

REMUNERATION COMMITTEE CHARTER¹

Objectives

1. The objectives of the Qantas Remuneration Committee are to assist the Board in fulfilling its corporate governance responsibilities in regard to remuneration matters, including:
 - a. the remuneration framework for Non-Executive Directors¹;
 - b. the remuneration and incentive framework, including any proposed equity incentive awards for the Chief Executive Officer, any other Executive Directors, Executive Committee Members and Senior Executives² (Relevant Executives)¹;
 - c. recommendations and decisions (as relevant) on remuneration and all incentive awards for the Chief Executive Officer, any other Executive Directors and Executive Committee Members; and
 - d. strategic human resources policies.
2. In particular, the Committee is to undertake the functions of the remuneration committee set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition (ASX Principles).

Membership

3. The Committee is appointed by the Board in accordance with Clause 6.20 of the Qantas Constitution.
4. The Committee is to consist of:
 - a. only Non-Executive Directors³;
 - b. at least three members³; and
 - c. a majority of independent Non-Executive Directors⁴.
5. The Chairman of the Committee is to be an Independent Non-Executive Director and is to be appointed by the Board³.
6. The Company Secretary is to attend all Committee Meetings to ensure minutes are taken of the Meeting.
7. The Committee may appoint independent expert External Advisers on terms determined by the Committee to assist it in performing its duties¹.

Meetings

8. The Committee is to meet as requested by the Committee Chairman.
9. As required by the Qantas Constitution, a quorum for a Committee Meeting is two

¹ ASX Principles, Recommendation 8.1, Commentary

² For the purposes of the work of the Remuneration Committee, Senior Executives refer to executives that are below the level of Executive Committee Members and who take part in the management of the Qantas Group

³ ASX Principles, Recommendation 8.2

⁴ ASX Principles, Recommendation 8.2. "Independence" is based on ASX Principles, Recommendation 2.1, Commentary, Box 2.1

Members.

10. Directors who are not Committee members may attend Meetings.
11. The Chief Executive Officer, appropriate Qantas Management and any External Adviser are to attend such portion of each Meeting as requested by the Committee Chairman. (The Chief Executive Officer is not to be present when the Committee discusses issues relating to the Chief Executive Officer).
12. The Committee will report on its Meetings to the Board.
13. Recommendations of the Committee are to be referred to the Board for approval with the exception of matters detailed in Clauses 24 and 25.

Access to Information, Independent Advice and Continuing Development

14. The Committee has the authority to seek any information it requires from any employee of the Qantas Group and all employees must comply with such requests^{1,5}.
15. The Committee may seek advice from individuals on remuneration policies and practices, but no individual should be directly involved in deciding his/her own remuneration^{1,6}.
16. The Committee may take such independent legal, financial, remuneration or other advice as it considers necessary^{1,7}.
17. The Committee should understand the Qantas Group's structure and operations and key developments relevant to the Committee and may receive periodic presentations from subject matter experts to assist in achieving such an understanding⁵.

Responsibilities and Duties

18. The Committee is responsible for:
 - a. the review and monitoring of the Qantas Group remuneration and incentive framework applying to Non-Executive Directors and Relevant Executives and the associated strategies, systems, policies and processes implemented, and reported on, by Qantas Management;
 - b. approving the remuneration and incentive awards of Executive Committee Members based on the recommendations of the CEO; and
 - c. approval of individual equity offers to Senior Executives² and other Executives (as outlined in this Charter).
19. The Committee will review and make recommendations to the Board on remuneration matters, including:
 - a. the review and monitoring and recommendation of changes to the remuneration and incentive framework (including the equity plan framework and any diversity considerations) for Non-Executive Directors and Relevant Executives⁸;
 - b. the remuneration of Non-Executive Directors⁸;
 - c. the fixed remuneration levels and incentive awards for the Chief Executive Officer and any other Executive Directors⁹; and

⁵ ASX Principles, Recommendation 2.5, Commentary

⁶ ASX Principles, Recommendation 8.2, Commentary

⁷ ASX Principles, Recommendation 2.1, Commentary

⁸ ASX Principles, Recommendation 8.3, Commentary, Box 8.2

⁹ ASX Principles, Recommendation 8.3, Commentary and Box 8.1

- d. performance based measures (financial and non-financial), targets and performance outcomes under incentive plans for the Relevant Executives⁹.
20. Committee members are entitled to rely on Management on matters within their responsibility and on the expertise of external professionals. Committee members may assume the accuracy of the information provided by such persons, so long as the members are not aware of any reasonable grounds upon which such reliance or assumption may not be appropriate.

Qantas Remuneration Framework

21. The Committee's objectives in determining the remuneration and incentive framework, policies and practices are to:
- a. motivate the Relevant Executives to pursue the long-term growth and success of Qantas Group¹;
 - b. demonstrate a clear relationship between performance and remuneration¹;
 - c. involve an appropriate balance between fixed and incentive remuneration, reflecting the short and long-term performance objectives of Qantas and differentiate between higher and lower performers through the use of a performance management framework; and
 - d. be compliant with all relevant laws and regulations and have regard to shareholder expectations.

Remuneration for Non-Executive Directors⁸

22. In assisting the Board, the Committee will review and make recommendations to the Board on remuneration for Non-Executive Directors (including fees, travel and other benefits). In making its recommendations, the Committee should take into account the following guidelines:
- a. Non-Executive Directors should be remunerated by way of fees – in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity;
 - b. Non-Executive Directors should not participate in schemes designed for remuneration of executives;
 - c. Non-Executive Directors should not receive options or bonus payments; and
 - d. Non-Executive Directors should not be provided with retirement benefits other than statutory superannuation.

Remuneration for Chief Executive Officer and any other Executive Directors⁹

23. In assisting the Board, the Committee will review and make recommendations to the Board on the remuneration and incentives awards for the Chief Executive Officer and any other Executive Directors, including:
- a. fixed remuneration levels (including superannuation) and short and long-term incentive awards;
 - b. any termination payments (which are to be agreed in advance and include provisions in case of early termination); and
 - c. offers of equity under Board approved employee equity plans. Any issue of Qantas Shares and offer of Rights under any Qantas long term incentive plan made to Executive Directors are to be placed before shareholders for approval¹⁰.

¹⁰ ASX Listing Rule 10.14

Remuneration for Executive Committee Members

24. The Committee will review and approve the remuneration and incentive awards for Executive Committee Members and Executive Committee Member Designates based on the recommendations of the CEO, including:
- a. fixed remuneration levels and short and long-term incentive awards;
 - b. any termination payments (which are to be agreed in advance and include provisions in case of early termination); and
 - c. equity offers under Board approved employee equity plans not otherwise delegated by the Board to any other person and except equity offers that require the issue of shares (which are to be referred to the Board).

Equity Based Plans

25. The Committee will review and approve:
- a. individual equity offers to Senior Executives² and other Executives under Board approved employee equity plans not otherwise delegated by the Board to any other person and except equity offers that require the issue of shares (which are to be referred to the Board); and
 - b. the exercise of functions and discretions or granting of powers to persons for the effective administration associated with equity offers made under Board approved employee equity plans including the approval and variation of terms and conditions and any other employee equity plan governance documentation not otherwise delegated by the Board to any other person. The Board is to be notified of any variations to employee equity plan terms and conditions and other equity plan governance documentation approved by the Committee prior to the implementation of any such variations.
26. The CEO:
- a. and Executive Committee Members (as relevant) will review the remuneration of all other Executives not otherwise specified in this Charter; and
 - b. subject to delegation by the Board:
 - i. will approve individual equity offers to Senior Executives² and other Executives under Board approved employee equity plans except equity offers that require the issue of shares (which are to be referred to the Board); and
 - ii. exercise functions and discretions or grant powers to persons for the effective administration associated with equity offers made under Board approved employee equity plans including the approval and variation of terms and conditions and any other employee equity plan governance documentation. The Board is to be notified of any variations to employee equity plan terms and conditions and other equity plan governance documentation approved by the CEO prior to the implementation of any such variations.

Human Resources Policies

27. The Committee will review strategic human resources policies and practices for the Qantas Group.

Other

28. The Committee will consider any other matters referred to the Committee by the Board.

Committee Performance

29. To determine whether it is functioning effectively, once each year the Committee shall:
- a. review this Charter; and
 - b. undertake an evaluation of its performance.

Charter History

18 May 2005	Remuneration Committee established. Chairman's Committee functions split and separate Remuneration Committee and Nominations Committee established.
16 April 2008	Revised Charter approved – reflects revised ASX Principles.
11 August 2010	Periodic review of Charter – reflects revised ASX Principles.
23 August 2011	Revised Charter approved.