basis of face value, the mid-point of the old range (120 per centFR) has been grossed-up by 50 per cent (i.e. to 180 per cent FR).

Parameter	Details
Service and behavioural conditions	In addition to the performance conditions below, unvested LTI awards will ordinarily be forfeited if the holder does not remain in ongoing employment with satisfactory service through to the end of the performance period. Satisfactory service includes adherence to Origin's values and behavioural standards.
Performance condition 1	One half of the LTI award has a relative Total Shareholder Return (TSR) hurdle. Relative TSR has been chosen because it directly reflects returns to shareholders and aligns executive reward to that return. Vesting occurs only where Origin's TSR over the performance period places it above the 50th percentile of the S&P/ASX-50 companies as defined at the start of the performance period. Half of the PSRs in this tranche vest if the 50th percentile is exceeded, and all of the PSRs in this tranche vest if Origin's TSR achieves or exceeds the 75th percentile, with straight-line vesting between. The S&P/ASX-50 has been chosen as the comparator group because, in the absence of a sufficient number of operationally similar and direct competitors, it represents the most meaningful group with which Origin competes for shareholder investment and executive talent. For awards to be granted in 2018 (referable to FY2018 service) consideration was given to the inclusion of a share price growth condition, however following consultation it was decided not to do so as the absolute measure conflicted with the operation of the relative return measure.
Performance condition 2	One half of the LTI award has a Return on Capital Employed (ROCE) condition. The choice of ROCE reflects the importance of prudent capital allocation and the need to generate sufficient returns over that capital employed over time. ROCE is referenced to EBIT divided by average capital employed. Adjustments to statutory EBIT are considered in restricted circumstances. Circumstances that would result in impairment related adjustments include for example where such impairments cannot reasonably be said to be the responsibility of current management. Determination of the appropriate cost of capital during the performance period follows established capital asset pricing model norms. Adjustments to these targets may be warranted, at the Board's discretion, to appropriately reflect the impact of corporate actions such as M&A or major projects which, while in shareholders' long term interests, may adversely impact near-term ROCE. For awards granted in 2017, the ROCE performance condition was in two parts. First, the simple average of actual ROCE outcomes over the performance period must meet or exceed the simple average of the annual targets set in advance by the Board. In addition, for any vesting to occur, the actual ROCE must also meet or exceed Origin's overall weighted average cost of capital (WACC) in either of the last two years of the performance period. If both of these targets are achieved, half of the relevant PSRs vest. If the WACC hurdle is exceeded by two percentage points or more, then all of the relevant PSRs vest, with straight line proportionate vesting in between. For awards to be granted in 2018, the ROCE approach has been refined to better recognise the differing capital characteristics between the Integrated Gas and Energy Markets businesses. Accordingly average actual ROCE outcomes will need to exceed average annual ROCE targets which are reflective of delivering WACC for each business, and will be tested separately, and vest separately, for the two businesses (half of the ROCE tranche will be allocated to each). Meeting or exceeding the ROCE targets will result in half of the relevant PSRs vesting, while exceeding the targets by two percentage points or more will result in all of the relevant PSRs vesting, with straight line proportionate vesting in between.
Cash awards	In exceptional circumstances (for example an LTI recipient residing in an international jurisdiction, or where it is inappropriate to provide shares) the Board may determine to cash settle an award.
Cessation and good leavers	Generally, unvested LTI awards held at cessation of employment will be forfeited on the date of cessation. "Good leaver" circumstances are those where cessation of employment arises in consequence of death, disability, redundancy, genuine retirement or other exceptional circumstances as approved by the Board. In good leaver circumstances, unvested LTI awards may be held 'on foot' subject to their original Performance Conditions and other terms and conditions being met (except for the waived Service Condition), or dealt with in an appropriate manner determined by the Board.
Minimum and maximum value	The minimum value of the PSRs is zero. This will be the case where awards are not made, or where service conditions are not met, or where performance conditions are not met and there is no vesting. The maximum present-day value is the present-day face value based on full vesting. The actual future value will of course depend on the future share price and the level of vesting.
Pricing period	The pricing period for allocation is the 30-day VWAP up to and including the last trading day of the financial year immediately preceding grant.
Vesting and exercise	PSRs vest according to the level at which each of the Performance Conditions have been met. Exercise of PSRs is automatic on vesting and there is no exercise price. Shares allocated after vesting are subject to a holding lock, and, more generally, disposals are also subject to the minimum shareholding requirement (section 3.6).
Legacy Options	In addition to PSRs, legacy awards that remain unvested or unexercised as at the date of this Report include seven series of Options granted between 22 October 2014 and 18 October 2017. An Option is the right to a fully paid ordinary share on payment of an exercise price. All of the legacy Options have a Relative TSR performance condition, against a peer group of either S&P/ASX-100 (2014 and 2015 series), or (for 2016 and 2017 series) on the basis of a market capitalisation reference (the ten companies immediately larger and smaller than Origin) plus AGL, Oil Search, Santos and Woodside (if they were not already in that group). The legacy Options have performance periods varying between four and five years, with exercise prices as tabulated in table 20.

3.5 Remuneration range, mix and deferral

The possible range of remuneration outcomes and their mix is summarised in tables 12–15, using the following definitions:

Minimum	FR plus zero STI awarded, and zero LTI awarded (or zero LTI vested outcome)
Target	FR plus Target STI awarded, plus LTI allocated at full face value with 50% vesting
Maximum	FR plus Maximum STI awarded, and LTI allocated at full face value with 100% vesting

For the CEO, the range is shown below for both FY2018 and for FY2019. The FY2019 data incorporates a change to Fixed Remuneration (refer section 3.2) from 1 July 2018, and to STI opportunity levels (refer table 9). The CEO's Total Remuneration will increase by 2.4 per cent at target outcomes with a potential increase of up to 15.4 per cent for the achievement of outstanding (stretch) results.

Table 12: Remuneration range ($)

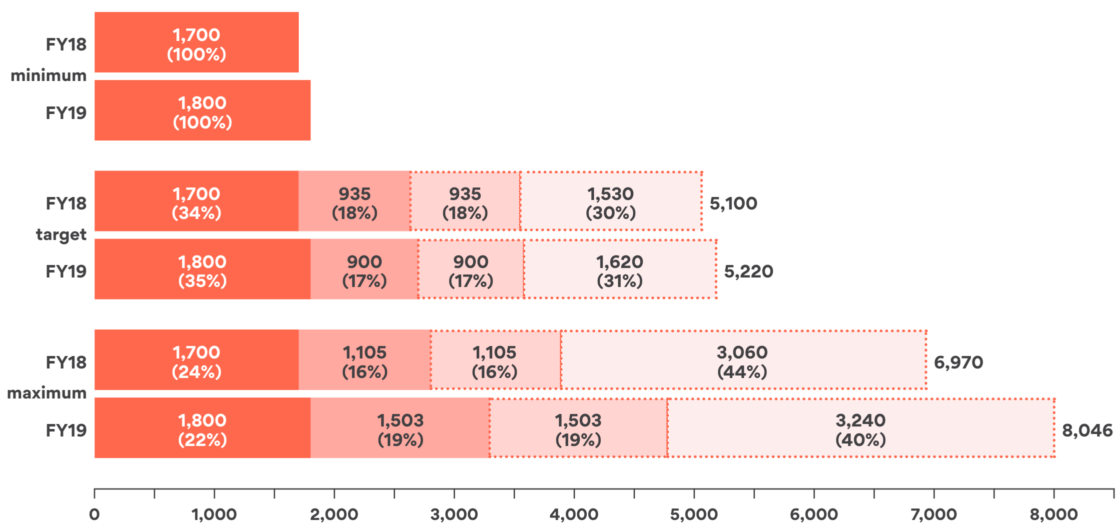
	FY2018			FY2019		
CEO	**Minimum**	**Target**	**Maximum**	**Minimum**	**Target**	**Maximum**
FR	1,700,000	1,700,000	1,700,000	1,800,000	1,800,000	1,800,000
STI	0	1,870,000	2,210,000	0	1,800,000	3,006,000
LTI	0	1,530,000	3,060,000	0	1,620,000	3,240,000
Total	1,700,000	5,100,000	6,970,000	1,800,000	5,220,000	8,046,000

The make-up of the package at these different delivery levels is summarised in table 13:

Table 13: Remuneration range ($'000)

Fixed (FR) Cash STI Deferred STI LTI

Dashed lines indicate conditional variable pay that is subject to forfeiture

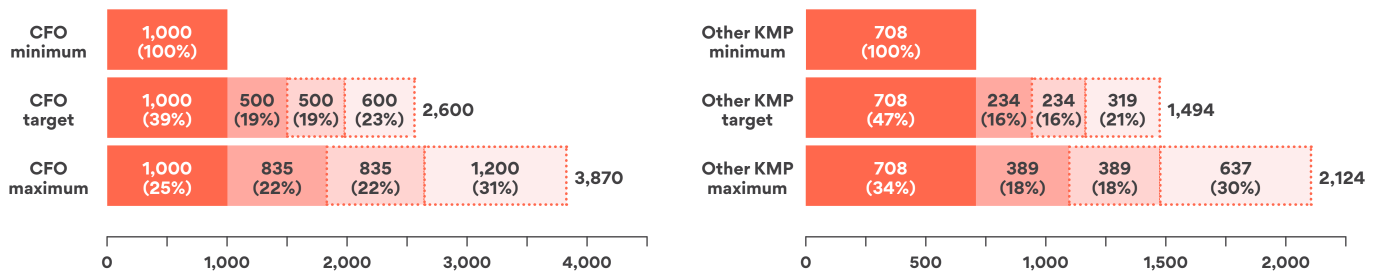


Tables 14 and 15 show the remuneration ranges applying in FY2018 for the Chief Financial Officer and the average of other Executive KMP.

Table 14: Remuneration range ($)

	CFO			Other average KMP		
	Minimum	Target	Maximum	Minimum	Target	Maximum
FR	1,000,000	1,000,000	1,000,000	708,000	708,000	708,000
STI	0	1,000,000	1,670,000	0	467,280	778,800
LTI	0	600,000	1,200,000	0	318,600	637,200
Total	1,000,000	2,600,000	3,870,000	708,000	1,493,880	2,124,000

Table 15: Remuneration range and mix ($'000)



The proportion of at-risk pay and the proportion of pay that is deferred and conditional (subject to forfeiture) increases with the seniority of the role, and also with the level of payout.

3.6 Minimum shareholding requirement (MSR) for senior executives

Effective from 1 July 2017, there is a requirement for the CEO and all senior executives to build and maintain a minimum shareholding in the company. An additional disposal restriction applies until the MSR is met[1]. The MSR is an equity holding equivalent to two times annual FR for the CEO, and one times annual FR for senior executives, and is expected to be met within four years. Executive KMP shareholdings are shown in table 21.

3.7 Malus and clawback

The STI and LTI arrangements are subject to malus and clawback provisions that enable the company to reduce or claw back awards where it is appropriate to do so.

The Board retains wide discretion to adjust formulaic incentive outcomes up or down (including to zero) prior to their finalisation. Malus refers to the exercise of downward discretion. The Board has, from time to time, applied malus to ensure that overall outcomes were aligned to both benchmarks and to the overall circumstances of the company (for example, it awarded zero STI and LTI allocations for some executives in both FY2015 and FY2016, even though some of the relevant performance conditions had been met).

Clawback refers to the Board's power to recover awards or payments that have been made, granted or vested (including the forfeiture of unvested equity awards, or the demand of the return of shares or the realised cash value of those shares) where the Board determines that the benefit obtained was inappropriate (for example, as a result of fraud, dishonesty or breach of employment obligations by the recipient or any employee of the Group). The Board has not encountered circumstances in this or prior periods that have required the application of the clawback provisions.

1 The restriction is in addition to any other trading or holding lock restriction, and generally applies to shares vested from incentive plans after the policy was introduced, except to the extent required to meet taxation obligations. Unvested equity that is not subject to performance hurdles may be counted towards the MSR.

3.8 No hedging

The company's policy requires that employees cannot trade instruments or other financial products that limit the economic risk of any securities held under any equity-based incentive scheme. Non-compliance may result in summary dismissal.

3.9 Change of control

If a change of control occurs prior to the vesting of share rights that are not subject to performance hurdles the Board has discretion to bring forward vesting dates where it considers it appropriate to do so.

If a change of control[1] occurs prior to the vesting of LTI that is subject to performance hurdles, provided the executive has held the relevant instruments for at least 12 months as at the change of control, the Board has discretion to bring forward testing against the performance conditions as at the date of the change of control, and vesting may occur to the extent that the relevant performance conditions have been met.

3.10 Capital reorganisation

On a capital reorganisation, the number of unvested share rights and Options held by participants may be adjusted in a manner determined by the Board to minimise or eliminate any material advantage or disadvantage to the participant. If new awards are granted, they will, unless the Board determines otherwise, be subject to the same terms and conditions as the original awards.

3.11 Other equity/share plans

The company operates a universal employee share plan in which all full-time and part-time employees can be awarded up to $1,000 worth of company shares on an annual basis. As foreshadowed in last year's report, the arrangements are being amended to encourage greater share ownership across the company. For FY2018 eligibility for the award was expanded by removing the conditional safety hurdle and reducing the service requirement from twelve to six months. The company is planning to introduce a salary sacrifice and matching mechanism to begin in FY2019.

For the FY2018 award, shares will be purchased on-market during late August for allocation to employees on a restricted basis (the shares cannot be traded until the earlier of cessation of employment or three years). Directors are not eligible for the general employee share plan.

To help preserve shareholder value, retention plans may be used selectively to retain key people. The RPC regularly assesses the risk of the Group losing key people in areas of intense market activity, for example critical employees who manage core activities or have skills that are being actively solicited in the market.

Where appropriate the RPC may consider putting in place deferred payment arrangements to reduce the risk of critical loss. Key people may be offered DSRs or deferred cash payments subject to the condition of remaining in ongoing employment with the company through to a nominated date and achieving personal performance targets over that period. Where DSRs are used for this purpose they represent the same equity vehicle described in table 10 for deferred STI, but their purpose is for retention and the vesting period will vary according to the specific circumstances.

No deferred cash or retention DSRs were provided to KMP during the current or the prior period.

From time to time it may be necessary to offer deferred equity to replace similar or equivalent equity that an executive forfeits when leaving another employer to take up employment with the company. 'Sign-on' equity of this sort, where required, is targeted to the particular circumstances and will have vesting periods matching those circumstances. Table 20 identifies that such sign-on equity was granted to L Tremaine in FY2018.

1 Change of control is defined as a person/entity acquiring more than 50 per cent of the relevant interest in the company pursuant to a takeover bid that has become unconditional, or when a person/entity otherwise acquires more than 50 per cent of a relevant interest in the issued capital of the company.

3.12 Remuneration and contractual details for Executive KMP

Table 16 sets out the main employment terms and conditions for Executive KMP as at 30 June 2018.

Table 16: Executive service agreements and remuneration terms

	CEO	Other KMP
Basis of contract	Ongoing (no fixed term)	Ongoing (no fixed term)
Notice period	12 months by either party, or shorter notice by agreement. No notice for misconduct or breach of contract.	Up to six months by either party or shorter notice by agreement. No notice for misconduct or breach of contract.
Termination benefits for cause	Statutory entitlements only	Statutory entitlements only
Termination benefits for resignation	Notice as above or payment in lieu of notice that is not worked; current-year STI forfeited; all unvested equity lapses; statutory entitlements	Notice as above or payment in lieu of notice that is not worked; current-year STI forfeited; all unvested equity lapses; statutory entitlements
Termination benefits for **other than** resignation or cause	Notice worked (or payment in lieu of any portion not worked); pro rata STI for the period worked (no deferral applicable); all unvested equity lapses unless held 'on foot' in accordance with Equity Incentive Plan Rules (in cases of death, disability, genuine retirement or extraordinary circumstance); and statutory entitlements	Notice worked (or payment in lieu of any portion not worked); pro rata STI for the period worked (no deferral applicable); all unvested equity lapses unless held 'on foot' in accordance with Equity Incentive Plan Rules (in cases of death, disability, bona fide redundancy, genuine retirement or extraordinary circumstance); and statutory entitlements Payment in accordance with the company's general redundancy policy of three weeks FR per year of service with a minimum of 18 weeks and a maximum of 78 weeks
Remuneration	As set out in table 12. Remuneration is regularly reviewed to align with policy and benchmarks.	As set out in table 12. Remuneration is regularly reviewed to align with policy and benchmarks.

4. Remuneration governance

4.1 Role of the Board and its Remuneration and People Committee

The full Board has oversight of Origin's remuneration arrangements. It is accountable for the remuneration of executives and of NEDs, and the policies and processes governing both.

The Remuneration and People Committee (RPC) operates under a Charter published on the company's website at originenergy.com.au. The RPC, through its chairman, provides advice and makes recommendations to the full Board on remuneration for NEDs and for ELT members, and also for all equity arrangements and grants regardless of level. The RPC has delegated authority to approve remuneration arrangements for Origin people outside these groups.

As identified in table 1, the RPC has four members (including its chairman) who are all independent NEDs. The RPC's Charter requires a minimum of three NEDs. In addition, there is a standing invitation to all Board members to attend the RPC's meetings. The RPC met formally six times during the Period.

4.2 External advisors

The RPC has established protocols for engaging and dealing with external advisors, including those defined as remuneration consultants for the purposes of the Act. The protocols are to ensure independence and the avoidance of conflicts of interest.

The protocols require that remuneration advisors are directly engaged by the RPC and act on instruction from its Chairman. Reports must be delivered directly to the RPC Chairman. The advisor is prohibited from communication with company management except as authorised by the Chairman, and limited to the provision or validation of factual and policy data. The advisor must furnish a statement confirming the absence of any undue influence from management.

During the Period the RPC engaged external advisors to conduct practice reviews and benchmarking exercises, and it also received general market trend information from a variety of commercial and industry sources. It did not seek or receive any remuneration recommendations within the definition of the Act.

4.3 Remuneration policy and structure for NEDs

NED remuneration is designed to ensure independence by setting fees that are fixed and not dependent on company results. There are no bonus or incentive-based payments. This ensures that NEDs are able to independently and objectively assess both executive and company performance.

On 18 October 2017 shareholders approved setting the aggregate cap for overall NED remuneration at $3,200,000 per annum, prior to that it had last been approved in 2013 (at $2,700,000). The increase was approved to provide the Board with sufficient flexibility to appoint additional directors, and it also recognised that there had been a decrease in the number of executive directors and an increase in the number of NEDs.

Board and committee fees take into account market rates for similar positions at relevant Australian organisations (those of comparable size and complexity) that fairly reflect the time commitments and responsibilities involved. Per diem fees may also be paid on occasions where approved special work is undertaken outside of the expected commitments. No per diem fees were paid during the Period.

The Origin Chairman receives a single fee that is inclusive of committee activities, while other NEDs receive a NED Base Fee and separate fees for their role on specific committees, other than the Nomination Committee, which is considered within the NED Base Fee. All fees include superannuation contributions.

As reflected in table 17, which sets out the structure and level of NED fees, there is no change to the fees to apply during FY2019. Fees were last increased in FY2013 (fees for the Risk Committee were introduced in FY2016).

Table 17: NED and committee fees ($)

FY	2018	2019
Board — Chairman (inclusive of committee fees)	677,000	677,000
NED Base Fee (exclusive of committee fees)	196,000	196,000
Audit — Chairman	57,000	57,000
Audit — Member	29,000	29,000
Remuneration and People — Chairman	47,000	47,000
Remuneration and People — Member	21,000	21,000
Health, Safety and Environment — Chairman	42,000	42,000
Health, Safety and Environment — Member	21,000	21,000
Risk — Chairman	42,000	42,000
Risk — Member	21,000	21,000
Nomination — Chairman	nil	nil
Nomination — Member	nil	nil
Origin Foundation — Chairman	nil	nil

4.4 Minimum shareholding requirement (MSR) for NEDs

To align the interests of the Board and shareholders, NEDs are required to build and then maintain a minimum shareholding in the company.

The MSR for the Chairman was raised effective from 1 July 2017 from one times the NED Base Fee to two times the NED Base Fee, and for all other NEDs it is one times the NED Base Fee.

The MSR must be reached within three years of appointment, or, where the requirement has been increased, within two years of the increase. At the date of this Remuneration Report, all NEDs either met the minimum requirement or were on track to meet it within the required time. Details on NED shareholdings are included in table 21.

A Non-executive Director Share Plan (NEDSP) was suspended in 2013 (existing participants could no longer make acquisitions) and closed to new entrants. The NEDSP provided for NEDs to sacrifice annual fees toward the acquisition of shares, which were then acquired on market by the Trustee of the plan. There is one remaining participant in the NEDSP. A revised Director Share Acquisition Plan is under consideration for introduction during FY2019.

5. Statutory disclosures

Table 18: Executive KMP statutory remuneration (A-IFRS) ($, except where otherwise indicated)

		Short-term benefits			Post-employment benefits	Accounting value of long-term benefits				Totals		
		Base salary	Cash STI[1]	Non-monetary benefits[2]	Superannuation	Deferred STI[3]	LTI[4]	Accrued leave change	Termination benefits	Total remuneration	At Risk (%)	Share based (%)
Executive Director												
F Calabria	2018	1,646,466	1,045,500	32,826	24,384	697,375	612,235	42,500	–	4,101,285	57	32
	2017	1,471,005	1,007,250	32,312	27,456	433,397	458,546	265,312	–	3,695,278	51	24
Other Executive KMP												
J Briskin	2018	654,936	327,666	10,645	20,064	187,782	109,763	68,488	–	1,379,343	45	22
	2017	328,035	196,095	4,375	11,190	61,343	35,477	13,903	–	650,418	45	15
G Jarvis	2018	684,258	346,673	27,225	27,468	220,422	161,139	18,100	–	1,485,285	49	26
	2017	357,798	218,387	15,236	15,411	81,009	73,845	37,868	–	799,554	47	19
M Schubert	2018	703,936	330,427	9,848	20,064	223,244	121,000	9,042	–	1,417,561	48	24
	2017	97,200	46,633	1,672	3,279	30,180	10,123	1,881	–	190,968	46	21
L Tremaine[5]	2018	961,091	696,837	10,764	19,678	220,978	1,784,358	12,253	–	3,705,959	73	54
	2017	–	–	–	–	–	–	–	–	–	–	–
Former Executive KMP												
G King[6]	2018	–	–	–	–	–	–	–	–	–	–	–
	2017	673,026	0	21,000	7,293	20,796	272,492	15,738	2,173,077	3,183,422	9	9
G Mallett[5]	2018	70,486	0	963	482	956	4,693	142	–	77,722	7	7
	2017	824,046	238,065	26,282	25,032	112,805	131,850	15,000	–	1,373,080	35	18
D Baldwin[6]	2018	–	–	–	–	–	–	–	–	–	–	–
	2017	926,237	742,357	27,649	16,247	142,087	507,254	23,945	746,019	3,131,795	44	21
Total	**2018**	**4,721,173**	**2,747,103**	**92,272**	**112,140**	**1,550,756**	**2,793,188**	**150,525**	**0**	**12,167,157**	**58**	**36**
	2017	**4,677,347**	**2,448,787**	**128,526**	**105,908**	**881,617**	**1,489,587**	**373,647**	**2,919,096**	**13,024,515**	**37**	**18**

1 For FY2018 STI cash represents one half of the STI award. For FY2017 it represents two-thirds of the STI awarded, except for the CEO which was one half. For Former Executive KMP the STI award may not be subject to deferral. The STI cash is physically paid after the end of the financial year to which it relates, but is allocated to the earning year. The balance of the STI award is STI deferred.

2 Non-monetary benefits include insurance premiums and fringe benefits such as car parking and expenses associated with travel.

3 Deferred STI is that portion of the accounting value of equity granted or to be granted (DSRs) under the STI plan for the current and prior periods attributable to the reporting period. In following reporting periods the accumulated expense is adjusted for the number of instruments then expected to vest. A 'bring-forward' of future-period accounting expense may occur where a cessation of employment occurs before the normal vesting date.

4 LTI includes all long-term incentives (i.e. those not awarded under the STI plan) and represents that portion of the accounting value of the awards made, or to be made, for the current and prior periods, which is attributable to the reporting period. Where instruments vest against a market condition (such as TSR) the application of accounting rule AASB-2 determines a fair value that takes into account that market condition. This involves assumptions for the volatility of Origin shares and the shares of all other companies in the comparator group, dividend yields, and the risk-free rate (see note F3(a)(i) to the financial statements). In the case of Options it also includes assumptions on the timing of exercise. This fair value, amortised over the service/vesting period is used for expensing purposes. The value is not adjusted for the actual outcome against the market condition. Where instruments vest against a non-market condition (such as ROCE), AASB-2 does not take into account the hurdle. The initial grant date expense is represented by face value less dividends foregone over the vesting period. True-ups then occur each reporting period for the expected vesting outcome, based on reasonable and successive forecasts of the final vesting outcome, lastly with a final true-up when the outcome is known. A 'bring-forward' of future-period accounting expense may occur where a cessation of employment occurs before the normal vesting date where prior years' awards remain on foot at cessation. At cessation, if unvested Options or PSRs remain on foot then any unvested expense is brought forward, but if forfeited, previously booked expense is reversed. Neither treatment has any bearing on what the executive may ultimately forfeit or receive. The applicable treatment may not be known at the end of the reporting period even if a cessation is expected in the near future. At the time of FY2017 reporting, the 'on-foot/lapse' position for D Baldwin was unknown. Subsequently the equity lapsed and previously expensed amounts totalling $1,042,171 (and attributed to KMP remuneration in prior periods) required reversal, this is recorded as an FY2018 adjustment.

5 For FY2018, pro-rata periods for KMP office are: G Mallett 1 July 2017 to 9 July 2017, and L Tremaine 10 July 2017 to 30 June 2018.

6 For FY2017 comparatives, pro-rata periods for KMP office are G King 1 July 2016 to 19 October 2016; and D Baldwin 1 July 2016 to 28 April 2017.

Table 19: NED statutory remuneration table ($) (A-IFRS)

		Cash fees	Non-monetary benefits[1]	Superannuation	Total remuneration
Non-executive Directors					
J Akehurst	2018	238,936	200	20,064	259,200
	2017	239,368	200	19,632	259,200
M Brenner	2018	246,936	200	20,064	267,200
	2017	247,368	200	19,632	267,200
G Cairns	2018	656,936	12,749	20,064	689,749
	2017	657,368	12,400	19,632	689,400
T Engelhard	2018	221,103	200	20,064	241,367
	2017	32,894	33	3,272	36,199
B Morgan	2018	274,936	200	20,064	295,200
	2017	275,368	200	19,632	295,200
S Perkins	2018	272,936	200	20,064	293,200
	2017	241,694	18,209	19,632	279,535
S Sargent	2018	217,936	200	20,064	238,200
	2017	218,368	200	19,632	238,200
Former Non-executive Directors					
H Nugent[2]	2018	–	–	–	–
	2017	185,216	134	13,301	198,651
Total	**2018**	**2,129,719**	**13,949**	**140,448**	**2,284,116**
	2017	**2,097,644**	**31,576**	**134,365**	**2,263,585**

1 Non-monetary benefits include insurance premiums and fringe benefits. Changes between current and prior year primarily reflect expenses associated with varying travel commitments.

2 For FY2017 comparatives, H Nugent pro-rata period for KMP office was 1 July 2016 to 3 March 2017.


origin
HyFlex

Table 20: Details of, and movements in, rights to equity

Rights to equity in the company are granted to Executive KMP only, no NEDs hold rights to equity. This table covers holdings and movements for rights held (directly, indirectly or beneficially including related parties) over the Period (or KMP portion of the Period), including grants, transactions and forfeits, by value and by number. Details of the terms and vesting and exercise conditions attaching to the rights are set out in tables 21 and 22. Awards to L Tremaine represent compensation for equity forfeited from his previous employer as a consequence of accepting employment with the company, reflecting the timing and vesting patterns of the forfeited instruments.

			Granted							Vested			Forfeited			
	Type	Held at start[1]	Grant date	Number granted	Fair value[2,3] ($)	Value ($)	Exercise price ($)	Vest date[3]	Expiry date[4]	No. vested	No. exercised	Value at exercise[5] ($)	No. forfeited[6]	Value[7] ($)	Vested exercisable at end	Held at end[1]
Executive Director																
F Calabria	Options	1,096,046	18 Oct 2017	401,288	2.30	922,962	7.37	22 Aug 2022	23 Aug 2027	0	0	0	67,124	157,741	0	1,430,210
	PSRs	145,029	18 Oct 2017	126,866	6.98	885,525	–	23 Aug 2021	Vest date	0	0	0	0	0	0	271,895
	DSRs	107,921	18 Oct 2017	136,668	7.18	981,731	–	2019 to 2021	Vest date	28,375	28,375	213,380	0	0	0	216,214
Other Executive KMP																
J Briskin	Options	17,769	30 Aug 2017	86,910	2.50	217,275	7.37	22 Aug 2022	23 Aug 2027	0	0	0	17,769	41,757	0	86,910
	PSRs	60,733	30 Aug 2017	27,477	7.21	198,109	–	23 Aug 2021	Vest date	0	0	0	0	0	0	88,210
	DSRs	25,163	30 Aug 2017	23,340	7.65	178,551	–	26 Aug 2019	Vest date	13,615	13,615	101,870	0	0	0	34,888
G Jarvis	Options	229,982	30 Aug 2017	93,219	2.50	233,047	7.37	22 Aug 2022	23 Aug 2027	0	0	0	44,390	104,317	0	278,811
	PSRs	54,319	30 Aug 2017	29,471	7.21	212,486	–	23 Aug 2021	Vest date	0	0	0	0	0	0	83,790
	DSRs	42,679	30 Aug 2017	25,993	7.65	198,846	–	26 Aug 2019	Vest date	20,862	20,862	156,882	0	0	0	47,810
G Mallett	Options	232,270	–	0	–	0	–	–	–	0	0	0	0	0	0	232,270
	PSRs	54,435	–	0	–	0	–	–	–	0	0	0	0	0	0	54,435
	DSRs	39,510	–	0	–	0	–	–	–	0	0	0	0	0	0	39,510
M Schubert	Options	153,641	30 Aug 2017	83,769	2.50	209,423	7.37	22 Aug 2022	23 Aug 2027	0	0	0	0	0	0	237,410
	PSRs	45,652	30 Aug 2017	26,484	7.21	190,950	–	23 Aug 2021	Vest date	0	0	0	0	0	0	72,136
	DSRs	52,578	30 Aug 2017	18,945	7.65	144,929	–	26 Aug 2019	Vest date	23,639	23,639	213,771	0	0	0	47,884
L Tremaine	Options	0	30 Aug 2017	81,441	2.52	205,231	7.37	23 Aug 2021	23 Aug 2026	0	0	0	0	0	0	81,441
	PSRs	0	30 Aug 2017	24,415	7.43	181,403	–	24 Aug 2020	Vest date	0	0	0	0	0	0	24,415
	DSRs	0	30 Aug 2017	335,875	7.55	2,536,272	–	2018 to 2020	Vest date	0	0	0	0	0	0	335,875

1 The number of instruments that are held at the start/end of the Period, or, where the holder is KMP for part-year only, on the relevant start/end dates of holding KMP office.

2 Accounting expense value per instrument at grant date (Black-Scholes Monte Carl for Relative TSR performance conditions; discounted cash flow for DSRs) or as estimated at first reporting period after grant (ROCE non-market hurdle).

3 Where the DSRs were granted in three tranches with different vesting dates, the range of vesting dates is shown and the fair value is the weighted average of the three tranches per instrument.

4 The expiry date is the same as the vesting date where the terms of the grant apply automatic exercise on vesting. Where there is no automatic exercise on vesting, the expiry date is the last possible expiry. Rights and options may expire earlier, for example if the rights or options fail to vest on testing, they will lapse on the vesting date.

5 The value of rights exercised is calculated as the closing market price of the company's shares on the Australian Securities Exchange (ASX) on the date of exercise, after deducting any exercise price. The exercise price for PSRs and DSRs is nil. DSRs vesting in the Period were granted on 14 Oct 2013 (vested 16 Oct 2017), 22 Oct 2014 (vested 23 Oct 2017), 22 Oct 2015 (vested 23 Oct 2017) and 7 Dec 2015 (vested 15 Jan 2018).

6 Forfeited Options were granted in October 2013.

7 The value of equity forfeited represents prior year Origin equity allocations that were forfeited during the year (i.e. the relevant grants realised no benefit and lapsed without value). The forfeited value represents the grant date value that was disclosed and attributed to remuneration at the time of the grant.

Table 21: Details of, and movements in, ordinary shares of the company

Holdings and movements for ordinary shares held by KMP (directly, indirectly or beneficially including related parties) over the Period.

	Held at start[1]	Acquired[2]	Received on exercise of Options/PSRs[3]	Received on exercise of DSRs[3]	Disposed[4]	Held at end[1,5]	Position relative to shareholding requirement[6]
Non-executive Directors[7]							
J Akehurst	71,200	0	–	–	0	71,200	Met
M Brenner	22,117	0	–	–	0	22,117	Met
G Cairns	163,660	0	–	–	0	163,660	Met
T Engelhard	0	0	–	–	0	0	On track
B Morgan	47,143	0	–	–	0	47,143	Met
S Perkins	30,000	0	–	–	0	30,000	Met
S Sargent	31,429	0	–	–	0	31,429	Met
Executive Director							
F Calabria	163,530	0	–	28,375	0	191,905	Met
Other Executive KMP							
J Briskin	15,302	134	–	13,615	0	29,051	On track
G Jarvis	14,319	134	–	20,862	0	35,315	Met
G Mallett	43,282	0	–	0	0	43,282	na
M Schubert	28,138	134	–	23,639	8,000	43,911	Met
L Tremaine	0	0	–	0	0	0	On track

1 The number of instruments that are held at the start/end of the Period, or, where the holder is KMP for part-year only, on the relevant start/end dates of holding KMP office.

2 Purchases and transfers in. For Other Executive KMP this includes allotments of fully-paid ordinary shares granted under the general Employee Share Plan (ESP). Executive Directors do not participate in the ESP.

3 After vesting and after payment of the exercise price (the exercise price for PSRs and for DSRs is nil).

4 Sales and transfers out.

5 Other than options and rights disclosed elsewhere in this Report, no other equity instruments including shares in the company were granted to KMP during the period.

6 Minimum shareholding requirements are set out in sections 3.6 and 4.4. For informative purposes the test applied here uses the 30-day VWAP to 30 June 2018 ($9.80).

7 NEDs are not issued shares under any incentive or equity plans. Acquisitions include purchases of shares on-market, or pursuant to the company's dividend reinvestment plan or the August 2016 Entitlement Offer.

Table 22: Details of equity granted

The table below lists all unissued shares potentially arising from equity-based incentive grants current at 30 June 2018 held by current or former employees (including Executive Directors and Executive KMP). Equity-based incentives are not granted to NEDs. No terms of equity-settled share-based transactions have been altered or modified subsequent to grant. Equity grants that failed to meet their performance hurdles on their final test dates prior to 30 June 2018 have all been lapsed.

Granted	Number Outstanding	Exercise Price	Last possible expiry[1]
Options			
22 October 2014	1,909,798	$15.65	22 October 2021
22 October 2015	2,199,410	$6.78	21 October 2025
30 August 2016	1,484,094	$5.67	28 August 2026
19 October 2016	450,000	$5.21	28 August 2026
30 August 2017	81,441	$7.37	28 August 2026
30 August 2017	949,570	$7.37	23 August 2027
18 October 2017	401,288	$7.37	23 August 2027
Performance Share Rights			
22 October 2014	406,294	–	22 October 2018
22 October 2015	1,231,040	–	21 October 2019
30 August 2016	1,268,094	–	24 August 2020
19 October 2016	129,558	–	24 August 2020
30 August 2017	900,375	–	23 August 2021
30 August 2017	24,415	–	24 August 2020
18 October 2017	126,866	–	23 August 2021
Deferred Share Rights			
22 October 2015	37,746	–	22 October 2018
7 December 2015	10,068	–	15 January 2019
30 August 2016	1,951,271	–	20 August 2018
30 August 2016	38,404	–	26 August 2019
30 August 2016	38,404	–	24 August 2020
30 August 2017	165,860	–	10 July 2018
30 August 2017	93,813	–	10 July 2019
30 August 2017	76,202	–	10 July 2020
30 August 2017	1,766,650	–	26 August 2019
30 August 2017	42,627	–	24 August 2020
30 August 2017	35,023	–	23 August 2021
18 October 2017	45,556	–	26 August 2019
18 October 2017	45,556	–	24 August 2020
18 October 2017	45,556	–	23 August 2021

1 The expiry date is the same as the vesting date where the terms of the grant apply automatic exercise on vesting. Where there is no automatic exercise on vesting, the expiry date is the last possible expiry. Rights and options may expire earlier, for example if the rights/options fail to vest on testing, they will lapse on the vesting date.