

Qantas Sustainability Review 2012



This page has been intentionally left blank

TABLE OF CONTENTS

Qantas Sustainability Review 2012

Governance.....	8
Environment.....	20
Social.....	
Customer.....	26
People.....	36
Community.....	42
Glossary	49

Sustainability is fundamental to the Qantas Group's performance

“Financial sustainability is our core goal – building a strong, viable business capable of delivering superior returns for shareholders over the long term. But we cannot achieve this unless we maintain strong governance frameworks, ensure that Qantas is a good place to work for employees and provide world-class service to customers. Using resources efficiently – in line with our environment strategy – and working with the community are also vital to the Group's overall sustainability performance. If we set clear goals in all these areas and achieve them, financial sustainability is the outcome.”

Qantas Group CEO Alan Joyce

COMMITMENT



The Qantas Group strives to operate in a sustainable manner. We seek to do this by continually improving our economic, social and environmental performance to address long term business risks and exploit opportunities as we seek to continue to deliver financially superior and sustainable returns to our shareholders.

RECOGNITION



Dow Jones Sustainability Index World
- Member of the World Index since 2011
- 1 of only 2 airlines in the World Index

Dow Jones Sustainability Index Asia Pacific
- Member of the Asia Pacific Index since 2009

SAM Sustainable Asset Management
- Silver Class 2012

SAM Sustainable Asset Management
- Sector Mover 2012



Australian SAM Sustainable Asset Management



- Member since 2009



FTSE4Good Index
- Member since 2009



Carbon Disclosure Project
- Listed on the Carbon Disclosure Leadership Index for Australia and New Zealand for 2010 and 2011



FTSE4Good

CARBON DISCLOSURE PROJECT



GOVERNANCE

SAFETY

Safety is our first priority. Safety is overseen by the Board and embedded throughout the organisation, including through the Qantas Management System.

CORPORATE GOVERNANCE

Corporate Governance is core to ensuring the creation, protection and enhancement of shareholder value. The Board maintains, and requires that Qantas Management maintains the highest level of corporate ethics.

QANTAS VALUES AND ORGANISATIONAL BEHAVIOURS

The Group adopts a set of core brand values, underpinned by our organisational behaviours.

ENVIRONMENT

CARBON FOOTPRINT

Fuel represents around 95% of the Group's carbon footprint. Fuel optimisation is the cornerstone of the Group's strategy to reduce carbon emissions and fleet renewal is our greatest opportunity to improve fuel efficiency.

WATER, WASTE AND NOISE

The Group is committed to being an environmentally responsible organisation which seeks to reduce resource consumption. Continuing to reduce the impact of aircraft noise on our communities is also a priority for Qantas.



SOCIAL

CUSTOMERS

Our Customers are the core of everything we do. The Group is continually investing in aircraft, product, service and innovative technology to provide an exceptional experience for customers.

PEOPLE

The success of the Qantas Group is underpinned by our Employees being skilled, motivated and supported to do great things.

COMMUNITY

The Group is not just a provider of air services, it is a major driver of economic activity in Australia and a responsible member of the Australian community.

ECONOMIC

FINANCIAL SUSTAINABILITY

We strive to build a strong viable business capable of delivering superior returns to shareholders over the long term. If we achieve our goals in all of these areas, financial sustainability is the outcome.

Sustainability at Qantas

The Group's sustainability reporting framework is two-fold to represent the priorities and measures identified, as outlined below.

1. Sustainability Priorities - An Integrated Approach

The Group's sustainability priorities are to continually improve our economic, social and environmental performance. A holistic review of governance structures, strategies and initiatives are detailed in this report, the Qantas Sustainability Review 2012.

2. Sustainability Measures

Specific indicators have been selected to measure performance and are contained within the Sustainability Statistics and Notes within the Qantas Annual Report 2012. The measures are divided into the following categories and are also outlined in the diagram below:

- 1 Safety and Health 2 Environment 3 Customer 4 People 5 Financial 6 Community

To support the Group's core goal of delivering superior returns to shareholders, priorities and indicators measure the Group's performance in the areas which contribute to financial sustainability over the long term.

The approach in determining these priorities and measures, is to demonstrate to stakeholders the integration of sustainability into the Group's strategy and operations. The Group reviews these priorities and measures to ensure that they represent material areas of focus and remain relevant.

The Group also reviews voluntary sustainability frameworks, such as the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines and where selected indicators match the performance indicators recommended by GRI, a GRI indicator reference is provided.

Sustainability Priorities
detailed in the Qantas Sustainability Review 2012

Sustainability Measures
reported in the Sustainability Statistics and Notes, Qantas Annual Report 2012

Governance		Corporate Governance Safety Business Resilience Group Security and Facilitation Group Audit and Risk Management Supply Chain Qantas Values	The Board endorses the ASX Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition Corporate Governance Statement Qantas Annual Report 2012
Environment		Carbon Footprint Waste & Water Fleet Noise	Aviation Fuel and Carbon Emissions Electricity Water Waste
Social	Customer	Qantas Qantas Frequent Flyer Jetstar	Domestic On-time Performance
	People	Investing Recognising Supporting Listening	Occupational Health and Safety Absenteeism Diversity
	Community	Qantas Foundation In the Community	National Export Revenue Domestic Traveller Expenditure Economic Output
Economic		Qantas Annual Report 2012 and Qantas Data Book 2012	Underlying Profit Before Tax Net Underlying Unit Cost Free Cash Flow Average Fleet Age

GOVERNANCE



2011/2012 Highlights

- Qantas has adopted eight new “Non-Negotiable Business Principles” that form the foundation for the Qantas Group’s Corporate Governance Framework and Policies
- Named as Australian Indigenous Minority Supplier Council (AIMSC) Corporate Member of the Year

Further information on the Qantas Corporate Governance framework, including a copy of the Qantas Constitution, Board and Committee Charters and the Business Practices Document, is available at Qantas.com.

GOVERNANCE

CORPORATE GOVERNANCE

Corporate governance is core to ensuring the creation, protection and enhancement of shareholder value. The Qantas Board (Board) is responsible for ensuring that the Qantas Group has an appropriate corporate governance framework to ensure the creation, protection and enhancement of shareholder value. This requires that appropriate accountability and control systems are in place. The Board also maintains, and requires that Qantas management maintains, the highest level of corporate ethics.

Qantas' corporate governance framework comprises a number of principles and policies which together enable Qantas to comply with legal, regulatory and ethical standards. These principles and policies are derived from various sources, including the Qantas Constitution (Constitution) and the Australian statutory and regulatory framework.

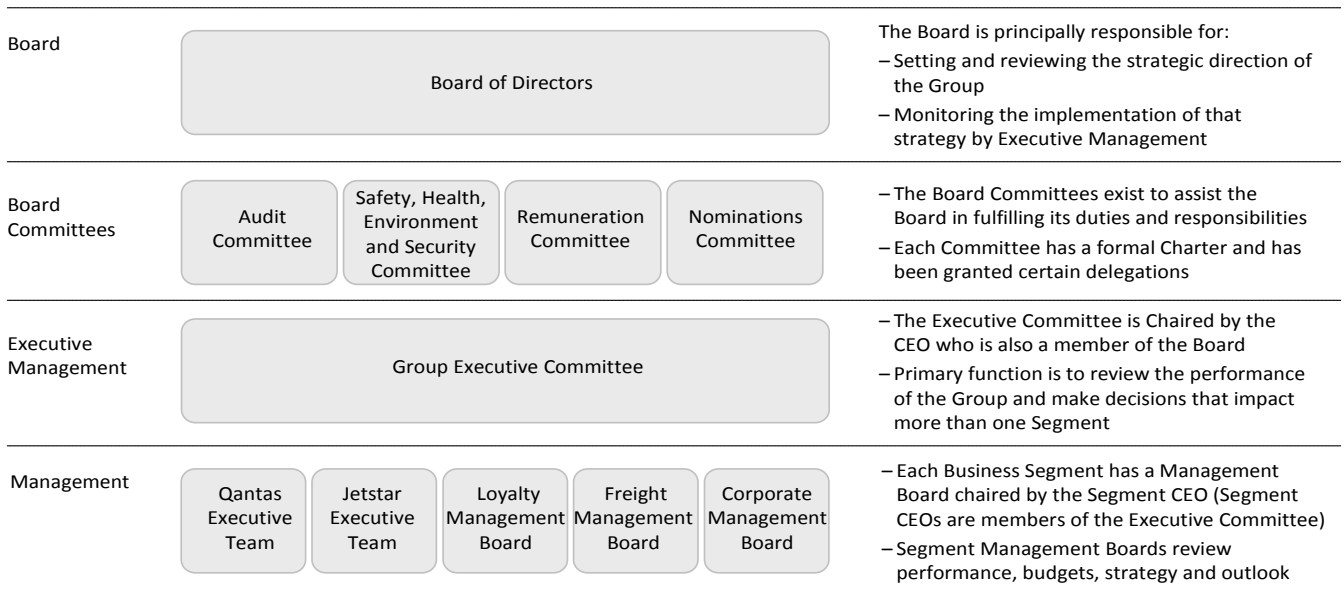
The Constitution is Qantas' key governance document and it contains a number of principles to which Qantas must adhere, including the location of Qantas' principal operational centre and place of incorporation and the limit on foreign ownership of Qantas. The Constitution is supplemented by the Qantas Sale Act 1992, which contains specific provisions designed to protect Qantas' position as an Australian designated airline.

As a company incorporated in Australia and listed on the Australian Securities Exchange (ASX), Qantas must comply with the provisions contained in the Corporations Act 2001 and the ASX Listing Rules.

Qantas also endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition (ASX Principles). In line with the ASX Principles, the Qantas Group provides details about its corporate governance framework annually in its Corporate Governance Statement. The 2012 Corporate Governance Statement is contained in the 2012 Qantas Annual Report and is available in the Corporate Governance section of the Qantas website.

To assist the Board in setting and reviewing the strategic direction of Qantas and monitoring the implementation of that strategy by Qantas management, the Board has adopted a formal Charter. The Board Charter is available in the Corporate Governance section of the Qantas website.

Qantas Group Governance Structure



The Qantas Board

The Board comprises a majority of independent Non-Executive Directors who, together with the Executive Director (the Qantas Group Chief Executive Officer (CEO)), have an appropriate balance of skills, experience and expertise, and bring an independent judgement to bear in decision-making. The independent Non-Executive Directors are elected by Qantas shareholders.

The independent Non-Executive Directors and the year in which each was appointed to the Board are set out below.

Director	Year of appointment
Leigh Clifford (Chairman)	2007
Peter Cosgrove	2005
Patricia Cross	2004
Richard Goodmanson	2008
Garry Hounsell	2005
William Meaney	2012
Corinne Namblard	2011
Paul Rayner	2008
John Schubert	2000
James Strong	2006
Barbara Ward	2008

The Nominations Committee makes recommendations to the Board to ensure the Board's composition is conducive to making decisions expeditiously, with the benefit of a variety of perspectives and skills, and in the best interest of the Qantas Group as a whole.

Details of the Directors, their qualifications, skills and experience are set out in the 2012 Annual Report, which is available in the Investors section of the Qantas website.

Structure

Composition	Twelve Directors Eleven Directors are Independent Non-Executive Directors elected by Shareholders One Executive Director, Chief Executive Officer Alan Joyce
Chairman	Chairman, Leigh Clifford, is an Independent Non Executive Director
Gender Diversity	Twenty-five percent of the Directors on the Qantas Board are women (3 women)

Board Committees

To assist the Board in fulfilling its duties and responsibilities, it has established the following four Committees:

- Nominations Committee
- Remuneration Committee
- Audit Committee
- Safety, Health, Environment & Security Committee

Each Committee has a formal Charter and assists the Board by considering detailed issues and making recommendations to the Board about matters within each Committee's remit. Each Committee's Charter is available in the corporate governance section of the Qantas website.

Committee	Assists the Board in regard to:
Nominations Committee	<ul style="list-style-type: none"> — Board appointments, re-elections and performance; — diversity obligations and targets; — Directors' induction programs and continuing development; — Committee Membership; and — succession of the CEO.
Remuneration Committee	<ul style="list-style-type: none"> — the remuneration framework for Non-Executive Directors; — remuneration and incentive framework for the CEO, Executive Committee Members and Senior Executives; — recommendations and decisions (as relevant) on remuneration and all incentive awards for the CEO and Executive Committee Members; and — strategic human resources policies.
Audit Committee	<ul style="list-style-type: none"> — the integrity of the Qantas Group's financial reporting; — compliance with legal and regulatory obligations; — the effectiveness of the Qantas Group's enterprise-wide risk management and internal control framework; and — oversight of the independence of the external and internal auditors.
Safety, Health, Environment & Security Committee	<ul style="list-style-type: none"> — fulfilling its strategy, policy, system oversight, monitoring and corporate governance responsibilities in regard to safety, health, environment and security matters including: <ul style="list-style-type: none"> • compliance with related legal and regulatory obligations; and • enterprise-wide risk management.

Qantas Group Management

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.

The Group's executive management team is the Qantas Group Executive Committee (Executive Committee). The Executive Committee is chaired by the CEO and meets fortnightly to review the performance of the Group and make decisions that impact more than one Group business segment (Segment).

Segment Management

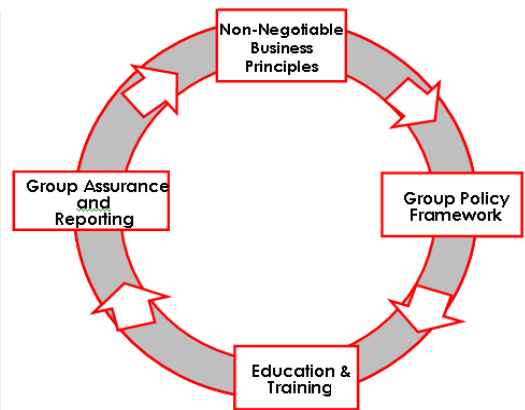
The Qantas Group comprises the following Segments, each of which has a dedicated management team that is chaired by the Segment chief executive officer (or equivalent) (Segment CEO):

- Qantas
- Jetstar
- Loyalty
- Freight
- Corporate

Each Segment CEO is a member of the Executive Committee. The Segment management teams review performance, budgets, strategy and outlook.

QANTAS GROUP GOVERNANCE FRAMEWORK

The Qantas Group's Non-Negotiable Business Principles are supported by the Group Policy Framework, Group education and training programs, and governance processes including assurance and reporting.



Qantas Group Non-Negotiable Business Principles

During the year, the Board adopted the Qantas Group Non-Negotiable Business Principles (Principles). The Principles are set out below.

1. We are committed to safety as our first priority
2. We comply with laws and regulations
3. We treat people with respect
4. We act with honesty and integrity, upholding ethical standards
5. We are committed to true and fair financial reporting
6. We are committed to environmental sustainability
7. We have a responsibility to safeguard Qantas Group reputation, brands, property, assets and information
8. We proactively manage risk

The Principles form the foundation for the Group's corporate governance framework and the way the Group undertakes business.

Qantas Group Policy Framework

In line with the Qantas Group's ongoing commitment to corporate governance, the Group Policy Framework was also revised during the year to ensure that Qantas Group Policies continue to be fit for purpose as the Group evolves.

The Qantas Group's Business Practices Document provides a summary of the Principles, key values and business practices of the Group, including how the Group undertakes business, manages risk and engages with stakeholders.

The Qantas Group has also updated its suite of Group Policies to reflect the Principles and outline the minimum expected standards across a range of governance areas, including:

— safety and health	— contract review and execution	— security
— legal matters	— environment and sustainability	— risk management
— finance matters	— information technology	

The Board promotes ethical and responsible decision-making and the Qantas Group Code of Conduct and Ethics sets out Qantas' expectations in a number of areas including:

— compliance with laws, regulations and ethical standards	— compliance with competition laws	— making public statements about the Qantas Group
— continuous disclosure	— giving or receiving gifts	— use of confidential information
— share trading	— conflicts of interest	— treating people with respect
— political donations and prohibited payments	— accounting records and retention of records	— the whistleblower process
	— dealing with auditors	— privacy
		— equal employment opportunity

Whistleblower Policy

The Qantas Group Whistleblower Policy encourages employees to report concerns relating to illegal, unethical or improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions.

Qantas has an established whistleblower 'hotline' through which employees may report concerns and may choose to remain anonymous. The hotline is independently managed on behalf of Qantas by PricewaterhouseCoopers.

The Qantas Group Whistleblower Committee manages investigations and reports to the Board and Audit Committee.

The Whistleblower Policy is available to all Qantas Group employees and is summarised in the Qantas Group Business Practices Document which is available in the Corporate Governance section on the Qantas website.

Other Policies

The Qantas Group also has formal policies and statements relating to its legal and other obligations to all legitimate stakeholders. These include areas such as safety, health, environment, security, employment practices, diversity and fair trading. Policies are supported by procedures for compliance and monitoring effectiveness.

Mandatory Training Program

The Qantas Group has a robust mandatory training program recognising the importance of embedding the Principles, Group Policies and the standards expected of employees. The training program includes additional role-specific training (such as those in a safety sensitive role or customer facing environment). A Qantas Group Training Council, comprised of representatives from across the business and Group Policy owners, oversees the training program.

Group Assurance and Reporting

A number of assurance activities are undertaken by the Group, including a bi-annual self-assessment questionnaire which is required to be completed by certain operational and financial managers identified within the Qantas Group. The Group's Audit and Risk department also provides independent, objective assurance and consulting services on Qantas' system of risk management, internal control and governance through maintaining and improving the risk management framework as approved by the Board, bi-annual risk reporting to the Board and performing audits and other advisory services to assure risk management throughout the Qantas Group. Further information is outlined in the Group Audit and Risk section of this document.

Further information about corporate governance at the Qantas Group is available at qantas.com.

A summary of Qantas' core business principles, values and practices can be found in the Qantas Group Business Practices Document which is available in the Corporate Governance section on qantas.com.

BEHAVIOURS AND VALUES

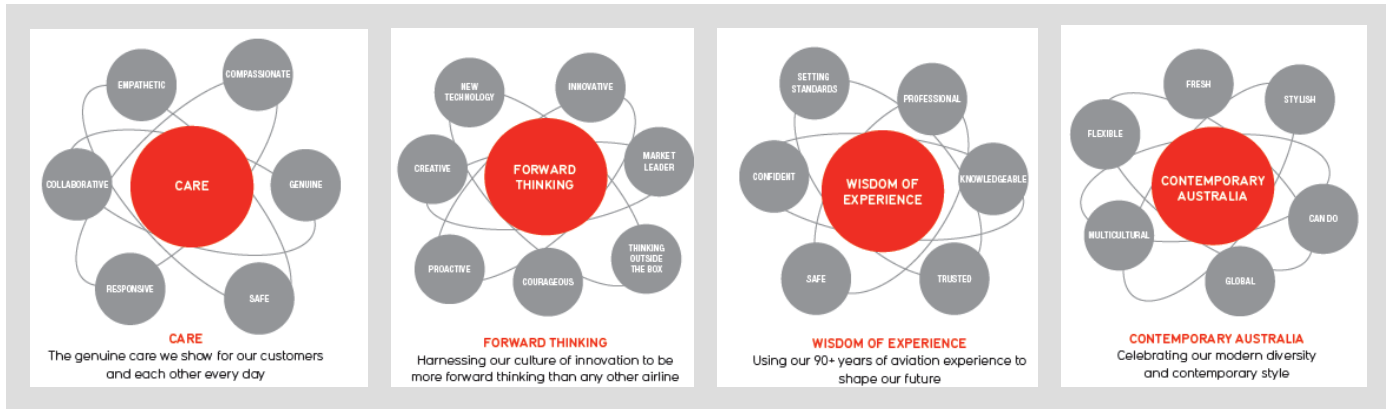
Qantas Group Behaviours

Underpinning the company’s brand values are the Group’s organisational behaviours. Organisation Behaviours define how Group employees behave every day at work. By adopting these behaviours as part of daily routines, employees are exhibiting brand values and contributing towards the achievement of the Qantas Group vision to be one of Australia’s great businesses and among the world’s great Airline Groups.

- Safety** — Demonstrate a genuine commitment to safety
- Service** — Have a ‘can do’ attitude and I deliver my part of the customer promise
- Innovation** — Challenge the way things are done and take ownership for finding a better way
- Collaboration** —Work with others to create a winning culture and an enjoyable place to work
- Integrity** — Be open, listen, and speak honestly and respectfully

Qantas Values

An established set of core values allows Qantas employees to better connect with each other and to Qantas customers. Qantas is a brand that cares, is forward thinking, has wisdom of experience and represents the best of contemporary Australia.



Jetstar Values

Jetstar also has values which support the Group’s vision to be one of Australia’s great businesses and among the world’s great Airline Groups.

Be Responsible

Be safe, speak up, take ownership, be aware, be empowered.

Be Energetically Efficient

Be resourceful, cut out waste, simplify, be productive, understand our way.

Be Consistently Can Do

Embrace challenges, be prepared, think ahead, anticipate needs, prioritise.

Genuinely Care

Be friendly, smile, listen to understand, be empathetic, go the extra mile.

Passionate About Enjoyment

Be enthusiastic, be down to earth, be positive, celebrate success, be imaginative.

The vision of the Qantas Group is to be one of Australia’s great businesses and among the world’s great Airline Groups

OTHER KEY AREAS OF GOVERNANCE FOCUS

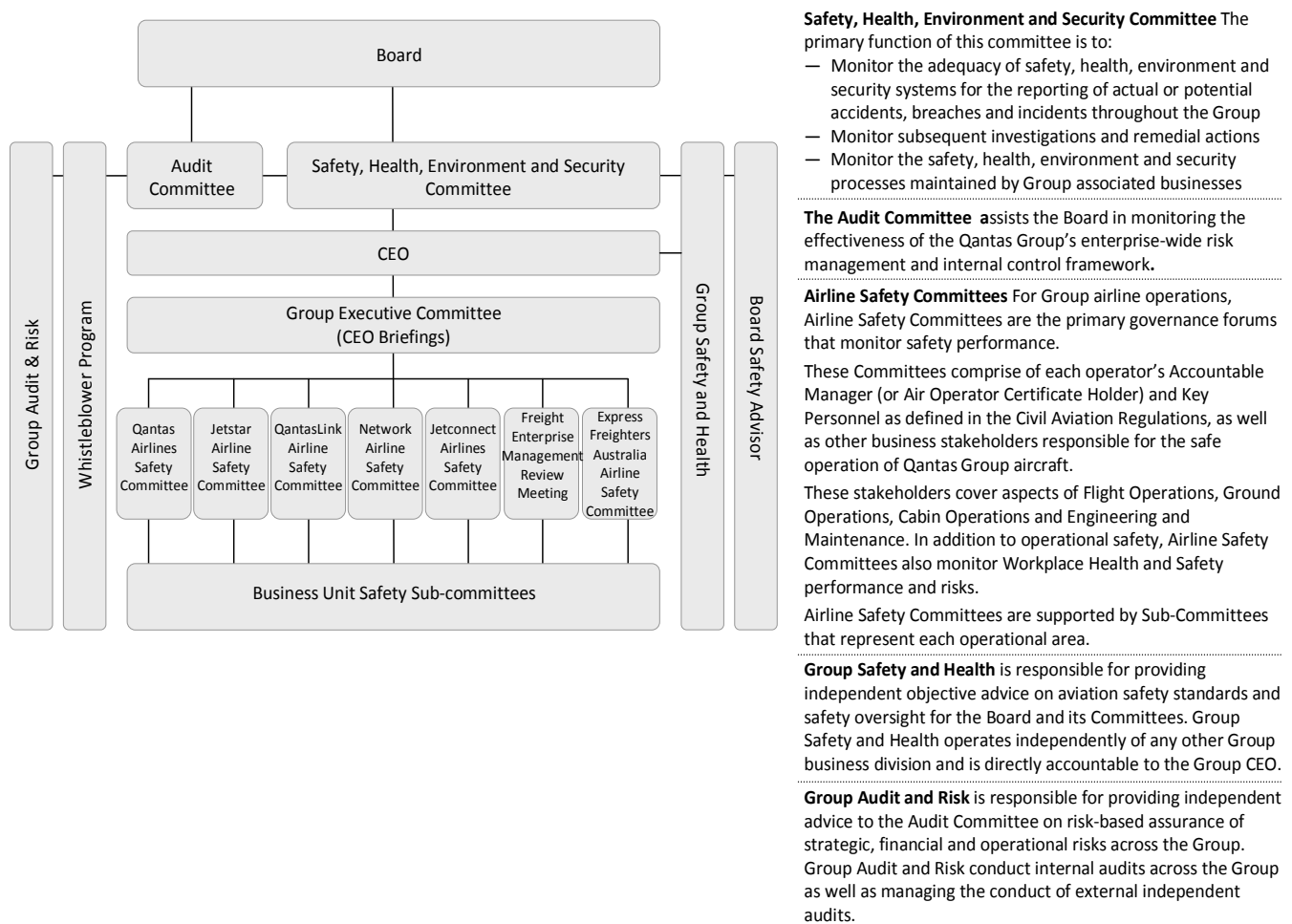
To support the Group’s Corporate Governance Framework, specialist areas within the business apply various governance frameworks to ensure compliance with regulatory, legal and other obligations. These include Safety and Health, Business Resilience, Group Security and Facilitation, Group Audit and Risk and Supply Chain. These area’s are discussed in the following pages.



SAFETY

Safety underpins everything that is done at Qantas — the operational safety of aircraft, the occupational health and safety of employees and contractors, and the wellbeing of customers.

The Group’s safety governance framework is designed to obtain, collate and sort relevant safety information and report this information to appropriate decision makers within the Group. The Group safety governance framework is illustrated below.



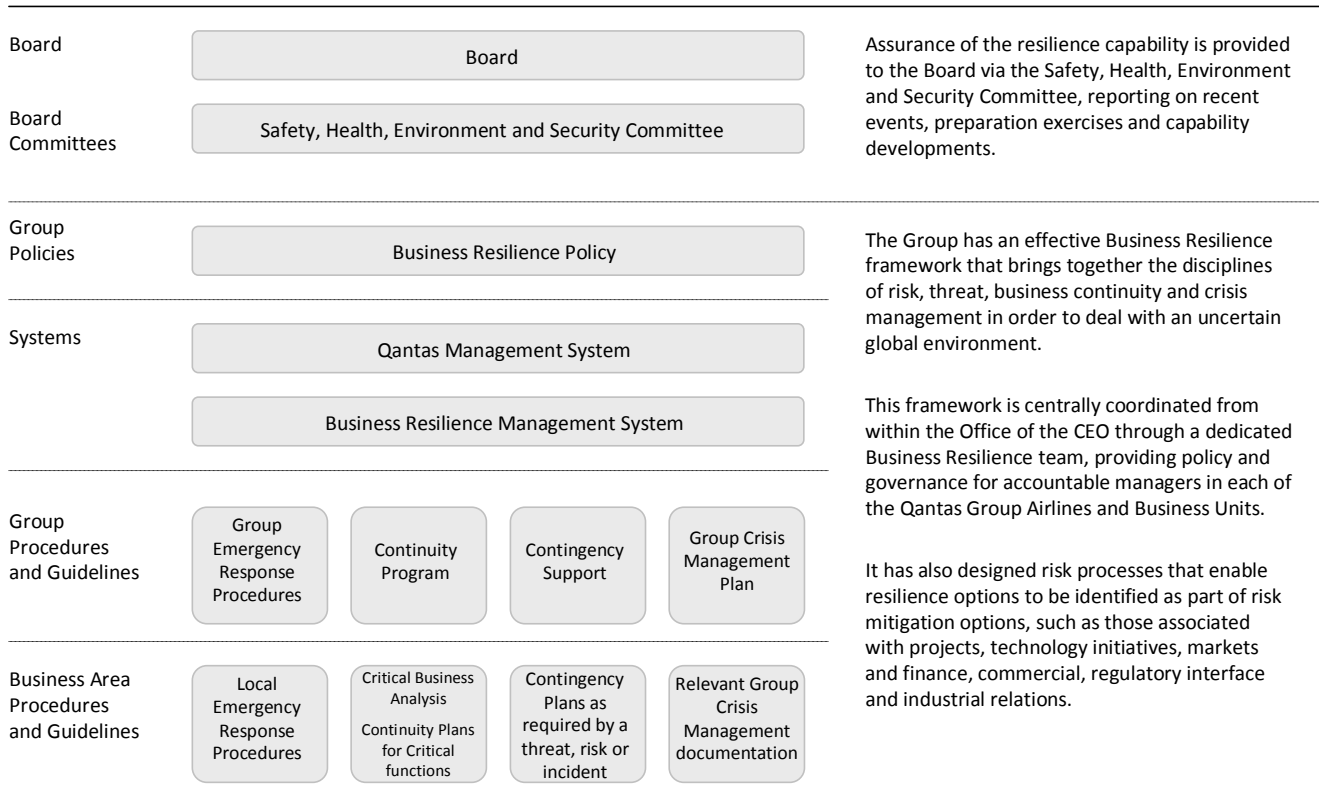
Safety Reporting

Open and transparent reporting of safety performance and related matters through the safety governance framework is central to the management of safety in the Qantas Group. Airline Safety Committees and Sub-Committees convene monthly and review a detailed Management report covering material aspects of operational and workplace safety. Each segment will also report material safety matters to the Group Executive on a monthly basis, with a report produced for the Safety, Health, Environment and Security Committee three times per year.

Externally, the Qantas Group complies with all regulatory reporting requirements, including those related to the Australian Transport Safety Bureau (ATSB), CASA and various state based Workplace Health and Safety Authorities. The Qantas Group also complies with all regulatory reporting requirements in the international jurisdictions in which it operates.

BUSINESS RESILIENCE

The Qantas Group has an industry leading Business Resilience capability to proactively identify developing risks, respond effectively, recover quickly and always emerge as a stronger and more capable organisation.



Crisis Management

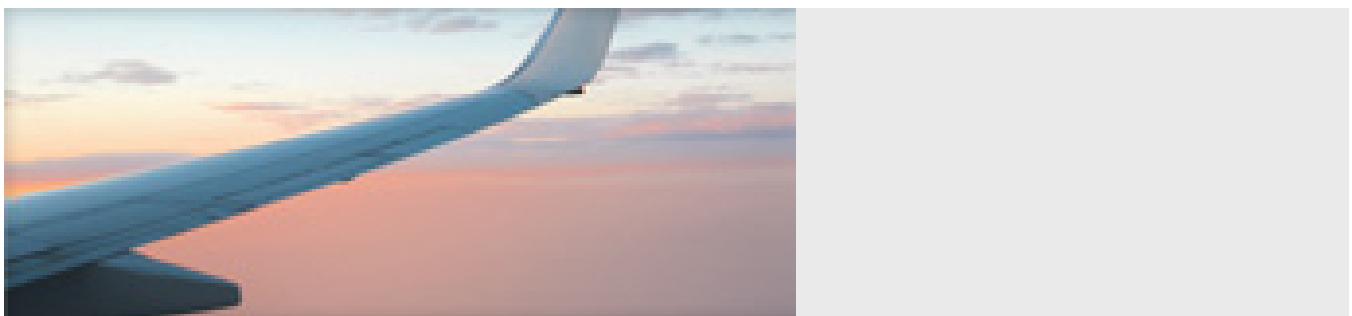
The Group maintains a highly effective crisis management capability to reduce the impact of unavoidable events. This capability allows the business to quickly come together to manage both the strategic and operational impacts of the event and to coordinate diverse stakeholders.

This capability is also utilised when the Group provides support to Government and humanitarian operations, such as the evacuation of Australian citizens from Cairo, the Queensland floods and the Christchurch earthquake in early 2011.

This crisis management capability meets and exceeds IOSA Airline Emergency Response organisational standards, CASA requirements and enables the Qantas Group to meet both voluntary and regulated Family Assistance Codes internationally.

Business Continuity

In addition to this responsive Crisis capability, the Qantas Group has an ongoing proactive business continuity program focussed on systematically capturing the dependencies that critical operational processes have across a range of areas such technology, physical locations and supply chains in order to identify and mitigate any vulnerabilities, develop effective continuity strategies and reduce potential impacts.



GROUP SECURITY AND FACILITATION

Risk-based Outcomes Focus

The Qantas Group continues to operate in an environment of evolving and adaptable security threats and as such an integrated security coordination, threat monitoring and assurance model is essential to ensure operational continuity and the protection of the Group's people, customers, assets, brand and other interests. As regulators and industry move to embrace the 'risk-based outcomes focused' concept, Qantas must leverage from this and build security capability in the business. The 'risk-based outcomes focused' concept lends itself to the notion that front-line staff and managers know their environment better than most and are therefore best placed to identify a security threat before anyone else. This capability needs to be nurtured, enhanced and supported by a robust security management system which provides for effective lines of reporting, assurance, leadership and continuous improvement.

Qantas Group Security Management System

Improved security systems require input from those who work within the system every day. As such, the Qantas Group Security Management System aims to increase security awareness through continuous improvement of security processes and enhancing the security culture across the Group.

Security Capability in Business Units

The key to an improved security culture is leadership and commitment, demonstrated by the degree to which the organisation holds managers and employees accountable for security and facilitation outcomes. To give effect to this, Group Security & Facilitation has recently restructured in order to further develop security capability in the business. The new structure maintains a centralised strategic policy setting and corporate security advisory role and establishes dedicated security teams aligned with the new Qantas Group structure.

Group Oversight

The Group will continue to provide professional security and facilitation oversight and advice across the business, especially with regard to assurance and crisis support. The Group has the appropriate skills, knowledge and attitude to ensure effective security and facilitation outcomes, a proactive security culture, assure the business and support operational continuity. Benefits over time from the Group's strategic and dynamic approach to security and facilitation includes a consistently safe and secure operation, operational continuity, compliance with regulation and the rule of law, enhanced facilitation and a proactive security culture.

Security Management System

Qantas is currently recognised by IATA as being a world leader in the development of a Security Management System including best practice research into aviation security culture.

oneWorld Security Committee and IATA IOSA Security Task Force Committee

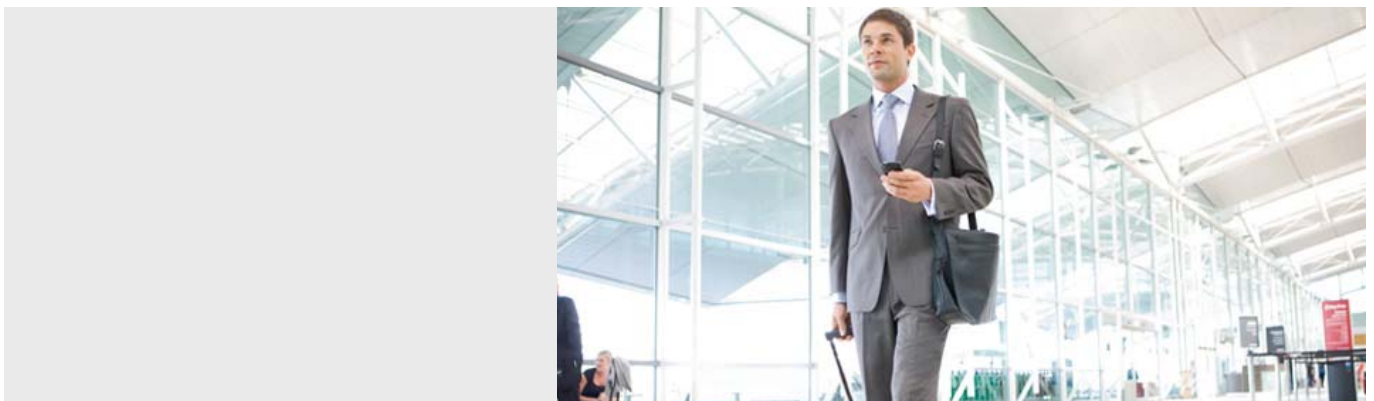
Harmonisation and influencing activities have resulted in Qantas being the Chair of the oneWorld Security Committee and Vice Chair of the IATA IOSA Security Task Force Committee.

International Sub-Committee of the US Department of Homeland Security Aviation Security Advisory Committee

More recently Qantas has also taken up membership of the International Sub-Committee of the US Department of Homeland Security Aviation Security Advisory Committee.

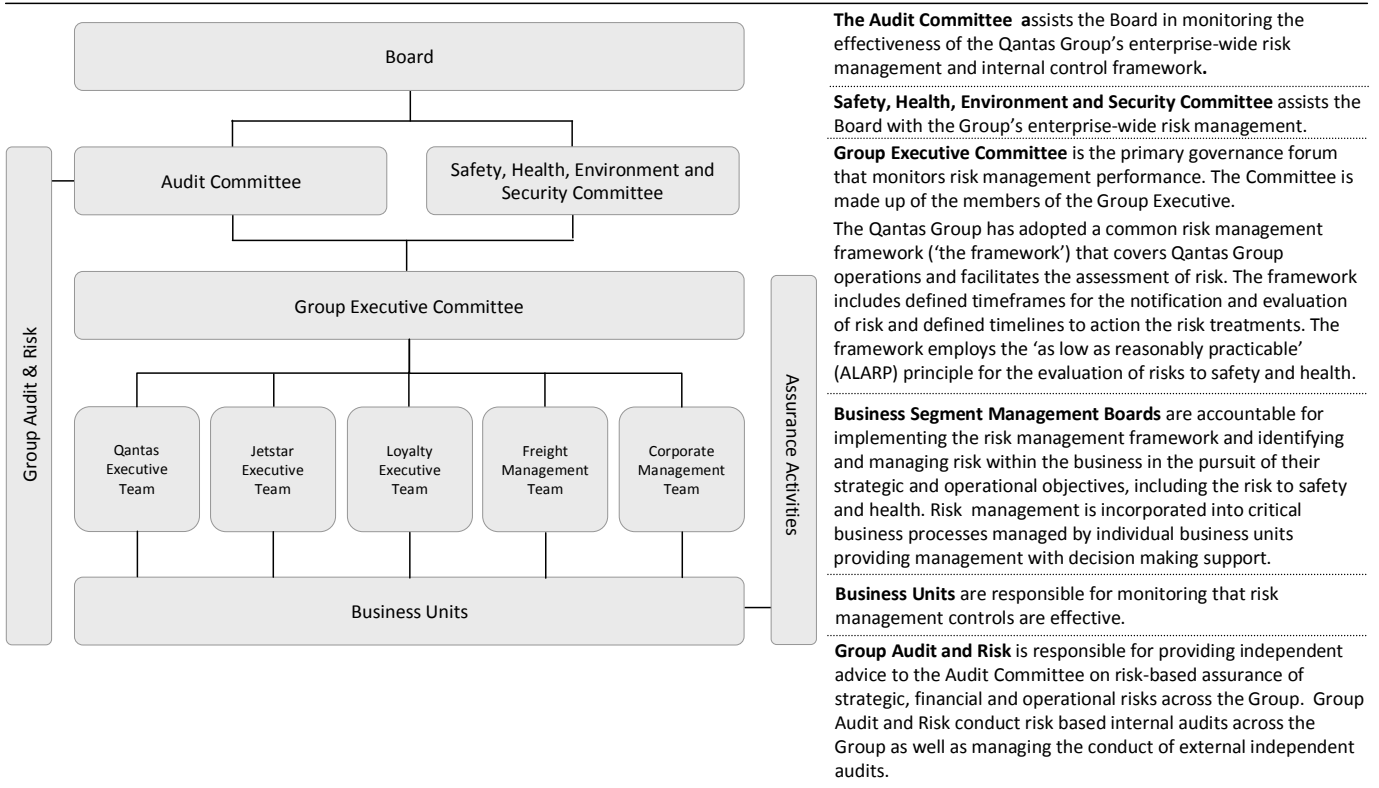
Contracted Security Services Unit

In May 2012 the Group's Contracted Security Services Unit were awarded 'Excellence in Security Management' at the annual Australian Security Industry Awards for Excellence presentation night.

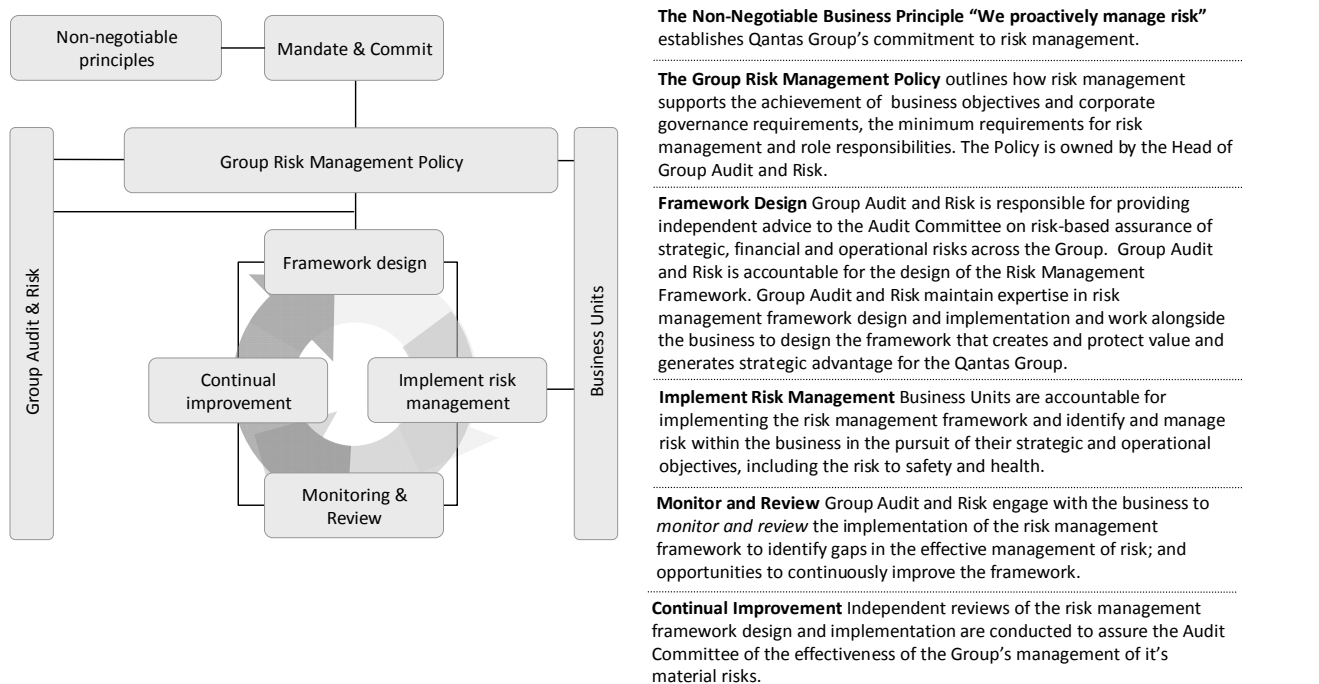


GROUP AUDIT AND RISK

Group Audit and Risk provides independent, objective assurance and consulting services on Qantas’ system of risk management, internal compliance, control and governance and reports directly to the Group Executive People and Corporate Services (a direct report of the CEO) with an additional independent reporting line through the Audit Committee to the Qantas Board.



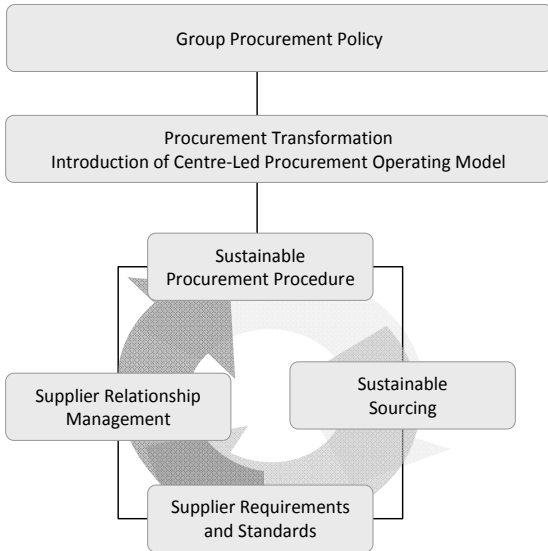
Risk management in The Qantas Group has matured to be fully embedded in line Management accountabilities, enabling the integration of risk management into all business activities and decision-making processes to ensure the Group effectively manages its risks. To fully support Qantas Group employees in their understanding of risk management a number of training courses are available to employees which reinforce the principle that every employee has a responsibility to identify, report and/or manage risk as it arises.



SUPPLY CHAIN

Qantas Group Procurement Policies and Procedures

The Qantas Group is committed to applying a holistic approach to procurement which ensures supplier relationships and costs are managed in a competitive, fair and ethical manner.



The Qantas Group Procurement Policy

The Qantas Group Procurement Policy outlines the minimum requirements and responsibilities in relation to the governance of the procurement of goods and services by the Qantas Group.

Procurement Transformation

Qantas is currently undertaking a Procurement Transformation Program in order to implement a centre-led procurement operating model.

The Program will allow Qantas to move towards becoming a 'best-in-class' procurement performer through the introduction of leading procurement practices and processes, deployment of common technology applications and implementation of an effective governance structure to ensure these improvements are sustained.

Sustainable Procurement Procedure

In 2011/2012 the Group launched a Sustainable Procurement Procedure. Designed to complement the existing Procurement Policy and procedures the purpose of the Sustainable Procurement Procedure is to:

- Achieve value for money through the application of environmental, community and corporate sustainability needs
- Support the business and objectives with innovative responsive procurement

Sustainable Sourcing

The Qantas Group has introduced a sustainability questionnaire to be used in sourcing activities. The questionnaire is designed to gain an understanding of the vendors policies and practices on a range of environmental, governance and social issues.

Supplier Requirements

The Qantas Group has detailed expectations of all suppliers. These expectations are contained in Supplier Requirements that form part of all Supplier Contracts. Core responsibilities include, but are not limited to, occupational health and safety (OHS), standards of personal behaviour, equal opportunity, harassment, bullying, theft, fraud and environmental impacts.

Supplier Relationship Management

The Qantas Group conducts sustainability risk analysis and mitigation at the pre-engagement request for proposal (RFP) process and throughout the relationship via audit and commercial/operations governance meetings. Contract management meetings are typically held monthly with supplier relationship management (SRM) meetings being held quarterly or bi-annually, both cover topics such as health, safety and environment compliance, issues and risks, customer satisfaction and audit findings.

Supplier Diversity

As Australia's national carrier, Qantas is well placed to forge innovative partnerships and foster mutually beneficial relationships with Indigenous suppliers across Australia and continues to explore opportunities to better develop and integrate our supplier diversity strategy, with the goal of becoming a leader in supplier diversity in Australia. Supplier diversity and engagement with the Australian Indigenous Minority Supplier Council (AIMSC) have the commitment and support of the Chief Executive Officer, Executive Committee along with advocacy from the Chief Procurement Officer, the Procurement team and Manager Reconciliation.

In April 2012 Qantas was named AIMSC Corporate Member of the Year.

Qantas is a founding member of AIMSC and proudly became the first AIMSC founding member in Australia to sign an agreement with an AIMSC Supplier, Message Stick Communications. Qantas has contracted with eight AIMSC Certified businesses over the past year, across a range of goods and services. Under the recently refreshed Qantas Reconciliation Action Plan Qantas has committed to introducing AIMSC certified businesses into three new areas of the business over the next two years with a minimum of ten contracts in place by December 2013.



In addition, the Qantas Procurement policy and guidelines have been amended and now instruct Qantas Procurement buyers to consult the AIMSC Supplier list when developing a list of potential suppliers and, where appropriate, to include capable Indigenous suppliers in the sourcing process. The Qantas Reconciliation and Procurement teams have worked together to establish policies, procedures and mechanisms to ensure that Qantas business reflects the Qantas values of diversity and inclusion.

This page has been intentionally left blank

ENVIRONMENT



Priorities

Fuel:

- An average improvement in fuel efficiency of 1.5 per cent per annum to 2020
- Carbon Neutral Growth by 2020

Actions Taken During 2011/2012

- Australia's first commercial sustainable aviation flights
- Announced sustainable aviation fuel feasibility study
- Continued fuel optimisation
- Continued fleet renewal

Progress

● On Track

Resource Reduction by 2020 (2009/2010 Baseline):

- 10 per cent for Electricity
- 10 per cent for Water
- 20 per cent for Direct waste to landfill

- Implementation of business unit specific targets that underpin the Group's targets
- Commissioning of stage one of Australia's largest commercial Tri-generation plant
- Continued diversion of general waste in Sydney to an Advance Waste Treatment facility
- Continued resource reduction initiatives introduced across the Group

● On Track

ENVIRONMENT

Environmental Governance

Safety, Health, Environment and Security Committee

The Qantas Group's progress in relation to climate change and environmental performance is escalated through Business Unit Safety and Operational Committees to the Safety, Health, Environment and Security Committee which meets three times a year to review the Group's Environmental progress and status. In addition, The Board endorses the Group's Environment strategy and sets performance measures for relevant executives.

The Qantas Group Environmental Management System (EMS)

The EMS has been designed to align with both the Qantas Management System (QMS) and the requirements of the International Standard for Environmental Management (ISO14001:2004). This approach ensures that the business has a consistent approach to environmental management both at a strategic and operational level. It also assists the Group's implementation of a best practice approach to the management of environmental impacts.

The Qantas Group Environment Policy

The Qantas Group Environment Policy exists to define:

- The Qantas Group's commitment to continual improvement in environmental management throughout all levels of the organisation
- The minimum requirements for identifying, assessing and managing environmental aspects and impacts
- The framework for setting and reviewing objectives and targets
- The requirements to maintain legislative compliance
- The roles and responsibilities for environmental management

The Qantas Group Environmental Strategy

Qantas Group Environmental Strategy

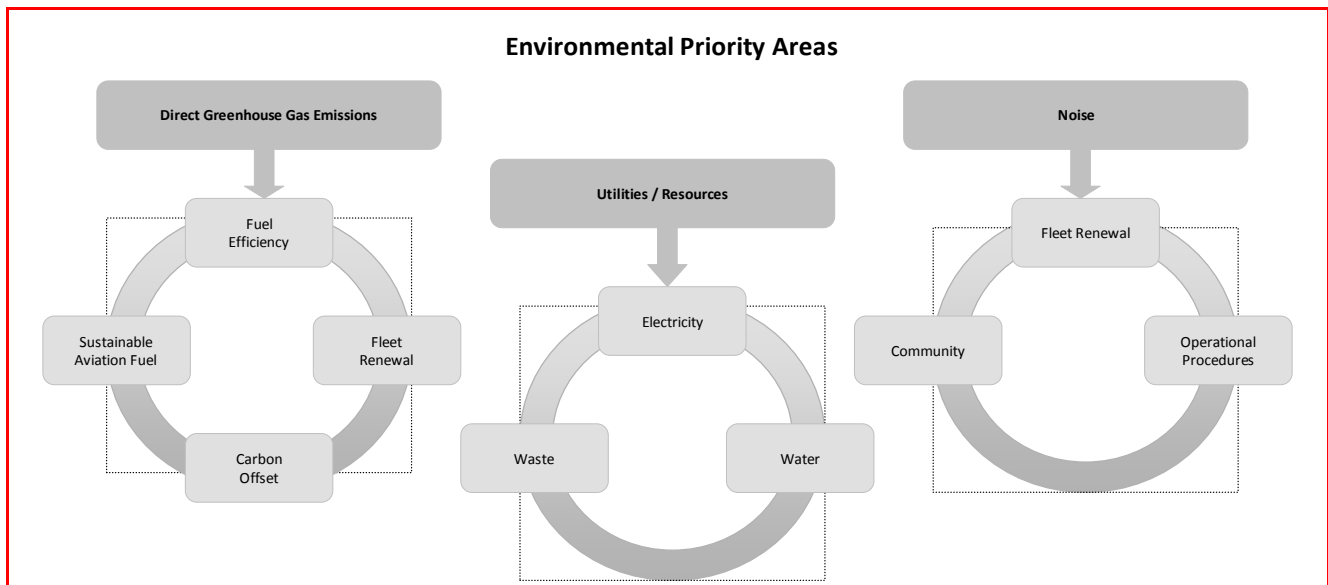
The Group's Environment Strategy comprises four key elements:

- Continuous improvement in environmental efficiency
- Early adoption and persistence in innovative fuel and carbon management
- Embedding environmental values to increase marketability and strengthen belief in the brand
- Influencing global regulators to achieve sustainable lowest cost carbon compliance

The Qantas Group Environmental strategy articulates the key global strategic levers that underpin the Group's environmental performance and will lead to tangible progress towards performance improvement. The strategy considers external drivers, such as climate change, the rapidly changing regulatory landscape and evolution of stakeholder expectations, as well as internal behavioural drivers that will shape the Group's performance. It is developed in conjunction with business units throughout Qantas Group and focuses on initiatives designed to allow the Group to harness potential opportunities to improve environmental efficiency as well as to effectively manage risks from the Group's environmental impact.

Environmental Priorities

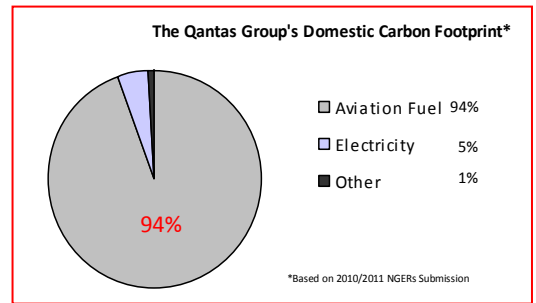
Direct greenhouse gas emissions are the material issue facing the aviation industry, as such, fuel optimisation through fuel efficiency measures is the cornerstone of the Qantas Group's environmental strategy. Other key priorities are utilities / resource efficiency and management of noise impacts.



Direct Greenhouse Gas Emissions

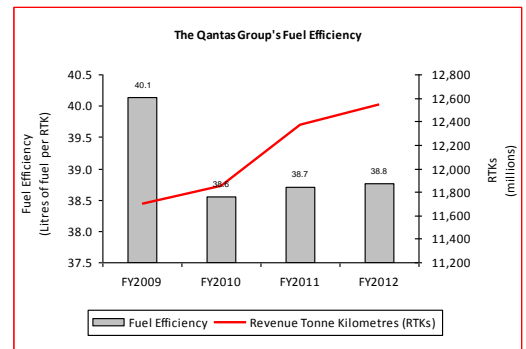
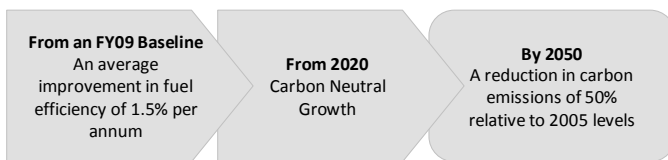
The Qantas Group's Carbon Footprint

Aviation fuel constitutes over 94% of the Qantas Group's domestic carbon footprint. As such, the reduction of carbon emissions from aviation fuel is the core environmental priority for the Qantas Group. Fuel optimisation and fuel efficiency improvement continue to be key focus areas for the Group's energy conservation measures and are key elements in the Group's environmental improvement strategy.



Qantas is targeting an average improvement in fuel efficiency of 1.5 per cent per annum to 2020 (measured as litres of fuel per revenue tonne kilometre (RTK) against a 2008/2009 baseline). This goal is consistent with that set by the International Air Transport Association (IATA) for the industry. In addition, the Qantas Group has committed to achieve carbon neutral growth by 2020 and to see a 50 per cent reduction in carbon emissions by 2050, relative to 2005 levels. The Qantas Group believes this goal is achievable by embracing technological innovation in efficiency and by securing commercially viable alternative fuel sources that are genuinely sustainable.

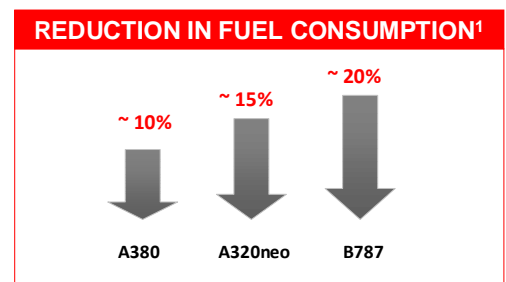
The Qantas Group's Emissions Commitments



The Qantas Group has achieved 3.4 per cent improvement in aviation fuel efficiency against the 2008/2009 baseline. Fuel saving targets have been agreed across the Group's flying businesses for 2012/2013 and activities such as international fleet re-configuration, fleet renewal and ongoing fuel optimisation activities will have a positive effect on fuel efficiency.

Fleet Renewal and Fuel Efficiency

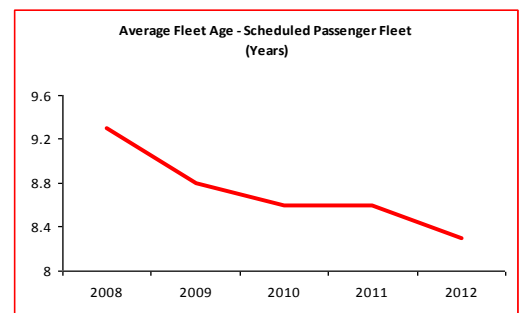
In the long run, fleet renewal offers the greatest benefits to fuel efficiency by replacing older aircraft with new more fuel-efficient aircraft. Over the next 10 years, the Group is planning to invest in more fuel-efficient next generation aircraft, such as the Airbus A380, Boeing 787 Dreamliner and Airbus A320neo. On regional routes, the Group invests in Bombardier Q400, which consumes 35 per cent less fuel than similar-sized jet aircraft. The replacement of older aircraft with new, more fuel-efficient aircraft has resulted in a reduction in the average scheduled passenger fleet age since 2008.



1. A380 Compared with B744, A320neo compared to A320 (no sharklets) and B787 compared to B763. Fuel savings are approximate and based on manufacturer's information.

The Qantas Group continues to implement world-class fuel efficiency improvements, including

- Improved flight procedures like Mid Segment climb
- Optimised flight planning over individual sectors, including dynamic route planning and 'Flex Tracks'
- Required Navigation Performance (RNP) implementation in Brisbane, resulting in smoother and shorter takeoff and landing
- Rigging (control surface) check optimization
- Participation in the METRON air traffic management system (real time capacity management)
- Permagard application for better aerodynamics
- Optimisation of potable water loads carried by planes
- Continuing reduction in onboard Auxiliary Power Unit use by increasing use of Ground Power Units, including the introduction of new lightweight ground power leads



Sustainable Aviation Fuel

The Qantas Group is focussed on developing more sustainable jet fuel to tackle the environmental and energy security issues associated with traditional fossil based fuels. Currently, Australia does not have a commercial source of sustainable aviation fuel. The Qantas Group has significant scale in fuel purchasing and aims to use that scale to influence the development of a Sustainable Aviation Fuel (SAF) supply chain within Australia.

The Qantas Group is working hard to accelerate the development and commercialisation of alternative fuels that are more economically, socially and environmentally sustainable than fossil fuels. Qantas is a signatory member of the Sustainable Aviation Fuel Users Group (SAFUG), a global group of leading airlines and aviation companies working together with scientific agencies and leading environmental non-government organisations (NGOs) to accelerate the commercialisation of Sustainable Aviation Fuel.

The Qantas Group wants to be at the forefront of the development of Sustainable Aviation Fuel in Australia to improve environmental outcomes and energy security. The global emergence of cleaner energy technologies has the potential to drive growth and create jobs.

Taking a 'portfolio' approach to Sustainable Aviation Fuel through assessing the most promising technologies and establishing partnerships with leaders in the field, the Qantas Group is focused on developing advanced jet turbine biofuel made from next generation biomass sources such as algae, municipal waste streams, waste tree oil and specially selected types of biomass energy crops which do not compete with food crops.

Carbon Offset

To emphasise the fact that environmental management is not a separate activity but an integral part of operations, the Qantas Group has integrated its carbon management into 'business as usual' alongside other financial and procurement functions. As part of the carbon management process Qantas has entered into an agreement to purchase carbon credits from RM Williams' Henbury Station property in Central Australia.

Investment in the Qantas Group voluntary offset program has continued. The program, certified under the Australian Government National Carbon Offset Standard – Carbon Neutral Program provides customers with the ability to fully offset the emissions of their flights. The program currently supports verified carbon standard certified renewable energy projects in countries such as China, Thailand, Cambodia and Vietnam (including wind farms, efficient cook-stoves, small hydropower developments and 'fuel switching' projects). A recent addition to the program is a project that avoids emissions by restoring native forests in Tasmania on private land. In addition to the climate change benefits it has potential to protect biodiversity, including the potential to assist endangered species such as the wedge-tailed eagle and the Tasmanian devil.

Thanks to customer contributions over the past five years the Qantas Group Carbon Offset Program has collected and invested over \$8 million dollars and saved around 1.2 million tonnes of carbon.

Qantas continues to commit to the Carbon Offset Program by offsetting all emissions from ground vehicles and employees' business flights. In addition Qantas facilitates the provision of detailed emissions data to Corporate Clients to enable those that have their own offset commitments to fulfil them accurately and completely.



Australia's First Commercial Biofuel Flights

On 13 April 2012 Qantas operated Australia's first commercial flights powered by SAF. The second generation Biofuel was produced by SkyNRG and derived from used cooking oil split 50:50 with conventional jet fuel. Its life cycle carbon footprint is approximately 60 per cent lower than that of conventional jet fuel.

In addition, Qantas announced that it will conduct a feasibility study into the potential for an Australian SAF industry in partnership with Shell, the Australian Government, Australian Research Council and Alt Air.

On 19 April 2012, Jetstar operated its first commercial SAF flights using the same SkyNRG Biofuel, the first low fares carrier in Asia Pacific to operate such flights.

Henbury Station property

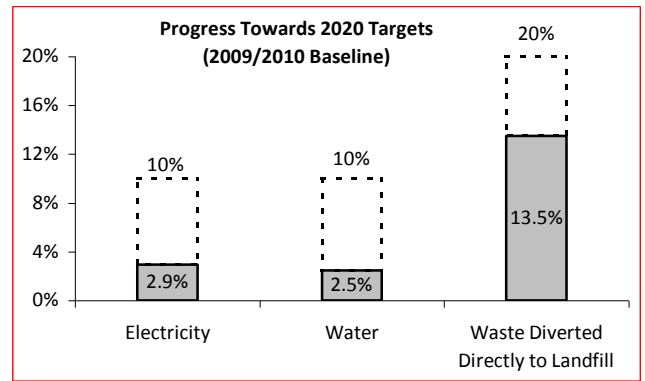
Qantas and RM Williams recently formed an exciting new partnership where the Group will purchase credits from Henbury Station – a former pastoral property being regenerated to restore natural vegetation and remove carbon dioxide from the atmosphere. Credits from Henbury Station will support both the voluntary carbon offset program and, from 2013, be used to offset part of the Group's carbon price liability – all while helping RM Williams conserve an iconic Australian landscape.

1.2 million Tonnes

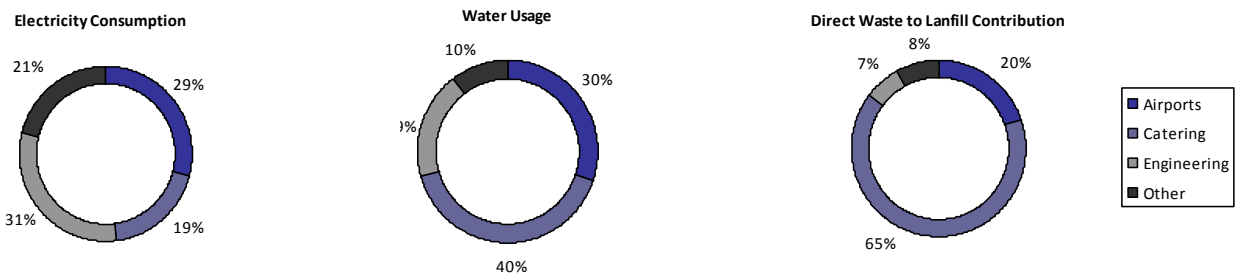
of Carbon offset by Customers through the Qantas Group Carbon Offset Program in the past 5 years.

Utilities / Resources

In 2011/2012, the Qantas Group refreshed its utility reduction strategy replacing Group Targets with new, business unit specific targets that aggregate at a Group level to give electricity, water and waste diverted directly to landfill 2020 targets (set against a 2009/2010 baseline) of 10, 10 and 20 per cent respectively. The group has progressed well against these targets achieving a 2.9 per cent decrease in electricity, a 2.5 per cent decrease in water and a 13.5 per cent decrease in waste diverted directly to landfill. The reduction in waste diverted directly to landfill was primarily a result of significant reduction in 2010/2011 (11.8 per cent) driven by the initiative introduced in November 2010 to divert general waste in Sydney to an Advance Waste Treatment facility, to enable improved recycling of metals, plastics and organic waste.



In moving to Business Unit specific targets, an analysis was undertaken to determine the material consumers of resources across the business. In all resource areas Airports, Catering and Engineering were seen to be the material consumers and so remained key areas of focus in 2011/2012.



Electricity

- Motion sensors were introduced in Brisbane aerobridges to reduce lighting use
- Introduction of time-of-day usage meters across 72 sites which provide detailed analysis of electricity consumption through-out each day allowing inefficient practices to be identified and improved
- The Group continues to increase the efficiency of lighting by taking steps such as adopting LED technology

Water

- New water-saving dishwashers have been introduced in Catering facilities
- The introduction of 'Permagard', an aircraft coating that reduces draft and will assist to reduce water usage through reduced aircraft washing

Direct waste to Landfill

- Qantas continues to divert all general waste in Sydney to an Advance Waste Treatment facility which results in over 350 tonnes of waste being diverted each month to enable improved recycling of metals, plastics and organic waste.
- Organic waste separators have been introduced in Catering facilities
- Qantas has offered onboard recycling since 2009 on selected Domestic Economy services
- Qantas facilitates paper, cardboard and glass recycling in Qantas Club lounges within Australia and recycling programs in corporate offices
- Qantas has partnered with Closed Loop Recycling, an industry leader in environmentally sustainable packaging and recycling solutions. This partnership has delivered great results - for example, onboard paper cups are now made from 35% recycled paper
- Recycling bins have been installed in public spaces in all major Australian Domestic airport terminals
- Qantas has committed to the Australian Packaging Covenant Action Plan (July 2010 - June 2015), a voluntary initiative by Government and Industry to reduce the environmental effects of packaging.

Tri-Generation

The Qantas Group is implementing the largest commercial tri-generation project in Australia which will significantly reduce the Group's energy consumption and carbon footprint. Two tri-generation power plants will be constructed in Sydney by energy company GridX to serve the Sydney headquarters, aircraft maintenance facilities, catering centre and T3 domestic terminal. The first plant is due to begin operating in September 2012 with the second scheduled for completion in the next six months.

The Tri-generation plant will reduce overall energy consumption and carbon emissions by re-utilising the waste heat from gas fired generators to power site-wide cooling and heating. The project will have a 15 year term during which the Green House Gas emissions reduction is estimated to be 23,000 tonnes CO₂-e per year, this equates to 6,000 cars off the road annually. In addition, the Star rating of Qantas Corporate Headquarters will be lifted by an anticipated 2 Stars.

\$63,000 Worth of Stationery Recycled

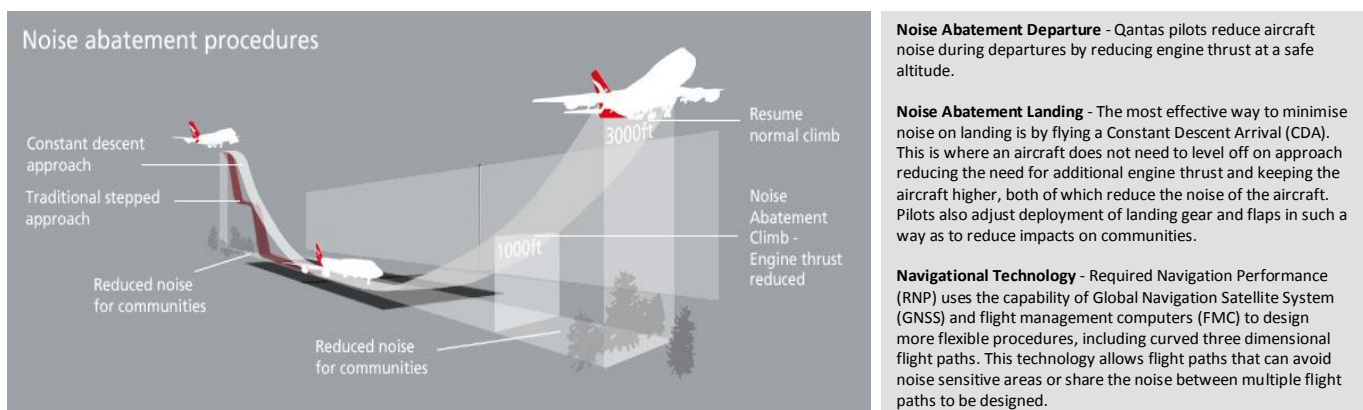
Qantas encourages employees to reduce, reuse and recycle. As a clear example of this message, in April 2012 a major Qantas building was decommissioned to allow for refurbishment of the corporate headquarters. Volunteer employees recovered over \$63,000 of stationery, including over 90 reams of paper and \$26,000 worth of printer toners. Care was taken to prevent unwanted items ending up in landfill with over \$30,000 worth of unwanted folders being donated to charities such as Mission Australia and Reverse Garbage, as well as local schools. All other items were redistributed across the business.

Noise

Qantas is committed to being a responsible member of the community, considering the environmental and social impacts of operations wherever the Group flies. Continuing to reduce the impact of aircraft noise on communities is a high priority and forms a significant component of the Group's Environmental Strategy.

The aircraft noise standards for new aircraft are set by the International Civil Aviation Organisation (ICAO). Over time these standards have become more and more stringent with the most recent standards, Chapter 4, applicable for new aircraft types from 1 January 2006. The Qantas fleet is certified to Chapter 3 and also complies with the new Chapter 4 standards. The Group works with the aircraft manufacturers to continually improve the noise performance of the aircraft above and beyond the standards.

The Qantas Group operates aircraft in ways that maximise noise reduction, without compromising safety. Qantas uses special take-off and landing procedures to minimise aircraft noise. In addition, pilots adhere to any additional airport-specific noise abatement procedures, (like noise abatement zones, engine run up restrictions and preferred runways or flight paths) that may be required.

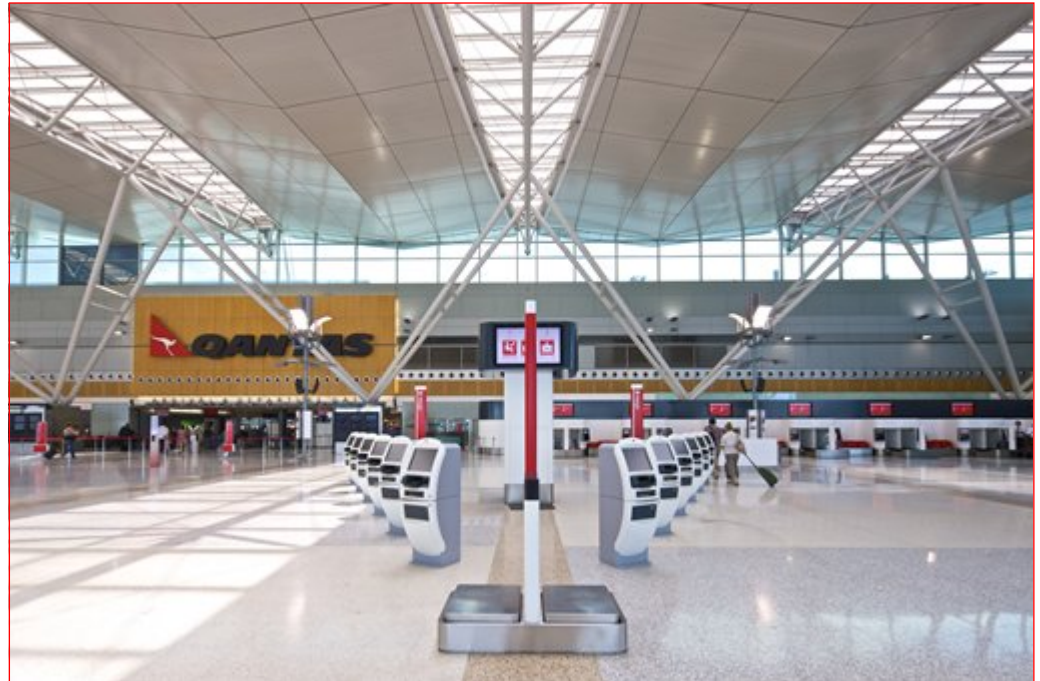


Seeking better ways of managing aircraft noise is one of the many ways Qantas continues to develop strong relationships with communities. The Group believes that the best solutions emerge through collaboration. Qantas is a key participant in Community meetings around Australia. At these meetings, residents, the Airport and Air Traffic Control work to find noise improvements. Noise improvements should never compromise aircraft safety and should balance financial and customer impacts.

Key Environmental Statistics

Measure	Unit	2012	2011	2010	2009	2008	GRI Indicator
Available Seat Kilometres (ASKs)	Million	139,423	133,281	124,717	124,594	127,019	-
Aviation fuel consumption	'000 Litres	4,877,000	4,790,143	4,570,556	4,695,383	4,849,430	EN3
CO ₂ -e emissions from aviation – Group	Tonnes	12,493,157	12,270,660	11,708,155	12,027,918	12,422,533	EN16
CO ₂ -e emissions from aviation – Australia	Tonnes	4,375,222	4,255,706	3,914,871	3,963,472	-	EN16
CO ₂ -e emissions from aviation – Rest of world	Tonnes	8,117,935	8,014,954	7,793,284	8,064,446	-	EN16
CO ₂ -e per 100 RTKs (Group)	Kilograms	99.3	99.1	98.8	-	-	EN5
Fuel per 100 RTKs (Group)	Litres	38.8	38.7	38.6	40.1	-	EN5
Fuel per 100 RTKs (Qantas)	Litres	39.6	38.9	38.8	40.1	38.7	EN5
Electricity (Australia)	MWh	228,361	231,763	235,209	242,410	252,097	EN3
Water (Australia)	'000 Litres	975,412	971,151	1,000,174	1,045,896	1,144,652	EN8
Waste to landfill (Australia)	Tonnes	24,306	25,149	28,102	29,838	30,756	EN22
Average fleet age – scheduled passenger fleet	Years	8.3	8.6	8.6	8.8	9.3	-

CUSTOMER



Priorities

Customer Experience

- Maintain leading satisfaction ratings for OTP, service and product initiatives
- Increase Net Promoter Score

On Time Performance (OTP)

- Qantas to maintain leading domestic OTP against main competitor
- Jetstar to achieve leading domestic low cost carrier OTP

Actions Taken During 2011/2012

- Qantas customer satisfaction highest since 2003
- Qantas recorded highest level of advocates since 2007
- Jetstar Australia has seen significant improvement in in-flight customer satisfaction
- Jetstar Australia domestic and Jetstar New Zealand achieved highest level of advocates since tracking commenced
- Qantas was the most on-time major domestic airline¹ for 2011/2012, and outperformed our major domestic competitor, Virgin Australia.
- Jetstar was the second most on-time low cost carrier in the domestic market

Progress

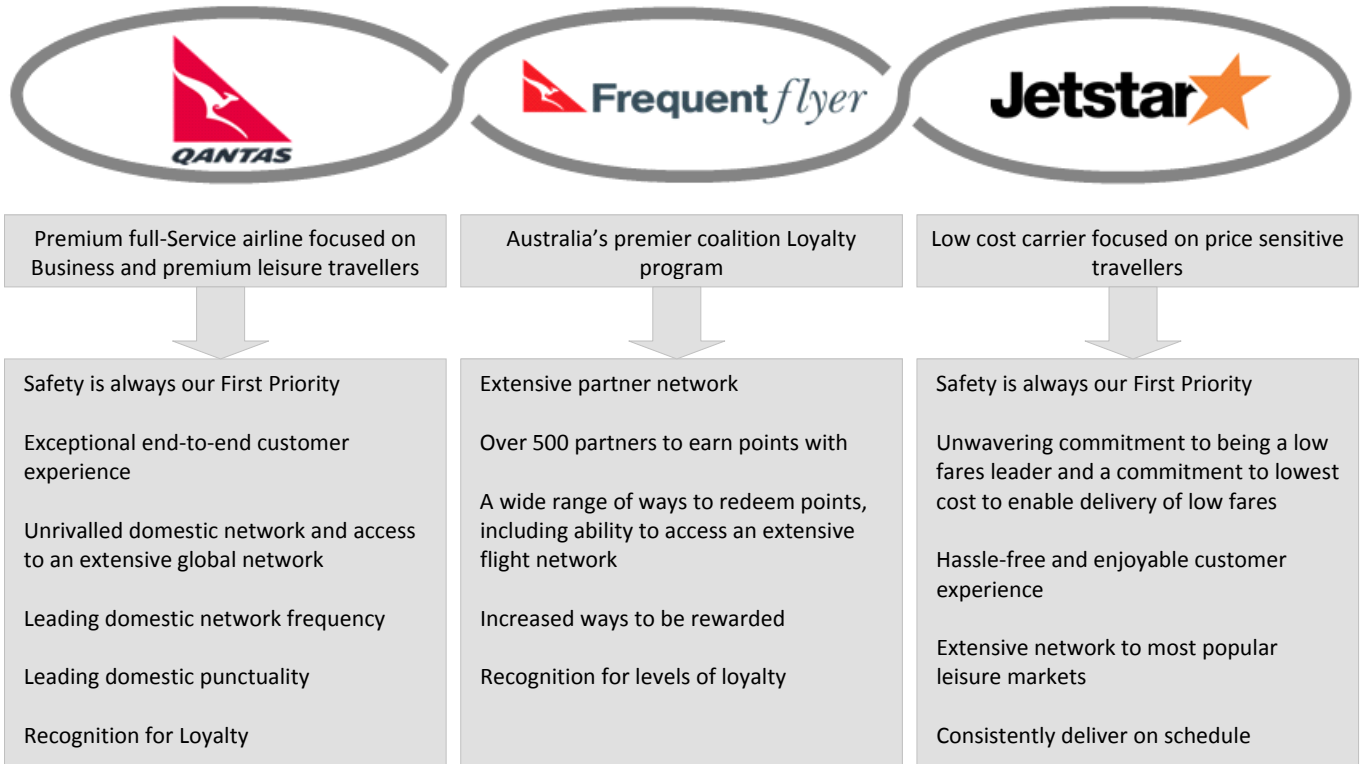
- Qantas achieved
- Jetstar partially achieved
- Qantas achieved
- Jetstar partially achieved

1. Source: June 2012 BITRE data, Qantas most on time major domestic airline for jet operations greater than 10,000 sectors.

CUSTOMER

MULTI-BRAND CUSTOMER OFFERING

The Qantas Group understands that different travellers have very different needs and values. The Group’s multi-brand model is designed to give customers the experience they desire, with each brand playing a very specific role:



SAFETY IS ALWAYS OUR FIRST PRIORITY

Safety will always be the Qantas Group’s first priority and is at the heart of everything the Group undertakes.

The commitment to Safety as the Group’s core commitment is demonstrated through

- World leading integrated management system
- Proactive engagement with regulatory and industry bodies
- Group-wide Business Resilience framework and culture
- Safety priority and capability proven

Safety is the Qantas Group’s first priority. A dedicated board committee has oversight of safety governance and the Qantas Group’s Safety Management Systems covers all aspects of safety, health, environmental and security performance. Ensuring consistency across the Group in safety management and legislative compliance, it is acknowledged as a best practice model in the aviation industry.

The Group works closely with the Civil Aviation Safety Authority, Australian Transport Safety Bureau and international regulators on compliance matters, the introduction of new technology and processes, and investigations into safety occurrences. As well as meeting all regulatory requirements, the Group encourages employees to report operational incidents promptly and openly.

QANTAS

Qantas is Australia's leading premium airline and its goal is to be the best for global travellers.

Qantas puts the customer at the centre of everything we do and aims to give customers more choice and flexibility when they choose to fly.

Qantas is committed to providing exceptional customer service so that customers know what they can expect whenever they choose to fly on a Qantas (QF) coded service from anywhere in Australia.

Exceptional Customer Experience

The state-of-the-art Qantas Centre of Service Excellence provides Qantas with a dedicated stage for service excellence learning and development. In 2012, 7,000 cabin crew attended the first phase of intensive customer service training (in addition to standard training). In FY13 all Qantas frontline staff will undergo this training with many starting phase 2. In addition the Qantas service culture program is underway investing in empowering and enabling Qantas people to deliver great customer service.

Qantas is continually investing in aircraft, product, service and innovative technology to provide an exceptional experience for customers. Across its network Qantas strives to set a benchmark for premium end-to-end customer experience:

Recent Awards

- July 2012 – Best Domestic Airline (National Travel Industry Awards)
- July 2012 – World’s Best Premium Economy Class (Skytrax)
- July 2012 – World’s Best First Class Lounge
- February 2012 – Best First Class Cellar (Cellars in the Sky Awards)

Pre-flight	Pre-Travel Information	Available on qantas.com, including travel warnings, visas, health, departure tax and conditions of carriage	
	On-line & Mobile Check-In	Allows customers to select seats and print boarding passes from 24 hours before their flight	
	Advance Seat Selection	Available for all customers from time of booking, complimentary for Domestic flights and for eligible customers travelling on international flights including Silver, Gold and Platinum Frequent Flyers. For other customers travelling internationally, seats including exit rows can be selected for a fee.	
On the Ground		Domestic	International
	Qantas Valet Parking and Qantas Drive	Customers can drop off their car or book a limousine to and from selected domestic airports	Available at Sydney International Terminal and Auckland Airport
	Check-In	Faster, Smarter Check-in delivers speed and ease through the airport with a range of check-in options Qantas Clubs and Business Lounges with complimentary food & beverages and business facilities	Check-in online or at the airport, included dedicated premium counters
	Lounges	Providing business meeting and IT facilities in selected domestic terminals	Access to First and Business lounge network including the flagship First Lounges in Sydney and Melbourne
Qantas Meeting Rooms		All First and Business lounges provide private meeting rooms with teleconferencing and IT facilities.	
In the Air		Domestic	International
	First	-	14 private suites including fully flat extra wide bed, mattress, 17 inch IFE screen, designer amenities & pyjamas.
	Business	Spacious leather seats in Business on our next gen B737-800s and refurbished B767s. Skybed on selected coast to coast flights.	Fully flat Skybed sleeper-seat, large in-arm screen, designer amenities and pyjamas.
	Premium Economy	-	Extra wide reclining seat with additional legroom, large entertainment screen and self-service snack bar. Ergonomically designed seat with footrest net, individual seatback entertainment screen and self-serve snack bar
	Economy	Award winning IFE provided on all flights. Individual IFE available on selected flights.	On-demand access to movies, television, music, audio books, interactive games and destination guides.
	In-flight Entertainment	In-flight IFE on next gen B737-800s and Q Streaming on refurbished B767s.	
Fine Dining and Wine	Premium in-flight service including full meal and beverage selection. Complimentary beverages after 4pm weekdays.	Menus designed by renowned Australian chef Neil Perry and award-winning fine wines in First and Business.	
Post-flight	Customer Care	A dedicated department responds to more than 90,000 items of correspondence every year.	

Customer Experience Highlights

Qantas' highlights across Domestic and International operations in 2011/2012 include:

Faster, Smarter, Check-In

With Faster, Smarter Check-in customers can breeze through the airport with a range of check-in options designed to suit the customer needs.

Platinum, Gold and Silver Frequent Flyers and Qantas Club members can use their Qantas Card for an award-winning airport check-in experience. All Qantas customers with a Q Bag Tag can experience a quick and easy bag drop. While other travellers can check-in and print their boarding pass and bag tag at the check-in kiosk for a seamless check-in and bag drop experience.

Faster, Smarter Check-in is now available in Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra, while some key elements are available at other Qantas and QantasLink ports. In December 2011 stage one of the international roll out made the Q Card Reader technology available trans-Tasman with Sydney, Auckland and Wellington.

*Winner of the Technology category in the 2011 Airline Strategy Awards

Q Streaming

In February 2012 Qantas customers were the first in the world to experience Q Streaming's ground-breaking in-flight WI-FI entertainment technology available onboard the dedicated Boeing 767-300 (VH-OGH) across the Qantas domestic network.

The wireless technology provides passengers with over 200 hours of entertainment, streamed direct to iPads supplied by Qantas while in-flight.

Following the success of this pilot, Q Streaming will be rolled out to all 16 refurbished B767s.

Lounges

Qantas currently has 53 lounges across the world, including 11 Regional lounges and access to an additional 14 associated lounges.

Over the past five years Qantas has opened new flagship First Lounges in Sydney and Melbourne, a new Business Lounge in Hong Kong and upgraded its Business Lounges in Sydney, Melbourne, Canberra and Perth. Qantas has also upgraded its shared First and Business lounge in Bangkok and Narita.

In August 2011, Qantas announced it will construct a new First Lounge and Business Lounge in Los Angeles as well as investment in new Lounges in Singapore and Hong Kong.

B767 Refurbishment

From October 2012, Qantas' first refurbished B767 will enter service. We've listened to our customers and the refurbishment program will refresh the cabin interiors with a contemporary design that includes leather seats in Business and a new look and feel in Economy.

All refurbished B767s will include Q Streaming for all customers. The refresh will significantly enhance the customer experience and all 16 OG series (GE) aircraft are planned to be in service prior to April 2013.

Refitted International Aircraft

In August 2012 Qantas introduced its seventh newly-fitted B747 to its international network, offering more customers a new in-flight experience.

The newly fitted B747 features Qantas A380-style seats and Panasonic on demand in-flight entertainment. The ninth and final B747 refitted aircraft is expected to be in service by November. In addition, all 12 A380's will undergo a reconfiguration program providing additional seats to meet customer demand. The investment in the fleet is customer focused and is aimed at driving customer advocacy.

The newly-fitted B747 aircraft are currently operating on long haul Pacific routes including New York, Los Angeles, Dallas and Santiago.

In-flight Connectivity

In March 2012, Qantas commenced a pilot of in-flight connectivity on the A380 offering passengers travelling between Australia and the United States access to the Internet and emails in the sky. The pilot is available on six Qantas A380s for flights between Sydney and Los Angeles and Melbourne and Los Angeles. Qantas is the first airline in the world to offer this service on direct flights between Australia and the US.

The connectivity service, provided by OnAir, uses Inmarsat's SwiftBroadband and global satellite based connections to transfer data from the passengers in the aircraft and the ground.

The pilot is expected to extend to other A380 destinations in late 2012 as Qantas assesses opportunities to continue the service in the long term.

Boeing B737-800s

The Qantas Group now has 60 B737-800s of which 22 feature on-demand, touch screen in-flight entertainment from Panasonic for all passengers and spacious seats, including leather seats in Business. Another 10 next-generation B737-800s will join the Qantas fleet in the next 18 months.

The Boeing Sky Interior aircraft utilise the same design language as the B787 interior, featuring enlarged window surrounds, a contemporary coloured cabin interior and LED mood lighting to enhance the sense of spaciousness. The easier to use pivot bins will provide more room for cabin baggage, while new LED reading lights will provide increased comfort.

Customer Satisfaction

Qantas aims to deliver customer satisfaction through a seamless end-to-end experience based on operational excellence, airport and aircraft investment and world-class catering.

In 2011/2012 Qantas' satisfaction ratings reached their highest levels since 2003. Satisfaction results were consistent across all customer-facing areas of the business.

Net Promoter Score

Qantas continues to track the Net Promoter Score (NPS) to determine advocacy for the airline. In 2011/2012 Qantas also recorded the highest number of customer advocates since measurement of advocacy commenced in 2007.

Closed Loop Feedback

Qantas continues to embed its Closed Loop Feedback program across the customer experience elements of airport, lounges and in-flight service in order to allow direct communication between customers and front line managers and support continuous improvement.

Qantas Frequent Flyers are invited to participate in the Closed Loop Feedback panel and provide feedback every second time they fly with Qantas.

The panel currently consists of 12,700 Qantas Frequent Flyers ranging from Bronze to Platinum One status with the Panel completing around 900 surveys each week – approximately 85% domestic and 15% international. Survey results and customer comments are immediately available to frontline managers, enabling them to discuss this feedback with their teams to manage any performance gaps. What's more, they can speak directly with the customers providing the feedback to help resolve particular issues in a timely manner. In this way, our frontline managers are given more ownership of the customer's experience.

The Closed Loop Feedback results and customer comments are provided across the business, in particular to areas responsible for the design and development of the customer offering, so they can focus their efforts on elements that will drive customer advocacy.

Customer Care

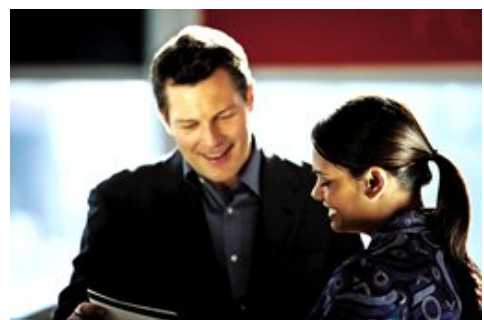
Qantas is committed to listening to what customers are telling us and responding to their needs. Ultimately, Qantas want its customers to become advocates – but this is only possible by delivering the highest standards of care and service.

Qantas' dedicated Customer Care department aims to maximise customer satisfaction, retention and recovery across Qantas Airlines and ensure continuous improvement across the end-to-end customer experience with the intention of maximising customer satisfaction and loyalty. The team focuses on proactive service recovery initiatives aimed at retaining customer loyalty and solving service issues our customers raise.

As a demonstration of this commitment, following the grounding of the fleet in October 2011, Qantas announced a range of compensation measures for impacted customers, including travel vouchers and reimbursing customers for accommodation and out of pocket expenses. Additionally, Qantas Frequent Flyers were offered additional points based on their tier status and members who were directly impacted by industrial action also received a unique gift or experience, such as a lounge invitation, complimentary membership to epiQure by Qantas Frequent Flyer, a voucher for Qantas Valet or Qantas Drive, or a complimentary Q Bag Tag, depending on their tier status.

Customer Experience Excellence

- ▲ **On-time Performance** is at its highest customer satisfaction level in two years
- ▲ Qantas has achieved its best **check-in results** in five years, thanks to Faster, Smarter Check-In, and the helpfulness and availability of ground staff
- ▲ **Cabin Crew service** achieved a record five-month period of very high levels of customer satisfaction. This result has been assisted by recent investment in intensive customer service training (on top of standard training), with over 5,000 crew participating
- ▲ **Baggage delivery** is at its highest satisfaction levels since 2004
- ▲ Increased customer satisfaction with **in-flight entertainment**, thanks to the new Q-Streaming iPad entertainment technology
- ▲ Highest number of **customer advocates** since measurement of advocacy commenced in 2007



Leading Network

As Australia's largest domestic airline Qantas is able to offer an unrivalled domestic network. In addition, Qantas offers the largest regional fleet and network in Australia through its dedicated regional airline, QantasLink. As a member of the **oneworld** Global alliance and through key alliance partnerships Qantas is able to offer an extensive global network.

Qantas is dedicated to maintaining this position by strengthening its network on key business and premium leisure routes, growing in regional areas, including the resource sector and maximising gateway and carrier options through key alliance partnerships internationally.

Largest Domestic airline <ul style="list-style-type: none">— Operating over 2,400 flights/week— 17m passengers annually	Largest Regional airline <ul style="list-style-type: none">— Operating over 2,100 flights/week— 5m passengers annually	Qantas International <ul style="list-style-type: none">— Best for global travellers— Gateways to the world— Growing in Asia— Building a strong, viable business
---	--	---

Key network highlights during 2011/2012 include:

- ▲ Qantas commenced flights to Santiago, one of Latin America's main gateways and home port of Qantas' **oneworld** partner LAN Airlines
- ▲ Qantas Increased frequency of services between Sydney and Dallas/Fort Worth, home to Qantas' **oneworld** partner American Airlines
- ▲ Qantas extended its A380 network to include Hong Kong, a key market for both business and leisure markets
- ▲ QantasLink celebrated the arrival of a new next generation Bombardier Q400 which will deliver significant network enhancements
- ▲ To significantly boost product, service and schedule offering throughout regional Queensland, QantasLink commenced Boeing 717 services on a number of key regional routes, introduced Fokker F100 jet services between Brisbane and Emerald and increased capacity on key services
- ▲ Since 30 June 2012, Qantas has also announced increases in services between Melbourne and Tasmania and also increases in services between Adelaide and Canberra and Melbourne and Canberra.

Leading Domestic Punctuality

On-Time Performance

On-time performance is one of the Group's most important operational measures and has a significant impact on efficiency, cost, customer experience and customer satisfaction.

Qantas was the most on-time major domestic airline for 2011/2012, and outperformed our major domestic competitor, Virgin Australia in eight out of 12 months of the year. Qantas' on-time performance was impacted in August, September and October by industrial action and the grounding of the fleet.

On-time arrivals for Qantas, QantasLink and Jetstar all improved from 2010/2011. Qantas' consistent on-time performance has contributed to Qantas reaching the highest level of domestic customer satisfaction in three years.

Loyalty is Rewarded

Qantas Frequent Flyer is Australia's leading coalition loyalty program allowing Qantas customers more flexibility and variety in the way they earn points and are rewarded for their loyalty.

QANTAS FREQUENT FLYER

Qantas Frequent Flyer (QFF) is Australia’s premier coalition loyalty program. With over 8.6 million members, representing more than 50% household penetration in Australia, QFF membership continues to grow.

Partner Network

QFF has over 500 earn partners who pay QFF to issue points to members when members purchase partner products or services, creating loyalty to the partner and rewarding the member for that loyalty. The combination of a wide partner network for earning, and a large member base, makes the QFF program more valuable to both partners and members.

QFF members can use their points for a wide range of awards, including Award flights on Qantas, Jetstar and 24 partner airlines and their affiliates, upgrades on eligible Qantas flights, and over 3,300 products and vouchers in Australia and 1,300 in New Zealand through the QFF Store.

Earning Points

Members can earn points with a wide range of coalition partners including Qantas and 24 airline partners and their affiliates, 15 leading credit card issuers, the Woolworths Group, Optus, hotels, car rental companies, restaurants, entertainers and other retailers.

In 2011/2012, Qantas Frequent Flyer continued to improve the program to increase the benefits available to our most regular customers and deliver a truly global loyalty proposition.

The establishment of a new, premium membership tier, Platinum One, has added a new points-earning incentive and promises unique levels of service and care.



Earn more points. Simple.

Fly	Travel the world with Qantas, oneworld ® and our other airline partners
Shop	Earn points on your everyday essentials at participating supermarkets, fuel outlets, liquor, electronics and department stores
Pay	Use a credit card linked to the program to earn more points on your everyday spend
Connect	Now you can earn points for every dollar spent on most Optus personal and small to medium business services including mobile, fixed line phone, broadband and a range of bundles
Stay	Earn points when you stay at thousands of hotel partner properties in Australia and overseas
Hire	Earn points with car rentals in Australia and overseas with our car partners
Eat	Earn points when dining at over 200 restaurants, bars and cafes around Australia
More	Earn points on retail and entertainment including theatre and concert tickets, vehicle purchases, tyres, tinting and flowers Earn points on your travel needs including holiday packages, duty free, foreign exchange, insurance and valet parking Earn points on a range of banking, investment, trading, and real estate services plus on your printing and stationery needs

Redeeming Points including access to an Extensive Flight Network

QFF has a wide range of awards available for redemption. Classic Award flights on Qantas, Jetstar, **oneworld** and other airline partners are the traditional frequent flyer award seats, offering the best value with limited availability. Classic Awards can be in the form of one-way, return or multi-destination flights as well as flight upgrades.

Any Seat Awards were introduced in July 2008 to offer more choice and flexibility when using points to book an Award Flight. Points can be used for a Qantas or Jetstar Any Seat Award on any available seat on any Qantas or Jetstar flight with a QF or JQ flight number and for combined travel on over 40 selected airlines to over 100 additional destinations. As long as there is a seat available for sale, there is a redemption option under Qantas and Jetstar Any Seat Award. The points needed for flights include surcharges, fees and taxes, and vary depending on the flight chosen. Members can use all points or choose a Points + Pay option that suits them.

The Qantas Frequent Flyer Store has an extensive range of quality merchandise, vouchers and unforgettable experiences. Members can choose from more than 3,300 products and vouchers, including delivery in Australia and in New Zealand.

Flights and Flight Upgrades	Qantas and Partner Classic Awards – Members can use points for a Classic Award to more than 50 destinations around Australia and 625 destinations around the world.
	Qantas and Jetstar Any Seat Awards – Members can use points for any seat on any Qantas (QF) or Jetstar (JQ) flight as long as there is a seat available for sale. The fare includes taxes, fees and carrier charges.
	Flight Upgrades – While some upgrade requests may not be confirmed until a few days before, or on the day of travel, flight upgrades are a great way to make the most of points. Points are only deducted if a Flight Upgrade Award is confirmed.
	Qantas Club Membership – Members can use points to join or renew a Qantas Club membership for themselves, a partner or an eligible family member.
Qantas Frequent Flyer online store	Members can use points at the Qantas Frequent Flyer online store. There are over 3,300 ways to redeem points from cookware to iPods, TVs to toys, sports gear to vouchers from leading retailers. It is also possible to use Points + Pay for selected items.
Auto-rewards	Members can choose to opt-in Auto Rewards and every three months, they will automatically receive a Woolworths gift card in the mail, up to the value of \$20. At the end of each three-month period a member's points balance determines which gift card they receive.

Increased Ways to Be Rewarded

QFF made several enhancements to the program during 2011/12 including:

- Improvements to tier retention, upgrade process and the introduction of Platinum One
- The launch of Optus as an earn partner as well as new card products from Bankwest, Jetstar Mastercard and Qantas Staff Credit Union card
- A new look QFF store with a wider range of products

Recognition for Levels of Loyalty

Qantas Frequent Flyer rewards members the more they fly. The program consists of four levels of membership above the bronze entry level - Silver, Gold, Platinum and Platinum One. Each membership has particular privileges. The higher the membership level the greater the privileges and the more points members can earn.

Status credits determine a member's frequent flyer membership level. Every time members fly on eligible flights, status credits are allocated. As soon as members have earned the required status credit to qualify for the next membership level, and provided the member has travelled a minimum of four eligible Qantas, QantasLink or Jetstar flights during the membership year, members will automatically move up to the next membership level. Status credits are totally separate from Qantas Frequent Flyer points, they are simply a measure of how often and how far a member flies on eligible airlines.

Qantas Frequent Flyer's success is built on deep consumer knowledge which enables the strategy of engaging customers through their special interests.

JETSTAR

The Jetstar Group is a network of value based Jetstar-branded carriers providing all day every day low fares across Australia, New Zealand and the Asia Pacific region.

Jetstar has created a Customer Guarantee to allow customers to know exactly what they can expect from the airline and the high level of customer satisfaction that Jetstar strives for in everything they do.

Commitment to Low Fares

Jetstar's mission is to offer all day, every day low fares to enable more people to fly to more places, more often. As part of this commitment to offering competitive fares Jetstar continues to offer its Price Beat Guarantee.

Jetstar customers only pay for what they need. Customers can choose between two types of fares – Economy or Business (on selected international flights). Once a fare is selected, customers have the option to add on checked baggage and/or a bundle of extras, which can include seat selection, in-flight products, fare flexibility, lounge access and Qantas Frequent Flyer points.

Commitment to Low Cost

Jetstar's operational excellence and innovation enable it to continue to be the lowest cost airline in the domestic airline. This enables Jetstar to continue to offer the lowest fares to price-sensitive travellers.

Hassle free and Enjoyable Customer Experience

Through innovation and cutting edge technology Jetstar offers customers a range of services to make their experience as hassle free and enjoyable as possible. Recent innovation has included SMS boarding passes, Call centre chat and Skype integration, new payment methods such as PayPal and new products and services, for example iPads. iPads allow viewing of the latest release movies, TV shows, music and a line-up of the latest generation games, e-magazines and e-books, all enhanced by the iPads high resolution screen and premium sound.

An Extensive Leisure-focused Network

The Jetstar Group is the largest low cost carrier in the Asia Pacific by revenue and is one of the fastest growing airlines in the Asia Pacific region. This allows Jetstar to offer an extensive network to popular leisure destinations in Australia, New Zealand, and Asia. By further building on Jetstar's strong band this network is set to experience further growth. In 2011/2012 Jetstar Japan was launched and the formation of Jetstar Hong Kong was announced.

Jetstar Japan

In 2011/2012 the Qantas Group, Japan Airlines Co. Ltd (JAL) and Mitsubishi Corporation announced the launch of Jetstar Japan – a domestic airline is bringing more low airfares to customers in Japan.

Jetstar Hong Kong

In 2012 China Eastern Airlines and the Qantas Group entered a new strategic alliance to bring Asia's leading low fares airline model to China with the creation of Jetstar Hong Kong – the first low fares airline based in Hong Kong. Jetstar Hong Kong will service several short haul routes in Asia including Greater China, Japan, South Korea and South East Asia.

JETSTAR AWARDS

Air travellers voted Jetstar Airways the Best Low-Cost Airline in Australia/Pacific and a top three Global Low Cost Airline in Skytrax's Annual World Airline Survey.

The World Airline Survey by Skytrax is the largest airline passenger survey. This year's survey involved more than 18 million individual respondents from 100 different nationalities.

Singapore-based Jetstar Asia also fared well, making the list of Top 10 Global Low Cost Airlines and Top 10 Low Cost Airlines in Australasia.

These awards reflect the Group-wide focus on delivering consistent, quality services across the region at a price point that means more people can afford to fly.



Largest Low Cost Carrier in Asia Pacific

- The Jetstar Group is the largest low cost airline in the Asia Pacific by revenue and has flown over 75 million passengers since it launched in 2004
- During 2010-2011, the airline carried almost 20 million (18.8 million) customers, making Jetstar the fastest-growing airline in the Asia Pacific to reach this milestone in seven years of flying
- The Jetstar Group has grown from providing employment to 400 people in 2004 to more than 7,000 across the Asia Pacific today
- Collectively the Jetstar Group offers over 3,000 flights a week to around 60 destinations in 16 countries and territories across the Asia Pacific region
- The Jetstar Group has a fleet of around 90 aircraft

Consistently Deliver on Schedule

Jetstar understands the importance of getting passengers to their chosen destination on-time, every time. Jetstar strives to operate every flight and meet every arrival time shown in our published schedule and to do so without compromising safety.

Jetstar is investing in technology to improve safety and on-time performance by equipping its fleet of A320 and A321 aircraft with the latest satellite-linked landing and navigation system. This new navigation aid reduces the time spent circling due to bad weather, which helps passengers arrive on time and cuts fuel use.

Jetstar became the first Australian carrier to offer a complete and consistent self-service check-in offering through its entire domestic network via three self-service options. For flyers travelling on a domestic Jetstar service in Australia and New Zealand, options include:

- Web Check-in
- Airport Self Service Kiosks (now available at every airport)
- SMS Boarding Pass

These options are provided in addition to the traditional method of checking-in at the counter. To make the process even easier, Jetstar has also launched Automatic Check-in, by allowing customers to pre-enrol for check-in and receive either an SMS boarding pass or boarding pass via email 24-hours before a flight. Removing the check-in process altogether is another example of a Jetstar innovation improving the air travel experience for its customers.

Loyalty is Rewarded

Customers travelling with Jetstar have the opportunity to earn Qantas Frequent Flyer points and Status credits accessible on all bundled fares. Qantas Frequent Flyers travelling with Jetstar on Starter fare with a Plus or Max bundle and a Business fare with a Business Max bundle can earn Qantas Frequent Flyer points and Status credits*, at the equivalent level as flying on Qantas. (*Terms and Conditions apply).



Key customer statistics

	Units	2012	2011	2010	2009	2008	GRI indicator ¹
Australian domestic on-time departures							PR5
Qantas Group	%	80.1	80.4	86.2	81.1	79.7	
Qantas Airlines	%	84.4	83.8	87.7	80.8	79.1	
QantasLink	%	77.7	78.5	86.8	83.7	82.8	
Jetstar	%	76.6	77.1	82.1	76.8	78.4	
Australian domestic on-time arrivals							PR5
Qantas Group	%	79.1	78.9	85.2	80.4	79.4	
Qantas Airlines	%	83.4	83.1	87.4	81.0	79.6	
QantasLink	%	75.3	74.8	83.7	80.9	80.6	
Jetstar	%	77.6	77.3	82.9	78.2	76.3	
Australian domestic cancellations							PR5
Qantas Group	%	1.8	1.6	0.8	1.7	1.8	
Qantas Airlines	%	1.7	1.5	0.8	2.6	2.3	
QantasLink	%	2.0	1.9	0.7	1.1	1.2	
Jetstar	%	1.6	1.4	1.1	0.9	0.9	

PEOPLE



Priorities

Diversity Targets:

- 35% of Senior Executive roles to be held by women by 2015
- 40% of Senior Executive roles to be held by women by 2018

Training and Development:

- Development of Talent
- Development of employees commencing careers at Qantas

Listening, Communicating and Supporting Employees:

- Conduct annual Employee Engagement Survey
- Continued flexibility in supporting employees

Actions Taken During 2011/2012

- A strategic focus on gender diversity with the establishment of the Qantas Group Diversity Council

- Leadership and Management Capability Model updated
- Qantas Graduate Development Program recruited 26 people in 2011/2012

- Qantas conducted its annual Employee Engagement Survey and continues to analyse, plan and action feedback
- To enhance support programs offered to employees the Qantas group partnered with 'Expect A Star' to launch a new Family Support program

Progress

● On Track

● On Track

● Achieved

PEOPLE

The Qantas Group employs more than 33,000 employees, with 93% of employees located in Australia.

As at 30 June 2012, the Qantas Group community was made up of people with 102 nationalities, who speak 51 languages and are from 157 countries of origin.



93%
of Qantas Group
employees
are located in
Australia

Organisational Behaviours

One of the benefits of working for the Qantas Group is the diversity of roles and the opportunities available to employees. While we all do different jobs, we all share the same company values and all contribute to the ultimate success of the business.

Underpinning the company’s brand values are the Group’s organisational behaviours – how employees behave every day at work. By adopting these behaviours as part of daily routines we are exhibiting our brand values. We are also doing our part to help achieve the Qantas Group vision, which for Qantas is to be the world’s best premium airline and Jetstar the world’s best low fares airline.

Safety	I demonstrate a genuine commitment to safety
Service	I have a ‘can do’ attitude and I deliver my part of the customer promise
Innovation	I challenge the way things are done and I take ownership for finding a better way
Collaboration	I work with others to create a winning culture and an enjoyable place to work
Integrity	I am open, I listen, and I speak honestly and respectfully

Group Policies

The Qantas Group Code of Conduct and Ethics sets out Qantas’ expectations in a number of areas, including treating people with respect and equal employment opportunity. In addition to the Code of Conduct and Ethics, the Qantas Group has developed and implemented a number of formal policies and statements which set out the Qantas Group’s values and principles, and its expectations in a number of areas, including People-related practices.

Creating a work environment that supports the achievement of business objectives

The future success of the Qantas Group is underpinned by its employees being skilled, motivated and supported to do great things. The Group aims to create a work environment that supports the achievement of business objectives and an ongoing focus on building capability and managing performance both at the individual and team level.

The People Team’s key areas of focus are Investing, Recognising, Supporting, Listening and Communicating with our People, and these are discussed in the following pages.

Investing	Recognising	Supporting	Listening and Communicating
<ul style="list-style-type: none"> – Training – Leadership Capability – Diversity and Inclusion – Performance Management 	<ul style="list-style-type: none"> – Recognition-on-Q – Excel Award program 	<ul style="list-style-type: none"> – Employee assistance support programs 	<ul style="list-style-type: none"> – Creating an environment and culture which engages employees

Investing

Training

The Qantas Group supports and encourages personal and professional development of its employees through identifying talent, maintaining professional qualifications and supporting employees who wish to undertake approved external training and education courses.

Mandatory Training

Qantas has developed a number of mandatory training courses that are required to be completed by all employees on commencing employment and every 2 or 3 years while employed at Qantas. This training enables employees to develop an understanding of Qantas, its policy framework and workplace standards. Mandatory training compliance is monitored through a biannual self-assessment governance process.

Registered Training Organisation

As a Registered Training Organisation Qantas College is able to offer nationally recognised qualifications and certification packages according to the Australian Qualification Framework. Delivery methods include classroom, workplace, online and blended solutions carefully chosen to deliver the necessary learning outcomes to the business.

Intensive Customer-Service Training

In addition to standard training, Qantas has recently held intensive customer service training for 7,000 cabin crew, which is resulting in a great response from crew and passengers.

Qantas College

Qantas College is the Learning and Development hub for the Qantas Group and provides quality training and administrative solutions for employees. The College has extensive experience in the end to-end process from initial needs analysis through to implementation and ongoing support and evaluation. The College designs and delivers flexible blended and online training courses for our industry operations, supervision and management, legislation and compliance.

Qantas Centre of Service Excellence

The Qantas Centre of Service Excellence is a A\$10m state of the art facility providing an experiential environment for service excellence learning and development to enable the Group to reaffirm the importance of exceptional service.

Specialised Training Days

Certain areas in the business hold Professional Development training days to allow for Continuing Professional Development. In 2011/2012 both the Finance and People communities offered full day conferences with a broad scope of technical and non-technical learning sessions. The sessions were facilitated by both internal and external subject experts.

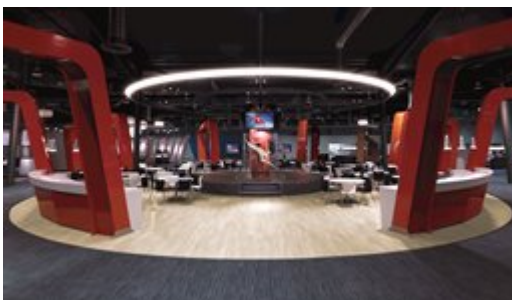
Crew Training

Flight and Cabin Crew must adhere to stringent training standards which are overseen by Flight Training. The primary role of Flight Training is to ensure that Cabin and Flight Crew are developed to sustain a high state of proficiency and readiness to operate Qantas aircraft in a safe and efficient manner. The Qantas Group employs world class instructors who are capable of tailoring training to ensure that each trainee has the best opportunity to succeed. The Flight Training department works closely with the Cabin Services and Flight Technical departments, in addition to Qantas maintaining a close working relationship with CASA, to ensure that training programs are rigorous, contemporary and regulatory compliant.

Engineering Apprenticeships

Qantas Engineering offers a number of indentured maintenance and trade apprenticeships to allow the opportunity to work for a world class organisation while undertaking training to achieve a nationally recognised qualification in the aerospace industry. A variety of apprenticeships are offered across various maintenance facilities in areas including:

- Aircraft Trades (Avionics, Mechanical and Structural)
- Electrical
- Heavy Vehicle Maintenance



Leadership Capability

The Qantas Group's approach to developing our People Leaders is to focus on constructive leadership capabilities.

Leadership capabilities are underlying characteristics that lead to superior performance and include behaviours, qualities, attributes and traits that enable leaders at all levels to be successful and meet business challenges. They supplement (but do not replace) the traditional focus on academic qualifications, technical skills and experience providing a framework for assessing and developing deeper seated personal characteristics.

Performance and development across the leadership capabilities is facilitated by investment and development of leadership, feedback and coaching skills for all managers.

Diversity and Inclusion

Qantas takes a holistic approach to diversity and is committed to a diverse and inclusive workplace. A diverse workplace supports Qantas business objectives and delivers competitive advantages and benefits to customers.

Diversity is promoted at Qantas through leadership, talent and development programs, flexible work arrangements and recruitment and selection processes.

Qantas has established a Diversity Statement which is available in the Corporate Governance section on the Qantas website.

In line with the requirements under the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd edition) (ASX Principles), Qantas recently developed and formalised targets for gender diversity. The following gender-related measurable objectives supporting gender diversity have been endorsed by the Qantas Nominations Committee:

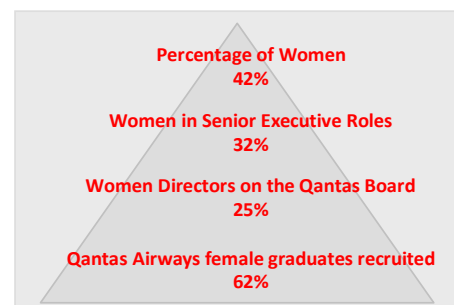
- Leadership – establish a Group Diversity Council, to be chaired by an Executive Committee member
- Management Representation – Senior Executives targets of:
 - 35 per cent women by 2015
 - 40 per cent women by 2018

The progress against the objectives from the 2011/12 annual review is detailed below:

- Qantas established a Diversity Council during 2012 which is chaired by the Chief Executive Officer – Qantas Domestic and has a membership of 10 Senior Executives.
- Qantas' Senior Executive target of 35 per cent women by 2015 is progressing, having increased to 31.5 per cent in 2012 (2011: 29.9 per cent).

In addition to reporting against the measurable objectives supporting gender diversity which have been endorsed by the Qantas Nominations Committee in line with the requirements under the ASX Principles, Qantas has reported on diversity in its Sustainability Report since 2007.

Qantas also reports on a range of diversity-related measures in the annual Sustainability Statistics and Notes contained in the Annual Report, including age diversity, workplace flexibility and indigenous employment.



Performance Management

Managing performance is a continuous process which involves objectives being set, performance being monitored, the provision of regular Feedback and coaching with remedial action being undertaken where appropriate.

Leadership Capability Highlights

In 2011/2012 The Qantas Group strengthened its leadership capabilities by updating the Leadership and Management Capability Model, introducing a consistent Framework approach across the Group to guide development and performance improvement. The framework consists of 15 capabilities arranged into 4 clusters.

Recognition

There are a variety of internal recognition programs across the Group such as Recognition-on-Q (R-on-Q). R-on-Q was launched to complement the existing eXcel awards program. R-on-Q is a way that anyone in the Qantas Group can nominate their colleagues who lift business results by consistently demonstrating excellence in the delivery of service to customers or each other and/or a safe working environment. The aim of R-on-Q is to further assist Qantas in recognising employees displaying Qantas behaviours and values and to assist in building a more engaged workforce.

The program has allowed more people to be recognised more often by allowing colleagues and managers to instantly thank employees. R-on-Q and eXcel work together by allowing R-on-Q nominations to be elevated to an eXcel nomination where an employee’s performance has been outstanding.

Supporting

The Qantas Group continues to provide a series of free and confidential support services via the Employee Assistance Program (EAP), which help balance work and life. These are:

Life Assist	Free, confidential, independent counselling service for Qantas staff and their families. Counselling services are run by an external provider and counsellors are located off Qantas premises
Family Assist	Practical child and elder care information and assistance including The Joey Club childcare services available in Sydney, Melbourne and Brisbane
Health Assist	Events, programs and resources to assist staff and their families achieve a healthy lifestyle
Money Assist	Professional assistance if staff have a critical money problem
Manager Assist	Practical support for managers of staff that are experiencing personal issues or difficulties
Trauma Assist	Assistance in the event of a traumatic incident

Listening and Communicating

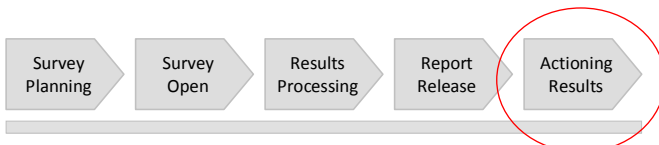
Engagement Survey

Qantas currently conducts an annual employee engagement survey to:

- Provide employees with an opportunity to voice their opinions and have a ‘say’ on how to make Qantas a better place to work
- Understand the level of engaged employees at Qantas and identify areas for improvement
- Provide sufficient information to allow each business area to develop robust engagement action plans that will drive a shift in engagement levels
- Create a baseline for measurement of management’s performance on employee engagement across the business

Engagement results, areas of focus and action plan requirements are initially communicated by the CEO and are then cascaded through Qantas via the People Leaders Forum, a full day event which connects over 500 People leaders twice a year.

Leaders are also provided access to their departmental team reports via an online portal. Through this they can determine key areas of focus for action planning specific to their department, while utilising the expertise of their Line People Representatives to drive focus and shift engagement relevant to their group.



Actioning Results

Measuring employee engagement through the Qantas Engagement Survey is only the first step towards improving employee engagement. How the Group acts on the information is the most critical part of the engagement cycle. The activity of analysing, planning and actioning feedback is essential to improving engagement.

There are a variety of approaches to driving engagement initiatives through action planning across the Group, each division and business areas. Managers are supported through a structured action planning process which is complemented by resources and toolkits as well as the guidance of their People Teams.

Family Assist

In 2011/2012 the Qantas Group partnered with Expect A Star and launched ‘Family Support’, a program specifically designed to assist Australian based employees with children aged 0-18 years, elderly loved ones and employees in the lead up to retirement and/or life after work. Family Support offers childcare solutions, useful resources, articles and tips. The Senior Living program offers options including emergency and ongoing aged care, a senior living support network and access to informative and practical resources. The program also provides useful information for employees considering retirement or life after work.

Creating an Environment and Culture Which Engages Employees

In a year where Qantas experienced disruptive industrial action and the grounding of the fleet a challenging employee engagement environment is not unexpected.

As the business changes, we must continue to keep focused on building a sustainable business and making Qantas a better place to work.

The Group is committed to doing things differently, to bring our people with us during the change journey, and to make Qantas a better place to work.

Communicating

People Leaders Forum

The Forum provides an opportunity for the Senior Executive Committee (ExCo), including the CEO to communicate directly with over 500 people leaders in the business. Forum's are held twice a year and the format includes an address from the Qantas Group CEO, business updates from the Executive Committee, and key themes which are relevant to the business at that point in time, for example leading change, introducing the new advertising campaigns, rolling out Group-wide initiatives including actioning the results of engagement surveys.

The People leaders who attend the course are expected to share their experience of the day with their teams, and to raise awareness of materials which are made available on the Group's intranet from the Forum, including presentations, videos, and tools.

Internal Communication

The Group's Corporate Communications team provides a strong foundation for internal communication across the business. A number of formats are utilised, and strength has been gained in a consistent look and feel. An example of some of the internal communication channels are:

Qantas News	Friday Flyer	Employee Roadshows
<p>Qantas News is a monthly newsletter for Qantas Group employees. It is available to all employees worldwide both online and in colour print. Qantas News aims to provide balanced coverage of business and people stories from across the Group, acknowledging achievements, performance and community involvement. All employees are welcome and encouraged to contribute items of interest for publication in Qantas News.</p>	<p>Friday Flyer is a weekly electronic bulletin for Qantas Group employees. It is distributed to employees worldwide every Friday. Friday Flyer aims to provide a snapshot of current major events, issues and initiatives around the Qantas Group.</p> 	<p>The Qantas Group CEO and the Executive Committee deliver employee Roadshow presentations across Australia and key international ports during the year. The Roadshows are designed to give employees an opportunity to hear first-hand information about Qantas' current and future business direction, its strategy, financial results and major initiatives. Employees are encouraged to ask questions of the Group CEO or Executive Committee members.</p>

Industrial Relations

In order to position itself for future challenges and to avoid compromising the long-term sustainability of the organisation the Group seeks to deliver fair and sustainable wage settlements for its employees and maintain flexibility for the company. 48 collective agreements are in place with employees and unions across the Group.

As at September 2012, the Group has a workplace determination in place for both the Australian Licensed Aircraft Engineers Association (ALAEA) until 31 December 2014 and the Transport Workers Union (TWU) until 30 June 2014 and is currently participating in Arbitration on the workplace determination for the Australian International Pilots Association (AIPA). The Short Haul Pilots EBA opened on 31 August 2012 and negotiations are at an early stage. Both the Long Haul Flight Attendants' and Metals Enterprise Agreements open in January 2013.

Key People Statistics

Measure	Unit	2012	2011	2010	2009	2008	GRI Indicator
Number of full-time equivalent employees	#	33,584	33,169	32,490	33,030	34,295	LA1
Percentage of women	%	41.6	41.1	41.7	41.7	42.2	LA13
Percentage of women in senior positions	%	31.5	29.9	22.1	24.9	25.3	LA13
Percentage of women Directors on the Qantas Board	%	25.0	27.3	20.0	18.2	18.2	LA13
Number of women Directors on the Qantas Board	#	3	3	2	2	2	LA13
Percentage of female graduates recruited	%	61.5	35.0				LA13
Number of Indigenous Australian employees	#	354	338	304	269	203	LA13
Percentage of part-time employees	%	14.1	13.4	13.1	12.9	12.8	
Employees by age group (permanent employees)							LA13
16-24 Years	%	4.1	4.2	4.5	5.3	5.6	
25-34 Years	%	19.8	20.2	20.6	21.3	22.4	
35-44 Years	%	30.4	31.2	32.3	33.0	33.6	
45-54 Years	%	30.9	30.4	29.9	28.7	27.7	
55-64 Years	%	13.6	13.1	12.0	11.2	10.3	
65 Years +	%	1.2	0.9	0.7	0.6	0.4	

COMMUNITY



Priorities

Philanthropic Activities:

- Continued support of charitable organisations through the Qantas Foundation

Actions Taken During 2011/2012

- Qantas Foundation supported over 12 charitable organisations in 2011/2012

Progress

● Achieved

Continued investment in Australian communities

- Arts and Sports sponsorships to align with Qantas brand values

- Qantas continued to support arts and sports of cultural significance and importance in alignment with brand values

● Achieved

Indigenous support

- Commitment to Reconciliation Action Plan
- 450 Indigenous employees by December 2013

- Third Reconciliation Action Plan launched
- Continued support of Indigenous employment

● Achieved / On Track



COMMUNITY

Working with communities and supporting charitable organisations is part of the Qantas Group's responsibility as Australia's largest airline and a national icon. The Qantas Group has a strong commitment to strengthen the communities in which we serve, work and live by building partnerships to improve community engagement.

The Group is a major contributor to community initiatives, environmental initiatives, sponsorships, Indigenous partnerships, charitable fundraising and staff volunteering that will benefit and support the Australian culture as a whole. In 2011/2012 the Qantas Group's total community investment exceeded \$22 million.

Strategy

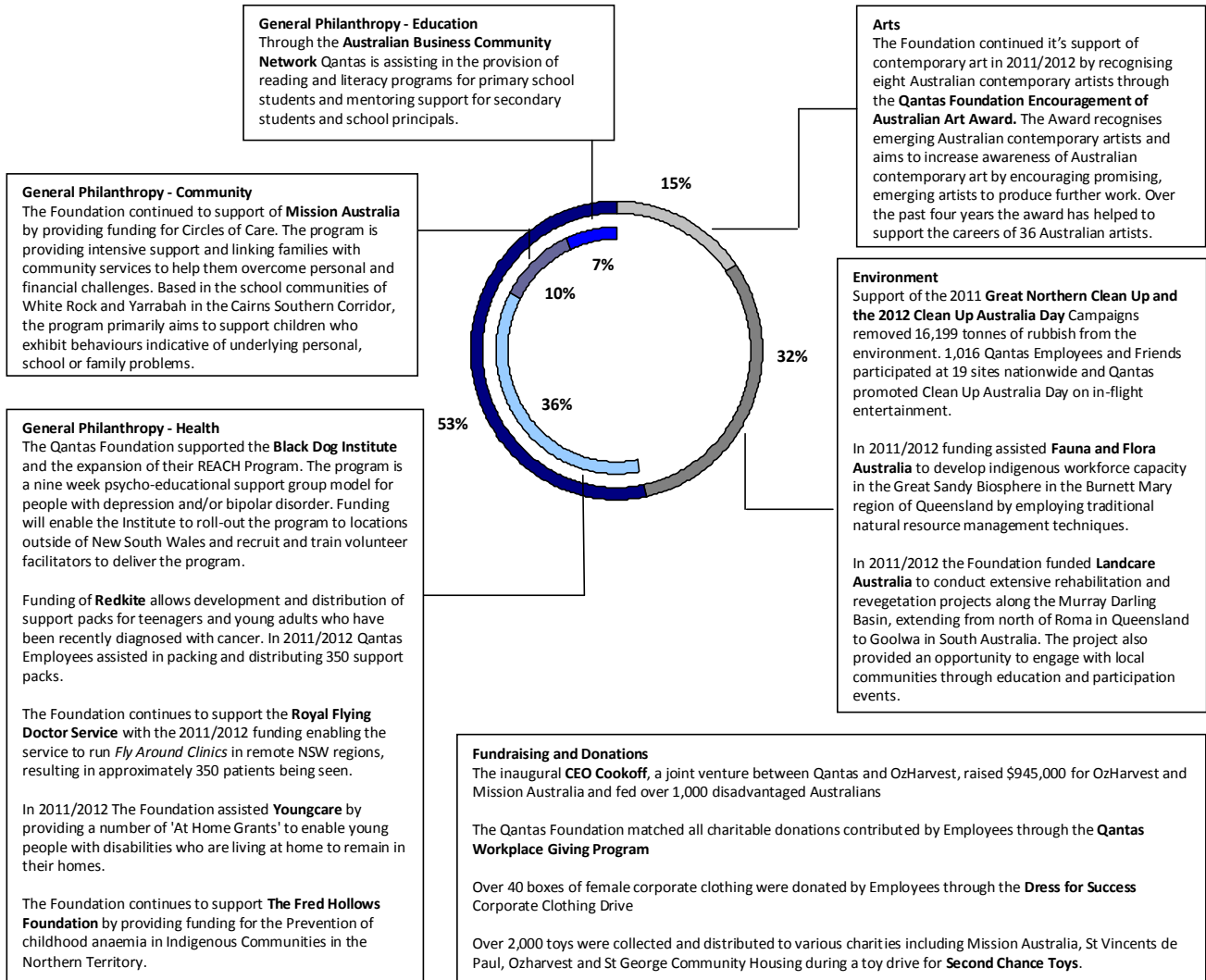
Both Qantas and Jetstar manage their philanthropic and community activities via two channels which are brought together under the banner of "Sharing The Spirit", a series of partnerships, programs and initiatives designed to help Australians connect with their heroes, their loved ones & their dreams.

		
		
<p>The Qantas Foundation forms part of the Qantas Group's commitment to operating in a sustainable and socially responsible manner by harnessing Qantas' people and resources to build a sustainable future for all Australians and helps communities at times of urgent need</p>		
Qantas In the Community	<p>Spirit of Community</p>	<p>The Qantas Group is a proud supporter of many of Australia's community and charitable organisations.</p>
	<p>Spirit of the Arts</p>	<p>The Qantas Group continues to play a vital role in supporting cultural organisations across Australia aiming to nurture and develop the Arts community in Australia</p>
	<p>Spirit of Sports</p>	<p>The Qantas Group supports a number of Australian sports, events and athletes which are key to the Australian culture and of huge importance to the Australian community</p>
	<p>Spirit of Reconciliation</p>	<p>The Spirit of Reconciliation reflects the Qantas Group's commitment to working in partnership with Indigenous communities across Australia through a range of initiatives</p>
	<p>Spirit of Our People</p>	<p>Many Qantas Group employees volunteer for worthy causes and donate to charity through the Qantas Workplace Giving program</p>
		
<p>Philanthropy</p>	<p>Jetstar continues to partner with World Vision Australia through 'StarKids' and in December 2011 launched the community programme 'Flying Start' in New Zealand</p>	
<p>Community</p>	<p>Jetstar continues to be a proud sponsor of sporting bodies and identities which are of importance to the communities in which Jetstar operates</p>	
		
<p>Regional Australia</p>	<p>QantasLink continues to support the economic development of regional communities, promote tourism in regional areas and sponsor events and organisations of importance in regional Australia.</p>	

The Qantas Foundation

The Qantas Foundation (the Foundation) is a separate legal entity, established as a charitable trust, and governed by an Independent Board of Directors. The Foundation proactively researches all partnership opportunities and conducts thorough due diligence carried out on all potential partnerships to make sure they align with the Qantas Foundation’s values and objectives. Priorities are set for each financial year in the funding categories of General Philanthropy, Environment and Arts. Funding in Financial Year 2012 was distributed as follows:

The Qantas Foundation Funding and Initiatives for Financial Year 2012



Qantas in The Community

Complementing the work of the Qantas Foundation are key programs, partnerships and events. Arts and Sports sponsorships are chosen for their importance to the Australian people and must align with the Qantas core values of care, forward thinking, wisdom of experience and contemporary Australia. Highlights for 2011/2012 are as follows:

Spirit of Arts

Qantas continues to play a vital role in supporting cultural organisations across Australia with the hope that this commitment will nurture and develop the Arts community in Australia. In 2011/2012 The Qantas Group proudly sponsored:

- The Australian Chamber Orchestra
- The National Gallery of Victoria
- Opera Australia
- Museum of Contemporary Arts
- Australian Ballet
- Sydney Dance Company
- CARE Australia
- Taronga Zoo
- National Breast Cancer Foundation
- Royal Institute for Deaf and Blind
- UNICEF Australia
- Telethon Institute for Child Health Research
- The Australian Film Institute
- Gondwana Indigenous Choir
- Australian Girls Choir
- National Boys Choir
- Jumbana
- Art Gallery of NSW

Spirit of Our People

In 2011/2012 Qantas employees continued to support those less fortunate through a variety of events and initiatives. These included, but were not limited to, donations through the Workplace Giving Program, support for the Royal Childrens Hospital in Victoria and the RSPCA Animal Rescue Centre through the Community Service Team and The Qantas Cabin Crew Team continued to assist those less fortunate by providing support and practical assistance to disadvantaged people around the world. In addition, support for the Royal Institute for Deaf and Blind Children (RIDBC) continued through the Qantas Pathfinders initiative which has raised more than \$6 million for RIDBC since the program started.

Spirit of Sports

The Spirit of Competition is a key to Australian culture. Qantas is proud to sponsor a number of events and Organisations and to be the Official Partner and Airline of the Qantas Socceroos, the Qantas Wallabies, Football Federation Australia, Hyundai A-League and Cricket Australia.

Qantas has been a long time sponsor and partner of the Australian Olympic and Paralympic teams. To build on this support and commitment Qantas recently welcomed 15 talented athletes, representing 8 sports to the Qantas family as Ambassadors. Qantas is delighted to be supporting them all on their journey to the London 2012 Olympic and Paralympic Games.

In 2011/2012 Qantas continued its proud partnership with Formula 1™ in Australia as Premier Partner of the 2012 Formula 1™ Qantas Australian Grand Prix.

The Qantas Spirit of Youth Awards (SOYA)

SOYA has been a leading grants program for emerging creative talent for over seven years and aims to celebrate and reward young Australian creative talent. Spanning 11 key creative disciplines SOYA provides practical support and the opportunity to build a professional mentoring relationship with creative leaders. The program aims to help young innovators expand their horizons, build up their business base, and learn the ropes from leading industry icons and some of the greatest creative minds in the world.

UNICEF Change for Good®

The UNICEF Change for Good® initiative allows customers to place foreign and local change in envelopes provided on any of the 5,000 Qantas flights. Qantas passengers have raised an astounding \$25 million since the program's inception, 21 years ago.

Spirit of Reconciliation



The Qantas Reconciliation Action Plan (RAP) sets the strategic direction for the initiatives undertaken by the business with Indigenous Australia. The RAP is a publicly available document, endorsed by Reconciliation Australia, the peak national organisation promoting reconciliation between Aboriginal and Torres Strait Islander peoples and the broader Australian community. Qantas reports annually to Reconciliation Australia on progress against the targets outlined in the RAP. In May 2012, the third Qantas RAP was released in line with Reconciliation Australia's elements of Respect, Relationships and Opportunities.

Indigenous Programs Qantas supported during 2011/2012 included, but were not limited to:

- Jawun – an organisation that partners with corporate Australia and Indigenous communities to connect skilled corporate staff with Indigenous communities to share knowledge and expertise. Corporate and Indigenous leaders come together to share their skills and knowledge to create real change.
- Bangarra Dance Theatre – Australia's leading Indigenous performing arts company and recognised nationally and internationally for distinctive dance theatre performances that combine the spirituality of traditional culture with modern story.
- Qantas supported Indigenous achievement and education through new partnerships with Careertrackers Indigenous Internship Program, Australian Indigenous Education Foundation, The Clontarf Foundation and National Centre of Indigenous Excellence.
- In addition, Qantas promoted learning of Indigenous culture and heritage by broadening the suite of Indigenous Cultural Awareness Training to employees across the business.

Philanthropy

Jetstar continues to partner with World Vision Australia through 'StarKids' a major philanthropic program that supports community based projects in key Jetstar international destinations such as Vietnam, Indonesia and Thailand, as well as domestic projects in Australia.

In 2011/2012 Jetstar launched the community program 'Flying Start' in New Zealand. The program invites local organisations and charities to apply for a Jetstar Flying Start quarterly grant made up of both flights and cash to help them with a project that will benefit the local community. The first two grant recipients were announced in early 2012:

- Bellyfull is a not-for-profit organisation which provides free, home-cooked meals to families who have newborns, are struggling with the illness of a parent or child, or are new to a community
- Arthritis New Zealand runs a specialised camp for children suffering from arthritis, giving them the chance to break down boundaries and build their confidence



In 2011/2012 Jetstar raised over \$218,000 through workplace giving, in-flight donations on Jetstar flights and voluntary donations by passengers at the time of booking.

In addition, Jetstar nominated a dedicated StarKids Program Leader and formed a network wide Project Team with the aim to expand the project to other regions.



Community

Jetstar continues to support sporting bodies and identities which are of importance to the communities in which Jetstar operates. In 2011/2012 Jetstar continued as major naming right partner of the Gold Coast Titans in the National Rugby League and continued to partner with the Women's Tennis Association (WTA) to be the first ever official airline partner. In addition, Jetstar continues to maintain support for Australian tennis player Sam Stosur.

Regional Australia

Supporting the economic development of regional communities continues to be an important priority for the Qantas Group. The Qantas Group's dedicated regional business, QantasLink, serves as a lifeline to millions of Australians who can live thousands of kilometres from a capital city and hundreds of kilometres from the nearest town. QantasLink plays an important part in serving regional Australia by transporting farmers, social workers, teachers, medical staff and resource industry workers to outback communities. Significant investment in the QantasLink fleet is to see growth in the next 12 months with QantasLink also supporting Australia's fly in fly out mining community through operation of the Qantas Group's Western Australian resources charter airline Network Aviation.



QantasLink Currently:

- Operates more than 60 aircraft
- Operates approximately 2000 flights per week
- Supports a network of 56 metropolitan and country destinations

In addition to growing services, investing in new aircraft and job creation, QantasLink promotes tourism in regional areas and supports charitable initiatives. QantasLink is proud to play an active part in the community by supporting a range of local and global organisations and events and engaging with local communities. During 2011/12 community initiatives included, but were not limited to:

- Officially launching Tamworth Country Music Festival as the event celebrated its 40th year anniversary and unveiling a Bombardier Q400 aircraft featuring with the festival's official 40th anniversary logo, a large golden guitar
- Supporting the 51st Tunarama Festival in Port Lincoln as the main sponsor
- Supporting Brisbane to Gladstone Yacht Race as the naming rights sponsor
- Providing continued assistance in many of 56 regional communities it flies to for charitable causes as well as promoting and marketing regional communities.



QantasLink provides direct employment for more than 1,200 people in metropolitan and regional centres. The following table provides examples of total direct spend within two Regional Australian communities:

	Kalgoorlie	Karratha
Local population	33,000	17,000
Passengers carried 2011	242,347	614,998
Spend on local accommodation 2012	\$88,200	\$61,000
Spend on local catering 2012	\$62,400	\$275,600
Aviation charges and fees to local councils 2012	\$6.686 million	\$14.905 million
Spend on local ground handling	\$1.416 million	\$3.682 million
Total Qantas direct spend 2012	\$8.3 million	\$19 million
Local employment	GHA Contractors 19 Security contractors 12	GHA Contractors 61 Security Contractors 12



Key Community Statistics - Economic Contribution to Australia

	Units	2012	2011	2010	GRI indicator
Tourism spending by Group passengers					
National export revenue	\$M	5,372	5,534	5,406	EC1
Domestic traveller expenditure	\$M	22,255	19,644	19,035	EC1
Indirect contribution to the national economy					
Economic output	\$M	33,020	31,277	28,921	EC9



Sustainability Glossary

A

Absenteeism

The average number of annualised days taken as sick leave (including carer's leave) per employee from 1 July to 30 June for employees who are employed as at 30 June.

Scope:

All Australian and New Zealand based employees of wholly-owned entities of the Qantas Group.

ASK, Available seat kilometre

A measure of an airlines' capacity. Total number of seats available for passengers, multiplied by the number of kilometres flown.

Australian domestic cancellations

The percentage of Australian domestic cancellations from 1 July to 30 June. Any cancellation that occurs within seven days of original scheduled departure time is recorded as a cancellation for on time performance purposes, as per the BITRE Airline On Time Performance definitions.

Scope:

Australian domestic scheduled services

Australian domestic on-time arrivals

The percentage of Australian domestic on-time arrivals from 1 July to 30 June. A flight arrival is counted as on time if it arrives at the gate within 15 minutes of the scheduled arrival time for sectors flown. Neither diverted nor cancelled flights count as being on time, as per the BITRE Airline On Time Performance definitions.

Scope:

Australian domestic scheduled services

Australian domestic on-time departures

The percentage of Australian domestic on-time departures from 1 July to 30 June. A flight departure is counted as on time if it departs from the gate within 15 minutes of the scheduled departure time and subsequently proceeds to take off, for sectors flown. Neither diverted nor cancelled flights count as being on time, as per the Bureau of Infrastructure, Transport and Regional Economics (BITRE) Airline On Time Performance definitions.

Scope:

Australian domestic scheduled services

Average fleet age – scheduled passenger fleet

The average age of the Group's scheduled passenger fleet based on manufacturing dates.

Scope:

The scheduled passenger fleet of the wholly-owned entities of the Qantas Group and Jetstar Asia, including both owned and leased aircraft. The Qantas Group's scheduled passenger fleet does not include dedicated freighters and Network Aviation fleet.

Aviation fuel consumption

The total volume of aviation kerosene consumed by the Qantas Group's flying businesses from 1 July to 30 June.

Scope:

Aviation fuel consumption includes Qantas, Jetstar (excluding Jetstar Asia), QantasLink, Network Aviation, Jetconnect and Qantas Freight, for both domestic and international operations. Aviation fuel consumption does not include consumption by codeshare partners. Aviation fuel consumption by Network Aviation is included from 11 February 2011 when this entity was acquired by the Group.

B

BITRE

Bureau of Infrastructure, Transport and Regional Economics (refer to www.bitre.gov.au).

C

CO₂-e emissions from aviation (Group)

The amount of greenhouse gas emissions measured in carbon dioxide equivalent (CO₂-e) tonnes generated from aviation fuel consumption from 1 July to 30 June. Under the Australian Government's Department of Climate Change and Energy Efficiency National Greenhouse Accounts (NGA) Factors, emissions incorporated into the calculation include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). The Qantas Group applies the NGA Factors conversions and methodology for the calculation of CO₂-e.

Scope:

As per the scope of Aviation fuel consumption.

CO₂-e emissions from aviation (Australia)

The amount of greenhouse gas emissions within Australia measured in CO₂-e tonnes generated from aviation fuel consumption (as defined above) from 1 July to 30 June that is attributable to domestic coded flights.

Scope:

Emissions from aviation fuel consumption by domestic flights of Qantas, Jetstar, QantasLink, and Network Aviation.

CO₂-e emissions from aviation (rest of world) – The difference between CO₂-e emissions from aviation (Group) and CO₂-e emissions from aviation (Australia)

CO₂-e per 100 RTKs

Fuel per 100 RTKs (as defined above) converted to CO₂-e tonnes by the NGA Factors.

Scope:

Wholly-owned entities of the Qantas Group, excluding Network Aviation.

D

Domestic traveller expenditure

Domestic traveller expenditure is calculated as the number of Qantas Group domestic passengers for the financial year multiplied by the estimated average expenditure per visitor of \$681 (Source: Tourism Australia's March 2012 National Visitor Survey (latest available data)) (2011: \$620 (Source: Tourism Australia's March 2011 National Visitor Survey)). This amount includes the value of related airfares. As it is not possible to disaggregate the data, the calculation should be viewed as indicative only, e.g. the figure may include some international visitor expenditure (where domestic flights are purchased after arrival in Australia) or understate the expenditure associated with domestic flights which are 'round trip'.

Direct waste to landfill (Australia)

The total solid waste and quarantine waste generated, as measured in tonnes, where this waste is delivered from Qantas premises directly to a landfill site and where the Qantas Group is responsible for the waste removal and is separately billed (that is, where there is a separately identified item on a bill for waste and is not part of a general overhead charge) for the period 1 July to 30 June.

Scope:

Qantas Group sites within Australia.

E

Economic output

This measure is calculated as the Qantas Group total revenue multiplied by a Qantas Group economic multiplier of 2.1 (as calculated by Access Economics in 2008). The multiplier is derived from Australian Bureau of Statistics input/output tables of the Australian economy. Access Economics is an economic advisory company which provides expertise in analysis, modelling and forecasting. Access Economics was commissioned by Qantas to gain a better understanding of the Group's contribution to the Australian economy. A multiplier of 2.1 suggests that a \$1 million increase in demand for Qantas' services leads to a \$2.1 million increase in output from all sectors in the economy, including air transportation. In other words, the flow-on effect outside of the Qantas Group for every \$1 million of revenue is \$1.1 million.

Electricity (Australia)

The total amount of electricity consumed as measured in megawatt hours (MWh) where electricity is separately billed for the period 1 July to 30 June.

Scope:

Qantas Group sites within Australia. Network Aviation data is included in 2011/2012 only.

F

Fuel per 100 Revenue Tonne Kilometres (RTKs)

Aviation fuel consumption per 100 RTKs from 1 July to 30 June. Revenue tonne kilometres (RTKs) is the total number of tonnes of paying passengers, freight and mail carried, multiplied by the number of kilometres flown.

Scope:

Wholly-owned entities of the Qantas Group, excluding Network Aviation.

Fuel per 100 Revenue Tonne Kilometres (RTKs) (Qantas)

Aviation fuel consumption per 100 RTKs from 1 July to 30 June. Revenue tonne kilometres (RTKs) is the total number of tonnes of paying passengers, freight and mail carried, multiplied by the number of kilometres flown.

Scope:

Qantas Airlines

FTE

Full-time equivalent.

L

Lost Work Case Frequency Rate (LWCFR)

The total number of injuries or illnesses during work hours (1 July to 30 June) with an accepted workers compensation claim for Australian based personnel, or equivalent in other jurisdictions, which resulted in total incapacity, per million hours worked. Total incapacity is defined as any injury or illness that results in an injured worker being unfit for work. Journey and slip port injuries are excluded from this calculation. This metric includes embedded contractors (as described above). Calculation is based on injury record status as at 13 July 2012 (2011: 14 July 2011).

Scope:

Employees and embedded contractors of wholly-owned entities of the Qantas Group.

N

National export revenue

National export revenue is calculated as the number of inbound visitors brought to Australia by Qantas and Jetstar (including Jetstar Asia) for the 12 months to 31 May (latest available data as at 30 June) multiplied by the estimated average visitor expenditure of \$3,313. (Source: Tourism Australia's March 2012 International Visitor Survey (latest available data)) (2011: \$3,315 (Source: Tourism Australia's March 2011 International Visitor Survey)). This amount does not include the value of airfare and freight charges that accrue to the Qantas Group from overseas sources. These also represent export revenue.

Number of full-time equivalent employees

The total number of full-time equivalent (FTE) employees as at 30 June, reported in total for each segment of the Qantas Group in Australia and overseas. This is calculated using standard working hours for full-time and part-time employees and actual hours worked by the casual and temporary workforce.

Scope:

Wholly-owned entities of the Qantas Group as well as Jetstar Asia.

Number of Indigenous Australian employees

The number of self-identified Aboriginal and Torres Strait Islander employees across the Qantas Group as at 30 June.

Scope:

Wholly-owned entities of the Qantas Group.

Number of women Directors on the Qantas Board

The number of female Directors on the Qantas Board as at 30 June.

Scope:

Wholly-owned entities of the Qantas Group.

P

Percentage of part-time employees

The percentage of part-time positions in the wholly-owned entities of the Qantas Group in Australia and overseas as at 30 June. Part-time positions include permanent and temporary part-time positions. Part-time employees are defined as those whose assigned working hours (as per contract) are lower than the position's standard working hours.

Scope:

Wholly-owned entities of the Qantas Group.

Percentage of female graduates recruited

The percentage of female graduates recruited into the Qantas Graduate Program during the financial year.

Scope:

The Qantas Airways Graduate Program.

Percentage of women

The percentage of female employees of the wholly-owned entities of the Qantas Group in Australia and overseas as at 30 June.

Scope:

Wholly-owned entities of the Qantas Group.

Percentage of women Directors on the Qantas Board

The percentage of female Directors on the Qantas Board as at 30 June.

Percentage of women in senior positions

The percentage of female employees in senior management positions in the wholly-owned entities of the Qantas Group in Australia and overseas as at 30 June.

Scope:

Wholly-owned entities of the Qantas Group.

R

RTK, Revenue tonne kilometre

Quantifies the amount of revenue generating payload carried, for the distance flown. Total number of tonnes of paying passenger, freight and mail carried, multiplied by the number of kilometres flown.

T

Total Recordable Injury Frequency Rate (TRIFR)

The total number of injuries or illnesses during work hours (1 July to 30 June) with an accepted workers compensation claim for Australian based personnel, or equivalent in other jurisdictions, per million hours worked. Journey and slip port injuries are excluded from this calculation. This metric includes embedded contractors that work exclusively for the Qantas Group and perform work that is considered core business. Calculation is based on injury record status as at 13 July 2012 (2011: 14 July 2011).

Scope:

Employees and embedded contractors of wholly-owned entities of the Qantas Group.

W

Water (Australia)

The total amount of water consumed as measured in kilolitres where water is separately billed for the period 1 July to 30 June.

Scope:

Qantas Group sites within Australia.

