

BOARD CHARTER

Overview

1. The Board is primarily responsible for ensuring that Qantas has an appropriate corporate governance structure aimed at creating and protecting shareholder value.
2. The Board is also responsible for ensuring that management recognises Qantas' legal and other obligations to all legitimate stakeholders. "Stakeholders" are groups that are likely to feel a social, environmental, economic or financial impact from Qantas' actions. They include shareholders, customers, suppliers, employees, government regulators and members of the communities where Qantas operates and are affected by Qantas' activities.
3. Qantas' obligations to its Stakeholders require that appropriate accountability and control systems are in place.
4. This Board Charter explains Qantas' commitment to corporate governance. It is not an "all inclusive" document and should be read as a broad expression of principles. The Board will review this Charter on an annual basis.
5. Qantas endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition (ASX Principles).

The Qantas Constitution

6. The Qantas Constitution is Qantas' key governance document. The Board ensures that it and Qantas complies with the provisions of the Constitution.
7. The Qantas Sale Act (QSA) requires the Constitution to contain specific provisions designed to protect Qantas' position as an Australian designated airline.

Compliance with Laws

8. As a public company listed on the Australian Securities Exchange (ASX), Qantas must comply with the Corporations Act, the Listing Rules as well as all other applicable laws. Examples of applicable areas of regulation include:
 - a. air safety legislation and regulations;
 - b. occupational health and safety legislation;
 - c. employment related laws;
 - d. environmental protection legislation;
 - e. anti-discrimination legislation;
 - f. taxation legislation; and
 - g. the Competition and Consumer Act.
9. As a company operating in numerous jurisdictions, Qantas must ensure that it is aware of and complies with all applicable laws in those jurisdictions.

Composition of the Qantas Board

10. The Board is to comprise:
 - a. a majority of Independent Non-Executive Directors¹; and
 - b. the Chief Executive Officer (CEO).
11. The Chairman is to be an Independent Non-Executive Director² who is an Australian citizen³.

Responsibilities and Duties

12. The Qantas Board is responsible for setting the strategic direction of Qantas and monitoring the implementation of that strategy by Qantas Management, including⁴:
 - a. oversight of the Qantas Group, including its control and accountability systems;
 - b. appointing and removing the CEO;
 - c. appointing and removing the Company Secretary;
 - d. Board and Executive Management development and succession planning;
 - e. input into and final approval of corporate strategy;
 - f. input into and final approval of the annual operating budget (including the capital management budget);
 - g. approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
 - h. monitoring compliance with all relevant legal, tax and regulatory obligations;
 - i. reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
 - j. at least annually, reviewing the effectiveness of Qantas' implementation of its risk management system and internal control framework⁵;
 - k. monitoring Executive Management's performance and implementation of strategy and policies, including assessing whether appropriate resources are available;
 - l. approving and monitoring financial and other reporting to the market, shareholders, employees and other Stakeholders; and
 - m. appointment, reappointment or replacement of the external auditor.
13. In discharging his/her duties, each Director must:
 - a. exercise care and diligence;
 - b. act in good faith in the best interests of Qantas;
 - c. not improperly use his/her position or misuse information of Qantas; and
 - d. commit the time necessary to discharge effectively his/her role as a Director⁶.
14. All Directors (including Executive Directors) are entitled to be heard at all Meetings and should bring an independent judgement to bear in decision-making⁷.
15. Non-Executive Directors should confer at least annually without Management present⁷.
16. At least once each year, the Directors will:
 - a. review this Charter and approve any required amendments including those required to comply with the ASX Principles⁸; and

¹ ASX Principles, Recommendation 2.1. "Independence" is based on Recommendation 2.1, Commentary, Box 2.1

² ASX Principles, Recommendation 2.2

³ Clause 6.16 of the Constitution; section 7(1)(j) of the QSA

⁴ Based on ASX Principles, Recommendation 1.1, Commentary

⁵ ASX Principles, Recommendation 7.2, Commentary

⁶ ASX Principles, Recommendation 2.4, Commentary

⁷ ASX Principles, Recommendation 2.1, Commentary

⁸ ASX Principles, Recommendation 1.1, Commentary

- b. review the Board's performance during the previous 12 months.

Committees

17. To assist the Board in fulfilling its duties and responsibilities, it has established four Committees⁹:
 - a. Nominations Committee¹⁰;
 - b. Remuneration Committee¹¹;
 - c. Audit Committee¹²; and
 - d. Safety, Health, Environment & Security Committee.
18. Each Committee has a formal Charter and has been granted certain delegations.
19. Each Committee has an obligation to report on its Meetings to the Board and minutes of all Committee Meetings are made available to all Directors.

Nominations Committee

20. The Nominations Committee assists the Board in regard to:
 - a. Board appointments, re-elections and performance¹³;
 - b. diversity obligations¹³;
 - c. Directors' induction programs and continuing development¹⁴;
 - d. Committee Membership; and
 - e. endorsement of Executive Committee appointments.

Remuneration Committee

21. The Remuneration Committee assists the Board in regard to¹⁵:
 - a. the remuneration framework for Non-Executive Directors;
 - b. remuneration and incentive framework, including any proposed equity incentive awards for the CEO, any other Executive Directors, Executive Committee Members and Senior Executives;
 - c. recommendations and decisions (as relevant) on remuneration and incentive awards for the Chief Executive Officer, any other Executive Directors and Executive Committee Members; and
 - d. strategic human resources policies.

Audit Committee

22. The Audit Committee assists the Board in regard to financial reporting, audit and risk management, including¹⁶:
 - a. the integrity of the Qantas Group's financial reporting;
 - b. compliance with legal and regulatory obligations;
 - c. the effectiveness of Qantas Group's enterprise-wide risk management and internal control framework¹⁷; and
 - d. oversight of the independence of the external and internal auditors.

⁹ Clause 6.20 of the Constitution

¹⁰ ASX Principles, Recommendation 2.4

¹¹ ASX Principles, Recommendation 8.1

¹² ASX Principles, Recommendation 4.1

¹³ ASX Principles, Recommendation 2.4, Commentary

¹⁴ ASX Principles, Recommendation 2.5, Commentary

¹⁵ ASX Principles, Recommendation 8.1, Commentary

¹⁶ ASX Principles, Recommendation 4.3, Commentary

¹⁷ ASX Principles, Recommendation 7.2, Commentary

Safety, Health, Environment & Security Committee

23. The Safety, Health, Environment & Security Committee (also known as CHESS) assists the Board in fulfilling its strategy, policy, monitoring and corporate governance responsibilities in regard to safety, health, environment and security matters including:
- a. compliance with related legal and regulatory obligations; and
 - b. enterprise-wide risk management¹⁷.

The Chairman

24. The Chairman:
- a. is to be an Independent Non-Executive Director¹⁸ who is an Australian citizen¹⁹;
 - b. is not to exercise the role of CEO of Qantas²⁰; and
 - c. is not to have previously held the position of CEO of Qantas²¹.
25. The Chairman is responsible for²²:
- a. leadership of the Board;
 - b. overseeing the Board in the effective discharge of its supervisory role²³;
 - c. the efficient organisation and conduct of the Board's function and Meetings;
 - d. facilitating the effective contribution of all Directors;
 - e. briefing of all Directors in relation to issues arising at Meetings;
 - f. the promotion of constructive and respectful relations between Board Members and between the Board and Management;
 - g. committing the time necessary to discharge effectively his/her role as Chairman²²; and
 - h. scheduling regular and effective evaluations of the Board's performance²⁴.

Independence of Directors²⁵

26. Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions at the board table free of concern about their position or the position of any third party. The Qantas Board does not believe it is possible to draft a list of criteria which are appropriate to characterise, in all circumstances, whether a Non-Executive Director is independent. It is the approach and attitude of each Non-Executive Director which is critical and this must be considered in relation to each Director while taking into account all other relevant factors, which may include whether the Non-Executive Director:
- a. is a substantial shareholder (within the definition of section 9 of the Corporations Act) of Qantas, or an officer of, or otherwise associated directly with, a substantial shareholder of Qantas;
 - b. has, within the last three years, been employed in an executive capacity by the Qantas Group;
 - c. has, within the last three years, been a principal of a material professional adviser or a material consultant to the Qantas Group or an employee materially associated with the service provided;
 - d. is a material supplier or customer of the Qantas Group, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer;

¹⁸ ASX Principles, Recommendation 2.2

¹⁹ Clause 6.16 of the Constitution; section 7(1)(j) of the QSA

²⁰ ASX Principles, Recommendation 2.3

²¹ ASX Principles, Recommendation 2.3, Commentary

²² ASX Principles, Recommendation 2.2, Commentary

²³ ASIC v Rich (2003) NSWSC 85

²⁴ ASX Principles, Recommendation 2.5, Commentary

²⁵ Based on ASX Principles, Recommendation 2.1, Commentary, Box 2.1

- e. has any material contractual relationship with the Qantas Group other than as a Director;
 - f. has served on the Board for a period which could materially interfere with the Director's ability to act in the best interests of the Qantas Group (and it is neither possible nor appropriate to assign a fixed term to this criteria); or
 - g. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Qantas.
27. The Materiality thresholds taken into account when considering the independence of Non-Executive Directors are:
- a. for Directors:
 - i. a relationship that accounts for more than 10% of the Director's gross income (other than Director's Fees paid by Qantas); and
 - ii. when the relationship is with a firm, company or entity, in respect of which the Director (or any associate) has more than a 20% shareholding if a private company or 2% shareholding if a listed company; and
 - b. for Qantas:
 - i. in respect of advisers or consultants – where fees paid exceed \$2 million per annum;
 - ii. in respect of suppliers – where goods or services purchased by the Qantas Group exceeds 2% of Qantas' annual consolidated gross revenue (other than banks, where materiality must be determined on a case by case basis); and
 - iii. in respect of customers – where goods or services supplied by the Qantas Group exceeds 2% of Qantas' annual consolidated gross revenue.
28. Family ties and cross-directorships may also be relevant in considering interests and relationships which may compromise independence and should be disclosed by Directors to the Board.
29. Qantas, as the principal Australian airline, has commercial relationships with most, if not all, major entities in Australia. As such, in determining whether a Non-Executive Director is independent, simply being a non-executive director on the board of another entity is not, in itself, sufficient to affect independence. Nevertheless, any Director on the board of another entity is expected to excuse themselves from any meeting where that entity's commercial relationship with Qantas is directly or indirectly discussed.
30. The above guidelines must be applied with common sense. Directors are best able to determine if they have an interest or relationship which is likely to impact on their independence. As such, each Director is expected to advise the Chairman immediately if he/she believes they may no longer be independent. Should the Chairman or any other Director have any concern about the independence of a Director, they must immediately raise the issue with that Director and, if the issue is not resolved, with the Board.
31. Should the Chairman have any concern about his/her own independence, he/she must immediately raise the issue with the Board.
32. Each Director must immediately disclose to the Chairman (with a copy to the Company Secretary) all information relevant for determining whether the Director is independent, including details of entities in which the Director has a material direct or indirect shareholding (or other interest), is an executive officer or is a director.

33. In the preparation of the Agenda for each Board Meeting, the Chairman and Company Secretary need to be sensitive to disclosed interests and consider whether it is appropriate to withhold part or all of an agenda item (including any relevant Papers) from any Director because of a potential or actual conflict. If the Chairman decides to withhold part or all of an agenda item from a Director, he/she must advise the Director at the time of dispatch of the relevant Board Paper.
34. Directors are to inform the Chairman prior to accepting any new appointment to any entity's board²⁶.
35. Where the independent status of a Director is lost, this is to be disclosed to the market via the ASX in a timely manner²⁷.

Access to Information, Independent Advice and Continuing Development

36. Management must provide the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their responsibilities and duties²⁸. All Directors are to receive copies of Committee Papers.
37. Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making²⁸. Any Director has the authority to seek any information he/she requires from any employee of the Qantas Group and all employees must comply with such requests²⁸. Any significant issues raised by a Director are to be communicated to the Chairman, CEO or Company Secretary.
38. Any Director may take such independent legal, financial or other advice as they consider necessary at Qantas' cost²⁷. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors.
39. The Board should understand the Qantas Group structure and operations and key developments affecting the Qantas Group and may receive periodic presentations to assist in achieving such an understanding²⁸.

Appointment and Removal of Directors

40. The Board should be of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interest of the Qantas Group as a whole rather than of individual shareholders or other stakeholders²⁶.
41. The Nominations Committee is responsible for making recommendations to the Board relating to the appointment and retirement of Directors.
42. A new Director will receive a formal Letter of Appointment setting out the key terms and conditions relative to the appointment²⁹.

Director Protection Deeds

43. The Constitution indemnifies each Director to the fullest extent permitted by law³⁰.

²⁶ ASX Principles, Recommendation 2.4, Commentary

²⁷ ASX Principles, Recommendation 2.1, Commentary

²⁸ ASX Principles, Recommendation 2.5, Commentary

²⁹ ASX Principles, Recommendation 1.1, Commentary

³⁰ Part 12 of the Constitution

44. Each Director is entitled to a Director Protection Deed³¹ which shall include provisions relating to:
- a. access to Board Papers;
 - b. confidentiality;
 - c. indemnity by Qantas; and
 - d. the provision of Directors and Officers Insurance.

The Chief Executive Officer

45. The CEO is responsible for the day-to-day management of the Qantas Group with all powers, discretions and delegations authorised, from time to time, by the Board.
46. The CEO is to have a formal Employment Agreement describing his/her term of office, duties, rights and responsibilities and entitlements on termination³².
47. At each Meeting where the Board approves the Half-Year and Full-Year Financial Statements, the CEO must provide the Board with a written declaration (together with an equivalent declaration from the Qantas Group's Chief Financial Officer) which includes a declaration whether, in the CEO's opinion:
- a. the financial records of Qantas and the entities which are consolidated for financial reporting purposes (Reporting Entity) for the relevant reporting period have been properly maintained in accordance with section 286 of the Corporations Act;
 - b. the Reporting Entity's financial statements and the notes referred to in sections 295(3)(b) or 303(3) of the Corporations Act, for the relevant reporting period comply with the accounting standards;
 - c. the financial statements and notes for the reporting period give a true and fair view of the financial position and performance of the Reporting Entity³³;
 - d. declarations a. to c. are founded on a sound system of risk management and internal control which, in all material respects, implements the policies adopted by the Board³⁴; and
 - e. Qantas' risk management and internal control system is operating effectively in all material respects³⁵.

Written Resolutions^{36,37}

48. Written Resolutions:
- a. are not to be forwarded to Directors until they are approved by the Chairman (and the Directors are to be informed that the Chairman has approved the proposed Resolution);
 - b. are to be sent to all Directors;
 - c. are not to be implemented if any Director advises that they have any reservations about the proposed Resolution (in which case the matter is to be considered at the next Board Meeting); and
 - d. are not to be implemented until:
 - i. assented to by at least half of the Directors; or
 - ii. if the Chairman considers it appropriate, assented to by all the Directors.

³¹ Approved by shareholders at the 2000 Annual General Meeting

³² ASX Principles, Recommendation 1.1, Commentary

³³ Section 295A of the Corporations Act

³⁴ ASX Principles, Recommendation 7.3

³⁵ ASX Principles, Recommendation 7.2 and 7.3

³⁶ Clause 6.18 of the Constitution

³⁷ Board Resolution 14,210 passed on 16 December 1998

Qantas Group Policy Framework

49. The Board oversees the Qantas Group Policy Framework, including key Qantas Group Policies. The Qantas Group Policy Framework includes the Qantas Code of Conduct and Ethics and other significant policies recommended by the ASX Principles. The Board has endorsed a summary of the key values and business practices of the Qantas Group in the “Working Toward Our Vision” document, which can be assessed on the Qantas website.

Qantas Code of Conduct and Ethics³⁸

50. The Qantas Code of Conduct and Ethics is to be observed by all Directors, employees, consultants and any other person when they represent the Qantas Group.
51. The Qantas Code of Conduct and Ethics deals with compliance in the following areas of conduct:
- a. Compliance with Laws, Regulations and Ethical Standards;
 - b. Political Donations;
 - c. Prohibited Payments;
 - d. Giving or Receiving Gifts;
 - e. Conflicts of Interest;
 - f. Accounting Records;
 - g. Retention of Records;
 - h. Dealing with Auditors;
 - i. Making Public Statements about the Qantas Group;
 - j. Use of Confidential Information;
 - k. Continuous Disclosure Policy³⁹;
 - l. Share Trading Policy;
 - m. Whistleblower Policy; and
 - n. Privacy Policy.

Shareholder Communications Policy⁴⁰

52. Qantas has also established a Shareholder Communications Policy, which is designed to promote effective communication with shareholders and encourage effective participation at General Meetings.
53. Beneficial owners of Qantas shares are encouraged to contact the Qantas Share Registry to arrange the direct receipt of shareholder materials.
54. As part of an effective shareholder communications strategy, Qantas will:
- a. maintain and keep current its Corporate Governance Website⁴¹; and
 - b. make available via its Investor website, materials presented at significant investor briefings⁴¹.

Financial Results

55. As part of Qantas’ continuous disclosure obligations, Qantas must provide commentary on its financial results to enhance the clarity and balance of the report⁴². This commentary should include information needed by a sophisticated investor to make an informed assessment of Qantas’ activities and results.

³⁸ ASX Principles, Recommendation 3.1

³⁹ ASX Principles, Recommendation 5.1

⁴⁰ ASX Principles, Recommendation 6.1, including Commentary

⁴¹ ASX Principles, Recommendation 6.2, Commentary and Box 6.1

⁴² ASX Principles, Recommendation 5.1, Commentary

56. As part of its review of operations and activities as required by the section 299A of the Corporations Act and Listing Rule 4.10.17, Qantas will conduct its review in accordance with the Group of 100 publication which is reproduced in ASX Guidance Note 10 - Review of Operations and Activities⁴³.

Annual Report – Corporate Governance Statement

57. The Qantas Annual Report is to include a Corporate Governance Statement which will contain the content required by the ASX Principles (as well an explanation of any departures from the ASX Principles)⁴³.

Notice of Meeting

58. Qantas generally adopts the ASX Principles for Notices of Meetings⁴⁴.

External Auditor⁴⁵

59. The external auditor must attend the Annual General Meeting of Qantas and must be available to answer questions about:
- a. the conduct of the audit;
 - b. the preparations and content of the Auditor's Report;
 - c. the accounting policies adopted by Qantas in relation to the preparation of the financial statements; and
 - d. the independence of the external auditor in relation to the conduct of the audit.

Charter History

| | |
|------------------|--|
| 1 September 2003 | Charter approved. |
| 30 August 2004 | Revised Charter approved. |
| 8 December 2004 | Revised Charter approved – references to British Airways removed. |
| 18 May 2005 | Revised Charter approved – Chairman's Committee functions split and separate Nominations Committee and Remuneration Committee established. |
| 16 April 2008 | Revised Charter approved – reflects revised ASX Principles. |
| 11 August 2010 | Revised Charter approved – reflects revisions to ASX Principles. |
| 23 August 2011 | Revised Charter approved. |

⁴³ ASX Listing Rule 4.10

⁴⁴ ASX Principles, Recommendation 6.1, Commentary

⁴⁵ Section 250T of the Corporations Act